

Stock Code:3563

**MACHVISION INC. CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Machvision Inc. Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Machvision Inc. Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements (including a summary of significant accounting policies). 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, R.O.C.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, the review is conducted in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters), and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards 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. Therefore, we do not express an audit opinion.

Basis for Qualified Conclusion

As mentioned in note 4 (b) of the consolidated financial report, the inclusion of non-significant subsidiaries of the consolidated financial reports is based on the financial reports that the invested companies have asked in the same period without the approval of the accountants for the capital of March 31, 2023 and 2022; the total amount of assets was \$236,377 thousand and \$771,021 thousand respectively, accounting for 6% and 17% of the total consolidated assets respectively; the total liabilities were \$18,588 thousand and \$97,280 thousand respectively, accounting for 1% and 5% of the total consolidated liabilities respectively; the consolidated profits and losses for the three months ended March 31, 2023 and 2022 were \$(10,086) thousand and \$676 thousand respectively, accounting for (7)% and 0% of the consolidated profit and loss.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our review report, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Machvision Inc. Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in line with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)
April 28, 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 the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

(In Thousands of New Taiwan Dollars)

Assets	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Current assets:						
Cash and cash equivalents (note 6(a))	\$ 1,966,334	48	1,855,258	47	2,020,651	44
Notes receivable (note 6(b) and (n))	53,325	1	60,337	2	39,369	1
Accounts receivable, net (note 6(b) and (n))	1,051,106	26	962,940	24	1,338,862	30
Other receivable	10,610	-	10,609	-	377	-
Inventories (note 6(c))	354,197	9	330,980	9	367,628	8
Prepayments	11,889	-	8,167	-	8,555	-
Other current assets	8,280	-	2,576	-	9,244	-
Total current assets	<u>3,455,741</u>	<u>84</u>	<u>3,230,867</u>	<u>82</u>	<u>3,784,686</u>	<u>83</u>
Non-current assets:						
Financial assets at fair value through profit or loss—non current (note 6(d))	15,744	-	15,744	-	15,744	-
Property, plant and equipment (note 6(e) and 9)	241,654	6	244,982	6	261,574	6
Right-of-use assets (note 6(f))	254,938	6	253,304	6	259,721	6
Deferred income tax assets	32,251	1	32,251	1	46,993	1
Refundable deposits	19,075	1	20,519	1	21,233	1
Long-term receivables (note 6(b) and (n))	99,800	2	152,133	4	147,717	3
Other non-current assets (note 8)	11,593	-	11,586	-	11,551	-
Total non-current assets	<u>675,055</u>	<u>16</u>	<u>730,519</u>	<u>18</u>	<u>764,533</u>	<u>17</u>
Total assets	<u>\$ 4,130,796</u>	<u>100</u>	<u>3,961,386</u>	<u>100</u>	<u>4,549,219</u>	<u>100</u>
Liabilities and Equity	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Current liabilities:						
Current contract liabilities (note 6(n))	\$ 53,764	1	35,850	1	51,203	1
Notes payable	493	-	133	-	807	-
Accounts payable	221,921	5	179,128	5	255,491	6
Other payables (note 6(o))	224,955	6	296,886	7	351,186	8
Dividend payable (note 6(l))	357,826	9	-	-	447,282	10
Current tax liabilities	154,677	4	122,919	3	239,278	5
Provisions (note 6(h))	15,587	-	12,974	-	16,526	-
Lease liabilities (note 6(g))	16,934	-	15,246	-	16,194	-
Deferred revenue (note 6(i))	-	-	-	-	957	-
Current portion of long-term borrowings (note 6(i))	-	-	-	-	29,167	1
Other current liabilities	22,447	1	27,924	1	21,799	1
Total current liabilities	<u>1,068,604</u>	<u>26</u>	<u>691,060</u>	<u>17</u>	<u>1,429,890</u>	<u>32</u>
Non-current liabilities:						
Long-term borrowings (note 6(i))	-	-	-	-	166,155	4
Lease liabilities – non-current (note 6(g))	243,496	6	243,080	6	247,558	5
Long-term deferred revenue (note 6(i))	-	-	-	-	1,221	-
Net defined benefit liabilities – non-current	10,077	-	10,077	-	11,692	-
Total non-current liabilities	<u>253,573</u>	<u>6</u>	<u>253,157</u>	<u>6</u>	<u>426,626</u>	<u>9</u>
Total liabilities	<u>1,322,177</u>	<u>32</u>	<u>944,217</u>	<u>23</u>	<u>1,856,516</u>	<u>41</u>
Equity attributable to shareholders of the Company (note 6(l)):						
Share capital	447,282	11	447,282	11	447,282	10
Capital surplus:						
Capital surplus - additional paid-in capital arising from ordinary share	31,546	1	121,003	3	121,003	3
Capital surplus, others	36	-	31	-	31	-
	<u>31,582</u>	<u>1</u>	<u>121,034</u>	<u>3</u>	<u>121,034</u>	<u>3</u>
Retained earnings:						
Legal reserve	578,509	14	578,509	15	501,410	11
Special reserve	4,003	-	4,003	-	3,694	-
Unappropriated retained earnings	1,655,948	40	1,767,629	45	1,517,454	33
	<u>2,238,460</u>	<u>54</u>	<u>2,350,141</u>	<u>60</u>	<u>2,022,558</u>	<u>44</u>
Other equity interest:						
Exchange differences on translation of foreign financial statements	(4,215)	-	(4,046)	-	(3,690)	-
Equity attributable to the parent company	<u>2,713,109</u>	<u>66</u>	<u>2,914,411</u>	<u>74</u>	<u>2,587,184</u>	<u>57</u>
Non-controlling interests	95,510	2	102,758	3	105,519	2
Total Equity	<u>2,808,619</u>	<u>68</u>	<u>3,017,169</u>	<u>77</u>	<u>2,692,703</u>	<u>59</u>
Total liabilities and equity	<u>\$ 4,130,796</u>	<u>100</u>	<u>3,961,386</u>	<u>100</u>	<u>4,549,219</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

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

	<u>For the three months ended March 31</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenue (notes 6(n))	\$ 531,074	100	611,369	100
Operating costs (notes 6(c), (e), (f), (g), (h), (j), (o) and 7)	196,589	37	254,262	42
Gross profit from operations	334,485	63	357,107	58
Operating expenses (notes 6(b), (e), (f), (g), (j), (o) and 7):				
Selling expenses	53,440	10	68,995	11
Administrative expenses	28,245	5	29,693	5
Research and development expenses	60,337	11	69,202	11
Expected credit impairment loss	2,918	1	5,169	1
Total operating expenses	144,940	27	173,059	28
Net operating income	189,545	36	184,048	30
Non-operating income and expenses (note 6(g) and (p)):				
Interest income	3,611	1	652	-
Other income	619	-	796	-
Other gains and losses	(4,864)	(1)	41,328	7
Financial costs	(919)	-	(1,463)	-
Total non-operating income and expenses	(1,553)	-	41,313	7
Pre-tax net profit of continued operations	187,992	36	225,361	37
Less: Income tax expenses (note 6(k))	36,115	7	44,194	7
Profit for the period	151,877	29	181,167	30
Other comprehensive income:				
Items that may be subsequently reclassified into profit or loss				
Exchange Differences on Translation of Foreign Financial Statements	(411)	-	591	-
Less: Income tax related to items that may be reclassified	-	-	-	-
Total of items that may be subsequently reclassified into profit or loss	(411)	-	591	-
Other comprehensive income for the period, net of tax	(411)	-	591	-
Total comprehensive income for the period	\$ 151,466	29	181,758	30
Profit attributable to:				
Owners of the parent company	\$ 156,688	30	181,910	30
Non-controlling interests	(4,811)	(1)	(743)	-
	\$ 151,877	29	181,167	30
Comprehensive income attributable to:				
Owners of the parent company	\$ 156,519	30	182,418	30
Non-controlling interests	(5,053)	(1)	(660)	-
	\$ 151,466	29	181,758	30
Earnings per share(note 6(m)):				
Basic earnings per share (Unit: New Taiwan dollars)	\$ 3.50		4.07	
Diluted earnings per share (Unit: New Taiwan dollars)	\$ 3.48		4.04	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

(In Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Retained earnings									
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Inappropriate earnings	Total				
Balance at January 1, 2022	\$ 447,282	165,759	501,410	3,694	1,738,098	2,243,202	(4,198)	2,852,045	106,179	2,958,224
Appropriation and distribution of retained earnings:										
Cash dividends by common stock	-	-	-	-	(402,554)	(402,554)	-	(402,554)	-	(402,554)
Cash dividends by capital surplus	-	(44,728)	-	-	-	-	-	(44,728)	-	(44,728)
Othe changes from capital surplus	-	3	-	-	-	-	-	3	-	3
Profit(loss) for the period	-	-	-	-	181,910	181,910	-	181,910	(743)	181,167
Other comprehensive income for the period	-	-	-	-	-	-	508	508	83	591
Total comprehensive income for the period	-	-	-	-	181,910	181,910	508	182,418	(660)	181,758
Balance at March 31, 2022	<u>\$ 447,282</u>	<u>121,034</u>	<u>501,410</u>	<u>3,694</u>	<u>1,517,454</u>	<u>2,022,558</u>	<u>(3,690)</u>	<u>2,587,184</u>	<u>105,519</u>	<u>2,692,703</u>
Balance at January 1, 2023	\$ 447,282	121,034	578,509	4,003	1,767,629	2,350,141	(4,046)	2,914,411	102,758	3,017,169
Appropriation and distribution of retained earnings:										
Cash dividends by common stock	-	-	-	-	(268,369)	(268,369)	-	(268,369)	-	(268,369)
Cash dividends by capital surplus	-	(89,457)	-	-	-	-	-	(89,457)	-	(89,457)
Other changes in capital surplus	-	5	-	-	-	-	-	5	-	5
Profit(loss) for the period	-	-	-	-	156,688	156,688	-	156,688	(4,811)	151,877
Other comprehensive income for the period	-	-	-	-	-	-	(169)	(169)	(242)	(411)
Total comprehensive income for the period	-	-	-	-	156,688	156,688	(169)	156,519	(5,053)	151,466
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,195)	(2,195)
Balance at March 31, 2023	<u>\$ 447,282</u>	<u>31,582</u>	<u>578,509</u>	<u>4,003</u>	<u>1,655,948</u>	<u>2,238,460</u>	<u>(4,215)</u>	<u>2,713,109</u>	<u>95,510</u>	<u>2,808,619</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In Thousands of New Taiwan Dollars)

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Profit before tax	\$ 187,992	225,361
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	10,990	10,682
Expected credit impairment loss	2,918	5,169
Interest expense	919	1,463
Interest income	(3,611)	(652)
Loss on disposal of property, plant and equipment	2	33
Loss on disposal of subsidiaries	92	-
Total adjustments to reconcile profit	11,310	16,695
Changes in operating assets and liabilities		
Changes in operating assets, net		
Notes receivable	7,012	(2,531)
Accounts receivables(including long-term accounts receivables)	(38,589)	(25,677)
Other accounts receivables	(1)	-
Inventories	(23,217)	31,831
Prepayments	(3,722)	1,018
Other current assets	(5,819)	(7,112)
Total changes in operating assets, net	(64,336)	(2,471)
Changes in operating liabilities, net		
Contract liabilities	17,914	(42,701)
Notes payable	360	691
Accounts payables	42,793	(47,094)
Other payables	(71,931)	(1,200)
Provisions liabilities	2,613	(30)
Other current liabilities	(5,477)	4,581
Total changes in operating liabilities, net	(13,728)	(85,753)
Total changes in operating assets and liabilities, net	(78,064)	(88,224)
Total adjustments	(66,754)	(71,529)
Cash inflows generated from operations	121,238	153,832
Interest received	3,449	718
Income taxes paid	(4,357)	(1,797)
Net cash flow generated from operating activities	120,330	152,753
Cash flow used in investing activities		
Disposal of subsidiaris	(2,172)	-
Acquisition of property, plant and equipment	(3,694)	(480)
Decrease (increase) in guarantee deposits	1,444	(8,310)
Increase in other non-current assets	(7)	-
Net cash outflow used in investing activities	(4,429)	(8,790)
Cash flows from financing activities		
Repayment of long-term borrowings	-	(5,625)
Payment of lease liabilities	(462)	(284)
Cash dividends	-	(89,457)
Interest paid	(3,818)	(4,473)
Surplus not paid due to overdue	5	3
Net cash outflow used in financing activities	(4,275)	(99,836)
Effect of exchange rate changes on cash and cash equivalents	(550)	(447)
Increase in cash and cash equivalents for the period	111,076	43,680
Cash and cash equivalents, beginning of the period	1,855,258	1,976,971
Cash and cash equivalents, end of the period	\$ 1,966,334	2,020,651

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

(1) Company history

MACHVISION INC. CO., LTD. (the Company) was incorporated in June 9, 1998 as a company limited by shares under the laws of (ROC). The address of the Company's registered office is No. 2-3, Gongye East 2nd Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C. The consolidated entities in the consolidated financial statements dated March 31, 2023 include the Company and its subsidiaries (the Group). The Group is mainly engaged in the manufacturing and trading of optical inspection machinery equipment.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and published on April 28, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Effective date per IASB
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

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(4) Summary of significant accounting policies

Except as described below, the summary statement of the significant accounting policies for this consolidated financial report is the same as the consolidated financial report for 2022, related information please refer to the note 4 from consolidated financial statements of 2023.

(a) Statement of compliance

This consolidated financial report is prepared in line with the guidelines for the preparation of financial reports of issuers of securities (hereinafter referred to as "The Preparation of Guidelines") and the International Accounting Standards 34, about "Interim Financial Reports", which are approved and issued in force by the FSC. This consolidated financial report does not include all the necessary information to be disclosed in the entire annual consolidated financial report prepared in accordance with the international Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation notices (hereinafter referred to as the "International Financial Reporting Standards approved by the FSC"), which are approved and issued in force by the FSC.

(b) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries included in the consolidated financial statements

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

Investor	Subsidiary	Nature of business	Percentage of ownership			Notes
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Machvision Inc. (Samoa)	Investment	100.00%	100.00%	100.00%	8
The Company	Machvision Korea Co., Ltd.	Maintaining and trading of machinery products	100.00%	100.00%	100.00%	
The Company	Autovision Technology Inc.	Manufacturing of computer peripheral products	-%	-%	45.00%	1&5
The Company	Sigold Optics Inc.	Manufacturing of machinery equipment	-%	-%	49.47%	2&5
The Company	ChipAI Co., LTD.	Manufacturing of computer peripheral products	-%	-%	90.00%	
The Company	Avountes Inc.	Electronic Information Supply Services	-%	-%	45.00%	4&6
The Company	SISSCA Co.,Ltd	Manufacturing of computer peripheral products	52.86%	52.86%	36.30%	5
Machvision Inc. (Samoa)	Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	100.00%	100.00%	100.00%	8
Machvision (Dongguan) Inc.	Dongguan muxin intelligent equipment Co., Ltd	Maintaining and trading of machinery equipment	-%	51.00%	51.00%	7
Sigold Optics Inc.	SISSCA Co.,Ltd.	Manufacturing of computer peripheral products	-%	-%	43.30%	5
SISSCA Co.,Ltd.	SiSSCA (JIANG SU) Co., Ltd.	Manufacturing of computer peripheral products	100.00%	-%	-%	

Note 1: The Company holds 45% of the ownership of Autovision Technology Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 2: The Company holds 49.47% of the ownership of Sigold Optics Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 3: ChipAI Co., LTD. was dissolved on June 30, 2022, by the resolution of its shareholders' meeting, with June 30, 2022, as the date of dissolution.

Note 4: The Company holds less than 50% of the ownership of Avountes Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 5: In order to integrate the Group's product portfolio and operational development, Sissca Co., Ltd. issued 11,714,800 new shares for the acquisition of shares issued by Sigold Optics Inc. and Autovision Technology Inc. through the resolution of its extraordinary shareholders' meeting on September 28, 2022, at share exchange ratio of 1:1:1, with October 20, 2022, as the reference date of the merger. All relevant statutory registration procedures have been completed on January 17, 2023.

Note 6: Avountes Inc. was dissolved on December 1, 2022, by the resolution of its extraordinary shareholders' meeting, with December 1, 2022, as the date of dissolution.

Note 7: The consolidated company had been liquidated at February, 2023.

Note 8: Except for Machvision Inc.(Samoa) and Machvision (Dongguan) Inc., the other subsidiaries are not significant subsidiaries, their financial statements have not been reviewed.

(c) Employee benefits

In the interim, the benefit scheme pension department uses the previous year's reporting date to determine the pension cost rate on an actuarial basis, based on the end of the reclassified period at the beginning of the year, and to adjust for major market fluctuations, major downsizing, liquidation or other major one-off matters.

(d) Income tax

The Group is measured and exposed for income tax expenses during the interim period in line with the paragraph B12 of interim financial report of IAS 34.

The income tax fee is in order to multiply the pre-tax net profit by the management during the reporting period by the best estimated street volume of the expected effective tax rate for the whole year, and is fully recognized as the current income tax fee.

The income tax fee, which is directly recognized as an equity item or other consolidated profit and loss item, is a temporary difference between the carrying amount of the relevant assets and liabilities for the purpose of reporting and its tax base, which is measured by the applicable tax rate at the time of expected realization or liquidation.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

Management shall, in accordance with the preparation criteria and the interim financial report of IAS34 as approved by the FSC, make judgments, estimates and assumptions in the preparation of the consolidated financial reports, which will have an impact on the adoption of accounting policies and the amount of assets, liabilities, benefits and expenses reported. Actual results may differ from estimates.

In the preparation of consolidated financial reports, the management adopts the uncertainty of significant judgment and estimation of the consolidation of corporate accounting policies, the main source of which is consistent with the consolidated Financial Report Note 5 of 2022.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 3,387	2,528	1,812
Saving deposits	432,624	496,805	1,470,659
Foreign currency deposits	570,694	505,669	104,787
Time deposits	959,629	850,256	443,393
Cash and cash equivalents per statements of cash flow	<u>\$ 1,966,334</u>	<u>1,855,258</u>	<u>2,020,651</u>

The expiry date of three months to a year on deposit satisfy the highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in

value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Please refer to note 6(q) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Notes, accounts and long-term accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 53,325	60,337	39,369
Accounts receivable	1,079,695	988,600	1,379,710
Long-term accounts receivable	100,085	152,580	147,885
Less: allowance for impairment	28,589	25,660	40,848
unrealized interest income	285	447	168
	<u>\$ 1,204,231</u>	<u>1,175,410</u>	<u>1,525,948</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses were determined as follows:

	March 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 874,700	0.01360%	119
1 to 90 days past due	172,673	0.32840%	567
91 to 180 days past due	95,238	1.32090%	1,258
181 to 270 days past due	57,237	6.35430%	3,637
271 to 365 days past due	16,707	40.36030%	6,743
Past due over 365 days	16,265	100.0000%	16,265
	<u>\$ 1,232,820</u>		<u>28,589</u>

December 31, 2022			
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 841,826	0.0126%	106
1 to 90 days past due	191,296	0.3262%	624
91 to 180 days past due	94,760	1.1946%	1,132
181 to 270 days past due	39,825	6.9956%	2,786
271 to 365 days past due	20,425	39.5300%	8,074
Past due over 365 days	12,938	100.0000%	12,938
	<u>\$ 1,201,070</u>		<u>25,660</u>

March 31, 2022			
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 1,187,866	0.0073%	87
1 to 90 days past due	239,776	0.4104%	984
91 to 180 days past due	51,082	1.8637%	952
181 to 270 days past due	45,475	8.3057%	3,777
271 to 365 days past due	14,605	48.3122%	7,056
Past due over 365 days	27,992	100.0000%	27,992
	<u>\$ 1,566,796</u>		<u>40,848</u>

The movement in the allowance for accounts receivable was as follows:

	For the three months ended March 31	
	2023	2022
Balance at the beginning of the period	\$ 25,660	35,462
Impairment losses recognized	2,918	5,169
Foreign exchange gains	11	217
Balance at the end of the period	<u>\$ 28,589</u>	<u>40,848</u>

The aforementioned notes and accounts receivables of the Group had not been pledged as collateral.

The carrying amounts of notes and accounts receivable with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

(c) Inventories

The components of the Group's inventories were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Merchandise and finished goods	\$ 43,508	34,534	35,338
Work in process	102,377	73,689	118,425
Raw material	208,312	222,752	213,856
Inventories in transit	-	5	9
	<u><u>\$ 354,197</u></u>	<u><u>330,980</u></u>	<u><u>367,628</u></u>

The Group inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Loss (gain) on decline in market value of inventory	<u><u>\$ (767)</u></u>	<u><u>4,436</u></u>

(d) Financial assets at fair value through profit or loss — non-current

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Mandatorily measured at fair value through profit or loss:			
Unlisted stocks (domestic) - Yayatech Co., Ltd.	\$ 9,644	9,644	9,644
For Win Tech Co.,Ltd	<u>6,100</u>	<u>6,100</u>	<u>6,100</u>
Total	<u><u>\$ 15,744</u></u>	<u><u>15,744</u></u>	<u><u>15,744</u></u>

(e) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Buildings	Machinery equipment	Other equipment	Construction in progress	Total
Cost:					
Balance at January 1, 2023	\$ 306,359	11,656	31,967	11,640	361,622
Additions	570	1,992	1,132	-	3,694
Disposals	(1,020)	(85)	(338)	-	(1,443)
Reclassification	-	(108)	50	-	(58)
Effect of movement in exchange rates	192	1	22	-	215
Balance at March 31, 2023	\$ 306,101	13,456	32,833	11,640	364,030
Balance at January 1, 2022	\$ 305,714	10,753	29,633	11,640	357,740
Additions	-	-	480	-	480
Disposals	-	-	(198)	-	(198)
Effect of movement in exchange rates	1,533	4	167	-	1,704
Balance at March 31, 2022	\$ 307,247	10,757	30,082	11,640	359,726
Depreciation:					
Balance at January 1, 2023	\$ 93,735	6,125	16,780	-	116,640
Depreciation	4,522	827	1,808	-	7,157
Disposals	(1,020)	(85)	(336)	-	(1,441)
Reclassification	-	(13)	(45)	-	(58)
Effect of movement in exchange rates	71	-	7	-	78
Balance at March 31, 2023	\$ 97,308	6,854	18,214	-	122,376
Balance at January 1, 2022	\$ 75,422	3,742	11,556	-	90,720
Depreciation	4,510	752	1,669	-	6,931
Disposals	-	-	(165)	-	(165)
Effect of movement in exchange rates	610	1	55	-	666
Balance at March 31, 2022	\$ 80,542	4,495	13,115	-	98,152
Carrying amounts:					
January 1, 2023	\$ 212,624	5,531	15,187	11,640	244,982
March 31, 2023	\$ 208,793	6,602	14,619	11,640	241,654
January 1, 2022	\$ 230,292	7,011	18,077	11,640	267,020
March 31, 2022	\$ 226,705	6,262	16,967	11,640	261,574

(f) The Right-of-use assets

The Group leases assets including land and buildings, and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	Land and buildings	Other equipment	Total
Cost:			
Balance at January 1, 2023	\$ 272,064	26,424	298,488
Additions	3,303	2,176	5,479
Effect of changes in foreign exchange rates	(92)	-	(92)
Balance at March 31, 2023	\$ 275,275	28,600	303,875
Balance at January 1, 2022	\$ 270,522	24,103	294,625
Effect of changes in foreign exchange rates	164	-	164
Balance at March 31, 2022	\$ 270,686	24,103	294,789
Accumulated depreciation:			
Balance at January 1, 2023	\$ 24,274	20,910	45,184
Depreciation	2,550	1,283	3,833
Effect of changes in foreign exchange rates	(80)	-	(80)
Balance at March 31, 2023	\$ 26,744	22,193	48,937
Balance at January 1, 2022	\$ 15,262	15,999	31,261
Depreciation	2,422	1,329	3,751
Effect of changes in foreign exchange rates	56	-	56
Balance at March 31, 2022	\$ 17,740	17,328	35,068
Carrying amounts:			
January 1, 2023	\$ 247,790	5,514	253,304
March 31, 2023	\$ 248,531	6,407	254,938
January 1, 2022	\$ 255,260	8,104	263,364
March 31, 2022	\$ 252,946	6,775	259,721

(g) Lease liabilities

The Group's lease liabilities were as follow:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	<u>\$ 16,934</u>	<u>15,246</u>	<u>16,194</u>
Non-current	<u>\$ 243,496</u>	<u>243,080</u>	<u>247,558</u>

For the maturity analysis, please refer to note 6(q).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2023	2022
Interest on lease liabilities	<u>\$ 919</u>	<u>939</u>
Expenses relating to short-term leases	<u>\$ 2,218</u>	<u>2,274</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 82</u>	<u>17</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended March 31	
	2023	2022
Total cash outflow for leases	<u>\$ 6,580</u>	<u>6,524</u>

(h) Provisions

	March 31, 2023	December 31, 2022	March 31, 2022
Warranty	<u>\$ 15,587</u>	<u>12,974</u>	<u>16,526</u>

There is no significant change in the liability reserve of the Group for the three months ended March 31, 2023 and 2022. For information, please refer to Note 6 (i) of the consolidated financial report of 2022.

(i) Long-term borrowings

The Company applied for a loan facility based on the "Action Plan for Accelerated Investment by Domestic Corporations", of which, \$220,000 thousand has been used by the Group as working capital for its business operation. The borrowing was measured at the market interest rate, and the difference between the market interest rate and the actual interest rate was recognized as deferred income.

The Company has fully repaid the above mentioned borrowings on November 15, 2022.

March 31, 2022				
	Currency	Interest rate	Due year	Amount
Unsecured bank loans	NTD	1.05~1.1	2022~2027	\$ 197,500
Less: deferred revenue				<u>2,178</u>
				<u>\$ 195,322</u>
Current				\$ 29,167
Non-current				<u>166,155</u>
Total				<u>\$ 195,322</u>

	March 31, 2022
Deferred income — Government grants:	
Current	\$ 957
Non-current	<u>1,221</u>
Total	<u>\$ 2,178</u>

(j) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31	
	2023	2022
Operating costs	\$ 17	6
Operating expenses	<u>31</u>	<u>9</u>
Total	<u>\$ 48</u>	<u>15</u>

2. Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance and local government were as follows:

	For the three months ended March 31	
	2023	2022
Operating costs	\$ 2,238	1,924
Operating expenses	<u>2,751</u>	<u>2,833</u>
Total	<u>\$ 4,989</u>	<u>4,757</u>

(k) Income tax

The income tax expense is estimated by the profit before tax in the interim financial period multiplied by the best estimated effective interest rate of the whole year of the management.

The Group's income tax expense is as follows:

	For the three months ended March 31	
	2023	2022
Current income tax expense		
Current tax expense recognized in the current period	\$ 36,115	44,194
Income tax expense	<u>\$ 36,115</u>	<u>44,194</u>

The tax authorities have examined income tax returns of the Company through 2020.

(l) Capital and other equity

Except for the following terms, there is no significant change in capital and other rights for the group for the three months ended March 31, 2023 and 2022. The relevant liability is referred to in note 6 (m) of the consolidated financial report of 2022.

1. Capital surplus

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

For the appropriations of the capital surplus as cash dividends to stockholders, please reference to Retained earnings.

2. Retained earnings

Cash dividends distributed by capital surplus and earnings distribution were as follows:

	For the six months ended		Total
	June 30, 2022	December 31, 2022	
Date resolved by Board of Directors	November 3, 2022	February 16, 2023	
Dividends distributed to common stockholders			
Cash-Retained earnings	\$ 89,457	268,369	357,826
Cash-Capital surplus	-	89,457	89,457
Total	<u>\$ 89,457</u>	<u>357,826</u>	<u>447,283</u>
Dividend rate	<u>\$ 2.00</u>	<u>8.00</u>	

	For the six months ended June 30, 2021	For the six months ended December 31, 2021	Total
Date resolved by Board of Directors	December 3, 2021	February 9, 2022	
Dividends distributed to common stockholders			
Cash-Retained earnings	\$ 89,457	402,554	492,011
Cash-Capital surplus	-	44,728	44,728
Total	<u>\$ 89,457</u>	<u>447,282</u>	<u>536,739</u>
Dividend rate	<u>\$ 2.00</u>	<u>10.00</u>	

(m) Earnings per share

The calculation of the Company's basic and diluted earnings per is as follows:

(i) Basic earnings per share

	For the three months ended March 31	
	2023	2022
Net income attributable to ordinary shareholders of the Company	<u>\$ 156,688</u>	<u>181,910</u>
Weighted average number of ordinary shares	<u>44,728</u>	<u>44,728</u>
Basic earnings per share (NTD)	<u>\$ 3.50</u>	<u>4.07</u>

(ii) Diluted earnings per share

	For the three months ended March 31	
	2023	2022
Net income attributable to ordinary shareholders of the Company (diluted)	<u>\$ 156,688</u>	<u>181,910</u>
Weighted average number of ordinary shares (basic)	44,728	44,728
Effect of potential ordinary shares		
Employees' compensation	267	267
Weighted average number of ordinary shares (diluted)	<u>44,995</u>	<u>44,995</u>
Diluted earnings per share (NTD)	<u>\$ 3.48</u>	<u>4.04</u>

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2023			
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 65,615	-	65,615
China	348,153	70,899	419,052
Others	46,407	-	46,407
	\$ 460,175	70,899	531,074
Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 445,808	40,955	486,763
Revenue from services	14,367	29,944	44,311
	\$ 460,175	70,899	531,074
For the three months ended March 31, 2022			
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 106,181	-	106,181
China	301,548	154,304	455,852
Others	49,336	-	49,336
	\$ 457,065	154,304	611,369
Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 444,664	130,141	574,805
Revenue from services	12,401	24,163	36,564
	\$ 457,065	154,304	611,369

(ii) Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 53,325	60,337	39,369
Accounts receivables	1,079,695	988,600	1,379,710
Long-term accounts receivables	99,800	152,133	147,717
Less: allowance loss	28,589	25,660	40,848
Total	\$ 1,204,231	1,175,410	1,525,948
Contract liabilities--advance receipts	\$ 53,764	35,850	51,203

Please refer to note 6(b) for the details on accounts receivables and allowance for impairments. The contract liability is mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer. The amount of revenue recognized for the three months ended March 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$31,667 thousand and \$75,511 thousand, respectively.

(o) Remuneration to employees and directors

In accordance with the Company's Articles, the profit for the year should be reserved to offset the deficit, then, should contribute no less than 5% of the profit as employee remuneration, and less than 3% as directors' remuneration.

The remunerations to employees amounted to \$15,208 thousand and \$21,934 thousand, respectively, for the three-month period ended March 31, 2023 and 2022. The remunerations to directors amounted to \$1,906 thousand and \$3,240 thousand, respectively, for the three-month period

ended March 31, 2023 and 2022. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

In 2022 and 2021, the amount of employee remuneration is NT\$53,835 thousand and NT\$92,107 thousand, respectively, and that of directors is NT\$8,299 thousand and NT\$12,831 thousand, respectively. There is no difference from the distribution of board resolutions. The information is available on the Market Observation Post System website.

(p) Non-operating income and expenses

(i) Interest income

		For the three months ended March 31	
		2023	2022
Bank deposits	\$	3,444	718
Others		167	(66)
Total		<u>\$ 3,611</u>	<u>652</u>

(ii) Other income

		For the three months ended March 31	
		2023	2022
Others	\$	<u>619</u>	<u>796</u>

(iii) Other gains and losses

		For the three months ended March 31	
		2023	2022
Losses on disposals of property, plant and equipment	\$	(2)	(33)
Gains on lease modification		(92)	-
Foreign exchange gains(losses)		(4,768)	41,401
Others		(2)	(40)
Other gains and losses, net	\$	<u>(4,864)</u>	<u>41,328</u>

(iv) Finance costs

		For the three months ended March 31	
		2023	2022
Interest expenses	\$	<u>919</u>	<u>1,463</u>

(q) Financial instruments

Except for the following, there is no significant change in the fair value of the financial instruments and the

exposure to credit risks and market risks due to financial instruments. Please refer to note 6 (r) of the consolidated financial report of 2022.

1. Credit risk

The credit receivable account of the credit risk Group in March 31, 2023, December 31, 2022 and March 31, 2022 was concentrated on single customers, accounting for 16%, 20% and 29% of the receivable and accounts receivable (including long-term receivables) respectively.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying Amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
March 31, 2023					
Non-derivative financial liabilities					
Notes payable	493	493	493	-	-
Accounts payables	221,921	221,921	221,921	-	-
Other payables	224,955	224,955	224,955	-	-
Dividend payables	357,826	357,826	357,826	-	-
Lease liabilities (including non-current)	260,430	352,660	16,934	35,193	300,533
	\$ 1,065,625	1,157,855	822,129	35,193	300,533
December 31, 2022					
Non-derivative financial liabilities					
Notes payable	133	133	133	-	-
Accounts payables	179,128	179,128	179,128	-	-
Other payables	296,886	296,886	296,886	-	-
Lease liabilities (including non-current)	258,326	351,406	15,246	33,813	302,347
	\$ 734,473	827,553	491,393	33,813	302,347
March 31, 2022					
Non-derivative financial liabilities					
Long-term borrowings(including deferred revenue)	\$ 197,500	200,294	30,161	170,133	-
Notes payable	807	807	807	-	-
Accounts payables	255,491	255,491	255,491	-	-
Other payables	351,186	351,186	351,186	-	-
Dividend payables	447,282	447,282	447,282	-	-
Lease liabilities (including non-current)	263,752	364,961	16,194	36,718	312,049
	\$ 1,516,018	1,620,021	1,101,121	206,851	312,049

The Group is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Liquidity risk

1) Currency risk

The Group's financial assets and liabilities exposed to significant currency risk was as follows:

	Foreign currency	Exchange rate	NTD
March 31, 2023			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 45,191	30.4500	1,376,069
CNY	\$ 154,488	4.4310	684,537
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 2,223	30.4500	67,685
CNY	\$ 14,861	4.4310	65,851
December 31, 2022			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 39,917	30.7100	1,225,838
CNY	\$ 159,961	4.4080	705,108
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 1,417	30.7100	43,512
CNY	\$ 17,512	4.4080	77,194
March 31, 2022			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 29,565	28.6250	846,301
CNY	\$ 123,404	4.5060	556,058
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 1,790	28.6250	51,229
CNY	\$ 16,910	4.5060	76,197

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, receivables, accounts payables that are denominated in foreign currency. A weakening or strengthening 3% appreciation or depreciation of the NTD against the USD and CNY as of March 31, 2023 and 2022, would have increased or decreased the net profit after tax by \$46,250 thousand and \$30,598 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currencies, the information on foreign exchange gains (loss) on monetary items is disclosed based on the total amount. For the three months ended March 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portion) amounted to \$(4,768) thousand and \$41,401 thousand.

2) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is determined by the interest rate storm risk of derivative and non-derivative instruments in the reporting day. For floating rate liabilities, the way of analysis is to assume that the amount of debt in circulation outside the reporting day is in circulation throughout the year. The rate of change used to report interest rates to key management within the Group is an increase or loss of 1% per cent in interest rates, which also represents an assessment by management of the extent to which interest rates may vary reasonably.

If the interest rate had increased or decreased by 1%, the Group's net income before tax would have increase or decrease by \$4,936 thousand and \$4,582 thousand for the three months ended March 31, 2023 and 2022, respectively, with all other variable factors remain constant. This is mainly due from the Group's cash in bank and borrowing on variable rates.

(iv) Information of fair value

(1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valuated approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

March 31, 2023					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 15,744	-	-	15,744	15,744
Financial assets measured at amortized cost					
Cash and cash equivalents	1,966,334	-	-	-	-
Accounts, notes and long-term receivables	1,204,231	-	-	-	-
Other receivables	10,610	-	-	-	-
Refundable deposits	19,075	-	-	-	-
Other non-current assets	11,593	-	-	-	-
Subtotal	3,211,843	-	-	-	-
Total	<u>\$ 3,227,587</u>	<u>-</u>	<u>-</u>	<u>15,744</u>	<u>15,744</u>
Financial liabilities measured at amortized cost					
Notes payable	493	-	-	-	-
Accounts payables	221,921	-	-	-	-
Other payables	224,955	-	-	-	-
Dividends payables	357,826	-	-	-	-
Lease liabilities(including non-current)	260,430	-	-	-	-
Total	<u>\$ 1,065,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 15,744	-	-	15,744	15,744
Financial assets measured at amortized cost					
Cash and cash equivalents	1,855,258	-	-	-	-
Accounts, notes and long-term receivables	1,175,410	-	-	-	-
Other receivables	10,609	-	-	-	-
Refundable deposits	20,519	-	-	-	-
Other non-current assets	11,586	-	-	-	-
Subtotal	3,073,382	-	-	-	-
Total	<u>\$ 3,089,126</u>	<u>-</u>	<u>-</u>	<u>15,744</u>	<u>15,744</u>

December 31, 2022					
Carrying amount	Fair value				Total
	Level 1	Level 2	Level 3		
Financial liabilities measured at amortized cost					
Notes payable	133	-	-	-	-
Accounts payables	179,128	-	-	-	-
Other payables	296,886	-	-	-	-
Lease liabilities(including non-current)	258,326	-	-	-	-
Total	<u>\$ 734,473</u>	-	-	-	-
March 31, 2022					
Carrying amount	Fair value				Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 15,744	-	-	15,744	15,744
Financial assets measured at amortized cost					
Cash and cash equivalents	2,020,651	-	-	-	-
Accounts, notes and long-term receivables	1,525,948	-	-	-	-
Refundable deposits	21,233	-	-	-	-
Other non-current assets	11,551	-	-	-	-
Subtotal	<u>3,579,383</u>	-	-	-	-
Total	<u>\$ 3,595,127</u>	-	-	15,744	15,744
Financial liabilities measured at amortized cost					
Long-term borrowings (including deferred income)	\$ 197,500	-	-	-	-
Notes payable	807	-	-	-	-
Accounts payable s	255,491	-	-	-	-
Other payables	351,186	-	-	-	-
Dividends payable	447,282	-	-	-	-
Lease liabilities(including non-current)	263,752	-	-	-	-
Total	<u>\$ 1,516,018</u>	-	-	-	-

- (2) Valuation techniques for financial instruments measured at fair value – non-derivative financial instruments

If the financial instruments have no quoted market price in an active market, the Group shall use the market comparison approach to evaluate the fair value. The main assumption used in computing the market price is based on the investee's equity and the quoted price from a competitor. The estimated price has been discounted due to the lack of liquidity in the price of securities .

- (3) Fair value hierarchy

The Group uses observable market inputs for measuring its assets and liabilities as much as possible. The fair value levels are classified as follows according to the input values for the assessment:

- A. Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- B. Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- C. Level 3: Inputs are unobservable inputs for an asset or liability.

No transfers between the Group's fair value levels.

- (4) Reconciliation of level 3 fair values

	Unquoted equity instruments
Balance at March 31, 2023 (Balance at January 1, 2023)	<u>\$ 15,744</u>
Balance at March 31, 2022 (Balance at January 1, 2022)	<u>\$ 15,744</u>

(5) Quantitative information of significant unobservable inputs (Level 3) through fair value

Item	Valuation technique	Significant unobservable inputs	Relation between significant unobservable inputs and fair value
Financial assets at fair value through profit or loss – investment of equity instruments without active market	Guideline publicly traded company method	P/B multiplier (March 31, 2023, December 31, 2022 and March 31, 2022 were 1.66-1.96, 1.66-1.96 and 2.38-2.48 respectively) P/E multiplier (March 31, 2023, December 31, 2022 and March 31, 2022 were 7.83-11.13, 7.83-11.13 and 12.06-13.22 respectively) Discount for Lack of Market ability (March 31, 2023, December 31, 2022 and March 31, 2022 were 30%)	Higher P/B multiplier and P/E multiplier will cause an increase in the fair value Higher discount for Lack of Market ability will cause a decrease in fair value.

(6) Fair value measurements in Level 3- sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			Other comprehensive income	
	Input	Assumptions	Favorable	Unfavorable
March 31, 2023				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	3,223	(3,223)
December 31, 2022				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	3,223	(3,223)
March 31, 2022				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	4,883	(4,883)

The favorable and unfavorable effects represent the change in fair value, and the fair value is based on a variety of un-observable inputs calculated using a valuation technique.

(r) Financial risk management

Consolidation of corporate financial risk management objectives and policies there were no significant changes in the disclosure of Notes 6 (t) to the 2022 consolidated financial report.

(s) Capital management

The Group's capital management objectives, policies and procedures are consistent with those revealed in the 2022 consolidated financial report. For further information, please refer to note 6 (u) of the consolidated financial report of 2022.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Liabilities	\$ 1,322,177	\$ 944,217	\$ 1,856,516
Less: cash and cash equivalents	<u>1,966,334</u>	<u>1,855,258</u>	<u>2,020,651</u>
Net liabilities	<u>\$ (644,157)</u>	<u>\$ (911,041)</u>	<u>\$ (164,135)</u>
Total equity	<u>\$ 2,808,619</u>	<u>\$ 3,017,169</u>	<u>\$ 2,692,703</u>
Debt-to-capital ratio	<u>- %</u>	<u>- %</u>	<u>- %</u>

As of March 31, 2023, there was no change in the Group's approach of capital management.

(t) Reconciliation of liabilities arising from financing activities

The Group's liability adjustment associated with financing activities were as follows:

Non-cash adjustments						
	January 1, 2023	Cash flows	Addition	Foreign exchange movement	Interest expenses	March 31, 2023
Lease liabilities	\$ 258,326	(4,280)	5,479	(14)	919	260,430
Total liabilities from financing activities	<u>\$ 258,326</u>	<u>(4,280)</u>	<u>5,479</u>	<u>(14)</u>	<u>919</u>	<u>260,430</u>

Non-cash adjustments						
	January 1, 2022	Cash flows	Lease Modification	Foreign exchange movement	Interest expenses	March 31, 2022
Long-term borrowings(including deferred revenue)	\$ 203,125	(5,625)	-	-	-	197,500
Lease liabilities	266,938	(4,233)	-	108	939	263,752
Total liabilities from financing activities	<u>\$ 470,063</u>	<u>(9,858)</u>	<u>-</u>	<u>108</u>	<u>939</u>	<u>461,252</u>

(7) Related-party Transactions

Compensation of key management personnel:

	For the three months ended March 31	
	2023	2022
Short-term employee benefits	\$ 12,104	\$ 12,676
Post-employment benefits	108	81
	\$ 12,212	\$ 12,757

(8) Pledge assets

The carrying value of pledged assets were as follows:

Pledged assets	Object asset	March 31, 2023	December 31, 2022	March 31, 2022
Other non-current assets:				
Time deposits	Guarantee for customs	\$ 1,506	1,500	1,513
Time deposits	Guarantee for the Hsinchu Science Park Bureau	10,087	10,086	10,038
		\$ 11,593	11,586	\$ 11,551

(9) Commitments and contingencies:

In order to expand the business, the Board of Directors approved a resolution for leasing land to build a factory and office building in Hsinchu Science Park on May 26, 2022, and the estimated total investment amount is approximately \$1,300,000 thousand. AS of March 31, 2023, the invested amount was \$11,200 thousand.

(10) Losses due to major disasters: None.**(11) Subsequent events: None****(12) Others**

(a) The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

Item	Function	For the three months ended March 31 2023			For the three months ended March 31 2022		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits							
Salaries		34,441	79,807	114,248	34,497	90,804	125,301
Labor and health insurance		2,756	4,950	7,706	2,644	4,732	7,376
Pension		2,255	2,782	5,037	1,930	2,842	4,772
Directors' remuneration		-	1,906	1,906	-	3,246	3,246
Other employee benefits		5,232	7,715	12,947	5,173	9,125	14,298
Depreciation		2,105	8,885	10,990	2,294	8,388	10,682
Amortization		-	-	-	-	-	-

(b) Seasonal of operations:

The operation of the Group is not affected by seasonal or cyclical factors.

(13) Other Disclosure

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

1. Loans to other parties: None.
2. Guarantees and endorsements for other parties: None.
3. Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(Amounts in Thousands of New Taiwan Dollar)

Company holding securities	Security type and name	Relationship with the Company	Account	March 31, 2023				Notes
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value	
The Company	Yayatech Co. Ltd.	-	Financial assets at fair value through profit or loss-non current	884,000	9,644	5.30 %	9,644	
SISSCA Co.,Ltd.	FOR WIN TECH CO., LTD.	-	Financial assets at fair value through profit or loss- non current	658,413	6,100	9.68 %	6,100	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock : None.
5. Acquisitions of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
7. Related-party transaction for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
8. Receivable from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital:

(Amounts in Thousands of New Taiwan Dollar)

Company Name	Related Party	Nature of relationships	Balance as March 31, 2023	Turnover rate	Overdue		Amount Received in Subsequent	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	Machvision (Dongguan) Inc.	Subsidiaries	481,017	0.31	80,831	Depends on the end customer's credit period	17,811 (As of April 28, 2023)	-

9. Trading in derivative instruments: None.

10. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counterparty	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	Machvision (Dongguan) Inc.	1	Operating revenue	38,744	Depends on the Group overall profit allocation	7.30%
0	The Company	SISSCA Co.,Ltd.	1	Other revenue	7,754	Depends on the Group overall profit allocation	1.46%
0	The Company	Machvision (Dongguan) Inc.	1	Operating cost	24,481	Depends on the Group overall profit allocation	4.61%
0	The Company	SISSCA Co.,Ltd.	1	Operating cost	10,882	Depends on the Group overall profit allocation	2.05%
0	The Company	Machvision (Dongguan) Inc.	1	Accounts receivables – related parties (including long-term accounts receivables)	481,017	Depends on the end customer's credit period	11.64%
0	The Company	Machvision (Dongguan) Inc.	1	Other payables – related parties	82,643	Dependent on capital budgeting	2.00%

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transaction.

Note 3: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% total consolidated revenue were selected for disclosure.

(b) Information On Investees:

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in China):

Name of Investor	Name of investee	Address	Scope of business	Original Cost		Ending balance			Net Income of Investee	Investment income (Losses)	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value			
The Company	Machvision Inc.	Samoa	Investment	105,433	105,433	3,463,650	100.00%	53,009	4,658	4,658	1&2
The Company	Machvision Korea Co., Ltd.	Korea	Maintaining and trading of machinery equipment	21,542	21,542	10,000	100.00%	4,950	601	601	2&3
The Company	SISSCA Co.,Ltd.	Taiwan	Manufacturing of computer peripheral products	123,348	123,348	11,477,463	52.86%	100,804	(10,205)	(5,394)	2&3

Note 1: The company is a limited company.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(c) Information on investments in China

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

Units: NT\$ thousand

Name of investment in China	Major operations	Issued capital	Method of Investment (Note 1)	Beginning remittance balance – cumulative investment (amount) from Taiwan	Current remittance / receivable investment (amount)		Ending remittance balance - cumulative investment (amount) from Taiwan	Net income of investee	Direct / indirect shareholdings or investments (%) in the Company	Current investment gains and losses (Note 3)	Book value (Note 2)	Remittance of investment income in current period
					Invested amount	Returned amount						
Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	105,361	(2)i	105,361	-	-	105,361	4,658	100%	4,658	66,882	-
SiSSCA (JIANG SU) Co., Ltd.	Manufacturing of computer peripheral products	30,730	(4)i	-	30,730	-	30,730	(108)	52.86%	(57)	15,902	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third region companies to invest in Mainland China.
- (2) Through the establishment of third region companies then investing in Mainland China.
 - i. Through the establishment of Machvision Inc. then investing in Mainland China.
- (3) Through transferring the investment to third region existing companies then investing in Mainland China.
- (4) Other methods: Ex: delegated investments.
 - i. Through the establishment of SiSSCA Co., Ltd then investing in Mainland China.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Limitation on investment in China:

Company Name	Accumulated investment amount in Mainland China as of End of the Period	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	136,091	105,361	1,627,865 (Note 1)

Note 1: It represents 60% of the Company's net equity.

Note 2: Excluding SiSSCA (JIANG SU) Co., Ltd., because the amount of investment has not been accepted yet.

(iii) Significant transactions:

Please refer to details in the “Relationships between Parent Company and Subsidiaries and Significant Transactions” for the significant transactions directly or indirectly related to the investment in China for the three months ended March 31, 2023.

- (d) Information of major shareholders: None.

(14) Segment Information

The Corporation's business operations are focused in a single industry, mainly in the manufacturing, sales and testing of optical inspection machines and equipment. The end use of the Corporation's products are similar. The operational decision makers evaluate the Corporation's overall performance and allocate resources for the Corporation's overall business operations. Hence, there is only one reportable segment for the Corporation.

The Group's reportable segments and adjustments were as follows:

	Taiwan	China	Adjustment and Elimination	Total
For the three months ended March, 2023				
Revenue:				
Revenue from external customers	\$ 460,175	70,899	-	531,074
Inter-segment revenue	50,685	24,481	(75,166)	-
Total revenue	\$ 510,860	95,380	(75,166)	531,074
Reportable segment revenue or loss	\$ 183,602	5,943	-	189,545
For the three months ended March, 2022				
Revenue:				
Revenue from external customers	\$ 457,065	154,304	-	611,369
Inter-segment revenue or loss	126,183	24,402	(150,585)	-
Total revenue	\$ 583,248	178,706	(150,585)	611,369
Reportable segment revenue or loss	\$ 179,889	4,159	-	184,048

For the three months ended March, 2023 and 2022, the total revenue of the reportable segment should exclude the inter-segment revenue of \$75,166 thousand and \$150,585 thousand, respectively.