

Advanced Wireless Semiconductor Company
Financial Statements
With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023

Address: No.6, Dali 1st Rd. Tainan Science-Based Industrial Park Hsin Shi Dist, Tainan
City Taiwan, R.O.C.
Telephone: (06)505-0999

The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of material accounting policies	9
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	9
(6) Explanation of significant accounts	10~29
(7) Related-party transactions	29~30
(8) Pledged assets	30
(9) Commitments and contingencies	31
(10) Losses Due to Major Disasters	31
(11) Subsequent Events	31
(12) Other	31
(13) Other disclosures	
(a) Information on significant transactions	31~32
(b) Information on investees	32
(c) Information on investment in mainland China	32
(d) Major shareholders	32
(14) Segment information	32



安侯建業聯合會計師事務所

KPMG

新竹市300091新竹科學園區展業一路11號
No. 11, Prosperity Road I, Hsinchu Science Park,
Hsinchu City 300091, Taiwan (R.O.C.)

Telephone 電話 + 886 3 579 9955

Fax 傳真 + 886 3 563 2277

Internet 網址 home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors
Advanced Wireless Semiconductor Company:

Introduction

We have reviewed the balance sheets of Advanced Wireless Semiconductor Company as of March 31, 2024, and the related statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the 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 financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 Standards on Auditing of the Republic of China 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.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Advanced Wireless Semiconductor Company as of March 31, 2024, and of its financial performance and its cash flows for the three months ended March 31, 2024 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.

Other Matter

The financial statements of Advanced Wireless Semiconductor Company as of and for the three months ended March 31, 2023, were reviewed by another auditor who expressed an unmodified review report on those financial statements on May 4, 2023.



The engagement partners on the reviews resulting in this independent auditors' review report are Yung-Hua Huang and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)

May 9, 2024

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying 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 auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Advanced Wireless Semiconductor Company

Balance Sheets

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$ 1,873,162	20	1,979,054	23	1,798,154	24	2120	Financial liabilities at fair value through profit or loss—current (note 6(2))	\$ 534	-	-	-	-	-
1170	Notes and accounts receivable, net (notes 6(3) and (16))	802,478	9	517,447	6	182,198	2	2170	Accounts payable	403,088	4	347,502	4	125,006	2
130X	Inventories (note 6(4))	1,100,679	12	973,371	11	302,978	4	2180	Accounts payable to related parties (note 7)	513	-	77	-	37	-
1410	Prepayments	32,847	-	74,665	1	5,565	-	2201	Payroll and bonus payable	88,086	1	100,534	1	70,956	1
1476	Other financial assets—current (note 8)	12,464	-	27,238	-	14,556	-	2130	Contract liabilities—current (note 6(16))	137,060	1	167,702	2	28,184	-
1479	Other current assets (note 6(8))	16,201	-	1,208	-	1,910	-	2230	Current tax liabilities	47,916	1	10,269	-	-	-
		<u>3,837,831</u>	<u>41</u>	<u>3,572,983</u>	<u>41</u>	<u>2,305,361</u>	<u>30</u>	2322	Long-term borrowings, current portion (note 6(9))	50,278	1	32,083	-	-	-
Non-current assets:								2300	Other current liabilities (notes 6(10) and (11))	<u>170,688</u>	<u>2</u>	<u>169,872</u>	<u>2</u>	<u>67,516</u>	<u>1</u>
1600	Property, plant and equipment (note 6(5))	5,064,859	55	4,974,668	56	5,100,291	67			<u>898,163</u>	<u>10</u>	<u>828,039</u>	<u>9</u>	<u>291,699</u>	<u>4</u>
1755	Right-of-use assets (note 6(6))	87,128	1	81,691	1	86,491	1	Non-Current liabilities:							
1780	Intangible assets (note 6(7))	6,888	-	6,766	-	11,972	-	2570	Deferred tax liabilities	1,864	-	-	-	-	-
1840	Deferred tax assets	10,222	-	12,535	-	9,828	-	2540	Long-term borrowings (note 6(9))	569,722	6	397,917	5	60,000	1
1980	Other financial assets—non-current	174	-	174	-	174	-	2600	Other non-current liabilities (notes 6(10) and (11))	<u>98,017</u>	<u>1</u>	<u>92,979</u>	<u>1</u>	<u>95,503</u>	<u>1</u>
1990	Other non-current assets (note 6(8))	<u>256,800</u>	<u>3</u>	<u>152,234</u>	<u>2</u>	<u>136,865</u>	<u>2</u>			<u>669,603</u>	<u>7</u>	<u>490,896</u>	<u>6</u>	<u>155,503</u>	<u>2</u>
		<u>5,426,071</u>	<u>59</u>	<u>5,228,068</u>	<u>59</u>	<u>5,345,621</u>	<u>70</u>		Total liabilities	<u>1,567,766</u>	<u>17</u>	<u>1,318,935</u>	<u>15</u>	<u>447,202</u>	<u>6</u>
Total assets		<u>\$ 9,263,902</u>	<u>100</u>	<u>8,801,051</u>	<u>100</u>	<u>7,650,982</u>	<u>100</u>	Equity (note 6(14)):							
								3110	Ordinary shares	1,965,161	21	1,965,161	23	1,965,161	26
								3280	Capital surplus	4,262,693	46	4,262,693	48	4,262,693	55
								3350	Retained earnings	<u>1,468,282</u>	<u>16</u>	<u>1,254,262</u>	<u>14</u>	<u>975,926</u>	<u>13</u>
									Total equity	<u>7,696,136</u>	<u>83</u>	<u>7,482,116</u>	<u>85</u>	<u>7,203,780</u>	<u>94</u>
									Total liabilities and equity	<u>\$ 9,263,902</u>	<u>100</u>	<u>8,801,051</u>	<u>100</u>	<u>7,650,982</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Advanced Wireless Semiconductor Company

Statements of Comprehensive Income

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		For the three months ended March 31,			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (note 6(16))	\$ 1,286,220	100	341,676	100
5000	Operating costs (notes 6(4), (11), (12), (17) and 7)	<u>969,716</u>	<u>75</u>	<u>459,507</u>	<u>135</u>
	Gross profit (loss) from operations	<u>316,504</u>	<u>25</u>	<u>(117,831)</u>	<u>(35)</u>
	Operating expenses (notes 6(11), (12) and (17)):				
6100	Selling expenses	6,885	1	4,663	1
6200	Administrative expenses	33,809	3	22,708	7
6300	Research and development expenses	54,163	4	48,954	14
6450	Expected credit losses	<u>-</u>	<u>-</u>	<u>3,732</u>	<u>1</u>
		<u>94,857</u>	<u>8</u>	<u>80,057</u>	<u>23</u>
	Net operating income (loss)	<u>221,647</u>	<u>17</u>	<u>(197,888)</u>	<u>(58)</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(18))	7,620	1	6,501	2
7020	Other gains and losses (note 6(18))	27,705	2	(3,844)	(1)
7050	Finance costs (notes 6(11) and (18))	<u>(384)</u>	<u>-</u>	<u>(379)</u>	<u>-</u>
		<u>34,941</u>	<u>3</u>	<u>2,278</u>	<u>1</u>
	Income (loss) before income tax	256,588	20	(195,610)	(57)
7950	Less: Income tax expenses (note 6(13))	<u>42,568</u>	<u>3</u>	<u>-</u>	<u>-</u>
	Net income (loss)	<u>214,020</u>	<u>17</u>	<u>(195,610)</u>	<u>(57)</u>
8300	Other comprehensive income (after tax)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 214,020</u>	<u>17</u>	<u>(195,610)</u>	<u>(57)</u>
	Earnings per share (NT dollars) (note 6(15))				
9750	Basic earnings per share	<u>\$ 1.09</u>		<u>(1.00)</u>	
9850	Diluted earnings per share	<u>\$ 1.09</u>		<u>(1.00)</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Advanced Wireless Semiconductor Company

Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Total equity
				Unappropriated retained earnings	Total retained earnings	
Balance at January 1, 2023	\$ 1,965,161	4,261,530	456,389	715,147	1,171,536	7,398,227
Net loss for the period	-	-	-	(195,610)	(195,610)	(195,610)
Other comprehensive income for the period	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	(195,610)	(195,610)	(195,610)
Others	-	1,163	-	-	-	1,163
Balance at March 31, 2023	\$ 1,965,161	4,262,693	456,389	519,537	975,926	7,203,780
Balance at January 1, 2024	\$ 1,965,161	4,262,693	457,760	796,502	1,254,262	7,482,116
Net income for the period	-	-	-	214,020	214,020	214,020
Other comprehensive income for the period	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	214,020	214,020	214,020
Balance at March 31, 2024	\$ 1,965,161	4,262,693	457,760	1,010,522	1,468,282	7,696,136

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Advanced Wireless Semiconductor Company

Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2024	2023
Cash flows from operating activities:		
Income (loss) before income tax	\$ 256,588	(195,610)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	152,786	136,355
Amortization expenses	1,919	3,039
Expected credit losses	-	3,732
Recognition (reversal) of write down of inventory	(2,033)	30,334
Interest expenses	384	379
Net loss on financial assets or liabilities at fair value through profit or loss	534	-
Interest income	(7,620)	(6,501)
Loss on disposal of property, plant and equipment	50	-
Total adjustments	146,020	167,338
Changes in operating assets and liabilities:		
Notes and accounts receivable	(285,031)	(8,517)
Inventories	(125,275)	47,219
Prepayments of materials	36	260
Other financial assets	14,160	(344)
Other operating assets	28,350	9,782
Contract liabilities	(30,642)	12,264
Notes and accounts payable (including related parties)	56,022	9,800
Other operating liabilities	(5,326)	(40,884)
Total changes in operating assets and liabilities	(347,706)	29,580
Total adjustments	(201,686)	196,918
Cash inflow generated from operations	54,902	1,308
Interest received	8,243	6,600
Interest paid	(1,454)	-
Income taxes paid	(744)	(25)
Net cash flows generated from operating activities	60,947	7,883
Cash flows from investing activities:		
Acquisition of property, plant and equipment and prepayments of equipment	(352,788)	(181,789)
Acquisition of intangible assets	(2,041)	(428)
Increase in other financial assets	(9)	(67)
Net cash flows used in investing activities	(354,838)	(182,284)
Cash flows from financing activities:		
Increase in long term borrowings	190,000	60,000
Payment of lease liabilities	(2,001)	(1,849)
Others	-	1,163
Net cash flows from financing activities	187,999	59,314
Net decrease in cash and cash equivalents	(105,892)	(115,087)
Cash and cash equivalents at beginning of period	1,979,054	1,913,241
Cash and cash equivalents at end of period	\$ 1,873,162	1,798,154

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Advanced Wireless Semiconductor Company

Notes to the Financial Statements

March 31, 2024 and 2023

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

1. Company history

Advanced Wireless Semiconductor Company (the “Company”) was incorporated on December 30, 1998 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations. The Company is primarily engaged in the research, development, production, testing, and manufacture and sales of GaAs wafers.

The common stocks of the Company had been traded in the Taipei Exchange since June 2009.

2. Approval date and procedures of the financial statements:

The financial statements were authorized for issue by the Board of Directors on May 9, 2024.

3. New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (2) The impact of IFRS issued by the International Accounting Standards Board (the “IASB”) but not yet endorsed by the FSC.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”
- IFRS 18 “Presentation and Disclosure in Financial Statements”

Advanced Wireless Semiconductor Company

Notes to the Financial Statements

As of the date the financial statements were authorized for issue, except for IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts” is not relevant to the Company, the Company is evaluating the impact of its initial adoption of the remaining abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

4. Summary of material accounting policies:

(1) Statement of compliance

These financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the financial statements are the same as those in the financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the financial statements for the year ended December 31, 2023.

(2) Income tax

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting. Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management’s best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following, the preparation of the interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the financial statements for the year ended December 31, 2023.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

6. Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim financial statements for the current period and the 2023 financial statements. Please refer to the 2023 annual financial statements.

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand	\$ 20	20	20
Demand deposits	134,834	56,026	57,666
Time deposit	1,719,708	1,913,008	1,709,468
Repurchase agreement	<u>18,600</u>	<u>10,000</u>	<u>31,000</u>
	<u>\$ 1,873,162</u>	<u>1,979,054</u>	<u>1,798,154</u>

Please refer to note 6(19) for the interest rate risk and sensitivity analysis of the Company financial assets and liabilities.

(2) Financial Assets and Liabilities at Fair Value through Profit or Loss (“FVTPL”)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial liabilities designated as at fair value through profit or loss – current:			
Forward exchange contracts	<u>\$ 534</u>	<u>-</u>	<u>-</u>

The amount of gains or losses recognized for the financial assets at fair value through profit or loss of the Company; please refer to note 6(18).

The Company uses derivative instruments to hedge certain currency risk arising from the Company’s operating activities. The Company held the following derivative instruments, which were not qualified for hedging accounting and accounted them as financial assets mandatorily measured at fair value through profit or loss as of March 31, 2024:

	<u>March 31, 2024</u>		
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts purchased	USD 1,370	USD to TWD	April 8, 2024 ~ April 26, 2024

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(3) Notes and accounts receivable, net

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ -	1,145	1,146
Accounts receivable	806,999	520,823	187,441
Less: Allowance for doubtful accounts	<u>(4,521)</u>	<u>(4,521)</u>	<u>(6,389)</u>
	<u>\$ 802,478</u>	<u>517,447</u>	<u>182,198</u>

As of March 31, 2024, December 31 and March 31, 2023, the Company applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. As of March 31, 2024, December 31 and March 31, 2023, the loss allowance provision of notes and accounts receivable was determined as follows:

	<u>March 31, 2024</u>		
	<u>Gross amount of notes and accounts receivable</u>	<u>Weighted- average loss rate</u>	<u>Credit loss allowance</u>
Current	\$ 746,506	0%	-
1 to 30 days past due	53,797	0%	-
61 to 90 days past due	2,175	0%	-
More than 121 days past due	<u>4,521</u>	100%	<u>4,521</u>
	<u>\$ 806,999</u>		<u>4,521</u>

	<u>December 31, 2023</u>		
	<u>Gross amount of notes and accounts receivable</u>	<u>Weighted- average loss rate</u>	<u>Credit loss allowance</u>
Current	\$ 512,905	0%	-
1 to 30 days past due	4,542	0%	-
More than 91 days past due	<u>4,521</u>	100%	<u>4,521</u>
	<u>\$ 521,968</u>		<u>4,521</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

	March 31, 2023		
	Gross amount of accounts receivable	Weighted- average loss rate	Credit loss allowance
Current	\$ 181,630	0%	-
1 to 30 days past due	3,388	83%	2,820
31 to 90 days past due	3,569	100%	3,569
	\$ 188,587		6,389

The movement of the credit loss allowance for notes and accounts receivable was as follows:

	2024	2023
Balance on January 1	\$ 4,521	2,657
Expected credit loss recognized	-	3,732
Balance at March 31	\$ 4,521	6,389

The Company's notes and accounts receivable were not pledged as collateral.

(4) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 338,492	449,935	160,600
Work in progress	762,187	523,410	138,030
Finished goods and merchandises	-	26	4,348
	\$ 1,100,679	973,371	302,978

Components of operating costs were as follows:

	For the three months ended March 31,	
	2024	2023
Cost of goods sold	\$ 971,749	315,181
Recognition (reversal) of provisions for inventory valuation loss	(2,033)	30,334
Unallocated fixed manufacturing expense	-	113,992
	\$ 969,716	459,507

As of March 31, 2024, December 31 and March 31, 2023, the Company's inventories mentioned above were not pledged as collateral.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(5) Property, plant and equipment

The movements of cost, depreciation and impairment of the property, plant and equipment of the Company were as follows:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Constructi on in progress and equipment awaiting inspection</u>	<u>Total</u>
Cost:					
Balance at January 1, 2024	\$ 608,885	6,871,115	434,133	1,320,299	9,234,432
Additions	-	19,750	10,039	211,503	241,292
Disposals	-	(4,194)	-	-	(4,194)
Reclassification	176,430	51,137	(11,106)	(216,461)	-
Balance at March 31, 2024	<u>\$ 785,315</u>	<u>6,937,808</u>	<u>433,066</u>	<u>1,315,341</u>	<u>9,471,530</u>
Balance at January 1, 2023	\$ 172,191	5,629,933	283,588	2,536,171	8,621,883
Additions	-	3,252	1,717	70,719	75,688
Reclassification	-	435,158	-	(435,158)	-
Transfer and others	-	1,739	174,673	43,544	219,956
Balance at March 31, 2023	<u>\$ 172,191</u>	<u>6,070,082</u>	<u>459,978</u>	<u>2,215,276</u>	<u>8,917,527</u>
Depreciation and impairment loss:					
Balance at January 1, 2024	\$ 73,022	3,903,131	283,611	-	4,259,764
Depreciation for the year	3,731	141,354	5,966	-	151,051
Disposals	-	(4,144)	-	-	(4,144)
Balance at March 31, 2024	<u>\$ 76,753</u>	<u>4,040,341</u>	<u>289,577</u>	<u>-</u>	<u>4,406,671</u>
Balance at January 1, 2023	\$ 62,621	3,364,699	255,160	-	3,682,480
Depreciation for the year	1,004	128,285	5,467	-	134,756
Balance at March 31, 2023	<u>\$ 63,625</u>	<u>3,492,984</u>	<u>260,627</u>	<u>-</u>	<u>3,817,236</u>
Carrying amounts:					
Balance at January 1, 2024	<u>\$ 535,863</u>	<u>2,967,984</u>	<u>150,522</u>	<u>1,320,299</u>	<u>4,974,668</u>
Balance at March 31, 2024	<u>\$ 708,562</u>	<u>2,897,467</u>	<u>143,489</u>	<u>1,315,341</u>	<u>5,064,859</u>
Balance at January 1, 2023	<u>\$ 109,570</u>	<u>2,265,234</u>	<u>28,428</u>	<u>2,536,171</u>	<u>4,939,403</u>
Balance at March 31, 2023	<u>\$ 108,566</u>	<u>2,577,098</u>	<u>199,351</u>	<u>2,215,276</u>	<u>5,100,291</u>

A. Collateral

The property, plant and equipment of the Company had not been pledged as collateral for March 31, 2024, December 31 and March 31, 2023.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

B. Property, plant and equipment construction in progress

For the Company's capital expenditure plan, the total amounts of expenditures incurred but the construction has not yet been completed are \$1,315,341 thousand and \$2,215,276 thousand, respectively, which includes capitalized borrowing costs related to the acquisition of the construction of the property, plant and equipment of \$1,569 thousand and \$73 thousand, calculated using a capitalization interest rate of 0.09%~0.10% and 0.67%~1.23%, respectively.

(6) Right-of-use assets

	Land
Carrying amount:	
Balance at January 1, 2024	\$ <u><u>81,691</u></u>
Balance at March 31, 2024	\$ <u><u>87,128</u></u>
Balance at January 1, 2023	\$ <u><u>88,090</u></u>
Balance at March 31, 2023	\$ <u><u>86,491</u></u>

The right-of-use assets of leased land recognized by the Company did not have significant additions, impairment or reversals during the period from for the three months ended March 31, 2024 and 2023 . For further information, please refer to note 6(7) of the financial statements for the year ended December 31, 2023.

(7) Intangible assets

	Computer software
Carrying amount:	
Balance at January 1, 2024	\$ <u><u>6,766</u></u>
Balance at March 31, 2024	\$ <u><u>6,888</u></u>
Balance at January 1, 2023	\$ <u><u>14,583</u></u>
Balance at March 31, 2023	\$ <u><u>11,972</u></u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of Intangible assets during for the for the three months ended March 31, 2024 and 2023. For further information, please refer to note 6(7) of the financial statements for the year ended December 31, 2023.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(8) Other current and non-current assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayment of equipment	\$ 251,000	144,874	124,196
Tax refunds	14,993	-	548
Prepaid expense	5,800	7,360	12,669
Others	<u>1,208</u>	<u>1,208</u>	<u>1,362</u>
	<u>\$ 273,001</u>	<u>153,442</u>	<u>138,775</u>
Other current assets	\$ 16,201	1,208	1,910
Other non-current assets	<u>256,800</u>	<u>152,234</u>	<u>136,865</u>
	<u>\$ 273,001</u>	<u>153,442</u>	<u>138,775</u>

(9) Long-term borrowings

The details of long-term borrowings were as follows:

<u>March 31, 2024</u>			
	<u>Range of interest rates</u>	<u>Due date</u>	<u>Amount</u>
Unsecured borrowing	1.320%~1.375%	2028.02~2028.05	\$ 620,000
Less: current portion			<u>(50,278)</u>
Total			<u>\$ 569,722</u>
<u>December 31, 2023</u>			
	<u>Range of interest rates</u>	<u>Due date</u>	<u>Amount</u>
Unsecured borrowing	1.195%~1.250%	2028.02~2028.05	\$ 430,000
Less: current portion			<u>(32,083)</u>
Total			<u>\$ 397,917</u>
<u>March 31, 2023</u>			
	<u>Range of interest rates</u>	<u>Due date</u>	<u>Amount</u>
Unsecured borrowing	1.125%~1.205%	2028.02~2028.03	<u>\$ 60,000</u>
Unused credit lines	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>\$ 880,000</u>	<u>1,070,000</u>	<u>1,609,205</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(10) Other current and non-current liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities current and non-current	\$ 90,554	84,998	89,446
Guarantee deposit received	14,000	14,000	12,000
Other accounts payable	156,120	158,785	57,656
Others	<u>8,031</u>	<u>5,068</u>	<u>3,917</u>
	<u>\$ 268,705</u>	<u>262,851</u>	<u>163,019</u>
Other current liabilities	\$ 170,688	169,872	67,516
Other non-current liabilities	<u>98,017</u>	<u>92,979</u>	<u>95,503</u>
	<u>\$ 268,705</u>	<u>262,851</u>	<u>163,019</u>

(11) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Other current liabilities	<u>\$ 6,537</u>	<u>6,019</u>	<u>5,943</u>
Other non-current liabilities	<u>\$ 84,017</u>	<u>78,979</u>	<u>83,503</u>

For the maturity analysis, please refer to note 6(19) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2024	2023
Interest on lease liabilities	<u>\$ 384</u>	<u>379</u>
Expenses relating to short-term leases	<u>\$ 62</u>	<u>68</u>
Expenses relating to leases of low value assets, excluding short term leases of low value asset	<u>\$ 172</u>	<u>83</u>

The amounts recognized in the statement of cash flows were as follows:

	For the three months ended March 31,	
	2024	2023
Total cash outflow for leases	<u>\$ 2,235</u>	<u>2,000</u>

The Company leases various assets including land. Rental contracts are typically made for periods of 10 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purpose.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(12) Employee benefits

The Company contributes at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The pension costs incurred from contributions to the defined contribution plan were \$7,245 thousand and \$5,936 thousand for the three months ended March 31, 2024 and 2023, respectively. Such contributions were made to the Bureau of the Labor Insurance, Ministry of Labor.

(13) Income tax

The income tax expense of the Company is calculated by the profit before tax of interim reporting period multiply by the best estimated measurement of the expected effective tax rate of the year made by the management.

A. The components of income tax expenses (benefit) for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended	
	March 31,	
	2024	2023
Income tax expense	\$ 42,568	-

B. The Company's income tax returns for the years through 2021 have been examined and approved by the R.O.C. income tax authorities.

(14) Capital and other equity

Apart from the following, there were no significant changes in the capital and other equity of the Company during the period from January 1 to March 31, 2024 and 2023. For further information, please refer to note 6(12) 、(13) and (14) of the financial statements for fiscal year 2023.

A. Share capital

As of March 31, 2024, December 31 and March 31, 2023, the authorized ordinary shares of the Company amounted to \$5,000,000 thousand, with a par value of \$10 per share, of which \$300,000 thousand was reserved for employee stock options, and the issued and outstanding ordinary shares were 196,516 thousand shares.

B. Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

The balances of capital surplus were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid in capital	4,235,765	4,235,765	4,235,765
Expired stock options	25,765	25,765	25,765
Others (note)	1,163	1,163	1,163
	\$ 4,262,693	4,262,693	4,262,693

Note: Pursuant to the Business Letter No. 10602420200 issued by Ministry of Economic Affairs in September 2017, the Company transferred the dividend of \$1,163 thousand, which is expired and not received by the shareholders, to capital reserve for the three months ended March 31, 2023.

On February 20, 2024, the Board of Directors proposed to distribute cash dividends out of capital surplus for an amount of \$122,062 thousand (\$0.62 per share) for the 2023, which is then to be approved in annual stockholders' meeting. Relevant information can be found on the Market Observation Post System website.

C. Retained earnings

The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside in accordance with other laws and regulations. The remainder along with the prior year's accumulated unappropriated earnings comprise the accumulated distributable earnings which to be distributed as dividends or retained shall be proposed by the Board of Directors and submitted to the shareholders for resolution. In order to give consideration to balanced dividends and financial plans and assess the impact of distribution of stock dividends to dilution of future earnings per share, the Company has to maintain a stable distribution of dividends without excessively diluting earnings per share. At least 10% of the total dividends distributed shall be distributed in the form of cash and the remaining are distributed in the form of shares.

In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

On February 20, 2024 the Board of Directors proposed to distribute for the 2023 earnings, which is then to be approved in annual stockholders' meeting. The earnings were appropriated as follows:

	For the three months ended	
	March 31,	
	2024	
	Dividends	Amount
	per share	
	(NT dollar)	
Dividends distributed to ordinary shareholder:		
Cash	\$ 0.38	74,454

(15) Earnings per share

The Company's basic earnings per share are calculated as follows:

	For the three months ended	
	March 31,	
	2024	2023
Basic earnings per share		
Net Income (loss)	\$ 214,020	(195,610)
Weighted average number of ordinary shares outstanding during the period (in thousands of shares)	196,516	196,516
Basic earnings per share (NT dollars)	\$ 1.09	(1.00)
Diluted earnings per share		
Net Income (loss)	\$ 214,020	(195,610)
Weighted average number of ordinary shares outstanding during the period (in thousands of shares) (basic)	196,516	196,516
Effect of dilutive potential ordinary shares:		
— Effect of employee stock remuneration	193	-
Weighted average number of ordinary shares outstanding (in thousands of shares)	196,709	196,516
Diluted earnings per share (NT dollars)	\$ 1.09	(1.00)

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(16) Revenue from contracts with customers

A. Details of revenues

	For the three months ended	
	March 31,	
	<u>2024</u>	<u>2023</u>
Primary geographical markets:		
Taiwan	\$ 215,126	164,627
Asia-other	716,819	107,507
America	323,027	67,443
Northeast Asia (Japan and Korea)	<u>31,248</u>	<u>2,099</u>
Total	<u>\$ 1,286,220</u>	<u>341,676</u>
Major product categories		
GaAs wafer products	<u>\$ 1,286,220</u>	<u>341,676</u>
Total	<u>\$ 1,286,220</u>	<u>341,676</u>

B. Contract balances

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
Notes and accounts receivable	<u>\$ 802,478</u>	<u>517,447</u>	<u>182,198</u>
Contract liabilities	<u>\$ 137,060</u>	<u>167,702</u>	<u>28,184</u>

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the three months ended March 31, 2024 and 2023, which was included in the contract liability balance at the beginning of the period, was \$101,035 thousand and \$10,907 thousand, respectively.

(17) Remuneration to employees, directors and supervisors

Under the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5% to 10% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration. In case the Company has an accumulated loss, it should reserve amounts to make up the losses.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

For the three months ended March 31, 2024 and 2023, the Company accrued and recognized its employee remuneration amounting to \$23,121 thousand and \$0 thousand and directors remuneration amounting to \$2,256 thousand and \$0 thousand, respectively. These amounts were calculated by using the Company's pre tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates, the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through share dividends, the calculation, based on the shares, shall be calculated using the share price on the day before the Board of Directors meeting. The difference between estimated amount and actual payment, if any, will be treated as change in accounting estimate and recognized in profit or loss in the following year.

The remuneration of the Company for employees in 2023 and 2022 were \$8,469 thousand dollars and \$1,004 thousand dollars, respectively. Remuneration for directors were \$826 thousand dollars and \$98 thousand dollars, respectively, which were not significantly different from actual distribution, and the information is available on the Market Observation Post System website.

(18) Non-operating income and expenses

A. Interest income

	For the three months ended	
	March 31,	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	<u>\$ 7,620</u>	<u>6,501</u>

B. Other gains and losses

	For the three months ended	
	March 31,	
	<u>2024</u>	<u>2023</u>
Foreign exchange gains (loss)	\$ 22,015	(3,878)
Loss on disposal and write-off assets	(50)	-
Gain (loss) on financial assets (liabilities) measured at fair value through profit or loss	(629)	-
Others	6,369	34
	<u>\$ 27,705</u>	<u>(3,844)</u>

C. Finance costs

	For the three months ended	
	March 31,	
	<u>2024</u>	<u>2023</u>
Interest expense of lease liability	\$ 384	379
Interest expense of borrowings	1,569	73
Less: Capitalization of qualifying assets	(1,569)	(73)
	<u>\$ 384</u>	<u>379</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(19) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Company are from the GaAs wafer products and related industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the GaAs wafer products industry. As of March 31, 2024, December 31 and March 31, 2023, 62%, 35% and 77%, respectively of the Company's notes and accounts receivable were from the 2 customers. Although there is a potential for concentration of credit risk, the Company routinely assesses the collectability of the notes and accounts receivable and makes a corresponding allowance for doubtful accounts.

B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2024							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 403,601	(403,601)	(403,601)	-	-	-	-
Accrued payroll and bonus	88,086	(88,086)	(74,068)	(14,018)	-	-	-
Other accounts payable (recorded under other current liabilities)	156,120	(156,120)	(156,120)	-	-	-	-
Guarantee deposit received (recorded under other non-current liabilities)	14,000	(14,000)	-	-	-	-	(14,000)
Long-term borrowings (including current portion)	620,000	(645,505)	(22,479)	(35,940)	(193,862)	(393,224)	-
Lease liabilities-current and non-current	90,554	(101,235)	(4,003)	(4,003)	(8,005)	(23,379)	(61,845)
Accrued remuneration of directors (recorded under other current liabilities)	3,082	(3,082)	(3,082)	-	-	-	-
	<u>\$ 1,375,443</u>	<u>(1,411,629)</u>	<u>(663,353)</u>	<u>(53,961)</u>	<u>(201,867)</u>	<u>(416,603)</u>	<u>(75,845)</u>
Derivative financial							
Forward exchange contracts:							
Outflows	534	(43,760)	(43,760)	-	-	-	-
Inflows	-	43,226	43,226	-	-	-	-
	<u>\$ 534</u>	<u>(534)</u>	<u>(534)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 347,579	(347,579)	(347,579)	-	-	-	-
Accrued payroll and bonus	100,534	(100,534)	(91,645)	(8,889)	-	-	-
Other accounts payable (recorded under other current liabilities)	158,758	(158,758)	(158,758)	-	-	-	-
Guarantee deposit received (recorded under other non-current liabilities)	14,000	(14,000)	-	-	-	-	(14,000)
Long-term borrowings (including current portion)	430,000	(446,895)	(7,171)	(30,003)	(113,281)	(296,440)	-
Lease liabilities-current and non-current	84,998	(95,185)	(3,699)	(3,699)	(7,398)	(21,762)	(58,627)
Accrued remuneration of directors (recorded under other current liabilities)	826	(826)	(826)	-	-	-	-
	<u>\$ 1,136,695</u>	<u>(1,163,777)</u>	<u>(609,678)</u>	<u>(42,591)</u>	<u>(120,679)</u>	<u>(318,202)</u>	<u>(72,627)</u>
March 31, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 125,043	(125,043)	(125,043)	-	-	-	-
Accrued payroll and bonus	70,956	(70,956)	(61,819)	(9,137)	-	-	-
Other accounts payable (recorded under other current liabilities)	57,656	(57,656)	(57,656)	-	-	-	-
Guarantee deposit received (recorded under other non-current liabilities)	12,000	(12,000)	-	-	-	-	(12,000)
Long-term borrowings (including current portion)	60,000	(63,767)	(347)	(348)	(695)	(62,377)	-
Lease liabilities-current and non-current	89,446	(100,733)	(3,699)	(3,699)	(7,398)	(22,195)	(63,742)
Accrued remuneration of directors (recorded under other current liabilities)	98	(98)	(98)	-	-	-	-
	<u>\$ 415,199</u>	<u>(430,253)</u>	<u>(248,662)</u>	<u>(13,184)</u>	<u>(8,093)</u>	<u>(84,572)</u>	<u>(75,742)</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

C. Currency risk

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

March 31, 2024			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 28,520	32.000	912,640
JPY	311,184	0.2115	65,815
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	8,851	32.000	283,232
JPY	83,032	0.2115	17,561
<u>Non-monetary items</u>			
USD	1,370	32.000	Note
December 31, 2023			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 20,461	30.705	628,255
JPY	1,089	0.2172	237
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	8,298	30.705	254,791
JPY	37,932	0.2172	8,239
March 31, 2023			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 9,911	30.450	301,790
JPY	1,529	0.2288	350
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	2,834	30.450	86,295
JPY	13,011	0.2288	2,977

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, and other accounts receivable which are denominated in foreign currencies. A weakening (strengthening) of 1% of the NTD against the USD and JPY as of March 31, 2024 and 2023, would have increased or decreased the net income before income tax by \$6,777 thousand and \$2,129 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

(c) Foreign exchange gain and losses on monetary exchange

Since the Company has many kinds of functional currencies, the information on foreign exchange gain on monetary items is disclosed by an aggregate amount. For the three months ended March 31, 2024 and 2023, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$22,015 thousand and \$(3,878) thousand, respectively.

D. Interest rate analysis

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

If the interest rate had increased / decreased by 0.25% basis points, the Company's net income would have decreased/ increased by \$169 thousand and \$140 thousand for the three months ended March 31, 2024 and 2023, respectively, with all other variable factors remaining constant. This is mainly due to the Company's bank deposits borrowing at variable rates.

E. Fair value of financial instruments

(a) Fair value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	March 31, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,873,162	-	-	-	-
Notes and accounts receivable	802,478	-	-	-	-
Other financial assets – current and non current	12,638	-	-	-	-
	<u>\$ 2,688,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

	December 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured with amortized costs					
Accounts payable (including related parties)	\$ 347,579	-	-	-	-
Accrued payroll and bonus	100,534	-	-	-	-
Other accounts payable (recorded under other current liabilities)	158,758	-	-	-	-
Guarantee deposit received (recorded under other non-current liabilities)	14,000	-	-	-	-
Long-term borrowings (including current portion)	430,000	-	-	-	-
Lease liabilities-current and non-current	84,998	-	-	-	-
Accrued remuneration of directors (recorded under other current liabilities)	826	-	-	-	-
	<u>\$ 1,136,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	March 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,798,154	-	-	-	-
Notes and accounts receivable	182,198	-	-	-	-
Long-term borrowings (including current portion)	14,730	-	-	-	-
	<u>\$ 1,995,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

	March 31, 2023				
	Carrying amount	Fair value			Total
	Level 1	Level 2	Level 3		
Financial liabilities measured with amortized costs					
Accounts payable (including related parties)	\$ 125,043	-	-	-	-
Accrued payroll and bonus	70,956	-	-	-	-
Other accounts payable (recorded under other current liabilities)	57,656	-	-	-	-
Guarantee deposit received (recorded under other non-current liabilities)	12,000	-	-	-	-
Long term borrowings	60,000	-	-	-	-
Lease liabilities-current and non-current	89,446	-	-	-	-
Accrued remuneration of directors (recorded under other current liabilities)	98	-	-	-	-
	\$ 415,199	-	-	-	-

(b) Valuation technique of fair value of financial instruments measured at fair value

Derivative financial instruments:

The fair value of forward currency is usually determined based on the forward currency exchange rate.

(20) Financial risk management

The Company's financial risk management objectives and policies have not changed significantly from those disclosed in note 12(2) of financial report of 2023.

(21) Capital management

The capital management objectives, policies, and procedures of the Company are consistent with the financial report of 2023; there is no significant change in the aggregated quantitative data of capital management items from those disclosed in the financial report of 2023. For relevant information, please refer to note 12(1) of the financial report of 2023.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

(22) Cash flow information

Reconciliations of liabilities arising from financing activities were as follows:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Others</u>	<u>March 31, 2024</u>
Long-term borrowings (including current portion)	\$ 430,000	190,000	-	620,000
Guarantee deposits received	14,000	-	-	14,000
Lease liabilities-current and non-current	<u>84,998</u>	<u>(2,001)</u>	<u>7,557</u>	<u>90,554</u>
Total liabilities from financing activities	<u>\$ 528,998</u>	<u>187,999</u>	<u>7,557</u>	<u>724,554</u>
	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Others</u>	<u>December 31, 2023</u>
Long-term borrowings (including current portion)	\$ -	60,000	-	60,000
Guarantee deposits received	12,000	-	-	12,000
Lease liabilities-current and non-current	<u>90,916</u>	<u>(1,849)</u>	<u>379</u>	<u>89,446</u>
Total liabilities from financing activities	<u>\$ 102,916</u>	<u>58,151</u>	<u>379</u>	<u>161,446</u>

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. (“SAS”) is both the parent company and the ultimate controlling the Company. As of March 31, 2024, it owns 27.62% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
Crystalwise Technology Inc. (“CWT”)	Other related parties

(3) Significant transactions with related parties

A. Purchases

The amounts of purchases outsourcing from related parties were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ 63</u>	<u>61</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

The purchase prices from related parties were the same with third parties. The payment terms for related parties are 30 days after monthly billings by remittance. Except for the noble metals which shall be prepaid, the payment terms for third parties are 10 to 90 days after monthly billings by telegraphic transfer.

B. Payables to related parties

The receivables from related parties were as follows:

<u>Items</u>	<u>Categories</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other accounts payable (including related parties)	Other related parties	\$ <u>67</u>	<u>77</u>	<u>37</u>

C. Other expense

Related parties provided other consumables to the company. Details of related expenses and accounts payable to related parties are as follow:

<u>Categories of related parties</u>		<u>For the three months ended March 31,</u>		
		<u>2024</u>	<u>2023</u>	
Other related parties		\$ <u>425</u>	<u>-</u>	
<u>Items</u>	<u>Categories</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Payables to related parties	Other related parties	\$ <u>446</u>	<u>-</u>	<u>-</u>

(4) Key management personnel compensation

Key management personnel compensation comprised of:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ <u>6,542</u>	<u>4,262</u>
Post employment benefits	<u>27</u>	<u>27</u>
	\$ <u>6,569</u>	<u>4,289</u>

8. Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Time deposits (recognized in other financial assets-current)	Performance guarantee	\$ <u>9,331</u>	<u>9,322</u>	<u>10,695</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

9. Commitments and contingencies:

As of March 31, 2024, December 31 and March 31, 2023, the Company's remaining balance due for construction in progress and prepayments for equipment were \$377,511 thousand, \$227,747 thousand and \$375,509 thousand, respectively.

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the three months ended March 31,					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		169,557	36,642	206,199	89,282	20,967	110,249
Labor and health insurance		13,998	3,873	17,871	11,095	3,297	14,392
Pension		6,172	1,073	7,245	4,949	987	5,936
Others		5,230	787	6,017	3,702	629	4,331
Depreciation		148,382	4,404	152,786	131,366	4,989	136,355
Amortization		56	1,863	1,919	124	2,915	3,039

13. Other disclosures:

(1) 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 Company:

- A. Loans to other parties: None.
- B. Guarantees and endorsements for other parties: None.
- C. Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): None.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

- G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- I. Trading in derivative instruments: None.

(2) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China): None.

(3) Information on investment in mainland China:

- A. The names of investees in Mainland China, the main businesses and products, and other information: None.
- B. Limitation on investment in Mainland China: None.
- C. Significant transactions: None.

(4) Major shareholders:None

Shareholder's Name	Shareholding	Shares	Percentage
Sino-American Silicon Products Inc.		54,287,000	27.62 %

Note: (i) The information on major shareholders who hold 5 percent or more of the issuer's common stocks and preferred stocks, including treasury stocks, is quarterly provided by Taiwan Depository and Clearing Corp. The share capital disclosed on the financial report, and the actual numbers of dematerialized securities, may be different due to their discrepancies in calculation.

- (ii) If the shareholder entrusts the shares to the trust, the shareholding will be disclosed by the trustee's account individually. As for those shareholders who are responsible for the declaration of insiders' shareholding with more than 10 percent in accordance with the Securities and Exchange Act, their shareholdings shall include their own shares and the trust in which they have the authority to decide the allocation of their trust assets. Please refer to the Market Observation Post System for information on the insiders' shareholding.

14. Segment information:

There is only one reportable operating department of the Company. This department is mainly engaged in the research, development, production, testing, and manufacture and sales of GaAs wafers. In addition, the Company's departmental profit and loss, departmental assets, and departmental liabilities are consistent with financial statements. Please refer to the balance sheets and the comprehensive income statements.