

Advanced Wireless Semiconductor Company

Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023**

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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.

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安侯建業聯合會計師事務所

KPMG

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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 June 30, 2024, and the related statements of comprehensive income for the three months and six months ended June 30, 2024, as well as the changes in equity and cash flows for the six months ended June 30, 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 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 June 30, 2024, and of its financial performance for the three months and six months ended June 30, 2024, as well as its cash flows for the six months ended June 30, 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 and six months ended June 30, 2023, were reviewed by another auditor who expressed an unmodified review report on those financial statements on August 3, 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)

August 8, 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

June 30, 2024, December 31, 2023, and June 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$ 2,115,468	22	1,979,054	23	1,963,013	25	2120	Financial liabilities at fair value through profit or loss—current (note 6(2))	\$ 273	-	-	-	-	-
1170	Notes and accounts receivable, net (notes 6(3) and (16))	905,983	9	517,447	6	258,476	3	2170	Accounts payable	337,670	4	347,502	4	308,617	4
130X	Inventories (note 6(4))	1,101,843	12	973,371	11	482,316	6	2180	Accounts payable to related parties (note 7)	-	-	77	-	-	-
1410	Prepayments	43,956	1	74,665	1	12,638	-	2201	Payroll and bonus payable	124,260	1	100,534	1	80,940	1
1476	Other financial assets—current (note 8)	11,612	-	27,238	-	17,229	-	2216	Dividends payable	196,515	2	-	-	-	-
1479	Other current assets (note 6(8))	6,224	-	1,208	-	2,298	-	2130	Contract liabilities—current (note 6(16))	90,482	1	167,702	2	50,129	-
		<u>4,185,086</u>	<u>44</u>	<u>3,572,983</u>	<u>41</u>	<u>2,735,970</u>	<u>34</u>	2230	Current tax liabilities	77,338	1	10,269	-	-	-
Non-current assets:								2322	Long-term borrowings, current portion (note 6(9))	114,444	1	32,083	-	-	-
1600	Property, plant and equipment (note 6(5))	5,106,246	53	4,974,668	56	5,064,657	63	2300	Other current liabilities (notes 6(10) and (11))	<u>179,214</u>	<u>2</u>	<u>169,872</u>	<u>2</u>	<u>92,109</u>	<u>1</u>
1755	Right-of-use assets (note 6(6))	85,392	1	81,691	1	84,891	1			<u>1,120,196</u>	<u>12</u>	<u>828,039</u>	<u>9</u>	<u>531,795</u>	<u>6</u>
1780	Intangible assets (note 6(7))	5,086	-	6,766	-	9,774	-	Non-Current liabilities:							
1840	Deferred tax assets	12,535	-	12,535	-	11,023	-	2540	Long-term borrowings (note 6(9))	690,972	7	397,917	5	210,000	3
1980	Other financial assets—non-current	174	-	174	-	174	-	2600	Other non-current liabilities (notes 6(10) and (11))	<u>94,366</u>	<u>1</u>	<u>92,979</u>	<u>1</u>	<u>94,001</u>	<u>1</u>
1990	Other non-current assets (note 6(8))	<u>219,618</u>	<u>2</u>	<u>152,234</u>	<u>2</u>	<u>135,048</u>	<u>2</u>			<u>785,338</u>	<u>8</u>	<u>490,896</u>	<u>6</u>	<u>304,001</u>	<u>4</u>
		<u>5,429,051</u>	<u>56</u>	<u>5,228,068</u>	<u>59</u>	<u>5,305,567</u>	<u>66</u>		Total liabilities	<u>1,905,534</u>	<u>20</u>	<u>1,318,935</u>	<u>15</u>	<u>835,796</u>	<u>10</u>
Total assets		<u>\$ 9,614,137</u>	<u>100</u>	<u>8,801,051</u>	<u>100</u>	<u>8,041,537</u>	<u>100</u>	Equity (note 6(14)):							
								3110	Ordinary shares	1,965,161	20	1,965,161	23	1,965,161	24
								3280	Capital surplus	4,140,631	43	4,262,693	48	4,262,693	53
								3350	Retained earnings	<u>1,602,811</u>	<u>17</u>	<u>1,254,262</u>	<u>14</u>	<u>977,887</u>	<u>13</u>
									Total equity	<u>7,708,603</u>	<u>80</u>	<u>7,482,116</u>	<u>85</u>	<u>7,205,741</u>	<u>90</u>
								Total liabilities and equity		<u>\$ 9,614,137</u>	<u>100</u>	<u>8,801,051</u>	<u>100</u>	<u>8,041,537</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 and six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	For the three months ended June 30,				For the six months ended June 30,				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (note 6(16))	\$ 1,307,332	100	527,238	100	2,593,552	100	868,914	100
5000	Operating costs (notes 6(4), (11), (12), (17) and 7)	969,324	74	448,124	85	1,939,040	75	907,631	105
	Gross profit (loss) from operations	338,008	26	79,114	15	654,512	25	(38,717)	(5)
	Operating expenses (notes 6(11), (12) and (17)):								
6100	Selling expenses	8,064	1	4,944	1	14,949	1	9,607	1
6200	Administrative expenses	34,254	3	24,630	5	68,063	3	47,338	5
6300	Research and development expenses	55,522	4	61,124	11	109,685	4	110,078	13
6450	Expected credit losses	-	-	(1,868)	-	-	-	1,864	-
		97,840	8	88,830	17	192,697	8	168,887	19
	Net operating income (loss)	240,168	18	(9,716)	(2)	461,815	17	(207,604)	(24)
	Non-operating income and expenses:								
7100	Interest income (note 6(18))	8,880	1	7,454	1	16,500	1	13,955	2
7020	Other gains and losses (note 6(18))	(3,464)	-	4,388	1	24,241	1	544	-
7050	Finance costs (notes 6(11) and (18))	(378)	-	(374)	-	(762)	-	(753)	-
		5,038	1	11,468	2	39,979	2	13,746	2
	Income (loss) before income tax	245,206	19	1,752	-	501,794	19	(193,858)	(22)
7950	Less: Income tax expenses (benefits) (note 6(13))	36,224	3	(209)	-	78,792	3	(209)	-
	Net income (loss)	208,982	16	1,961	-	423,002	16	(193,649)	(22)
8300	Other comprehensive income (after tax)	-	-	-	-	-	-	-	-
8500	Total comprehensive income	\$ 208,982	16	1,961	-	423,002	16	(193,649)	(22)
	Earnings per share (NT dollars) (note 6(15))								
9750	Basic earnings per share	\$ 1.06		0.01		2.15		(0.99)	
9850	Diluted earnings per share	\$ 1.06		0.01		2.15		(0.99)	

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 six months ended June 30, 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	-	-	-	(193,649)	(193,649)	(193,649)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(193,649)	(193,649)	(193,649)
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	1,371	(1,371)	-	-
Others	-	1,163	-	-	-	1,163
Balance at June 30, 2023	\$ 1,965,161	4,262,693	457,760	520,127	977,887	7,205,741
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	-	-	-	423,002	423,002	423,002
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	423,002	423,002	423,002
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	8,273	(8,273)	-	-
Cash dividends on ordinary shares	-	-	-	(74,453)	(74,453)	(74,453)
Cash dividends distributed from capital surplus	-	(122,062)	-	-	-	(122,062)
Balance at June 30, 2024	\$ 1,965,161	4,140,631	466,033	1,136,778	1,602,811	7,708,603

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 six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Income (loss) before income tax	\$ 501,794	(193,858)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	311,660	282,286
Amortization expenses	3,728	6,108
Expected credit losses	-	1,864
Recognition (reversal) of write down of inventory	(1,784)	16,365
Finance costs	762	753
Net loss on financial assets or liabilities at fair value through profit or loss	273	-
Interest income	(16,500)	(13,955)
Loss on disposal of property, plant and equipment	50	-
Total adjustments	298,189	293,421
Changes in operating assets and liabilities:		
Notes and accounts receivable	(388,537)	(82,927)
Inventories	(126,688)	(118,150)
Prepayments of materials	(576)	560
Other financial assets	15,539	(2,789)
Other operating assets	29,392	15,465
Contract liabilities	(77,218)	34,622
Notes and accounts payable (including related parties)	(9,909)	193,374
Other operating liabilities	21,168	(24,099)
Total changes in operating assets and liabilities	(536,829)	16,056
Total adjustments	(238,640)	309,477
Cash inflow generated from operations	263,154	115,619
Interest received	16,596	13,827
Interest paid	(3,670)	(653)
Income taxes paid	(11,723)	(1,011)
Net cash flows generated from operating activities	264,357	127,782
Cash flows from investing activities:		
Acquisition of property, plant and equipment and prepayments of equipment	(495,298)	(286,576)
Acquisition of intangible assets	(2,049)	(1,299)
Increase in other financial assets	(9)	(67)
Other operating assets	-	1,716
Net cash flows used in investing activities	(497,356)	(286,226)
Cash flows from financing activities:		
Increase in long term borrowings	380,000	210,000
Repayments of long-term borrowings	(4,584)	-
Decrease in guarantee deposits received	(2,000)	-
Payment of lease liabilities	(4,003)	(2,947)
Others	-	1,163
Net cash flows generated from financing activities	369,413	208,216
Net increase in cash and cash equivalents	136,414	49,772
Cash and cash equivalents at beginning of period	1,979,054	1,913,241
Cash and cash equivalents at end of period	\$ 2,115,468	1,963,013

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Advanced Wireless Semiconductor Company

Notes to the Financial Statements

June 30, 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 August 8, 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 endorsed by the FSC but not yet effective

The Company assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

- (3) 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 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”

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

- IFRS 18 “Presentation and Disclosure in Financial Statements”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards— Volume 11

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).

(3) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 20	20	20
Demand deposits	165,745	56,026	75,037
Time deposit	1,933,478	1,913,008	1,841,956
Repurchase agreement	16,225	10,000	46,000
	\$ 2,115,468	1,979,054	1,963,013

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

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

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

	June 30, 2024	December 31, 2023	June 30, 2023
Financial liabilities designated as at fair value through profit or loss – current:			
Forward exchange contracts	\$ 273	-	-

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 June 30, 2024:

	June 30, 2024		
	Contract amount (in thousands)	Currency	Maturity date
Forward exchange contracts purchased	USD 1,390	USD to TWD	July 12, 2024 ~ July 25, 2024

(3) Notes and accounts receivable, net

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 1,041	1,145	1,051
Accounts receivable	909,760	520,823	261,946
Less: Allowance for doubtful accounts	(4,818)	(4,521)	(4,521)
	\$ 905,983	517,447	258,476

As of June 30, 2024, December 31, 2023 and June 30, 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 June 30, 2024, December 31, 2023 and June 30, 2023, the loss allowance provision of notes and accounts receivable was determined as follows:

	June 30, 2024		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 647,814	0%	-
1 to 30 days past due	154,805	0%	-
31 to 60 days past due	103,364	0%	-
More than 181 days past due	4,818	100%	4,818
	\$ 910,801		4,818

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

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

	June 30, 2023		
	Gross amount of accounts receivable	Weighted- average loss rate	Credit loss allowance
Current	\$ 258,476	0%	-
More than 91 days past due	4,521	100%	4,521
	\$ 262,997		4,521

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	-	1,864
Foreign exchange gains (losses)	297	-
Balance at June 30	\$ 4,818	4,521

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

(4) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 497,220	449,935	249,738
Work in progress	604,623	523,410	222,528
Finished goods and merchandises	-	26	10,050
	\$ 1,101,843	973,371	482,316

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

Components of operating costs were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Cost of goods sold	\$ 969,075	410,878	1,940,824	726,059
Recognition (reversal) of provisions for inventory valuation loss	249	(13,969)	(1,784)	16,365
Unallocated fixed manufacturing expense	-	51,215	-	165,207
	<u>\$ 969,324</u>	<u>448,124</u>	<u>1,939,040</u>	<u>907,631</u>

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company's inventories mentioned above were not pledged as collateral.

(5) Property, plant and equipment

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

	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:					
Balance at January 1, 2024	\$ 608,885	6,871,115	434,133	1,320,299	9,234,432
Additions	-	41,823	31,184	366,809	439,816
Disposals	-	(4,194)	-	-	(4,194)
Reclassification	180,579	605,994	(23,410)	(763,163)	-
Balance at June 30, 2024	<u>\$ 789,464</u>	<u>7,514,738</u>	<u>441,907</u>	<u>923,945</u>	<u>9,670,054</u>
Balance at January 1, 2023	\$ 172,191	5,629,933	283,588	2,536,171	8,621,883
Additions	-	7,864	8,518	180,078	196,460
Reclassification	429,194	690,168	(10,031)	(1,109,331)	-
Transfer and others	-	3,086	161,251	43,544	207,881
Balance at June 30, 2023	<u>\$ 601,385</u>	<u>6,331,051</u>	<u>443,326</u>	<u>1,650,462</u>	<u>9,026,224</u>
Depreciation and impairment loss:					
Balance at January 1, 2024	\$ 73,022	3,903,131	283,611	-	4,259,764
Depreciation for the period	7,768	287,741	12,679	-	308,188
Disposals	-	(4,144)	-	-	(4,144)
Balance at June 30, 2024	<u>\$ 80,790</u>	<u>4,186,728</u>	<u>296,290</u>	<u>-</u>	<u>4,563,808</u>
Balance at January 1, 2023	\$ 62,621	3,364,699	255,160	-	3,682,480
Depreciation for the period	4,112	260,700	14,275	-	279,087
Balance at June 30, 2023	<u>\$ 66,733</u>	<u>3,625,399</u>	<u>269,435</u>	<u>-</u>	<u>3,961,567</u>

Advanced Wireless Semiconductor Company
Notes to the Financial Statements

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment awaiting inspection</u>	<u>Total</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 June 30, 2024	\$ <u>708,674</u>	<u>3,328,010</u>	<u>145,617</u>	<u>923,945</u>	<u>5,106,246</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 June 30, 2023	\$ <u>534,652</u>	<u>2,705,652</u>	<u>173,891</u>	<u>1,650,462</u>	<u>5,064,657</u>

A. Collateral

The property, plant and equipment of the Company had not been pledged as collateral for June 30, 2024, December 31, 2023 and June 30, 2023.

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 \$923,945 thousand and \$1,650,462 thousand, respectively, which includes capitalized borrowing costs related to the acquisition of the construction of the property, plant and equipment of \$3,874 thousand and \$474 thousand, calculated using a capitalization interest rate of 0.09%~0.11% and 0.67%~1.25%, respectively.

(6) Right-of-use assets

	<u>Land</u>
Carrying amount:	
Balance at January 1, 2024	\$ <u>81,691</u>
Balance at June 30, 2024	\$ <u>85,392</u>
Balance at January 1, 2023	\$ <u>88,090</u>
Balance at June 30, 2023	\$ <u>84,891</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 six months ended June 30, 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

	<u>Computer software</u>
Carrying amount:	
Balance at January 1, 2024	\$ <u>6,766</u>
Balance at June 30, 2024	\$ <u>5,086</u>
Balance at January 1, 2023	\$ <u>14,583</u>
Balance at June 30, 2023	\$ <u>9,774</u>

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There were no significant additions, disposal, or recognition and reversal of impairment losses of Intangible assets during for the for the six months ended June 30, 2024 and 2023. For further information, please refer to note 6(8) of the financial statements for the year ended December 31, 2023.

(8) Other current and non- current assets

	June 30, 2024	December 31, 2023	June 30, 2023
Prepayment of equipment	\$ 215,380	144,874	124,148
Tax refunds, receivable	5,016	-	1,209
Prepaid expense	4,238	7,360	10,900
Others	1,208	1,208	1,089
	<u>\$ 225,842</u>	<u>153,442</u>	<u>137,346</u>
Other current assets	\$ 6,224	1,208	2,298
Other non-current assets	219,618	152,234	135,048
	<u>\$ 225,842</u>	<u>153,442</u>	<u>137,346</u>

(9) Long-term borrowings

The details of long-term borrowings were as follows:

	June 30, 2024		
	Range of interest rates	Due date	Amount
Unsecured borrowing	1.320%~1.375%	2028.02~2028.05	\$ 805,416
Less: current portion			<u>(114,444)</u>
Total			<u>\$ 690,972</u>
	December 31, 2023		
	Range of interest rates	Due date	Amount
Unsecured borrowing	1.195%~1.250%	2028.02~2028.05	\$ 430,000
Less: current portion			<u>(32,083)</u>
Total			<u>\$ 397,917</u>
	June 30, 2023		
	Range of interest rates	Due date	Amount
Unsecured borrowing	1.125%~1.330%	2028.02~2028.05	<u>\$ 210,000</u>

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(10) Other current and non-current liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Lease liabilities-current and non-current	\$ 88,930	84,998	87,969
Guarantee deposit received	12,000	14,000	12,000
Other accounts payable	162,511	158,785	81,927
Others	10,139	5,068	4,214
	<u>\$ 273,580</u>	<u>262,851</u>	<u>186,110</u>
Other current liabilities	\$ 179,214	169,872	92,109
Other non-current liabilities	94,366	92,979	94,001
	<u>\$ 273,580</u>	<u>262,851</u>	<u>186,110</u>

(11) Lease liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023
Other current liabilities	\$ <u>6,564</u>	<u>6,019</u>	<u>5,968</u>
Other non-current liabilities	\$ <u>82,366</u>	<u>78,979</u>	<u>82,001</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 June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>378</u>	<u>374</u>	<u>762</u>	<u>753</u>
Expenses relating to short-term leases	\$ <u>49</u>	<u>66</u>	<u>111</u>	<u>134</u>
Expenses relating to leases of low value assets, excluding short term leases of low value asset	\$ <u>154</u>	<u>111</u>	<u>326</u>	<u>194</u>

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

	For the six months ended June 30,	
	2024	2023
Total cash outflow for leases	\$ <u>4,440</u>	<u>4,028</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.

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(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 \$8,617 thousand, \$5,707 thousand, \$15,862 thousand and \$11,643 thousand for the three months and six months ended June 30, 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 multiplied 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 and six months ended June 30, 2024 and 2023 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Income tax expense (benefit)	<u>\$ 36,224</u>	<u>(209)</u>	<u>78,792</u>	<u>(209)</u>

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 share capital and other equity of the Company during the period from January 1 to June 30, 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 June 30, 2024, December 31, 2023 and June 30, 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.

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The balances of capital surplus were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Additional paid in capital	4,113,703	4,235,765	4,235,765
Expired stock options	25,765	25,765	25,765
Others (note)	1,163	1,163	1,163
	\$ 4,140,631	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 six months ended June 30, 2023.

The Company's resolution to distribute cash dividends out of capital surplus for an amount of \$122,062 thousand (\$0.62 per share), was approved during the shareholders' meeting held on May 28, 2024. The above-mentioned information is available 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 consideration of balanced dividends and financial plans, the Company assesses the impact of distribution of stock dividends on 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.

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On May 28, 2024, the shareholders' meeting resolved to distribute for the year of 2023 earnings. The earnings were appropriated as follows:

	2023	
	Dividends per share (NT dollar)	Amount
Dividends distributed to ordinary shareholder:		
Cash	\$ 0.38	74,453

(15) Earnings per share

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Basic earnings per share				
Net Income (loss)	\$ 208,982	1,961	423,002	(193,649)
Weighted average number of ordinary shares outstanding during the period (in thousands of shares)	196,516	196,516	196,516	196,516
Basic earnings per share (NT dollars)	\$ 1.06	0.01	2.15	(0.99)
Diluted earnings per share				
Net Income (loss)	\$ 208,982	1,961	423,002	(193,649)
Weighted average number of ordinary shares outstanding during the period (in thousands of shares) (basic)	196,516	196,516	196,516	196,516
Effect of dilutive potential ordinary shares:				
— Effect of employee stock remuneration	159	-	341	-
Weighted average number of ordinary shares outstanding (in thousands of shares)	196,675	196,516	196,857	196,516
Diluted earnings per share (NT dollars)	\$ 1.06	0.01	2.15	(0.99)

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(16) Revenue from contracts with customers

A. Details of revenues

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Primary geographical markets:				
Taiwan	\$ 260,629	92,646	475,755	257,273
Asia-other	723,226	369,162	1,440,045	476,669
America	252,238	63,745	575,265	131,188
Northeast Asia (Japan and Korea)	71,239	1,685	102,487	3,784
Total	<u>\$ 1,307,332</u>	<u>527,238</u>	<u>2,593,552</u>	<u>868,914</u>
Major product categories				
GaAs wafer products	<u>\$ 1,307,332</u>	<u>527,238</u>	<u>2,593,552</u>	<u>868,914</u>

B. Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Notes and accounts receivable	<u>\$ 905,983</u>	<u>517,447</u>	<u>258,476</u>
Contract liabilities	<u>\$ 90,482</u>	<u>167,702</u>	<u>50,129</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 six months ended June 30, 2024 and 2023, which was included in the contract liability balance at the beginning of the period, was \$162,780 thousand and \$13,496 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.

For the three months and six months ended June 30, 2024 and 2023, the Company accrued and recognized its employee remuneration amounting to \$22,123 thousand, \$0 thousand, \$45,244 thousand and \$0 thousand and directors remuneration amounting to \$2,158 thousand, \$0 thousand, \$4,414 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

Advanced Wireless Semiconductor Company
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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 June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest income from bank deposits	\$ <u>8,880</u>	<u>7,454</u>	<u>16,500</u>	<u>13,955</u>

B. Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2023	2023
Foreign exchange gains	\$ 3,606	4,243	25,621	365
Loss on disposal and write-off assets	-	-	(50)	-
Loss on financial assets (liabilities) measured at fair value through profit or loss	(945)	-	(1,574)	-
Others	<u>(6,125)</u>	<u>145</u>	<u>244</u>	<u>179</u>
	\$ <u>(3,464)</u>	<u>4,388</u>	<u>24,241</u>	<u>544</u>

C. Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest expense of lease liability	\$ 378	374	762	753
Interest expense of borrowings	2,305	401	3,874	474
Less: Capitalization of qualifying assets	<u>(2,305)</u>	<u>(401)</u>	<u>(3,874)</u>	<u>(474)</u>
	\$ <u>378</u>	<u>374</u>	<u>762</u>	<u>753</u>

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(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 June 30, 2024, December 31, 2023 and June 30, 2023, 61%, 35% and 70%, 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>
June 30, 2024							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 337,670	(337,670)	(337,670)	-	-	-	-
Accrued payroll and bonus	124,260	(124,260)	(106,835)	(17,425)	-	-	-
Dividends payable	196,515	(196,515)	(196,515)	-	-	-	-
Other accounts payable (recorded under other current liabilities)	162,511	(162,511)	(162,511)	-	-	-	-
Guarantee deposit received (recorded under other non-current liabilities)	12,000	(12,000)	-	-	-	-	(12,000)
Long-term borrowings (including current portion)	805,416	(837,982)	(32,875)	(92,134)	(256,758)	(456,215)	-
Lease liabilities-current and non-current	88,930	(99,233)	(4,003)	(4,003)	(8,005)	(23,205)	(60,017)
Accrued remuneration of directors (recorded under other current liabilities)	4,414	(4,414)	(4,414)	-	-	-	-
	<u>\$ 1,731,716</u>	<u>(1,774,585)</u>	<u>(844,823)</u>	<u>(113,562)</u>	<u>(264,763)</u>	<u>(479,420)</u>	<u>(72,017)</u>
Derivative financial							
Forward exchange contracts:							
Outflows	273	(45,145)	(45,145)	-	-	-	-
Inflows	-	44,872	44,872	-	-	-	-
	<u>\$ 273</u>	<u>(273)</u>	<u>(273)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	<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)	158,785	(158,785)	(158,785)	-	-	-	-
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>\$ 1,136,722</u>	<u>(1,163,804)</u>	<u>(609,705)</u>	<u>(42,591)</u>	<u>(120,679)</u>	<u>(318,202)</u>	<u>(72,627)</u>
June 30, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 308,617	(308,617)	(308,617)	-	-	-	-
Accrued payroll and bonus	80,940	(80,940)	(71,585)	(9,355)	-	-	-
Other accounts payable (recorded under other current liabilities)	81,927	(81,927)	(81,927)	-	-	-	-
Guarantee deposit received (recorded under other non-current liabilities)	12,000	(12,000)	-	-	-	-	(12,000)
Long-term borrowings (including current portion)	210,000	(220,771)	(1,251)	(2,301)	(38,186)	(179,033)	-
Lease liabilities-current and non-current	87,969	(98,884)	(3,699)	(3,699)	(7,398)	(22,087)	(62,001)
	<u>\$ 781,453</u>	<u>(803,139)</u>	<u>(467,079)</u>	<u>(15,355)</u>	<u>(45,584)</u>	<u>(201,120)</u>	<u>(74,001)</u>

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

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C. Currency risk

(a) Exposure to foreign currency risk

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

	June 30, 2024		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 31,248	32.45	1,013,998
JPY	359,184	0.2017	72,447
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	7,173	32.45	232,764
JPY	72,832	0.2017	14,690
<u>Non-monetary items</u>			
USD	1,390	32.45	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
	June 30, 2023		
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 13,315	31.14	414,629
JPY	2,794	0.2150	601
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	7,582	31.14	236,103
JPY	22,746	0.2150	4,890

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

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(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 June 30, 2024 and 2023, would have increased or decreased the net income before income tax by \$8,390 thousand and \$1,742 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 and six months ended June 30, 2024 and 2023, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$3,606 thousand, \$4,243 thousand, \$25,621 thousand and \$365 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%, the Company's net income would have decreased/ increased by \$517 thousand and \$114 thousand for the three and six months ended June 30, 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:

	June 30, 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,115,468	-	-	-	-
Notes and accounts receivable	905,983	-	-	-	-
Other financial assets – current and non current	11,786	-	-	-	-
	<u>\$ 3,033,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	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)	158,785	-	-	-	-
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>\$ 1,136,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	June 30, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,963,013	-	-	-	-
Notes and accounts receivable	258,476	-	-	-	-
Long-term borrowings (including current portion)	17,403	-	-	-	-
	<u>\$ 2,238,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	June 30, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	Total
Financial liabilities measured with amortized costs					
Accounts payable (including related parties)	\$ 308,617	-	-	-	-
Accrued payroll and bonus	80,940	-	-	-	-
Other accounts payable (recorded under other current liabilities)	81,927	-	-	-	-
Guarantee deposit received (recorded under other non-current liabilities)	12,000	-	-	-	-
Long term borrowings	210,000	-	-	-	-
Lease liabilities-current and non-current	87,969	-	-	-	-
	\$ 781,453	-	-	-	-

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

Derivative financial instruments:

The fair value of forward exchange contracts 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.

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(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>June 30, 2024</u>
Long-term borrowings (including current portion)	\$ 430,000	375,416	-	805,416
Guarantee deposits received	14,000	(2,000)	-	12,000
Lease liabilities—current and non-current	84,998	(4,003)	7,935	88,930
Total liabilities from financing activities	<u>\$ 528,998</u>	<u>369,413</u>	<u>7,935</u>	<u>906,346</u>
	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Others</u>	<u>June 30, 2023</u>
Long-term borrowings (including current portion)	\$ -	210,000	-	210,000
Guarantee deposits received	12,000	-	-	12,000
Lease liabilities—current and non-current	90,916	(2,947)	-	87,969
Total liabilities from financing activities	<u>\$ 102,916</u>	<u>207,053</u>	<u>-</u>	<u>309,969</u>

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Products Inc. (“SAS”) is both the parent company and the ultimate controlling company. As of June 30, 2024, SAS owns 27.79% of all shares outstanding of 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>
Sino-American Silicon Product Inc. (“SAS”)	Parent Company
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 June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ -</u>	<u>-</u>	<u>63</u>	<u>61</u>

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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 payables to related parties were as follows:

<u>Items</u>	<u>Categories</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other accounts payable (including related parties)	Other related parties	\$ -	77	-

C. Other expense

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

<u>Categories of related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties	\$ 1,352	-	1,777	-
Parent Company	95	-	95	-
	<u>\$ 1,447</u>	<u>-</u>	<u>1,872</u>	<u>-</u>

(4) Key management personnel compensation

Key management personnel compensation comprised of:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 7,545	3,329	14,087	7,591
Post employment benefits	27	81	54	108
	<u>\$ 7,572</u>	<u>3,410</u>	<u>14,141</u>	<u>7,699</u>

8. Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Time deposits (recognized in other financial assets-current)	Performance guarantee	\$ 9,331	9,322	10,695

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9. Commitments and contingencies:

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company's remaining balance due for construction in progress and prepayments for equipment were \$306,600 thousand, \$227,747 thousand and \$285,705 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 June 30,					
		2024			2023		
		Cost of Sales	Operating Expense	Total	Cost of Sales	Operating Expense	Total
Employee benefits							
Salary		151,052	37,448	188,500	99,265	22,297	121,562
Labor and health insurance		16,139	2,228	18,367	10,601	1,977	12,578
Pension		7,486	1,131	8,617	4,711	996	5,707
Others		5,344	824	6,168	3,785	657	4,442
Depreciation		154,428	4,446	158,874	140,660	5,271	145,931
Amortization		66	1,743	1,809	131	2,938	3,069

By item	By function	For the six months ended June 30,					
		2024			2023		
		Cost of Sales	Operating Expense	Total	Cost of Sales	Operating Expense	Total
Employee benefits							
Salary		320,609	74,090	394,699	188,547	43,264	231,811
Labor and health insurance		30,137	6,101	36,238	21,696	5,274	26,970
Pension		13,658	2,204	15,862	9,660	1,983	11,643
Others		10,574	1,611	12,185	7,487	1,286	8,773
Depreciation		302,810	8,850	311,660	272,026	10,260	282,286
Amortization		122	3,606	3,728	255	5,853	6,108

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13. Other disclosures:

(1) Information on significant transactions:

- A. Loans to other parties: None.
- B. Guarantees and endorsements for other parties: None.
- C. Securities held as of June 30, 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.
- 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 six months ended June 30, 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.

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(4) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Sino-American Silicon Products Inc.		54,625,000	27.79 %

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.