Browave Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2022 and 2021

(Stock Code 3163)

Company address: 3F, No.30, Industry East Road IX, Hsinchu Science Park, Hsinchu County, Taiwan, R.O.C.

TEL: (03)563-0099

The reader is advised that parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Browave Corporation and Subsidiaries

Representation Letter

The companies to be included in the Consolidated Financial Statements of affiliated enterprises for 2022 (from January 1, 2022 to December 31, 2022) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included in the Consolidated Financial Statements of the parent company and subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the Consolidated Financial Statement of affiliated enterprises has been disclosed in said Consolidated Financial Statements of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the Consolidated Financial Statements of affiliated enterprises separately.

Declared By

Company Name: Browave Corporation

Person in Charge: Cheng Wann-Lai

February 23, 2023

Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi No22003742

To the Board of Directors and Shareholders of Browave Corporation and Subsidiaries:

Audit Opinions

We have audited the accompanying Consolidated Balance Sheets of Browave Corporation and its subsidiaries (hereinafter referred to as the "Browave Group") as of December 31, 2022 and 2021, and the related Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and notes to the Consolidated Financial Statements (including significant accounting policies) for the years then ended.

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Browave Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis of Audit Opinions

We concluded our audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and generally accepted auditing standards of the R.O.C. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the Consolidated Financial Statements. We are independent of the Browave Corporation and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the 2022 Consolidated Financial Statements of the Browave Group These matters were addressed in the content of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

The following are the key audit matters in the Consolidated Financial Statements of the Browave Group for 2022.

Inventory Valuation

Description of the Matter

Please refer to Note 4 (13) to the Consolidated Financial Statements for the accounting policy on inventory valuation, Note 5 (2) to the Consolidated Financial Statements for the accounting estimates and uncertainties in assumptions on inventory valuation, and Note 6 (6) to the Consolidated Financial Statements for the description of inventory items.

Due to the rapid changes in technology and the fierce competition in the market, the risk of loss on decline in value or obsolescence of Browave's inventory is high.

Because the net realizable value used by the Browave Group in valuing its inventory is often subjective and therefore subject to uncertainty in estimation, we consider the valuation of the Browave Group's inventory to be one of the most important matters for this year's audits, considering the significant effect of the Browave Group's inventory valuation on the financial statements.

Corresponding Audit Procedures

The corresponding procedures we performed for inventory valuation are set forth as below:

- We evaluated the reasonableness of the policies and procedures used to recognize the allowance for losses on inventory based on our understanding of the nature of the Group's operations and industries, including the historical information used to determine the net realizable value.

- Tested the correctness of the calculations related to the net realizable value of inventory as evaluated by the management.

Other Matters - Standalone Financial Statements

Browave Corporation has prepared Standalone Financial Statements for 2022 and 2021, for which we have issued an Independent Auditors' Report with unqualified opinion on record for reference.

Responsibilities of Management and Those in Charge with Governance of the Consolidated Financial Statements

The responsibility of management is to prepare fairly presented Consolidated Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements to ensure material misstatement caused by fraud or error does not exist in the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, the management is also responsible for assessing the ability of the Browave Group as a going concern, disclosing as applicable matters related to a going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Browave Group or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Audit Committee) are responsible for overseeing the reporting process of the financial statements of the Browave Group.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Independent Auditors' Report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, when they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following tasks:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in the Browave Group.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Browave Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Consolidated Financial Statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor’s Report. However, future events or conditions may cause the Browave Group to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the Consolidated Financial Statements (including related notes), whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

We also provide those in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with all relationships and other matters that may reasonably be thought to affect our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were most significance in the audit of the 2022 Consolidated Financial Statements of the Browave Group and are therefore the key audit matters. We describe these matters in our Auditor’s Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Liu Chien Yu

CPA

Lin Yu-Kuan

Financial Supervisory Commission
Approval Document: Jin-Guan-Zheng-Shen-Zi No.1090350620
Former Securities Regulatory Commission, Ministry of Finance
Approval Document:(1992) Tai-Cai-Zheng (VI) No.81020

February 23,2023

Browave Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: In thousands of NTD

	Assets	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Assets					
1100	Cash and Cash Equivalents	6(1)	$ 1,158,753	34	$ 1,157,682	40
1110	Financial Assets at Fair Value Through Profit or Loss - Current	6(2)	91,284	3	134,268	5
1136	Financial Assets at Amortized Cost - Current	6(4)	537,712	16	53,680	2
1150	Notes Receivable, Net	6(5)	-	-	174	-
1170	Accounts Receivable, Net	6(5)	760,229	22	587,036	20
1200	Other Receivables		2,129	-	12,039	-
1220	Current Income Tax Assets		7,040	-	-	-
130X	Inventories	6(6)	289,321	9	300,546	10
1410	Prepayments		23,492	1	15,098	1
11XX	**Total Current Assets**		2,869,960	85	2,260,523	78
	Non-current Assets					
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-current	6(3)	30,253	1	38,700	1
1600	Property, Plants, and Equipment	6(8) and 8	349,481	10	477,510	17
1755	Right-of-Use Assets	6(9)	63,750	2	61,253	2
1780	Intangible Assets		4,144	-	6,868	-
1840	Deferred Income Tax Assets	6(27)	21,517	1	19,036	1
1900	Other Non-current Assets	6(10) and 8	29,147	1	17,309	1
15XX	**Total Non-current Assets**		498,292	15	620,676	22
1XXX	**Total Assets**		$ 3,368,252	100	$ 2,881,199	100

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Browave Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: In thousands of NTD

	Liabilities and Equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Liabilities					
2120	Financial Liabilities at Fair Value Through Profit or Loss - Current	6(11)	$ -	-	$ 1,440	-
2130	Contract Liabilities - Current	6(20)	4,522	-	8,429	-
2170	Accounts Payable		416,864	12	459,928	16
2200	Other Payables	6(13)	239,719	7	169,962	6
2230	Current Income Tax Liabilities		107,542	3	17,651	1
2280	Lease Liabilities - Current	6(9)	25,496	1	16,068	1
2320	Long term liabilities due within one year	6(12)(14)	295,674	9	5,628	-
2399	Other Current Liabilities-Other		9,334	-	5,982	-
21XX	**Total Current Liabilities**		1,099,151	32	685,088	24
	Non-current Liabilities					
2530	Bonds Payable	6(12)	-	-	290,159	10
2540	Long-term Loans	6(14)	-	-	33,525	1
2570	Deferred Income Tax Liabilities	6(27)	19,368	1	11,392	-
2580	Lease Liabilities - Non-current	6(9)	39,242	1	46,053	2
2600	Other Non-current Liabilities		176	-	739	-
25XX	**Total Non-current Liabilities**		58,786	2	381,868	13
2XXX	**Total Liabilities**		1,157,937	34	1,066,956	37
	Equity					
	Stock Capital	6(16)				
3110	Common Stock Capital		752,869	23	752,869	26
	Capital Surplus	6(17)				
3200	Capital Surplus		354,950	10	354,950	12
	Retained Earnings	6(18)				
3310	Legal Reserve		172,321	5	162,226	6
3320	Special Reserve		81,589	3	62,458	2
3350	Unappropriated Earnings		910,398	27	563,328	20
	Other Equity	6(19)				
3400	Other Equity		(61,812)	(2)	(81,588)	(3)
3XXX	**Total Equity**		2,210,315	66	1,814,243	63
3X2X	**Total Liabilities and Equity**		$ 3,368,252	100	$ 2,881,199	100

The accompanying notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements and should be read in conjunction with these Consolidated Financial Statements.

Chairperson: Cheng Wann-Lai　　Managerial Officer: Hwang Yu-Wen　　Accounting Officer: Huang Shu-Jun

Browave Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD
(Except for earnings per share, which are in NTD.)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating Revenue	6(20) and 7	$ 3,210,572	100	$ 2,296,452	100
5000	Operating Costs	6(6)(25)(26)	(2,415,611)	(75)	(1,930,720)	(84)
5900	Operating Gross Profits		794,961	25	365,732	16
5910	Unrealized Loss on Sales		-	-	91	-
5920	Realized Loss on Sales		-	-	(11)	-
5950	Operating Gross Profits, Net		794,961	25	365,812	16
	Operating Expenses	6(25)(26)				
6100	Selling Expenses		(74,802)	(2)	(64,494)	(3)
6200	Administrative Expenses		(138,781)	(4)	(107,129)	(4)
6300	R&D Expenses		(107,566)	(4)	(86,414)	(4)
6000	Total Operating Expenses		(321,149)	(10)	(258,037)	(11)
6900	Operating Income		473,812	15	107,775	5
	Non-operating Income and Expenses					
7100	Interest Income	6(21)	17,034	-	9,217	-
7010	Other Income	6(22) and 7	16,272	-	19,666	1
7020	Other Gains and Losses	6(23) and 7	86,784	3	(23,466)	(1)
7050	Financial Costs	6(24)	(7,261)	-	(7,922)	-
7060	Share of Profits and Losses of Affiliated Enterprises and Joint Ventures Recognized Under the Equity Method		-	-	(1,597)	-
7000	Total Non-operating Income and Expenses		112,829	3	(4,102)	-
7900	**Income Before Income Tax**		586,641	18	103,673	5
7950	Income Tax Expenses	6(27)	(135,058)	(4)	(22,029)	(1)
8200	**Net Profit for the Net Income**		$ 451,583	14	$ 81,644	4
	Items That Are Not Reclassified to Profit or Loss					
8316	Unrealized Valuation Gains or Losses on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	6(3)	($ 7,988)	-	$ 11,801	1
	Items That May be Reclassified Subsequently to Profit or Loss					
8361	Exchange Differences on Translation of Financial Statements of Foreign Operations	6(19)	13,381	-	(11,626)	(1)
8300	**Other Comprehensive Income (Net)**		$ 5,393	-	$ 175	-
8500	**Total Other Comprehensive Income for the Year**		$ 456,976	14	$ 81,819	4
9750	Basic Earnings Per Share	6(28)	$	6.00	$	1.09
9850	Diluted Earnings Per Share	6(28)	$	5.61	$	1.08

The accompanying notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements and should be read in conjunction with these Consolidated Financial Statements.

Chairperson: Cheng Wann-Lai　　Managerial Officer: Hwang Yu-Wen　　Accounting Officer: Huang Shu-Jun

Browave Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD

		Equity Attributable to Owners of the Parent Company								
				Retained Earnings			Other Equity			
	Note	Common Stock Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Total Equity
2021										
Balance as of January 1, 2021		$ 752,869	$ 358,685	$ 139,297	$ 82,657	$ 653,326	($ 82,173)	$ 19,715	($ 48,681)	$ 1,875,695
Net Income in 2021		-	-	-	-	81,644	-	-	-	81,644
Other Comprehensive Income in 2021	6(3)(19)	-	-	-	-	-	(11,626)	11,801	-	175
Total Other Comprehensive Income for theYear		-	-	-	-	81,644	(11,626)	11,801	-	81,819
Appropriation and Distribution of 2020 Earnings	6(18)									
Provision of Legal Reserve		-	-	22,929	-	(22,929)	-	-	-	-
Provision of Special Reserve		-	-	-	(20,199)	20,199	-	-	-	-
Cash Dividends		-	-	-	-	(188,217)	-	-	-	(188,217)
Transfer of Treasury Stock to Employees	6(16)(17)	-	(162)	-	-	-	-	-	48,681	48,519
Changes in Affiliated Enterprises and Joint Ventures Recognized Under the Equity Method	6(17)	-	(3,573)	-	-	-	-	-	-	(3,573)
Disposal of Equity Instruments at Fair Value Through Other Comprehensive Income by Subsidiaries	6(3)(19)	-	-	-	-	19,305	-	(19,305)	-	-
Balance as of December 31, 2021		$ 752,869	$ 354,950	$ 162,226	$ 62,458	$ 563,328	($ 93,799)	$ 12,211	$ -	$ 1,814,243
2022										
Balance as of January 1, 2022		$ 752,869	$ 354,950	$ 162,226	$ 62,458	$ 563,328	($ 93,799)	$ 12,211	$ -	$ 1,814,243
Net Income in 2022		-	-	-	-	451,583	-	-	-	451,583
Other Comprehensive Incomein 2022	6(3)(19)	-	-	-	-	-	13,381	(7,988)	-	5,393
Total Other Comprehensive IncomeYear		-	-	-	-	451,583	13,381	(7,988)	-	5,393
Appropriation and Distribution of 2022 Earnings	6(18)									
Provision of Legal Reserve		-	-	10,095	-	(10,095)	-	-	-	-
Provision of Special Reserve		-	-	-	19,131	(19,131)	-	-	-	-
Cash Dividends		-	-	-	-	(75,287)	-	-	-	(75,287)
Disposal of disposal groups as held for sale (Subsidiaries)	6(19)(20)	-	-	-	-	-	14,383	-	-	14,383
Balance as of December 31, 2022		$ 752,869	$ 354,950	$ 172,321	$ 81,589	$ 910,398	($ 66,035)	$ 4,223	$ -	$ 2,210,315

The accompanying notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements and should be read in conjunction with these Consolidated Financial Statements.

Chairperson: Cheng Wann-Lai　　Managerial Officer: Hwang Yu-Wen　　Accounting Officer: Huang Shu-Jun

Browave Corporation and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash Flows from Operating Activities			
Income Before Income Tax		$ 586,641	$ 103,673
Adjustments			
Income and Expense Items			
Depreciation Expenses	6(8)(9)(25)	93,539	99,478
Amortization Expenses		3,653	3,332
Loss (Gain) on Valuation of Financial Assets and Liabilities at Fair Value Through Profit or Loss	6(2)(11)(23)	41,544	(18,999)
Gain on Disposal of non-current groups as held for sale	6(23)	(7,394)	-
Loss on Disposal of Investments Accounted for Using Equity Method	6(23)	-	9,937
Interest Income	6(21)	(17,034)	(9,217)
Interest Expenses	6(24)	7,261	7,922
Dividend Income	6(22)	(8,861)	(9,881)
Unrealized Loss on Sales		-	(91)
Realized Loss on Sales		-	11
Loss on Disposal of Property, Plants, and Equipment	6(23)	2,097	2,113
Lease Modification Gain		-	(3)
Share of Losses of Affiliated Enterprises and Joint Ventures Recognized Under the Equity Method		-	1,597
Changes in Assets/Liabilities Related to Operating Activities			
Net Changes in Assets Related to Operating Activities			
Notes Receivable		176	(174)
Accounts Receivable		(173,134)	(68,626)
Other Receivables		10,056	(5,329)
Inventories		14,971	(49,963)
Prepayments		(8,277)	13,634
Other Current Assets		(1,085)	-
Net Changes in Liabilities Related to Operating Activities			
Contract Liabilities		(3,907)	(2,232)
Accounts Payable		(47,465)	3,497
Other Payables		143,388	(34,761)
Other Current Liabilities		3,308	563
Cash Inflows From Operations		639,477	46,481
Interest Received		17,034	9,217
Dividends Received		8,861	9,881
Interest Paid		(1,822)	(2,510)
Income Tax Paid		(46,279)	(64,155)
Net Cash Inflows (Outflows) From Operating Activities		617,271	(1,086)

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Browave Corporation and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: In thousands of NTD

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash Flows From Investing Activities			
Disposal of Financial Assets at Fair Value Through Other Comprehensive Income		$ -	$ 36,359
Capital Reduction by Refunding of Stock Payment		459	1,770
Acquisition of Financial Assets at Amortized Cost	6(4)	(537,712)	(52,007)
Disposal of Financial Assets at Amortized Cost	6(4)	53,680	389,317
Disposal of disposal groups as held for sale	6(29)	64,229	-
Disposal of Investments Accounted for Using Equity Method		-	7,000
Acquisition of Property, Plants, and Equipment	6(29)	(77,465)	(51,006)
Proceeds From Disposal of Property, Plants, and Equipment		1,837	3,896
Acquisition of Intangible Assets		(929)	(5,541)
Decrease (Increase) in Refundable Deposits		(2,791)	199
Net Cash Inflows (Outflows) From Investing Activities		(498,692)	329,987
Cash Flows From Financing Activities			
Repayment of Short-term Loans		-	(19,503)
Repayment of Long-term Loans	6(30)	(37,043)	(5,705)
Principal Repayment of Lease Liabilities	6(30)	(17,920)	(12,701)
Increase (Decrease) in Deposits Received		(571)	115
Cash Dividends	6(18)(30)	(75,287)	(188,217)
Employee Purchases of Treasury Stocks		-	48,519
Net Cash Outflows From Financing Activities		(130,821)	(177,492)
Effect of Exchange Rate		13,313	(2,673)
Net Increase in Cash and Cash Equivalents		1,071	148,736
Cash and Cash Equivalents at the Beginning of the Year	6(1)	1,157,682	1,008,946
Cash and Cash Equivalents at the End of the Year	6(1)	$ 1,158,753	$ 1,157,682

The accompanying notes to the Consolidated Financial Statements are an integral part of these Consolidated Financial Statements and should be read in conjunction with these Consolidated Financial Statements.

Chairperson: Cheng Wann-Lai　　Managerial Officer: Hwang Yu-Wen　　Accounting Officer: Huang Shu-Jun

Browave Corporation and Subsidiaries
Notes to Consolidated Financial Statements
2022 and 2021

Unit: In thousands of NTD
(Except as otherwise indicated)

1. Company History and Business Scope

Browave Corporation (hereinafter referred to as “the Company”) was established on May 18, 1998 and started its business on November 1, 1998. The Company and its subsidiaries (hereinafter referred to as “the Group”) are mainly engaged in the design, production, and sales of optical fiber communication components. The Group's shares have been listed and traded on the Taipei Exchange since December 2012.

2. Date and Procedures for Approval of Financial Statements

The Consolidated Financial Statements were approved and issued by the Board of Directors on February 23, 2023.

3. Application of New and Revised International Financial Reporting Standards

(1) Effect of the adoption of newly issued and revised IFRSs endorsed by the Financial Supervisory Commission (hereinafter referred to as the “FSC”).

The following table presents the newly issued, amended, and revised IFRSs and interpretations of IFRSs endorsed by the FSC for application in 2022.

Newly Issued/Amended/Revised Standards or Interpretations	International Accounting Standards Board (IASB) Effective Date
Amendment to IFRS 3 “References to the Conceptual Framework”.	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”.	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”.	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The Group has assessed that the above standards and interpretations do not have a material impact on the Group’s financial position and financial performance.

(2) Effect of not adopting the newly issued and revised IFRSs endorsed by the FSC.

The following table presents the newly issued, amended, and revised IFRSs and interpretations of IFRSs endorsed by the FSC for application in 2023.

Newly Issued/Amended/Revised Standards or Interpretations	International Accounting Standards Board (IASB) Effective Date
Amendments to IAS 1 “Disclosure of Accounting Policies”.	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”.	January 1, 2023

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(3) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC.

The following table presents the newly issued, amended, and revised IFRSs and interpretations of IFRSs issued by the IASB that have not been endorsed by the FSC.

Newly Issued/Amended/Revised Standards or Interpretations	International Accounting Standards Board (IASB) Effective Date
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets Between an Investor and its Affiliate or Joint Venture".	To be decided by the IASB.
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback".	January 1, 2024
IFRS 17 "Insurance Contracts".	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts".	January 1, 2023
Amendment to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information".	January 1, 2023
Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-current.	January 1, 2024
Amendments to IAS 1 "Presentation of Financial Statements" - Non-current Liabilities with Covenant.	January 1, 2024

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are described below: Unless otherwise stated, these policies have been applied consistently throughout the reporting period.

(1) Compliance Statement

The Consolidated Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations, and announcements (hereinafter referred to as IFRSs) as endorsed by the FSC.

(2) Basis of Preparation

1. The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following significant items:
   (1) Financial assets and liabilities at fair value through profit or loss (including derivative instruments).
   (2) Financial assets at fair value through other comprehensive income.

2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and management's judgment in the process of applying the Group's accounting policies. Items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the Consolidated Financial Statements are described in Note 5.

(3) <u>Basis of Consolidation</u>

1. Principles of Preparation of Consolidated Financial Statements
   (1) The Group includes all subsidiaries in the preparation of Consolidated Financial Statements as an entity. A subsidiary is an entity (including a structured entity) that is controlled by the Group. The Group controls an entity when it is exposed to variable remuneration from participation in that entity or has rights to such variable remuneration and has the ability to influence such remuneration through its power over that entity. Subsidiaries are included in the Consolidated Financial Statements from the date the Group obtains control and are excluded from the date control is lost.
   (2) Intra-group transactions, balances, and unrealized profits and losses have been eliminated. The accounting policies of subsidiaries have been adjusted as necessary to conform to the policies adopted by the Group.
   (3) The components of profit or loss and other comprehensive income are attributed to owners of the parent company and non-controlling interests; total comprehensive income is also attributed to owners of the parent company and non-controlling interests, even if this results in a loss balance for non-controlling interests.
   (4) Changes in shareholdings in subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, i.e., as transactions with owners. The difference between the amount of the adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.
   (5) When the Group loses control over a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and recognized as the fair value of the initially recognized financial asset or the cost of the initially recognized investment in an affiliate or joint venture, and the difference between the fair value and the carrying amount is recognized in profit or loss for the period. All amounts previously recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Group had directly disposed of the related assets or liabilities, i.e., if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the related assets or liabilities, and the gain or loss is reclassified from equity to profit or loss when control over the subsidiary is lost.

2. Subsidiaries Included in the Consolidated Financial Statements:

Investor	Subsidiary	Business Nature	Shareholding Percentage December 31, 2022	Shareholding Percentage December 31, 2021	Explanation
Browave Corporation	Browave Holding Inc.	Investment	100	100	
Browave Holding Inc.	Browave (ZhongShan) Corporation	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	100	100	
Browave Corporation	Browave Japan Corporation	Research, development, production, and sale of electronic machine parts and optical communication machines; management and utilization of real estate trading, resale, leasing, brokerage, and negotiation.	-	100	Note 1
Browave Corporation	Browave (Philippines) Corporation	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	100	-	Note 2

Note 1: The company sold 8,000 shares of Browave Japan Corp., with disposal proceeds and disposal gains of $67,086 and $7,394 on December of the year 2022, respectively, recorded under other gains and losses. Please refer to Note 6 (22) for related explanations.

Note 2: On August of the year 2022, our company established Browave (Philippines) Corporation in the Philippines with a registered capital of $54,509.

3. Subsidiaries Not Included in the Consolidated Financial Statements: None.
4. Adjustments For Differences in Accounting Periods and Treatment Methods: None.
5. Significant Restrictions: None.

6. Subsidiaries With Non-Controlling Interests That Are Significant to the Group: None.

(4) Foreign Currency Translation

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (i.e., functional currency). The Consolidated Financial Statements are presented in "NTD", which is the Group's functional currency.

1. Foreign Currency Transactions and Balances
   (1) Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction, and the resulting translation differences are recognized in profit or loss.
   (2) Monetary assets and liabilities denominated in foreign currencies are revalued at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.
   (3) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period. For those measured at fair value through other comprehensive income, the adjustments are made at the spot exchange rates on the balance sheet date, and the resulting exchange differences are recognized in other comprehensive income. For those not measured at fair value, they are measured at the historical exchange rate on the date of initial transaction.
   (4) All other exchange gains and losses are reported in "Other Gains and Losses" in the income statement.
2. Translation of Foreign Operations
   (1) The results of operations and financial position of all Group entities, affiliates, and joint ventures with a functional currency different from the presentation currency are translated into the presentation currency in the following manner:
      A. Assets and liabilities expressed in each balance sheet are translated at the closing rate on the balance sheet date;
      B. The income and expenses expressed in each statement of comprehensive income are translated at the average exchange rate for the period; and
      C. All exchange differences arising from translation are recognized in other comprehensive income.
   (2) When a foreign operation partially disposed of or sold is an affiliate or a joint venture, the exchange differences under other comprehensive income are reclassified proportionately to profit or loss for the period as part of the gain or loss on disposal. However, when the Group loses significant influence over a foreign operation that is an affiliate or loses joint control over a foreign operation that is a joint venture even though the Group retains a portion of the interest in the former affiliate or joint venture, the disposal is treated as a disposal of the entire interest in the foreign operation.

(3) When a foreign operation partially disposed of or sold is a subsidiary, the cumulative translation differences recognized in other comprehensive income are re-attributed to the non-controlling interests in the foreign operation on a pro rata basis. However, when the Group loses control over a foreign operation that is a subsidiary even though the Group retains a portion of the interest in the former subsidiary, the disposal is treated as a disposal of the entire interest in the foreign operation.

(5) Classification Criteria of Assets and Liabilities into Current and Non-current

1. An asset is classified as current if it meets one of the following criteria:
   (1) The asset is expected to be realized in the normal operating cycle or is intended to be sold or consumed.
   (2) The asset is held primarily for trading purposes.
   (3) The asset is expected to be realized within 12 months after the balance sheet date.
   (4) Cash or cash equivalents, except for those restricted for exchange or settlement of liabilities at least twelve months after the balance sheet date.

   The Group classifies all assets that do not meet the above criteria as non-current.
2. A liability is classified as current if it meets one of the following criteria:
   (1) The liability is expected to be settled in the normal operating cycle.
   (2) The asset is held primarily for trading purposes.
   (3) The liability is expected to be due and settled within 12 months after the balance sheet date.
   (4) The liability whose settlement due date cannot be unconditionally extended to at least 12 months after the balance sheet date. The fact that the terms of the liabilities may allow settlement by issuing equity instruments at the option of the trading partners does not affect the classification.

   The Group classifies all liabilities that do not meet the above criteria as non-current.

(6) Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments for operating purposes are classified as cash equivalents.

(7) Financial Assets at Fair Value Through Profit or Loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Group uses trade date accounting for financial assets at fair value through profit or loss that qualify as customary transactions.
3. The Group measures financial assets at fair value on initial recognition, with the related transaction costs recognized in profit or loss, and subsequently at fair value, with the gain or loss recognized in profit or loss.
4. The Group recognizes dividend income in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in, and the amount of dividends can be measured reliably.

(8) <u>Financial Assets at Fair Value Through Other Comprehensive Income</u>

1. Investments in equity instruments that are not held for trading and for which an irrevocable election is made at the time of initial recognition to report the change in fair value in other comprehensive income; or investments in debt instruments that also meet the following criteria:
   (1) The financial asset is held under a business model whose objective is to collect the contractual cash flows and sell it.
   (2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying the principal and interest on the outstanding principal amount.
2. The Group uses trade date accounting for financial assets at fair value through other comprehensive income in accordance with trading practices.
3. The Group measures the financial asset at fair value plus transaction costs on initial recognition and subsequently at fair value.

   Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss and is reclassified to retained earnings. The Group recognizes dividend income in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow in, and the amount of dividends can be measured reliably.

(9) <u>Financial Assets at Amortized Cost</u>

1. Those meet the following criteria at the same time:
   (1) The financial asset is held under a business model whose objective is to collect the contractual cash flows.
   (2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying the principal and interest on the outstanding principal amount.
2. The Group uses trade date accounting for financial assets at amortized cost in accordance with trading practices.
3. The Group recognizes the financial asset at fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment loss over the circulation period using the effective interest method under the amortization procedure, and recognizes its gain or loss in profit or loss upon derecognition.
4. The Group holds time deposits that do not qualify as cash equivalents. Because of the short holding period, the effect of discounting is not significant and they are measured at the amount invested.

(10) <u>Accounts and Notes Receivable</u>

1. Accounts and notes receivable represent the unconditional right to receive the consideration for the transfer of goods or services in accordance with the contract.
2. Short-term accounts and notes receivable without interest are measured at the original invoice amount because the effect of discounting is not significant.

(11) Impairment of Financial Assets

On each balance sheet date, for investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost, the Group measures the allowance for losses at the expected credit loss over 12 months, taking all reasonable and corroborable information into account, including forward-looking information and for those whose credit risk has not increased significantly since initial recognition, the allowance for losses is measured at the expected credit loss amount over 12 months. For those with significant increases in credit risk since initial recognition, an allowance for losses is measured at the amount of expected credit losses over the period. For accounts receivable or contract assets that do not contain significant financial components, the allowance for losses is measured at the amount of the expected credit loss over the period.

(12) Derecognition of Financial Assets

Financial assets are derecognized when the Group's contractual rights to receive cash flows from the financial assets lapse.

(13) Inventories

Inventories are measured at the lower of cost or net realizable value and are calculated at standard cost. The lower of cost or net realizable value is compared on an item-by-item basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and related variable selling expenses.

(14) Investments Accounted for Using Equity Method - Affiliates

1. An affiliate is an entity over which the Group has significant influence but not control, generally holding directly or indirectly 20% or more of the voting shares. The Group's investments in affiliates are accounted for under the equity method and are recognized at cost upon acquisition.
2. The Group recognizes its share of profit and loss of affiliates as profit or loss for the period and its share of other comprehensive income or loss as other comprehensive income or loss after acquisition. If the Group's share of losses of any affiliate equals or exceeds its interest in that affiliate (including any other unsecured receivables), the Group does not recognize further losses unless the Group has a legal or constructive obligation to, or has made payments on behalf of, that affiliate.
3. When there is a change in equity in an affiliate that is not profit or loss and other comprehensive income and does not affect the shareholding percentage in the affiliate, the Group recognizes all changes in equity in proportion to the shareholding percentage as “capital surplus”.
4. Unrealized profits or losses resulting from transactions between the Group and its affiliates are eliminated in proportion to the Group's interest in the affiliates; unrealized losses are also eliminated unless there is evidence that the assets transferred in the transaction are impaired. The accounting policies of affiliates have been adjusted as necessary to conform to the policies adopted by the Group.

5. If the Group does not subscribe for or acquire new shares of an affiliate on a pro rata basis, resulting in a change in the percentage of investment but the Group still has significant influence over the affiliate, the increase or decrease in the net equity is adjusted to “capital surplus” and “investments accounted for using equity method”. If, as a result, the percentage of investment decreases, in addition to the above adjustments, any gain or loss previously recognized in other comprehensive income related to the decrease in the ownership interest, which is required to be reclassified to profit or loss upon disposal of the related assets or liabilities, is reclassified to profit or loss in proportion to the decrease.
6. When the Group disposes of an affiliate, if it loses significant influence over that affiliate, all amounts previously recognized in other comprehensive income related to the affiliate are accounted for on the same basis as if the Group had directly disposed of the related assets or liabilities, i.e., if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the related assets or liabilities, and the gain or loss is reclassified from equity to profit or loss when significant influence over the affiliate is lost. If the Group still has significant influence over the affiliate, only the proportionate share of the amount previously recognized in other comprehensive income is transferred out in the manner described above.

(15) Property, Plants, and Equipment

1. Property, plants, and equipment are recorded at acquisition cost and the related interest is capitalized during the period of acquisition or construction.
2. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced portion should be derecognized. All other maintenance costs are recognized in profit or loss as incurred.
3. Property, plants, and equipment are subsequently measured at cost and depreciated on a straight-line basis over their estimated useful lives. If the components of property, plants, and equipment are significant, they are depreciated separately.
4. The Group reviews the residual value, useful life, and depreciation method of each asset at the end of each fiscal year. If the expected value of the residual value and useful life differs from previous estimates, or if there is a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the change is accounted for in accordance with IAS 8, “Accounting Policies, Changes in Accounting Estimates, and Errors” from the date of the change. The useful lives of each asset are as follows:

Buildings and Structures (including ancillary equipment)	3 years to 50 years
Machinery and Equipment	3 years to 8 years
Molding Equipment	2 years
Office Equipment	3 years
Other Equipment	2 years to 3 years

(16) Lease Transactions as the Lessee - Right-of-Use Assets/Lease Liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Group. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payments are recognized as an expense on a straight-line basis over the lease period.
2. Lease liabilities are recognized at the present value of the lease payments outstanding at the starting date of the lease, discounted at the Group's incremental borrowing rate, and the lease payments consist of:
   (1) Fixed payments, net of any lease incentives that may be received; and
   (2) Variable lease payments depending on an index or rate.
   Interest expense is subsequently provided for under the amortized cost method over the lease using the interest method. Lease liabilities are reassessed and right-of-use assets are remeasured when there is a change in the lease period or lease payments that is not a contractual modification.
3. Right-of-use assets are recognized at cost at the starting date of the lease and the cost consists of:
   (1) The original measurement amount of the lease liability; and
   (2) Any lease payments made on or before the starting date.
   Depreciation expense is provided based on the expiration of the useful life of the right-of-use asset or the expiration of the lease period, whichever is earlier, measured subsequently using the cost model. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurement of the lease liability

(17) Intangible Assets

This includes computer software, which is recorded at acquisition cost and amortized by the average method over the estimated economic benefit period.

(18) Impairment of Non-financial Assets

The Group estimates the recoverable amount of an asset with an indication of impairment on the balance sheet date and recognizes an impairment loss when the recoverable amount is less than it carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. An impairment loss is reversed when the impairment loss that was recognized in prior years no longer exists or decreases, provided that the carrying amount of the asset increased by the reversed impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, net of depreciation or amortization.

(19) Loans

Loans are short- and long-term borrowings from banks. The Group measures the amount at fair value less transaction costs on initial recognition and subsequently recognizes interest expense in profit or loss over the circulation period, using the effective interest method and the amortization procedure for any difference between the price less transaction costs and the redemption value.

(20) Accounts and Notes Payable

1. They refer to debts arising from the purchase of raw materials, merchandise or services on credit, and notes payable arising from operating and non-operating activities.
2. Short-term accounts and notes payable without interest are measured at the original invoice amount because the effect of discounting is not significant.

(21) Financial Liabilities at Fair Value Through Profit or Loss

1. They refer to financial liabilities that are held primarily for the purpose of repurchasing in the near future and for trading in derivatives other than those designated as hedging instruments under hedge accounting. Or financial liabilities designated as at fair value through profit or loss on initial recognition. The Group designates a financial liability at fair value through profit or loss on initial recognition when one of the following criteria is met:
   (1) It is a hybrid (combined) contract; or
   (2) It can eliminate or materially reduce measurement or recognition inconsistencies; or
   (3) It is an instrument that is managed and evaluated on a fair value basis in accordance with written risk management policies.
2. The Group measures financial assets at fair value on initial recognition, with the related transaction costs recognized in profit or loss, and subsequently at fair value, with the gain or loss recognized in profit or loss.

(22) Convertible Bonds Payable

The convertible bonds payable issued by the Group are embedded with conversion rights (i.e., the holder's right to choose to convert to the Group's common stock for a fixed number of shares with a fixed amount of money), resale rights, and repurchase rights. At initial issuance, the issue price is classified as financial assets, financial liabilities, or equity depending on the issuance conditions, which are treated as follows:

1. Embedded Resale Rights and Repurchase Rights: Recorded as “financial assets or liabilities at fair value through profit or loss” at their net fair value on initial recognition; subsequently, the difference based on the fair value at that time is recognized as “gain or loss on financial assets (liabilities) at fair value through profit or loss” on the balance sheet date.
2. Master Contract of Corporate Bonds: The difference between the fair value of corporate bonds and the redemption value is recognized as a premium or discount on bonds payable at the time of initial recognition; subsequently, it is recognized in profit or loss as an adjustment to “financial costs” using the effective interest method under the amortization procedure over the circulation period.
3. Embedded Conversion Rights (which meet the definition of equity): On initial recognition, the remaining value of the issue amount, net of the above “financial assets or liabilities at fair value through profit or loss” and “bonds payable”, is recorded as “capital surplus - stock options” and is not subsequently remeasured.

4. Any transaction costs directly attributable to the issuance are allocated to each component of liabilities and equity in proportion to the original carrying amount of each component mentioned above.
5. Upon conversion, the components of liabilities (including “bonds payable” and “financial assets or liabilities at fair value through profit or loss”) are subsequently measured according to their respective classifications, and the book value of the aforementioned components of liabilities is added to the book value of “capital surplus - stock options” as the issuance cost of the common stock exchanged.

(23) Employee Benefits

1. Short-term Employee Benefits

   Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as an expense when the related services are rendered.

2. Pensions

   Defined Contribution Plans

   For defined contribution plans, the amount to be contributed to the pension fund is recognized as current pension cost on an accrual basis. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

3. Remuneration to Employees and Directors and Supervisors

   Remuneration to employees and directors and supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. If the actual distributed amount differs from the estimated amount, the difference is treated as a change in accounting estimate. Where the remuneration to employees is paid in stock, the number of shares is calculated based on the closing price on the day before the Board of Directors' resolution.

(24) Employee Share-based Payment

For equity-settled share-based payment agreements, employee services acquired at the date of grant are measured at the fair value of the equity instruments granted and remuneration costs are recognized over the vesting period, with a corresponding adjustment to equity. The fair value of equity instruments should reflect the effect of vesting conditions and non-vesting conditions of market price. The recognized remuneration costs are adjusted based on the expected amount of reward when the service conditions are going to be met and non-vesting conditions of market price until the final amount is recognized as the vested number on the vesting date.

(25) Income Taxes

1. Income tax expense includes current and deferred income taxes. Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.

2. The Group bases current income taxes on the tax rates enacted or substantively enacted on the balance sheet date in the countries in which the Group operates and generates taxable income. Management periodically assesses the status of income tax returns with respect to applicable income tax regulations and, where appropriate, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Income taxes on unappropriated earnings are levied in accordance with the Income Tax Act. Income tax expenses on unappropriated earnings are recognized based on the actual distribution of earnings in the year following the year in which the earnings are generated after the earnings distribution proposal is passed at the shareholders' meeting.
3. Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. Deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that, at the time of the transaction, does not affect the accounting profit or taxable income (taxable loss). Temporary differences arising from investments in subsidiaries and affiliates are not recognized if the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is calculated using the tax rates (and tax laws) that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, based on legislation or substantively enacted on the balance sheet date.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and the unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. Current income tax assets and current income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities, and there is an intention to settle or realize the assets and settle the liabilities on a net basis. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities, and when the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.

(26) Stock Capital

1. Common stock is classified as equity and the incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction from price in equity, net of income taxes.
2. When the Group repurchases issued shares, the consideration paid includes any incremental costs directly attributable to the issuance of new shares recognized as a deduction from shareholders' equity, net of income tax. Upon subsequent reissuance of repurchased shares, the difference between the consideration received and the carrying amount, net of any directly attributable incremental costs and income tax effects, is recognized as a deduction from stockholders' equity.

(27) Dividend Distribution

Dividends distributed to the Group's shareholders are recognized in the financial statements when the Group's shareholders resolve to distribute the dividends. Cash dividends distributed are recognized as a liability and stock dividends distributed are recognized as stock dividends to be distributed and transferred to common stock on the base date of issuance of new shares.

(28) Revenue Recognition

1. The Group manufactures and sells optical fiber communication component products. Sales revenue is recognized when control of the product is transferred to the customer, i.e., when the product is delivered to the customer and the Company has no outstanding performance obligations that could affect the customer's acceptance of the product. Delivery of product occurs when the product is delivered to the customer at a designated location where the risk of obsolescence and loss has been transferred to the customer and the customer accepts the product in accordance with the sales contract or when there is objective evidence that all acceptance criteria have been met.
2. Sales revenue is recognized at the contract price. Accounts receivable are recognized when the merchandise is delivered to the customer because the Company has an unconditional right to the contract price from that point onward, and it only takes some time before the Company receives the consideration from the customer.

(29) Operating Segments

Information on the Group's operating segments is reported in a manner consistent with the internal management reports provided to the chief operating decision makers. The chief operating decision makers are responsible for allocating resources to the operating segments and evaluating their performance.

5. Significant Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In preparing for these Consolidated Financial Statements, the Group's management has applied its judgment in determining the accounting policies to be used and has made accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances prevailing on the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results and will be continually evaluated and adjusted, with historical experience and other factors taken into account. These estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year. Please refer to the following descriptions for the uncertainty of significant accounting judgments, estimates, and assumptions:

(1) Significant Judgments in the Adoption of Accounting Policies

None

(2) Significant Accounting Estimates and Assumptions

Inventory Valuation

As inventories are stated at the lower of cost or net realizable value, the Group must use judgment and estimates to determine the net realizable value of inventories on the balance sheet date. Due to the rapid changes in technology, the Group evaluates the amount of inventories on the balance sheet date that are normally worn out, obsolete, or have no marketable value, and reduces the cost of inventories to the net realizable value. This inventory valuation is primarily based on estimates of product demand in specific future periods and is subject to significant change.

As of December 31, 2022, the carrying amount of the Group's inventories was $289,321.

6. Description of Significant Accounting Items

(1) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on Hand and Revolving Funds	$ 414	$ 216
Checking Deposits	358	481
Demand Deposits	500,346	617,215
Time Deposits	571,647	484,410
Bonds With Repurchase Agreement	85,988	55,360
Total	$ 1,158,753	$ 1,157,682

1. The credit quality of the Group's correspondent financial institutions is good and the Group has dealings with various financial institutions to diversify credit risk, and the possibility of default is expected to be low.
2. The Group's cash and cash equivalents restricted for use were $1,673 as of December 31, 2022 and 2021, and were classified as other financial assets (listed as "other non-current assets").

(2) Financial Assets at Fair Value Through Profit or Loss

Item	December 31, 2022	December 31, 2021
Current Items:		
Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss		
Stock of Listed Companies on the TWSE and TPEx	$ 139,960	$ 139,960
Valuation Adjustments	(48,676)	(5,692)
Total	$ 91,284	$ 134,268

1. The breakdown of financial assets at fair value through profit or loss recognized in profit (loss) is as follows:

	2022	2021
Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss		
Equity Instruments	($ 43,014)	$ 19,899
Redemption/Sale Rights of Convertible Bonds	30	-
Total	($ 42,984)	$ 19,899

2. The Group has not pledged financial assets at fair value through profit or loss as security.
3. For information on the fair value of financial assets at fair value through profit or loss, please refer to Note 12 (3).

(3) Financial Assets at Fair Value Through Other Comprehensive Income

Item	December 31, 2022	December 31, 2021
Non-current Items:		
Equity Instruments		
Stock of Non-listed Companies	$ 26,030	$ 26,489
Valuation Adjustments	4,223	12,211
Total	$ 30,253	$ 38,700

1. The Group has elected to classify equity instruments of strategic investments as financial assets at fair value through other comprehensive income, and the fair values of these investments were $30,253 and $38,700 as of December 31, 2022 and 2021, respectively.
2. The breakdown of financial assets at fair value through other comprehensive income recognized in other comprehensive income is as follows:

	2022	2021
Equity Instruments at Fair Value Through Other Comprehensive Income		
Recognized in Other Comprehensive Profit or Loss by Change in Fair Value	($ 7,988)	$ 11,801
Accumulated Gain or Loss Due to Derecognition Transfer to Retained Earnings	$ -	$ 19,305
Dividend Income Recognized in Profit or Loss		
Held at the End of the Period	$ 2,429	$ 5,816
Derecognized in the Period	-	45
	$ 2,429	$ 5,861

3. The financial asset held by the Company at fair value through other comprehensive income that best represents without considering the collateral or other credit enhancements, had a maximum exposure to credit risk of $30,253 and $38,700 as of December 31, 2022 and 2021, respectively.
4. The Group has not pledged financial assets at fair value through other comprehensive income as security.
5. For information on the fair value of financial assets at fair value through other comprehensive income, please refer to Note 12 (3).

(4) Financial Assets at Amortized Cost

Item	December 31, 2022	December 31, 2021
Current Items:		
Time Deposits	$ 537,712	$ 53,680

1. The amount that best represents the Group's exposure to credit risk for financial assets at amortized cost, without taking into account collateral held or other credit enhancements, was $537,712 and $53,680 as of December 31, 2022 and 2021, respectively.
2. Please refer to Note 12 (2) for information on the credit risk of financial assets at amortized cost. The credit quality of the Group's correspondent financial institutions is good, and the possibility of default is expected to be low.

(5) Notes and Accounts Receivable

	December 31, 2022	December 31, 2021
Notes Receivable	$ -	$ 174
Less: Allowance for Losses	-	-
	$ -	$ 174
Accounts Receivable	$ 760,229	$ 587,036
Less: Allowance for Losses	-	-
	$ 760,229	$ 587,036

1. The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2022		December 31, 2021	
	Accounts Receivable	Notes Receivable	Accounts Receivable	Notes Receivable
Not Overdue	$ 603,597	$ -	$ 478,539	$ 174
Within 30 Days	147,216	-	96,672	-
31-90 Days	5,371	-	11,825	-
91-180 Days	4,045	-	-	-
	$ 760,229	$ -	$ 587,036	$ 174

The aging analysis of accounts receivable and notes receivable are based on the number of days over due and the maturity date of the notes, respectively.

2. As of December 31, 2022 and 2021, the accounts receivable balances were generated from customer contracts, and the receivable balances from customer contracts were $518,452 as of January 1, 2021.
3. The Group has not pledged any accounts receivable as security.
4. Without considering the collaterals held or other credit enhancements, the amount that best represents the Group's maximum exposure to credit risk for the accounts receivable (including notes receivable) as of December 31, 2022 and 2021 was $760,229 and $587,210, respectively.
5. Please refer to Note 12 (2) for information on the related credit risk of accounts receivable and notes receivable.

(6) Inventories

	December 31, 2022	December 31, 2021
Raw Materials	$ 94,465	$ 103,263
Work in Process	92,828	100,786
Finished Goods	102,028	96,497
Total	$ 289,321	$ 300,546

The cost of inventories the Group recognized as expenses in the period:

	2022	2021
Cost of Inventories Sold	$ 2,444,689	$ 1,933,073
Gain on Slow Moving Inventory and Decline in Value	(29,078)	(2,353)
	$ 2,415,611	$ 1,930,720

The Group recognized a decrease in cost of goods sold in 2022 and 2021 due to the disposal of certain inventories that had declined in value or become slow moving, resulting in a recovery in the net realizable value of inventories.

(7) Non-current Assets Held for Sale

On May 5th, 2022, this group was approved by the board of directors to sell Browave Japan Corporation. The related assets and liabilities were transferred to the disposal group held for sale. The equity transfer agreement was signed on May 10, 2022. The disposal group held for sale sold 8,000 shares on December 2022, and the disposal price and disposal gain were $67,086 and $7,394, respectively, accounted for under other comprehensive income (loss). For further details, please refer to Note 6 (23) and (29).

(8) Property, Plants, and Equipment

	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Office Equipment	Others	Construction in Progress and Equipment to be Tested	Total
Cost								
January 1, 2022	$ 101,439	$ 301,535	$ 918,986	$ 12,543	$ 43,860	$ 3,339	$ 802	$1,382,504
Addition	-	1,284	58,579	1,013	1,250	-	4,077	66,203
Disposal	-	(3,716)	(28,390)	(5,218)	-	(75)	-	(37,399)
Non-current Groups Held for Sale	(98,023)	(23,021)	-	-	(345)	-	-	(121,389)
Reclassification	-	-	749	(249)	-	-	(500)	-
Net Exchange Difference	(3,416)	(400)	10,618	27	352	24	19	7,224
December 31, 2022	$ -	$ 275,682	$ 960,542	$ 8,116	$ 45,117	$ 3,288	$ 4,398	$1,297,143
Accumulated Depreciation and Impairment								
January 1, 2022	$ -	$ 179,313	$ 673,670	$ 11,302	$ 37,817	$ 2,892	$ -	$ 904,994
Depreciation Expenses	-	8,293	63,511	1,298	2,136	184	-	75,422
Disposal	-	(3,715)	(24,466)	(5,217)	-	(67)	-	(33,465)
Non-current Groups Held for Sale	-	(7,010)	-	-	(331)	-	-	(7,341)
Net Exchange Difference	-	123	7,593	25	288	23	-	8,052
December 31, 2022	$ -	$ 177,004	$ 720,308	$ 7,408	$ 39,910	$ 3,032	$ -	$ 947,662
Book Value								
January 1, 2022	$ 101,439	$ 122,222	$ 245,316	$ 1,241	$ 6,043	$ 447	$ 802	$ 477,510
December 31, 2022	$ -	$ 98,678	$ 240,234	$ 708	$ 5,207	$ 256	$ 4,398	$ 349,481

	Land	Buildings and Structures	Machinery and Equipment	Molding Equipment	Office Equipment	Others	Construction in Progress and Equipment to be Tested	Total
Cost								
January 1, 2021	$ 116,540	$ 309,080	$ 908,044	$ 14,876	$ 48,784	$ 9,456	$ 3,470	$1,410,250
Addition	-	1,495	31,137	162	1,827	-	6,088	40,709
Disposal	-	(5,369)	(23,463)	(2,487)	(6,583)	(6,110)	-	(44,012)
Reclassification	-	-	6,175	-	-	-	(8,751)	(2,576)
Net Exchange Difference	(15,101)	(3,671)	(2,907)	(8)	(168)	(7)	(5)	(21,867)
December 31, 2021	$ 101,439	$301,535	$ 918,986	$ 12,543	$ 43,860	$ 3,339	$ 802	$1,382,504
Accumulated Depreciation and Impairment								
January 1, 2021	$ -	$ 175,678	$ 623,853	$ 11,585	$ 41,991	$ 6,634	$ -	$ 859,741
Depreciation Expenses	-	9,621	72,210	2,136	1,937	560	-	86,464
Disposal	-	(4,982)	(20,345)	(2,412)	(5,970)	(4,294)	-	(38,003)
Net Exchange Difference	-	(1,004)	(2,048)	(7)	(141)	(8)	-	(3,208)
December 31, 2021	$ -	$ 179,313	$ 673,670	$ 11,302	$ 37,817	$ 2,892	$ -	$ 904,994
Book Value								
January 1, 2021	$ 116,540	$ 133,402	$ 284,191	$ 3,291	$ 6,793	$ 2,822	$ 3,470	$ 550,509
December 31, 2021	$ 101,439	$ 122,222	$ 245,316	$ 1,241	$ 6,043	$ 447	$ 802	$ 477,510

For information on property, plants, and equipment pledged as security, please refer to Note 8.

(9) Lease Transactions - Lessee

1. The underlying assets of the Group's leases include land, buildings and structures, and transportation equipment. The period of the lease contracts normally ranges from 3 to 20 years. Lease agreements are individually negotiated and contain various terms and conditions, with no restrictions other than that the leased assets cannot be used as security for borrowings.
2. The book values of the right-of-use assets and the depreciation expense recognized were as follows:

	December 31, 2022		December 31, 2021	
	Carrying Amount		Carrying Amount	
Land	$	27,939	$	28,773
Buildings and Structures		32,818		27,491
Transportation Equipment		2,993		4,989
	$	63,750	$	61,253

	2022		2021	
	Depreciation Expenses		Depreciation Expenses	
Land	$	963	$	959
Buildings and Structures		15,158		11,057
Transportation Equipment		1,996		998
	$	18,117	$	13,014

3. The additions to the Group's right-of-use assets amounted to $20,307 and $21,158 for 2022 and 2021, respectively.
4. Information on gains and losses related to lease contracts is as follows:

	2022		2021	
Items Affecting Profit or Loss for the Period				
Interest Expense on Lease Liabilities	$	1,217	$	1,256
Expenses Under Short-term Lease Contracts		1,742		4,928

5. The Group's total lease cash outflows for 2022 and 2021 were $20,879 and $18,885, respectively.

(10) Other Non-current Assets

	December 31, 2022	December 31, 2021
Refundable Deposits	$ 7,570	$ 4,752
Prepayments For Equipment	20,486	12,557
Other	1,091	-
	$ 29,147	$ 17,309

(11) Financial Liabilities at Fair Value Through Profit or Loss

Item	December 31, 2022	December 31, 2021
Current Items:		
Financial Liabilities Mandatorily Measured at Fair Value Through Profit or Loss		
Redemption/Sale Rights of Convertible Bonds	($ 59)	($ 59)
Valuation Adjustments	59	1,499
Total	$ -	$ 1,440

The breakdown of financial liabilities at fair value through profit or loss recognized in profit or loss is as follows:

	2022	2021
Net Gain (Loss) Recognized in Profit or Loss:		
Financial Liabilities Mandatorily Measured at Fair Value Through Profit or Loss		
Redemption/Sale Rights of Convertible Bonds	$ 1,440	($ 900)

(12) Bonds Payable

	December 31, 2022	December 31, 2021
Bonds Payable	$ 300,000	$ 300,000
Less: Discount on Bonds Payable	(4,326)	(9,841)
	$ 295,674	$ 290,159
Less: Convertible Bonds due within one year	(295,674)	-
	$ -	$ 290,159

1. Domestic Convertible Bonds Issued by the Company
   (1) The terms of the second domestic unsecured convertible bonds are as follows:
      A. The Company’s second domestic unsecured convertible bonds were approved by the competent authorities and issued with a total amount of $300,000 and a coupon rate of 0% for a three-year issuance period from October 8, 2020 to October 8, 2023. The convertible bonds are repayable in cash at par value on maturity.
      B. The holders of the convertible bonds may request the Group to convert the bonds into common stock at any time from the day after the third month from the date of issuance to the maturity date, except for the period when the transfer of the bonds is suspended under the regulations or laws. The rights and obligations of the converted common stock are the same as those of the earlier issued common stock.
      C. The conversion price of the convertible bonds of NT$61 per share is determined in accordance with the pricing model stipulated in the conversion measures, and the conversion price will be adjusted in accordance with the pricing model stipulated in the conversion measures under circumstances of anti-dilution clauses.
      D. The bondholders may request the Company to repurchase the convertible bonds held by themselves two years after the date of issuance.
      E. If the closing price of the Company's common stock exceeds 30% of the conversion price for 30 consecutive business days from the day after the third month of issuance to the 40th day before the expiration of the issuance period, the Company may redeem all of the bonds at their face value in cash within 30 business days thereafter.
      F. If the outstanding balance of the convertible bonds is less than 10% of the original issue amount from the day after the third month of issuance to the 40th day before the expiration of the issuance period, the Company may redeem all of the bonds at their face value in cash at any time thereafter.
      G. In accordance with the conversion measures, all bonds redeemed (including those bought back by the TPEx), repaid, or converted by the Company will be cancelled and all rights and obligations attached to the bonds will be extinguished and no reissuance will be made.
2. Upon the issuance of convertible bonds, the Group separated the conversion rights of equity from the components of liabilities in accordance with IAS 32, “Financial Instruments: Presentation”, and recorded $11,535 as “capital surplus - stock options”. In accordance with IFRS 9, “Financial Instruments”, the embedded repurchase and resale rights are separated from the economic characteristics and risks of the debt instruments of the master contract and are recorded as “financial liabilities at fair value through profit or loss” on a net basis. The effective interest rate of the debt of the master contract after the separation was 1.88%.

(13) Other Payables

	December 31, 2022	December 31, 2021
Employment Expenses Payable	$ 207,312	$ 128,703
Service Expenses Payable	5,121	2,259
Payables On Equipment	1,886	5,219
Others	25,400	33,781
	$ 239,719	$ 169,962

(14) Long-term Loans

Lending Bank and Nature	Borrowing Period	Repayment Period	Interest Rate Range	December 31, 2022	December 31, 2021
Mega International Commercial Bank Secured Loan (Note)	1/10/2014-12/29/2028	Interest is payable monthly, with principal repayment of JPY 1,950,000 per installment starting from January 10, 2014.	2.2%	$ -	$ 39,153
Less: Portion Due Within One Year				-	(5,628)
				$ -	$ 33,525

Note: The long-term loans from Mega International Commercial Bank to Browave Japan Corporation amounted to JPY 0 thousand and were endorsed and guaranteed by Browave Corporation.

(15) Pensions

1. Effective July 1, 2005, the Group and its domestic subsidiaries have established a defined contribution pension plan in accordance with the “Labor Pension Act”, which is applicable to domestic employees. The Group and its domestic subsidiaries make monthly contributions of 6% of salaries and wages to employees' personal accounts at the Bureau of Labor Insurance for employees who choose to apply the labor pension system under the “Labor Pension Act”. The employees' pension payments are made in the form of monthly pensions or lump-sum pensions depending on the amount of the employees' individual pension accounts and accumulated earnings.
2. The Group’s Mainland subsidiary contributes a certain percentage monthly as pension benefits as specified by the local governments in accordance with the pension insurance system of the People's Republic of China. Each employee's pension is managed and coordinated to by the government, and the subsidiary has no further obligation other than making monthly contributions.
3. For 2022 and 2021, the Group recognized pension costs of $5,695 and $6,104, respectively, based on the above pension plans.

(16) Stock Capital

As of December 31, 2022, the Company's authorized capital was $880,000, divided into 88,000 thousand shares with a par value of $10 per share, of which 8,800 thousand shares were reserved for conversion upon exercise of stock options, and the paid-in capital was $752,869. The Company has fully received the payment for the issued shares.

1. A reconciliation of the number of outstanding shares of the Company's common stock at the beginning of the period to the end of the period is as follows:

Unit: thousands of shares

	2022	2021
January 1	75,287	74,005
Transfer of Treasury Stock to Employees	-	1,282
December 31	75,287	75,287

2. Treasury Stock
   (1) The Securities and Exchange Act stipulates that the number of shares to be repurchased shall not exceed 10% of the total number of shares issued by the Company, and the total amount of shares to be repurchased shall not exceed the amount of retained earnings plus the premium on shares issued and the amount of realized capital surplus.
   (2) The treasury stock held by the Company shall not be pledged under the Securities and Exchange Act and shall not be entitled to shareholders' rights until transferred.
   (3) In accordance with the Securities and Exchange Act, shares purchased for transfer to employees shall be transferred within five years from the date of repurchase; if the shares are not transferred by that date, they shall be deemed unissued shares of the Company and shall be registered for cancellation. The Company shall register the cancellation of shares within six months from the date of repurchase to protect the Company's credit and shareholders' rights.
   (4) The company implemented the treasury stock transfer employee plan on December 30, 2020, and completed the transfer of 1,282,000 treasury shares to employees at a performance price of NT$37.96 per share on March 3, 2021.

(17) Capital Surplus

Under the Company Act, capital surplus from the issuance of shares in excess of par value and capital surplus from gifts may be used to make up for losses, except when the Company has no accumulated losses, in which case new shares or cash may be distributed in proportion to the shareholders' original shareholding percentages. In accordance with the Securities and Exchange Act, the total amount of the above capital surplus may not exceed 10% of the paid-in capital in any year. The Company may not use capital surplus to replenish the capital loss unless the earned surplus is insufficient to cover the capital loss.

2022

	Issue Premium	Lapsed Stock Options	Stock Options	Treasury Stock	Total
December 31	$293,065	$ 1,344	$ 11,535	$ 49,006	$ 354,950

2021

	Issue Premium	Lapsed Stock Options	Stock Options	Treasury Stock	Changes in Affiliated Enterprises and Joint Ventures Recognized Under the Equity Method	Total
January 1	$293,065	$ 1,344	$ 11,535	$ 49,168	$ 3,573	$358,685
Transfer of Treasury Stock to Employees	-	-	-	(162)	-	(162)
Recognition of Affiliates in Accordance With Shareholding Percentage Changes in Equity	-	-	-	-	(3,573)	(3,573)
December 31	$293,065	$ 1,344	$ 11,535	$ 49,006	$ -	$354,950

(18) Retained Earnings

1. In accordance with the Company's Articles of Incorporation, if the Company makes a profit as concluded by the annual accounting book close, the Company's annual final accounts, the Company shall first pay taxes to make up for past losses and then set aside 10% as legal reserve, except when the legal reserve has accumulated to the total paid-in capital, and after setting aside or reversing the special reserve in accordance with the regulations of the competent authority, the remaining amount together with accumulated unappropriated earnings from previous years shall be available-for-distribution earnings. The Board of Directors may, at its discretion, retain a portion of the earnings in accordance with operating requirements and then request the shareholders to resolve the distribution of bonuses or dividends to shareholders. The Company may, with the presence of at least two-thirds of the Board of Directors and the approval of a majority of the directors present, distribute all or part of the dividends and bonuses in the form of cash and report to the stockholders' meeting.
2. The Company's dividend policy is based on the Company's current and future investment environment, capital requirements, domestic and foreign competition, and capital budget, taking the interests of shareholders and balancing dividends and the Company's long-term planning, etc. into account. The Board of Directors shall prepare and submit the distribution plan to the shareholders' meeting annually in accordance with the law. The annual distribution of dividends to shareholders shall be no less than 50% of the net profit for the year. The

Company may distribute dividends to shareholders in cash or in stock. However, the Company may not distribute dividends if the net profit for the year does not reach 10% of the paid-in capital. Cash dividends shall not be less than 10% of the total dividends paid, but the type and percentage for such earnings distribution may be adjusted by resolution of the shareholders' meeting depending on the actual profit and capital position of the year.

3. Legal reserve may not be used except to make up for losses or to issue new shares or cash in proportion to the shareholders' original shareholding percentage. provided the amount of such new shares or cash issued shall be limited to the reserve in excess of 25% of the paid-in capital.

4. (1) When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity as of the balance sheet date. When the debit balance of other equity is subsequently reversed, the reversal amount can be included in available-for-distribution earnings.

   (2) Upon the adoption of IFRSs for the first time, the special reserve provided in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated April 6, 2012 is reversed in proportion to the special reserve provided when the Company subsequently uses, disposes of, or reclassifies the related assets. When the Company adopted IFRSs for the first time in 2013, due to the Company's election to apply the IFRS 1 exemption, the cumulative translation effect was transferred to retained earnings on the date of transition to IFRSs and a special reserve of $45,818 was provided for the same amount.

5. On February 23, 2023, the Board of Directors resolved, and on May 23, 2022, the shareholders resolved, to approve the following distribution of earnings for 2022 and 2021:

	2022		2021	
	Amount	Dividends Per Share (NTD)	Amount	Dividends Per Share (NTD)
Legal Reserve	$ 45,158	-	$ 10,095	-
Special Reserve	(19,777)	-	19,131	-
Cash Dividends	316,205	$ 4.20	75,287	$ 1.00
Total	$ 341,586		$ 104,513	

6. Please refer to Note 6 (28) for information on remuneration to employees and directors and supervisors.

(19) Other Equity

	Foreign Currency Translation	Financial Assets at Fair Value Through Other Comprehensive Income
January 1, 2022	($ 93,799)	$ 12,211
Group Foreign Currency Translation Differences	13,381	-
Group Valuation Adjustments	-	7,988
Disposal of disposal groups as held for sale	14,383	-
December 31, 2022	($ 66,035)	$ 4,223

	Foreign Currency Translation	Financial Assets at Fair Value Through Other Comprehensive Income
January 1, 2021	($ 82,173)	$ 19,715
Group Foreign Currency Translation Differences	(11,626)	-
Group Valuation Adjustments	-	11,801
Group Valuation Adjustments Transferred to Retained Earnings	-	(19,305)
December 31, 2021	($ 93,799)	$ 12,211

(20) Operating Revenue

	2022	2021
Revenue From Customer Contracts	$ 3,210,572	$ 2,296,452

1. Breakdown of Revenue From Customer Contracts

   The Group's revenue is derived from merchandise transferred at a point in time, and can be broken down into the following major product lines:

2022	Optical Communication Optical Modules
Revenue From External Customer Contracts	$ 3,210,572

2021	Optical Communication Optical Modules
Revenue From External Customer Contracts	$ 2,296,452

2. Contract Liabilities

The Group recognizes contract liabilities for revenue from customer contracts as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract Liabilities - Merchandise Contracts	$ 4,522	$ 8,429	$ 10,661

Contract Liabilities at the Beginning of the Period Recognized as Revenue in the Period as follows:

	2022	2021
Balance of Contract Liabilities at the Beginning of the Period		
Revenue Recognized in the Period		
Merchandise Contracts	$ 6,446	$ 8,273

(21) Interest Income

	2022	2021
Interest on Bank Deposits	$ 17,034	$ 9,217

(22) Other Income

	2022	2021
Rental Income	$ -	$ 68
Dividend Income	8,861	9,881
Miscellaneous Income	7,411	9,717
	$ 16,272	$ 19,666

(23) Other Gains and Losses

	2022	2021
Loss on Disposal of Property, Plants, and Equipment	($ 2,097)	($ 2,113)
Gain on Disposal of non-current groups as held for sale	7,394	-
Loss on Disposal of Investments	-	(9,937)
Lease Modification Gain	-	3
Net Exchange Gain(Loss)	123,330	(30,094)
Gain (Loss) on Financial Assets and Liabilities at Fair Value Through Profit or Loss	(41,544)	18,999
Miscellaneous Expenses	(299)	(324)
	$ 86,784	($ 23,466)

(24) Financial Costs

	2022	2021
Interest Expenses:		
Bank Deposits	$ 528	$ 1,254
Convertible Bonds	5,515	5,412
Interest on Bills	1	-
Lease Liabilities	1,217	1,256
	$ 7,261	$ 7,922

(25) Expenses by Nature

	2022	2021
Employee Benefit Expenses	$ 803,113	$ 652,016
Depreciation Expenses	93,539	99,478
Amortization Expense of Intangible Assets	3,653	3,332
	$ 900,305	$ 754,826

(26) Employee Benefit Expenses

	2022	2021
Salary Expenses	$ 653,782	$ 524,123
Insurance Expenses	66,254	58,752
Pension Expenses	5,695	6,104
Total Remuneration to Directors	23,472	11,069
Other Employment Expenses	53,910	51,968
	$ 803,113	$ 652,016

1. In accordance with the Company's Articles of Incorporation, the Company shall distribute employees' remuneration at 5% to 15% of the current year's profit and directors' and supervisors' remuneration at no more than 3% of the current year's profit. However, the Company shall make up for any accumulated losses, if any. Remuneration to employees may be in the form of stock or cash and may be made to employees of subordinate companies who meet certain criteria.
2. For 2022 and 2021, the estimated remuneration to employees was $41,000 and $8,000, respectively, and the estimated remuneration to directors and supervisors was $13,600 and $1,800, respectively, which were recorded as salary expenses.

   The remuneration to employees and directors and supervisors for 2021 resolved by the shareholders' meeting were consistent with the amounts recognized in the financial statements for 2021.

Information on the remuneration to employees and remuneration to directors and supervisors approved by the Board of Directors and resolved by the shareholders' meeting is available on the Market Observation Post System.

(27) Income Taxes

1. Components of Income Tax Expenses:

	2022	2021
Current Income Taxes:		
Income Taxes Arising From Current Income (Note)	$ 132,974	$ 20,538
Additional Levy on Unappropriated Earnings	-	1,917
Underestimation (Overestimation) of Income Taxes of Prior Years	(3,579)	(1,275)
Total Current Income Taxes	129,395	21,180
Deferred Income Taxes:		
Original Generation and Reversal of Temporary Differences	5,663	849
Total Deferred Income Taxes	5,663	849
Income Tax Expenses	$ 135,058	$ 22,029

Note: The applicable tax rate is based on the tax rate applicable to the income of the relevant country.

2. The relationship between income tax expenses and accounting profit is explained as follows:

	2022	2021
Income Taxes on Net Profit Before Tax at Statutory Tax Rate (Note)	$ 143,645	$ 25,733
Effect to be Excluded Under the Tax Law	2,609	(376)
Income Exempt From Tax Under the Tax Law	(1,468)	(1,297)
Deferred Income Tax Assets (Liabilities) Not Recognized for Temporary Differences	(6,149)	(2,673)
Underestimation (Overestimation) of Income Taxes of Prior Years	(3,579)	(1,275)
Additional Levy on Unappropriated Earnings	-	1,917
Income Tax Expenses	$ 135,058	$ 22,029

Note: The applicable tax rate is based on the tax rate applicable to the income of the relevant country.

3. The amount of each deferred income tax asset or liability arising from temporary differences and taxable losses are as follows:

	2022			
	January 1	Recognize in Profit or Loss	Exchange Difference	December 31
Temporary Differences:				
- Deferred Income Tax Assets:				
Unrealized Salaries and Bonuses	$ 9,392	($ 669)	$ 168	$ 8,891
Unrealized Exchange Losses	600	3,040	-	3,640
Others	9,044	(58)	-	8,986
Subtotal	$ 19,036	$ 2,313	$ 168	$ 21,517
- Deferred Income Tax Liabilities:				
Investment Income	($ 11,392)	($ 7,976)	$ -	($ 19,368)
Unrealized Exchange Gains	-	-	-	-
Subtotal	($ 11,392)	($ 7,976)	$ -	($ 19,368)
Total	$ 7,644	($ 5,663)	$ 168	$ 2,149

	2021			
	January 1	Recognize in Profit or Loss	Exchange Difference	December 31
Temporary Differences:				
- Deferred Income Tax Assets:				
Unrealized Salaries and Bonuses	$ 8,895	$ 532	($ 35)	$ 9,392
Unrealized Exchange Losses	1,926	(1,326)	-	600
Others	9,099	(55)	-	9,044
Subtotal	$ 19,920	($ 849)	($ 35)	$ 19,036
- Deferred Income Tax Liabilities:				
Investment Income	($ 11,392)	$ -	$ -	($ 11,392)
Unrealized Exchange Gains	-	-	-	-
Subtotal	($ 11,392)	$ -	$ -	($ 11,392)
Total	$ 8,528	($ 849)	($ 35)	$ 7,644

4. Deductible temporary differences not recognized as deferred income tax assets:

	December 31, 2022	December 31, 2021
Deductible Temporary Differences	$ 22,448	$ 75,460

5. The Company has not recognized deferred income tax liabilities for taxable temporary differences associated with certain investments in subsidiaries. The temporary differences in unrecognized deferred income tax liabilities were $78,103 and $208,037 as of December 31, 2022 and 2021, respectively.
6. The Company's income taxes have been assessed by the tax authorities through 2020.

(28) Earnings Per Share

	2022		
	Amount After Tax	Weighted-average Number of Outstanding Shares (in thousands)	Earnings Per Share (NTD)
Basic Earnings Per Share			
Net Profit for the Period Attributable to Owners of the Parent Company	$ 451,583	75,287	$ 6.00
Diluted Earnings Per Share			
Net Profit for the Period Attributable to Owners of the Parent Company	$ 451,583	75,287	
Convertible Bonds	3,236	4,918	
Remuneration to Employees	-	858	
Net Profit for the Period Attributable to Owners of the Parent Company Plus the Effect of Potential Common Stock	$ 454,819	81,063	$ 5.61

	2021 Amount After Tax	2021 Weighted-average Number of Outstanding Shares (in thousands)	2021 Earnings Per Share (NTD)
Basic Earnings Per Share			
Net Profit for the Period Attributable to Owners of the Parent Company	$ 81,644	75,069	$ 1.09
Diluted Earnings Per Share			
Net Profit for the Period Attributable to Owners of the Parent Company	$ 81,644	75,069	
Convertible Bonds	5,050	4,815	
Remuneration to Employees	-	268	
Net Profit for the Period Attributable to Owners of the Parent Company Plus the Effect of Potential Common Stock	$ 86,694	80,152	$ 1.08

(29) Supplementary Information on Cash Flows

1. Investing activities paid only partially in cash:

	2022	2021
Purchase of Property, Plants, and Equipment	$ 66,203	$ 40,709
Add: Payables on Equipment at the Beginning of the Period	5,219	4,158
Less: Payables on Equipment at the End of the Period	(1,886)	(5,219)
Add: Prepayments for Equipment at the End of the Period	20,486	12,557
Less: Prepayments for Equipment at the Beginning of the Period	(12,557)	(1,199)
Cash Paid in the Period	$ 77,465	$ 51,006

2. In December 2022, the group sold 100% equity of its subsidiary Browave Japan Corporation, resulting in the loss of control over the subsidiary. (Please refer to Note 4 (3) and Note 6 (7) for details.) The consideration received from the transaction and the information regarding the related assets and liabilities of the subsidiary are as follows:

The book value of assets and liabilities of Browave Japan Corporation	December 20, 2022
Cash and cash equivalents	$ 2,857
Prepayments	78
Property, plant and equipment	114,048
Other payables	(71,674)
Exchange differences arising on translation of foreign operations	14,383
Book value of the subsidiary disposed	59,692
Gain on disposal of the subsidiary	7,394
Total consideration received from the disposal of the subsidiary	67,086
Cash and cash equivalents of the disposed subsidiary	(2,857)
Net change in cash and cash equivalents of the disposed subsidiary	$ 64,229

(30) Changes in Liabilities Arising From Financing Activities

	2022					
	Short-term Loans	Long-term Loans	Lease Liabilities	Bonds Payable	Cash Dividends Payable	Total Liabilities Arising from Financing Activities
January 1	$ 39,153	$ 62,121	$ 739	$ 290,159	$ -	$ 392,172
Changes in Cash Flows	(37,043)	(19,137)	(571)	-	(75,287)	(132,038)
Changes in Non-cash Flows	-	21,523	-	5,515	-	27,038
Increase in the Period	-	-	-	-	75,287	75,287
Effect of Changes in Exchange Rates	(2,110)	231	8	-	-	(1,871)
December 31	$ -	$ 64,738	$ 176	$ 295,674	$ -	$ 360,588

2021

	Short-term Loans	Long-term Loans	Lease Liabilities	Deposits Received	Bonds Payable	Cash Dividends Payable	Total Liabilities Arising from Financing Activities
January 1	$ 22,104	$ 51,447	$ 55,624	$ 627	$ 284,747	$ -	$ 414,549
Changes in Cash Flows	(19,503)	(5,705)	(13,957)	115	-	(188,217)	(227,267)
Changes in Non-cash Flows	-	-	20,562	-	5,412	-	25,974
Increase in the Period	-	-		-	-	188,217	188,217
Effect of Changes in Exchange Rates	(2,601)	(6,589)	(108)	(3)	-	-	(9,301)
December 31	$ -	$ 39,153	$ 62,121	$ 739	$290,159	$ -	$ 392,172

7. Related Party Transactions

(1) Name and Relationship of Related Party

Name of Related Party	Relationship With the Group
BKS Tec Corp.	Affiliate (Note).
Wu Jhao Yi	Substantive Related Party
Ontario Capital Co., Ltd.	Other Related Party

Note: The Group sold BKS Tec Corp. in August 2021, and since the date of the sale, it is no longer a related party of this group.

(2) Material Transactions With Related Parties

1. Operating Revenue

	2022	2021
Merchandise Sales:		
Affiliate	$ -	$ 1,327

The transaction prices and collection terms of merchandise sales were not materially different from those of unrelated parties.

2. Various Income

	2022	2021
Affiliate	$ -	$ 39

3. Property Transactions

Disposal of Financial Assets

	Item in the Accounting Book	Number of Shares Traded	Subject Matter of Transaction	Disposal Price	Gain (Loss) on Disposal
				2022	
Substantive Related Party	Disposal of disposal groups as held for sale	8,000	Stock	$ 67,086	$ 7,394
				2021	
Other Related Party	Investments Accounted for Using Equity Method	6,000,000	Stock	$ 7,000	($ 9,937)

(3) Information on Key Management Salary

	2022	2021
Short-term Employee Benefits	$ 60,482	$ 32,589
Post-employment Benefits	768	814
Total	$ 61,250	$ 33,403

8. Pledged Assets

The breakdown of the guarantees given on the Group's assets is as follows:

	Book Value		
Asset	December 31, 2022	December 31, 2021	Guarantee Purposes
Refundable Deposits (listed as “Other Non-current Assets”)	$ 500	$ 500	Post-release Duty Payment Guarantee for Imported Goods to Taipei Customs, Customs Administration, Ministry of Finance
Refundable Deposits (listed as “Other Non-current Assets”)	1,173	1,173	Deposit For Lease of Park Land
Buildings and Structures	89,626	92,672	Guarantee For Bank Loan Facilities
	$ 91,299	$ 94,345	

9. Significant Commitments and Contingencies

None

10. Significant Disaster Losses

None

11. Significant Future Events

Please refer to Note 6、Note (18) 5.

12. Others

(1) Capital Management

The Group's capital management policy is to maintain a sound capital base to sustain the confidence of investors, creditors, and the market, and to support the future development of its operations. Capital consists of stock capital, capital surplus and retained earnings. Capital management objectives are achieved by controlling the return on capital and the level of common stock dividends.

Financial Risk of Financial Instruments

(2) Financial Risk of Financial Instruments

1. Type of Financial Instruments

	December 31, 2022	December 31, 2021
Financial Assets		
Financial Assets at Fair Value Through Profit or Loss		
Financial Assets Mandatorily Measured at Fair Value Through Profit or Loss	$ 91,284	$ 134,268
Financial Assets at Fair Value Through Other Comprehensive Income		
Designated Equity Instrument for Investment	$ 30,253	$ 38,700
Financial Assets at Amortized Cost		
Cash and Cash Equivalents	1,158,753	1,157,682
Financial Assets at Amortized Cost	537,712	53,680
Notes Receivable	-	174
Accounts Receivable	760,229	587,036
Other Receivables	2,129	12,039
Refundable Deposits	7,570	4,752
	$ 2,466,393	$ 1,815,363

	December 31, 2022	December 31, 2021
Financial Liabilities		
Financial Liabilities at Fair Value Through Profit or Loss		
Financial Liabilities Held for Trading	$ -	$ 1,440
Financial Liabilities at Amortized Cost		
Accounts Payable	$ 416,864	$ 459,928
Other Payables	239,719	169,962
Long-term Loans (including portion due within one year or one business cycle)	-	39,153
Bonds Payable (including portion due within one year or one business cycle)	295,674	290,159
Deposits Received	176	739
	$ 952,433	$ 959,941
Lease Liabilities	$ 64,738	$ 62,121

2. Financial Risk Management Policy
   (1) The Group's daily operations are subject to a number of financial risks, including market risk (such as exchange rate risk and interest rate risk), credit risk, and liquidity risk. The Group employs exchange rate monitoring and counterparty credit management to identify all of the Group's risks and to seek to mitigate potential adverse effects on the Group's financial position and financial performance.
   (2) Risk management is performed by the Group's Finance Department in accordance with policies approved by the Board of Directors. The Group's Finance Department is responsible for the identification, assessment, and hedging of financial risks by working closely with the Group's operating units. The Board of Directors has written principles for overall risk management and also provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus liquidity.
3. Nature and Extent of Significant Financial Risks
   (1) Market Risk

Exchange Rate Risk

A. The Group operates on a multinational basis and is therefore exposed to exchange rate risk arising from various currencies, mainly USD and RMB. The related exchange rate risk arises from future business transactions, recognized assets and liabilities, and net investments in foreign operations. In addition, the Consolidated Company has natural hedges based on its capital requirements and net position of foreign currency assets and liabilities in each currency.

B. When short-term imbalances in foreign currency-denominated monetary assets and liabilities occur, the Group ensures that net exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates.

C. The Group engages in operations involving certain non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, and the functional currency of some subsidiaries is RMB) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

	December 31, 2022		
(Foreign Currency: Functional Currency)	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount (NTD)
Financial Assets			
Monetary Item			
USD: NTD	$ 57,988	30.71	$ 1,780,811
USD: CNY	9,121	6.96	280,106
Financial Liabilities			
Monetary Item			
USD: NTD	12,606	30.71	387,130
USD: CNY	1,423	6.96	43,700

	December 31, 2021		
(Foreign Currency: Functional Currency)	Foreign Currency (in thousands)	Exchange Rate	Carrying Amount (NTD)
Financial Assets			
Monetary Item			
USD: NTD	$ 37,527	27.68	$ 1,038,747
USD: CNY	15,763	6.37	436,320
Financial Liabilities			
Monetary Item			
USD: NTD	16,745	27.68	463,502
USD: CNY	2,125	6.37	58,820

D. The aggregate amount of all exchange gains (losses) (both realized and unrealized) recognized for 2022 and 2021 was $123,330 and ($30,094), respectively, due to the significant impact of exchange rate fluctuations on the Group's monetary items.

E. The Group's exposure to foreign currency market risk due to significant exchange rate fluctuations is analyzed as follows:

(A) For 2022 and 2021, if the exchange rate between USD and NTD had increased or decreased by 1%, respectively, with all other factors held constant, net profit after tax would have increased or decreased by $13,937 and $5,752 for 2022 and 2021, respectively.

(B) For 2022 and 2021, if the exchange rate between USD and RMB had increased or decreased by 1%, respectively, with all other factors held constant, net profit after tax would have increased or decreased by $2,364 and $3,775 for 2022 and 2021, respectively.

Price Risk

A. The Group's equity instruments exposed to price risk are financial assets held at fair value through profit or loss and financial assets held at fair value through other comprehensive income. To manage the price risk of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

B. The Group invests mainly in equity instruments issued by domestic and foreign companies. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the prices of these equity instruments had increased or decreased by 1%, with all other factors held constant, net profit after tax for 2022 and 2021 would have increased or decreased by $913 and $1,343, respectively, as a result of the gain or loss on equity instruments measured at fair value through profit or loss. For other comprehensive income, the gain or loss on equity investments classified as at fair value through other comprehensive income would increase or decrease by $303 and $387, respectively.

Cash Flow and Fair Value Interest Rate Risk

The Group's interest rate risk arises from short-term and long-term loans. Loans issued at fixed rates expose the Group to fair value interest rate risk.

(2) Credit Risk

A. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, primarily from the failure of counterparties to settle accounts receivable on collection terms and contractual cash flows of financial assets measured at amortized cost.

B. The Group establishes the management of credit risk from a group perspective. In accordance with the internal credit policy, each operating entity of the Group is required to manage and analyze credit risk for each new customer before setting the terms and conditions of payment and delivery. Internal risk control is performed to assess the credit quality of customers by considering their financial position, past experience, and other factors. Individual risk limits are established by management based on internal or external ratings, and the use of credit limits is regularly monitored.

C. The Group uses IFRS 9 to provide the premise assumption that a default is deemed to have occurred when contractual payments are more than 90 days overdue in accordance with the contractual payment terms.

D. The Group uses IFRS 9 to provide the premise assumption that a financial asset is considered to be subject to a significant increase in credit risk since original recognition when contractual payments are more than 30 days overdue in accordance with the contractual payment terms.

E. The indicators used by the Company to determine that investments in debt instruments are credit-impaired are as follows:
   (A) A significant increase in the likelihood that the issuer is experiencing significant financial difficulties or will enter bankruptcy or other financial restructuring.
   (B) The issuer's financial difficulties cause an active market for the financial asset to disappear.
   (C) The issuer delays or fails to make interest or principal payments.
   (D) An adverse change in national or regional economic conditions relating to the default of the issuer.

F. The Group assembles accounts receivable from customers according to the characteristics of the type of customers and uses a simplified approach to estimate expected credit losses based on an allowance matrix.

G. The Group writes off the amount of financial assets that are not reasonably expected to be recoverable after recourse procedures, but the Group continues to pursue legal recourse procedures to preserve the creditor's rights. As of December 31, 2022 and 2021, the Group's written-off debts with ongoing recourse activities were $0.

H. The Group's allowance for losses on accounts receivable and notes receivable as of December 31, 2022 and 2021, after adjusting the loss rate established based on historical and current information for a specific period for future-looking considerations, is as follows:

	Not Overdue	1-30 Days Overdue	31-90 Days Overdue	91-180 Days Overdue	Total
December 31, 2022					
Expected Loss Rate	0.03%	0.03%	0.04%	0.05%	
Total Book Value	$ 603,597	$ 147,216	$ 5,371	$ 4,045	$ 760,229
Allowance For Losses	$ -	$ -	$ -	$ -	$ -

	Not Overdue	1-30 Days Overdue	31-90 Days Overdue	91-180 Days Overdue	Total
December 31, 2021					
Expected Loss Rate	0.03%	0.03%	0.04%	0.05%	
Total Book Value	$ 478,713	$ 96,672	$ 11,825	$ -	$ 587,210
Allowance For Losses	$ -	$ -	$ -	$ -	$ -

I. The following is a summary of the changes in the Group's allowance for losses on other receivables under the general method:

	2022	2021
	Other Receivables	Other Receivables
January 1 (i.e., December 31)	$ 38,257	$ 38,257

After assessing the credit risk of the counterparties, the Group accrues the full amount of expected credit losses for the amounts that the counterparties are unable to perform their contractual obligations.

(3) Liquidity Risk

A. Cash flow forecasts are performed by each operating entity within the Group and are compiled by the Group Finance Department. The Group Finance Department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient undrawn borrowing facilities at all times so that the Group does not breach the relevant borrowing limits or terms.

B. Surplus cash held by each operating entity will be transferred back to the Group's Finance Department when it exceeds the amount required for operating capital management. The Group Finance Department invests the remaining funds in instruments of the appropriate maturity or sufficient liquidity such as time deposits, money market deposits, and marketable securities to meet the aforementioned forecasts and to provide a sufficient level of flexibility in cash flow management. As of December 31, 2022 and 2021, the Group held time deposits and bonds with repurchase agreements (recorded as “cash and cash equivalents” and “financial assets at amortized cost”) totaling $1,195,347 and $593,450, respectively, which are expected to generate immediate cash flows to address liquidity risk.

C. The Group had undrawn borrowing facilities of $510,000 both as of December 31, 2022 and 2021.

D. The following table presents the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, grouped by their respective maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date; derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

December 31, 2022	Less Than 3 Months	3 Months to 1 Year	1 Year to 2 Years	2 Years to 5 Years	More Than 5 Years
Non-derivative Financial Assets:					
Accounts Payable	$ 416,864	$ -	$ -	$ -	$ -
Other Payables	239,719	-	-	-	-
Lease Liabilities	7,017	19,759	12,979	3,417	27,334
Bonds Payable	-	300,000	-	-	-

December 31, 2021	Less Than 3 Months	3 Months to 1 Year	1 Year to 2 Years	2 Years to 5 Years	More Than 5 Years
Non-derivative Financial Assets:					
Accounts Payable	$ 459,928	$ -	$ -	$ -	$ -
Other Payables	169,962	-	-	-	-
Long-term Loans (including portion due within one year)	1,617	4,815	6,308	18,184	11,262
Lease Liabilities	4,311	12,933	16,117	6,603	28,348
Bonds Payable	-	-	300,000	-	-

(3) Information on Fair Value

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

   Level 1: The quoted prices (unadjusted) in active markets for identical assets or liabilities available to the enterprise at the measurement date. An active market is a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investments in listed stocks are classified as such.

   Level 2: The fair value of directly or indirectly observable input values for assets or liabilities, other than those included in the quoted prices in Level 1, are classified as such.

   Level 3: Unobservable input value of an asset or liability. All the Group’s investments in equity instruments in which have no active market are classified as such.

2. The carrying amounts of the Group's financial instruments that are not measured at fair value are a reasonable approximation of fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, refundable deposits, short-term loans, notes payable, accounts payable, other payables, lease liabilities, long-term loans (including portion due within one year or one business cycle), bonds payable, and deposits received.
3. Financial and non-financial instruments at fair value are classified by the Group based on the nature, characteristics, and risks of the assets and liabilities and the level of fair value, and the related information are as follows:
   (1) The Group classifies assets and liabilities according to their nature, and the related information is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Repeatable Fair Value				
Financial Assets at Fair Value Through Profit or Loss				
Equity Instruments	$ 91,254	$ -	$ -	$ 91,254
Redemption/Sale Rights of Convertible Bonds	$ -	$ -	$ 30	$ 30
Financial Assets at Fair Value Through Other Comprehensive Income				
Equity Instruments	-	-	30,253	30,253
Total	$ 91,254	$ -	$ 30,283	$121,537

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Repeatable Fair Value				
Financial Assets at Fair Value Through Profit or Loss				
Equity Instruments	$134,268	-	-	$134,268
Financial Assets at Fair Value Through Other Comprehensive Income				
Equity Instruments	-	-	38,700	38,700
Total	$134,268	$ -	$ 38,700	$172,968
Liabilities				
Repeatable Fair Value				
Financial Assets at Fair Value Through Profit or Loss				
Redemption/Sale Rights of Convertible Bonds	$ -	$ -	$ 1,440	$ 1,440

(2) The methods and assumptions used by the Group to measure fair value are described below:

A. The Group uses quoted market prices for fair value input values (i.e. Level 1), which are broken down by the characteristics of the instrument as follows:

	Stock of Listed Companies on the TWSE (TPEx)
Market Quotations	Closing Price

B. Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained by valuation techniques or by reference to quoted prices from counterparties. Fair values obtained through valuation techniques may be calculated by reference to the current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of models based on market information available on the consolidated balance sheet date (e.g., TPEx yield curves, Reuters average quoted commercial paper rates).

4. There was no transfer between Level 1 and Level 2 in 2022 and 2021.
5. The following table shows the changes in Level 3 for 2022 and 2021.

	2022	
	Equity Instruments	Redemption/Sale Rights of Convertible Bonds
January 1	$ 38,700	$ 1,440
Gain Recognized in Profit or Loss	-	(1,470)
Loss Recognized in Other Comprehensive Income	(7,988)	-
Capital Reduction by Refunding of Stock Payment	(459)	-
December 31	$ 30,253	($ 30)
Changes in Unrealized Gains or Losses Included in Profit or Loss on Assets and Liabilities Held at the End of the Period (Note)	$ -	($ 1,470)

Note: Listed as Non-operating Income and Expenses

	2021	
	Equity Instruments	Redemption/Sale Rights of Convertible Bonds
January 1	$ 44,701	$ 540
Gain Recognized in Profit or Loss	-	900
Loss Recognized in Other Comprehensive Income	(4,321)	-
Capital Reduction by Refunding of Stock Payment	(1,680)	-
December 31	$ 38,700	$ 1,440
Changes in Unrealized Gains or Losses Included in Profit or Loss on Assets and Liabilities Held at the End of the Period (Note)	$ -	$ 900

Note: Listed as Non-operating Income and Expenses

6. Quantitative information regarding significant unobservable input values from valuation models used for Level 3 fair value measurements and sensitivity analysis of changes in significant unobservable input values are described below:

	Fair Value on December 31, 2022	Valuation Techniques	Significant Unobservable Input Values	Range (Weighted Average)	Input Values and Fair Value Relationship
Non-derivative Equity Instruments:					
Stock of Non-listed Companies	$ 30,253	Net Asset Value Method	Not Applicable	-	Not Applicable
Non-derivative Debt Instruments:					
Convertible Bonds	30	Binary Free Valuation Model	Volatility	48.12%	The higher the stock price volatility, the higher the fair value.

	Fair Value on December 31, 2021	Valuation Techniques	Significant Unobservable Input Values	Range (Weighted Average)	Input Values and Fair Value Relationship
Non-derivative Equity Instruments:					
Stock of Non-listed Companies	$ 38,700	Net Asset Value Method	Not Applicable	-	Not Applicable
Non-derivative Debt Instruments:					
Convertible Bonds	1,440	Binary Free Valuation Model	Volatility	36.46%	The higher the stock price volatility, the higher the fair value.

7. The Group has carefully evaluated the valuation models and valuation parameters selected by the Group, but when different valuation models or valuation parameters are used, the results of the valuation may differ. For financial assets and financial liabilities classified as Level 3, the effect on profit or loss or other comprehensive income if the valuation parameters are changed is as follows:

			December 31, 2022			
			Recognize in Profit or Loss		Recognize in Other Comprehensive Income	
	Input Values	Changes	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial Assets						
Convertible Bonds Redemption/ Sale Rights	Volatility	±1%	$ -	$ -	$ -	$ -

			December 31, 2021			
			Recognize in Profit or Loss		Recognize in Other Comprehensive Income	
	Input Values	Changes	Favorable Changes	Unfavorable Changes	Favorable Changes	Unfavorable Changes
Financial Assets						
Convertible Bonds Redemption/Sale Rights	Volatility	±1%	$ 60	($ 60)	$ -	$ -

(4) The Impact of the COVID-19 Pandemic on the Group's Operations in 2022

In 2022, due to the impact of the COVID-19 pandemic, the Group adjusted the work schedule of employees and strengthened disinfection and access control measures during the Level 3 epidemic alert. As of December 31, 2022, the Group assessed that the COVID-19 pandemic had no significant impact on the Group's overall operating activities, asset impairment, and fund-raising risks.

13. Additional Disclosures

(1) Information on Material Transactions

1. Loaning of Funds to Others: Please refer to Note 1.
2. Guarantees and Endorsements for Others: None.
3. Marketable Securities Held at the End of the Period (excluding investments in subsidiaries, affiliates, and joint ventures): Please refer to Exhibit 2.
4. Accumulated Purchases or Sales of the Same Marketable Securities Amounting to at Least NT$300 Million or 20% of the Paid-in Capital: None.
5. Acquisition of Real Estate Amounting to at Least NT$300 Million or 20% of the Paid-in Capital: None.

6. Disposal of Real Estate Amounting to at Least NT$300 Million or 20% of the Paid-in Capital: None.
7. Purchase From or Sale to Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital: Please refer to Exhibit 3.
8. Receivables From Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital: Please refer to Exhibit 4.
9. Derivative Financial Instrument Transactions: Please refer to Notes 6(2), 6(11) and 6(12) for details.
10. Business Relationships and Significant Intercompany Transactions Between the Parent Company and its Subsidiaries and Between Subsidiaries: Please refer to Exhibit 5.

(2) Information on Investees

Names and Locations of Investees (excluding those in Mainland China): Please refer to Exhibit 6.

(3) Information on Investments in Mainland China

1. Please refer to Exhibit 7 for more information on investees in Mainland China.
2. Material Transactions Between the Company and its Investees in Mainland China: (expressed as the un-eliminated amount of purchase and sale transactions with the investees in Mainland China)

(1) Purchases:

	2022	
Investee in Mainland China	Amount	As a Percentage of the Company's Net Purchases
Browave (ZhongShan) Corporation	$ 2,477,518	81%

The Company directly purchases goods from Browave (ZhongShan) Corporation. The purchase price is based on the cost of materials plus the related processing cost, and the payment terms are 30 days after the monthly cut-off day.

(2) Sales:

	2022	
Investee in Mainland China	Amount	As a Percentage of the Company's Net Sales
Browave (ZhongShan) Corporation	$ 647,642	20%

The selling price of the Company's sales to Browave (ZhongShan) Corporation is based on cost and the collection terms are 60 days after the monthly cut-off day.

(3) Accounts Receivable:

Investee in Mainland China	December 31, 2022 Amount	As a Percentage of the Company's Accounts Receivable
Browave (ZhongShan) Corporation	$ 43,055	5%

(4) Other Receivables

Investee in Mainland China	December 31, 2022 Amount	As a Percentage of the Company's Accounts Receivable
Browave (ZhongShan) Corporation	$ 63	3%

(5) Accounts Payable:

Investee in Mainland China	December 31, 2022 Amount	As a Percentage of the Company's Accounts Payable
Browave (ZhongShan) Corporation.	$ 266,428	70%

(6) Advance Receipts:

Investee in Mainland China	2022 Amount	As a Percentage of Advance Receipts of the Company
Browave (ZhongShan) Corporation	$ 35,077	100%

(7) Other Income:

Investee in Mainland China	2022 Amount	As a Percentage of the Company's Other Income
Browave (ZhongShan) Corporation	$ 1,425	32%

(8) Property Transactions:

As of December 31, 2022, the unrealized gain on disposal of fixed assets among affiliates was $621.

(9) Endorsement and Guarantee With Notes and Provision of Collateral: None.

(10) Financial Accommodations: None.

(11) Other Transactions That Have a Significant Impact on Profit or Loss for the Period or Financial Position: None.

(4) Information on Major Shareholders

Information on the Names, Amounts, and Percentage of Shareholders Holding More Than 5% of the Issuer's Equity: None.

14. Information on Operating Segments

(1) General Information

The Group operates in a single industry and the Group evaluates performance and allocates resources on a Group-wide basis and has been identified as a single reportable segment.

(2) Information on Segments

The Group's operating decision makers assess the performance of the operating segments based on the financial statements.

(3) Information on Segment Profit or Loss, Assets, and Liabilities

External revenue reported to the chief operating decision maker is measured in a manner consistent with revenue in the income statement.

Information on reportable segments provided to the chief operating decision maker for 2022 and 2021 was as follows:

	December 31, 2022	December 31, 2021
External Revenue	$ 3,210,572	$ 2,296,452
Intersegment Revenue	$ -	$ -
Segment Profit or Loss	$ 586,641	$ 103,673
Segment Assets	$ 3,368,252	$ 2,881,199
Segment Liabilities	$ 1,157,937	$ 1,066,956

(4) Information on Reconciliation of Segment Profit or Loss, Assets, and Liabilities

1. The reportable segment profit or loss reviewed by the chief operating decision maker is the same as the profit or loss from continuing operations and is not subject to reconciliation.
2. The total assets and liabilities provided to the chief operating decision maker are measured in a manner consistent with the assets and liabilities in the financial statements of the Company.

(5) Information on Products and Services

Revenue from external customers is mainly from optical fiber communication component modules.

The breakdown of revenue is as follows:

	2022	2021
Optical Fiber Communication Component Modules	$ 3,210,572	$ 2,296,452

(6) Information on Regions

Information on regions for the Group for 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Non-current Assets	Revenue	Non-current Assets
United States	$ 1,819,255	$ -	$ 1,173,100	$ -
Thailand	510,404	-	517,739	-
Japan	95,435	-	152,955	118,403
Mainland China	137,502	251,229	87,149	255,931
Taiwan	7,078	153,984	7,787	183,854
Others	640,898	33,739	357,722	-
Total	$ 3,210,572	$ 438,952	$ 2,296,452	$ 558,188

(7) Information on Important Customers

Information on important customers of the Group for 2022 and 2021 is as follows:

2022			2021		
	Revenue	Segment		Revenue	Segment
ETY23	$ 1,227,046	The Whole Company	ETY23	$ 746,319	The Whole Company
AFA1	508,393	The Whole Company	AFA1	517,445	The Whole Company
			ETY24	50,195	The Whole Company

Browave Corporation and Subsidiaries
Loaning of Funds to Others
January 1 to December 31, 2022

Exhibit 1

Unit: In thousands of NTD
(Except as otherwise indicated)

Number	Company That Loans Funds to Others	Loan Recipient	Business Dealings	Related Party or Not	Maximum Amount For the Period	Balance at the End of the Period	Actual Amount Drawn	Interest Rate Range	Nature of Funds Loaning (Note 1)	Amount of Business Dealings	Reasons For the Necessity of Short-term Financial Accommodation	Provision of Allowance For Doubtful Accounts	Collateral Name	Collateral Value	Limit of Funds Loaning For an Individual Party (Note 2)	Limit of Funds Loaning For Total Amount (Note 2)	Remark
0	Browave Corporation	Browave Japan Corporation	Other Receivables	Yes	$76,636	$ -	$ -	2.366%	2	$ -	For Short-term Operating Capital Turnover	$ -	None	$ -	$ 221,031	$ 442,063	

Note 1: Fill in the nature of the funds loaning as follows:

(1). For those with which the Company has business dealings, enter 1.

(2). For those who have the necessity of short-term financial accommodation, enter 2.

Note 2: Limits of funds loaning for total amount and for an individual party:

(1). If short-term financial accommodation is necessary, the total funds loaning shall not exceed 20% of the Company's net worth, and the amount of individual funds loaning shall not exceed 10% of the Company's net worth.

(2). If the Company engages in the loaning of funds for business dealings, the total funds loaning shall not exceed 10% of the Company's net worth, and the amount of individual funds loaning shall not exceed the amount of business dealings between the two parties.

The amount of business dealings refers to the higher of the amount of purchases or sales made between the Company and the other party in a year or in the current year up to the time the funds are loaned to the other party.

(3). The loaning of funds between the foreign companies of which the Company directly and indirectly holds 100% of the voting shares shall not exceed 20% of the Company's net worth.

Browave Corporation and Subsidiaries
Marketable Securities Held at the End of the Period (excluding investments in subsidiaries, affiliates, and joint ventures)
December 31, 2022

Exhibit 2

Unit: In thousands of NTD
(Except as otherwise indicated)

Companies Held	Type and Name of Marketable Securities	Relationship With Issuer of Marketable Securities	General Ledger Account in the Book	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Percentage	Information on Fair Value	
Browave Corporation	Stock: FOCI Fiber Optic Communications, Inc.	None	Financial Assets at Fair Value Through Profit or Loss	4,020,000	$ 91,254	4.55	$ 91,254	
Browave Corporation	Fund: JAFCO ASIA TECHNOLOGY FUND VIL.P.	None	Financial Assets at Fair Value Through Other Comprehensive Income	-	6,416	0.67	6,416	
Browave Corporation	Stock: Darjun Venture Corporation	None	Financial Assets at Fair Value Through Other Comprehensive Income	2,273,600	23,837	4.80	23,837	

Browave Corporation and Subsidiaries
Purchase From or Sale to Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital
January 1 to December 31, 2022

Exhibit 3

Unit: In thousands of NTD
(Except as otherwise indicated)

			Circumstances of the Transaction				Circumstances and Reasons Why the Trading Terms are Different From Those of Ordinary Transactions		Notes and Accounts Receivable (Payable)		
Purchase (Sale) Company	Name of Counterparty	Relationship	Purchase (Sale) Amount	Amount	As a Percentage of Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Balance	As a Percentage of Total Notes and Accounts Receivable (Payable)	Remarks
Browave Corporation	Browave (ZhongShan) Corporation	Subsidiaries 100% Indirectly Owned by the Company	Purchases:	$ 1,799,876	59.49%	30 Days After the Monthly Cut-off Day	Note 1	Note 1	($ 314,568)	(73%)	Accounts Payable - Related Parties

Note 1: The Group appoints Browave (ZhongShan) Corporation to assemble and process the optical fiber passive components. The trading terms of outsourced processing by related parties are not comparable because no general customers are engaged in the same transactions. The payment terms are 30 days after the monthly cut-off day upon reconciliation, and the payment terms for general vendors are 30 to 90 days after the monthly cut-off day.

Browave Corporation and Subsidiaries
Receivables From Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital
December 31, 2022

Exhibit 4

Unit: In thousands of NTD
(Except as otherwise indicated)

Companies That Listed the Transactions as Accounts Receivable	Name of Counterparty	Relationship	Balance of Receivables From Related Parties	Turnover Rate	Overdue Receivables From Related Parties		Receivables From Related Parties Collected in the Subsequent Period	Provision of Allowance For Doubtful Accounts
					Amount	Handling Method		
Browave (ZhongShan) Corporation	Browave Corporation	Subsidiaries 100% Indirectly Owned by the Company	$ 314,568	5.45	$ -	-	$ 114,776	$ -

Browave Corporation and Subsidiaries
Business Relationships and Significant Intercompany Transactions Between the Parent Company and its Subsidiaries and Between Subsidiaries
January 1 to December 31, 2022

Exhibit 5

Unit: In thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Name of Trader	Trading Counterparty	Relationship With the Trader (Note 2)	Circumstances of the Transaction and Dealing			As a Percentage of Consolidated Total Revenue or Total Assets (Note 3)
				General Ledger Account	Amount	Trading Terms	
0	Browave Corporation	Browave (ZhongShan) Corporation	1	Purchases:	$ 1,799,876	Subject to General Trading Terms	56.06%
0	Browave Corporation	Browave (ZhongShan) Corporation	1	Accounts Payable	314,568	Subject to General Trading Terms	9.34%
0	Browave Corporation	Browave (ZhongShan) Corporation	1	Advance Receipts	35,077	Subject to General Trading Terms	1.04%

Note 1: Information on business dealings between the parent company and subsidiaries should be indicated in the number column respectively, and the number should be filled in as follows:

(1). Fill in 0 for parent company.
(2). Subsidiaries are numbered sequentially from Arabic numeral 1 by company.

Note 2: The relationship with the traders is classified into three types as follows (the same transaction between the parent and a subsidiary or between subsidiaries is not required to be disclosed repeatedly. For example, if the parent company discloses a transaction with a subsidiary, the subsidiary is not required to disclose the transaction repeatedly; if a subsidiary discloses a transaction with a subsidiary, the other subsidiary is not required to disclose the transaction repeatedly.).

(1). Parent Company to Subsidiary
(2). Subsidiary to Parent Company
(3). Subsidiary to Subsidiary.

Note 3: The percentage of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the amount to consolidated total revenue in the case of profit or loss.

Browave Corporation and Subsidiaries

Names and Locations of Investees (Excluding Those in Mainland China)
January 1 to December 31, 2022

Exhibit 6

Unit: In thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main Businesses	Original Investment Amount		Holding at the End of the Period			Profit or Loss of the Investee For the Period	Investment Income or Loss Recognized in the Period	Remarks
				End of the Period	End of Last Year	Number of Shares	Percentage	Carrying Amount			
Browave Corporation	Browave Holding Inc,	British Virgin Islands	Investment	$ 677,760	$ 677,760	20,360,000	100	$ 930,431	$ 18,005	$ 18,005	
Browave Corporation	Browave Japan Corporation	Japan	Research, development, production, and sale of electronic machine parts and optical communication machines; management and utilization of real estate trading, resale, leasing, brokerage, and negotiation.	-	115,680	-	0	-	(6,204)	(6,204)	
Browave Corporation	Browave (Philippines) Corporation.	Philippines	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	54,509	-	100,000,000	100	$ 51,134	(3,591)	(3,591)	

Browave Corporation and Subsidiaries

Information on Investments in Mainland China - Basic Information

January 1 to December 31, 2022

Exhibit 8

Unit: In thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main Businesses	Paid-in Capital	Investment Method (Note 1)	Accumulated Investment Amount Remitted From Taiwan at the Beginning of the Period	Remitted or Recovered Investment Amount in the Period: Outward Remittance	Remitted or Recovered Investment Amount in the Period: Recovery	Accumulated Investment Amount Remitted From Taiwan at the End of the Period	Profit or Loss of the Investee For the Period	Shareholding Percentage of the Company's Direct or Indirect Investment	Investment Income or Loss Recognized in the Period (Note 2)	Carrying Amount of Investments at the End of the Period	Investment Income Remitted as of the End of the Period	Remarks
Browave (ZhongShan) Corporation.	Production of optoelectronic devices, optical fiber couplers, micro-optical products, and optical fiber passive components.	$ 795,439	2	$ 795,439	$ -	$ -	$ 795,439	$ 40,772	100	$ 40,772	$ 715,960	$ -	

Company Name	Accumulated Investment Amount From Taiwan to Mainland China at the End of the Period	Investment Commission, Ministry of Economic Affairs Approved Investment Amount	Limit of Investments in Mainland China Imposed by the Investment Commission, Ministry of Economic Affairs (Note 3)
Browave Corporation	$ 795,439	$ 795,439	$ 1,326,189

Note 1: The investment methods can be divided into the following three types, and just indicate as such:

(1). Invest in Mainland China directly.

(2). Invest in Mainland China through a company in third regions (Browave Holding INC.).

(3). Other method.

Note 2: The financial statements audited and attested by the attesting CPAs of the parent company in Taiwan.

Note 3: The limit of investment in accordance with the provisions of the letter (2001) Tai-Cai-Zheng (I) No. 006130 by the Investment Commission.