Stock Code:6104

GENESYS LOGIC, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: 13F., No. 205, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City
Telephone: (02)8913-1888

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Representation Letter

The entities that are required to be included in the combined financial statements of GENESYS LOGIC, INC. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, " Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, GENESYS LOGIC, INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: GENESYS LOGIC, INC.
Chairman: GUO ZHAO WANG
Date: March 8, 2024

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Genesys Logic, Inc.:

Opinion

We have audited the consolidated financial statements of Genesys Logic, Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Evaluation of inventory

   Please refer to note 4(h) “Inventory” for the accounting policy, note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” and note 6(e) “Evaluation of inventory” of the consolidated financial statements for further information.

   Description of key audit matter:

   The Group is primarily involved in the research and development, manufacture and sales of integrated circuit, mainly used in connection devices of various electronic products.As different series or models of electronic products are rapidly being replaced by more sophisticated ones, the inventory of the outdated ones may be affected by causing it to be slow-moving, resulting in the cost of inventory to be higher than the net realized value, whose evaluation of inventory is based on the subjective judgement of the management. Hence, the evaluation of inventory is our key matter.

   How the matter was addressed in our audit:

   Our principal audit procedures included: understanding the Group’ s inventory allowance policy and assessing whether the inventory valuation is consistent with the policy; testing selected inventory samples to check the accuracy of the slow-moving ones; analyzing and comparing the aging of the inventory by periods; reviewing the consistency of the previous net realizable value of the inventory to assess if the method and assumptions are appropriate; reviewing the subsequent sales of the inventories to access whether the evaluation is reasonable.

Other Matter

Genesys Logic, Inc. has additionally prepared its parent-company-only financial statement as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability 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 disclosures are inadequate, 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 Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. 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 charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them. All relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Huang, Yung-Hua and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,109,754	35	692,319	20
1170	Accounts receivable, net (notes 6(d) and (r))	201,652	6	217,400	7
130X	Inventories (note 6(e))	627,367	20	1,359,749	40
1470	Other current assets (note 6(i))	78,447	3	74,220	2
1476	Other current financial assets	2,131	-	1,174	-
		2,019,351	64	2,344,862	69
	Non-current assets:				
1510	Financial assets at fair value through profit or loss－non-current (notes 6(b) and (k))	650	-	1,450	-
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(c))	9,572	-	2,127	-
1600	Property, plant and equipment (notes 6(f) and 8)	932,205	30	935,735	27
1780	Intangible assets (notes 6(h) and 7)	74,295	2	79,553	2
1840	Deferred tax assets (note 6(n))	59,773	2	39,880	1
1900	Other non-current assets (notes 6(g), (i) and 8)	52,437	2	18,988	1
		1,128,932	36	1,077,733	31
	Total assets	**$ 3,148,283**	**100**	**3,422,595**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(j) and 8)	$ 401,000	13	498,500	15
2170	Notes and accounts payable	166,530	5	135,090	4
2201	Wages and salaries payable	152,336	5	228,955	7
2305	Other current financial liabilities	58,159	2	87,773	3
2399	Other current liabilities (notes 6(l) and (r))	65,451	2	55,817	2
		843,476	27	1,006,135	31
	Non-Current liabilities:				
2500	Financial liabilities at fair value through profit or loss－non-current (notes 6(b) and (k))	2,650	-	6,500	-
2530	Total bonds payable (note 6(k))	467,017	15	458,269	13
2670	Other non-current liabilities (notes (l) and (m))	13,571	-	12,122	-
		483,238	15	476,891	13
	Total liabilities	1,326,714	42	1,483,026	44
	Equity attributable to owners of parent (notes 6(o) and (p)):				
3110	Ordinary share	902,792	29	902,792	26
3200	Capital surplus	315,758	10	269,242	8
	Retained earnings:				
3310	Legal reserve	252,267	8	210,356	6
3320	Special reserve	50,214	2	49,572	1
3350	Unappropriated retained earnings	385,351	12	553,999	16
		687,832	22	813,927	23
3400	Other equity	(89,185)	(3)	(50,213)	(1)
36XX	Non-controlling interests	4,372	-	3,821	-
	Total equity	1,821,569	58	1,939,569	56
	Total liabilities and equity	**$ 3,148,283**	**100**	**3,422,595**	**100**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars , except for earnings per share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenues** (notes 6(r) and 7)	$ 2,515,564	100	3,243,770	100
5000	**Operating costs** (notes 6(e) and 12)	1,452,470	58	1,731,482	53
	Gross profit from operations	1,063,094	42	1,512,288	47
	Operating expenses (notes 6(d), (l), (m), (p), (s) and 12)				
6100	Selling expenses	75,508	3	79,118	3
6200	Administrative expenses	162,382	6	209,939	6
6300	Research and development expenses	715,074	28	784,618	24
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	(192)	-	(850)	-
		952,772	37	1,072,825	33
	Net operating income	110,322	5	439,463	14
	Non-operating income and expenses:				
7100	Interest income (note 6(t))	16,243	1	3,433	-
7010	Other income (note 6(t))	6,087	-	2,022	-
7020	Other gains and losses (notes 6(b) and (u))	(2,533)	-	49,618	1
7050	Finance costs (notes 6(k) and (l))	(18,558)	(1)	(10,136)	-
		1,239	-	44,937	1
7900	**Profit before income tax**	111,561	5	484,400	15
7950	Less: income tax expenses (note 6(n))	15,437	1	69,627	2
	Net Income	96,124	4	414,773	13
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains on remeasurements of defined benefit plans (note 6(m))	2,980	-	3,905	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(v))	7,445	-	(2,264)	-
	Items that may not be reclassified subsequently to profit or loss	10,425	-	1,641	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign statement	143	-	1,622	-
	Items that may be reclassified subsequently to profit or loss	143	-	1,622	-
8300	**Other comprehensive income (after tax)**	10,568	-	3,263	-
	Comprehensive income	**$ 106,692**	**4**	**418,036**	**13**
	Profit attributable to:				
8610	Shareholders of the parent	$ 96,636	4	415,210	13
8620	Non-controlling interests	(512)	-	(437)	-
		$ 96,124	**4**	**414,773**	**13**
	Comprehensive income attributable to:				
8710	Shareholders of the parent	$ 107,204	4	418,473	13
8720	Non-controlling interests	(512)	-	(437)	-
		$ 106,692	**4**	**418,036**	**13**
9750	**Basic earnings per share (NT dollars)** (note 6(q))	**$ 1.07**		**4.60**	
9850	**Diluted earnings per share (NT dollars)** (note 6(q))	**$ 1.07**		**4.52**	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	Attributable to owners of parent												
			Retained earnings				Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Unearned employees benefit	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 902,792	229,213	152,616	47,631	600,821	801,068	(6,407)	(43,164)	-	(49,571)	1,883,502	3,946	1,887,448
Profit for the year ended December 31, 2022	-	-	-	-	415,210	415,210	-	-	-	-	415,210	(437)	414,773
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	3,905	3,905	1,622	(2,264)	-	(642)	3,263	-	3,263
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	419,115	419,115	1,622	(2,264)	-	(642)	418,473	(437)	418,036
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	57,740	-	(57,740)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,941	(1,941)	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(406,256)	(406,256)	-	-	-	-	(406,256)	-	(406,256)
Insurance of convertible bonds	-	40,029	-	-	-	-	-	-	-	-	40,029	-	40,029
Share-based payment by subsidiary	-	-	-	-	-	-	-	-	-	-	-	312	312
Balance at December 31, 2022	902,792	269,242	210,356	49,572	553,999	813,927	(4,785)	(45,428)	-	(50,213)	1,935,748	3,821	1,939,569
Profit for the year ended December 31, 2023	-	-	-	-	96,636	96,636	-	-	-	-	96,636	(512)	96,124
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	2,980	2,980	143	7,445	-	7,588	10,568	-	10,568
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	99,616	99,616	143	7,445	-	7,588	107,204	(512)	106,692
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	41,911	-	(41,911)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	642	(642)	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(225,698)	(225,698)	-	-	-	-	(225,698)	-	(225,698)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(44)	-	-	(13)	(13)	-	-	-	-	(57)	-	(57)
Share-based payments	-	46,560	-	-	-	-	-	-	(46,560)	(46,560)	-	2,089	2,089
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,026)	(1,026)
Balance at December 31, 2023	$ 902,792	315,758	252,267	50,214	385,351	687,832	(4,642)	(37,983)	(46,560)	(89,185)	1,817,197	4,372	1,821,569

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before income tax	$ 111,561	484,400
Adjustments:		
Adjustments to reconcile (profit) loss:		
Depreciation and amotization expense	111,290	111,664
Expected credit gain	(192)	(850)
Losses on inventory valuation and obsolescence	149,765	258,363
Interest expense	18,558	10,136
Interest revenue	(16,243)	(3,433)
Share-based payment	2,089	312
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(3,050)	3,050
Gain on disposal of property, plant and equipment	-	(3)
Total adjustments to reconcile (profit) loss	262,217	379,239
Changes in operating assets and liabilities:		
Accounts receivable	15,940	120,642
Inventories	582,617	(657,470)
Other financial assets and current assets	(2,953)	(8,381)
Notes and accounts payable	31,440	(315,777)
Other financial liabilities and current liabilities	(101,209)	35,991
Defined benefit liability	985	1,045
Other non-current liabilities	(432)	(359)
Total changes in operating assets and liabilities	526,388	(824,309)
Total adjustments	788,605	(445,070)
Cash inflow generated from operations	900,166	39,330
Interest received	15,266	3,375
Interest paid	(18,540)	(10,170)
Income taxes paid	(28,765)	(123,175)
Net cash flows from (used in) operating activities	868,127	(90,640)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(70,780)	(53,377)
Proceeds from disposal of property, plant and equipment	-	3
Decrease in other financial assets	-	276,113
Increase in intangible assets and other non-current assets	(51,745)	(19,338)
Net cash flows (used in) from investing activities	(122,525)	203,401
Cash flows from financing activities:		
Decrease in short-term borrowings	(97,500)	(351,500)
Payment of lease liabilities	(4,080)	(3,460)
Proceeds from issuance of convertible bonds	-	497,293
Cash dividends paid	(225,698)	(406,256)
Acquisition of ownership interests in subsidiaries	(252)	-
Change in non-controlling interests	(833)	-
Net cash flows used in financing activities	(328,363)	(263,923)
Effect of exchange rate changes on cash and cash equivalents	196	1,636
Net increase (decrease) in cash and cash equivalents	417,435	(149,526)
Cash and cash equivalents at beginning of period	692,319	841,845
Cash and cash equivalents at end of period	$ 1,109,754	692,319

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GENESYS LOGIC, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

GENESYS LOGIC, INC.(the "Company") was incorporated on April 2, 1997, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO in July 1999, and was listed on Taiwan Exchange (TPEx) in May 2001. Its registered address is at 13F.,No.205,Sec.3,Beixin Rd.,Xindian Dist., New Taipei City. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group mainly specializes in designing, manufacturing, testing and sales of integrated circuit, semiconductor, digital communication products, computer equipment and relevant products, as well as computer program designing. It also act as an import and export agent for the products mentioned above.

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 8, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"

(Continued)

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized as follows. Expect for those specifically indicated, the following accounting policies were applied consistently to the periods presented in the financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

GENESYS LOGIC, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra group balances and transactions, and any unrealized income and expenses arising from Intra group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Note**
The Company	Genesys Logic America, Inc. (GLA)	Marketing in America and cooperating the research and development of products with the Company	100.00 %	100.00 %	2
"	Eclat Holding Ltd. (Eclat)	Investing holding	100.00 %	100.00 %	"
"	TERASPAN TECHNOLOGIES, CORP. (TERASPAN)	Research and development of products	- %	88.32 %	1 and 2
"	BROADWAY SYSTEM, INC. (BROADWAY)	Research and development of products	96.71 %	96.43 %	2
Broadway	Broadway System America Inc.(BSA)	Marketing in America and cooperating the research and development of products with BROADWAY	100.00 %		2 and 3

(Continued)

GENESYS LOGIC, INC. AND SUBSIDIARIES
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Note 1: TERASPAN completed its liquidation in March 2023.

Note 2: The Company acquired the ownership interest of one of the immaterial subsidiaries above, BROADWAY, resulting in an increase in its shareholding in that subsidiary in July 2023.

Note 3: Broadway System America Inc.(BSA) was established in the United States by BROADWAY as a subsidiary in May 2023.

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date when the fair value was determined. Non-monetary items denominated in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

An entity shall classify a liability as current when:

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

GENESYS LOGIC, INC. AND SUBSIDIARIES
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1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Accounts receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'accounts receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

(Continued)

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for the following which are measured as 12-month ECL:

· Debt securities that are determined to have low credit risk at the reporting date; and

· Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are measured at an amount equal to lifetime ECL.

Lifetime of ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more that 180 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

(Continued)

- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(Continued)

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings and structures: 50 years

2) Buildings improvement: 5~12 years

3) Computer, machinery and equipment: 3~8 years

4) Office and other equipment: 1.5~8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1)－ fixed payments, including in-substance fixed payments;

2)－ variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3)－ amounts expected to be payable under a residual value guarantee; and

4)－ payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1)－ there is a change in future lease payments arising from the change in an index or rate; or

2)－ there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3)－ there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4)－ there is a change of its assessment on whether it will exercise a extension or termination option; or

5)－ there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of parking space and safe deposit box. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Patents	5~10 years
2)	Trademarks and copyrights	10 years
3)	Computer software	3~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

GENESYS LOGIC, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group mainly specializes in designing, manufacturing, testing and sales of integrated circuit, semiconductor, digital communication products, computer equipment and relevant products, as well as computer program designing. It also serves as an import and export agent for the products mentioned above. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, wherein the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts when the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the price and number of a new share is confirmed and reach a consensus with the employees.

GENESYS LOGIC, INC. AND SUBSIDIARIES
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(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits increases.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparation of the consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgment made in applying the accounting policies that have significant effects on amounts recognized in consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for more information.

(Continued)

The Group's accounting policies include measuring financial and non financial assets and liabilities at fair value through profit or loss. The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back－testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(v) for assumptions used in measuring fair value.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand, checking amounts and demand deposits	$ 744,057	467,651
Time deposits	365,697	224,668
Cash and cash equivalents in consolidated statement of cash flows	**$ 1,109,754**	**692,319**

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

(b) Financial assets and liabilities at fair value through profit and loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Embedded derivative instrument-redemption rights	**$ 650**	**1,450**
Financial liabilities designated measured at fair value through profit or loss:		
Embedded derivative instrument-put rights	**$ 2,650**	**6,500**

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(i) As of December 31, 2023 and 2022, the gain (loss) measured at fair value, classified as other gains and losses, amounted to $3,050 thousand and $(3,050) thousand, respectively.

(ii) Please refer to note 6(k) for the embedded derivative component about the Group's issuance of convertible bonds.

(c) Financial assets at fair value through other comprehensive income - non current

	December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive income:		
Unlisted ordinary shares on domestic markets－Dano Tech CO., Ltd.	**$ 9,572**	**2,127**

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long-term strategic purposes, not held for trading.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2023 and 2022.

(ii) For credit risk and market risk, please refer to note 6(v).

(iii) The financial assets mentioned above had not been pledged as collateral.

(d) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 203,683	219,623
Less: Loss allowance	(2,031)	(2,223)
	$ 201,652	**217,400**

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

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	December 31, 2023			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	**203,683**	1%	**2,031**

	December 31, 2022			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	219,596	1%	2,223
91 to 180 days past due		27	1%	-
	$	**219,623**		**2,223**

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

	For the years ended December 31,		
		2023	2022
Balance at January 1	$	2,223	3,073
Impairment losses reversed		(192)	(850)
Balance at December 31	$	**2,031**	**2,223**

The aforementioned financial assets of the Group had not been pledged as collateral.

(e) Inventories

		December 31, 2023	December 31, 2022
Raw materials	$	11,485	169,396
Work in progress		394,790	764,260
Finished goods and products		221,092	426,093
	$	**627,367**	**1,359,749**

For the years ended December 31, 2023 and 2022, the Group recognized the write-downs and reversal of inventory of $149,765 thousand and $258,363 thousand, respectively, as the deduction of cost of goods sold.

As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

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(f) Property, plant and equipment

The movement of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and construction	Computer and equipment	Office and Other facilities	Total
Cost or deemed cost:					
Balance on January 1, 2023	$ 573,313	411,523	313,641	432,495	1,730,972
Additions	-	389	26,508	43,898	70,795
Disposal	-	-	(1,264)	(82,791)	(84,055)
Effect of changes in foreign exchange rates	-	-	1	-	1
Balance on December 31, 2023	**$ 573,313**	**411,912**	**338,886**	**393,602**	**1,717,713**
Balance on January 1, 2022	$ 573,313	410,196	288,181	411,780	1,683,470
Additions	-	1,327	32,168	20,671	54,166
Disposal	-	-	(6,885)	(108)	(6,993)
Effect of changes in foreign exchange rates	-	-	177	152	329
Balance on December 31, 2022	**$ 573,313**	**411,523**	**313,641**	**432,495**	**1,730,972**
Depreciation and impairments losses:					
Balance on January 1, 2023	$ -	185,757	200,095	409,385	795,237
Depreciation for the year	-	8,669	30,020	35,636	74,325
Disposal	-	-	(1,264)	(82,791)	(84,055)
Effect of changes in foreign exchange rates	-	-	1	-	1
Balance on December 31, 2023	**$ -**	**194,426**	**228,852**	**362,230**	**785,508**
Balance on January 1, 2022	$ -	177,161	180,919	369,078	727,158
Depreciation for the year	-	8,596	25,889	40,264	74,749
Disposal	-	-	(6,885)	(108)	(6,993)
Effect of changes in foreign exchange rates	-	-	172	151	323
Balance on December 31, 2022	**$ -**	**185,757**	**200,095**	**409,385**	**795,237**
Carrying amounts:					
Balance on December 31, 2023	**$ 573,313**	**217,486**	**110,034**	**31,372**	**932,205**
Balance on December 31, 2022	**$ 573,313**	**225,766**	**113,546**	**23,110**	**935,735**
Balance on January 1, 2022	**$ 573,313**	**233,035**	**107,262**	**42,702**	**956,312**

As of December 31, 2023 and 2022, the property, plant and equipment were pledged as collateral for bank loans. Please refer to note 8.

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(g) Right-of-use assets

		Buildings and construction
Cost:		
Balance at January 1, 2023	$	11,111
Additions		13,627
Disposal		(11,519)
Effect of changes in foreign exchange rates		(145)
Balance at December 31, 2023	**$**	**13,074**
Balance at January 1, 2022	$	10,102
Additions		1,108
Disposal		(1,377)
Effect of changes in foreign exchange rates		1,278
Balance at December 31, 2022	**$**	**11,111**
Accumulated depreciation and impairment losses:		
Balance at January 1, 2023	$	8,799
Depreciation for the year		3,994
Disposal		(11,415)
Effect of changes in foreign exchange rates		(48)
Balance at December 31, 2023	**$**	**1,330**
Balance at January 1, 2022	$	5,858
Depreciation for the year		3,388
Disposal		(1,377)
Effect of changes in foreign exchange rates		930
Balance at December 31, 2022	**$**	**8,799**
Carrying amount:		
Balance at December 31, 2023	**$**	**11,744**
Balance at December 31, 2022	**$**	**2,312**
Balance at January 1, 2022	**$**	**4,244**

(Continued)

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(h) Intangible assets

The movement of the intangible assets of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Patents, Copyrights and Trademarks	Computer software	Total
Cost:			
Balance at January 1, 2023	$ 101,007	235,634	336,641
Additions	1,903	25,810	27,713
Disposal	-	(264)	(264)
Balance at December 31, 2023	**$ 102,910**	**261,180**	**364,090**
Balance at January 1, 2022	$ 98,623	226,395	325,018
Additions	2,384	9,469	11,853
Disposal	-	(281)	(281)
Effect of changes in foreign exchange rates	-	51	51
Balance at December 31, 2022	**$ 101,007**	**235,634**	**336,641**
Accumulated amortization and impairment losses:			
Balance at January 1, 2023	$ 51,434	205,654	257,088
Amortization for the year	8,150	24,821	32,971
Disposal	-	(264)	(264)
Balance at December 31, 2023	**$ 59,584**	**230,211**	**289,795**
Balance at January 1, 2022	$ 43,045	180,747	223,792
Amortization for the year	8,389	25,138	33,527
Disposal	-	(281)	(281)
Effect of changes in foreign exchange rates	-	50	50
Balance at December 31, 2022	**$ 51,434**	**205,654**	**257,088**
Carrying amount:			
Balance at December 31, 2023	**$ 43,326**	**30,969**	**74,295**
Balance at December 31, 2022	**$ 49,573**	**29,980**	**79,553**
Balance at January 1, 2022	**$ 55,578**	**45,648**	**101,226**

As of December 31, 2023 and 2022, the intangible assets of the Group had not been pledged as collateral.

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(i) Other current assets and other non-current assets

Other current assets and other non-current assets of the Group were as follows:

	December 31, 2023	December 31, 2022
Prepayments	$ 77,479	70,065
Input tax, tax credit and others	968	4,155
Right-of-use assets	11,744	2,312
Long-term prepayments	37,017	13,136
Guarantee deposits paid	3,676	3,540
	$ 130,884	**93,208**

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 10,000	199,000
Secured bank loans	391,000	299,500
Total	**$ 401,000**	**498,500**
Unused credit lines	**$ 1,430,000**	**1,064,500**
Range of interest rates	**1.64%~1.68%**	**1.24%~2.10%**

For the collateral for short-term borrowings, please refer to note 8.

(k) Bonds payable

Information about the Group’s issuance of unsecured convertible bonds were as follows:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	$ 500,000	500,000
Unamortized discounted corporate bonds payable	(32,983)	(41,731)
Ending balance of bonds payable	**$ 467,017**	**458,269**
Embedded derivative component－redemption options, included in financial assets at fair value through profit or loss - non-current	**$ 650**	**1,450**
Embedded derivative component－put options, included in financial liabilities at fair value through profit or loss - noncurrent	**$ 2,650**	**6,500**
Equity component－conversion options, included in capital surplus- stock options	**$ 40,029**	**40,029**

(Continued)

GENESYS LOGIC, INC. AND SUBSIDIARIES
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	2023	2022
Embedded derivative component-revaluation (profit) loss on redemption and put options, included in other gains and losses	$ 3,050	(3,050)
Amortization of bonds payable, included in finance costs	$ 8,748	3,005

The issuance information on the convertible bonds was as follows:

	2022 domestic unsecured convertible bonds
Issuance amount	$500,000 thousand
Issuance date	2022.8.26
Issuance price	At 100.5% of par value
Coupon rate	0%
Issuance period	2022.8.26~2027.8.26
Trustee bank	Taipei Fubon Bank
Redemption options	The Group may redeem the bonds after November 27, 2022 and before July 17, 2027 when meeting specific requirements.
Put options	Each holder has the right to require the Company to redeem the holder’ s bonds at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 100.75% per annum at the principal amount after August 26, 2025.
Conversion period of convertible bonds	Each holder of the bonds will have the right to convert their bonds to common shares at convertion price or redeem the unredeemed and unconvertible bonds at par value with cash during the period from November 27, 2022, to August 26, 2027.
Conversion price	The conversion price is set at $132 per share at the time of issuance. In the event of an adjustment to the conversion price of the Company’ s ordinary shares that complies with the terms of issuance, the conversion price shall be adjusted according to the formula specified in the terms of issuance. On March 23, 2023, the Company announced the conversion price would be adjusted from $132 to $129.3 beginning on April 21, 2023 (the distribution date of cash dividends).

(l) Lease liabilities

Carrying amount of the lease liabilities of the Group were as follows:

	December 31, 2023	December 31, 2022
Current	$ 4,488	2,360
Non-current	$ 7,270	-

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The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	**2022**
Interest expenses on lease liabilities	$ 53	49
Expenses relating to short-term leases	$ 1,394	3,261

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

	2023	**2022**
Total cash outflow for leases	$ 5,527	6,770

(i) Buildings leases

The Group leases buildings for its offices, warehouses and staff dormitories. The leases typically run for a period of 1 to 3 years. Some leases contain extension options exercisable up to the same period as original contracts before the end of the contract period.

(ii) Other leases

The Group leases parking space and safe deposit box, with lease terms within one year. These leases are short-term items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	**December 31, 2022**
Present value of defined benefit obligations	$ 6,492	8,175
Fair value of plan assets	(4,488)	(4,176)
Net defined benefit liabilities	$ 2,004	3,999

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits calculated based on years of service and average monthly salary for the six months prior to retirement.

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1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group’s Bank of Taiwan labor pension reserve account balance amounted to $4,488 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	2023	2022
Defined benefit obligations at January 1	$ 8,175	7,324
Current service costs and interest costs	1,252	1,182
Remeasurement loss (gain):		
－Return on plan assets excluding interest income	45	
－Actuarial loss (gain) arising from financial assumptions	(2,980)	(331)
Defined benefit obligations at December 31	**$ 6,492**	**8,175**

3) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 4,176	465
Interest income	64	3
Remeasurements loss (gain):		
－Return on plan assets excluding interest income	45	3,574
Contribution paid by the employer	203	134
Fair value of plan assets at December 31	**$ 4,488**	**4,176**

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4) Expenses recognized in profit or loss

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

	2023	2022
Current service costs	$ 1,129	1,145
Net interest of net liabilities (assets) for defined benefit obligations	123	37
Gains or losses on the settlement and others	(64)	(3)
Net interest of net liabilities for defined benefit obligations	**$ 1,188**	**1,179**
Research and development expenses	**$ 1,188**	**1,179**

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Group’ s remeasurement of the net defined benefit liability recognized in other comprehensive income were as follows:

	2023	2022
Accumulated amount at January 1	$ 9,585	13,490
Recognized during the period	(2,980)	(3,905)
Accumulated amount at December 31	**$ 6,605**	**9,585**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2023	2022
Discount rate	1.625 %	1.500 %
Future salary increase rate	3.000 %	2.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $208 thousand.

The weighted average lifetime of the defined benefits plans is 11.46 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Group must use judgement and estimates to determine actuarial assumptions related to the date of balance sheet, including discount rate and future salary changes. Changes in actuarial assumptions may affect amount of the Group’ s determination of benefit obligations significantly.

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If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined obligations	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2023		
Discount rate 1.625%	$ (153)	158
Future salary increase rate 3.00%	153	(148)
December 31, 2022		
Discount rate 1.50%	(151)	151
Future salary increase rate 2.00%	147	(148)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The consolidated entities set up overseas have defined contribution plans. These plans are funded in accordance with the regulations of their respective countries, and recognized as the contribution in the current period.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $23,375 thousand and $23,001 thousand for the years ended December 31, 2023 and 2022, respectively.

(n) Income taxes

(i) Income tax expense

1) The components of income tax in the years 2023 and 2022 were as follows:

	2023	**2022**
Current tax expense	$ 38,660	93,647
Deferred tax expense	(23,223)	(24,020)
	$ 15,437	**69,627**

(Continued)

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2) The amount of income tax recognized in equity or other comprehensive income for 2023 and 2022 were both 0.

3) Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	2023		2022	
	Rate	**Amount**	**Rate**	**Amount**
Profit excluding income tax	20%	$ 111,561	20%	484,400
Income tax using the Company's domestic tax rate		22,312		96,880
Tax effect of permanent differences		875		3,857
Tax incertive		(17,129)		(40,343)
Overdue of unused tax losses		7,868		7,193
Changes in unrecognized temporary differences and others		1,511		2,040
		$ 15,437		**69,627**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized for 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
The carry forward of unused tax losses	$ 7,558	12,411
Tax effect of deductible temporary differences	38,863	27,990
	$ 46,421	**40,401**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be which the Group can utilize the benefits therefrom available against.

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(Continued)

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As of December 31, 2023, the information of the Group's unvtilized business losses for which no deferred tax assets were recognized were as follows:

Company name	Year of loss	Unused tax loss	Expiry date
BROADWAY SYSTEM, INC.	2014~2018	$ 11,439	2024~2028
〃	2022	11,486	2032
〃	2023	14,866	2033
		$ 37,791	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Allowance for inventory valuation loss	Defined benefit plans	Unrealized exchange loss and others	Total
Deferred tax assets:				
Balance on January 1, 2023	$ (37,900)	(1,581)	(399)	(39,880)
Recognized in profit or loss	(19,358)	(197)	(274)	(19,829)
Exchange differences on translation of foreign financial statements	-	-	(64)	(64)
Balance on December 31, 2023	**$ (57,258)**	**(1,778)**	**(737)**	**(59,773)**
Balance on January 1, 2022	$ (7,591)	(1,372)	(3,423)	(12,386)
Recognized in profit or loss	(30,309)	(209)	3,104	(27,414)
Exchange differences on translation of foreign financial statements	-	-	(80)	(80)
Balance on December 31, 2022	**$ (37,900)**	**(1,581)**	**(399)**	**(39,880)**

	Unrealized exchange Gain and others	Total
Deferred tax liabilities:		
Balance on January 1, 2023	$ 3,402	3,402
Recognized in profit or loss	(3,394)	(3,394)
Exchange differences on translation of foreign financial statements	1	1
Balance on December 31, 2023	**$ 9**	**9**
Balance on January 1, 2022	$ 9	9
Recognized in profit or loss	3,394	3,394
Exchange differences on translation of foreign financial statements	(1)	(1)
Balance on December 31, 2022	**$ 3,402**	**3,402**

(Continued)

GENESYS LOGIC, INC. AND SUBSIDIARIES
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3) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the National Tax Administration; and those of other domestic subsidiaries included in the consolidated financial statements, such as BROADWAY, was assessed through 2021.

(o) Capital and other equity

As of December 31, 2023 and 2022, the numbers of authorized ordinary shares were both 123,000 thousand shares, with a par value of $10 per share, totaling $1,230,000 thousand for each year, of which 15,000 thousand shares had been reserved for employee stock options, and 90,279 thousand ordinary shares were issued. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Issued share premium	$ 228,165	228,165
Difference arising from subsidiary's share price and its carrying amount	-	44
Employee share options	1,004	1,004
Restricted employee stock	46,560	-
Conversion right of Convertible bonds	40,029	40,029
	$ 315,758	**269,242**

According to the R.O.C Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

In accordance with the R.O.C Company Act, two thirds of authorized Board of Directors must be present, and more than half of the directors present will reach an agreement to distribute the dividends and bonuses or all or a portion of the legal reserve and capital reserve as stipulated in Item 1 of Article 241 of the Group Law in the form of cash, which is reported to the meeting of shareholders.

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(ii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be less than 10% of total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution had been approved during the board meeting on March 9, 2023 and March 10, 2022, as well as the shareholders' meeting on June 15, 2023 and June 15, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Dividends per share (NT dollars)	**Amount**	**Dividends per share (NT dollars)**	**Amount**
Dividend distributions to shareholders:				
Cash Dividends	$ 2.50	$ 225,698	4.50	406,256

(Continued)

Earnings distributions for 2022 and 2021 that decided by the general meeting of shareholders were not different from the resolution of board meeting. The related information can be accessed from the Market Observation Post System website.

The amount of cash dividends $ 1.8 per share on the appropriations of earnings for 2023 will be approve and propose during the board meeting on March 8 2024. The related information can be accessed from the Market Observation Post System website after the board meeting.

(p) Share based payment

As of December 31, 2023 and 2022, the Group's restricted share plan for employees were as follows:

	Employee stock options	**Restricted share plan for employees**	
Grant date	2022.10.01	2023.12.29	2023.12.29
Number of shares granted (in thousand/shares)	2,800	200	200
Contract term	2 years	3 years	4 years
Recipients	Employees of the Group	Employees of the Group	Executives of the Company
Vested service conditions	Provide service for at least 2 years	Provide service for at least 3 years	Provide service for at least 4 years
Vested performance conditions	-	Meet performance appraisal goals	Meet performance appraisal goals

(i) A resolution was approved during the board meeting held on May 5, 2022 for the Company to award 300 new shares as employee stock options, wherein 1,000 shares could be subscribed per unit, with a total of 300 thousand shares. The above share options, which have yet to be issued until the approval date of the consolidated financial statements, have been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. on July 13, 2022.

(ii) The Company conducted a cash capital increase on December 29, 2023 by issuing 400 thousand new restricted shares, at a par value of $10 per share and a fair value of $46,560 thousand on the grant date, totaling $4,000 thousand, as employee stock options to its and its subsidiaries qualified full-time employees, with the base date set on January 1, 2024, based on the resolution approved during the shareholders' meeting held on June 15, 2022. All related registration procedures had been completed in January 2024, with the approval of the Securities and Futures Bureau of the Financial Supervisory Commission.

(iii) A resolution was approved during the shareholders' meeting held on June 15, 2023 for the Company to issue 500 thousand new restricted shares, at a par value of $10 per share, totaling $5,000 thousand, as employee stock options to its and its subsidiaries qualified full-time employees. The above restricted stocks, which have yet to be issued as of the reporting date, have been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission on August 9, 2023.

(Continued)

(iv) Details of the restricted stock of the Company were as follows:

Expressed in Thousand of shares

	2023	2022
Outstanding at 1 January (number)	-	500
Vested during the year (number)	-	(500)
Granted during the year (number)	400	-
Outstanding at 31 December (number)	**400**	**-**

(v) In 2022, a resolution for BROADWAY was approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. to award 2,800 thousand new shares as employee stock options, wherein 1 shares could be subscribed per unit, with a total of 2,800 thousand shares. The above share options, expected life of 4 years ,will be vested after these employees continue to provide service to BROADWAY for at least 2 years (from the grant date). These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to third parties during the custody period. But inheritance is not subjected to the restriction.

	Issue year
Vested conditions	**2022**
Still in service two years after the grant date	50%
Still in service three years after the grant date	100%

According to the employee stock options plan, after issuing new shares from BROADWAY, it is necessary to attach relevant documents for applying changes in capital amount to the securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. every quarter.

Details of the employee stock options of BROADWAY were as follows:

	2023		2022	
(in thousands)	**Weighted average exercise price (dollar)**	**Number of options**	**Weighted average exercise price (dollar)**	**Number of options**
Outstanding at January 1	$ 14.00	1,650	-	-
Exercised during the year (number)	-	-	14.00	1,650
Expired during the year (number)	-	(40)	-	-
Outstanding at December 31	14.00	**1,610**	14.00	**1,650**
Exercisable at December 31	-	**1,150**	-	**1,150**
The weighted average fair value of the stock options		**$ 3.25**		**3.25**

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The details of the share options of BROADWAY as of December 31, 2022 were as follows:

	December 31, 2023	December 31, 2022
Weighted average of remaining contractual period	2.75 years	3.75 years

BROADWAY used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2022
Exercise price	14.0
Share price at grant date	13.9
Expected dividend rate (%)	- %
Expected dividend volatility (%)	40%
Risk-free interest rate (%)	1.41%~1.44%
Expected life (years)	3.0~3.5 years

(vi) The remuneration costs were $2,089 thousand and $312 thousand, respectively, recognized by the Group in 2023 and 2022.

(q) Earning per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2023 and 2022, was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, as follows:

	2023	2022
Profit attributable to ordinary shareholders of the Company	$ 96,636	415,210
Weighted-average number of ordinary shares (thousands shares)	90,279	90,279
Basic earnings per share (dollar)	$ 1.07	4.60

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(ii) Diluted earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company (basic)	$ 96,636	415,210
Interest expense on convertible bonds, net of tax	-	2,404
profit attributable to ordinary shareholders of the Compnay (diluted)	**$ 96,636**	**417,614**
Weighted-average number of ordinary shares (thousands shares)	90,279	90,279
Effect of convertible bonds payable	-	1,328
Effect of employee stock bonuses if all transferred to shares	215	702
Weighted-average number of ordinary shares (thousands shares)	**90,494**	**92,309**
Diluted earnings per share (dollar)	**$ 1.07**	**4.52**

For calculation of the dilutive effect of the stock option, the average market value is assessed based on the quoted market price where the Company's option is outstanding.

(r) Revenue from contracts with customers

(i) Details of revenue

	2023	2022
Primary geographical markets		
Taiwan	$ 1,474,860	1,932,594
China	874,439	1,025,673
United States	110,188	217,255
Others	56,077	68,248
	$ 2,515,564	**3,243,770**
Major products		
Integrated circuit chip	$ 2,506,204	3,237,919
Others	9,360	5,851
	$ 2,515,564	**3,243,770**

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(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (include related parties)	$	203,683	219,623	340,265
Less: allowance for impairment		(2,031)	(2,223)	(3,073)
Total	$	**201,652**	**217,400**	**337,192**
Contract liabilities	$	**10,715**	**15,310**	**7,892**

The details on accounts receivable and allowance for impairment, please refer to note 6(d).

The beginning balance of contract liabilities recognized as revenue at January 1 to December 31, 2023 and 2022 were $8,050 thousand and $1,392 thousand, respectively.

The contract liabilities primarily related to the advance consideration received from customers for the sales contracts, for which revenue was recognized when products were delivered to customers. The mainly movements of the contract liabilities during 2023 and 2022 were due to the time difference between delivering or transferring the peoducts and service to fulfill performance obligations and the customers payment.

(s) Employee compensation and directors' remuneration

In accordance with the articles of incorporation which was registered and approved by the shareholders meeting on August 4, 2021, the Company should contribute no less than 5% of the profit as employee compensation and less than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $12,730 thousand and $55,660 thousand, respectively; as well as its remunerations to directors amounting to $3,820 thousand and $16,700 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company' s articles. These remunerations were expensed under operating expenses during 2023 and 2022. The numbers of shares to be distributed for 2023 and 2022 were calculated based on the closing price of the Company's one day before the date of the meeting of Board of Directors.

he related information can be accessed from the Market Observation Post System website. The amounts mentioned above were identical to those of the actual distributions for 2023 and 2022.

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(t) Interest income and other income

The details of other income of the Group in 2023 and 2022 were as follows:

	2023	2022
Interest income from bank deposit	$ 16,243	3,433

	2023	2022
Rent Income	$ 1,194	1,204
Other Income	4,893	818
	$ 6,087	2,022

(u) Other gains and losses

The details of other profits and losses of the Group in 2023 and 2022 were as follows:

	2023	2022
Foreign exchange (losses) gains	$ (1,369)	57,319
Net gains (losses) on financial assets (liabilities) at fair value through profit or loss	3,050	(3,050)
Others	(4,214)	(4,651)
	$ (2,533)	49,618

(v) Financial instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Group's accounts receivable and security investments.

1) Accounts receivable and other receivables

The Group has adopted a policy that only trading with the parties with good credit standing and the Group shall secure a collateral to lighten the risk of financial loss arising from arrears when it is necessary. The major customers are rated by the Group, using public financial information and their transaction histories. The Group keeps monitoring the credit exposure and the customers' creditworthiness, and then distributes total transaction amounts into the qualified customers. The credit limit of the customers are reviewed and approved annually to control the credit exposure.

The Group do not hold any collateral or other credit enhancement to avoid the credit risk of financial assets.

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2) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Group's finance department. As the Group deals with banks and other external parties with good credit standing and with financial institutions which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

3) Exposure to credit risk

As at reporting date, the carrying amount of financial assets represents the maximum amount exposed to credit risk. For the year end in 2023 and 2022, the maximum amount was $1,313,311 thousand and $910,710 thousand, respectively. Implicit credit risk of the Group is inherent in its cash and accounts receivable. The cash is deposited in different financial institutions. The Group manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

4) Concentration of credit risk

The concentration of credit risk is mainly affected by creditors' rating and the client's industry. As of December 31, 2023 and 2022, 77% and 66%, respectively, of the Group's accounts receivable were concentrated on top five sales clients.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Less than 1 years	2~3 years	Over 4 years
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	$ 401,000	402,107	402,107	-	-
Notes and accounts payable	166,530	166,530	166,530	-	-
Bonds payable	467,017	500,000	-	500,000	-
Other financial liabilities	210,495	210,495	210,495	-	-
Lease liabilities	11,758	12,025	4,642	7,383	-
	$ 1,256,800	**1,291,157**	**783,774**	**507,383**	**-**
December 31, 2022					
Non-derivative financial liabilities:					
Short-term borrowings	$ 498,500	500,402	500,402	-	-
Notes and accounts payable	135,090	135,090	135,090	-	-
Bonds payable	458,269	500,000	-	-	500,000
Other financial liabilities	316,728	316,728	316,728	-	-
Lease liabilities	2,360	2,374	2,374	-	-
	$ 1,410,947	**1,454,594**	**954,594**	**-**	**500,000**

(Continued)

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

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exposure to foreign currency risk

a) The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 21,894	30.705	672,260	19,341	30.710	593,974
CNY	3,110	4.327	13,457	3,047	4.408	13,430
Financial liabilities						
Monetary items						
USD	3,302	30.705	101,385	3,665	30.710	112,554

b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables, and trade payables that are denominated in foreign currency. A weakening or strengthening of 1% of the NTD against the Foreign currency as of 31 December, 2023 and 2022 would have decreased or increased the net profit before tax by $5,843 thousand and $4,949 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

c) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. The information of foreign exchange loss (including realized and unrealized portions) were as follow:

	2023		2022	
	Foreign exchange gain (loss)	**Exchange rate in average**	**Foreign exchange gain (loss)**	**Exchange rate in average**
NTD	$ (1,369)	1	57,319	1

(Continued)

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2) Interest rate analysis

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

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		December 31, 2023	**December 31, 2022**
Fixed-rate instruments:			
Financial assets	$	365,697	224,668
Financial liabilities		(772,017)	(696,769)
	$	**(406,320)**	**(472,101)**
Variable-rate instruments:			
Financial assets	$	743,372	467,258
Financial liabilities		(96,000)	(260,000)
	$	**647,372**	**207,258**

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 1 basis points, the Group's profit before income tax would have increased or decreased by $1,618 thousand and $518 thousand for the years ended December 31, 2023 and 2022, respectively.

The Group's financial assets at fixed interest rates are measured at amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

(iv) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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	December 31, 2023				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 650	-	650	-	650
Financial assets at fair value through other comprehensive income					
Equity investment	$ 9,572	-	-	9,572	9,572
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 1,109,754				
Accounts receivable	201,652				
Other current financial assets	2,131				
	$ 1,313,537				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 2,650	-	2,650	-	2,650
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 401,000				
Notes and accounts payable	166,530				
Bonds payable	467,017		462,927		462,927
Lease liabilities	11,758				
Other financial liabilities	210,495				
	$ 1,256,800				

	December 31, 2022				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 1,450	-	1,450	-	1,450
Financial assets at fair value through other comprehensive income					
Equity investment	$ 2,127	-	-	2,127	2,127

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	December 31, 2022				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalent	$ 692,319				
Accounts receivable	217,400				
Other current financial assets	1,174				
	$ 910,893				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ 6,500**	**-**	**6,500**	**-**	**6,500**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 498,500				
Notes and accounts payable	135,090				
Bonds payable	458,269		461,719		461,719
Lease liabilities	2,360				
Other financial liabilities	316,728				
	$ 1,410,947				

2) Valuation techniques for financial instruments not measured at fair value

a) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' slength basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

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If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bidask spreads is an indication of nonactive market.

The Group's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

- Measurements of fair value of financial instruments with an active market, such as corporate stock, beneficiary certificate etc., its fair value depends on the market quotation.
- Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The Group's financial instrument which do not have quoted price in active market, the fair value is measured by net assets value method.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants.

4) The changes in Level 3 fair values for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Opening balance	$ 2,127	4,391
Additions: Total gains and losses recognized in other comprehensive income	7,445	(2,264)
Ending balance	**$ 9,572**	**2,127**

There were no transfers in the fair value hierarchy during 2023 and 2022.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement.

The Group's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

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The fair value measurements of the Group's financial instruments are reasonable. For the value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alterative assumptions would have the following effects:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income－equity investments without an active market	Market Approach	·Discount for Lack of Market ability (20% for both December 31, 2023 and 2022) ·P/B ratio (1.64 for December 31, 2023 and 1.67 for December 31, 2022)	The estimated fair value would increase if ·Discount for Lack of Market ability were lower; ·the multiplier were higher;

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

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Input	Variation	Other comprehensive income Favourable	Other comprehensive income Unfavourable
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Investments in equity instrument without active market	Discount	10%	1,196	(1,196)
Investments in equity instrument without active market	P/B ratio	5%	479	(479)
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Investments in equity instrument without active market	Discount	10%	266	(266)
Investments in equity instrument without active market	P/B ratio	5%	106	(106)

(Continued)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(w) Financial risk management

(i) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group' s Board of Directors oversees how management monitors compliance with the Group' s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group' s Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to The Group's Board of Directors.

(ii) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to note 6(v).

(x) Capital management

The Group's capital management policy is to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months, wherein it also take the debt ratio into consideration to maintain investors, creditors and market confidence, as well as to sustain the future development of the business. The Group's capital management strategy was consistent with the prior year.

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(y) Investing and financing activities affecting non-current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022 as each, were as follows:

(i) Obtain right-of-use assets by lease, please refer to notes 6(g).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes	December 31, 2023
Short-term borrowings	$ 498,500	(97,500)	-	401,000
Lease liabilities	2,360	(4,080)	13,478	11,758
Bonds payable	458,269	-	8,748	467,017
Total liabilities from financing activities	$ 959,129	(101,580)	22,226	879,775

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Short-term borrowings	$ 850,000	(351,500)	-	498,500
Lease liabilities	4,307	(3,460)	1,513	2,360
Bonds payable	-	497,293	(39,024)	458,269
Total liabilities from financing activities	$ 854,307	142,333	(37,511)	959,129

(7) Related-party transactions:

(a) Name and relationships with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related parties	Relationship with the Group
SYNTEK SEMICONDUCTOR CO., LTD.	Same chairman as the Company

(b) Key management personnel compensation

	2023	2022
Short-term employee benefits	$ 37,120	59,020
Post-employment benefits	432	414
Share-based payments	895	130
	$ 38,447	59,564

Please refer to note 6(p) for further explanations related to share-based payment transactions.

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(c) Transactions with other related parties

(i) Rendering services

In 2023, the Group rendered services to other related parties amounting to $1,931 thousand. As of December 31, 2023, the transaction price had been collected. There was no such transaction in 2022.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Land	Bank loans	$ 490,337	462,946
Buildings	Bank loans	152,908	141,668
Refundable deposit	Guarantee for post release duty payment	3,000	3,000
		$ 646,245	607,614

(9) Significant commitments and contingencies:

For the years ended 2023 and 2022, the major commitments and contingencies of the Group are as follows:

(a) The Group issued guarantee for bank loans, amounting to $1,775,000 thousand and $1,366,710 thousand, respectively.

(b) Based on the software maintenance agreement entered into by the Group, the estimated amounts to be paid by the Group for the use of labor services in the future during the contract period are $204,502 thousand and $27,862 thousand, respectively.

(c) The Group entered into a joint design, production and sales agreement with its peers, wherein the peers shall set aside a certain percentage of sales revenue and gross sales as royalty payments for the use of ICs when selling their products.

(d) Based on the equipment and office decoration agreement entered into by the Group, the estimated amounts to be paid by the Group are $0 thousand and $10,890 thousand, respectively.

(e) The Group entered into a follow-up supply contract with certain suppliers, wherein the Group will have to pay the estimated amounts of $144,000 thousand for both periods.

(f) The amounts of bank guarantee for post-release duty payment on imported goods of the Group were $3,000 thousand and $6,000 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

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(12) Other:

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

By function / By item	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	-	627,489	627,489	-	732,499	732,499
Labor and health insurance	-	42,746	42,746	-	44,431	44,431
Pension	-	24,563	24,563	-	24,180	24,180
Other employee benefits	-	14,512	14,512	-	16,146	16,146
Depreciation	34,996	43,323	78,319	39,320	38,817	78,137
Amortization	-	32,971	32,971	-	33,527	33,527

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
	Stock:								
The Company	DANOTECH CO., LTD.	The investee at fair value through other comprehensive income	Equity method at fair value through other comprehensive income - non-current	2,900	$ 9,572	6.23 %	9,572	6.23 %	
〃	Syndiant Inc.	The investee designation as at fair value through profit or loss	Financial Assets designation as at fair value through profit or loss - non-current	130	-	0.84 %	-	0.84 %	
〃	SILICONGEAR CORPORATION	〃	〃	22	-	0.10 %	-	0.10 %	
〃	S-SHARP CORPORATION	〃	〃	250	-	17.46 %	-	17.46 %	
					$ 9,572				

(Continued)

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(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	BROADWAY	The subsidiary of the Company	(Sale)	(245,513)	(9.77)%	90 Days	Note 1	no significantly difference	97,734	35.72%	Note 1
BROADWAY	The Company	Parent company of BROADWAY	Purchase	245,513	100 %	90 Days	〃	no significantly difference	(97,734)	(100)%	〃

Note 1: No other transactions could be comparable.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions with amounts exceeding NT$10 million:

				Intercompany transactions			
No.	Name of company	Name of counter-party	Nature of relationship	Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	BROADWAY	1	Sales	245,513	90 Days	9.76%
0	The Company	BROADWAY	1	Accounts Receivable	97,734	〃	3.10%
0	The Company	GLA	1	Service Fee	29,948	Payment depending on GLA demand	1.19%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.
The subsidiaries start with number 1.

Note 2: "1" represents the transactions from parent company to subsidiary.
"2" represents the transactions from subsidiary to parent company.
"3" represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2023	Original investment amount December 31, 2022	Balance as of December 31, 2023 Shares (thousands)	Balance as of December 31, 2023 Percentage of ownership (Note 3)	Balance as of December 31, 2023 Carrying value (Note 1)	Net income (losses) of investee	Share of profits/losses of investee	Highest Percentage of ownership	Note
The Company	GLA	USA	IC design	30,085	30,085	40,000	100.00 %	14,712	(1,925)	(2,601)	100.00 %	Subsidiary
The Company	Eclat	Samoa	Investment holding	148,738	148,738	900	100.00 %	7,681	(9,363)	(9,363)	100.00 %	〃
The Company	TERASPAN	Taiwan	IC sale	-	89,901	-	- %	-	-	-	- %	〃, Note 2
The Company	BROADWAY	Taiwan	IC sale	251,502	251,250	6,132	96.71 %	57,955	(15,037)	(14,524)	96.71 %	〃
BROADWAY	BSA	USA	IC design	462	-	15	100.00 %	393	(69)	(69)	100.00 %	Note 4

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.

Note 2: TERASPAN completed its liquidation in March 2023.

Note 3: It is the direct/indirect shareholding ratio of the Company.

Note 4: Broadway System America Inc.(BSA) was established in the United States by BROADWAY as a subsidiary in May 2023.

(c) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Highest Percentage of ownership	Accumulated remittance of earnings in current period
Eclat-Shenzhen representative office	Promotion of goods or services	-	Note 1	-	-	-	-	Note 1	Note 1	-	-	-%	-

Note 1: It is through the holding company, Eclat Holding Ltd., to set up a representative office in mainland China to expand the mainland market.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
-	-	1,090,318

(iii) Significant transactions: None

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(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
QIN, MAN-PING	5,477,815	6.06 %

Note 1: This Table provides the information of number of ordinary shares and special shares which were delivered through non physical registration (including treasury shares) owned by major shareholders with ownership of 5% or greater and was calculated by Taiwan Depository & Clearing Corporation using the last business day at the end of the quarter. There might be a difference between the share capital listed on the Group's financial statements and the actual number of shares delivered through non physical registration due to different basis of calculation.

Note 2: If the shareholder delivered the shares to the trust, the above information would be revealed by the individual trust account under fiduciary account opened by the trustee. As for the shareholders handled the insider ownership declarations with shareholdings over 10% in accordance with the Securities and Exchange Act, their shareholdings include the shares owned by themselves plus the shares delivered to the trust which they have the right on allocating the trust properties, please refer to the Market Observation Post System website for information about insider ownership declaration.

(14) Segment information:

(a) General information

The Group is primarily involved in the design and manufacture of integrated circuit and semiconductor. The Chief Operating Decision Maker, which is the sole reportable segment of the Group, evaluates the performance based on the overall operating situation. For the years ended December 31, 2023 and 2022, the Group's segment financial information was the same as that of the consolidated financial statements.

(b) Product and service information:

Please refer to note 6(r).

(c) Geographic information:

Please refer to note 6(r).

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(d) Major customers

Sales to individual clients constituting over 10% of total revenue in 2023 and 2022 were summarized as follows:

Client	2023 Amounts	2023 Percentage of net sales
GRKN01	$ 537,354	21
GIYV01	502,540	20
CNCI01	378,179	15
	$ 1,418,073	**56**

Client	2022 Amounts	2022 Percentage of net sales
GRKN01	$ 641,891	20
GIYV01	538,962	17
CNCI01	392,271	12
	$ 1,573,124	**49**