

LEADTREND TECHNOLOGY CO. LTD. AND SUBSIDIARIES

Consolidated Balance Sheet

As of December 31, 2022 and December 31, 2021

(In Thousands of New Taiwan Dollars)

Code	Asset	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current asset					
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 250,680	13	\$ 729,431	34
1110	Financial Assets measured at fair value through profit and loss - Current (Notes 4 and 7)	55,634	3	110,093	5
1170	Notes and Accounts Receivable (Notes 4, 5, 8 and 19)	169,644	9	322,377	15
130X	Inventory (Notes 4, 5 and 9)	808,004	43	458,221	21
1470	Other current assets (Note 14)	<u>36,407</u>	<u>2</u>	<u>23,317</u>	<u>1</u>
11XX	Total current assets	<u>1,320,369</u>	<u>70</u>	<u>1,643,439</u>	<u>76</u>
Non-Current Assets					
1600	Real estate, plant and equipment (Notes 4 and 11)	529,530	28	471,671	22
1755	Right-of-use assets (Notes 4 and 12)	19,712	1	28,256	1
1780	Intangible assets (Notes 4 and 13)	13,829	1	9,504	-
1840	Deferred income tax assets (Notes 4 and 21)	91	-	23	-
1990	Other non-current assets (Notes 4 and 14)	<u>8,871</u>	<u>-</u>	<u>19,403</u>	<u>1</u>
15XX	Total non-current assets	<u>572,033</u>	<u>30</u>	<u>528,857</u>	<u>24</u>
1XXX	Total assets	<u>\$ 1,892,402</u>	<u>100</u>	<u>\$ 2,172,296</u>	<u>100</u>
Liabilities and Equity					
Current liability					
2170	Payable account	\$ 63,567	3	\$ 255,436	12
2200	Remuneration payable to staff and directors (Note 20)	37,508	2	78,321	4
2230	Current income tax liabilities (Notes 4 and 21)	15,120	1	59,187	3
2280	Lease liabilities - current (Notes 4 and 12)	12,415	1	11,138	-
2399	Other current liabilities (Note 15)	<u>97,519</u>	<u>5</u>	<u>92,454</u>	<u>4</u>
21XX	Total current liabilities	<u>226,129</u>	<u>12</u>	<u>496,536</u>	<u>23</u>
Non-current liability					
2580	Lease liabilities - non-current (Notes 4 and 12)	7,568	1	17,267	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 16)	4,840	-	9,694	-
2645	Deposits received	<u>914</u>	<u>-</u>	<u>1,246</u>	<u>-</u>
25XX	Total non-current liabilities	<u>13,322</u>	<u>1</u>	<u>28,207</u>	<u>1</u>
2XXX	Total liabilities	<u>239,451</u>	<u>13</u>	<u>524,743</u>	<u>24</u>
Equity (Notes 4, 17 and 18)					
Share capital					
3110	Common stock	568,838	30	528,646	24
Capital reserve					
3210	Share premium	258,027	14	273,131	13
3251	Donations received from shareholders	84,732	4	84,732	4
3273	Stocks with restricted employee's option	47,567	3	51,708	2
3280	Other	106	-	98	-
Retained earnings					
3310	Statutory surplus reserves	199,793	11	166,987	8
3350	Undistributed earnings	520,231	27	582,957	27
Other equity					
3410	Exchange difference in conversion of financial statements by foreign operating institutions	5,602	-	1,867	-
3491	Remuneration not gained by staff	<u>(31,945)</u>	<u>(2)</u>	<u>(42,573)</u>	<u>(2)</u>
3XXX	Total equity	<u>1,652,951</u>	<u>87</u>	<u>1,647,553</u>	<u>76</u>
Total liabilities and equity		<u>\$ 1,892,402</u>	<u>100</u>	<u>\$ 2,172,296</u>	<u>100</u>

The notes below are an integral part of these consolidated financial statements.

Kao Yu-kun, Chairman Kao Yu-kun, the Manager Huang Ya-ching, Accounting Supervisor

LEADTREND TECHNOLOGY CO. LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Code		2022		2021	
		Amount	%	Amount	%
	Operating revenues (Notes 4 and 19)				
4110	Sales revenue	\$ 1,665,321	102	\$ 2,147,428	101
4170	Sales returns and allowances	(33,444)	(2)	(12,945)	(1)
4000	Net operating revenue	1,631,877	100	2,134,483	100
	Operating costs (Notes 9, 16 and 20)				
5110	Cost of goods sold	968,729	60	1,252,524	59
5900	Operating margin	663,148	40	881,959	41
	Operating expenses (Notes 16 and 20)				
6100	Amortization cost	87,577	5	92,716	4
6200	Management costs	107,549	7	116,903	6
6300	Research and development expenses	312,978	19	304,800	14
6000	Total operating expenses	508,104	31	514,419	24
6900	Net operating profit	155,044	9	367,540	17
	Non-operating income and expenditure (Note 20)				
7100	Interest incomes	3,472	-	3,475	-
7010	Other Income	15,514	1	12,700	-
7020	Other interests and losses	16,735	1	(5,977)	-
7050	Financial Costs	(564)	-	(235)	-
7000	Total non-operating incomes and expenses	35,157	2	9,963	-
7900	Pre-tax net profit	190,201	11	377,503	17

7950	Income tax expense (Notes 4 and 21)	<u>37,838</u>	<u>2</u>	<u>48,526</u>	<u>2</u>
8200	Net profit for the year	<u>152,363</u>	<u>9</u>	<u>328,977</u>	<u>15</u>
	Other composite gains and losses				
8310	Items not reclassified as profit or loss:				
8311	Revaluation of identified benefit plan (Note 16)	\$ 2,552	-	(\$ 925)	-
8360	Items that may be subsequently reclassified as profit or loss:				
8361	Exchange difference in conversion of financial statements by foreign operating institutions (Note 17)	<u>3,735</u>	<u>1</u>	(<u>1,079</u>)	<u>-</u>
8300	Total other comprehensive net profit and loss	<u>6,287</u>	<u>1</u>	(<u>2,004</u>)	<u>-</u>
8500	Total consolidated profit and loss for the year	<u>\$ 158,650</u>	<u>10</u>	<u>\$ 326,973</u>	<u>15</u>
	Earnings per share (Note 22)				
9750	Basic	<u>2.74</u>		<u>\$ 5.97</u>	
9850	Dilutive	<u>2.66</u>		<u>\$ 5.80</u>	

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Kao Yu-kun, Chairman Kao Yu-kun, the Manager Huang Ya-ching, Accounting Supervisor

LEADTREND TECHNOLOGY CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Code	Capital on issued common shares		Capital reserve				Retained earnings			Other equity items		Total equity	
	Number of Holdings (Shares In Thousands)	Amount	Share premium	Donations received from shareholders	Restricted employee employee's option	Other	Statutory surplus reserves	Undistributed earnings	Total	Foreign operators Exchange difference in conversion of financial statements	Remuneration not gained by staff		
A1	Balance as of January 1, 2021	47,774	\$ 477,742	\$ 289,560	\$ 84,732	\$ 25,894	\$ 90	\$ 160,966	\$ 313,738	\$ 474,704	\$ 2,946	(\$ 26,704)	\$ 1,328,964
	Distribution of annual earnings for 2020:												
B1	Statutory surplus reserves	-	-	-	-	-	-	6,021	(6,021)	-	-	-	-
B5	Cash dividend to shareholders - \$0.603 per share	-	-	-	-	-	-	-	(28,814)	(28,814)	-	-	(28,814)
B9	Stock dividend to shareholders - \$0.503 per share	2,401	24,012	-	-	-	-	-	(24,012)	(24,012)	-	-	-
	Total distribution of earnings	2,401	24,012	-	-	-	-	6,021	(58,847)	(52,826)	-	-	(28,814)
C13	Capital reserve distributed stock dividend - \$0.503 per share	2,401	24,012	(24,012)	-	-	-	-	-	-	-	-	-
C17	Changes in other capital reserves	-	-	-	-	-	8	-	-	-	-	-	8
D1	Net profit for 2021	-	-	-	-	-	-	-	328,977	328,977	-	-	328,977
D3	Other consolidated profit/loss for 2021	-	-	-	-	-	-	-	(925)	(925)	(1,079)	-	(2,004)
D5	Total consolidated profit/loss for 2021	-	-	-	-	-	-	-	328,052	328,052	(1,079)	-	326,973
N1	Issued stocks with restricted employee's option	300	3,000	-	-	33,600	-	-	-	-	-	(36,600)	-
N1	Acquired stocks with restricted employee's option	-	-	7,583	-	(7,583)	-	-	-	-	-	-	-
N1	Canceled stocks with restricted employee's option	(12)	(120)	-	-	120	-	-	-	-	-	-	-
N1	Compensation cost on stocks with restricted employee's option	-	-	-	-	(323)	-	-	14	14	-	20,731	20,422
Z1	Balance as of December 31, 2021	52,864	528,646	273,131	84,732	51,708	98	166,987	582,957	749,944	1,867	(42,573)	1,647,553
	Distribution of annual earnings for 2021:												
B1	Statutory surplus reserves	-	-	-	-	-	-	32,806	(32,806)	-	-	-	-
B5	Cash dividend to shareholders - \$2.800 per share	-	-	-	-	-	-	-	(147,868)	(147,868)	-	-	(147,868)
B9	Stock dividend to shareholders - \$0.700 per share	3,697	36,967	-	-	-	-	-	(36,967)	(36,967)	-	-	-
	Total distribution of earnings	3,697	36,967	-	-	-	-	32,806	(217,641)	(184,835)	-	-	(147,868)
C15	Capital reserve distributed stock dividend - \$0.500 per share	-	-	(26,405)	-	-	-	-	-	-	-	-	(26,405)
C17	Changes in other capital reserves	-	-	-	-	-	8	-	-	-	-	-	8
D1	Net profit for 2022	-	-	-	-	-	-	-	152,363	152,363	-	-	152,363
D3	Other consolidated profit/loss for 2022	-	-	-	-	-	-	-	2,552	2,552	3,735	-	6,287
D5	Total consolidated profit/loss for 2022	-	-	-	-	-	-	-	154,915	154,915	3,735	-	158,650
N1	Issued stocks with restricted employee's option	420	4,200	-	-	15,582	-	-	-	-	-	(19,782)	-
N1	Acquired stocks with restricted employee's option	-	-	11,301	-	(11,301)	-	-	-	-	-	-	-
N1	Canceled stocks with restricted employee's option	(98)	(975)	-	-	975	-	-	-	-	-	-	-
N1	Compensation cost on stocks with restricted employee's option	-	-	-	-	(9,397)	-	-	-	-	-	30,410	21,013
Z1	Balance as of December 31, 2022	56,883	\$ 568,838	\$ 258,027	\$ 84,732	\$ 47,567	\$ 106	\$ 199,793	\$ 520,231	\$ 720,024	\$ 5,602	(\$ 31,945)	\$ 1,652,951

The notes below are an integral part of these consolidated financial statements.

Chairman: Gao Yukun

Manager: Gao Yukun

Accounting manager: Huang Yaqing

LEADTREND TECHNOLOGY CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flow from operating activities		
A10000	Pre-tax net profit	\$ 190,201	\$ 377,503
A20010	Revenue expense loss items:		
A20100	Depreciation expense	89,102	68,470
A20200	Amortization cost	13,194	17,360
A20400	Net benefit of financial assets and liabilities measured at fair value through profit and loss	(1,227)	(1,892)
A20900	Financial Costs	564	235
A21200	Interest incomes	(3,472)	(3,475)
A21900	Compensation cost on stocks with restricted employee's option	21,013	20,422
A22500	Loss in disposal and abandonment of real estate, plant and equipment	151	-
A24100	Net gain/loss on foreign currency exchange	(1,854)	1,371
A29900	Benefit from lease modification	(20)	(3)
A30000	Net changes in operating assets and liabilities		
A31150	Decrease/increase in notes and accounts receivable	151,993	(119,311)
A31200	Inventory increase	(349,783)	(119,568)
A31240	Decrease/increase in other current assets	1,832	(11,736)
A32150	Increase/decrease in notes payable and accounts	(191,586)	99,788
A32200	Increase/decrease in compensation payable to staff and directors	(40,813)	65,793
A32230	Increase in other current liabilities	6,831	22,975
A32240	Decrease in net defined benefit liability	(2,302)	(1,901)
A33000	Cash inflow to/outflow from operations	(116,176)	416,031
A33300	Interest paid	(564)	(235)
A33500	Income tax paid	(81,973)	(16,240)
AAAA	Net cash inflow to/outflow from operating activities	(198,713)	399,556

Cash flow from investment activities			
B00100	Acquisition of financial assets measured at fair value through profit and loss	(57,304)	(91,224)
B00200	Dispose of financial assets measured at fair value through profit and loss	114,608	25,195
B02700	Acquisition of real estate, plant and equipment	(124,711)	(112,541)
B03700	Increase in deposit margin	(14,486)	(1,250)
B04500	Acquisition of intangible assets	(17,519)	(10,614)
B07500	Interest received	<u>3,550</u>	<u>3,459</u>
BBBB	Net cash outflows from investment activities	(<u>95,862</u>)	(<u>186,975</u>)
Cash flows from financing activities			
C03000	Increase/decrease in deposits received	(\$ 332)	\$ 380
C04020	Repayment of lease principal	(13,417)	(13,340)
C04500	Cash dividends distributed	(174,273)	(28,814)
C09900	Other financing activities	<u>8</u>	<u>8</u>
CCCC	Net cash outflow to financing activities	(<u>188,014</u>)	(<u>41,766</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>3,838</u>	(<u>2,407</u>)
EEEE	Current net increase/decrease in cash and cash equivalents in current year	(478,751)	168,408
E00100	Balance of cash and cash equivalents at the beginning of the year	<u>729,431</u>	<u>561,023</u>
E00200	Balance of cash and cash equivalents at the end of the year	<u>\$ 250,680</u>	<u>\$ 729,431</u>

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Kao Yu-kun, Chairman Kao Yu-kun, the Manager Huang Ya-ching, Accounting Supervisor