

**TAIMIDE TECH. INC.  
and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2023 and 2022 and  
Independent Auditors' Review Report**

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**Notice to Readers**

The English consolidated financial statements are not reviewed nor audited by independent auditors. They have been translated into English from the original Chinese version which are reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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## **Independent Auditors' Review Report**

To the Board of Directors and Shareholders of TAIMIDE TECH. INC.:

### **Preface**

We have reviewed the accompanying consolidated balance sheets of TAIMIDE TECH, Inc. and subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of income, changes in equity and cash flows from January 1 to March 31, 2023 and 2022, and the related notes to the consolidated financial statements, which include a summary of significant accounting policies. It is the responsibility of management to prepare the consolidated financial statements as approved and expressed in accordance with the Financial Reporting Standards for securities issuers and International Accounting Standards No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission. It is the responsibility of this accountant to draw conclusions on the consolidated financial statements based on the results of the review.

### **Scope**

Except as stated in the basic paragraph of the retained conclusions, the accountant performs the audit in accordance with the audit Standard No. 2410, "Review of Financial Statements". The procedures performed in the review of the consolidated financial statements include inquiries (primarily from financial and accounting personnel), analytical procedures and other review procedures. The scope of the review is significantly smaller than the scope of the audit, so the accountant may not be aware of all material matters that can be identified by the audit and is therefore unable to express an audit opinion.

### **Retain the basis of the conclusion**

As stated in Note 12 to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the above consolidated financial statements for the same period have not been reviewed by accountants. The total assets of the subsidiaries as of March 31, 2023 and 2022 were NT \$439,081 thousand and NT \$444,817 thousand respectively, 8.79% and 8.15% of the total consolidated assets respectively. The total liabilities were NT \$210,095

thousand and NT \$247,997 thousand respectively, accounting for 10.19% and 10.21% of the total consolidated liabilities respectively. The total consolidated profit and loss for the period from January 1 to March 31, 2023 and 2022 was NT \$(18,624) thousand and NT \$(15,831) thousand respectively, accounting for 17.64% and (13.12)% of the total consolidated profit and loss respectively.

### **Reserve the conclusion**

Based on the results of this accountant's reviews except for the impact of possible adjustments to the consolidated financial statements if the financial statements of the non-significant subsidiaries described in the basic paragraph of the retained conclusion are reviewed by the accountant, it has not been found that the above consolidated financial statements have not been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reporting by Securities Issuers and International Accounting Standards No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission. It is impossible to adequately express the consolidated financial position of TAIMIDE TECH. INC. and its subsidiaries as of March 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows as of January 1 to March 31, 2023 and 2022.

Deloitte Taiwan

CPA Chang Ya-Yun

CPA Fang Su-Li

Approval document No. of the Financial  
Supervisory Commission  
Financial Management Certificate Audit Zi  
No. 1110348898

Approval document No. of the Financial  
Supervisory Commission  
Financial Management Certificate VI Zi  
No. 0940161384

May 9, 2023

TAIMIDE TECH. INC. and Subsidiaries  
Consolidated Balance Sheets  
March 31, 2023 and December 31, 2022 and March 31

Unit: Thousands of NTD

Code	Assets	March 31, 2023 (reviewed)		December 31, 2022 (verified)		March 31, 2022 (reviewed)		Code	Liabilities and equity	March 31, 2023 (reviewed)		December 31, 2022 (verified)		March 31, 2022 (reviewed)	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
	Current assets								Current liabilities						
1100	Cash and cash equivalents (Notes 6 and 30)	\$ 398,557	8	\$ 454,318	9	\$ 371,794	7	2100	Short-term loans (Notes 17 and 30)	\$ 40,000	1	\$ 130,000	3	\$ 135,000	3
1150	Notes receivable (Notes 10 and 30)	35,848	1	27,967	1	175,892	3	2120	Financial liabilities at fair value through profit or loss- current (Notes 7, 18 and 30)	3,594	-	3,894	-	-	-
1170	Accounts receivable (Notes 10, 24, 30 and 31)	196,809	4	257,799	5	507,050	9	2130	Contract liabilities - current (Notes 24)	527	-	161	-	106	-
130X	Inventories(Notes 11)	603,703	12	643,790	12	625,055	12	2170	Notes and accounts payable (Notes 30 and 31)	46,443	1	18,710	-	148,383	3
1470	Other current assets (Notes 16, 30 and 31)	67,924	1	78,057	1	110,531	2	2206	Remuneration payable to employees and directors (Note 25)	21,520	-	21,520	1	75,641	1
11XX	Total current assets	<u>1,302,841</u>	<u>26</u>	<u>1,461,931</u>	<u>28</u>	<u>1,790,322</u>	<u>33</u>	2213	Payables for equipment (Note 30)	41,073	1	72,171	1	25,883	1
	Non-current assets							2219	Other payables (Notes 19 and 30)	105,763	2	152,033	3	172,667	3
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	475	-	439	-	353	-	2230	Current tax liabilities (Notes 4 and 26)	13,871	-	13,871	-	125,199	2
1535	Financial assets at amortized cost - non-current (Notes 9, 30 and 32)	16,923	-	16,923	-	19,299	-	2280	Lease liabilities - current (Notes 14 and 30)	21,707	-	21,684	1	20,819	-
1600	Property, plant and equipment (Notes 13 and 32)	3,466,788	70	3,521,403	68	3,430,046	63	2320	Long-term loans due within one year (Notes 17 and 30)	274,076	6	268,655	5	397,992	7
1755	Right-of-use assets (Note 14)	182,960	4	188,608	4	200,086	4	2399	Other current liabilities (Notes 20, 30 and 31)	6,135	-	6,244	-	5,064	-
1780	Intangible assets (Note 15)	9,203	-	10,015	-	10,307	-	21XX	Total current liabilities	<u>574,709</u>	<u>11</u>	<u>708,943</u>	<u>14</u>	<u>1,106,754</u>	<u>20</u>
1915	Prepayments for equipment	7,227	-	5,908	-	3,808	-	2530	Non-current liabilities						
1920	Refundable deposits	5,029	-	5,029	-	5,031	-	2540	Corporate bonds payable (Notes 18 and 30)	575,159	12	572,433	11	-	-
1975	Net defined benefit assets (Notes 4 and 21)	<u>1,120</u>	<u>-</u>	<u>1,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	2540	Long-term loans (Notes 17 and 30)	743,518	15	719,849	14	1,134,417	21
15XX	Total non-current assets	<u>3,689,725</u>	<u>74</u>	<u>3,749,446</u>	<u>72</u>	<u>3,668,930</u>	<u>67</u>	2580	Lease liabilities - non-current (Notes 14 and 30)	168,405	3	173,820	3	185,269	3
								2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	-	-	-	-	2,485	-
								2645	Deposits received	19	-	19	-	409	-
								25XX	Total non-current liabilities	<u>1,487,101</u>	<u>30</u>	<u>1,466,121</u>	<u>28</u>	<u>1,322,580</u>	<u>24</u>
								2XXX	Total liabilities	<u>2,061,810</u>	<u>41</u>	<u>2,175,064</u>	<u>42</u>	<u>2,429,334</u>	<u>44</u>
									Equity attributable to owners of the Company (Notes 18, 22 and 23)						
								3110	Common stock capital	<u>1,317,990</u>	<u>26</u>	<u>1,317,990</u>	<u>25</u>	<u>1,312,763</u>	<u>24</u>
								3200	Capital surplus	<u>582,445</u>	<u>12</u>	<u>582,422</u>	<u>11</u>	<u>485,780</u>	<u>9</u>
									Retained earnings						
								3310	Legal reserve	264,789	5	264,789	5	234,484	4
								3320	Special reserve	2,538	-	2,538	-	2,290	-
								3350	Undistributed earnings	<u>741,895</u>	<u>15</u>	<u>845,122</u>	<u>17</u>	<u>1,001,987</u>	<u>19</u>
								3300	Total retained earnings	<u>1,009,222</u>	<u>20</u>	<u>1,112,449</u>	<u>22</u>	<u>1,238,761</u>	<u>23</u>
								3400	Other equity	<u>(1,255)</u>	<u>-</u>	<u>(1,586)</u>	<u>-</u>	<u>(368)</u>	<u>-</u>
								31XX	Total owners' equity of the Company	2,908,402	58	3,011,275	58	3,036,936	56
								36XX	Non-controlling interests (Notes 22)	<u>22,354</u>	<u>1</u>	<u>25,038</u>	<u>-</u>	<u>(7,018)</u>	<u>-</u>
								3XXX	Total equity	<u>2,930,756</u>	<u>59</u>	<u>3,036,313</u>	<u>58</u>	<u>3,029,918</u>	<u>56</u>
1XXX	Total assets	<u>\$ 4,992,566</u>	<u>100</u>	<u>\$ 5,211,377</u>	<u>100</u>	<u>\$ 5,459,252</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,992,566</u>	<u>100</u>	<u>\$ 5,211,377</u>	<u>100</u>	<u>\$ 5,459,252</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements  
(With Deloitte & Touche auditors' review report dated May 9, 2023)

Chairperson: Sheng-Chang Wu

Managerial Officer: Sheng-Chang Wu

Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
From January 1, to March 31, 2023 and 2022

(Reviewed only, not checked in accordance with auditing standards)

Unit: In thousands of NTD; except (loss) earnings per share in NTD

Code		From January 1, to March 31, 2023		From January 1, to March 31, 2022	
		Amount	%	Amount	%
4110	Total operating revenue	\$ 288,099	101	\$ 659,603	101
4170	Returns and discounts on sales	1,457	1	5,181	1
4100	Net operating revenue (Notes 24 and 31)	286,642	100	654,422	100
5000	Operating cost (Notes 11, 25 and 31)	296,839	104	429,575	66
5900	Operating gross (loss) profit	( 10,197 )	( 4 )	224,847	34
	Operating expense (Note 25)				
6100	Selling expense	14,294	5	10,945	2
6200	Administrative expense	24,383	8	29,631	4
6300	Research and development expense	51,378	18	46,837	7
6450	Expected credit (recovery benefits) impairment losses	( 83 )	-	225	-
6000	Total operating expense	89,972	31	87,638	13
6900	Net operating (loss) profit	( 100,169 )	( 35 )	137,209	21
	Non-operating income and expenses				
7100	Interest income (Note 25)	512	-	212	-
7010	Other income (Notes 25 and 31)	724	-	1,118	-
7020	Other gain and loss (Note 25)	1,413	1	13,970	2
7050	Financial costs (Note 25)	( 8,391 )	( 3 )	( 7,295 )	( 1 )
7000	Total non-operating income and expense	( 5,742 )	( 2 )	8,005	1

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Code		From January 1, to March 31, 2023		From January 1, to March 31, 2022	
		Amount	%	Amount	%
7900	Net (loss) profit before tax	(\$ 105,911)	( 37)	\$ 145,214	22
7950	Income tax expense (Notes 4 and 26)	-	-	26,694	4
8200	Net (loss) profit for the period	( 105,911)	( 37)	118,520	18
	Other comprehensive income				
8310	Items not reclassified subsequently to profit or loss:				
8316	Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income (Note 22)	36	-	59	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations (Note 22)	295	-	2,112	-
8300	Other comprehensive income for the period	331	-	2,171	-
8500	Total comprehensive income for the period	(\$ 105,580)	( 37)	\$ 120,691	18
	Net (loss) profit attributable to:				
8610	Owners of the Company	(\$ 103,227)	( 36)	\$ 120,997	18
8620	Non-controlling interests	( 2,684)	( 1)	( 2,477)	-
8600		(\$ 105,911)	( 37)	\$ 118,520	18
	Total comprehensive income attributable to:				
8710	Owners of the Company	(\$ 102,896)	( 36)	\$ 123,168	18
8720	Non-controlling interests	( 2,684)	( 1)	( 2,477)	-
8700		(\$ 105,580)	( 37)	\$ 120,691	18
	(Loss) earnings per share (Note 27)				
9750	Basic	(\$ 0.78)		\$ 0.92	
9850	Diluted	(\$ 0.78)		\$ 0.91	

The accompanying notes are an integral part of the consolidated financial statements  
(With Deloitte & Touche auditors' review report dated May 9, 2023)

Chairperson: Sheng-Chang Wu      Managerial Officer: Sheng-Chang Wu      Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC. and Subsidiaries  
Consolidated Statements of Changes in Equity  
From January 1, to March 31, 2023 and 2022  
(Reviewed only, not checked in accordance with auditing standards)

Unit: Thousands of NTD

Code		Equity attributable to owners of the Company						Other equity		Total	Non-controlling interests	Total equity
		Common stock capital		Capital surplus	Retained earnings			Exchange differences on translation of the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income			
		Number of shares (in thousands)	Amount		Legal reserve	Special reserve	Undistributed earnings					
A1	Balance as of January 1, 2022	131,018	\$ 1,310,185	\$ 478,342	\$ 234,484	\$ 2,290	\$ 880,990	(\$ 2,363)	(\$ 176)	\$ 2,903,752	(\$ 4,832)	\$ 2,898,920
C17	Changes in other capital surplus: Unclaimed dividends to shareholders after the statute of limitations	-	-	9	-	-	-	-	-	9	-	9
D1	Net loss from January 1, to March 31, 2023	-	-	-	-	-	120,997	-	-	120,997	( 2,477 )	118,520
D3	Other comprehensive income from January 1, to March 31, 2022	-	-	-	-	-	-	2,112	59	2,171	-	2,171
D5	Total comprehensive profit and loss from January 1, to March 31, 2022	-	-	-	-	-	120,997	2,112	59	123,168	( 2,477 )	120,691
N1	Share-based payment transaction	258	2,578	7,429	-	-	-	-	-	10,007	291	10,298
Z1	Balance at March 31, 2022	131,276	\$ 1,312,763	\$ 485,780	\$ 234,484	\$ 2,290	\$ 1,001,987	(\$ 251)	(\$ 117)	\$ 3,036,936	(\$ 7,018)	\$ 3,029,918
A1	Balance at January 1, 2023	131,799	\$ 1,317,990	\$ 582,422	\$ 264,789	\$ 2,538	\$ 845,122	(\$ 1,555)	(\$ 31)	\$ 3,011,275	\$ 25,038	\$ 3,036,313
C17	Changes in other capital surplus: Unclaimed dividends to shareholders after the statute of limitations	-	-	23	-	-	-	-	-	23	-	23
D1	Net loss from January 1, to March 31, 2023	-	-	-	-	-	( 103,227 )	-	-	( 103,227 )	( 2,684 )	( 105,911 )
D3	Other comprehensive income from January 1, to March 31, 2023	-	-	-	-	-	-	295	36	331	-	331
D5	Total comprehensive profit and loss from January 1, to March 31, 2023	-	-	-	-	-	( 103,227 )	295	36	( 102,896 )	( 2,684 )	( 105,580 )
Z1	Balance at March 31, 2023	131,799	\$ 1,317,990	\$ 582,445	\$ 264,789	\$ 2,538	\$ 741,895	(\$ 1,260)	\$ 5	\$ 2,908,402	\$ 22,354	\$ 2,930,756

The accompanying notes are an integral part of the consolidated financial statements

(With Deloitte & Touche auditors' review report dated May 9, 2023)

Chairperson: Sheng-Chang Wu

Managerial Officer: Sheng-Chang Wu

Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC. and Subsidiaries

Consolidated Statement of Cash Flows

From January 1, to March 31, 2023 and 2022

(Reviewed only, not checked in accordance with auditing standards)

Unit: Thousands of NTD

<u>Code</u>		<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
	Cash flows from operating activities		
A10000	Net (loss) profit before tax for the period	(\$ 105,911)	\$ 145,214
A20010	Income and expense items		
A20100	Depreciation expense	93,144	87,802
A20200	Amortization expense	862	1,037
A20300	Expected credit (recovery benefits) impairment losses	( 83)	225
A20400	Net profit on financial liabilities at fair value through profit or loss	( 300)	-
A20900	Financial cost	8,391	7,295
A21200	Interest income	( 512)	( 212)
A21900	Share-based payment remuneration cost	-	450
A23700	Loss on decline in value of inventories	30,712	3,074
A24100	Net gain on foreign exchange	( 1,113)	( 13,970)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 7,881)	( 83,042)
A31150	Accounts receivable	60,785	( 69,022)
A31200	Inventories	9,370	( 84,696)
A31240	Other current assets	10,197	5,258
A31990	Net defined benefit assets	1	-
A32125	Contract liabilities	366	( 7,894)
A32150	Notes and accounts payable	27,911	( 14,459)
A32180	Other payables	( 46,275)	( 16,171)
A32230	Other current liabilities	( 109)	( 2,036)
A32240	Net defined benefit liabilities	-	5
A32990	Remuneration payable to employees and directors	-	18,732
A33000	Net cash inflows (outflow) from operations	79,555	( 22,410)
A33100	Interest received	482	156
A33300	Interest paid	( 5,660)	( 7,276)
A33500	Income tax paid	( 34)	( 862)
AAAA	Net cash inflows (outflow) from operating activities	<u>74,343</u>	<u>( 30,392)</u>

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<u>Code</u>		<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
	Cash flows from investing activities		
B02700	Purchase of property, plant and equipment	(\$ 63,976)	(\$ 72,895)
B03800	Decrease in refundable deposits	-	2,700
B04500	Purchase of intangible asset	( 50)	( 830)
B07100	Increase in prepayments for equipment	( 1,319)	-
B07200	Decrease in prepayments for equipment	<u>-</u>	<u>5,529</u>
BBBB	Net cash outflows from investing activities	<u>( 65,345)</u>	<u>( 65,496)</u>
	Cash flows from financing activities		
C00100	Increase in short-term loans	190,000	165,000
C00200	Decrease in short-term loans	( 280,000)	( 145,000)
C01600	Borrowing of long-term loans	150,000	149,000
C01700	Repayment of long-term loans	( 120,910)	( 182,942)
C04020	Repayment of principal for lease liabilities	( 5,395)	( 5,193)
C04800	Employee exercise of stock options	-	9,848
C09900	Unclaimed dividends to shareholders after the statute of limitations	<u>23</u>	<u>9</u>
CCCC	Net cash outflows from financing activities	<u>( 66,282)</u>	<u>( 9,278)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>1,523</u>	<u>3,935</u>
EEEE	Net decrease in cash and cash equivalents	( 55,761)	( 101,231)
E00100	Balance of cash and cash equivalents at the beginning of the period	<u>454,318</u>	<u>473,025</u>
E00200	Balance of cash and cash equivalents at the end of the period	<u>\$ 398,557</u>	<u>\$ 371,794</u>

The accompanying notes are an integral part of the consolidated financial statements

(With Deloitte & Touche auditors' review report dated May 9, 2023)

Chairperson: Sheng-Chang Wu    Managerial Officer: Sheng-Chang Wu    Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC. and Subsidiaries  
Notes to consolidated financial statements  
From January 1, to March 31, 2023 and 2022  
(Reviewed only, not checked in accordance with auditing standards)  
(Amounts in thousands of NTD unless otherwise specified)

I. Company History

TAIMIDE TECH. INC. (hereinafter referred to as the Company) was established on June 22, 2000 with the approval of the Ministry of Economic Affairs and was listed for trading on the Taiwan Stock Exchange on October 5, 2011.

The Company's business scope mainly covers international trade and wholesale, manufacturing and sales of electronic components and materials.

The consolidated financial statements were expressed in New Taiwan Dollars, which is the Company's functional currency.

II. Date and Procedure for Approval of Financial Statements

These consolidated financial statements were approved by the Board of Directors on May 9, 2023.

III. Application of New and Revised Standards and Interpretations

- (I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Application of aforementioned amendments will not have a significant effect on the Company and controlled entities (referred to as the "Consolidated Company")'s accounting policies.

- (II) IFRSs have been issued by the International Accounting Standards Board (IASB) but have not been approved and issued in force by the Financial Supervisory Commission

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture"	Undecided
Amendments to IFRS 16 "Lease liabilities in sale-and-leasebacks"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023

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<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9 – comparison information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller and lessee should apply the amendments to IFRS 16 retrospectively to sale-and-leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date of publication of the consolidated financial statements, the Consolidated Company will continue to evaluate the impact of the above-mentioned amendments to standards and interpretations on its financial position and financial performance, which will be disclosed when the evaluation is completed.

#### IV. Summary of Significant Accounting Policies

##### (I) Compliance Statement

The preparation of the consolidated financial statements is in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting" accepted and effectively published by FSC. This consolidated financial report does not contain all IFRSs disclosures required in the entire annual financial report.

##### (II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and the present value of the defined benefit obligation deducting the net defined benefit assets/liabilities of the fair value of any plan assets which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement input values are observable and the significance of the input values to the fair value measurement in its entirety, which are described as follows:

1. Level 1 input values: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2. Level 2 input values are input values other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 input values are unobservable input values for the asset or liability.

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Consolidated Company. During the preparation of the consolidated financial statements, the transaction, account balance, revenue and expense among entities have been eliminated completely. The total comprehensive income/loss of the subsidiaries are attributed to the owner's and non-controlling interests of the Company, and the same is true when the non-controlling interests consequently become loss balance.

Changes in the Consolidated Company's ownership interests in subsidiaries that do not result in the Consolidated Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Consolidated Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value paid or received is recognized directly in equity and attributed to shareholders of the Company.

Please see Note 12 and Table 3 for details of subsidiaries, percentage of ownership and business.

(IV) Other significant accounting policies

In addition to the following, please refer to the summary description of significant accounting policies in the consolidated financial report for the year 2022.

1. Define benefits- Post-retirement benefits

The pension cost for the interim period is calculated on a year-to-period basis using the actuarially determined pension cost rate at the end of the previous year, adjusted for significant market fluctuations in the current period, major plan amendments, liquidations or other significant one-time events.

2. Income tax expense

Income tax expense is the sum of current income tax and deferred tax. The income tax for the interim period is assessed on an annual basis and the interim pre-tax benefit is calculated at the tax rate applicable to the expected annual total surplus.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In the application of the Consolidated Company's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered relevant. Actual results may differ from these estimates.

When developing significant accounting estimates, the combined company will take into account the possible impact on economic environment inflation and market interest rate fluctuations in cash flow estimates, growth rates, discount rates, profitability and other relevant significant estimates. Management will continue to review estimates and basic assumptions. Please refer to the consolidated financial Report 2022 for a description of the major sources of uncertainty in the material accounting judgments, estimates and assumptions used in this consolidated financial report.

VI. Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and revolving funds	\$ 513	\$ 657	\$ 566
Bank demand deposits	274,894	300,467	342,842
Cash equivalents (investments with original maturity of less than 3 months)			
Bonds with repurchase agreements	66,129	99,962	-
Bank time deposits	57,021	53,232	28,386
	<u>\$ 398,557</u>	<u>\$ 454,318</u>	<u>\$ 371,794</u>

The market interest rate range of bank deposits and bonds with repurchase agreements at the balance sheet date is as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Bank deposits	0%~4.75%	0%~3.70%	0%~2.85%
Bonds with repurchase agreements	0.80%~4.40%	0.72%~0.80%	-

VII. Financial instruments at fair value through profit or loss

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivative instruments			
(not designated as hedges)			
-Value of			
convertible bond			
redemption rights			
(Note 18)	<u>\$ 3,594</u>	<u>\$ 3,894</u>	<u>\$ -</u>

VIII. Financial assets at fair value through other comprehensive income

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Non-current</u>			
Domestic investments			
Unlisted stocks			
Common stock of			
POMIRAN			
TECHNOLOGY,			
LIMITED	<u>\$ 475</u>	<u>\$ 439</u>	<u>\$ 353</u>

The Consolidated Company invests in the aforementioned common stocks in accordance with the long-term strategic objectives and expects to profit from the long-term investments. The management of the Consolidated Company considers that if the short-term volatility at fair value of such investments recognized in profit or loss is not consistent with the aforementioned long-term investment plan, it will be determined that such investments are measured through other comprehensive income at fair value.

IX. Financial assets at amortized cost

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Non-current</u>			
Pledged time deposits	<u>\$ 16,923</u>	<u>\$ 16,923</u>	<u>\$ 19,299</u>

- (I) For information on credit risk management and impairment assessment related to financial assets at amortized cost, please refer to Note 30.

(II) For information on pledges of financial assets at amortized cost, refer to Note 32.

X. Notes and accounts receivable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Notes receivable</u>			
Incurred as a result of operations	\$ <u>35,848</u>	\$ <u>27,967</u>	\$ <u>175,892</u>

The Consolidated Company considered any change in the credit quality of the notes receivable at the balance sheet date and assessed that there was no material change in the credit quality and the related amounts were still recoverable, therefore, no impairment was suspected.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Accounts receivable</u>			
Accounts receivable - non-related parties			
Measure at amortized cost			
Total carrying amount	\$ 196,888	\$ 257,960	\$ 507,041
Less: Allowance for loss	( <u>79</u> )	( <u>161</u> )	( <u>264</u> )
	196,809	257,799	506,777
Accounts receivable - related parties			
Measure at amortized cost			
Total carrying amount	<u>-</u>	<u>-</u>	<u>273</u>
	\$ <u>196,809</u>	\$ <u>257,799</u>	\$ <u>507,050</u>

The average collection period for selling products of the Consolidated Company is 10 to 100 days, excluding accounts receivable are not interest-bearing. To mitigate credit risk, the management of the Consolidate Company has designated functional working Consolidated Company responsible for decision on line of credit, credit approval and other supervision to ensure proper action has been taken to collect overdue receivables. In addition, the collectible amount of accounts receivable of the Consolidated Company shall be reviewed individually at the date of balance sheet to ensure the uncollectible receivables has been listed to appropriate impairment loss. Accordingly, the management of the Company considers the Company's credit risk has significantly decreased.

The allowance for loss on accounts receivable of the Consolidated Company is measured at an amount equal to useful lives expected credit losses. The expected credit losses over the duration are calculated using an allowance matrix, which takes into account the customer's past default history, current financial condition, and the economic conditions of the industry. Since the Consolidated Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days overdue on accounts receivable to determine the expected credit loss rate.

If any evidence shows the counterparty faces significant financial difficulty and the collectible amount cannot be reasonably expected, for example, if the counterparty is in liquidation, the Consolidated Company will directly offset the relevant accounts receivable but keep track of the receivables. The recovered amount is recognized in profit or loss.

The Consolidated Company measures the allowance for loss on accounts receivable based on the allowance matrix as follows:

#### March 31, 2023

	<u>Not past due</u>	<u>1 to 60 days overdue</u>	<u>61 to 90 days overdue</u>	<u>91 to 180 days overdue</u>	<u>Over 180 days overdue</u>	<u>Total</u>
Total carrying amount	\$ 195,850	\$ 276	\$ -	\$ 762	\$ -	\$ 196,888
Allowance for loss (expected credit losses during the duration)	-	( 3)	-	( 76)	-	( 79)
Amortized cost	<u>\$ 195,850</u>	<u>\$ 273</u>	<u>\$ -</u>	<u>\$ 686</u>	<u>\$ -</u>	<u>\$ 196,809</u>

#### December 31, 2022

	<u>Not past due</u>	<u>1 to 60 days overdue</u>	<u>61 to 90 days overdue</u>	<u>91 to 180 days overdue</u>	<u>Over 180 days overdue</u>	<u>Total</u>
Total carrying amount	\$ 254,522	\$ 1,761	\$ 706	\$ 971	\$ -	\$ 257,960
Allowance for loss (expected credit losses during the duration)	-	( 29)	( 35)	( 97)	-	( 161)
Amortized cost	<u>\$ 254,522</u>	<u>\$ 1,732</u>	<u>\$ 671</u>	<u>\$ 874</u>	<u>\$ -</u>	<u>\$ 257,799</u>

#### March 31, 2022

	<u>Not past due</u>	<u>1 to 60 days overdue</u>	<u>61 to 90 days overdue</u>	<u>91 to 180 days overdue</u>	<u>Over 180 days overdue</u>	<u>Total</u>
Total carrying amount	\$ 491,160	\$ 16,154	\$ -	\$ -	\$ -	\$ 507,314
Allowance for loss (expected credit losses during the duration)	-	( 264)	-	-	-	( 264)
Amortized cost	<u>\$ 491,160</u>	<u>\$ 15,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,050</u>

Changes on allowance for accounts receivable loss are as below:

	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Balance at the beginning of the year	\$ 161	\$ 37
Add: Impairment loss charged to current period	-	225
Less: Rotary impairment loss for the current period	( 83 )	-
Exchange differences on translation	<u>1</u>	<u>2</u>
Balance at end of the period	<u>\$ 79</u>	<u>\$ 264</u>

XI. Inventories

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Finished goods	\$ 296,367	\$ 312,963	\$ 305,518
Work in process	237,218	231,209	194,965
Raw materials	<u>70,118</u>	<u>99,618</u>	<u>124,572</u>
	<u>\$ 603,703</u>	<u>\$ 643,790</u>	<u>\$ 625,055</u>

The cost of goods sold related to inventory for the three months ended March 31, 2023 and 2022 was NT\$296,839 thousand and NT\$429,575 thousand, respectively. Cost of goods sold for the three months ended March 31, 2023 and 2022 includes loss on inventory depreciation of NT\$30,712 thousand and NT\$3,074 thousand respectively.

XII. Subsidiary

Subsidiaries incorporated in the consolidated financial statements

The basis for the consolidated financial statements is as follows:

<u>Investee name</u>	<u>Subsidiary name</u>	<u>Business nature</u>	<u>Percentage of shareholding</u>		
			<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
The Company	POMIRAN METALIZATION RESEARCH CO., LTD.	Manufacturing of electronic components, wholesale and surface treatment of electronic materials	85%	85%	88%
	TAIMIDE INTERNATIONAL INC. (TAIMIDE INTERNATIONAL)	Investee business	100%	100%	100%
TAIMIDE INTERNATIONAL	KUNSHAN TAIMIDE TECH. INC.	Wholesale of electronic equipment, parts and components, chemical products and chemical materials	100%	100%	100%

The subsidiaries included in the consolidated financial reports for the periods from January 1 to March 31, 2023 and 2022 are not material subsidiaries and their financial reports have not been reviewed by accountants.

### XIII. Property, plant and equipment

#### For the use of the Consolidated Company

	Land owned by the Company	Houses and buildings	Machinery and equipment	Facility equipment	Transportatio n equipment	Office equipment	Other equipment	Leasehold improvements	Construction in progress and equipment pending inspection	Total
<u>Cost</u>										
Balance as of January 1, 2022	\$ 291,073	\$1,623,635	\$2,547,019	\$ 859,685	\$ 5,836	\$ 15,286	\$ 613	\$ 3,532	\$ 270,619	\$5,617,298
Increase in the current period	-	2,288	13,691	1,185	-	792	-	-	47,261	65,577
Decrease in the current period	-	-	( 49,341)	( 1,619)	-	-	-	-	-	( 50,960)
This issue is reclassified	-	17,789	3,761	5,912	( 29)	375	-	-	( 27,837)	( 29)
Effect of exchange rate	-	-	-	-	61	3	-	-	-	64
Balance at March 31, 2022	<u>\$ 291,073</u>	<u>\$1,643,712</u>	<u>\$2,515,130</u>	<u>\$ 865,163</u>	<u>\$ 5,868</u>	<u>\$ 16,456</u>	<u>\$ 613</u>	<u>\$ 3,532</u>	<u>\$ 290,403</u>	<u>\$5,631,950</u>
<u>Accumulated depreciation</u>										
Balance as of January 1, 2022	\$ -	\$ 349,123	\$1,373,903	\$ 436,093	\$ 2,402	\$ 7,692	\$ 15	\$ 1,338	\$ -	\$2,170,566
Increase in the current period	-	7,185	54,654	19,316	228	721	23	149	-	82,276
Decrease in the current period	-	-	( 49,341)	( 1,619)	-	-	-	-	-	( 50,960)
Effect of exchange rate	-	-	-	-	19	3	-	-	-	22
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 356,308</u>	<u>\$1,379,216</u>	<u>\$ 453,790</u>	<u>\$ 2,649</u>	<u>\$ 8,416</u>	<u>\$ 38</u>	<u>\$ 1,487</u>	<u>\$ -</u>	<u>\$2,201,904</u>
Net at March 31, 2022	<u>\$ 291,073</u>	<u>\$1,287,404</u>	<u>\$1,135,914</u>	<u>\$ 411,373</u>	<u>\$ 3,219</u>	<u>\$ 8,040</u>	<u>\$ 575</u>	<u>\$ 2,045</u>	<u>\$ 290,403</u>	<u>\$3,430,046</u>
<u>Cost</u>										
Balance at January 1, 2023	\$ 291,073	\$1,769,272	\$2,126,449	\$ 887,324	\$ 5,866	\$ 16,568	\$ 1,616	\$ 38,545	\$ 74,310	\$5,211,023
Increase in the current period	-	-	10,973	4,589	-	885	23	781	15,622	32,873
Decrease in the current period	-	-	( 720)	-	-	-	-	-	-	( 720)
This issue is reclassified	-	-	3,122	700	-	320	136	-	( 4,278)	-
Effect of exchange rate	-	-	-	-	9	-	-	-	-	9
Balance at March 31, 2023	<u>\$ 291,073</u>	<u>\$1,769,272</u>	<u>\$2,139,824</u>	<u>\$ 892,613</u>	<u>\$ 5,875</u>	<u>\$ 17,773</u>	<u>\$ 1,775</u>	<u>\$ 39,326</u>	<u>\$ 85,654</u>	<u>\$5,243,185</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2023	\$ -	\$ 379,576	\$ 979,713	\$ 319,955	\$ 1,553	\$ 7,218	\$ 110	\$ 1,495	\$ -	\$1,689,620
Increase in the current period	-	8,315	53,119	23,387	213	776	72	1,611	-	87,493
Decrease in the current period	-	-	( 720)	-	-	-	-	-	-	( 720)
Effect of exchange rate	-	-	-	-	4	-	-	-	-	4
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 387,891</u>	<u>\$1,032,112</u>	<u>\$ 343,342</u>	<u>\$ 1,770</u>	<u>\$ 7,994</u>	<u>\$ 182</u>	<u>\$ 3,106</u>	<u>\$ -</u>	<u>\$1,776,397</u>
Net at December 31, 2022 and January 1, 2023	<u>\$ 291,073</u>	<u>\$1,389,696</u>	<u>\$1,146,736</u>	<u>\$ 567,369</u>	<u>\$ 4,313</u>	<u>\$ 9,350</u>	<u>\$ 1,506</u>	<u>\$ 37,050</u>	<u>\$ 74,310</u>	<u>\$3,521,403</u>
Net at March 31, 2023	<u>\$ 291,073</u>	<u>\$1,381,381</u>	<u>\$1,107,712</u>	<u>\$ 549,271</u>	<u>\$ 4,105</u>	<u>\$ 9,779</u>	<u>\$ 1,593</u>	<u>\$ 36,220</u>	<u>\$ 85,654</u>	<u>\$3,466,788</u>

Depreciation is computed on a straight-line basis over the following estimated useful life:

Houses and buildings	10 to 50 years
Machinery and equipment	2 to 20 years
Facility equipment	1 to 15 years
Transportation equipment	5 to 10 years
Office equipment	3 to 10 years
Other equipment	5 to 8 years
Leasehold improvements	6 to 7 years

For the amount of property, plant and equipment pledged as collateral for loans by the Consolidated Company, please refer to Note 32.

XIV. Lease agreements

(I) Right-of-use assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount of right-of-use assets			
Land	\$ 114,491	\$ 118,180	\$ 128,863
Buildings	68,271	70,146	70,687
Transportation equipment	<u>198</u>	<u>282</u>	<u>536</u>
	<u>\$ 182,960</u>	<u>\$ 188,608</u>	<u>\$ 200,086</u>
		<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Depreciation expense of right-of-use assets			
Land		\$ 3,689	\$ 3,678
Buildings		1,878	1,764
Transportation equipment		<u>84</u>	<u>84</u>
		<u>\$ 5,651</u>	<u>\$ 5,526</u>
Sublease income of right-of-use assets (included in other income)		<u>\$ -</u>	<u>\$ 410</u>

Other than the depreciation expense recognized above, there were no significant subleases or impairments of the Consolidated company's use-right assets from January 1, to March 31 of 2023 and 2022.

(II) Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount of lease liabilities			
Current	<u>\$ 21,707</u>	<u>\$ 21,684</u>	<u>\$ 20,819</u>
Non-current	<u>\$ 168,405</u>	<u>\$ 173,820</u>	<u>\$ 185,269</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Land	1.50%~1.79%	1.50%~1.79%	1.50%~1.79%
Buildings	2.32%~4.75%	2.32%~4.75%	2.23%~4.75%
Transportation equipment	1.60%	1.60%	1.60%

(III) Material leases and terms

The Consolidated Company leases certain land and buildings for use for a period of 11 to 14 years. Upon the termination of the lease period, the Consolidated Company has no bargain purchase option for leased lands and buildings.

(IV) Information on other leases

	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Short-term lease expense	<u>\$ 180</u>	<u>\$ 232</u>
Lease expense for low-value assets	<u>\$ 51</u>	<u>\$ 49</u>
Variable lease payment expense not included in the measurement of lease liabilities	<u>\$ 646</u>	<u>\$ 1,561</u>
Total cash (outflows) from leases	<u>(\$ 7,228)</u>	<u>(\$ 8,047)</u>

The Consolidated Company leases certain computer software, houses and buildings and office equipment which qualify as short-term leases. The Consolidated Company has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

XV. Intangible assets

	<u>Computer software cost</u>	<u>Power circuit subsidy cost</u>	<u>Royalty payment</u>	<u>Total</u>
<u>Cost</u>				
Balance as of January 1, 2022	\$ 20,817	\$ 14,768	\$ 1,500	\$ 37,085
Acquired separately	<u>830</u>	<u>-</u>	<u>-</u>	<u>830</u>
Balance at March 31, 2022	<u>\$ 21,647</u>	<u>\$ 14,768</u>	<u>\$ 1,500</u>	<u>\$ 37,915</u>
<u>Accumulated amortization</u>				
Balance as of January 1, 2022	\$ 15,735	\$ 10,427	\$ 409	\$ 26,571
Amortization expense	<u>689</u>	<u>325</u>	<u>23</u>	<u>1,037</u>
Balance at March 31, 2022	<u>\$ 16,424</u>	<u>\$ 10,752</u>	<u>\$ 432</u>	<u>\$ 27,608</u>
Net at March 31, 2022	<u>\$ 5,223</u>	<u>\$ 4,016</u>	<u>\$ 1,068</u>	<u>\$ 10,307</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 23,904	\$ 15,300	\$ 1,500	\$ 40,704
Acquired separately	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Balance at March 31, 2023	<u>\$ 23,954</u>	<u>\$ 15,300</u>	<u>\$ 1,500</u>	<u>\$ 40,754</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 18,437	\$ 11,752	\$ 500	\$ 30,689
Amortization expense	<u>488</u>	<u>351</u>	<u>23</u>	<u>862</u>
Balance at March 31, 2023	<u>\$ 18,925</u>	<u>\$ 12,103</u>	<u>\$ 523</u>	<u>\$ 31,551</u>

	<u>Computer software cost</u>	<u>Power circuit subsidy cost</u>	<u>Royalty payment</u>	<u>Total</u>
Net at 31 December 2022 and 1 January 2021	\$ 5,467	\$ 3,548	\$ 1,000	\$ 10,015
Net at March 31, 2023	<u>\$ 5,029</u>	<u>\$ 3,197</u>	<u>\$ 977</u>	<u>\$ 9,203</u>

Amortization is computed on a straight-line basis over the following estimated useful life:

Computer software cost	1 to 8 years
Power circuit subsidy cost	5 years
Royalty payment	16.5 years

XVI. Other current assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Tax overpaid retained	\$ 24,916	\$ 36,012	\$ 56,568
supplies inventory	24,040	24,013	27,297
Input tax	4,418	3,827	10,920
Prepayment for goods	292	58	1,185
Others	<u>14,258</u>	<u>14,147</u>	<u>14,561</u>
	<u>\$ 67,924</u>	<u>\$ 78,057</u>	<u>\$ 110,531</u>

XVII. Loans

(I) Short-term loans

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Unsecured loans</u>			
Line of credit loans	\$ 20,000	\$ 110,000	\$ 30,000
<u>Secured loans</u>			
Line of credit loans	<u>20,000</u>	<u>20,000</u>	<u>105,000</u>
	<u>\$ 40,000</u>	<u>\$ 130,000</u>	<u>\$ 135,000</u>

The interest rates on revolving bank loans ranged from 2.20% to 2.38%, 1.88% to 2.33% and 1.39% to 1.47% as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

(II) Long-term loans

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured loans</u>			
Bank credit loans (1)	\$ 678,000	\$ 626,500	\$ 415,433
<u>Secured loans</u>			
Bank loans (2)	339,594	362,004	333,976
Bank syndicated mortgage loans (3)	<u>-</u>	<u>-</u>	<u>783,000</u>
	1,017,594	988,504	1,532,409
Portion due within one year	( <u>274,076</u> )	( <u>268,655</u> )	( <u>397,992</u> )
	<u>\$ 743,518</u>	<u>\$ 719,849</u>	<u>\$ 1,134,417</u>

1. The maturity date of the bank credit loan is March 31, 2023 and December 31, 2022 and March 31, 2022, both of which are paid off successively before the end of April 2028, and Interest rates were 1.18%-2.23%, 1.18%-2.12% and 0.80%-2.48% as of March 31, 2023 and December 31, 2022 and March 31, 2022, respectively.
2. The bank borrowings are secured by collateral on land, buildings and equipment owned by the consolidated Company (see Note 32), and the maturities of the borrowings are paid off before the end of April, 2028 on March 31, 2023 and December 31, 2022 and March 31, 2022, respectively. Interest rates were 1.18%-2.76%, 1.18%-2.76% and 0.80%-2.05% as of March 31, 2023 , December 31, 2022 and March 31, 2022, respectively.
3. The interest rate for the bank syndicated mortgage loan as of December 31, 2021 was 1.79% and the maturity date of the loan was August 2023, which was repaid by the Company in June 2022. The bank loan was secured by pledges of property, plant and equipment of the Company. Please refer to Note 32.

In accordance with the restrictions on current ratio, debt ratio, interest coverage multiplier, and tangible net worth in the Consolidated Company's quarterly financial statements in accordance with the relevant loan agreements. The Consolidated Company's financial ratios were in compliance with the requirements as of March 31, 2023.

XVIII. Corporate bonds payable

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic unsecured convertible bonds	\$ 600,000	\$ 600,000	\$ -
Less: Discount on corporate bonds payable	( <u>24,841</u> )	( <u>27,567</u> )	<u>-</u>
	<u>\$ 575,159</u>	<u>\$ 572,433</u>	<u>\$ -</u>
Value of redemption rights	\$ 3,594	\$ 3,894	\$ -
Value of conversion rights	79,259	79,259	-

(I) Domestic unsecured convertible bonds

On June 21, 2022, the Company issued 6 thousand units of NTD-denominated unsecured convertible bonds with a face value of \$100 thousand and 0% interest rate in Taiwan, with a total principal amount of \$600,000 thousand. The issue price was based on 108.67% of the face value. The bondholders may request the Company to convert the convertible bonds into common stock at a conversion price of \$57 per share from the day after three months from the date of issuance (September 22, 2022) to the maturity date (June 21, 2025), or request the Company to repurchase the bonds at face value in cash 30 days prior to two years from the date of issuance (June 21, 2024). If the closing price of the Company's common stock exceeds the prevailing conversion price by 30% or more for 30 consecutive business days from the day after the third month after the issuance of the convertible bonds (September 22, 2022) to 40 days before the expiration of the issuance period (May 12, 2025), the Company may also redeem all of the bonds at their face value. The conversion price is adjusted to \$55.3 effective July 30, 2022, as the Company will distribute cash dividends in July 2022 and the conversion price should be adjusted.

This convertible bond includes liabilities and equity components, which are expressed as capital surplus - stock options under equity. The effective interest rate originally recognized for the liability component was 1.90%.

Issue price (\$652,006 thousand minus transaction costs of \$5,283 thousand)	\$646,723
Equity component (net of transaction costs allocated to equity of \$647 thousand)	( 79,259)
Value of redemption rights (net of transaction costs of \$6 thousand allocated to liabilities)	( <u>714</u> )
Liabilities component at issuance date (net of \$4,630 thousand of transaction costs allocated to liabilities)	566,750
Interest calculated at the effective interest rate of 1.90%	<u>5,683</u>
Liabilities component as of December 31, 2022	572,433
Interest calculated at the effective interest rate of 1.90%	<u>2,726</u>
Liabilities component as of March 31, 2023	<u>\$575,159</u>

XIX. Other payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Wages and bonuses payable	\$ 15,357	\$ 50,491	\$ 34,060
Utilities payable	12,028	12,240	13,256
Waste disposals payable	8,501	9,939	33,135
Others	<u>69,877</u>	<u>79,363</u>	<u>92,216</u>
	<u>\$ 105,763</u>	<u>\$ 152,033</u>	<u>\$ 172,667</u>

XX. Other current liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Temporary receipts	\$ 2,285	\$ 2,268	\$ 2,584
Receipts under custody	<u>3,850</u>	<u>3,976</u>	<u>2,480</u>
	<u>\$ 6,135</u>	<u>\$ 6,244</u>	<u>\$ 5,064</u>

XXI. Post-employment benefit plans

The pension expenses related to the defined benefit plan recognized from January 1 to March 31, 2023 and 2022 are NT\$127 thousand and NT\$130 thousand respectively based on the actuarial pension cost rate as at December 31, 2022 and 2021.

## XXII. Equity

### (I) Common stock capital

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Authorized number of shares (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and fully paid shares (in thousands)	<u>131,799</u>	<u>131,799</u>	<u>131,276</u>
Public offering of ordinary shares	\$ 1,278,300	\$ 1,278,300	\$ 1,273,073
Private equity	<u>39,690</u>	<u>39,690</u>	<u>39,690</u>
Issued capital	<u>\$ 1,317,990</u>	<u>\$ 1,317,990</u>	<u>\$ 1,312,763</u>

Of the authorized capital, 20,000 thousand shares are reserved for issuance of employee stock options, preferred shares with warrants or corporate bonds with warrants.

The change in the Company's common stock capital was mainly due to the execution of stock options by employees.

On March 9, 2023, the Board of Directors of the Company proposed to conduct a cash capital increase in the range of not more than 10 million shares through a private placement with specific persons, which is expected to be resolved at the shareholders' meeting to be held on June 21, 2023.

Within 3 years from the date of delivery, the aforesaid private placement securities shall not be sold to other objects except those transferred in accordance with the Securities Exchange Law.

The rights and obligations of the company's private common shares listed above are the same as those of the Company's issued common shares, except that the company's private common shares are subject to restrictions on circulation and transfer in accordance with the Securities Exchange Law and can only apply for listing and trading after 3 years from the date of delivery and a public offering.

(II) Capital surplus

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>For loss make-up,</u>			
<u>distribution in cash or</u>			
<u>capitalization as equity</u>			
Stock issue premium (1)	\$ 424,853	\$ 424,791	\$ 410,033
Amount of stock options exercised by employees	36,726	36,726	28,436
<u>Only for loss make-up</u>			
Recognition of changes in ownership interests in subsidiaries (2)	25,992	25,992	23,348
Unclaimed dividends to shareholders after the statute of limitations	522	499	499
<u>Not to be used for any</u>			
<u>purpose</u>			
Employee stock options	15,093	15,155	23,464
Stock options (Note 18)	<u>79,259</u>	<u>79,259</u>	<u>-</u>
	<u>\$ 582,445</u>	<u>\$ 582,422</u>	<u>\$ 485,780</u>

1. This type of capital surplus may be used to make up for losses or, in the absence of losses, to distribute cash or to capitalize as equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of the subsidiary's shares, or adjustments to the capital surplus of the Company's subsidiaries recognized under the equity method.

(III) Retained earnings and dividend policy

In accordance with the Company's earnings distribution policy as stipulated in the Articles of Incorporation, if there is any surplus earnings as indicated by the Company's final accounts, 10% of the annual earnings shall be set aside as legal reserve after paying taxes and making up for accumulated losses in accordance with the law. But if the legal reserve has reached the Company's paid-in capital, no further provision shall be made, and the remainder shall be set aside as or reversed from special reserve as provided by law. If there are still remaining earnings, the Board of Directors shall prepare a proposal for distribution of the remaining earnings together with the accumulated undistributed earnings as dividends to shareholder, and submit

it to the shareholders' meeting for resolution on the distribution. For the Company's policy on the distribution of remuneration to employees and directors, please refer to Note 25 (7) Remuneration to Employees and Directors.

The Company's dividend policy is to cater to the current and future development plans with consideration of the investment environment, capital requirements and domestic and international competition, and the interests of shareholders; dividends to shareholders may be distributed in cash or in stocks, with cash dividends not less than 10% of the total dividends.

Legal capital reserve shall be set aside until its balance equals to full amount of the paid-in capital. The reserve may be used to make up for losses. When the Company has no losses, the portion in excess of 25% of the paid-in capital may be used to distributed as dividends in stocks or cash.

At the board meeting held on March 9, 2023 and the shareholders' meeting held on June 24, 2022, the Company proposed and resolved to approve the earnings distribution plan for the years 2022 and 2021 respectively as follows:

	Earnings distribution proposal	
	2022	2021
Legal reserve	\$ 15,194	\$ 30,305
(Reversal) Provision of special reserve	( 952)	248
Cash dividends	79,079	157,255
Cash dividends per share (NTD)	0.60	1.20

The 2022 earnings distribution proposal is subject to the resolution of the shareholders' meeting to be held on June 21, 2023.

(IV) Other equity

1. Exchange differences on translation of the financial statements of foreign operations

	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Balance at the beginning of the year	(\$ 1,555)	(\$ 2,363)
Generated in the current period		
Exchange differences arising from translation of the financial statements of foreign operations	<u>295</u>	<u>2,112</u>
Balance at end of the period	(\$ <u>1,260</u> )	(\$ <u>251</u> )

2. Unrealized gain or loss on financial assets at fair value through other comprehensive income

	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Balance at the beginning of the year	(\$ <u>31</u> )	(\$ <u>176</u> )
Generated in the current period		
Unrealized profit or loss Equity instruments	<u>36</u>	<u>59</u>
Other comprehensive income for the period	<u>36</u>	<u>59</u>
Balance at end of the period	<u>\$ 5</u>	(\$ <u>117</u> )

(V) Non-controlling interests

	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Balance at the beginning of the year	\$ 25,038	(\$ 4,832)
Net profit for the period	( 2,684)	( 2,477)
Non-controlling interests related to outstanding vested stock options held by employees of POMIRAN METALIZATION RESEARCH CO., LTD. (Note 23)	<u>-</u>	<u>291</u>
Balance at end of the period	<u>\$ 22,354</u>	<u>(\$ 7,018)</u>

XXIII. Employee stock options

(I) The Company's employee stock options plan

In August 2017, the Company granted 3,698 thousand units of stock options to employees, each unit of which is entitled to subscribe for one share of common stock. The stock options were granted to employees of the Company and its subsidiaries who meet certain criteria. The stock options are granted for a duration of 6 years, and the holders of the stock options may exercise a certain percentage of the stock options granted after 2 years from the date of issuance. The exercise price of the stock options is the closing price of the Company's common stock on the date of issuance. If there is a change in the Company's common stock after the stock options are issued, the exercise price of the stock options will be adjusted according to the prescribed formula.

Information on employee stock options is as follows:

Employee stock options	<u>From January 1, to March 31, 2023</u>		<u>From January 1, to March 31, 2022</u>	
	Units (in thousands)	Weighted average exercise price (NTD)	Units (in thousands)	Weighted average exercise price (NTD)
Outstanding at the beginning of the year	1,031	\$ 37.10	1,813	\$ 38.20
Current execution	-	-	( 258 )	38.20
Abandonment of this issue	( 4 )	37.10	-	-
Outstanding at end of the period	<u>1,027</u>		<u>1,555</u>	
Executable at the end of the period	<u>1,027</u>		<u>1,555</u>	
Weighted average fair value of stock options granted for the period (NTD)	<u>\$ 15.02~16.04</u>		<u>\$ 15.02~16.04</u>	

Information on outstanding employee stock options as of the balance sheet date as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Range of exercise prices (NTD)	\$ 37.10	\$ 37.10	\$ 38.20
Weighted average remaining contract period (years)	0.36 year	0.61 year	1.36 years

The Company used the Black-Scholes valuation model for the employee stock options granted in August 2017, and the input values used in the valuation model were as follows:

	<u>August 2017</u>
Stock price at the grant date	\$47.00
Exercise price	NT\$37.10
Expected volatility	46.89%~51.17%
Duration	2.03~3.03 years
Expected dividend yield	-
Risk-free interest rate	0.53%~0.56%

In July 2022, the Company modified the terms of the then outstanding employee stock options plan to reduce the exercise price from \$38.20 per share to the stock price on that date of \$37.10 per share. The incremental fair value will be recognized as expense over the remaining vesting period. The above input values were used to measure the fair value of the pre-modification and post-modification stock options.

(II) Employee stock options reserved in cash capital increase

The Board of Directors resolved to increase capital of POMIRAN METALIZATION RESEARCH CO., LTD. by cash with issuance of new shares. On March 9, 2022, the Board of Directors resolved to adjust the final number of shares to be issued and the amount to be raised, and to reserve 15% of the total number of new shares (4,500 thousand shares) to be subscribed by employees in accordance with the Company Act. For fractional shares or stock options renounced by employees for subscription, the Chairperson of the Board of Directors is authorized to negotiate with specific persons to subscribe for the shares.

The fair value of the employee stock options granted by POMIRAN METALIZATION RESEARCH CO., LTD. in March 2022 is based on the

Black-Scholes valuation model, and the parameters used in the valuation model were as follows:

	<u>March 2022</u>
Stock price at the grant date	NT\$8.89
Exercise price	NT\$10.00
Expected volatility	36.17%
Expected duration	0.12 years
Expected dividend yield	-
Risk-free interest rate	0.27%

The cost of remuneration recognized from January 1 to March 31, 2022 is NT\$450 thousand.

#### XXIV. Revenue

	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Revenue from contracts with customers		
Revenue form merchandise sales	\$277,450	\$654,175
Other income	<u>9,192</u>	<u>247</u>
	<u>\$286,642</u>	<u>\$654,422</u>

#### (I) Contract balance

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable (Note 10)	<u>\$ 196,809</u>	<u>\$ 257,799</u>	<u>\$ 507,050</u>	<u>\$ 423,805</u>
Contract liabilities - current				
Merchandise sales	<u>\$ 527</u>	<u>\$ 161</u>	<u>\$ 106</u>	<u>\$ 8,000</u>

#### (II) Breakdown of revenue from contracts with customers

<u>Region</u>	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Taiwan (where the Company is located)	\$110,271	\$263,376
South Korea	75,449	80,450
Mainland China	72,993	285,512
U.S.A.	21,015	8,525
Japan	4,647	13,312
Others	<u>2,267</u>	<u>3,247</u>
	<u>\$286,642</u>	<u>\$654,422</u>

XXV. Net profit

(I) Interest income

	From January 1, to March 31, 2023	From January 1, to March 31, 2022
Bank deposits	<u>\$ 512</u>	<u>\$ 212</u>

(II) Other income

	From January 1, to March 31, 2023	From January 1, to March 31, 2022
Lease income (operating lease)	\$ 209	\$ 609
Others	<u>515</u>	<u>509</u>
	<u>\$ 724</u>	<u>\$ 1,118</u>

(III) Other gain and loss

	From January 1, to March 31, 2023	From January 1, 2022 to March 31
Net gain on foreign currency exchange	\$ 1,113	\$ 13,970
Financial instruments at fair value through profit or loss	<u>300</u>	<u>-</u>
	<u>\$ 1,413</u>	<u>\$ 13,970</u>

(IV) Financial cost

	From January 1, to March 31, 2023	From January 1, to March 31, 2022
Interest on bank loans	\$ 4,709	\$ 6,283
Interest on convertible bonds	2,726	-
Interest on lease liabilities	<u>956</u>	<u>1,012</u>
	<u>\$ 8,391</u>	<u>\$ 7,295</u>

(V) Depreciation and amortization

	From January 1, to March 31, 2023	From January 1, to March 31, 2022
Summary of depreciation expense by function		
Operating costs	\$ 74,216	\$ 74,710
Operating expenses	<u>18,928</u>	<u>13,092</u>
	<u>\$ 93,144</u>	<u>\$ 87,802</u>
Summary of amortization expense by function		
Operating costs	\$ 477	\$ 640
Administrative expense	275	348
Research and development expense	<u>110</u>	<u>49</u>
	<u>\$ 862</u>	<u>\$ 1,037</u>

(VI) Employee benefit expense

	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Post-employment benefits		
Defined contribution plans	\$ 3,836	\$ 3,345
Defined benefit plan (Note 21)	<u>127</u>	<u>130</u>
	3,963	3,475
Share-based payment (Note 23)		
Equity settlement	-	450
Other employee benefits	<u>95,107</u>	<u>118,578</u>
	<u>\$ 99,070</u>	<u>\$122,503</u>
Summary by function		
Operating costs	\$ 65,798	\$ 87,433
Operating expenses	<u>33,272</u>	<u>35,070</u>
	<u>\$ 99,070</u>	<u>\$122,503</u>

(VII) Profit-sharing remuneration for employees and directors

If the Company makes a profit in a year, the Company shall set aside 6% to 15% of the profit as profit-sharing remuneration for employees, in stock or cash as resolved by the Board of Directors in the form of stock or cash, including employees of the Company's subsidiaries who meet certain criteria; the Company may set aside not more than 3% of the above profit as remuneration to directors as resolved by the Board of Directors. Proposal for profit-sharing remuneration for employees and profit-sharing remuneration for directors should be reported to the shareholders' meeting. However, if the Company still has accumulated losses, the amount of loss make-up shall be reserved first, and then the profit-sharing remuneration for employees and directors can be appropriated in accordance with the aforementioned percentages. The period from January 1 to March 31, 2023 was a net loss before tax, so staff remuneration and directors' remuneration are not estimated.

The estimated amount of employee compensation and directors' compensation from January 1 to March 31, 2022 based on the aforementioned pre-tax benefits is as follows:

Estimated percentage

	<u>From January 1, to March 31, 2022</u>
Profit-sharing remuneration for employees	8.54%
Profit-sharing remuneration for directors	2.56%

Amount

	<u>From January 1, to March 31, 2022</u>
Profit-sharing remuneration for employees	<u>\$ 14,409</u>
Profit-sharing remuneration for directors	<u>\$ 4,323</u>

If there is a change in the amounts after the standalone financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted into the account in the next year.

The Board of Directors resolved the following on March 9, 2023 and March 10, 2022 for the profit-sharing remuneration for employees and directors of 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Profit-sharing remuneration for employees	\$ 16,554	\$ 43,776
Profit-sharing remuneration for directors	4,966	13,133

There was no difference between the actual amount of profit-sharing remuneration for employees and profit-sharing remuneration for directors for 2022 and 2021 and the amounts recognized in the consolidated financial statements for 2022 and 2021.

Please see “Market Observation Post System” (MOPS) under the Taiwan Stock Exchange for the information on the profit-sharing remuneration for employees and profit-sharing remuneration for directors resolved by the Board of Directors.

XXVI. Income tax

(I) Income tax expense recognized in profit or loss

The main components of income tax expense are as follows:

	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
Current income tax Generated in the current period	<u>\$ -</u>	<u>\$ 26,694</u>

(II) Income tax assessment

The Company's income tax returns have been assessed by the tax authorities through 2021.

XXVII. Earnings per share(loss)

	From January 1, to March 31, 2023	Unit: NTD per share From January 1, to March 31, 2022
Basic (loss) per share surplus	<u>(\$ 0.78)</u>	<u>\$ 0.92</u>
Diluted (loss) earnings per share	<u>(\$ 0.78)</u>	<u>\$ 0.91</u>

Earnings and weighted average number of shares of common stock used to calculate earnings (loss) per share were as follows:

Operating profit (loss)

	From January 1, to March 31, 2023	From January 1, to March 31, 2022
Net (Loss) profit attributed to owners of the Company	<u>(\$103,227)</u>	<u>\$120,997</u>
Net (Loss) profit used to calculate basic earnings per share	(\$103,227)	\$120,997
Effect of potentially dilutive common stock:		
Convertible bonds	-	-
Profit-sharing remuneration for employees	-	-
Employee stock options	<u>-</u>	<u>-</u>
Net profit used to calculate diluted (loss) earnings per share	<u>(\$103,227)</u>	<u>\$120,997</u>

Number of shares

(Units: In thousands)

	From January 1, to March 31, 2023	From January 1, to March 31, 2022
Weighted average number of shares of common stock used to calculate basic earnings per(loss) share	131,799	131,091
Effect of potentially dilutive common stock:		
Convertible bonds	-	-
Profit-sharing remuneration for employees	-	952
Employee stock options	<u>-</u>	<u>330</u>
Weighted average number of shares of common stock used to calculate diluted (loss) earnings per share	<u>131,799</u>	<u>132,373</u>

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

If the company's outstanding convertible corporate bonds are converted, they are not included in the calculation of diluted earnings per share due to their anti-dilution effect.

XXVIII. Equity transactions with non-controlling interests

On April 21, 2022, the Consolidated Company did not recognize the new shares issued by POMIRAN METALIZATION RESEARCH CO., LTD. in cash capital increase in proportion to shareholding, resulting in an decrease in shareholding from 88% to 85%.

Since the above transaction did not change the Consolidated Company's control over the subsidiary, the Consolidated Company treated it as an equity transaction.

	POMIRAN METALIZATION RESEARCH CO., LTD.
<u>2022</u>	
Cash consideration received	\$ 44,724
The carrying amount of net assets of subsidiaries should be transferred to non-controlling interests based on the relative changes in equity.	( <u>42,254</u> )
Equity transaction difference	<u>\$ 2,470</u>

Adjustment for equity transaction difference:

	POMIRAN METALIZATION RESEARCH CO., LTD.
<u>2022</u>	
Capital surplus - recognition of changes in ownership interests in subsidiaries	<u>\$ 2,470</u>

XXIX. Capital risk management

The Consolidated Company manages its capital to ensure that it will be able to maximize shareholders return as a going concern through the optimization of the debt and equity balance.

The Consolidated Company's capital structure consists of net debt of the Consolidated Company (leases less cash and cash equivalent) and equity (stock capital, capital surplus, retained earnings, other equity and non-controlling interests).

XXX. Financial instruments

(I) Information on fair value - Financial instruments not at fair value

March 31, 2023

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
- Convertible bonds	\$ 575,159	\$ 578,340	\$ -	\$ -	\$ 578,340

December 31, 2022

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
- Convertible bonds	\$ 572,433	\$ 575,520	\$ -	\$ -	\$ 575,520

(II) Information on fair value - Financial instruments at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 3,594	\$ -	\$ 3,594
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Unlisted stocks	\$ -	\$ -	\$ 475	\$ 475

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 3,894	\$ -	\$ 3,894
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Unlisted stocks	\$ -	\$ -	\$ 439	\$ 439

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Unlisted stocks	\$ -	\$ -	\$ 353	\$ 353

There was no transfer of fair value measurements between Level 1 and Level 2 From January 1, to March 31, of 2023 and 2022.

2. Valuation techniques and input value used in Level 2 fair value measurement

<u>Type of financial instruments</u>	<u>Valuation techniques and input values</u>
Derivative instruments - Value of convertible bond redemption rights	Binary tree convertible bond valuation model: tracks the evolution of option key underlying variables over discrete time periods through a binary tree at multiple time steps between the valuation date and the maturity date. Each node of the tree represents the probable price at a given point in time.

3. Reconciliation of Level 3 fair value measurements on financial instruments

From January 1, to March 31, 2023

	Financial assets at fair value through other comprehensive income
	<u>Equity instruments</u>
Balance at the beginning of the year	\$ 439
Recognized in other comprehensive income - Unrealized gain or loss on financial assets at fair value through other comprehensive income	<u>36</u>
Balance at end of the period	<u>\$ 475</u>

From January 1, to March 31, 2022

	Financial assets at fair value through other comprehensive income
	<u>Equity instruments</u>
Balance at the beginning of the year	\$ 294
Recognized in other comprehensive income - Unrealized gain or loss on financial assets at fair value through other comprehensive income	<u>59</u>
Balance at end of the period	<u>\$ 353</u>

4. Valuation techniques and input value used in Level 3 fair value measurement

Domestic unlisted equity investments are valued using the asset method, and the total value of individual assets and liabilities covered by the underlying asset is assessed to reflect the overall value of the enterprise or business.

(III) Type of financial instruments

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 650,105	\$ 758,928	\$ 1,075,613
Financial assets at fair value through other comprehensive income - investments in equity instruments	475	439	353
<u>Financial liabilities</u>			
Measured at fair value through profit or loss - held-for-trading	3,594	3,894	-
Measure at amortized cost (Note 2)	1,778,657	1,850,956	1,933,046

Note 1: The balance includes cash and cash equivalents, financial assets at amortized cost such as notes receivable, accounts receivable, other receivables and other current assets at amortized cost.

Note 2: The balance includes short-term loans, notes and accounts payable, other payables, corporate bonds payable, payables for equipment, other current liabilities, long-term loans due within one year and long-term loans and other financial liabilities at amortized cost.

(IV) Financial risk management objectives and policies

The Consolidated Company's major financial instruments include equity, accounts receivable, accounts payable, corporate bonds payable and loans. The Consolidated Company's financial management department provides services to each business unit, coordinates access to financial markets, and monitors and manages the financial risks associated with the Consolidated Company's operations through internal risk reporting that analyzes the exposure based on the level and breadth of risk. Such risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Consolidated Company mitigates the impact of these risks by hedging the exposure through derivative financial instruments. The use of derivative financial instruments is governed by the policies approved by the Consolidated Company's Board of Directors, which are the written principles for exchange rate risk, interest

rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity. Internal auditors review compliance with the policies and the exposure limits on an ongoing basis. The Consolidated Company does not trade in financial instruments (including derivative financial instruments) for speculative purposes.

#### 1. Market risk

The main financial risks to which the Consolidated Company is exposed as a result of its operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

The Consolidated Company engages in derivative financial instruments (including forward exchange contracts) to manage its exposure to risk of foreign currency exchange rate.

##### (1) Exchange rate risk

A portion of the Consolidated Company's cash inflows and outflows are denominated in foreign currencies, and therefore have a natural hedging effect. The Consolidated Company's management of exchange rate risk is for hedging purposes and not for profit-making purposes.

The carrying amounts of the Consolidated Company's monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been eliminated in the Consolidated Financial Statements) are described in Note 34.

##### Sensitivity analysis

The Consolidated Company is mainly affected by fluctuations in USD, RMB and JPY.

The following table details the Consolidated Company's sensitivity analysis when the functional currency appreciates and depreciates by 5% against each of the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translations at year end by a 5% change in exchange rates. The sensitivity analysis covers cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables and short-term loans. The following table represents the increase or decrease

in net profit before tax if NTD appreciates by 5% against each of the relevant currencies.

	Effect of USD		Effect of RMB		Effect of JPY	
	From January 1, to March 31, 2023	From January 1, to March 31, 2022	From January 1, to March 31, 2023	From January 1, to March 31, 2022	From January 1, to March 31, 2023	From January 1, to March 31, 2022
Profit or loss	(\$ 6,268)	(\$ 4,601)	(\$ 5,276)	(\$ 14,008)	\$ 74	\$ 73

## (2) Interest rate risk

Interest rate risk arises because the Consolidated Company holds both fixed and floating rate assets and liabilities.

The carrying accounts of financial assets and liabilities exposed to interest rate risk at the date of balance sheet are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
With fair value interest rate risk			
- Financial assets	\$ 124,498	\$ 154,543	\$ 33,339
- Financial liabilities	775,271	867,937	286,088
With cash flow interest rate risk			
- Financial assets	290,469	316,041	357,188
- Financial liabilities	1,047,594	1,018,504	1,587,409

### Sensitivity analysis

The following sensitivity analysis is determined in accordance with interest rate risk of non-derivative instruments at the date of balance sheet. For the floating rate assets and liabilities, the analysis is to assume that the amount of assets and liabilities outstanding at the date of balance sheet is all outstanding for the reporting period.

If the annual interest rate increases/decreases by 0.1%, with all other variables held constant, the Consolidated Company's net profit before tax would have decreased/increased by \$189 thousand and \$308 thousand for January 1, and March 31, 2023 and 2022, respectively, mainly due to the interest rate exposure on the Consolidated Company's variable-rate net liabilities and loans.

## 2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Company. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk that may result in financial losses due to non-performance of counterparties' obligations mainly arises from the carrying amount of financial assets recognized in the consolidated balance sheets.

As of March 31, 2023 and December 31, 2022 and March 31, 2022, the percentages of receivables from the top ten customers to the Consolidated Company's receivables were 84%, 84% and 89%, respectively.

## 3. Liquidity risk

The Consolidated Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Consolidated Company's operations and mitigate the effects of fluctuations in cash flows. In addition, the management of the Consolidated Company monitors the utilization of financing lines and ensures compliance with terms of loan contracts.

Bank loans are a material source of liquidity to the Consolidated Company. As of March 31, 2023, and December 31 and March 31, 2022, the Consolidated Company had undrawn financing lines as described in (2) Description of Financing Facilities below.

### (1) Liquidity and interest rate risk table

The following table details the analysis of the remaining contract maturities of the Consolidated Company's non-derivative financial liabilities with agreed repayment periods, which are based on the earliest possible date on which the Consolidated Company could be required to make repayments, and is prepared using the undiscounted cash flows of financial liabilities, including cash flows of interests and principals.

The Consolidated Company's bank loans that are repayable on demand immediately are listed in the table below with the earliest possible date, regardless of the probability that banks will immediately enforce the rights; the maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

### March 31, 2023

	Repayable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Non-interest-bearing					
liabilities	\$ 60,649	\$ 64,672	\$ 14,025	\$ 19	\$ -
Lease liabilities	2,116	4,234	18,919	100,042	86,201
Floating interest rate					
instruments	8,710	80,484	227,308	758,209	5,779
Fixed interest rate					
instruments	-	10,056	-	600,000	-
	<u>\$ 71,475</u>	<u>\$ 159,446</u>	<u>\$ 260,252</u>	<u>\$ 1,458,270</u>	<u>\$ 91,980</u>

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	\$ 25,269	\$ 100,042	\$ 86,201	\$ -
Floating interest rate				
instruments	316,502	758,209	5,779	-
Fixed interest rate				
instruments	10,056	600,000	-	-
	<u>\$ 351,827</u>	<u>\$ 1,458,251</u>	<u>\$ 91,980</u>	<u>\$ -</u>

### December 31, 2022

	Repayable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Non-interest-bearing					
liabilities	\$ 55,996	\$ 75,975	\$ 21,498	\$ 19	\$ -
Lease liabilities	2,117	4,233	19,000	100,114	92,396
Floating interest rate					
instruments	8,735	95,989	206,962	715,031	23,163
Fixed interest rate					
instruments	90,148	10,058	-	600,000	-
	<u>\$ 156,996</u>	<u>\$ 186,255</u>	<u>\$ 247,460</u>	<u>\$ 1,415,164</u>	<u>\$ 115,559</u>

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	\$ 25,350	\$ 100,114	\$ 92,396	\$ -
Floating interest rate				
instruments	311,686	715,031	23,163	-
Fixed interest rate				
instruments	100,206	600,000	-	-
	<u>\$ 437,242</u>	<u>\$ 1,415,145</u>	<u>\$ 115,559</u>	<u>\$ -</u>

March 31, 2022

	Repayable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Non-interest-bearing					
liabilities	\$ 149,658	\$ 93,735	\$ 17,272	\$ 19	\$ -
Lease liabilities	2,051	4,103	18,462	97,164	104,021
Floating interest rate					
instruments	63,180	33,564	372,681	1,111,709	39,281
Fixed interest rate					
instruments	-	80,280	-	-	-
	<u>\$ 214,889</u>	<u>\$ 211,682</u>	<u>\$ 408,415</u>	<u>\$ 1,208,892</u>	<u>\$ 143,302</u>

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	\$ 24,616	\$ 97,164	\$ 96,406	\$ 7,615
Floating interest rate				
instruments	469,425	1,111,709	39,281	-
Fixed interest rate				
instruments	80,280	-	-	-
	<u>\$ 574,321</u>	<u>\$ 1,208,873</u>	<u>\$ 135,687</u>	<u>\$ 7,615</u>

(2) Financing lines

	March 31, 2023	December 31, 2022	March 31, 2022
The unsecured bank loan lines may be extended by mutual consent			
- Amount drawn	\$ 711,140	\$ 738,009	\$ 507,812
- Amount undrawn	<u>1,189,110</u>	<u>1,291,041</u>	<u>1,342,777</u>
	<u>\$ 1,900,250</u>	<u>\$ 2,029,050</u>	<u>\$ 1,850,589</u>
The secured bank loan lines may be extended by mutual consent			
- Amount drawn	\$ 359,595	\$ 382,005	\$ 1,283,654
- Amount undrawn	<u>755,000</u>	<u>168,000</u>	<u>543,921</u>
	<u>\$ 1,114,595</u>	<u>\$ 550,005</u>	<u>\$ 1,827,575</u>

XXXI. Related party transactions

Transactions, balances, income and expenses between the Company and subsidiaries (related parties of the Company) may be all eliminated in consolidation, which are thus not disclosed in the note. Transactions between the Consolidated Company and other related parties as follows:

(I) Related party name and relationship

<u>Related party name</u>	<u>Relationship with the Consolidated Company</u>	
POMIRAN TECHNOLOGY, LIMITED	De facto related party	

(II) Operating revenue

<u>Type of related party</u>	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
De facto related party	<u>\$ 154</u>	<u>\$ 555</u>

(III) Purchases

<u>Type of related party</u>	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
De facto related party	<u>\$ 1,359</u>	<u>\$ -</u>

(IV) Lease income (operating lease)

<u>Type of related party</u>	<u>From January 1, to March 31, 2023</u>	<u>From January 1, to March 31, 2022</u>
De facto related party	<u>\$ 6</u>	<u>\$ 6</u>

(V) Accounts receivable - related parties

<u>Type of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
De facto related party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273</u>

(VI) Other receivables - related parties (posted as other current assets)

<u>Type of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
De facto related party	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>

(VII) Accounts payable - related parties

<u>Type of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
De facto related party	<u>\$ 1,438</u>	<u>\$ -</u>	<u>\$ -</u>

(VIII) Temporary receipts (posted as other current liabilities)

<u>Type of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
De facto related party	<u>\$ 1,744</u>	<u>\$ 1,898</u>	<u>\$ 2,493</u>

The purchase and sale transactions between the Consolidated Company and its related parties are based on mutually agreed prices and terms, and there are no other counterparties for comparison.

Rentals under lease contracts between the Consolidated Company and its related parties are determined and collected in accordance with contractual provisions.

- (IX) Part of the long-term and short-term loans and letters of credit issued by the Company were jointly guaranteed by key management, and the remaining amount was NT\$8,303 thousand, NT\$11,085 thousand, and NT\$44,407 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.
- (X) Remuneration of key management

	From January 1, to March 31, 2023	From January 1, to March 31, 2022
Short-term employee benefits	\$ 3,503	\$ 9,141
Post-employment benefits	112	124
	<u>\$ 3,615</u>	<u>\$ 9,265</u>

The remuneration of directors and other key management is determined by the Remuneration Committee based on the value of the individual's participation in and contribution to the operations of the Consolidated Company and with reference to the usual industry standards.

#### XXXII. Pledged Assets

The following assets of the Consolidated Company were pledged as collaterals for bank loans, post release duty payment to customs, and security deposits for the land leased from the Science Park Administration and for issuing letters of credit.

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment	\$ 1,550,752	\$ 1,560,327	\$ 1,714,883
Pledged time deposits (posted as financial assets at amortized cost)	16,923	16,923	19,299
	<u>\$ 1,567,675</u>	<u>\$ 1,577,250</u>	<u>\$ 1,734,182</u>

#### XXXIII. Significant Contingent Liabilities and Unrecognized Commitments

- (I) On October 7, 2020, DuPont de Nemours, Inc. (DuPont) filed a patent infringement lawsuit against the Company and its person in charge in the Intellectual Property Court, claiming that the Company infringed its R.O.C. patent No. I519576, "Polymethyleneimine Film for Matting Surface Treatment and Method of Relating to Such Film", and requesting payment of NT\$6,650 thousand, plus interest at 5% per

annum from the date of service of the statement of claim to the date of settlement. On November 30, 2021, the Intellectual Property Court rendered a judgment of first instance, ruling that "the plaintiff's suit and the claim for provisional execution are dismissed, and the plaintiff shall bear the costs of the litigation. After receiving the judgment of defeat in the first instance, DuPont appealed against the judgment and on July 29, 2022, the Intellectual Property Court entered the second instance judgment dismissing DuPont's appeal. However, DuPont still refused to accept the judgment of the second instance and filed an appeal on August 31, 2022, which is currently being heard by the Supreme Court.

- (II) As of March 31, 2023 and December 31, 2022 and March 31, 2022, the amounts of letters of credit issued by the combined Company that are not in use are set out below:

Unit: In thousands of each foreign currency

	March 31, 2023	December 31, 2022	March 31, 2022
USD	\$ 20	\$ 2	\$ 776
JPY	\$ -	\$ -	\$ 150,000
RMB	\$ 2,228	\$ -	\$ -

XXXIV. Information on Foreign-currency-denominated Assets And Liabilities with significant effect

The following information is summarized according to the foreign currencies other than the functional currency of the Consolidated Company. The exchange rates disclosed are used to translate the foreign currencies into the functional currency. Assets and liabilities denominated in foreign currencies with significant effect were as follows:

	March 31, 2023		December 31, 2022		March 31, 2022	
	Foreign currency	Exchange rate	Foreign currency	Exchange rate	Foreign currency	Exchange rate
Foreign currency assets						
<u>Monetary items</u>						
USD	\$ 4,731	30.45	\$ 4,343	30.71	\$ 6,407	28.625
RMB	25,708	4.431	29,217	4.408	65,400	4.506
JPY	387	0.2288	-	-	6,757	0.2353
Foreign currency liabilities						
<u>Monetary items</u>						
USD	614	30.45	142	30.71	3,192	28.625
RMB	1,894	4.431	2	4.408	3,225	4.506
JPY	6,830	0.2288	-	-	12,989	0.2353

The foreign currency exchange gains and losses (realized and unrealized) of the combined company from January 1, to March 31, 2023 and 2022 were a net gain of NT\$1,113 thousand and NT\$13,970 thousand respectively. Due to the wide variety of foreign currency transactions and the functional currencies of the Group individuals, it is not possible to disclose the foreign currency exchange gains and losses by foreign currency with significant impact.

XXXV. Other Disclosures

- (I) Significant transactions: There are no other disclosures than those listed below:
  - 1. Endorsements and guarantees for others: Table 1.
  - 2. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures under control): Table 2 .
  - 3. The business relationship between the parent and the subsidiaries and significant transactions between them: Table 6.
- (II) Information on Investees: Table 3
- (III) Information on Investment in Mainland China:
  - 1. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment gain or loss, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 4.
  - 2. Significant direct or indirect transactions through a third area with the investee in the Mainland Area, and its prices and terms of payment, unrealized gain or loss are as follows: Table 5.
    - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - (3) The amount of property transactions and the amount of the resultant gains or losses.
    - (4) The balance of negotiable instrument endorsements and guarantees or pledges of collateral at the end of the period and the purposes.
    - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financial accommodation.

- (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- (IV) Information on major shareholders: names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the equity: (Table 7)

**XXXVI. Segment information**

The operating decision makers of the Consolidated Company allocate resources and evaluate segment performance with emphasis on the overall consolidated financial information. While individual companies have similar economic characteristics and use similar manufacturing processes to produce similar products and sell them by the same sales methods. Therefore, the Consolidated Company is reported as a single operating segment. In addition, the segment information provided by the consolidated company to the operating decision makers for review shall be measured on the same basis as the financial statements, and the profit and loss, assets and liabilities of the operating segments shall be measured on the same basis as the preparation of this consolidated financial report. Therefore, the segment revenue and operating results that should be reported for 2023 and 2022 January 1 to March 31 can be referred to the consolidated income statement for 2023 and 2022 January 1 to March 31; Reportable segment assets as of March 31, 2023 and December 31, 2022 and March 31 can be referred to the consolidated balance sheet as of March 31, 2023 and December 31, 2022 and March 31.

TAIMIDE TECH. INC. and Subsidiaries  
Endorsements and guarantees for others  
From January 1, to March 31, 2023

Table 1

Unit In Thousands of NTD, unless stated otherwise

No.	The company providing endorsement and guarantee	The party receiving endorsement and guarantee		Limit of endorsement and guarantee to a single enterprise (Note 2)	Maximum balance of endorsement and guarantee for the period	Balance of endorsement and guarantee at the end of the period	Actual amount drawn	Amount of endorsement and guarantee collateralized by properties	Ratio of accumulated guarantees to net worth of the most recent financial statements (%)	Maximum limit of endorsement and guarantee (Note 2)	Endorsement and guarantee by parent company for subsidiary	Endorsement and guarantee by subsidiary for parent company	Endorsement and guarantee for party in Mainland China	Remark
		Company name	Relationship											
0	The Company	POMIRAN METALIZATION RESEARCH CO., LTD.	Note 1	\$ 1,163,360	\$ 310,000	\$ 310,000	\$ 310,000	\$ -	11	\$ 2,326,721	Yes	—	—	—

Note 1: Subsidiaries directly held

Note 2: The limit of the Company's endorsement and guarantee obligations for a single enterprise and subsidiary and the total amount of external endorsement and guarantee are limited to 40% and 80% of the Company's net worth, respectively.

TAIMIDE TECH. INC. and Subsidiaries  
 Marketable securities held at the end of the period  
 March 31, 2023

Table 2

Unit In Thousands of NTD, unless stated otherwise

Company held	Type of marketable securities	Name of marketable securities	Relationship with the issuers of the marketable securities	Account on the financial statements	The end of the period			Remark	
					Number of units / board lots Number of shares (in thousands)	Carrying amount	Shareholding percentage (%)		Fair value
The Company	Stocks	POMIRAN TECHNOLOGY, LIMITED	—	Financial assets at fair value through other comprehensive income- non-current	110	\$ 475	10	\$ 475	Note 1

Note 1: Presented at book value.

Note 2: As of March 31, 2023, there were no guarantees, collateral loans or other contractually restriction on the use of the marketable securities listed above.

TAIMIDE TECH. INC. and Subsidiaries  
Information on investees, locations... and other related information  
From January 1, to March 31, 2023

Table 3

Unit In Thousands of NTD, unless stated otherwise

Investor name	Investee name	Location	Main business	Initial investment amount		Holding at the end of the period			Profit (Loss) of investee for the period	Investment gain (loss) recognized in the period	Remark
				The end of the period	The end of last year	Number of shares (in thousands)	Ratio %	Carrying amount			
The Company	POMIRAN METALIZATION RESEARCH CO., LTD.	Taiwan	Manufacturing of electronic components, wholesale and surface treatment of electronic materials	\$ 610,567	\$ 610,567	27,480	85	\$ 128,926	(\$ 18,258)	(\$ 16,100)	Notes 2 and 3
TAIMIDE INTERNATIONAL INC.	TAIMIDE INTERNATIONAL INC.	Samoa	Investee business	6,090 (USD 200 thousand)	6,090 (USD 200 thousand)	200	100	57,438	( 698)	( 365)	Notes 1, 2 and 3
	KUNSHAN TAIMIDE TECH. INC.	Mainland China	Wholesale of electronic equipment, parts and components, chemical products and chemical materials	6,090 (USD 200 thousand)	6,090 (USD 200 thousand)	-	100	57,404	( 698)	( 365)	Notes 1, 2 and 3

Note 1: The foreign currency portion is converted at the US dollar exchange rate as of March 31, 2023.

Note 2: The calculation was made based on the investee's financial statements that have not been reviewed by CPAs for the same period.

Note 3: Including the elimination of unrealized profit or loss on intercompany transactions.

TAIMIDE TECH. INC. and Subsidiaries  
Information on Investment in Mainland China  
From January 1, to March 31, 2023

Table 4

Unit: Thousands of NTD, unless otherwise specified.

Name of Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or repatriated during the period		Accumulated investment amount remitted from Taiwan at the end of the year	Profit (Loss) of investee for the period	Shareholding percentage of the Company's direct or indirect investment	Investment gain (loss) recognized in the period (Note 2)	Carrying amount of investment at the end of the period	Investment income repatriated as of the end of the period
					Outward remittance	Repatriation						
KUNSHAN TAIMIDE TECH. INC.	Wholesale of electronic equipment, parts and components, chemical products and chemical materials	\$ 6,090 (USD 200 thousand )	Note 1	\$ 6,090 (USD 200 thousand )	\$ -	\$ -	\$ 6,090 (USD 200 thousand )	(\$ 698)	100%	(\$ 365 )	\$ 57,404	\$ -

Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Commission, MOEA	60% of the net investment limit in Mainland China as stipulated by the Investment Commission, MOEA
\$6,090 (USD 200 thousand)	\$6,090 (USD 200 thousand)	\$1,745,041

Note 1: The Company invested in TAIMIDE INTERNATIONAL INC. and then invested in Mainland China through this company. The investment was approved by the Investment Commission, MOEA and the approved investment amount was USD 200 thousand.

Note 2: The calculation was made based on the investee's financial statements that have not been reviewed by CPAs for the same period.

Note 3: The foreign currency portion is converted at the US dollar exchange rate as of March 31, 2023.

TAIMIDE TECH. INC. and Subsidiaries

Significant direct or indirect transactions through a third region with the investee in the Mainland China, and its prices and terms of payment, unrealized gain or loss and other related information.

From January 1, to March 31, 2023

Table 5

Unit In Thousands of NTD, unless stated otherwise

Name of the trading party	Counterparty	Relationship between the Company and the counterparty	Type of transaction	Sales		Price	Trading terms		Notes and accounts receivable (payable)		Unrealized profit	Remark
				Amount	Percentage		Payment terms	Comparison with general transactions	Amount	Percentage		
The Company	KUNSHAN TAIMIDE TECH. INC.	Subsidiary indirectly held	Sales	\$ 6,358	2%	In accordance with the mutually agreed price	In accordance with the mutually agreed terms	No other comparable counterparty	\$ 18,981	8%	(\$ 1,544)	—

TAIMIDE TECH. INC. and Subsidiaries  
The business relationship and significant transactions between the parent and the subsidiaries  
From January 1, to March 31, 2023

Table 6

Unit: Thousands of NTD

No.	Name of the trading party	Counterparty	Relationship with the trading party (Note 1)	Transaction details			
				Account on the financial statements	Amount	Trading terms (Note 2)	As a percentage of consolidated total revenue or total assets
0	The Company	POMIRAN METALIZATION RESEARCH CO., LTD.	1	Sales revenue	\$ 1,178	—	-
				Accounts receivable	1,287	—	-
		KUNSHAN TAIMIDE TECH. INC.	2	Sales revenue	6,358	—	2%
				Accounts receivable	18,981	—	-

Note 1: 1. Representing parent company's transactions to subsidiary.

2. Representing parent company's transactions to sub-subsidiary.

Note 2: The transactions between the Company and its subsidiaries are based on the prices and terms agreed by both parties, and there is no other comparable counterparties.

TAIMIDE TECH. INC.  
Information on Major Shareholders  
March 31, 2023

Table 7

Name of major shareholder	Shares	
	Number of shares held	Shareholding percentage
Sheng-Chang Wu	7,059,232	5.35%

Note: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for shareholders holding greater than five percent of the shares completed the process of registration and book-entry delivery in dematerialized form, including treasury stocks, at the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.