

**TAIMIDE TECH. INC.  
and Subsidiaries**

**Consolidated Financial Statements  
for the Six Months Ended June 30, 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 June 30, 2023 and 2022 and the related consolidated statements of comprehensive income from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022, consolidated statements of changes in equity and consolidated statements of cash flows from January 1 to June 30, 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 our responsibility 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, we perform 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 we 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 CPAs. The total assets of the subsidiaries as of June 30, 2023 and 2022 NT\$434,937 thousand and NT\$595,223 thousand, representing 8.83% and 10.54% of the consolidated total assets, respectively; total liabilities amounted to NT\$215,860 thousand and NT\$177,864 thousand, representing 10.28% and 7.09% of the consolidated total liabilities, respectively; the total consolidated profit and loss for the period from April 1 to June 30, 2023 and 2022, and from January 1 to June 30, 2023 and 2022 NT\$(25,062) thousand, NT\$(19,283) thousand, NT\$(43,686) thousand and NT\$(35,114) thousand, representing 99.16%, (15.85)%, 33.39% and (14.49)%, respectively, of the consolidated profit or loss.

### **Reserve the conclusion**

Based on the results of our 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 us, 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 June 30, 2023 and 2022, and the consolidated financial performance from April 1 to June 30, 2023 and 2022, and consolidated financial performance and cash flows from January 1 to June 30, 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  
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Financial Management Certificate VI Zi  
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August, 10, 2023

TAIMIDE TECH. INC. and Subsidiaries  
Consolidated Balance Sheets  
June 30, 2023, December 31, 2022 and June 30, 2022

Unit: Thousands of NTD

| Code | Assets   | June 30, 2023       |            | December 31, 2022   |            | June 30, 2022       |            | Code | Liabilities and equity  | June 30, 2023       |            | December 31, 2022   |            | June 30, 2022       |            |
|------|--|---------------------|------------|---------------------|------------|---------------------|------------|------|---|---------------------|------------|---------------------|------------|---------------------|------------|
|      |  | Amount              | %          | Amount              | %          | Amount              | %          |      |   | Amount              | %          | Amount              | %          | Amount              | %          |
|      | <b>Current assets</b>  |                     |            |                     |            |                     |            |      | <b>Current liabilities</b>  |                     |            |                     |            |                     |            |
| 1100 | Cash and cash equivalents (Notes 6 and 30)   | \$ 357,805          | 7          | \$ 454,318          | 9          | \$ 570,203          | 10         | 2100 | Short-term loans (Notes 17 and 30)  | \$ 60,000           | 1          | \$ 130,000          | 3          | \$ 285,000          | 5          |
| 1150 | Notes receivable (Notes 10 and 30)   | 50,569              | 1          | 27,967              | 1          | 127,639             | 2          | 2120 | Financial liabilities at fair value through profit or loss-current (Notes 7, 18 and 30) | 3,534               | -          | 3,894               | -          | 1,854               | -          |
| 1170 | Accounts receivable (Notes 10, 24, 30 and 31)  | 327,783             | 7          | 257,799             | 5          | 527,411             | 9          | 2130 | Contract liabilities - current (Notes 24)   | 303                 | -          | 161                 | -          | 68                  | -          |
| 130X | Inventories(Notes 11)  | 504,543             | 10         | 643,790             | 12         | 648,490             | 12         | 2170 | Notes and accounts payable (Notes 30 and 31)  | 36,566              | 1          | 18,710              | -          | 90,665              | 2          |
| 1470 | Other current assets (Notes 16, 30 and 31)   | 62,641              | 1          | 78,057              | 1          | 98,075              | 2          | 2206 | Remuneration payable to employees and directors (Note 25)                               | 21,520              | -          | 21,520              | 1          | 92,833              | 2          |
| 11XX | Total current assets   | <u>1,303,341</u>    | <u>26</u>  | <u>1,461,931</u>    | <u>28</u>  | <u>1,971,818</u>    | <u>35</u>  | 2213 | Payables for equipment (Note 30)  | 27,455              | 1          | 72,171              | 1          | 24,165              | -          |
|      | <b>Non-current assets</b>  |                     |            |                     |            |                     |            | 2216 | Cash dividends payable (Note 22)  | 79,079              | 2          | -                   | -          | 157,255             | 3          |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30) | 473                 | -          | 439                 | -          | 373                 | -          | 2219 | Other payables (Notes 19 and 30)  | 139,952             | 3          | 152,033             | 3          | 156,732             | 3          |
| 1535 | Financial assets at amortized cost - non-current (Notes 9, 30 and 32)                            | 16,923              | 1          | 16,923              | -          | 19,311              | -          | 2230 | Current tax liabilities (Notes 4 and 26)  | 11                  | -          | 13,871              | -          | 29,966              | 1          |
| 1600 | Property, plant and equipment (Notes 13 and 32)  | 3,400,400           | 69         | 3,521,403           | 68         | 3,408,017           | 60         | 2280 | Lease liabilities - current (Notes 14 and 30)   | 21,669              | -          | 21,684              | 1          | 21,150              | -          |
| 1755 | Right-of-use assets (Note 14)  | 177,295             | 4          | 188,608             | 4          | 195,312             | 4          | 2321 | Corporate bonds due or with put option exercisable within one year (Notes 18 and 30)    | 577,898             | 12         | -                   | -          | -                   | -          |
| 1780 | Intangible assets (Note 15)  | 8,407               | -          | 10,015              | -          | 9,748               | -          | 2322 | Long-term loans due within one year or one business cycle (Notes 17 and 30)             | 287,013             | 6          | 268,655             | 5          | 196,563             | 3          |
| 1915 | Prepayments for equipment  | 13,174              | -          | 5,908               | -          | 37,911              | 1          | 2399 | Other current liabilities (Notes 20, 30 and 31)   | 5,958               | -          | 6,244               | -          | 5,941               | -          |
| 1920 | Refundable deposits  | 5,026               | -          | 5,029               | -          | 5,029               | -          | 21XX | Total current liabilities   | <u>1,260,958</u>    | <u>26</u>  | <u>708,943</u>      | <u>14</u>  | <u>1,062,192</u>    | <u>19</u>  |
| 1975 | Net defined benefit assets (Notes 4 and 21)  | 1,114               | -          | 1,121               | -          | -                   | -          |      | <b>Non-current liabilities</b>  |                     |            |                     |            |                     |            |
| 15XX | Total non-current assets   | <u>3,622,812</u>    | <u>74</u>  | <u>3,749,446</u>    | <u>72</u>  | <u>3,675,701</u>    | <u>65</u>  | 2530 | Corporate bonds payable (Notes 18 and 30)   | -                   | -          | 572,433             | 11         | 567,019             | 10         |
|      |  |                     |            |                     |            |                     |            | 2540 | Long-term loans (Notes 17 and 30)   | 675,100             | 14         | 719,849             | 14         | 696,681             | 12         |
|      |  |                     |            |                     |            |                     |            | 2580 | Lease liabilities - non-current (Notes 14 and 30)                                       | 163,006             | 3          | 173,820             | 3          | 180,480             | 3          |
|      |  |                     |            |                     |            |                     |            | 2640 | Net defined benefit liabilities - non-current (Notes 4 and 21)                          | -                   | -          | -                   | -          | 2,484               | -          |
|      |  |                     |            |                     |            |                     |            | 2645 | Deposits received   | 19                  | -          | 19                  | -          | 409                 | -          |
|      |  |                     |            |                     |            |                     |            | 25XX | Total non-current liabilities   | <u>838,125</u>      | <u>17</u>  | <u>1,466,121</u>    | <u>28</u>  | <u>1,447,073</u>    | <u>25</u>  |
|      |  |                     |            |                     |            |                     |            | 2XXX | Total liabilities   | <u>2,099,083</u>    | <u>43</u>  | <u>2,175,064</u>    | <u>42</u>  | <u>2,509,265</u>    | <u>44</u>  |
|      |  |                     |            |                     |            |                     |            |      | <b>Equity attributable to owners of the Company (Notes 18, 22 and 23)</b>               |                     |            |                     |            |                     |            |
|      |  |                     |            |                     |            |                     |            | 3110 | Common stock capital  | 1,318,170           | 27         | 1,317,990           | 25         | 1,317,990           | 23         |
|      |  |                     |            |                     |            |                     |            | 3200 | Capital surplus   | 582,932             | 12         | 582,422             | 11         | 582,422             | 10         |
|      |  |                     |            |                     |            |                     |            |      | <b>Retained earnings</b>  |                     |            |                     |            |                     |            |
|      |  |                     |            |                     |            |                     |            | 3310 | Legal reserve   | 279,983             | 5          | 264,789             | 5          | 264,789             | 5          |
|      |  |                     |            |                     |            |                     |            | 3320 | Special reserve   | 1,586               | -          | 2,538               | -          | 2,538               | -          |
|      |  |                     |            |                     |            |                     |            | 3350 | Undistributed earnings  | 628,746             | 13         | 845,122             | 17         | 939,375             | 17         |
|      |  |                     |            |                     |            |                     |            | 3300 | Total retained earnings   | 910,315             | 18         | 1,112,449           | 22         | 1,206,702           | 22         |
|      |  |                     |            |                     |            |                     |            | 3400 | Other equity  | (3,166)             | -          | (1,586)             | -          | (1,252)             | -          |
|      |  |                     |            |                     |            |                     |            | 31XX | Total owners' equity of the Company   | 2,808,251           | 57         | 3,011,275           | 58         | 3,105,862           | 55         |
|      |  |                     |            |                     |            |                     |            | 36XX | Non-controlling interests (Notes 22)  | 18,819              | -          | 25,038              | -          | 32,392              | 1          |
|      |  |                     |            |                     |            |                     |            | 3XXX | Total equity  | <u>2,827,070</u>    | <u>57</u>  | <u>3,036,313</u>    | <u>58</u>  | <u>3,138,254</u>    | <u>56</u>  |
| 1XXX | Total assets   | <u>\$ 4,926,153</u> | <u>100</u> | <u>\$ 5,211,377</u> | <u>100</u> | <u>\$ 5,647,519</u> | <u>100</u> |      | Total liabilities and equity  | <u>\$ 4,926,153</u> | <u>100</u> | <u>\$ 5,211,377</u> | <u>100</u> | <u>\$ 5,647,519</u> | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements  
(Please refer to the Deloitte & Touche auditors' review report dated August 10, 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  
April 1 to June 30, 2023 and 2022 and January 1 to June 30, 2023 and 2022

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

| Code |   | April 1 to June 30, 2023 |     | April 1 to June 30, 2022 |     | January 1 to June 30, 2023 |      | January 1 to June 30, 2022 |     |
|------|---|--------------------------|-----|--------------------------|-----|----------------------------|------|----------------------------|-----|
|      |   | Amount                   | %   | Amount                   | %   | Amount                     | %    | Amount                     | %   |
| 4110 | Total operating revenue   | \$ 453,858               | 102 | \$ 619,121               | 101 | \$ 741,957                 | 101  | \$ 1,278,724               | 101 |
| 4170 | Returns and discounts on sales  | 7,155                    | 2   | 5,691                    | 1   | 8,612                      | 1    | 10,872                     | 1   |
| 4100 | Net operating revenue (Notes 24 and 31)   | 446,703                  | 100 | 613,430                  | 100 | 733,345                    | 100  | 1,267,852                  | 100 |
| 5000 | Operating cost (Notes 11, 25 and 31)  | 361,149                  | 81  | 413,644                  | 67  | 657,988                    | 90   | 843,219                    | 67  |
| 5900 | Operating gross profit  | 85,554                   | 19  | 199,786                  | 33  | 75,357                     | 10   | 424,633                    | 33  |
|      | Operating expense (Note 25)   |                          |     |                          |     |                            |      |                            |     |
| 6100 | Selling expense   | 13,695                   | 3   | 12,892                   | 2   | 27,989                     | 4    | 23,837                     | 2   |
| 6200 | Administrative expense  | 24,393                   | 5   | 31,071                   | 5   | 48,776                     | 7    | 60,702                     | 4   |
| 6300 | Research and development expense  | 62,298                   | 14  | 43,383                   | 8   | 113,676                    | 15   | 90,220                     | 7   |
| 6450 | Expected credit impairment losses (recovery benefits)   | 146                      | -   | (186)                    | -   | 63                         | -    | 39                         | -   |
| 6000 | Total operating expense   | 100,532                  | 22  | 87,160                   | 15  | 190,504                    | 26   | 174,798                    | 13  |
| 6900 | Net operating (loss) profit   | (14,978)                 | (3) | 112,626                  | 18  | (115,147)                  | (16) | 249,835                    | 20  |
|      | Non-operating income and expenses   |                          |     |                          |     |                            |      |                            |     |
| 7100 | Interest income (Note 25)   | 1,191                    | -   | 359                      | -   | 1,703                      | -    | 571                        | -   |
| 7010 | Other income (Notes 25 and 31)  | 616                      | -   | 1,181                    | -   | 1,340                      | -    | 2,299                      | -   |
| 7020 | Other gain and loss (Note 25)   | (470)                    | -   | (1,563)                  | -   | 943                        | -    | 12,407                     | 1   |
| 7050 | Financial costs (Note 25)   | (8,507)                  | (2) | (7,909)                  | (1) | (16,898)                   | (2)  | (15,204)                   | (1) |
| 7000 | Total non-operating income and expense  | (7,170)                  | (2) | (7,932)                  | (1) | (12,912)                   | (2)  | 73                         | -   |
| 7900 | Net (loss) profit before tax  | (22,148)                 | (5) | 104,694                  | 17  | (128,059)                  | (18) | 249,908                    | 20  |
| 7950 | Income tax expense (benefit) (Notes 4 and 26)   | 1,215                    | -   | (17,832)                 | (3) | 1,215                      | -    | 8,862                      | 1   |
| 8200 | Net (loss) profit for the period  | (23,363)                 | (5) | 122,526                  | 20  | (129,274)                  | (18) | 241,046                    | 19  |
|      | 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) | (2)                      | -   | 20                       | -   | 34                         | -    | 79                         | -   |
| 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)                                   | (1,909)                  | (1) | (904)                    | -   | (1,614)                    | -    | 1,208                      | -   |
| 8300 | Other comprehensive income for the period   | (1,911)                  | (1) | (884)                    | -   | (1,580)                    | -    | 1,287                      | -   |
| 8500 | Total comprehensive income for the period   | (25,274)                 | (6) | 121,642                  | 20  | (130,854)                  | (18) | 242,333                    | 19  |

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| Code |   | April 1 to June 30, 2023 |              | April 1 to June 30, 2022 |           | January 1 to June 30, 2023 |               | January 1 to June 30, 2022 |           |
|------|---|--------------------------|--------------|--------------------------|-----------|----------------------------|---------------|----------------------------|-----------|
|      |   | Amount                   | %            | Amount                   | %         | Amount                     | %             | Amount                     | %         |
|      | Net (loss) profit attributable to:          |                          |              |                          |           |                            |               |                            |           |
| 8610 | Owners of the Company                       | ( \$ 19,828 )            | ( 4 )        | \$ 125,196               | 20        | ( \$ 123,055 )             | ( 17 )        | \$ 246,193                 | 19        |
| 8620 | Non-controlling interests                   | ( 3,535 )                | ( 1 )        | ( 2,670 )                | -         | ( 6,219 )                  | ( 1 )         | ( 5,147 )                  | -         |
| 8600 |   | <u>( \$ 23,363 )</u>     | <u>( 5 )</u> | <u>\$ 122,526</u>        | <u>20</u> | <u>( \$ 129,274 )</u>      | <u>( 18 )</u> | <u>\$ 241,046</u>          | <u>19</u> |
|      | Total comprehensive income attributable to: |                          |              |                          |           |                            |               |                            |           |
| 8710 | Owners of the Company                       | ( \$ 21,739 )            | ( 5 )        | \$ 124,312               | 20        | ( \$ 124,635 )             | ( 17 )        | \$ 247,480                 | 19        |
| 8720 | Non-controlling interests                   | ( 3,535 )                | ( 1 )        | ( 2,670 )                | -         | ( 6,219 )                  | ( 1 )         | ( 5,147 )                  | -         |
| 8700 |   | <u>( \$ 25,274 )</u>     | <u>( 6 )</u> | <u>\$ 121,642</u>        | <u>20</u> | <u>( \$ 130,854 )</u>      | <u>( 18 )</u> | <u>\$ 242,333</u>          | <u>19</u> |
|      | (Loss) earnings per share (Note 27)         |                          |              |                          |           |                            |               |                            |           |
| 9750 | Basic                                       | <u>( \$ 0.15 )</u>       |              | <u>\$ 0.95</u>           |           | <u>( \$ 0.93 )</u>         |               | <u>\$ 1.87</u>             |           |
| 9850 | Diluted                                     | <u>( \$ 0.15 )</u>       |              | <u>\$ 0.95</u>           |           | <u>( \$ 0.93 )</u>         |               | <u>\$ 1.85</u>             |           |

The accompanying notes are an integral part of the consolidated financial statements  
(Please refer to the Deloitte & Touche auditors' review report dated August 10, 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 June 30, 2023 and 2022

Unit: Thousands of NTD

|      |  | Equity attributable to owners of the Company |                     |                   |                   |                 |                        | Other equity  |  |                     |                           |                     |
|------|--|--|---------------------|-------------------|-------------------|-----------------|------------------------|---|--|---------------------|---------------------------|---------------------|
| Code |  | 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 | Total               | Non-controlling interests | Total equity        |
|      |  | 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        |
|      | Distribution of earnings for 2021                                    |  |                     |                   |                   |                 |                        |   |  |                     |                           |                     |
| B1   | Legal reserve  | -  | -                   | -                 | 30,305            | -               | ( 30,305 )             | -   | -  | -                   | -                         | -                   |
| B3   | Special reserve  | -  | -                   | -                 | -                 | 248             | ( 248 )                | -   | -  | -                   | -                         | -                   |
| B5   | Cash dividends to shareholders of the Company                        | -  | -                   | -                 | -                 | -               | ( 157,255 )            | -   | -  | ( 157,255 )         | -                         | ( 157,255 )         |
|      | Changes in other capital surplus:                                    |  |                     |                   |                   |                 |                        |   |  |                     |                           |                     |
| C5   | Issuance of convertible bonds recognized as a component of equity    | -  | -                   | 79,259            | -                 | -               | -                      | -   | -  | 79,259              | -                         | 79,259              |
| C17  | Unclaimed dividends to shareholders after the statute of limitations | -  | -                   | 9                 | -                 | -               | -                      | -   | -  | 9                   | -                         | 9                   |
| D1   | Net profit (loss) from January 1 to June 30, 2023                    | -  | -                   | -                 | -                 | -               | 246,193                | -   | -  | 246,193             | ( 5,147 )                 | 241,046             |
| D3   | Other comprehensive income from January 1 to June 30, 2022           | -  | -                   | -                 | -                 | -               | -                      | 1,208   | 79   | 1,287               | -                         | 1,287               |
| D5   | Total comprehensive income from January 1 to June 30, 2022           | -  | -                   | -                 | -                 | -               | 246,193                | 1,208   | 79   | 247,480             | ( 5,147 )                 | 242,333             |
| M7   | Change in ownership interests in subsidiaries                        | -  | -                   | 2,470             | -                 | -               | -                      | -   | -  | 2,470               | ( 2,470 )                 | -                   |
| N1   | Share-based payment transaction                                      | 781  | 7,805               | 22,342            | -                 | -               | -                      | -   | -  | 30,147              | 117                       | 30,264              |
| O1   | Non-controlling interests  | -  | -                   | -                 | -                 | -               | -                      | -   | -  | -                   | 44,724                    | 44,724              |
| Z1   | Balance at June 30, 2022   | <u>131,799</u>                               | <u>\$ 1,317,990</u> | <u>\$ 582,422</u> | <u>\$ 264,789</u> | <u>\$ 2,538</u> | <u>\$ 939,375</u>      | <u>( \$ 1,155 )</u>   | <u>( \$ 97 )</u>   | <u>\$ 3,105,862</u> | <u>\$ 32,392</u>          | <u>\$ 3,138,254</u> |
| 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        |
|      | Distribution of earnings for 2022                                    |  |                     |                   |                   |                 |                        |   |  |                     |                           |                     |
| B1   | Legal reserve  | -  | -                   | -                 | 15,194            | -               | ( 15,194 )             | -   | -  | -                   | -                         | -                   |
| B3   | Reversal of special reserve  | -  | -                   | -                 | -                 | 952             | 952                    | -   | -  | -                   | -                         | -                   |
| B5   | Cash dividends to shareholders of the Company                        | -  | -                   | -                 | -                 | -               | ( 79,079 )             | -   | -  | ( 79,079 )          | -                         | ( 79,079 )          |
|      | Changes in other capital surplus:                                    |  |                     |                   |                   |                 |                        |   |  |                     |                           |                     |
| C17  | Unclaimed dividends to shareholders after the statute of limitations | -  | -                   | 23                | -                 | -               | -                      | -   | -  | 23                  | -                         | 23                  |
| D1   | Net loss from January 1 to June 30, 2023                             | -  | -                   | -                 | -                 | -               | ( 123,055 )            | -   | -  | ( 123,055 )         | ( 6,219 )                 | ( 129,274 )         |
| D3   | Other comprehensive income from January 1 to June 30, 2023           | -  | -                   | -                 | -                 | -               | -                      | ( 1,614 )   | 34   | ( 1,580 )           | -                         | ( 1,580 )           |
| D5   | Total comprehensive income from January 1 to June 30, 2023           | -  | -                   | -                 | -                 | -               | ( 123,055 )            | ( 1,614 )   | 34   | ( 124,635 )         | ( 6,219 )                 | ( 130,854 )         |
| N1   | Share-based payment transaction                                      | 18   | 180                 | 487               | -                 | -               | -                      | -   | -  | 667                 | -                         | 667                 |
| Z1   | Balance at June 30, 2023   | <u>131,817</u>                               | <u>\$ 1,318,170</u> | <u>\$ 582,932</u> | <u>\$ 279,983</u> | <u>\$ 1,586</u> | <u>\$ 628,746</u>      | <u>( \$ 3,169 )</u>   | <u>\$ 3</u>  | <u>\$ 2,808,251</u> | <u>\$ 18,819</u>          | <u>\$ 2,827,070</u> |

The accompanying notes are an integral part of the consolidated financial statements  
(Please refer to the Deloitte & Touche auditors' review report dated August 10, 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 June 30, 2023 and 2022

Unit: Thousands of NTD

| Code   |  | January 1 to June 30, 2023 | January 1 to June 30, 2022 |
|--------|--|----------------------------|----------------------------|
|        | Cash flows from operating activities   |                            |                            |
| A10000 | Net (loss) profit before tax for the period  | ( \$ 128,059 )             | \$ 249,908                 |
| A20010 | Income and expense items   |                            |                            |
| A20100 | Depreciation expense   | 186,324                    | 176,021                    |
| A20200 | Amortization expense   | 1,746                      | 2,079                      |
| A20300 | Expected credit impairment losses  | 63                         | 39                         |
| A20400 | Net (profit) loss on financial liabilities at<br>fair value through profit or loss | ( 360 )                    | 1,140                      |
| A20900 | Financial cost   | 16,898                     | 15,204                     |
| A21200 | Interest income  | ( 1,703 )                  | ( 571 )                    |
| A21900 | Share-based payment remuneration cost  | -                          | 450                        |
| A23700 | Loss on decline in value of inventories  | 56,288                     | 5,047                      |
| A24100 | Net gain on foreign exchange   | ( 583 )                    | ( 13,547 )                 |
| A30000 | Net changes in operating assets and liabilities                                    |                            |                            |
| A31130 | Notes receivable   | ( 22,602 )                 | ( 34,790 )                 |
| A31150 | Accounts receivable  | ( 71,416 )                 | ( 89,364 )                 |
| A31200 | Inventories  | 82,986                     | ( 110,108 )                |
| A31240 | Other current assets   | 15,315                     | 17,717                     |
| A31990 | Net defined benefit assets   | 7                          | -                          |
| A32125 | Contract liabilities   | 142                        | ( 7,932 )                  |
| A32150 | Notes and accounts payable   | 18,270                     | ( 73,931 )                 |
| A32180 | Other payables   | ( 12,053 )                 | ( 31,949 )                 |
| A32230 | Other current liabilities  | ( 286 )                    | ( 1,159 )                  |
| A32240 | Net defined benefit liabilities  | -                          | 4                          |
| A32990 | Remuneration payable to employees and<br>directors                                 | -                          | 35,924                     |
| A33000 | Net cash inflows from operations   | 140,977                    | 140,182                    |
| A33100 | Interest received  | 1,730                      | 539                        |
| A33300 | Interest paid  | ( 11,466 )                 | ( 15,064 )                 |
| A33500 | Income tax paid  | ( 15,001 )                 | ( 78,290 )                 |
| AAAA   | Net cash in-flows from operating<br>activities                                     | <u>116,240</u>             | <u>47,367</u>              |

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| Code   |  | January 1 to June 30, 2023 | January 1 to June 30, 2022 |
|--------|--|----------------------------|----------------------------|
|        | Cash flows from investing activities                                 |                            |                            |
| B00040 | Acquisition of financial assets at amortized cost                    | \$ -                       | ( \$ 3,587 )               |
| B00050 | Disposal of financial assets at amortized cost                       | -                          | 3,575                      |
| B02700 | Purchase of property, plant and equipment                            | ( 98,744 )                 | ( 133,177 )                |
| B03800 | Decrease in refundable deposits                                      | 3                          | 2,702                      |
| B04500 | Purchase of intangible asset   | ( 138 )                    | ( 1,313 )                  |
| B07100 | Increase in prepayments for equipment                                | ( <u>7,266</u> )           | ( <u>28,574</u> )          |
| BBBB   | Net cash outflows from investing activities                          | ( <u>106,145</u> )         | ( <u>160,374</u> )         |
|        | Cash flows from financing activities                                 |                            |                            |
| C00100 | Increase in short-term loans   | 270,000                    | 660,000                    |
| C00200 | Decrease in short-term loans   | ( 340,000 )                | ( 490,000 )                |
| C01200 | Issuance of convertible bonds  | -                          | 646,723                    |
| C01600 | Borrowing of long-term loans   | 150,000                    | 329,600                    |
| C01700 | Repayment of long-term loans   | ( 176,391 )                | ( 1,002,707 )              |
| C04020 | Repayment of principal for lease liabilities                         | ( 10,817 )                 | ( 10,425 )                 |
| C04800 | Employee exercise of stock options                                   | 667                        | 29,814                     |
| C05800 | Changes in non-controlling interests                                 | -                          | 44,724                     |
| C09900 | Unclaimed dividends to shareholders after the statute of limitations | <u>23</u>                  | <u>9</u>                   |
| CCCC   | Net cash (outflows) inflows from financing activities                | ( <u>106,518</u> )         | <u>207,738</u>             |
| DDDD   | Effect of exchange rate changes on cash and cash equivalents         | ( <u>90</u> )              | <u>2,447</u>               |
| EEEE   | Net (decrease) increase in cash and cash equivalents                 | ( 96,513 )                 | 97,178                     |
| 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>\$ 357,805</u>          | <u>\$ 570,203</u>          |

The accompanying notes are an integral part of the consolidated financial statements  
(Please refer to the Deloitte & Touche auditors' review report dated August 10, 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 June 30, 2023 and 2022  
(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 August 10, 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<br>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                              |
| Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9 – comparison information"                         | January 1, 2023                              |

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| New, Revised or Amended Standards and Interpretations                                      | Effective Date Announced by IASB (Note 1) |
|--|---|
| 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                           |
| Amendments to IAS 7 and IFRS 7 "Supplier financing arrangements"                           | January 1, 2024                           |
| Amendments to IAS 12, "International taxation changes - Pillar 2 rule samples rules model" | Note 3                                    |

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.

Note 3: Upon the issuance of these amendments, the exceptions and disclosures already applicable apply immediately and retroactively in accordance with IAS 8; the other disclosure requirements apply for annual reporting periods beginning after January 1, 2023, and the other disclosure requirements do not apply for interim financial reporting for periods with an interim period end date prior to December 31, 2023.

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

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

|   | June 30, 2023     | December 31, 2022 | June 30, 2022     |
|---|-------------------|-------------------|-------------------|
| Cash on hand and revolving funds  | \$ 768            | \$ 657            | \$ 576            |
| Bank demand deposits  | 255,701           | 300,467           | 541,416           |
| Cash equivalents (investments with original maturity of less than 3 months) |                   |                   |                   |
| Bank time deposits  | 56,998            | 53,232            | 28,211            |
| Bonds with repurchase agreements  | 44,338            | 99,962            | -                 |
|   | <u>\$ 357,805</u> | <u>\$ 454,318</u> | <u>\$ 570,203</u> |

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

|                                  | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|----------------------------------|---------------|-------------------|---------------|
| Bank deposits                    | 0%~5.20%      | 0%~3.70%          | 0%~2.85%      |
| Bonds with repurchase agreements | 1%~4.75%      | 0.72%~0.80%       | -             |

VII. Financial instruments at fair value through profit or loss

|  | June 30, 2023   | December 31, 2022 | June 30, 2022   |
|--|-----------------|-------------------|-----------------|
| <u>Financial liabilities - current</u>                 |                 |                   |                 |
| Held for trading                                       |                 |                   |                 |
| Derivative instruments (not designated as hedges)      |                 |                   |                 |
| -Value of convertible bond redemption rights (Note 18) |                 |                   |                 |
|  | <u>\$ 3,534</u> | <u>\$ 3,894</u>   | <u>\$ 1,854</u> |

VIII. Financial assets at fair value through other comprehensive income

|                      | <u>June 30, 2023</u> | <u>December 31, 2022</u> | <u>June 30, 2022</u> |
|----------------------|----------------------|--------------------------|----------------------|
| <u>Non-current</u>   |                      |                          |                      |
| Domestic investments |                      |                          |                      |
| Unlisted stocks      |                      |                          |                      |
| Common stock of      |                      |                          |                      |
| POMIRAN              |                      |                          |                      |
| TECHNOLOGY,          |                      |                          |                      |
| LIMITED              |                      |                          |                      |
|                      | \$ <u>473</u>        | \$ <u>439</u>            | \$ <u>373</u>        |

The Consolidated Company invests in the aforementioned common stocks in accordance with the medium and 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>June 30, 2023</u> | <u>December 31, 2022</u> | <u>June 30, 2022</u> |
|-----------------------|----------------------|--------------------------|----------------------|
| <u>Non-current</u>    |                      |                          |                      |
| Pledged time deposits |                      |                          |                      |
|                       | \$ <u>16,923</u>     | \$ <u>16,923</u>         | \$ <u>19,311</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>June 30, 2023</u> | <u>December 31, 2022</u> | <u>June 30, 2022</u> |
|------------------------------------|----------------------|--------------------------|----------------------|
| <u>Notes receivable</u>            |                      |                          |                      |
| Incurred as a result of operations |                      |                          |                      |
|                                    | \$ <u>50,569</u>     | \$ <u>27,967</u>         | \$ <u>127,639</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>June 30, 2023</u> | <u>December 31, 2022</u> | <u>June 30, 2022</u> |
|---|----------------------|--------------------------|----------------------|
| <u>Accounts receivable</u>                |                      |                          |                      |
| Accounts receivable - non-related parties |                      |                          |                      |
| Measure at amortized cost                 |                      |                          |                      |
| Total carrying amount                     | \$ 327,971           | \$ 257,960               | \$ 527,487           |
| Less: Allowance for loss                  | ( <u>222</u> )       | ( <u>161</u> )           | ( <u>76</u> )        |
|   | 327,749              | 257,799                  | 527,411              |
| Accounts receivable - related parties     |                      |                          |                      |
| Measure at amortized cost                 |                      |                          |                      |
| Total carrying amount                     | <u>34</u>            | -                        | -                    |

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| June 30, 2023     | December 31, 2022 | June 30, 2022     |
| <u>\$ 327,783</u> | <u>\$ 257,799</u> | <u>\$ 527,411</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:

June 30, 2023

|   | Not past due      | 1 to 60 days<br>overdue | 61 to 90 days<br>overdue | 91 to 180 days<br>overdue | Over 180 days<br>overdue | Total             |
|---|-------------------|-------------------------|--------------------------|---------------------------|--------------------------|-------------------|
| Total carrying amount   | \$ 318,969        | \$ 7,555                | \$ 1,481                 | \$ -                      | \$ -                     | \$ 328,005        |
| Allowance for loss (expected credit losses during the duration) | -                 | ( 148 )                 | ( 74 )                   | -                         | -                        | ( 222 )           |
| Amortized cost  | <u>\$ 318,969</u> | <u>\$ 7,407</u>         | <u>\$ 1,407</u>          | <u>\$ -</u>               | <u>\$ -</u>              | <u>\$ 327,783</u> |

December 31, 2022

|   | Not past due      | 1 to 60 days<br>overdue | 61 to 90 days<br>overdue | 91 to 180 days<br>overdue | Over 180 days<br>overdue | Total             |
|---|-------------------|-------------------------|--------------------------|---------------------------|--------------------------|-------------------|
| 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> |

June 30, 2022

|   | Not past due      | 1 to 60 days<br>overdue | 61 to 90 days<br>overdue | 91 to 180 days<br>overdue | Over 180 days<br>overdue | Total             |
|---|-------------------|-------------------------|--------------------------|---------------------------|--------------------------|-------------------|
| Total carrying amount   | \$ 519,885        | \$ 7,602                | \$ -                     | \$ -                      | \$ -                     | \$ 527,487        |
| Allowance for loss (expected credit losses during the duration) | -                 | ( 76 )                  | -                        | -                         | -                        | ( 76 )            |
| Amortized cost  | <u>\$ 519,885</u> | <u>\$ 7,526</u>         | <u>\$ -</u>              | <u>\$ -</u>               | <u>\$ -</u>              | <u>\$ 527,411</u> |

Changes on allowance for accounts receivable loss are as below:

|  | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|--|-------------------------------|-------------------------------|
| Balance at the beginning of the year           | \$ 161                        | \$ 37                         |
| Add: Impairment loss charged to current period | 63                            | 39                            |
| Exchange differences on translation            | ( 2 )                         | -                             |
| Balance at end of the period                   | <u>\$ 222</u>                 | <u>\$ 76</u>                  |

XI. Inventories

|                 | June 30, 2023     | December 31, 2022 | June 30, 2022     |
|-----------------|-------------------|-------------------|-------------------|
| Finished goods  | \$ 268,064        | \$ 312,963        | \$ 266,273        |
| Work in process | 181,963           | 231,209           | 258,865           |
| Raw materials   | <u>54,516</u>     | <u>99,618</u>     | <u>123,352</u>    |
|                 | <u>\$ 504,543</u> | <u>\$ 643,790</u> | <u>\$ 648,490</u> |

The cost of goods sold related to inventories from April 1 to June 30, 2023 and 2022, and from January 1 to June 30, 2023 and 2022 was \$361,149 thousand, \$413,644 thousand, \$657,988 thousand and \$843,219 thousand, respectively. The cost of goods sold from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022 included \$25,576 thousand, \$1,973 thousand, \$56,288 thousand and \$5,047 thousand, respectively, of loss on decline in value of inventories.

XII. Subsidiary

Subsidiaries incorporated in the consolidated financial statements

The basis for the consolidated financial statements is as follows:

| Investor name         | Subsidiary name                                    | Business nature   | Percentage of shareholding |                   |               |
|-----------------------|--|---|----------------------------|-------------------|---------------|
|                       |  |   | June 30, 2023              | December 31, 2022 | June 30, 2022 |
| The Company           | POMIRAN METALIZATION RESEARCH CO., LTD.            | Manufacturing of electronic components, wholesale and surface treatment of electronic materials   | 85%                        | 85%               | 85%           |
|                       | 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 June 30, 2023 and 2022 are not material subsidiaries, and their financial reports have not been reviewed by us.

XIII. Property, plant and equipment  
For the use of the Consolidated Company

|  | Land owned<br>by the<br>Company | Houses and<br>buildings | Machinery<br>and<br>equipment | Facility<br>equipment | Transportatio<br>n equipment | Office<br>equipment | Other<br>equipment | Leasehold<br>improvements | Construction<br>in progress<br>and<br>equipment<br>pending<br>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                   | 29,132                        | 4,347                 | 403                          | 1,986               | -                  | 860                       | 87,189   | 126,205            |
| Decrease in the current period               | -                               | -                       | ( 323,576)                    | ( 187,709)            | -                            | ( 648)              | -                  | ( 477)                    | -  | ( 512,410)         |
| This issue is reclassified                   | -                               | 17,789                  | 23,440                        | 22,112                | 330                          | 375                 | -                  | -                         | ( 64,046)  | -                  |
| Effect of exchange rate                      | -                               | -                       | -                             | -                     | 36                           | 2                   | -                  | -                         | -  | 38                 |
| Balance at June 30, 2022                     | <u>\$ 291,073</u>               | <u>\$1,643,712</u>      | <u>\$2,276,015</u>            | <u>\$ 698,435</u>     | <u>\$ 6,605</u>              | <u>\$ 17,001</u>    | <u>\$ 613</u>      | <u>\$ 3,915</u>           | <u>\$ 293,762</u>  | <u>\$5,231,131</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               | -                               | 14,871                  | 109,285                       | 38,536                | 464                          | 1,465               | 47                 | 278                       | -  | 164,946            |
| Decrease in the current period               | -                               | -                       | ( 323,576)                    | ( 187,709)            | -                            | ( 648)              | -                  | ( 477)                    | -  | ( 512,410)         |
| Effect of exchange rate                      | -                               | -                       | -                             | -                     | 10                           | 2                   | -                  | -                         | -  | 12                 |
| Balance at June 30, 2022                     | <u>\$ -</u>                     | <u>\$ 363,994</u>       | <u>\$1,159,612</u>            | <u>\$ 286,920</u>     | <u>\$ 2,876</u>              | <u>\$ 8,511</u>     | <u>\$ 62</u>       | <u>\$ 1,139</u>           | <u>\$ -</u>  | <u>\$1,823,114</u> |
| Net at June 30, 2022                         | <u>\$ 291,073</u>               | <u>\$1,279,718</u>      | <u>\$1,116,403</u>            | <u>\$ 411,515</u>     | <u>\$ 3,729</u>              | <u>\$ 8,490</u>     | <u>\$ 551</u>      | <u>\$ 2,776</u>           | <u>\$ 293,762</u>  | <u>\$3,408,017</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               | -                               | -                       | 23,891                        | 8,561                 | 95                           | 1,895               | 23                 | 861                       | 18,718   | 54,044             |
| Decrease in the current period               | -                               | -                       | ( 4,011)                      | ( 4,941)              | -                            | -                   | -                  | -                         | -  | ( 8,952)           |
| This issue is reclassified                   | -                               | -                       | 13,741                        | 893                   | -                            | 320                 | 136                | -                         | ( 15,090)  | -                  |
| Effect of exchange rate                      | -                               | -                       | -                             | -                     | ( 48)                        | ( 3)                | -                  | -                         | -  | ( 51)              |
| Balance at June 30, 2023                     | <u>\$ 291,073</u>               | <u>\$1,769,272</u>      | <u>\$2,160,070</u>            | <u>\$ 891,837</u>     | <u>\$ 5,913</u>              | <u>\$ 18,780</u>    | <u>\$ 1,775</u>    | <u>\$ 39,406</u>          | <u>\$ 77,938</u>   | <u>\$5,256,064</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               | -                               | 16,438                  | 106,258                       | 46,918                | 427                          | 1,589               | 145                | 3,248                     | -  | 175,023            |
| Decrease in the current period               | -                               | -                       | ( 4,011)                      | ( 4,941)              | -                            | -                   | -                  | -                         | -  | ( 8,952)           |
| Effect of exchange rate                      | -                               | -                       | -                             | -                     | ( 24)                        | ( 3)                | -                  | -                         | -  | ( 27)              |
| Balance at June 30, 2023                     | <u>\$ -</u>                     | <u>\$ 396,014</u>       | <u>\$1,081,960</u>            | <u>\$ 361,932</u>     | <u>\$ 1,956</u>              | <u>\$ 8,804</u>     | <u>\$ 255</u>      | <u>\$ 4,743</u>           | <u>\$ -</u>  | <u>\$1,855,664</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 June 30, 2023                         | <u>\$ 291,073</u>               | <u>\$1,373,258</u>      | <u>\$1,078,110</u>            | <u>\$ 529,905</u>     | <u>\$ 3,957</u>              | <u>\$ 9,976</u>     | <u>\$ 1,520</u>    | <u>\$ 34,663</u>          | <u>\$ 77,938</u>   | <u>\$3,400,400</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

|  | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|--|---------------|-------------------|---------------|
| Carrying amount of right-of-use assets |               |                   |               |
| Land                                   | \$ 110,802    | \$ 118,180        | \$ 125,557    |

|   | June 30, 2023               | December 31, 2022           | June 30, 2022                 |
|---|-----------------------------|-----------------------------|-------------------------------|
| Buildings   | 66,380                      | 70,146                      | 69,304                        |
| Transportation equipment  | <u>113</u>                  | <u>282</u>                  | <u>451</u>                    |
|   | <u>\$ 177,295</u>           | <u>\$ 188,608</u>           | <u>\$ 195,312</u>             |
|   | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 |
| Addition to right-of-use assets                                   |                             |                             | <u>\$ -</u>                   |
| Depreciation expense of right-of-use assets                       |                             |                             | <u>\$ 780</u>                 |
| Land  | \$ 3,688                    | \$ 3,699                    | \$ 7,377                      |
| Buildings   | 1,877                       | 1,765                       | 3,755                         |
| Transportation equipment  | <u>85</u>                   | <u>85</u>                   | <u>169</u>                    |
|   | <u>\$ 5,650</u>             | <u>\$ 5,549</u>             | <u>\$ 11,301</u>              |
| Sublease income of right-of-use assets (included in other income) | <u>\$ -</u>                 | <u>\$ 409</u>               | <u>\$ 819</u>                 |

Other than the additions and the depreciation expense recognized above, there were no significant subleases or impairments of the Consolidated company's use-right assets from January 1 to June 30, 2023 and 2022.

(II) Lease liabilities

|                                      | June 30, 2023     | December 31, 2022 | June 30, 2022     |
|--------------------------------------|-------------------|-------------------|-------------------|
| Carrying amount of lease liabilities |                   |                   |                   |
| Current                              | <u>\$ 21,669</u>  | <u>\$ 21,684</u>  | <u>\$ 21,150</u>  |
| Non-current                          | <u>\$ 163,006</u> | <u>\$ 173,820</u> | <u>\$ 180,480</u> |

Ranges of discount rates for lease liabilities are as follows:

|                          | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|--------------------------|---------------|-------------------|---------------|
| 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

|   | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Short-term lease expense  | <u>\$ 178</u>               | <u>\$ 211</u>               | <u>\$ 358</u>                 | <u>\$ 443</u>                 |
| Lease expense for low-value assets  | <u>\$ 51</u>                | <u>\$ 51</u>                | <u>\$ 102</u>                 | <u>\$ 100</u>                 |
| Variable lease payment expense not included in the measurement of lease liabilities | <u>\$ 364</u>               | <u>\$ 1,422</u>             | <u>\$ 1,010</u>               | <u>\$ 2,983</u>               |

|                                   | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|-----------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Total cash (outflows) from leases | ( \$ 6,943 )                | ( \$ 7,910 )                | ( \$ 14,171 )                 | ( \$ 15,957 )                 |

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

|   | Computer software<br>cost | Power circuit<br>subsidy cost | Royalty payment | Total            |
|---|---------------------------|-------------------------------|-----------------|------------------|
| <u>Cost</u>                                     |                           |                               |                 |                  |
| Balance as of January 1, 2022                   | \$ 20,817                 | \$ 14,768                     | \$ 1,500        | \$ 37,085        |
| Acquired separately                             | <u>1,313</u>              | <u>-</u>                      | <u>-</u>        | <u>1,313</u>     |
| Balance at June 30, 2022                        | <u>\$ 22,130</u>          | <u>\$ 14,768</u>              | <u>\$ 1,500</u> | <u>\$ 38,398</u> |
| <u>Accumulated amortization</u>                 |                           |                               |                 |                  |
| Balance as of January 1, 2022                   | \$ 15,735                 | \$ 10,427                     | \$ 409          | \$ 26,571        |
| Amortization expense                            | <u>1,384</u>              | <u>650</u>                    | <u>45</u>       | <u>2,079</u>     |
| Balance at June 30, 2022                        | <u>\$ 17,119</u>          | <u>\$ 11,077</u>              | <u>\$ 454</u>   | <u>\$ 28,650</u> |
| Net at June 30, 2022                            | <u>\$ 5,011</u>           | <u>\$ 3,691</u>               | <u>\$ 1,046</u> | <u>\$ 9,748</u>  |
| <u>Cost</u>                                     |                           |                               |                 |                  |
| Balance at January 1, 2023                      | \$ 23,904                 | \$ 15,300                     | \$ 1,500        | \$ 40,704        |
| Acquired separately                             | <u>138</u>                | <u>-</u>                      | <u>-</u>        | <u>138</u>       |
| Balance at June 30, 2023                        | <u>\$ 24,042</u>          | <u>\$ 15,300</u>              | <u>\$ 1,500</u> | <u>\$ 40,842</u> |
| <u>Accumulated amortization</u>                 |                           |                               |                 |                  |
| Balance at January 1, 2023                      | \$ 18,437                 | \$ 11,752                     | \$ 500          | \$ 30,689        |
| Amortization expense                            | <u>998</u>                | <u>703</u>                    | <u>45</u>       | <u>1,746</u>     |
| Balance at June 30, 2023                        | <u>\$ 19,435</u>          | <u>\$ 12,455</u>              | <u>\$ 545</u>   | <u>\$ 32,435</u> |
| Net at December 31, 2022 and<br>January 1, 2023 | <u>\$ 5,467</u>           | <u>\$ 3,548</u>               | <u>\$ 1,000</u> | <u>\$ 10,015</u> |
| Net at June 30, 2023                            | <u>\$ 4,607</u>           | <u>\$ 2,845</u>               | <u>\$ 955</u>   | <u>\$ 8,407</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<br>cost | 5 years      |
| Royalty payment               | 16.5 years   |

#### XVI. Other current assets

|                       | June 30, 2023    | December 31, 2022 | June 30, 2022    |
|-----------------------|------------------|-------------------|------------------|
| supplies inventory    | \$ 23,900        | \$ 24,013         | \$ 23,582        |
| Tax overpaid retained | 19,039           | 36,012            | 52,505           |
| Input tax             | 3,924            | 3,827             | 5,613            |
| Prepayment for goods  | 101              | 58                | 3,463            |
| Others                | <u>15,677</u>    | <u>14,147</u>     | <u>12,912</u>    |
|                       | <u>\$ 62,641</u> | <u>\$ 78,057</u>  | <u>\$ 98,075</u> |

XVII. Loans

(I) Short-term loans

|                        | <u>June 30, 2023</u> | <u>December 31, 2022</u> | <u>June 30, 2022</u> |
|------------------------|----------------------|--------------------------|----------------------|
| <u>Unsecured loans</u> |                      |                          |                      |
| Line of credit loans   | \$ 20,000            | \$ 110,000               | \$ 230,000           |
| <u>Secured loans</u>   |                      |                          |                      |
| Line of credit loans   | <u>40,000</u>        | <u>20,000</u>            | <u>55,000</u>        |
|                        | <u>\$ 60,000</u>     | <u>\$ 130,000</u>        | <u>\$ 285,000</u>    |

The interest rates on revolving bank loans ranged from 2.20% to 2.52%, 1.88% to 2.33% and 1.06% to 1.73% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

(II) Long-term loans

|                             | <u>June 30, 2023</u> | <u>December 31, 2022</u> | <u>June 30, 2022</u> |
|-----------------------------|----------------------|--------------------------|----------------------|
| <u>Unsecured loans</u>      |                      |                          |                      |
| Bank credit loans (1)       | \$ 648,944           | \$ 626,500               | \$ 553,600           |
| <u>Secured loans</u>        |                      |                          |                      |
| Bank loans (2)              | <u>313,169</u>       | <u>362,004</u>           | <u>339,644</u>       |
|                             | 962,113              | 988,504                  | 893,244              |
| Portion due within one year | ( <u>287,013</u> )   | ( <u>268,655</u> )       | ( <u>196,563</u> )   |
|                             | <u>\$ 675,100</u>    | <u>\$ 719,849</u>        | <u>\$ 696,681</u>    |

- As of June 30, 2023, December 31, 2022 and June 30, 2022, the maturity dates of the bank credit loans were all due for repayment by the end of April 2028, and the interest rates ranged from 1.30% to 2.36%, 1.18% to 2.12% and 0.925% to 1.825% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
- The bank borrowings are secured by collateral on land, buildings and equipment owned by the consolidated Company (see Note 32). As of June 30, 2023, December 31, 2022 and June 30, 2022, the borrowings were all due for repayment by the end of April 2028, with interest rates ranging from 1.30% to 2.90%, 1.18% to 2.76% and 0.925% to 2.45% as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

In accordance with the restrictions on current ratio, debt ratio, interest coverage multiplier, and tangible net worth in the Consolidated Company's half-year and annual financial statements in accordance with the relevant loan agreements. The Consolidated Company's financial ratios were in compliance with the requirements as of June 30, 2023.

XVIII. Corporate bonds payable

|   | <u>June 30, 2023</u> | <u>December 31, 2022</u> | <u>June 30, 2022</u> |
|---|----------------------|--------------------------|----------------------|
| Domestic unsecured convertible bonds          | \$ 600,000           | \$ 600,000               | \$ 600,000           |
| Less: Discount on corporate bonds payable     | ( <u>22,102</u> )    | ( <u>27,567</u> )        | ( <u>32,981</u> )    |
|   | 577,898              | 572,433                  | 567,019              |
| Less: Portion recorded as due within one year | ( <u>577,898</u> )   | <u>-</u>                 | <u>-</u>             |
|   | <u>\$ -</u>          | <u>\$ 572,433</u>        | <u>\$ 567,019</u>    |
| Value of redemption rights                    | \$ 3,534             | \$ 3,894                 | \$ 1,854             |
| Value of conversion rights                    | 79,259               | 79,259                   | 79,259               |

(I) Domestic unsecured convertible bonds

On June 21, 2022, the Company issued 6,000 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        |

(Continued on next page)

(Continued from previous page)

|   |                   |
|---|-------------------|
| Interest calculated at the effective interest rate of 1.90% | \$ 5,683          |
| Liabilities component as of December 31, 2022               | 572,433           |
| Interest calculated at the effective interest rate of 1.90% | <u>5,465</u>      |
| Liabilities component as of June 30, 2023                   | <u>\$ 577,898</u> |

XIX. Other payables

|                           | June 30, 2023     | December 31, 2022 | June 30, 2022     |
|---------------------------|-------------------|-------------------|-------------------|
| Wages and bonuses payable | \$ 42,537         | \$ 50,491         | \$ 36,315         |
| Utilities payable         | 18,585            | 12,240            | 16,936            |
| Waste disposals payable   | 9,673             | 9,939             | 20,250            |
| Others                    | <u>69,157</u>     | <u>79,363</u>     | <u>83,231</u>     |
|                           | <u>\$ 139,952</u> | <u>\$ 152,033</u> | <u>\$ 156,732</u> |

XX. Other current liabilities

|                        | June 30, 2023   | December 31, 2022 | June 30, 2022   |
|------------------------|-----------------|-------------------|-----------------|
| Temporary receipts     | \$ 1,631        | \$ 2,268          | \$ 2,562        |
| Receipts under custody | <u>4,327</u>    | <u>3,976</u>      | <u>3,379</u>    |
|                        | <u>\$ 5,958</u> | <u>\$ 6,244</u>   | <u>\$ 5,941</u> |

XXI. Post-employment benefit plans

The pension expenses related to the defined benefit plan recognized from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022 were \$134 thousand, \$132 thousand, \$261 thousand and \$262 thousand, respectively, based on the actuarial pension cost rate as at December 31, 2022 and 2021.

XXII. Equity

(I) Common stock capital

|   | June 30, 2023       | December 31, 2022   | June 30, 2022       |
|---|---------------------|---------------------|---------------------|
| 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>131,817</u>      | <u>131,799</u>      | <u>131,799</u>      |
| Public offering of ordinary shares          | \$ 1,278,480        | \$ 1,278,300        | \$ 1,273,073        |
| Private equity                              | <u>39,690</u>       | <u>39,690</u>       | <u>39,690</u>       |
| Issued capital                              | <u>\$ 1,318,170</u> | <u>\$ 1,317,990</u> | <u>\$ 1,317,990</u> |

The shareholders resolved to amend the Articles of Incorporation at the shareholders' meeting held on June 21. After the amendment of the Articles of Incorporation, 30,000 thousand shares of the authorized capital are reserved for issuance of employee stock options, preferred shares with warrants or corporate bonds with warrants. Prior to the amendment, 20,000 thousand shares of the authorized capital were 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 June 21, 2023, the shareholders' meeting of the Company resolved to increase capital by cash through a private placement of up to 10 million shares with specific parties.

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

|   | June 30, 2023     | December 31, 2022 | June 30, 2022     |
|---|-------------------|-------------------|-------------------|
| <u>For loss make-up, distribution in cash or capitalization as equity</u> |                   |                   |                   |
| Stock issue premium (1)   | \$ 425,369        | \$ 424,791        | \$ 424,791        |
| Amount of stock options exercised by employees                            | 37,015            | 36,726            | 36,726            |
| <u>Only for loss make-up</u>  |                   |                   |                   |
| Recognition of changes in ownership interests in subsidiaries (2)         | 25,992            | 25,992            | 25,992            |
| Unclaimed dividends to shareholders after the statute of limitations      | 522               | 499               | 499               |
| <u>Not to be used for any purpose</u>                                     |                   |                   |                   |
| Employee stock options  | 14,775            | 15,155            | 15,155            |
| Stock options (Note 18)   | <u>79,259</u>     | <u>79,259</u>     | <u>79,259</u>     |
|   | <u>\$ 582,932</u> | <u>\$ 582,422</u> | <u>\$ 582,422</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.

The shareholders' meetings of the Company held on June 21, 2023 and June 24, 2022 resolved to distribute the earnings of 2022 and 2021 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      |

|      |                           |  |                               |
|------|---------------------------|--|-------------------------------|
| (IV) | Other equity              |  |                               |
|      | 1.                        | Exchange differences on translation of the financial statements of foreign operations  |                               |
|      |                           |  | January 1 to June 30,<br>2023 |
|      |                           |  | January 1 to June 30,<br>2022 |
|      |                           | Balance at the beginning of the year   | ( \$ 1,555 )                  |
|      |                           | Generated in the current period  |                               |
|      |                           | Exchange differences arising from translation of the financial statements of foreign operations  | ( 1,614 )                     |
|      |                           | Balance at end of the period   | ( \$ 3,169 )                  |
|      | 2.                        | Unrealized gain or loss on financial assets at fair value through other comprehensive income   |                               |
|      |                           |  | January 1 to June 30,<br>2023 |
|      |                           |  | January 1 to June 30,<br>2022 |
|      |                           | Balance at the beginning of the year   | ( \$ 31 )                     |
|      |                           | Generated in the current period  |                               |
|      |                           | Unrealized profit or loss  |                               |
|      |                           | Equity instruments   | 34                            |
|      |                           | Other comprehensive income for the period  | 34                            |
|      |                           | Balance at end of the period   | \$ 3                          |
| (V)  | Non-controlling interests |  |                               |
|      |                           |  | January 1 to June 30,<br>2023 |
|      |                           |  | January 1 to June 30,<br>2022 |
|      |                           | Balance at the beginning of the year   | \$ 25,038                     |
|      |                           | Share attributable to non-controlling interests.   | ( \$ 4,832 )                  |
|      |                           | Net loss for the period  | ( 6,219 )                     |
|      |                           | Increase in non-controlling interest in POMIRAN METALIZATION RESEARCH CO., LTD. (Note 28)  | 42,254                        |
|      |                           | Non-controlling interests related to outstanding vested stock options held by employees of POMIRAN METALIZATION RESEARCH CO., LTD. (Note 23) | 117                           |
|      |                           | Balance at end of the period   | \$ 32,392                     |

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  | January 1 to June 30, 2023 |                                       | January 1 to June 30, 2022 |                                       |
|---|----------------------------|---------------------------------------|----------------------------|---------------------------------------|
|   | 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   | ( 18 )                     | 37.10                                 | ( 781 )                    | 38.20                                 |
| Abandonment of this issue   | ( 6 )                      | 37.10                                 | ( 1 )                      | 38.20                                 |
| Outstanding at end of the period  | <u>1,007</u>               |                                       | <u>1,031</u>               |                                       |
| Executable at the end of the period                                       | <u>1,007</u>               |                                       | <u>1,031</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:

|  | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|--|---------------|-------------------|---------------|
| Range of exercise prices (NTD)                     | \$ 37.10      | \$ 37.10          | \$ 38.20      |
| Weighted average remaining contract period (years) | 0.11 years    | 0.61 years        | 1.11 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:

|                               | August 2017     |
|-------------------------------|-----------------|
| 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:

|                               | March 2022 |
|-------------------------------|------------|
| 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 June 30, 2022 is NT\$450 thousand.

XXIV. Revenue

|                                       | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|---------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Revenue from contracts with customers |                             |                             |                               |                               |
| Revenue form merchandise sales        | \$ 437,321                  | \$ 613,208                  | \$ 714,771                    | \$ 1,267,383                  |
| Other income                          | <u>9,382</u>                | <u>222</u>                  | <u>18,574</u>                 | <u>469</u>                    |
|                                       | <u>\$ 446,703</u>           | <u>\$ 613,430</u>           | <u>\$ 733,345</u>             | <u>\$ 1,267,852</u>           |

(I) Contract balance

|   | June 30, 2023     | December 31, 2022 | June 30, 2022     | January 1, 2022   |
|---|-------------------|-------------------|-------------------|-------------------|
| Accounts receivable (Note 10)                   | <u>\$ 327,749</u> | <u>\$ 257,799</u> | <u>\$ 527,411</u> | <u>\$ 423,805</u> |
| Accounts receivable - Related parties (Note 10) | <u>\$ 34</u>      | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       |
| Contract liabilities - current                  |                   |                   |                   |                   |
| Merchandise sales                               | <u>\$ 303</u>     | <u>\$ 161</u>     | <u>\$ 68</u>      | <u>\$ 8,000</u>   |

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

|                                       | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|---------------------------------------|-------------------------------|-------------------------------|
| <u>Region</u>                         |                               |                               |
| Taiwan (where the Company is located) | \$ 324,515                    | \$ 576,020                    |
| Mainland China                        | 186,357                       | 469,464                       |
| South Korea                           | 174,512                       | 178,272                       |
| U.S.A.                                | 36,826                        | 20,422                        |
| Japan                                 | 6,909                         | 16,684                        |
| Others                                | <u>4,226</u>                  | <u>6,990</u>                  |
|                                       | <u>\$ 733,345</u>             | <u>\$ 1,267,852</u>           |

XXV. Net profit

## (I) Interest income

|               | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|---------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank deposits | <u>\$ 1,191</u>             | <u>\$ 359</u>               | <u>\$ 1,703</u>               | <u>\$ 571</u>                 |

## (II) Other income

|                                | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Lease income (operating lease) | \$ 207                      | \$ 625                      | \$ 416                        | \$ 1,234                      |
| Others                         | <u>409</u>                  | <u>556</u>                  | <u>924</u>                    | <u>1,065</u>                  |
|                                | <u>\$ 616</u>               | <u>\$ 1,181</u>             | <u>\$ 1,340</u>               | <u>\$ 2,299</u>               |

## (III) Other gain and loss

|   | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Gain (Loss) on financial instruments at fair value through profit or loss | \$ 60                       | ( \$ 1,140 )                | \$ 360                        | ( \$ 1,140 )                  |
| Net (loss) gain on foreign currency exchange                              | <u>( 530 )</u>              | <u>( 423 )</u>              | <u>583</u>                    | <u>13,547</u>                 |
|   | <u>( \$ 470 )</u>           | <u>( \$ 1,563 )</u>         | <u>\$ 943</u>                 | <u>\$ 12,407</u>              |

## (IV) Financial cost

|                               | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|-------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Interest on bank loans        | \$ 4,840                    | \$ 6,646                    | \$ 9,549                      | \$ 12,929                     |
| Interest on convertible bonds | 2,739                       | 269                         | 5,465                         | 269                           |
| Interest on lease liabilities | <u>928</u>                  | <u>994</u>                  | <u>1,884</u>                  | <u>2,006</u>                  |
|                               | <u>\$ 8,507</u>             | <u>\$ 7,909</u>             | <u>\$ 16,898</u>              | <u>\$ 15,204</u>              |

(V) Depreciation and amortization

|  | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Summary of depreciation<br>expense by function |                             |                             |                               |                               |
| Operating costs                                | \$ 74,557                   | \$ 74,829                   | \$ 148,773                    | \$ 149,539                    |
| Operating expenses                             | <u>18,623</u>               | <u>13,390</u>               | <u>37,551</u>                 | <u>26,482</u>                 |
|  | <u>\$ 93,180</u>            | <u>\$ 88,219</u>            | <u>\$ 186,324</u>             | <u>\$ 176,021</u>             |
| Summary of amortization<br>expense by function |                             |                             |                               |                               |
| Operating costs                                | \$ 474                      | \$ 654                      | \$ 951                        | \$ 1,294                      |
| Administrative expense                         | 296                         | 336                         | 571                           | 684                           |
| Research and<br>development expense            | <u>114</u>                  | <u>52</u>                   | <u>224</u>                    | <u>101</u>                    |
|  | <u>\$ 884</u>               | <u>\$ 1,042</u>             | <u>\$ 1,746</u>               | <u>\$ 2,079</u>               |

See Note 15 for information on the amortization expenses of intangible assets allocated to individual line items.

(VI) Employee benefit expense

|                                   | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|-----------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Post-employment benefits          |                             |                             |                               |                               |
| Defined contribution<br>plans     | \$ 3,624                    | \$ 3,367                    | \$ 7,460                      | \$ 6,712                      |
| Defined benefit plan<br>(Note 21) | <u>134</u>                  | <u>132</u>                  | <u>261</u>                    | <u>262</u>                    |
|                                   | 3,758                       | 3,499                       | 7,721                         | 6,974                         |
| Share-based payment (Note 23)     |                             |                             |                               |                               |
| Equity settlement                 | -                           | -                           | -                             | 450                           |
| Other employee benefits           | <u>96,361</u>               | <u>119,661</u>              | <u>191,468</u>                | <u>238,239</u>                |
|                                   | <u>\$ 100,119</u>           | <u>\$ 123,160</u>           | <u>\$ 199,189</u>             | <u>\$ 245,663</u>             |
| Summary by function               |                             |                             |                               |                               |
| Operating costs                   | \$ 66,331                   | \$ 88,406                   | \$ 132,129                    | \$ 175,839                    |
| Operating expenses                | <u>33,788</u>               | <u>34,754</u>               | <u>67,060</u>                 | <u>69,824</u>                 |
|                                   | <u>\$ 100,119</u>           | <u>\$ 123,160</u>           | <u>\$ 199,189</u>             | <u>\$ 245,663</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 June 30, 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 June 30, 2022 based on the aforementioned pre-tax benefits is as follows:

Estimated percentage

|   | January 1 to June 30,<br>2022 |
|---|-------------------------------|
| Profit-sharing remuneration for employees | 9.42%                         |
| Profit-sharing remuneration for directors | 2.83%                         |

Amount

|   | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2022 |
|---|-----------------------------|-------------------------------|
| Profit-sharing remuneration for employees | <u>\$ 13,225</u>            | <u>\$ 27,634</u>              |
| Profit-sharing remuneration for directors | <u>\$ 3,967</u>             | <u>\$ 8,290</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 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:

|   | 2022      | 2021      |
|---|-----------|-----------|
|   | Cash      | Cash      |
| 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:

|   | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Current income tax                              |                             |                             |                               |                               |
| Generated in the current period                 | \$ 11                       | ( \$ 4,933 )                | \$ 11                         | \$ 21,761                     |
| Additional levy on undistributed earnings       | -                           | 5,762                       | -                             | 5,762                         |
| Adjustments for prior years                     | <u>1,204</u>                | <u>( 18,661 )</u>           | <u>1,204</u>                  | <u>( 18,661 )</u>             |
| Income tax expense recognized in profit or loss | <u>\$ 1,215</u>             | <u>( \$ 17,832 )</u>        | <u>\$ 1,215</u>               | <u>\$ 8,862</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)

|                                   | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | Unit: NTD per share<br>January 1 to June 30,<br>2022 |
|-----------------------------------|-----------------------------|-----------------------------|-------------------------------|--|
| Basic (loss) earnings per share   | ( \$ <u>0.15</u> )          | \$ <u>0.95</u>              | ( \$ <u>0.93</u> )            | \$ <u>1.87</u>                                       |
| Diluted (loss) earnings per share | ( \$ <u>0.15</u> )          | \$ <u>0.95</u>              | ( \$ <u>0.93</u> )            | \$ <u>1.85</u>                                       |

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

Net (loss) profit for the period

|   | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Net (Loss) profit attributed to owners of the Company                 | ( \$ <u>19,828</u> )        | \$ <u>125,196</u>           | ( \$ <u>123,055</u> )         | \$ <u>246,193</u>             |
| Net (loss) profit used to calculate basic (loss) earnings per share   | ( \$ 19,828 )               | \$ 125,196                  | ( \$ 123,055 )                | \$ 246,193                    |
| Effect of potentially dilutive common stock                           |                             |                             |                               |                               |
| Convertible bonds   | -                           | -                           | -                             | -                             |
| Profit-sharing remuneration for employees                             | -                           | -                           | -                             | -                             |
| Employee stock options  | -                           | -                           | -                             | -                             |
| Net (loss) profit used to calculate diluted (loss) earnings per share | ( \$ <u>19,828</u> )        | \$ <u>125,196</u>           | ( \$ <u>123,055</u> )         | \$ <u>246,193</u>             |

Number of shares

|   | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | (Units: In thousands)<br>January 1 to June 30,<br>2022 |
|---|-----------------------------|-----------------------------|-------------------------------|--|
| Weighted average number of shares of common stock used to calculate basic (loss) earnings per share   | 131,799                     | 131,412                     | 131,799                       | 131,412  |
| Effect of potentially dilutive common stock   |                             |                             |                               |  |
| Convertible bonds   | -                           | -                           | -                             | -  |
| Profit-sharing remuneration for employees   | -                           | 602                         | -                             | 957  |
| Employee stock options  | -                           | 371                         | -                             | 397  |
| Weighted average number of shares of common stock used to calculate diluted (loss) earnings per share | <u>131,799</u>              | <u>132,385</u>              | <u>131,799</u>                | <u>132,766</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.

2022

|   | POMIRAN<br>METALIZATION<br>RESEARCH CO.,<br>LTD.<br><hr style="width: 100%;"/> |
|---|--|
| 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<br>METALIZATION<br>RESEARCH CO.,<br>LTD.<br><hr style="width: 100%;"/> |
| 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 (loan 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

June 30, 2023

| Carrying amount                         | Fair value |            |         | Total      |
|---|------------|------------|---------|------------|
|   | Level 1    | Level 2    | Level 3 |            |
| <u>Financial liabilities</u>            |            |            |         |            |
| Financial liabilities at amortized cost |            |            |         |            |
| - Convertible bonds                     | \$ 577,898 | \$ 580,800 | \$ -    | \$ 580,800 |

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 |

June 30, 2022

| Carrying amount                         | Fair value |            |         | Total      |
|---|------------|------------|---------|------------|
|   | Level 1    | Level 2    | Level 3 |            |
| <u>Financial liabilities</u>            |            |            |         |            |
| Financial liabilities at amortized cost |            |            |         |            |
| - Convertible bonds                     | \$ 567,019 | \$ 624,060 | \$ -    | \$ 624,060 |

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

1. Fair value hierarchy

June 30, 2023

|  | Level 1 | Level 2  | Level 3 | Total    |
|--|---------|----------|---------|----------|
| <u>Financial liabilities at fair value through profit or loss</u>        |         |          |         |          |
| Derivative instruments   | \$ -    | \$ 3,534 | \$ -    | \$ 3,534 |
| <u>Financial assets at fair value through other comprehensive income</u> |         |          |         |          |
| Investments in equity instruments  |         |          |         |          |
| Unlisted stocks  | \$ -    | \$ -     | \$ 473  | \$ 473   |

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   | <u>\$ -</u>    | <u>\$ 3,894</u> | <u>\$ -</u>    | <u>\$ 3,894</u> |
| <u>Financial assets at fair value through other comprehensive income</u> |                |                 |                |                 |
| Investments in equity instruments  |                |                 |                |                 |
| Unlisted stocks  | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ 439</u>  | <u>\$ 439</u>   |

June 30, 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   | <u>\$ -</u>    | <u>\$ 1,854</u> | <u>\$ -</u>    | <u>\$ 1,854</u> |
| <u>Financial assets at fair value through other comprehensive income</u> |                |                 |                |                 |
| Investments in equity instruments  |                |                 |                |                 |
| Unlisted stocks  | <u>\$ -</u>    | <u>\$ -</u>     | <u>\$ 373</u>  | <u>\$ 373</u>   |

There was no transfer of fair value measurements between Level 1 and Level 2 from January 1 to June 30, 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  
January 1 to June 30, 2023

|   | <u>Financial assets at fair<br/>value through other<br/>comprehensive income<br/>Equity instruments</u> |
|---|---|
| Balance at the beginning of the year  | \$ 439  |
| Recognized in other comprehensive income -<br>Unrealized gain or loss on financial assets at fair<br>value through other comprehensive income | <u>34</u>   |
| Balance at end of the period  | <u>\$ 473</u>   |

January 1 to June 30, 2022

|   | <u>Financial assets at fair<br/>value through other<br/>comprehensive income<br/>Equity instruments</u> |
|---|---|
| Balance at the beginning of the year  | \$ 294  |
| Recognized in other comprehensive income -<br>Unrealized gain or loss on financial assets at fair<br>value through other comprehensive income | <u>79</u>   |
| Balance at end of the period  | <u>\$ 373</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>June 30, 2023</u> | <u>December 31, 2022</u> | <u>June 30, 2022</u> |
|--|----------------------|--------------------------|----------------------|
| <u>Financial assets</u>  |                      |                          |                      |
| Financial assets at amortized<br>cost (Note 1)   | \$ 755,797           | \$ 758,928               | \$ 1,246,188         |
| Financial assets at fair value<br>through other comprehensive<br>income - investments in<br>equity instruments | 473                  | 439                      | 373                  |
| <u>Financial liabilities</u>   |                      |                          |                      |
| At fair value through profit or<br>loss  |                      |                          |                      |
| Held for trading   | 3,534                | 3,894                    | 1,854                |
| Measure at amortized cost (Note 2)   | 1,724,849            | 1,850,956                | 1,943,207            |

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 payable and accounts payable, other payables, corporate bonds due within one year, 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 and interest 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                 |                               |
|----------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                | January 1 to<br>June 30, 2023 | January 1 to<br>June 30, 2022 | January 1 to<br>June 30, 2023 | January 1 to<br>June 30, 2022 | January 1 to<br>June 30, 2023 | January 1 to<br>June 30, 2022 |
| Profit or loss | (\$ 6,513)                    | (\$ 7,119)                    | (\$ 7,464)                    | (\$ 12,551)                   | \$ 3                          | \$ 628                        |

### (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:

|                                    | June 30, 2023 | December 31, 2022 | June 30, 2022 |
|------------------------------------|---------------|-------------------|---------------|
| With fair value interest rate risk |               |                   |               |
| - Financial assets                 | \$ 102,664    | \$ 154,543        | \$ 33,165     |
| - Financial liabilities            | 792,573       | 867,937           | 938,648       |
| With cash flow interest rate risk  |               |                   |               |
| - Financial assets                 | 271,296       | 316,041           | 555,772       |
| - Financial liabilities            | 992,113       | 1,018,504         | 1,008,245     |

### 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 \$360 thousand and \$226 thousand from January 1 to June 30, 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 June 30, 2023, December 31, 2022 and June 30, 2022, the percentages of receivables from the top ten customers to the Consolidated Company's receivables were 91%, 84% and 87%, 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 June 30, 2023, December 31, 2022 and June 30, 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.

### June 30, 2023

|   | Repayable on                   |                   |                    |                   |                   |
|---|--------------------------------|-------------------|--------------------|-------------------|-------------------|
|   | demand or less than<br>1 month | 1 to 3 months     | 3 months to 1 year | 1 to 5 years      | More than 5 years |
| <u>Non-derivative financial liabilities</u> |                                |                   |                    |                   |                   |
| Non-interest-bearing liabilities            | \$ 47,756                      | \$ 53,842         | \$ 16,782          | \$ 19             | \$ -              |
| Lease liabilities                           | 2,116                          | 4,234             | 18,778             | 100,013           | 80,006            |
| Floating interest rate instruments          | 13,668                         | 109,842           | 207,686            | 693,854           | -                 |
| Fixed interest rate instruments             | -                              | 30,151            | 600,000            | -                 | -                 |
|   | <u>\$ 63,540</u>               | <u>\$ 198,069</u> | <u>\$ 843,246</u>  | <u>\$ 793,886</u> | <u>\$ 80,006</u>  |

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

|                                    | Less than 1 year  | 1 to 5 years      | 5 to 10 years    | 10 to 15 years |
|------------------------------------|-------------------|-------------------|------------------|----------------|
| Lease liabilities                  | \$ 25,128         | \$ 100,013        | \$ 80,006        | \$ -           |
| Floating interest rate instruments | 331,196           | 693,854           | -                | -              |
| Fixed interest rate instruments    | 630,151           | -                 | -                | -              |
|                                    | <u>\$ 986,475</u> | <u>\$ 793,867</u> | <u>\$ 80,006</u> | <u>\$ -</u>    |

### December 31, 2022

|   | Repayable on                   |                   |                    |                     |                   |
|---|--------------------------------|-------------------|--------------------|---------------------|-------------------|
|   | demand or less than<br>1 month | 1 to 3 months     | 3 months to 1 year | 1 to 5 years        | More than 5 years |
| <u>Non-derivative 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 lease 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>    |

### June 30, 2022

|   | Repayable on                   |                   |                    |                     |                   |
|---|--------------------------------|-------------------|--------------------|---------------------|-------------------|
|   | demand or less than<br>1 month | 1 to 3 months     | 3 months to 1 year | 1 to 5 years        | More than 5 years |
| <u>Non-derivative financial liabilities</u> |                                |                   |                    |                     |                   |
| Non-interest-bearing liabilities            | \$ 104,226                     | \$ 65,445         | \$ 22,441          | \$ 19               | \$ -              |
| Lease liabilities                           | 2,072                          | 4,144             | 18,648             | 97,386              | 98,149            |
| Floating interest rate instruments          | 53,193                         | 122,523           | 143,854            | 674,493             | 36,605            |
| Fixed interest rate instruments             | 140,132                        | 30,098            | -                  | 600,000             | -                 |
|   | <u>\$ 299,623</u>              | <u>\$ 222,210</u> | <u>\$ 184,943</u>  | <u>\$ 1,371,898</u> | <u>\$ 134,754</u> |

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

|                                    | Less than 1 year  | 1 to 5 years        | 5 to 10 years     | 10 to 15 years  |
|------------------------------------|-------------------|---------------------|-------------------|-----------------|
| Lease liabilities                  | \$ 24,864         | \$ 97,386           | \$ 93,932         | \$ 4,217        |
| Floating interest rate instruments | 319,570           | 674,493             | 36,605            | -               |
| Fixed interest rate instruments    | 170,230           | 600,000             | -                 | -               |
|                                    | <u>\$ 514,664</u> | <u>\$ 1,371,879</u> | <u>\$ 130,537</u> | <u>\$ 4,217</u> |

(2) Financing lines

|   | June 30, 2023       | December 31, 2022   | June 30, 2022       |
|---|---------------------|---------------------|---------------------|
| The unsecured bank loan lines may be extended by mutual consent |                     |                     |                     |
| - Amount drawn  | \$ 676,685          | \$ 738,009          | \$ 826,630          |
| - Amount undrawn  | <u>1,197,960</u>    | <u>1,291,041</u>    | <u>1,186,970</u>    |
|   | <u>\$ 1,874,645</u> | <u>\$ 2,029,050</u> | <u>\$ 2,013,600</u> |
| The secured bank loan lines may be extended by mutual consent   |                     |                     |                     |
| - Amount drawn  | \$ 357,787          | \$ 382,005          | \$ 468,960          |
| - Amount undrawn  | <u>730,382</u>      | <u>168,000</u>      | <u>150,684</u>      |
|   | <u>\$ 1,088,169</u> | <u>\$ 550,005</u>   | <u>\$ 619,644</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

| Related party name          | Relationship with the Consolidated Company |  |  |  |
|-----------------------------|--|--|--|--|
| POMIRAN TECHNOLOGY, LIMITED | De facto related party                     |  |  |  |

(II) Operating revenue

| Type of related party  | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| De facto related party | <u>\$ 417</u>               | <u>\$ 548</u>               | <u>\$ 571</u>                 | <u>\$ 1,103</u>               |

(III) Purchases

| Type of related party  | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| De facto related party | <u>\$ 291</u>               | <u>\$ 1,759</u>             | <u>\$ 1,650</u>               | <u>\$ 1,759</u>               |

(IV) Lease income (operating lease)

| Type of related party  | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| De facto related party | <u>\$ 5</u>                 | <u>\$ 5</u>                 | <u>\$ 11</u>                  | <u>\$ 11</u>                  |

|        |  |                 |                   |                 |
|--------|--|-----------------|-------------------|-----------------|
| (V)    | Accounts receivable - related parties                                |                 |                   |                 |
|        | Type of related party  | June 30, 2023   | December 31, 2022 | June 30, 2022   |
|        | De facto related party   | <u>\$ 34</u>    | <u>\$ -</u>       | <u>\$ -</u>     |
| (VI)   | Other receivables - related parties (posted as other current assets) |                 |                   |                 |
|        | Type of related party  | June 30, 2023   | December 31, 2022 | June 30, 2022   |
|        | De facto related party   | <u>\$ 2</u>     | <u>\$ 2</u>       | <u>\$ 2</u>     |
| (VII)  | Accounts payable - related parties                                   |                 |                   |                 |
|        | Type of related party  | June 30, 2023   | December 31, 2022 | June 30, 2022   |
|        | De facto related party   | <u>\$ 306</u>   | <u>\$ -</u>       | <u>\$ 216</u>   |
| (VIII) | Temporary receipts (posted as other current liabilities)             |                 |                   |                 |
|        | Type of related party  | June 30, 2023   | December 31, 2022 | June 30, 2022   |
|        | De facto related party   | <u>\$ 1,452</u> | <u>\$ 1,898</u>   | <u>\$ 2,193</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\$5,516 thousand, NT\$11,085 thousand, and NT\$16,637 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

(X) Remuneration of key management

|                              | April 1 to June 30,<br>2023 | April 1 to June 30,<br>2022 | January 1 to June 30,<br>2023 | January 1 to June 30,<br>2022 |
|------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Short-term employee benefits | \$ 3,736                    | \$ 8,734                    | \$ 7,239                      | \$ 17,875                     |
| Post-employment benefits     | 113                         | 105                         | 225                           | 229                           |
| Share-based payment          | -                           | -                           | -                             | -                             |
|                              | <u>\$ 3,849</u>             | <u>\$ 8,839</u>             | <u>\$ 7,464</u>               | <u>\$ 18,104</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.

|  | June 30, 2023       | December 31, 2022   | June 30, 2022       |
|--|---------------------|---------------------|---------------------|
| Property, plant and equipment  | \$ 1,541,369        | \$ 1,560,327        | \$ 1,696,398        |
| Pledged time deposits (posted as financial assets at amortized cost) | <u>16,923</u>       | <u>16,923</u>       | <u>19,311</u>       |
|  | <u>\$ 1,558,292</u> | <u>\$ 1,577,250</u> | <u>\$ 1,715,709</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 June 30, 2023, December 31, 2022 and June 30, 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 |                   |                  |
|-----|---|-------------------|------------------|
|     | June 30, 2023                               | December 31, 2022 | June 30, 2022    |
| USD | <u>\$ 160</u>                               | <u>\$ 2</u>       | <u>\$ 1,013</u>  |
| JPY | <u>\$ -</u>                                 | <u>\$ -</u>       | <u>\$ 15,000</u> |
| RMB | <u>\$ 1,142</u>                             | <u>\$ -</u>       | <u>\$ -</u>      |

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:

|                              | June 30, 2023    |               | December 31, 2022 |               | June 30, 2022    |               |
|------------------------------|------------------|---------------|-------------------|---------------|------------------|---------------|
|                              | Foreign currency | Exchange rate | Foreign currency  | Exchange rate | Foreign currency | Exchange rate |
| <u>Financial assets</u>      |                  |               |                   |               |                  |               |
| <u>Monetary items</u>        |                  |               |                   |               |                  |               |
| USD                          | \$ 4,575         | 31.14         | \$ 4,343          | 30.71         | \$ 6,554         | 29.72         |
| RMB                          | 35,651           | 4.282         | 41,648            | 4.408         | 57,088           | 4.439         |
| JPY                          | 927              | 0.215         | 29,217            | 0.2324        | 142,052          | 0.2182        |
| <u>Financial liabilities</u> |                  |               |                   |               |                  |               |
| <u>Monetary items</u>        |                  |               |                   |               |                  |               |
| USD                          | 392              | 31.14         | 142               | 30.71         | 1,763            | 29.72         |
| RMB                          | 788              | 4.282         | -                 | 4.408         | 538              | 4.439         |
| JPY                          | 1,250            | 0.215         | 30,080            | 0.2324        | 199,588          | 0.2182        |

The foreign currency exchange gains and losses (realized and unrealized) of the combined company from April 1 to June 30, 2023 and 2022, and from January 1 to June 30, 2023 and 2022 were a net (loss) gain of (\$530) thousand, (\$423) thousand, \$583 thousand and \$13,547 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 June 30 can be referred to the consolidated income statement for 2023 and 2022 January 1 to June 30; Reportable segment assets as of June 30, 2023, December 31, 2022 and June 30, 2022 can be referred to the consolidated balance sheet as of June 30, 2023, December 31, 2022 and June 30, 2022.

TAIMIDE TECH. INC. and Subsidiaries  
Endorsements and guarantees for others  
From January 1 to June 30, 2023

Table 1

Unit: Thousands of NTD, unless otherwise specified

| 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       | \$ 1,123,300   | \$ 310,000  | \$ 310,00   | \$ 310,000          | \$ -   | 11   | \$ 2,246,600  | 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  
 June 30, 2023

Table 2

Unit: Thousands of NTD, unless otherwise specified

| 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 shares      | Carrying amount | Shareholding percentage (%) | Fair value |        |
| The Company  | Stocks                        | POMIRAN TECHNOLOGY, LIMITED   | —  | Financial assets at fair value through other comprehensive income- non-current | 110,000               | \$ 473          | 10                          | \$ 473     | Note 1 |

Note 1: Presented at book value.

Note 2: As of June 30, 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 June 30, 2023

Table 3

Unit: Thousands of NTD, unless otherwise specified.

| Investor name              | Investee name                           | Location       | Main business   | Initial investment amount  |                            | Holding at the end of the period |         |                 | (Loss) Profit of investee for the period | Investment (loss) gain recognized in the period | Remark           |
|----------------------------|---|----------------|---|----------------------------|----------------------------|----------------------------------|---------|-----------------|--|---|------------------|
|                            |   |                |   | The end of the period      | The end of last year       | Number of shares                 | 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                 | 27,479,905                       | 85      | \$ 108,488      | (\$ 42,311)                              | (\$ 36,539)                                     | Notes 2 and 3    |
| TAIMIDE INTERNATIONAL INC. | TAIMIDE INTERNATIONAL INC.              | Samoa          | Investee business   | 6,228<br>(USD200 thousand) | 6,228<br>(USD200 thousand) | 200,000                          | 100     | 57,354          | 206                                      | 1,460   | Notes 1, 2 and 3 |
|                            | KUNSHAN TAIMIDE TECH. INC.              | Mainland China | Wholesale of electronic equipment, parts and components, chemical products and chemical materials | 6,228<br>(USD200 thousand) | 6,228<br>(USD200 thousand) | -                                | 100     | 57,320          | 206                                      | 1,460   | Notes 1, 2 and 3 |

Note 1: The foreign currency portion is converted at the US dollar exchange rate as of June 30, 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 June 30, 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 for the period of investee | Shareholding percentage of the Company's direct or indirect investment | Investment gain 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 | \$ 6,228<br>( USD200 thousand ) | Note 1            | \$ 6,228<br>(USD 200 thousand)  | \$ -  | \$ -         | \$ 6,228<br>( USD200 thousand )   | \$ 206                            | 100%   | \$ 1,460  | \$ 57,320  | \$ -  |

| 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 |
|---|---|--|
| \$6,228<br>(USD 200 thousand)   | \$6,228<br>(USD 200 thousand)                             | \$1,684,950  |

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 June 30, 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 June 30, 2023

Table 5

Unit: Thousands of NTD, unless otherwise specified

| 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 (loss) gain | Remark |
|---------------------------|----------------------------|---|---------------------|-----------|------------|--|--|--------------------------------------|---|------------|------------------------|--------|
|                           |                            |   |                     | Amount    | Percentage |  | Payment terms                                | Comparison with general transactions | Amount                                  | Percentage |                        |        |
| The Company               | KUNSHAN TAIMIDE TECH. INC. | Subsidiary indirectly held                            | Sales               | \$ 34,213 | 5%         | In accordance with the mutually agreed price | In accordance with the mutually agreed terms | No other comparable counterparty     | \$ 32,989                               | 9%         | ( \$ 2,466 )           | —      |

TAIMIDE TECH. INC. and Subsidiaries  
The business relationship and significant transactions between the parent and the subsidiaries  
From January 1 to June 30, 2023

Table 6

Unit: Thousands of NTD

| No. | Name of the trading party | Counterparty                               | Relationship with the trading party<br>(Note 1) | Transaction details                    |          |                        |   |
|-----|---------------------------|--|---|--|----------|------------------------|---|
|     |                           |  |   | Account on the financial<br>statements | Amount   | Trading terms (Note 2) | As a percentage of<br>consolidated total<br>revenue or total assets |
| 0   | The Company               | POMIRAN METALIZATION RESEARCH CO.,<br>LTD. | 1   | Sales revenue                          | \$ 1,825 | —                      | -   |
|     |                           |  |   | Accounts receivable                    | 1,426    | —                      | -   |
|     |                           | KUNSHAN TAIMIDE TECH. INC.                 | 2   | Sales revenue                          | 34,213   | —                      | 5%  |
|     |                           |  |   | Accounts receivable                    | 32,989   | —                      | 1%  |

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  
June 30, 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.