

**ANPEC ELECTRONICS CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT

PWCR22000664

To the Board of Directors and Shareholders of Anpec Electronics Corporation

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Anpec Electronics Corporation and subsidiaries (the “Group”) as at March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of Review***

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## ***Conclusion***

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

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Li, Tien-Yi

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Shu-Chien Pai

For and on behalf of PricewaterhouseCoopers, Taiwan

May 10, 2023

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ANPEC ELECTRONICS CORPORATION AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

| Assets             |                                  |       | March 31, 2023 |     | December 31, 2022 |     | March 31, 2022 |     |
|--------------------|----------------------------------|-------|----------------|-----|-------------------|-----|----------------|-----|
| Notes              |                                  |       | AMOUNT         | %   | AMOUNT            | %   | AMOUNT         | %   |
| Current assets     |                                  |       |                |     |                   |     |                |     |
| 1100               | Cash and cash equivalents        | 6(1)  | \$ 1,680,503   | 28  | \$ 1,932,356      | 32  | \$ 2,238,368   | 35  |
| 1110               | Financial assets at fair value   | 6(2)  |                |     |                   |     |                |     |
|                    | through profit or loss - current |       | 175,575        | 3   | 175,095           | 3   | 174,289        | 3   |
| 1136               | Current financial assets at      | 6(3)  |                |     |                   |     |                |     |
|                    | amortised cost                   |       | 362,000        | 6   | -                 | -   | 80,000         | 1   |
| 1170               | Accounts receivable, net         | 6(4)  | 776,761        | 13  | 739,470           | 12  | 1,430,436      | 22  |
| 1200               | Other receivables                |       | 22,348         | -   | 20,714            | 1   | 34,783         | 1   |
| 130X               | Inventories                      | 6(5)  | 1,489,248      | 24  | 1,592,919         | 26  | 993,495        | 16  |
| 1410               | Prepayments                      |       | 74,537         | 1   | 70,989            | 1   | 75,997         | 1   |
| 11XX               | Total current assets             |       | 4,580,972      | 75  | 4,531,543         | 75  | 5,027,368      | 79  |
| Non-current assets |                                  |       |                |     |                   |     |                |     |
| 1600               | Property, plant and equipment    | 6(6)  | 695,559        | 11  | 688,612           | 11  | 563,275        | 9   |
| 1755               | Right-of-use assets              | 6(7)  | 132,879        | 2   | 135,100           | 2   | 137,898        | 2   |
| 1760               | Investment property - net        | 6(8)  | -              | -   | -                 | -   | 67,784         | 1   |
| 1780               | Intangible assets                | 6(9)  | 26,118         | 1   | 29,197            | 1   | 11,337         | -   |
| 1840               | Deferred income tax assets       |       | 58,233         | 1   | 58,233            | 1   | 57,966         | 1   |
| 1900               | Other non-current assets         | 6(10) | 609,076        | 10  | 621,002           | 10  | 491,457        | 8   |
| 15XX               | Total non-current assets         |       | 1,521,865      | 25  | 1,532,144         | 25  | 1,329,717      | 21  |
| 1XXX               | Total assets                     |       | \$ 6,102,837   | 100 | \$ 6,063,687      | 100 | \$ 6,357,085   | 100 |

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ANPEC ELECTRONICS CORPORATION AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

| Liabilities and Equity   |  | Notes | March 31, 2023      |            | December 31, 2022   |            | March 31, 2022      |            |
|--|--|-------|---------------------|------------|---------------------|------------|---------------------|------------|
|  |  |       | AMOUNT              | %          | AMOUNT              | %          | AMOUNT              | %          |
| <b>Current liabilities</b>   |  |       |                     |            |                     |            |                     |            |
| 2100   | Short-term borrowings                                    | 6(11) | \$ 235,000          | 4          | \$ 125,000          | 2          | \$ -                | -          |
| 2150   | Notes payable  |       | 1,152               | -          | 2,367               | -          | 1,152               | -          |
| 2170   | Accounts payable   |       | 458,351             | 8          | 388,926             | 7          | 748,072             | 12         |
| 2200   | Other payables   | 6(12) | 1,269,991           | 21         | 627,756             | 10         | 1,434,510           | 23         |
| 2230   | Current income tax liabilities                           |       | 268,391             | 4          | 254,233             | 4          | 383,401             | 6          |
| 2280   | Current lease liabilities                                |       | 4,641               | -          | 5,847               | -          | 5,341               | -          |
| 2300   | Other current liabilities                                |       | 29,017              | -          | 11,398              | -          | 14,737              | -          |
| 21XX   | <b>Total current liabilities</b>                         |       | <u>2,266,543</u>    | <u>37</u>  | <u>1,415,527</u>    | <u>23</u>  | <u>2,587,213</u>    | <u>41</u>  |
| <b>Non-current liabilities</b>   |  |       |                     |            |                     |            |                     |            |
| 2570   | Deferred income tax liabilities                          |       | 3,317               | -          | 3,317               | -          | 9,726               | -          |
| 2580   | Non-current lease liabilities                            |       | 132,172             | 2          | 132,989             | 2          | 135,651             | 2          |
| 2600   | Other non-current liabilities                            | 6(13) | 220,026             | 4          | 401,656             | 7          | 386,605             | 6          |
| 25XX   | <b>Total non-current liabilities</b>                     |       | <u>355,515</u>      | <u>6</u>   | <u>537,962</u>      | <u>9</u>   | <u>531,982</u>      | <u>8</u>   |
| 2XXX   | <b>Total liabilities</b>                                 |       | <u>2,622,058</u>    | <u>43</u>  | <u>1,953,489</u>    | <u>32</u>  | <u>3,119,195</u>    | <u>49</u>  |
| <b>Equity attributable to owners of parent</b>                             |  |       |                     |            |                     |            |                     |            |
|  | Share capital  | 6(16) |                     |            |                     |            |                     |            |
| 3110   | Common stock   |       | 740,675             | 12         | 740,695             | 12         | 740,755             | 12         |
|  | Capital surplus  | 6(17) |                     |            |                     |            |                     |            |
| 3200   | Capital surplus  |       | 710,975             | 12         | 711,186             | 12         | 703,708             | 11         |
|  | Retained earnings  | 6(18) |                     |            |                     |            |                     |            |
| 3310   | Legal reserve  |       | 513,819             | 8          | 513,819             | 9          | 420,700             | 7          |
| 3320   | Special reserve  |       | 5,597               | -          | 5,597               | -          | 5,597               | -          |
| 3350   | Unappropriated retained earnings                         |       | 820,706             | 14         | 1,410,440           | 23         | 844,594             | 13         |
|  | Other equity interest                                    | 6(19) |                     |            |                     |            |                     |            |
| 3400   | Other equity interest                                    |       | ( 12,192)           | -          | ( 16,224)           | -          | ( 63,599)           | ( 1)       |
| 3500   | Treasury stocks  | 6(16) | ( 58,143)           | ( 1)       | ( 58,143)           | ( 1)       | ( 58,143)           | ( 1)       |
| 31XX   | <b>Total equity attributable to owners of the parent</b> |       | <u>2,721,437</u>    | <u>45</u>  | <u>3,307,370</u>    | <u>55</u>  | <u>2,593,612</u>    | <u>41</u>  |
| 36XX   | Non-controlling interest                                 |       | 759,342             | 12         | 802,828             | 13         | 644,278             | 10         |
| 3XXX   | <b>Total equity</b>                                      |       | <u>3,480,779</u>    | <u>57</u>  | <u>4,110,198</u>    | <u>68</u>  | <u>3,237,890</u>    | <u>51</u>  |
| Significant contingent liabilities and unrecognised contract commitments 9 |  |       |                     |            |                     |            |                     |            |
| 3X2X   | <b>Total liabilities and equity</b>                      |       | <u>\$ 6,102,837</u> | <u>100</u> | <u>\$ 6,063,687</u> | <u>100</u> | <u>\$ 6,357,085</u> | <u>100</u> |

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

**ANPEC ELECTRONICS CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)  
(Reviewed, not audited)

|      |  |           | Three months ended March 31 |           |                   |           |
|------|--|-----------|-----------------------------|-----------|-------------------|-----------|
|      |  |           | 2023                        |           | 2022              |           |
|      | Items  | Notes     | AMOUNT                      | %         | AMOUNT            | %         |
| 4000 | Operating revenue  | 6(20)     | \$ 1,108,111                | 100       | \$ 1,939,585      | 100       |
| 5000 | Operating costs  | 6(5)      | ( 772,320)                  | ( 70)     | ( 1,133,683)      | ( 58)     |
| 5900 | Gross profit   |           | <u>335,791</u>              | <u>30</u> | <u>805,902</u>    | <u>42</u> |
|      | Operating expenses   | 6(26)(27) |                             |           |                   |           |
| 6100 | Selling expenses   |           | ( 72,549)                   | ( 6)      | ( 124,242)        | ( 7)      |
| 6200 | General and administrative expenses  |           | ( 34,935)                   | ( 3)      | ( 64,185)         | ( 3)      |
| 6300 | Research and development expenses  |           | ( 124,749)                  | ( 11)     | ( 163,213)        | ( 8)      |
| 6000 | Total operating expenses   |           | ( 232,233)                  | ( 20)     | ( 351,640)        | ( 18)     |
| 6500 | Other income and expenses - net  | 6(21)     | -                           | -         | 4,398             | -         |
| 6900 | Operating profit   |           | <u>103,558</u>              | <u>10</u> | <u>458,660</u>    | <u>24</u> |
|      | Non-operating income and expenses  |           |                             |           |                   |           |
| 7100 | Interest income  | 6(22)     | 5,708                       | 1         | 1,409             | -         |
| 7010 | Other income   | 6(23)     | 198                         | -         | 1,378             | -         |
| 7020 | Other gains and losses   | 6(25)     | ( 7,967)                    | ( 1)      | 51,208            | 3         |
| 7050 | Finance costs  | 6(24)     | ( 1,310)                    | -         | ( 531)            | -         |
| 7000 | Total non-operating income and expenses  |           | ( 3,371)                    | -         | 53,464            | 3         |
| 7900 | Profit before income tax   |           | <u>100,187</u>              | <u>10</u> | <u>512,124</u>    | <u>27</u> |
| 7950 | Income tax expense   | 6(28)     | ( 14,408)                   | ( 1)      | ( 104,133)        | ( 6)      |
| 8200 | Profit for the period  |           | <u>\$ 85,779</u>            | <u>9</u>  | <u>\$ 407,991</u> | <u>21</u> |
|      | Components of other comprehensive income that will not be reclassified to profit or loss                   |           |                             |           |                   |           |
| 8361 | Cumulative translation differences of foreign operations   |           | \$ 167                      | -         | \$ 2,107          | -         |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | 6(28)     | ( 33)                       | -         | ( 421)            | -         |
| 8300 | Total other comprehensive income for the period  |           | <u>\$ 134</u>               | <u>-</u>  | <u>\$ 1,686</u>   | <u>-</u>  |
| 8500 | Total comprehensive income for the period  |           | <u>\$ 85,913</u>            | <u>9</u>  | <u>\$ 409,677</u> | <u>21</u> |
|      | Profit attributable to:  |           |                             |           |                   |           |
| 8610 | Owners of the parent   |           | <u>\$ 72,509</u>            | <u>8</u>  | <u>\$ 308,432</u> | <u>16</u> |
| 8620 | Non-controlling interest   |           | <u>\$ 13,270</u>            | <u>1</u>  | <u>\$ 99,559</u>  | <u>5</u>  |
|      | Comprehensive income attributable to:  |           |                             |           |                   |           |
| 8710 | Owners of the parent   |           | <u>\$ 72,643</u>            | <u>8</u>  | <u>\$ 310,118</u> | <u>16</u> |
| 8720 | Non-controlling interest   |           | <u>\$ 13,270</u>            | <u>1</u>  | <u>\$ 99,559</u>  | <u>5</u>  |
|      | Earnings per share (in dollars)  |           |                             |           |                   |           |
| 9750 | Basic earnings per share   | 6(29)     | <u>\$ 1.00</u>              |           | <u>\$ 4.27</u>    |           |
|      | Diluted earnings per share (in dollars)  |           |                             |           |                   |           |
| 9850 | Diluted earnings per share   | 6(29)     | <u>\$ 0.98</u>              |           | <u>\$ 4.15</u>    |           |

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

ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

|  |                | Equity attributable to owners of the parent |                 |               |                 |                                  |  |              |                 |              |             | Non-controlling interest | Total equity |
|--|----------------|---|-----------------|---------------|-----------------|----------------------------------|--|--------------|-----------------|--------------|-------------|--------------------------|--------------|
|  |                | Retained Earnings                           |                 |               |                 |                                  | Other equity interest  |              |                 | Total        |             |                          |              |
|  |                | Share capital - common stock                | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Other equity | Treasury stocks |              |             |                          |              |
| Notes  |                |   |                 |               |                 |                                  |  |              |                 |              |             |                          |              |
| <u>2022</u>  |                |   |                 |               |                 |                                  |  |              |                 |              |             |                          |              |
| Balance at January 1, 2022                                       |                | \$ 741,125                                  | \$ 703,829      | \$ 420,700    | \$ 5,597        | \$ 1,199,948                     | (\$ 2,957 )  | (\$ 87,818 ) | (\$ 58,143 )    | \$ 2,922,281 | \$ 680,934  | \$ 3,603,215             |              |
| Profit for the period  |                | -   | -               | -             | -               | 308,432                          | -  | -            | -               | 308,432      | 99,559      | 407,991                  |              |
| Other comprehensive income for 6(19) the period                  |                | -   | -               | -             | -               | -                                | 1,686  | -            | -               | 1,686        | -           | 1,686                    |              |
| Total comprehensive income                                       |                | -   | -               | -             | -               | 308,432                          | 1,686  | -            | -               | 310,118      | 99,559      | 409,677                  |              |
| Appropriation of 2021 earnings:                                  | 6(18)          |   |                 |               |                 |                                  |  |              |                 |              |             |                          |              |
| Cash dividends   |                | -   | -               | -             | -               | ( 663,786 )                      | -  | -            | -               | ( 663,786 )  | -           | ( 663,786 )              |              |
| Employee restricted shares retired                               | 6(15)(16)(17 ) | ( 370 )                                     | 370             | -             | -               | -                                | -  | -            | -               | -            | -           | -                        |              |
| Compensation cost of employee restricted shares                  | 6(15)(17)(19 ) | -   | ( 491 )         | -             | -               | -                                | -  | 25,490       | -               | 24,999       | -           | 24,999                   |              |
| Cash dividends paid by a subsidiary to non-controlling interests |                | -   | -               | -             | -               | -                                | -  | -            | -               | -            | ( 136,215 ) | ( 136,215 )              |              |
| Balance at March 31, 2022  |                | \$ 740,755                                  | \$ 703,708      | \$ 420,700    | \$ 5,597        | \$ 844,594                       | (\$ 1,271 )  | (\$ 62,328 ) | (\$ 58,143 )    | \$ 2,593,612 | \$ 644,278  | \$ 3,237,890             |              |
| <u>2023</u>  |                |   |                 |               |                 |                                  |  |              |                 |              |             |                          |              |
| Balance at January 1, 2023                                       |                | \$ 740,695                                  | \$ 711,186      | \$ 513,819    | \$ 5,597        | \$ 1,410,440                     | (\$ 1,932 )  | (\$ 14,292 ) | (\$ 58,143 )    | \$ 3,307,370 | \$ 802,828  | \$ 4,110,198             |              |
| Profit for the period  |                | -   | -               | -             | -               | 72,509                           | -  | -            | -               | 72,509       | 13,270      | 85,779                   |              |
| Other comprehensive income for 6(19) the period                  |                | -   | -               | -             | -               | -                                | 134  | -            | -               | 134          | -           | 134                      |              |
| Total comprehensive income                                       |                | -   | -               | -             | -               | 72,509                           | 134  | -            | -               | 72,643       | 13,270      | 85,913                   |              |
| Appropriation of 2022 earnings:                                  | 6(18)          |   |                 |               |                 |                                  |  |              |                 |              |             |                          |              |
| Cash dividends   |                | -   | -               | -             | -               | ( 662,243 )                      | -  | -            | -               | ( 662,243 )  | -           | ( 662,243 )              |              |
| Employee restricted shares retired                               | 6(15)(16)(17 ) | ( 20 )                                      | 20              | -             | -               | -                                | -  | -            | -               | -            | -           | -                        |              |
| Compensation cost of employee restricted shares                  | 6(15)(17)(19 ) | -   | ( 231 )         | -             | -               | -                                | -  | 3,898        | -               | 3,667        | -           | 3,667                    |              |
| Cash dividends paid by a subsidiary to non-controlling interests |                | -   | -               | -             | -               | -                                | -  | -            | -               | -            | ( 56,756 )  | ( 56,756 )               |              |
| Balance at March 31, 2023  |                | \$ 740,675                                  | \$ 710,975      | \$ 513,819    | \$ 5,597        | \$ 820,706                       | (\$ 1,798 )  | (\$ 10,394 ) | (\$ 58,143 )    | \$ 2,721,437 | \$ 759,342  | \$ 3,480,779             |              |

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

ANPEC ELECTRONICS CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

|   | Notes       | Three months ended March 31<br>2023 | 2022        |
|---|-------------|-------------------------------------|-------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>                                       |             |                                     |             |
| Profit before tax   |             | \$ 100,187                          | \$ 512,124  |
| Adjustments   |             |                                     |             |
| Adjustments to reconcile profit (loss)  |             |                                     |             |
| Depreciation  | 6(6)(7)(26) | 38,695                              | 33,482      |
| Amortization  | 6(9)(26)    | 5,996                               | 1,758       |
| Share-based payments  | 6(15)(27)   | 3,667                               | 24,999      |
| Net gain on financial assets and liabilities at fair value through profit or loss | 6(2)(25)    | ( 480 )                             | ( 103 )     |
| Interest income   | 6(22)       | ( 5,708 )                           | ( 1,409 )   |
| Interest expense  | 6(24)       | 1,310                               | 531         |
| Changes in operating assets and liabilities                                       |             |                                     |             |
| Changes in operating assets   |             |                                     |             |
| Notes receivable  |             | -                                   | 19          |
| Accounts receivable   |             | ( 37,291 )                          | ( 29,918 )  |
| Other receivables   |             | ( 1,634 )                           | ( 17,940 )  |
| Inventories   |             | 103,671                             | ( 218,978 ) |
| Prepayments (including long-term prepayments)                                     |             | 4,563                               | ( 298,202 ) |
| Net defined benefit asset   |             | ( 278 )                             | -           |
| Changes in operating liabilities  |             |                                     |             |
| Notes payable   |             | ( 1,215 )                           | -           |
| Accounts payable  |             | 69,425                              | 19,357      |
| Other payables  |             | ( 54,286 )                          | 64,878      |
| Other current liabilities   |             | 17,619                              | 6,061       |
| Net defined benefit liability - non-current                                       |             | -                                   | ( 203 )     |
| Cash inflow generated from operations   |             | 244,241                             | 96,456      |
| Interest received   |             | 5,708                               | 1,409       |
| Interest paid   |             | ( 1,310 )                           | ( 531 )     |
| Income tax paid   |             | ( 284 )                             | ( 20 )      |
| Net cash flows from operating activities  |             | 248,355                             | 97,314      |

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ANPEC ELECTRONICS CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

|   | Notes | Three months ended March 31<br>2023 | 2022         |
|---|-------|-------------------------------------|--------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>               |       |                                     |              |
| (Increase) decrease in financial assets at amortised cost |       | (\$ 362,000 )                       | \$ 290,000   |
| Acquisition of property, plant and equipment              | 6(30) | ( 65,869 )                          | ( 30,959 )   |
| Acquisition of intangible assets                          | 6(9)  | ( 2,917 )                           | -            |
| Increase in refundable deposits                           | 6(10) | 4,093                               | ( 20,060 )   |
| Net cash flows (used in) from investing activities        |       | ( 426,693 )                         | 238,981      |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>               |       |                                     |              |
| Increase in short-term borrowings                         | 6(31) | 110,000                             | -            |
| (Decrease) increase in guarantee deposits received        | 6(31) | ( 181,630 )                         | 41,983       |
| Repayment of principal portion of lease liabilities       | 6(31) | ( 2,023 )                           | ( 2,113 )    |
| Net cash flows (used in) from financing activities        |       | ( 73,653 )                          | 39,870       |
| Effect of exchange rate changes                           |       | 138                                 | 1,970        |
| Net (decrease) increase in cash and cash equivalents      |       | ( 251,853 )                         | 378,135      |
| Cash and cash equivalents at beginning of period          |       | 1,932,356                           | 1,860,233    |
| Cash and cash equivalents at end of period                |       | \$ 1,680,503                        | \$ 2,238,368 |

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

ANPEC ELECTRONICS CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Reviewed, not audited)

1. History and Organization

Anpec Electronics Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research, development, production, manufacturing and sales of power IC, component and its module, wireless and network communication IC and photoelectric driver IC.

2. The Date of Authorization for Issuance of the Financial Statements

These consolidated financial statements were authorized for issuance by the Board of Directors on May 10, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2023 are as follows:

| New Standards, Interpretations and Amendments  | Effective date by<br>International Accounting<br>Standards Board |
|--|--|
| Amendments to IAS 1, ‘Disclosure of accounting policies’   | January 1, 2023  |
| Amendments to IAS 8, ‘Definition of accounting estimates’  | January 1, 2023  |
| Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’ | January 1, 2023  |

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Group

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments   | Effective date by<br>International Accounting<br>Standards Board   |
|---|--|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by<br>International Accounting<br>Standards Board |
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback'  | January 1, 2024  |
| IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendments to IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'                               | January 1, 2023  |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current'  | January 1, 2024  |
| Amendments to IAS 1, 'Non-current liabilities with covenants'   | January 1, 2024  |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### 4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparations, basis of consolidation and add parts applied as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

##### (2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the

use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with that of the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor                 | Name of subsidiary                         | Main business activities   | Ownership (%)  |                   |                | Description |
|----------------------------------|--|--|----------------|-------------------|----------------|-------------|
|                                  |  |  | March 31, 2023 | December 31, 2022 | March 31, 2022 |             |
| Anpec Electronics Corporation    | Anpec International Holding Ltd.           | Investment   | 100            | 100               | 100            |             |
| Anpec Electronics Corporation    | Sinopower Semiconductor Inc.               | Research, design, manufacturing and sales of power IC, high voltage IC and its module  | 43.413         | 43.413            | 43.413         | Note        |
| Anpec International Holding Ltd. | Supec International Holding Ltd.           | Investment   | 100            | 100               | 100            |             |
| Supec International Holding Ltd. | Supec (Suzhou) Co., Ltd.                   | International trade of keyboard, mouse, electronic calculator, color image monitor, color image projector and components of toy instruments and consulting service | 100            | 100               | 100            |             |
| Supec International Holding Ltd. | Powertek Electronics International Limited | General trade  | 100            | 100               | 100            |             |
| Sinopower Semiconductor Inc.     | Sincere Semiconductor Inc.                 | Manufacturing of electronic components and wholesale and retail sale of electronic materials   | 100            | 100               | 100            |             |

Note : As the Company held more than half of the seats in the Board of Directors of Sinopower Semiconductor Inc., the Company has substantial control over the subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of March 31, 2023, December 31, 2022, and March 31, 2022, the non-controlling interest amounted to \$759,342, \$802,828 and \$644,278, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

| Name of subsidiary           | Principal place of business | Non-controlling interest |               |                   |               |
|------------------------------|-----------------------------|--------------------------|---------------|-------------------|---------------|
|                              |                             | March 31, 2023           |               | December 31, 2022 |               |
|                              |                             | Amount                   | Ownership (%) | Amount            | Ownership (%) |
| Sinopower Semiconductor Inc. | Taiwan                      | \$ 759,342               | 56.587        | \$ 802,828        | 56.587        |

  

| Name of subsidiary           | Principal place of business | Non-controlling interest |               |
|------------------------------|-----------------------------|--------------------------|---------------|
|                              |                             | March 31, 2022           |               |
|                              |                             | Amount                   | Ownership (%) |
| Sinopower Semiconductor Inc. | Taiwan                      | \$ 644,278               | 56.587        |

Summarised financial information of the subsidiary:

Balance sheets

| SINOPOWER SEMICONDUCTOR INC.<br>and subsidiaries |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | March 31, 2023      | December 31, 2022   | March 31, 2022      |
| Current assets                                   | \$ 1,622,613        | \$ 1,557,979        | \$ 1,835,104        |
| Non-current assets                               | 965,343             | 943,518             | 926,794             |
| Current liabilities                              | ( 931,158)          | ( 623,012)          | ( 1,065,467)        |
| Non-current liabilities                          | ( 179,545)          | ( 360,592)          | ( 336,741)          |
| Total net assets                                 | <u>\$ 1,477,253</u> | <u>\$ 1,517,893</u> | <u>\$ 1,359,690</u> |

Statements of comprehensive income

| SINOPOWER SEMICONDUCTOR INC.<br>and subsidiaries              |                  |                   |
|---|------------------|-------------------|
| Three months ended March 31                                   |                  |                   |
|   | 2023             | 2022              |
| Revenue   | \$ 613,623       | \$ 969,270        |
| Profit before income tax                                      | 29,314           | 219,925           |
| Income tax expense  | ( 5,863)         | ( 43,985)         |
| Profit for the period   | 23,451           | 175,940           |
| Other comprehensive income (loss), net of tax                 | 36,208           | ( 18,966)         |
| Total comprehensive income for the period                     | <u>\$ 59,659</u> | <u>\$ 156,974</u> |
| Comprehensive income attributable to non-controlling interest | \$ 13,270        | \$ 99,559         |
| Dividends paid to non-controlling interest                    | <u>\$ 56,756</u> | <u>\$ 136,215</u> |

## Statements of cash flows

### SINOPOWER SEMICONDUCTOR INC. and subsidiaries

|   | Three months ended March 31 |                   |
|---|-----------------------------|-------------------|
|   | 2023                        | 2022              |
| Net cash provided by (used in) operating activities | \$ 160,058                  | (\$ 247,747)      |
| Net cash used in investing activities               | ( 1,801)                    | ( 3,880)          |
| Net cash (used in) provided by financing activities | ( 72,376)                   | 37,202            |
| Increase (decrease) in cash and cash equivalents    | 85,881                      | ( 214,425)        |
| Cash and cash equivalents, beginning of period      | 207,922                     | 703,351           |
| Cash and cash equivalents, end of period            | <u>\$ 293,803</u>           | <u>\$ 488,926</u> |

#### (4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

#### (5) Income tax

A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

#### 5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Unertainty

There have been no significant changes during the period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

#### 6. Details of Significant Accounts

##### (1) Cash and cash equivalents

|  | March 31, 2023      | December 31, 2022   | March 31, 2022      |
|--|---------------------|---------------------|---------------------|
| Cash on hand and petty cash              | \$ 373              | \$ 426              | \$ 439              |
| Checking accounts and demand deposits    | 386,792             | 356,167             | 606,580             |
| Time deposits                            | 1,293,338           | 1,545,063           | 1,574,076           |
| Cash equivalents - Repurchase bonds (RP) | -                   | 30,700              | 57,273              |
|  | <u>\$ 1,680,503</u> | <u>\$ 1,932,356</u> | <u>\$ 2,238,368</u> |

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The maximum exposure to credit risk on the balance sheet date is the carrying amount of cash and cash equivalents.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

| Items  | March 31, 2023    | December 31, 2022 | March 31, 2022    |
|--|-------------------|-------------------|-------------------|
| Current items:   |                   |                   |                   |
| Financial assets mandatorily measured at fair value through profit or loss |                   |                   |                   |
| Beneficiary certificates   | \$ 170,000        | \$ 170,000        | \$ 170,000        |
| Valuation adjustment   | 5,575             | 5,095             | 4,289             |
|  | <u>\$ 175,575</u> | <u>\$ 175,095</u> | <u>\$ 174,289</u> |

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

| Items  | Three months ended March 31 |               |
|--|-----------------------------|---------------|
|  | 2023                        | 2022          |
| Financial assets mandatorily measured at fair value through profit or loss |                             |               |
| Beneficiary certificates   | <u>\$ 480</u>               | <u>\$ 103</u> |

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

| Items  | March 31, 2023    | December 31, 2022 | March 31, 2022   |
|--|-------------------|-------------------|------------------|
| Current items:                                   |                   |                   |                  |
| Time deposits maturing in excess of three months | <u>\$ 362,000</u> | <u>\$ -</u>       | <u>\$ 80,000</u> |

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

|                 | Three months ended March 31 |               |
|-----------------|-----------------------------|---------------|
|                 | 2023                        | 2022          |
| Interest income | <u>\$ -</u>                 | <u>\$ 233</u> |

B. As at March 31, 2023, December 31, 2022, and March 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$362,000, \$0 and \$80,000, respectively.

C. The Group has no financial assets at amortised cost pledged to others as collateral.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Accounts receivable

|  | March 31, 2023    | December 31, 2022 | March 31, 2022      |
|--|-------------------|-------------------|---------------------|
| Accounts receivable                        | \$ 776,761        | \$ 739,470        | \$ 1,430,436        |
| Less: Allowance for uncollectible accounts | -                 | -                 | -                   |
|  | <u>\$ 776,761</u> | <u>\$ 739,470</u> | <u>\$ 1,430,436</u> |

A. The ageing analysis of accounts receivable is as follows:

|                | March 31, 2023    | December 31, 2022 | March 31, 2022      |
|----------------|-------------------|-------------------|---------------------|
| Not past due   | \$ 776,678        | \$ 739,211        | \$ 1,426,802        |
| Up to 30 days  | -                 | 259               | 2,815               |
| 31 to 90 days  | 83                | -                 | 87                  |
| 91 to 180 days | -                 | -                 | 732                 |
|                | <u>\$ 776,761</u> | <u>\$ 739,470</u> | <u>\$ 1,430,436</u> |

The ageing analysis of accounts receivable was based on past due date.

B. As of March 31, 2023, December 31, 2022, and March 31, 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,400,537.

C. As of March 31, 2023, December 31, 2022, and March 31, 2022, the Group holds bank deposits, promissory notes, real estate and checks as collaterals for accounts receivable, and the fair value amounted to \$1,416,558, \$1,418,162 and \$1,773,054, respectively.

D. As at March 31, 2023, December 31, 2022, and March 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$776,761, \$739,470 and \$1,430,436, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

|                  | March 31, 2023      |   |                     |
|------------------|---------------------|---|---------------------|
|                  | Cost                | Allowance for market value decline and loss on obsolete and slow-moving inventories | Book value          |
| Raw materials    | \$ 210,412          | (\$ 9,065)  | \$ 201,347          |
| Work in progress | 956,029             | ( 56,139)   | 899,890             |
| Finished goods   | 453,164             | ( 65,153)   | 388,011             |
|                  | <u>\$ 1,619,605</u> | <u>(\$ 130,357)</u>   | <u>\$ 1,489,248</u> |



| December 31, 2022 |                     |   |                     |
|-------------------|---------------------|---|---------------------|
|                   | Cost                | Allowance for market value<br>decline and loss on obsolete and<br>slow-moving inventories | Book value          |
| Raw materials     | \$ 213,422          | (\$ 10,415)   | \$ 203,007          |
| Work in progress  | 943,247             | ( 52,964)   | 890,283             |
| Finished goods    | 571,283             | ( 71,654)   | 499,629             |
|                   | <u>\$ 1,727,952</u> | <u>(\$ 135,033)</u>   | <u>\$ 1,592,919</u> |

  

| March 31, 2022   |                     |   |                   |
|------------------|---------------------|---|-------------------|
|                  | Cost                | Allowance for market value<br>decline and loss on obsolete and<br>slow-moving inventories | Book value        |
| Raw materials    | \$ 74,440           | (\$ 23,482)   | \$ 50,958         |
| Work in progress | 575,231             | ( 28,487)   | 546,744           |
| Finished goods   | 483,265             | ( 87,472)   | 395,793           |
|                  | <u>\$ 1,132,936</u> | <u>(\$ 139,441)</u>   | <u>\$ 993,495</u> |

The cost of inventories recognised as expense for the period:

|  | Three months ended March 31 |                     |
|--|-----------------------------|---------------------|
|  | 2023                        | 2022                |
| Cost of goods sold   | \$ 776,996                  | \$ 1,118,182        |
| (Gain on reversal) Loss on market value decline and<br>obsolete and slow-moving inventories (Note) | ( 4,676)                    | 15,501              |
| Others   | 5,876                       | ( 2,405)            |
|  | <u>\$ 778,196</u>           | <u>\$ 1,131,278</u> |

Note : The Group reversed from a previous inventory write-down and accounted for as reduction of loss on decline in market value because the inventories were actively disposed for the three months ended March 31, 2023.

(6) Property, plant and equipment

|  | Land              | Buildings<br>and<br>structures | Machinery<br>and<br>equipment | Computers and<br>telecommunication<br>equipment | Transportation<br>equipment | Office<br>equipment | Leasehold<br>improvements | Other<br>equipments | Unfinished<br>construction and<br>equipment to be<br>inspected | Total             |
|--|-------------------|--------------------------------|-------------------------------|---|-----------------------------|---------------------|---------------------------|---------------------|--|-------------------|
| <u>At January 1, 2023</u>                  |                   |                                |                               |   |                             |                     |                           |                     |  |                   |
| Cost                                       | \$ 113,120        | \$ 552,072                     | \$ 250,101                    | \$ 74,918                                       | \$ 3,740                    | \$ 10,519           | \$ 10,882                 | \$ 657,106          | \$ 4,000   | \$ 1,676,458      |
| Accumulated depreciation                   | -                 | ( 284,929)                     | ( 180,999)                    | ( 43,325)                                       | ( 1,887)                    | ( 8,707)            | ( 7,119)                  | ( 460,880)          | -  | ( 987,846)        |
|  | <u>\$ 113,120</u> | <u>\$ 267,143</u>              | <u>\$ 69,102</u>              | <u>\$ 31,593</u>                                | <u>\$ 1,853</u>             | <u>\$ 1,812</u>     | <u>\$ 3,763</u>           | <u>\$ 196,226</u>   | <u>\$ 4,000</u>  | <u>\$ 688,612</u> |
| <u>2023</u>                                |                   |                                |                               |   |                             |                     |                           |                     |  |                   |
| Opening net book amount<br>as at January 1 | \$ 113,120        | \$ 267,143                     | \$ 69,102                     | \$ 31,593                                       | \$ 1,853                    | \$ 1,812            | \$ 3,763                  | \$ 196,226          | \$ 4,000   | \$ 688,612        |
| Additions                                  | -                 | -                              | 10,223                        | 348   | -                           | 31                  | -                         | 32,788              | -  | 43,390            |
| Transfers                                  | -                 | -                              | 532                           | -   | -                           | -                   | -                         | -                   | ( 532)   | -                 |
| Depreciation expense                       | -                 | ( 2,138)                       | ( 3,381)                      | ( 2,273)  | ( 137)                      | ( 99)               | ( 335)                    | ( 28,111)           | -  | ( 36,474)         |
| Net exchange differences                   | -                 | 1                              | 5                             | -   | 10                          | 3                   | 12                        | -                   | -  | 31                |
| Closing net book amount<br>as at March 31  | <u>\$ 113,120</u> | <u>\$ 265,006</u>              | <u>\$ 76,481</u>              | <u>\$ 29,668</u>                                | <u>\$ 1,726</u>             | <u>\$ 1,747</u>     | <u>\$ 3,440</u>           | <u>\$ 200,903</u>   | <u>\$ 3,468</u>  | <u>\$ 695,559</u> |
| <u>At March 31, 2023</u>                   |                   |                                |                               |   |                             |                     |                           |                     |  |                   |
| Cost                                       | \$ 113,120        | \$ 552,072                     | \$ 260,876                    | \$ 75,134                                       | \$ 3,757                    | \$ 10,558           | \$ 10,894                 | \$ 689,894          | \$ 3,468   | \$ 1,719,773      |
| Accumulated depreciation                   | -                 | ( 287,066)                     | ( 184,395)                    | ( 45,466)                                       | ( 2,031)                    | ( 8,811)            | ( 7,454)                  | ( 488,991)          | -  | ( 1,024,214)      |
|  | <u>\$ 113,120</u> | <u>\$ 265,006</u>              | <u>\$ 76,481</u>              | <u>\$ 29,668</u>                                | <u>\$ 1,726</u>             | <u>\$ 1,747</u>     | <u>\$ 3,440</u>           | <u>\$ 200,903</u>   | <u>\$ 3,468</u>  | <u>\$ 695,559</u> |

|  | Land              | Buildings<br>and<br>structures | Machinery<br>and<br>equipment | Computers and<br>telecommunication<br>equipment | Transportation<br>equipment | Office<br>equipment | Leasehold<br>improvements | Other<br>equipments | Unfinished<br>construction and<br>equipment to be<br>inspected | Total             |
|--|-------------------|--------------------------------|-------------------------------|---|-----------------------------|---------------------|---------------------------|---------------------|--|-------------------|
| <u>At January 1, 2022</u>                  |                   |                                |                               |   |                             |                     |                           |                     |  |                   |
| Cost                                       | \$ 113,120        | \$ 396,726                     | \$ 238,275                    | \$ 69,023                                       | \$ 3,690                    | \$ 9,322            | \$ 7,277                  | \$ 677,367          | \$ 7,134   | \$ 1,521,934      |
| Accumulated depreciation                   | -                 | ( 189,465)                     | ( 178,997)                    | ( 38,760)                                       | ( 1,329)                    | ( 8,499)            | ( 6,766)                  | ( 527,163)          | -  | ( 950,979)        |
|  | <u>\$ 113,120</u> | <u>\$ 207,261</u>              | <u>\$ 59,278</u>              | <u>\$ 30,263</u>                                | <u>\$ 2,361</u>             | <u>\$ 823</u>       | <u>\$ 511</u>             | <u>\$ 150,204</u>   | <u>\$ 7,134</u>  | <u>\$ 570,955</u> |
| <u>2022</u>                                |                   |                                |                               |   |                             |                     |                           |                     |  |                   |
| Opening net book amount<br>as at January 1 | \$ 113,120        | \$ 207,261                     | \$ 59,278                     | \$ 30,263                                       | \$ 2,361                    | \$ 823              | \$ 511                    | \$ 150,204          | \$ 7,134   | \$ 570,955        |
| Additions                                  | -                 | -                              | 3,454                         | 793   | -                           | 317                 | -                         | 13,385              | 4,896  | 22,845            |
| Disposals                                  | -                 | -                              | -                             | -   | -                           | -                   | -                         | -                   | -  | -                 |
| Transfers                                  | -                 | -                              | 3,666                         | -   | -                           | -                   | -                         | -                   | ( 3,666)   | -                 |
| Depreciation expense                       | -                 | ( 1,643)                       | ( 3,092)                      | ( 2,124)  | ( 135)                      | ( 86)               | ( 47)                     | ( 23,537)           | -  | ( 30,664)         |
| Net exchange differences                   | -                 | -                              | 45                            | -   | 84                          | 10                  | -                         | -                   | -  | 139               |
| Closing net book amount<br>as at March 31  | <u>\$ 113,120</u> | <u>\$ 205,618</u>              | <u>\$ 63,351</u>              | <u>\$ 28,932</u>                                | <u>\$ 2,310</u>             | <u>\$ 1,064</u>     | <u>\$ 464</u>             | <u>\$ 140,052</u>   | <u>\$ 8,364</u>  | <u>\$ 563,275</u> |
| <u>At March 31, 2022</u>                   |                   |                                |                               |   |                             |                     |                           |                     |  |                   |
| Cost                                       | \$ 113,120        | \$ 396,726                     | \$ 245,554                    | \$ 69,422                                       | \$ 3,817                    | \$ 9,686            | \$ 7,277                  | \$ 689,560          | \$ 8,364   | \$ 1,543,526      |
| Accumulated depreciation                   | -                 | ( 191,108)                     | ( 182,203)                    | ( 40,490)                                       | ( 1,507)                    | ( 8,622)            | ( 6,813)                  | ( 549,508)          | -  | ( 980,251)        |
|  | <u>\$ 113,120</u> | <u>\$ 205,618</u>              | <u>\$ 63,351</u>              | <u>\$ 28,932</u>                                | <u>\$ 2,310</u>             | <u>\$ 1,064</u>     | <u>\$ 464</u>             | <u>\$ 140,052</u>   | <u>\$ 8,364</u>  | <u>\$ 563,275</u> |

(7) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation expense are as follows:

|                          | <u>March 31, 2023</u>  | <u>December 31, 2022</u> | <u>March 31, 2022</u>  |
|--------------------------|------------------------|--------------------------|------------------------|
|                          | <u>Carrying amount</u> | <u>Carrying amount</u>   | <u>Carrying amount</u> |
| Land                     | \$ 131,482             | \$ 132,491               | \$ 134,960             |
| Buildings                | 613                    | 1,532                    | 587                    |
| Transportation equipment | 784                    | 1,077                    | 2,351                  |
|                          | <u>\$ 132,879</u>      | <u>\$ 135,100</u>        | <u>\$ 137,898</u>      |

|                          | <u>Three months ended March 31</u> |                            |
|--------------------------|------------------------------------|----------------------------|
|                          | <u>2023</u>                        | <u>2022</u>                |
|                          | <u>Depreciation charge</u>         | <u>Depreciation charge</u> |
| Land                     | \$ 1,009                           | \$ 1,004                   |
| Buildings                | 919                                | 881                        |
| Transportation equipment | 293                                | 440                        |
|                          | <u>\$ 2,221</u>                    | <u>\$ 2,325</u>            |

- C. The information on profit and loss accounts relating to lease contracts is as follows:

|                                       | <u>Three months ended March 31</u> |             |
|---------------------------------------|------------------------------------|-------------|
|                                       | <u>2023</u>                        | <u>2022</u> |
| <u>Items affecting profit or loss</u> |                                    |             |
| Interest expense on lease liabilities | \$ 517                             | \$ 531      |
| Expense on short-term lease contracts | 999                                | 658         |

- D. For the three months ended March 31, 2023 and 2022, the Group's total cash outflow for leases were \$3,539 and \$3,302, respectively.

(8) Investment property

As at March 31, 2023 and December 31, 2022 : None.

|   | <u>Buildings and structures</u> |
|---|---------------------------------|
| <u>At January 1, 2022</u>               |                                 |
| Cost                                    | \$ 155,188                      |
| Accumulated depreciation                | ( 86,911)                       |
|   | <u>\$ 68,277</u>                |
| <u>2022</u>                             |                                 |
| Opening net book amount as at January 1 | \$ 68,277                       |
| Depreciation expense                    | ( 493)                          |
| Closing net book amount as at March 31  | <u>\$ 67,784</u>                |
| <u>At March 31, 2022</u>                |                                 |
| Cost                                    | \$ 155,188                      |
| Accumulated depreciation                | ( 87,404)                       |
|   | <u>\$ 67,784</u>                |

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

|   | <u>Three months ended March 31<br/>2022</u> |
|---|---|
| Rental income from investment property  | \$ 4,903                                    |
| Direct operating expenses arising from the investment property that generated rental income during the period | (\$ 505)                                    |

For the three months ended March 31, 2023 : None.

B. The fair value of the investment property held by the Group as at March 31, 2022 was \$95,668, which was valued by independent valuers. Valuations were made using the cost approach and income approach which is categorised within Level 3 in the fair value hierarchy. Key assumption is as follows:

|                                | <u>March 31, 2022</u> |
|--------------------------------|-----------------------|
| Vacant loss rate               | 24.00%                |
| Net income capitalization rate | 11.74%                |

(9) Intangible assets

|   | <u>Computer software</u> |
|---|--------------------------|
| <u>At January 1, 2023</u>               |                          |
| Cost                                    | \$ 112,905               |
| Accumulated amortisation                | ( 83,708)                |
|   | <u>\$ 29,197</u>         |
| <u>2023</u>                             |                          |
| Opening net book amount as at January 1 | \$ 29,197                |
| Additions — acquired separately         | 2,917                    |
| Amortisation charge                     | ( 5,996)                 |
| Closing net book amount as at March 31  | <u>\$ 26,118</u>         |
| <u>At March 31, 2023</u>                |                          |
| Cost                                    | \$ 115,822               |
| Accumulated amortisation                | ( 89,704)                |
|   | <u>\$ 26,118</u>         |
|   | <u>Computer software</u> |
| <u>At January 1, 2022</u>               |                          |
| Cost                                    | \$ 85,260                |
| Accumulated amortisation                | ( 72,165)                |
|   | <u>\$ 13,095</u>         |
| <u>2022</u>                             |                          |
| Opening net book amount as at January 1 | \$ 13,095                |
| Amortisation charge                     | ( 1,758)                 |
| Closing net book amount as at March 31  | <u>\$ 11,337</u>         |
| <u>At March 31, 2022</u>                |                          |
| Cost                                    | \$ 85,260                |
| Accumulated amortisation                | ( 73,923)                |
|   | <u>\$ 11,337</u>         |

Details of amortisation on intangible assets are as follows:

|                                     | <u>Three months ended March 31</u> |                 |
|-------------------------------------|------------------------------------|-----------------|
|                                     | <u>2023</u>                        | <u>2022</u>     |
| Selling expenses                    | \$ 27                              | \$ -            |
| General and administrative expenses | 720                                | 412             |
| Research and development expenses   | 5,249                              | 1,346           |
|                                     | <u>\$ 5,996</u>                    | <u>\$ 1,758</u> |

(10) Other non-current assets

|  | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| Refundable deposits                      | \$ 235,688            | \$ 239,781               | \$ 97,338             |
| Net defined benefit<br>asset-non-current | 2,336                 | 2,058                    | -                     |
| Long-term prepayments                    | <u>371,052</u>        | <u>379,163</u>           | <u>394,119</u>        |
|  | <u>\$ 609,076</u>     | <u>\$ 621,002</u>        | <u>\$ 491,457</u>     |

The subsidiary – Sinopower Semiconductor Inc. entered into a capacity guarantee contract with a supplier to ensure stable foundry production capacity, and prepaid long-term payments to safeguard performance of the contract. In addition, the subsidiary - Sinopower Semiconductor Inc. has prepaid capacity guarantee deposits to reserve the supplier's production capacity, and the deposits will be returned upon the fulfillment of contractual obligations.

(11) Short-term borrowings

| <u>Type of borrowings</u> | <u>March 31, 2023</u>    | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|--------------------------|----------------------------|-------------------|
| Bank borrowings           |                          |                            |                   |
| Unsecured borrowings      | <u>\$ 235,000</u>        | 1.60% ~ 1.925%             | NA                |
| <u>Type of borrowings</u> | <u>December 31, 2022</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| Bank borrowings           |                          |                            |                   |
| Unsecured borrowings      | <u>\$ 125,000</u>        | 1.55% ~ 1.925%             | NA                |

As at March 31, 2022: None.

Interest expense recognised in profit or loss amounted to \$793 and \$0 for the three months ended March 31, 2023 and 2022, respectively.

(12) Other payables

|                                      | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--------------------------------------|-----------------------|--------------------------|-----------------------|
| Accrued expenses - bonus             | \$ 85,138             | \$ 143,190               | \$ 84,707             |
| Dividend payable                     | 718,999               | -                        | 800,001               |
| Employees' compensation payable      | 301,148               | 284,390                  | 356,790               |
| Payables for machinery and equipment | 22,907                | 45,386                   | 11,463                |
| Directors' remuneration payable      | 43,476                | 40,864                   | 52,858                |
| Other accrued expenses               | <u>98,323</u>         | <u>113,926</u>           | <u>128,691</u>        |
|                                      | <u>\$ 1,269,991</u>   | <u>\$ 627,756</u>        | <u>\$ 1,434,510</u>   |

(13) Other non-current liabilities

| Item   | March 31, 2023    | December 31, 2022 | March 31, 2022    |
|--|-------------------|-------------------|-------------------|
| Net defined benefit liability<br>- non-current | \$ -              | \$ -              | \$ 3,409          |
| Guarantee deposits received                    | 220,026           | 401,656           | 383,196           |
|  | <u>\$ 220,026</u> | <u>\$ 401,656</u> | <u>\$ 386,605</u> |

(14) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$0 and \$23 for the three months ended March 31, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$1,035.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Supec (Suzhou) Co., Ltd. has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three months ended March 31, 2023 and 2022 was both 15%. Other than the monthly contributions, the Group has no further obligations.



(c) The pension costs under the defined contribution pension plan of the Group for the three months ended March 31, 2023 and 2022 were \$5,644 and \$5,329, respectively.

(15) Share-based payment

A. For the three months ended March 31, 2023 and 2022 the Group's share-based payment arrangements are as follows:

| Type of arrangement            | Grant date | Quantity granted | Contract period | Vesting conditions                      |
|--------------------------------|------------|------------------|-----------------|---|
| Restricted stocks to employees | 2021.03.23 | 750              | 2 years         | 1 year vested 50%<br>2 years vested 50% |
| Restricted stocks to employees | 2021.11.09 | 350              | 2 years         | 1 year vested 50%<br>2 years vested 50% |

The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. If the employees resign or die before meeting the vesting conditions, which was not due to the occupational injury, the Company will redeem at no consideration and retire those stocks. Employees are not required to return the dividends received.

B. The Board of Directors on March 23, 2021 has resolved to issue employee restricted stock of 750 thousand shares with par value of \$10 (in dollars) at an issuance price of \$0 (without consideration), and the measurement of fair value was based on the closing price of company stock on grant date amounting to NT\$115.5 (in dollars).

The Board of Directors on November 9, 2021 has resolved to issue employee restricted stock of 350 thousand shares with par value of \$10 (in dollars) at an issuance price of \$0 (without consideration), and the measurement of fair value was based on the closing price of company stock on grant date amounting to \$177 (in dollars).

Details of the share-based payment arrangement are as follows:

|  | Three months ended March 31     |                                 |
|--|---------------------------------|---------------------------------|
|  | 2023                            | 2022                            |
|  | No. of shares<br>(in thousands) | No. of shares<br>(in thousands) |
| Balance at the beginning of the period | 509                             | 1,066                           |
| Vested during the period               | ( 333)                          | ( 341)                          |
| Retrieved during the period            | ( 2)                            | ( 37)                           |
| Balance at the end of the period       | 174                             | 688                             |

C. Expenses incurred on share-based payment transactions are shown below:

|                | Three months ended March 31 |           |
|----------------|-----------------------------|-----------|
|                | 2023                        | 2022      |
| Equity-settled | \$ 3,667                    | \$ 24,999 |

(16) Share capital

A. As of March 31, 2023, the Company's authorised capital was \$1,800,000 consisting of 180,000 thousand shares of ordinary stock (including employee stock options, preferred shares with warrants and convertible bonds issued by the Company, amounting to 6,000 thousand shares), and the paid-in capital was \$740,675 with a par value of \$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in thousands of shares)

|  | Three months ended March 31 |        |
|--|-----------------------------|--------|
|  | 2023                        | 2022   |
| Outstanding ordinary shares at January 1 | 73,211                      | 73,254 |
| Employee restricted shares retired       | ( 2)                        | ( 37)  |
| Outstanding ordinary shares at March 31  | 73,209                      | 73,217 |
| Treasury stocks                          | 859                         | 859    |
| Issued shares at March 31                | 74,068                      | 74,076 |

B. Treasury stocks

(a) Reason for share repurchases and the number of the Company's treasury stocks are as follows:

|   |   | March 31, 2023                         |                  |
|---|---|--|------------------|
| Name of company holding the shares          | Reason for repurchases                  | Number of shares (thousands of shares) | Book value       |
|   |   |  |                  |
| The Company                                 | To be transferred to employees          | 485                                    | \$ 33,148        |
| Subsidiaries - Sinopower Semiconductor Inc. | In consideration of business strategies | 374                                    | 24,995           |
|   |   |  | <u>\$ 58,143</u> |

|   |   | December 31, 2022                      |                  |
|---|---|--|------------------|
| Name of company holding the shares          | Reason for repurchases                  | Number of shares (thousands of shares) | Book value       |
|   |   |  |                  |
| The Company                                 | To be transferred to employees          | 485                                    | \$ 33,148        |
| Subsidiaries - Sinopower Semiconductor Inc. | In consideration of business strategies | 374                                    | 24,995           |
|   |   |  | <u>\$ 58,143</u> |

|   |   | March 31, 2022                         |                  |
|---|---|--|------------------|
| Name of company holding the shares          | Reason for repurchases                  | Number of shares (thousands of shares) | Book value       |
| The Company                                 | To be transferred to employees          | 485                                    | \$ 33,148        |
| Subsidiaries - Sinopower Semiconductor Inc. | In consideration of business strategies | 374                                    | 24,995           |
|   |   |  | <u>\$ 58,143</u> |

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury stocks to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) The subsidiary, Sinopower Semiconductor Inc., whose shares are less than 50% held by the Company but was substantially controlled by the Company, due to business strategies acquired the Company's shares, which were treated as treasury stocks. The costs of the treasury stocks were calculated based on the carrying amount of the Company's shares held by Sinopower Semiconductor Inc. in each period and the share ownership of Sinopower Semiconductor Inc. held by the Company. As of March 31, 2023, December 31, 2022, and March 31, 2022, the Company's shares held by Sinopower Semiconductor Inc. both amounted to 862 thousand shares, at the average carrying amount of \$66.79 (in dollars) per share and the fair value per share amounted to \$157 (in dollars), \$115 (in dollars) and \$256.5 (in dollars), respectively.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

| 2023  |                   |                   |                                  |   |   |                  |                   |
|---|-------------------|-------------------|----------------------------------|---|---|------------------|-------------------|
|   | Share<br>premium  | Treasury<br>stock | Employee<br>restricted<br>shares | Difference between<br>consideration and<br>carrying amount of<br>subsidiaries acquired<br>or disposed | Changes in<br>ownership<br>interests in<br>subsidiaries | Others           | Total             |
| At January 1  | \$ 289,025        | \$ 23,206         | \$ 64,317                        | \$ 279,915  | \$ 31,867   | \$ 22,856        | \$ 711,186        |
| Employee restricted<br>shares vested                  | 35,132            | -                 | ( 35,132)                        | -   | -   | -                | -                 |
| Employee restricted<br>shares retired                 | -                 | -                 | ( 211)                           | -   | -   | -                | ( 211)            |
| At March 31   | <u>\$ 324,157</u> | <u>\$ 23,206</u>  | <u>\$ 28,974</u>                 | <u>\$ 279,915</u>   | <u>\$ 31,867</u>  | <u>\$ 22,856</u> | <u>\$ 710,975</u> |
| 2022  |                   |                   |                                  |   |   |                  |                   |
|   | Share<br>premium  | Treasury<br>stock | Employee<br>restricted<br>shares | Difference between<br>consideration and<br>carrying amount of<br>subsidiaries acquired<br>or disposed | Changes in<br>ownership<br>interests in<br>subsidiaries | Others           | Total             |
| At January 1  | \$ 224,075        | \$ 19,830         | \$ 125,286                       | \$ 279,915  | \$ 31,867   | \$ 22,856        | \$ 703,829        |
| Employee restricted<br>shares vested                  | 35,975            | -                 | ( 35,975)                        | -   | -   | -                | -                 |
| Employee restricted<br>shares retired                 | -                 | -                 | 370                              | -   | -   | -                | 370               |
| Compensation cost of<br>employee restricted<br>shares | -                 | -                 | ( 491)                           | -   | -   | -                | ( 491)            |
| At March 31   | <u>\$ 260,050</u> | <u>\$ 19,830</u>  | <u>\$ 89,190</u>                 | <u>\$ 279,915</u>   | <u>\$ 31,867</u>  | <u>\$ 22,856</u> | <u>\$ 703,708</u> |

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the regulatory authority. The remainder shall be proposed as the dividend or bonus distribution by the Board of Directors and resolved by the shareholders. In accordance with Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting. The provisions of the resolution of the shareholders during their meeting are not applicable.
- B. The Company's dividend policy is summarised below: To meet future capital requirements and long-term financial plan, and meeting shareholders' needs for cash inflows, earnings can be distributed to shareholders as dividends. Cash dividends shall account for at least 10% of the total dividends distributed, provided that the type and rate of such dividends may be adjusted by resolution of the shareholders during their meeting depending on the actual net income and funds status.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. When the Company adopted IFRSs for the first time in 2013, a special reserve of \$5,597 was provided at the same amount according to the exemptions regulation of IFRS 1 elected by the Company to transfer the cumulative translation effect to the retained earnings portion at the transition date.

E. The appropriation of 2022 earnings as resolved by the Board of Directors on February 22, 2023 and the appropriation of 2021 earnings as resolved by the shareholders' meeting on June 23, 2022, are as follows:

|                | Year ended December 31 |                                     |                   |                                     |
|----------------|------------------------|-------------------------------------|-------------------|-------------------------------------|
|                | 2022(Note)             |                                     | 2021              |                                     |
|                | Amount                 | Dividends per share<br>(in dollars) | Amount            | Dividends per share<br>(in dollars) |
| Legal reserve  | \$ 96,740              |                                     | \$ 93,119         |                                     |
| Cash dividends | 662,243                | \$ 9.00                             | 663,786           | \$ 9.02                             |
|                | <u>\$ 758,983</u>      |                                     | <u>\$ 756,905</u> |                                     |

Note : The aforementioned appropriations of 2022 earnings had not yet been resolved at the shareholders' meeting.

(19) Other equity items

|   | 2023                               |                                      |                    |
|---|------------------------------------|--------------------------------------|--------------------|
|   | Foreign<br>currency<br>translation | Unearned<br>employee<br>compensation | Total              |
| At January 1                                    | (\$ 1,932)                         | (\$ 14,292)                          | (\$ 16,224)        |
| Compensation cost of employee restricted stocks | -                                  | 3,898                                | 3,898              |
| Currency translation differences:               |                                    |                                      |                    |
| –Group  | 134                                | -                                    | 134                |
| At March 31                                     | <u>(\$ 1,798)</u>                  | <u>(\$ 10,394)</u>                   | <u>(\$ 12,192)</u> |
|   | 2022                               |                                      |                    |
|   | Foreign<br>currency<br>translation | Unearned<br>employee<br>compensation | Total              |
| At January 1                                    | (\$ 2,957)                         | (\$ 87,818)                          | (\$ 90,775)        |
| Compensation cost of employee restricted stocks | -                                  | 25,490                               | 25,490             |
| Currency translation differences:               |                                    |                                      |                    |
| –Group  | 1,686                              | -                                    | 1,686              |
| At March 31                                     | <u>(\$ 1,271)</u>                  | <u>(\$ 62,328)</u>                   | <u>(\$ 63,599)</u> |

(20) Operating revenue

Revenue from contracts with customers - Disaggregation of revenue from products:

|                                  | Three months ended March 31 |                     |
|----------------------------------|-----------------------------|---------------------|
|                                  | 2023                        | 2022                |
| Power MOSFET IC                  | \$ 607,276                  | \$ 960,421          |
| Power transfer and management IC | 271,714                     | 487,419             |
| Amplifier and Driver IC          | 229,098                     | 491,098             |
| Others                           | 23                          | 647                 |
|                                  | <u>\$ 1,108,111</u>         | <u>\$ 1,939,585</u> |

(21) Other income and expenses – net

|                      | Three months ended March 31 |                 |
|----------------------|-----------------------------|-----------------|
|                      | 2023                        | 2022            |
| Other income         |                             |                 |
| Rental revenue       | \$ -                        | \$ 4,903        |
| Other expenses       |                             |                 |
| Depreciation expense | - (                         | 493)            |
| Others               | - (                         | 12)             |
|                      | <u>\$ -</u>                 | <u>\$ 4,398</u> |

(22) Interest income

|   | Three months ended March 31 |                 |
|---|-----------------------------|-----------------|
|   | 2023                        | 2022            |
| Interest income from bank deposits                      | \$ 5,708                    | \$ 1,176        |
| Interest income from financial assets at amortised cost | -                           | 233             |
|   | <u>\$ 5,708</u>             | <u>\$ 1,409</u> |

(23) Other income

|                      | Three months ended March 31 |                 |
|----------------------|-----------------------------|-----------------|
|                      | 2023                        | 2022            |
| Rental revenue       | \$ 120                      | \$ 123          |
| Other income, others | 78                          | 1,255           |
|                      | <u>\$ 198</u>               | <u>\$ 1,378</u> |

(24) Finance costs

|                                       | Three months ended March 31 |               |
|---------------------------------------|-----------------------------|---------------|
|                                       | 2023                        | 2022          |
| Interest expense of short-term loan   | \$ 793                      | \$ -          |
| Interest expense of lease liabilities | 517                         | 531           |
|                                       | <u>\$ 1,310</u>             | <u>\$ 531</u> |

(25) Other gains and losses

|   | Three months ended March 31 |           |
|---|-----------------------------|-----------|
|   | 2023                        | 2022      |
| Foreign exchange (loss) gains   | (\$ 6,876)                  | \$ 51,092 |
| Gain on financial assets (liabilities) at fair value through profit or loss | 480                         | 103       |
| Miscellaneous disbursements   | ( 1,571)                    | 13        |
|   | (\$ 7,967)                  | \$ 51,208 |

(26) Expenses by nature

|                           | Three months ended March 31 |            |
|---------------------------|-----------------------------|------------|
|                           | 2023                        | 2022       |
| Employee benefit expenses | \$ 152,363                  | \$ 292,367 |
| Depreciation charge       | 38,695                      | 33,482     |
| Amortisation charge       | 5,996                       | 1,758      |
|                           | \$ 197,054                  | \$ 327,607 |

(27) Employee benefit expense

|                                  | Three months ended March 31 |            |
|----------------------------------|-----------------------------|------------|
|                                  | 2023                        | 2022       |
| Wages and salaries               | \$ 127,040                  | \$ 242,355 |
| Share-based payment              | 3,667                       | 24,999     |
| Labour and health insurance fees | 10,433                      | 12,628     |
| Pension costs                    | 5,644                       | 5,352      |
| Other personnel expenses         | 5,579                       | 7,033      |
|                                  | \$ 152,363                  | \$ 292,367 |

A. In accordance with the Articles of Incorporation of the Company, the Company should distribute the employees' compensation and directors' remuneration in the following method, based on the current year's pre-tax profit excluding employees' compensation and directors' remuneration distributed.

(a) Distribute employees' compensation from 10% to 25%

(b) Distribute directors' remuneration not higher than 3%

B. For the three months ended March 31, 2023 and 2022, employees' compensation and directors' remuneration accrued amounts are as follows:

|                         | Three months ended March 31 |           |
|-------------------------|-----------------------------|-----------|
|                         | 2023                        | 2022      |
| Employees' compensation | \$ 12,950                   | \$ 58,884 |
| Directors' remuneration | \$ 1,918                    | \$ 8,724  |

The aforementioned amounts were recognised in salary expenses based on distributable profit of current period for the three months ended March 31, 2023 and 2022.



- Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements, and the employees' compensation and directors' remuneration will be distributed in the form of cash.
- C. For the three months ended March 31, 2023 and 2022, the Company's subsidiary, Sinopower Semiconductor Inc., employees' compensation and directors' remuneration accrued amounts are as follows:

|                         | Three months ended March 31 |           |
|-------------------------|-----------------------------|-----------|
|                         | 2023                        | 2022      |
| Employees' compensation | \$ 4,683                    | \$ 35,136 |
| Directors' remuneration | \$ 694                      | \$ 5,205  |

The aforementioned amounts were recognised in salary expenses based on distributable profit of current period for the three months ended March 31, 2023 and 2022.

Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. The employees' compensation for 2022 was distributed in the form of cash and shares, of which 300 thousand shares of \$32,850 was distributed, while directors' remuneration was distributed in the form of cash.

- D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

|   | Three months ended March 31 |            |
|---|-----------------------------|------------|
|   | 2023                        | 2022       |
| Current tax:                                      |                             |            |
| Current tax on profits for the period             | \$ 14,408                   | \$ 108,047 |
| Total current tax                                 | 14,408                      | 108,047    |
| Deferred tax:                                     |                             |            |
| Origination and reversal of temporary differences | -                           | ( 3,914)   |
| Total deferred tax                                | -                           | ( 3,914)   |
| Income tax expense                                | \$ 14,408                   | \$ 104,133 |

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

|                                  | Three months ended March 31 |          |
|----------------------------------|-----------------------------|----------|
|                                  | 2023                        | 2022     |
| Currency translation differences | \$ 33                       | (\$ 421) |

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(29) Earnings per share

|   | Three months ended March 31, 2023 |   |                                       |
|---|-----------------------------------|---|---------------------------------------|
|   | Amount<br>after tax               | Weighted average<br>number of ordinary<br>shares outstanding<br>(shares in thousands) | Earnings per<br>share<br>(in dollars) |
| <u>Basic earnings per share</u>   |                                   |   |                                       |
| Profit attributable to ordinary shareholders of the parent  | \$ 72,509                         | 72,732  | \$ 1.00                               |
| <u>Diluted earnings per share</u>   |                                   |   |                                       |
| Profit attributable to ordinary shareholders of the parent  | \$ 72,509                         | 72,732  |                                       |
| Less: Assumed conversion of all dilutive potential ordinary shares issued by the investment company accounted for using equity method | ( 166)                            |   |                                       |
| Assumed conversion of all dilutive potential ordinary shares  |                                   |   |                                       |
| Employees' compensation   | -                                 | 826   |                                       |
| Employee restricted stock   | -                                 | 451   |                                       |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares          | \$ 72,343                         | 74,009  | \$ 0.98                               |

| Three months ended March 31, 2022   |                     |   |                                       |
|---|---------------------|---|---------------------------------------|
|   | Amount<br>after tax | Weighted average<br>number of ordinary<br>shares outstanding<br>(shares in thousands) | Earnings per<br>share<br>(in dollars) |
| <u>Basic earnings per share</u>   |                     |   |                                       |
| Profit attributable to ordinary shareholders of the parent  | \$ 308,432          | 72,218  | \$ 4.27                               |
| <u>Diluted earnings per share</u>   |                     |   |                                       |
| Profit attributable to ordinary shareholders of the parent  | \$ 308,432          | 72,218  |                                       |
| Less: Assumed conversion of all dilutive potential ordinary shares issued by the investment company accounted for using equity method | ( 1,633)            |   |                                       |
| Assumed conversion of all dilutive potential ordinary shares  |                     |   |                                       |
| Employees' compensation   | -                   | 924   |                                       |
| Employee restricted stock   | -                   | 860   |                                       |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares          | \$ 306,799          | 74,002  | \$ 4.15                               |

(30) Supplemental cash flow information

Investing activities with partial cash payments:

| Three months ended March 31                  |           |           |  |
|--|-----------|-----------|--|
|  | 2023      | 2022      |  |
| Purchase of property, plant and equipment    | \$ 43,390 | \$ 22,845 |  |
| Add: Opening balance of payable on equipment | 45,386    | 19,577    |  |
| Less: Ending balance of payable on equipment | ( 22,907) | ( 11,463) |  |
| Cash paid during the period                  | \$ 65,869 | \$ 30,959 |  |

Financing activities with partial cash payments:

| Three months ended March 31                            |            |            |  |
|--|------------|------------|--|
|  | 2023       | 2022       |  |
| Cash dividends declared                                | \$ 662,243 | \$ 663,786 |  |
| Less: Shown as ' dividend payable'and' other payables' | ( 662,243) | ( 663,786) |  |
| Cash paid during the period                            | \$ -       | \$ -       |  |

|  | Three months ended March 31 |            |
|--|-----------------------------|------------|
|  | 2023                        | 2022       |
| Cash dividends paid to non-controlling interest declared by subsidiaries | \$ 56,756                   | \$ 136,215 |
| Less: Shown as 'other payables'  | ( 56,756)                   | ( 136,215) |
| Cash paid during the period  | \$ -                        | \$ -       |

(31) Changes in liabilities from financing activities

|  | 2023                    |                             |                   |   |
|--|-------------------------|-----------------------------|-------------------|---|
|  | Short - term borrowings | Guarantee deposits received | Lease liabilities | Liabilities from financing activities-gross |
| At January 1                                   | \$ 125,000              | \$ 401,656                  | \$ 138,836        | \$ 665,492                                  |
| Changes in cash flow from financing activities | 110,000                 | ( 181,630)                  | ( 2,540)          | ( 74,170)                                   |
| Changes in other non - cash items              | -                       | -                           | 517               | 517   |
| At March 31                                    | <u>\$ 235,000</u>       | <u>\$ 220,026</u>           | <u>\$ 136,813</u> | <u>\$ 591,839</u>                           |

  

|  | 2022                        |                   |   |  |
|--|-----------------------------|-------------------|---|--|
|  | Guarantee deposits received | Lease liabilities | Liabilities from financing activities-gross |  |
| At January 1                                   | \$ 341,213                  | \$ 143,105        | \$ 484,318                                  |  |
| Changes in cash flow from financing activities | 41,983                      | ( 2,644)          | 39,339                                      |  |
| Changes in other non - cash items              | -                           | 531               | 531   |  |
| At March 31                                    | <u>\$ 383,196</u>           | <u>\$ 140,992</u> | <u>\$ 524,188</u>                           |  |

7. Related Party Transactions

Key management compensation

|   | Three months ended March 31 |                  |
|---|-----------------------------|------------------|
|   | 2023                        | 2022             |
| Salaries and other short-term employee benefits | \$ 11,754                   | \$ 36,538        |
| Post-employment benefits                        | 133                         | 131              |
| Share-based payments                            | 638                         | 1,914            |
|   | <u>\$ 12,525</u>            | <u>\$ 38,583</u> |

A. Salaries and other short-term employee benefits includes salaries, functions-related allowances, employee compensation, various allowances and bonuses, etc. Except for the employees' compensation and year-end bonuses which were estimated, others were paid actual amounts.

B. Post-employment benefits arose from pensions.

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Please refer to Note 6(10).

10. Significant Disaster Loss

None.

11. Significant Events after the Reporting Period

- (1) The Company planned to issue employee restricted stock of 1,200,000 shares with par value of \$10 (in dollars) at the total amount of \$12,000 as resolved by the Board of Directors on May 10, 2023. The issuance has not yet been approved at the shareholders' annual meeting in 2023 and reported to the regulatory authority for approval.
- (2) The subsidiary of the Company, Sinopower Semiconductor Inc., planned to issue employee restricted stock of 400,000 shares with par value of \$10 (in dollars) at the total amount of \$4,000 as resolved by the Board of Directors on May 10, 2023. The issuance has not yet been approved at the shareholders' annual meeting in 2023 and reported to the regulatory authority for approval.
- (3) The subsidiary of the Company, Sinopower Semiconductor Inc., planned to conduct a short-form merger with its wholly-owned subsidiary, Sincere Semiconductor Inc., after which Sinopower Semiconductor Inc. will be the surviving company and Sincere Semiconductor Inc. will be dissolved, as resolved by the Board of Directors on May 10, 2023. The effective date of the merger was temporarily set on July 10, 2023. Any adjustment due to actual needs was authorised to be fully handled by the Chairman.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain a healthy capital base, the Group considers future operating capital needs, capital expenditures and dividend expenditures through financial analysis, monitoring the Group's capital structure in order to fulfil capital management objectives.

(2) Financial instruments

A. Financial instruments by category

|  | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| <u>Financial assets</u>  |                       |                          |                       |
| Financial assets at fair value through profit or loss                      |                       |                          |                       |
| Financial assets mandatorily measured at fair value through profit or loss | \$ 175,575            | \$ 175,095               | \$ 174,289            |
| Financial assets at amortised cost   |                       |                          |                       |
| Cash and cash equivalents  | 1,680,503             | 1,932,356                | 2,238,368             |
| Financial assets at amortised cost   | 362,000               | -                        | 80,000                |
| Accounts receivable (including related party)                              | 776,761               | 739,470                  | 1,430,436             |
| Other receivables  | 22,348                | 20,714                   | 34,783                |
| Guarantee deposits paid  | 235,688               | 239,781                  | 97,338                |
|  | <u>\$ 3,252,875</u>   | <u>\$ 3,107,416</u>      | <u>\$ 4,055,214</u>   |
| <u>Financial liabilities</u>   |                       |                          |                       |
| Financial liabilities at amortised cost                                    |                       |                          |                       |
| Short-term borrowings  | \$ 235,000            | \$ 125,000               | \$ -                  |
| Notes payable  | 1,152                 | 2,367                    | 1,152                 |
| Accounts payable (including related party)                                 | 458,351               | 388,926                  | 748,072               |
| Other payables   | 1,269,991             | 627,756                  | 1,434,510             |
| Guarantee deposits received  | 220,026               | 401,656                  | 383,196               |
|  | <u>\$ 2,184,520</u>   | <u>\$ 1,545,705</u>      | <u>\$ 2,566,930</u>   |
| Lease liabilities  | <u>\$ 136,813</u>     | <u>\$ 138,836</u>        | <u>\$ 140,992</u>     |

B. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central finance department (Group finance) under policies approved by the Board of Directors. Group finance identifies, evaluates and hedges financial risks. The Board provides written principles for written policies covering specific areas and matters, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Each company treasury hedges by using capital requirements of various currencies and foreign currency assets and certain net liabilities, or by using forward foreign exchange contracts. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| March 31, 2023                          |  |               |                     |
|---|--|---------------|---------------------|
|   | Foreign currency<br>amount<br>(In thousands) | Exchange rate | Book value<br>(NTD) |
| (Foreign currency: functional currency) |  |               |                     |
| <u>Financial assets</u>                 |  |               |                     |
| <u>Monetary items</u>                   |  |               |                     |
| USD:NTD                                 | \$ 39,298                                    | 30.44         | \$ 1,196,231        |
| <u>Financial liabilities</u>            |  |               |                     |
| <u>Monetary items</u>                   |  |               |                     |
| USD:NTD                                 | 15,947                                       | 30.44         | 485,427             |

| December 31, 2022                       |  |               |                     |
|---|--|---------------|---------------------|
|   | Foreign currency<br>amount<br>(In thousands) | Exchange rate | Book value<br>(NTD) |
| (Foreign currency: functional currency) |  |               |                     |
| <u>Financial assets</u>                 |  |               |                     |
| <u>Monetary items</u>                   |  |               |                     |
| USD:NTD                                 | \$ 35,578                                    | 30.70         | \$ 1,092,245        |
| <u>Financial liabilities</u>            |  |               |                     |
| <u>Monetary items</u>                   |  |               |                     |
| USD:NTD                                 | 14,080                                       | 30.70         | 432,256             |

| March 31, 2022                          |  |               |                     |
|---|--|---------------|---------------------|
|   | Foreign currency<br>amount<br>(In thousands) | Exchange rate | Book value<br>(NTD) |
| (Foreign currency: functional currency) |  |               |                     |
| <u>Financial assets</u>                 |  |               |                     |
| <u>Monetary items</u>                   |  |               |                     |
| USD:NTD                                 | \$ 58,856                                    | 28.62         | \$ 1,684,459        |
| <u>Financial liabilities</u>            |  |               |                     |
| <u>Monetary items</u>                   |  |               |                     |
| USD:NTD                                 | 26,686                                       | 28.62         | 763,753             |

- iv. The unrealised exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2023 and 2022, amounted to \$2,910 and \$20,500, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| Three months ended March 31, 2023       |                        |                             |   |
|---|------------------------|-----------------------------|---|
|   | Sensitivity analysis   |                             |   |
|   | Degree of<br>variation | Effect on profit<br>or loss | Effect on other<br>comprehensive income |
| (Foreign currency: functional currency) |                        |                             |   |
| <u>Financial assets</u>                 |                        |                             |   |
| <u>Monetary items</u>                   |                        |                             |   |
| USD:NTD                                 | 1%                     | \$ 11,962                   | \$ -                                    |
| <u>Financial liabilities</u>            |                        |                             |   |
| <u>Monetary items</u>                   |                        |                             |   |
| USD:NTD                                 | 1%                     | 4,854                       | -                                       |



|   | Three months ended March 31, 2022 |                          |                                      |
|---|-----------------------------------|--------------------------|--------------------------------------|
|   | Sensitivity analysis              |                          |                                      |
|   | Degree of variation               | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) |                                   |                          |                                      |
| <u>Financial assets</u>                 |                                   |                          |                                      |
| <u>Monetary items</u>                   |                                   |                          |                                      |
| USD:NTD                                 | 1%                                | \$ 16,845                | \$ -                                 |
| <u>Financial liabilities</u>            |                                   |                          |                                      |
| <u>Monetary items</u>                   |                                   |                          |                                      |
| USD:NTD                                 | 1%                                | 7,638                    | -                                    |

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$1,756 and \$1,743, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

#### Cash flow and fair value Interest rate risk

- i. The Group's main interest rate risk arises from borrowings. The Group manages its interest rate risk by using an appropriate combination of fixed and floating interest rate to ensure that the most cost-effective hedging strategy is adopted. Therefore, interest rate risk has no significant impact to the Group.
- ii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the three months ended March 31, 2023 and 2022 would have decreased /increased by \$470 and \$0, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with optimise credit quality are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the finance department. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 180 days.
- iv. The Group classifies customers' accounts receivable and notes receivable in accordance with customer types. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss.
- v. The Group adjusts historical and timely information to assess the default possibility of accounts receivable and notes receivable. As of March 31, 2023, December 31, 2022, and March 31, 2022, the provision matrix is as follows:

|                          | <u>Not past due</u>              | <u>Up to 30 days<br/>past due</u> | <u>31~90 days<br/>past due</u>    | <u>91~180 days<br/>past due</u> |
|--------------------------|----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| <u>At March 31, 2023</u> |                                  |                                   |                                   |                                 |
| Expected loss rate       | 0%                               | 0%                                | 0%~2.9%                           | 0%~5.5%                         |
| Total book value         | \$ 776,678                       | \$ -                              | \$ 83                             | \$ -                            |
| Loss allowance           | \$ -                             | \$ -                              | \$ -                              | \$ -                            |
|                          | <u>181~270 days<br/>past due</u> | <u>271~360 days<br/>past due</u>  | <u>Over 361 days<br/>past due</u> | <u>Total</u>                    |
| Expected loss rate       | 10%                              | 50%                               | 100%                              |                                 |
| Total book value         | \$ -                             | \$ -                              | \$ -                              | \$ 776,761                      |
| Loss allowance           | \$ -                             | \$ -                              | \$ -                              | \$ -                            |

|                             | <u>Not past due</u>              | <u>Up to 30 days<br/>past due</u> | <u>31~90 days<br/>past due</u>    | <u>91~180 days<br/>past due</u> |
|-----------------------------|----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| <u>At December 31, 2022</u> |                                  |                                   |                                   |                                 |
| Expected loss rate          | 0%                               | 0%                                | 0%~2.9%                           | 0%~5.5%                         |
| Total book value            | \$ 739,211                       | \$ 259                            | \$ -                              | \$ -                            |
| Loss allowance              | \$ -                             | \$ -                              | \$ -                              | \$ -                            |
|                             | <u>181~270 days<br/>past due</u> | <u>271~360 days<br/>past due</u>  | <u>Over 361 days<br/>past due</u> | <u>Total</u>                    |
| Expected loss rate          | 10%                              | 50%                               | 100%                              |                                 |
| Total book value            | \$ -                             | \$ -                              | \$ -                              | \$ 739,470                      |
| Loss allowance              | \$ -                             | \$ -                              | \$ -                              | \$ -                            |
|                             | <u>Not past due</u>              | <u>Up to 30 days<br/>past due</u> | <u>31~90 days<br/>past due</u>    | <u>91~180 days<br/>past due</u> |
| <u>At March 31, 2022</u>    |                                  |                                   |                                   |                                 |
| Expected loss rate          | 0%                               | 0%                                | 0%~2.9%                           | 0%~4.3%                         |
| Total book value            | \$ 1,426,802                     | \$ 2,815                          | \$ 87                             | \$ 732                          |
| Loss allowance              | \$ -                             | \$ -                              | \$ -                              | \$ -                            |
|                             | <u>181~270 days<br/>past due</u> | <u>271~360 days<br/>past due</u>  | <u>Over 361 days<br/>past due</u> | <u>Total</u>                    |
| Expected loss rate          | 10%                              | 50%                               | 100%                              |                                 |
| Total book value            | \$ -                             | \$ -                              | \$ -                              | \$ 1,430,436                    |
| Loss allowance              | \$ -                             | \$ -                              | \$ -                              | \$ -                            |

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The Group invests surplus cash in interest bearing current accounts, time deposits and marketable securities (funds), and the chooses instruments with appropriate maturities or sufficient liquidity.

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| March 31, 2023                              | Less than 1 year | Over 1 year | Book value |
|---|------------------|-------------|------------|
| <u>Non-derivative financial liabilities</u> |                  |             |            |
| Short -term borrowings                      | \$ 235,544       | \$ -        | \$ 235,544 |
| Notes payable                               | 1,152            | -           | 1,152      |
| Accounts payable (including related party)  | 458,351          | -           | 458,351    |
| Other payables                              | 1,269,991        | -           | 1,269,991  |
| Guarantee deposits received                 | 71,026           | 149,000     | 220,026    |
| Lease liabilities                           | 6,676            | 166,223     | 172,899    |
| December 31, 2022                           | Less than 1 year | Over 1 year | Book value |
| <u>Non-derivative financial liabilities</u> |                  |             |            |
| Short -term borrowings                      | \$ 125,371       | \$ -        | \$ 125,371 |
| Notes payable                               | 2,367            | -           | 2,367      |
| Accounts payable                            | 388,926          | -           | 388,926    |
| Other payables                              | 627,756          | -           | 627,756    |
| Guarantee deposits received                 | 252,656          | 149,000     | 401,656    |
| Lease liabilities                           | 8,000            | 167,539     | 175,539    |
| March 31, 2022                              | Less than 1 year | Over 1 year | Book value |
| <u>Non-derivative financial liabilities</u> |                  |             |            |
| Notes payable                               | \$ 1,152         | \$ -        | \$ 1,152   |
| Accounts payable                            | 748,072          | -           | 748,072    |
| Other payables                              | 1,434,510        | -           | 1,434,510  |
| Guarantee deposits received                 | 383,196          | -           | 383,196    |
| Lease liabilities                           | 8,018            | 171,591     | 179,609    |

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information on investment property at cost is provided in Note 6(8).

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

| <u>March 31, 2023</u>                                 | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
|---|-------------------|----------------|----------------|-------------------|
| <u>Recurring fair value measurements</u>              |                   |                |                |                   |
| Financial assets at fair value through profit or loss |                   |                |                |                   |
| Equity securities                                     | <u>\$ 175,575</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 175,575</u> |
| <u>December 31, 2022</u>                              | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
| <u>Recurring fair value measurements</u>              |                   |                |                |                   |
| Financial assets at fair value through profit or loss |                   |                |                |                   |
| Equity securities                                     | <u>\$ 175,095</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 175,095</u> |
| <u>March 31, 2022</u>                                 | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>      |
| <u>Recurring fair value measurements</u>              |                   |                |                |                   |
| Financial assets at fair value through profit or loss |                   |                |                |                   |
| Equity securities                                     | <u>\$ 174,289</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 174,289</u> |

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1), closed-end fund is based on the closing price and the open-end fund is based on the net assets value as the fair value.
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

D. For the three months ended March 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. For the three months ended March 31, 2023 and 2022, there was no transfer into or out from Level 3.

### 13. Supplementary Disclosures

#### (1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates

and joint ventures): Refer to table 1.

- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 4.

B. The significant transactions between the Company and the Mainland China investees:

(a) The Company entered into the sales agent contract with Supec (Suzhou) Co., Ltd., a subsidiary of Supec International Holding Ltd. Under the contract, the Company's commission expense was calculated based on 5% of the monthly sales volume in Mainland China. For the three months ended March 31, 2023 and 2022, the commission expense amounted to \$4,397 and \$6,905, respectively.

(b) As of March 31, 2023 and 2022, the balance of other payables to Supec (Suzhou) Co., Ltd. were \$0 and \$2,498, respectively.

(4) Major shareholders information

Major shareholders information: None.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group is a single reportable segment. The Group's operating decision makers use the net income after tax in the financial statements as the basis for evaluating performance, so the operating segment information is consistent with that in the main financial statements.

(3) Reconciliation for segment income (loss)

Reportable segments income (loss) reviewed by the chief operating decision-maker was consistent with continuing operations segments income (loss), thus there is no reconciliation.

Anpec Electronics Corporation and subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
March 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Securities held by            | Marketable securities  | Relationship with<br>the securities issuer | General ledger account  | As of March 31, 2023 |            |               |            | Footnote |
|-------------------------------|--|--|---|----------------------|------------|---------------|------------|----------|
|                               |  |  |   | Number of shares     | Book value | Ownership (%) | Fair value |          |
| Anpec Electronics Corporation | Stocks, Bigbest Solutions, Inc.  | None                                       | Financial assets at fair value<br>through profit or loss                | 646,800              | \$ -       | 0.924         | \$ -       |          |
| Anpec Electronics Corporation | Stocks, Grenergy , Inc.  | None                                       | Financial assets at fair value<br>through profit or loss                | 892,630              | -          | 4.46          | -          |          |
| Anpec Electronics Corporation | Beneficiary certificates, Jih Sun<br>Money Market Fund                             | None                                       | Financial assets at fair value<br>through profit or loss                | 4,752,467.34         | 71,824     | -             | 71,824     |          |
| Anpec Electronics Corporation | Beneficiary certificates, Mega<br>Diamond Money Market Fund                        | None                                       | Financial assets at fair value<br>through profit or loss                | 4,114,819.45         | 52,594     | -             | 52,594     |          |
| Anpec Electronics Corporation | Beneficiary certificates,<br>Eastspring Investments Well<br>Pool Money Market Fund | None                                       | Financial assets at fair value<br>through profit or loss                | 1,122,502.40         | 15,535     | -             | 15,535     |          |
| Anpec Electronics Corporation | Beneficiary certificates,<br>Prudential Financial Money<br>Market Fund             | None                                       | Financial assets at fair value<br>through profit or loss                | 958,668.60           | 15,445     | -             | 15,445     |          |
| Anpec Electronics Corporation | Beneficiary certificates, TCB<br>Taiwan Money Market Fund                          | None                                       | Financial assets at fair value<br>through profit or loss                | 1,954,193.70         | 20,177     | -             | 20,177     |          |
| Sinopower Semiconductor Inc.  | Stocks, Anpec Electronics<br>Corporation   | Parent company                             | Financial assets at fair value<br>through other comprehensive<br>income | 862,088              | 135,348    | 1.17          | 135,348    | Note     |

Note: The stocks of the Company held by SINOPOWER SEMICONDUCTOR INC. are accounted for as treasury stocks.

Anpec Electronics Corporation and subsidiaries  
Significant inter-company transactions during the reporting period  
Three months ended March 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Number<br>(Note 1) | Company name                  | Counterparty                  | Relationship<br>(Note 2) | Transaction                 |          |  | Percentage of consolidated total<br>operating revenues or total assets<br>(Note 3) |
|--------------------|-------------------------------|-------------------------------|--------------------------|-----------------------------|----------|--|--|
|                    |                               |                               |                          | General ledger account      | Amount   | Transaction terms  |  |
| 0                  | Anpec Electronics Corporation | Supec (Suzhou) Co., Ltd.      | 1                        | Commissions expense         | \$ 4,397 | Based on the agreed sales agency contracts   | 0.40%  |
| 0                  | Anpec Electronics Corporation | Sinopower Semiconductor Inc.  | 1                        | Purchases                   | 6,347    | The payment term was 60 days after monthly closing                                   | 0.57%  |
| 0                  | Anpec Electronics Corporation | Sinopower Semiconductor Inc.  | 1                        | Accounts payable            | 4,949    | The payment term was 60 days after monthly closing                                   | 0.08%  |
| 0                  | Anpec Electronics Corporation | Sinopower Semiconductor Inc.  | 1                        | Guarantee deposits received | 150      | Based on the price lists in force and terms that would be available to third parties | 0.00%  |
| 0                  | Anpec Electronics Corporation | Sinopower Semiconductor Inc.  | 1                        | Other income                | 1,373    | Based on the price lists in force and terms that would be available to third parties | 0.12%  |
| 0                  | Anpec Electronics Corporation | Sinopower Semiconductor Inc.  | 1                        | Other expenses              | 2        | Based on the price lists in force and terms that would be available to third parties | 0.00%  |
| 0                  | Anpec Electronics Corporation | Sinopower Semiconductor Inc.  | 1                        | Advance receipts            | 1,186    | Based on the price lists in force and terms that would be available to third parties | 0.02%  |
| 1                  | Sinopower Semiconductor Inc.  | Anpec Electronics Corporation | 2                        | Right-of-use assets         | 1,019    | Based on the price lists in force and terms that would be available to third parties | 0.02%  |

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to

(If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice.

For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;

for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts

and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.



Anpec Electronics Corporation and subsidiaries

Information on investees

Three months ended March 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investor                         | Investee (Notes 1 and 2)                   | Location               | Main business activities   | Initial investment amount    |                                 | Shares held as at March 31, 2023 |               |            | Investment income (loss) recognised by the Company for the three months ended           |                            | Footnote              |
|----------------------------------|--|------------------------|--|------------------------------|---------------------------------|----------------------------------|---------------|------------|---|----------------------------|-----------------------|
|                                  |  |                        |  | Balance as at March 31, 2023 | Balance as at December 31, 2022 | Number of shares                 | Ownership (%) | Book value | Net profit (loss) of the investee for the three months ended March 31, 2023 (Note 2(2)) | March 31, 2023 (Note 2(3)) |                       |
| Anpec Electronics Corporation    | Anpec International Holding Ltd.           | British Virgin Islands | Investment   | \$ 102,627                   | \$ 102,627                      | 3,110,500                        | 100           | \$ 49,116  | (\$ 3,185)  | (\$ 3,185)                 | Subsidiary            |
| Anpec Electronics Corporation    | Sinopower Semiconductor Inc.               | Taiwan                 | Research, design, manufacturing and sales of power IC, high voltage power IC and its module  | 135,061                      | 135,061                         | 14,514,196                       | 43.413        | 626,124    | 23,451  | 10,181                     | Subsidiary            |
| Anpec International Holding Ltd. | Supec International Holding Ltd.           | Mauritius              | Investment   | 102,627                      | 102,627                         | 10,368,333                       | 100           | 49,120     | ( 3,185)  | ( 3,185)                   | Indirect subsidiary   |
| Supec International Holding Ltd. | Powertek Electronics International Limited | Hong Kong              | General trade  | 3,618                        | 3,618                           | 110,000                          | 100           | 3,407      | -   | -                          | Third-tier subsidiary |
| Sinopower Semiconductor Inc.     | Sincere Semiconductor Inc.                 | Taiwan                 | Manufacturing of electronic components and wholesale and retail sale of electronic materials | 10,000                       | 10,000                          | 1,000,000                        | 100           | 8,515      | ( 30)   | ( 30)                      | Indirect subsidiary   |

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at March 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the three months ended March 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the three months ended March 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Anpec Electronics Corporation and subsidiaries  
Information on investments in Mainland China  
Three months ended March 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investee in<br>Mainland<br>China | Main business activities  | Paid-in capital | Investment method<br>(Note 1) | Amount remitted from<br>Taiwan to Mainland<br>China/Amount remitted back<br>to Taiwan for the three<br>months ended March 31,2023 |                                  |                            | Accumulated amount<br>of remittance from<br>Taiwan to Mainland<br>China as of March 31,<br>2023 | Net income of<br>investee as of<br>March 31, 2023 | Ownership held by<br>the Company<br>(direct or indirect) | Investment income<br>(loss) recognised by<br>the Company for the<br>three months ended<br>March 31, 2023<br>(Note 2) | Book value of<br>investments in<br>Mainland China as of<br>March 31, 2023 | Accumulated amount<br>of investment income<br>remitted back to<br>Taiwan as of March<br>31, 2023 | Footnote |
|----------------------------------|---|-----------------|-------------------------------|---|----------------------------------|----------------------------|---|---|--|--|---|--|----------|
|                                  |   |                 |                               | Accumulated amount of<br>remittance from Taiwan<br>to Mainland China as of<br>January 1, 2023                                     | Remitted to<br>Mainland<br>China | Remitted back<br>to Taiwan |   |   |  |  |   |  |          |
| Supec<br>(Suzhou) Co.,<br>Ltd.   | International trade of<br>keyboard, mouse,<br>electronic calculator,<br>color image monitor,<br>color image projector<br>and components of toy<br>instruments and<br>consulting service | \$ 98,993       | (2)                           | \$ 98,993   | \$ -                             | \$ -                       | \$ 98,993   | (\$ 3,185)  | 100%   | (\$ 3,185)   | \$ 44,292   | \$ -   |          |

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Supec International Holding Ltd., an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the three months ended March 31, 2023 'column:

The basis for investment income (loss) recognition is the financial statements of the investee that were reviewed by R.O.C parent company’s CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

| Company<br>name                     | Accumulated amount of<br>remittance from Taiwan<br>to Mainland China as of<br>March 31, 2023 | Investment amount<br>approved by the<br>Investment Commission<br>of the Ministry of<br>Economic Affairs<br>(MOEA) |  | Ceiling on investments<br>in Mainland China<br>imposed by the<br>Investment Commission<br>of MOEA(Note 4) |
|-------------------------------------|--|---|--|---|
|                                     |  |   |  |   |
| Anpec<br>Electronics<br>Corporation | \$ 98,993  | \$ 98,993   |  | \$ 2,088,467  |

Note 4: Ceiling on investments was calculated based on the limit (60% of net assets) specified in 'Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China' amended by the Ministry of Economic Affairs.