

TAIMIDE TECH. INC.

Standalone Financial Statements and Independent Auditors' Report For the Years Ended December 31, 2022 and 2021

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Notice to Readers

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

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Independent Auditors' Report

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

Audit opinions

We have audited the accompanying standalone balance sheets of TAIMIDE TECH. INC. as of December 31, 2022 and 2021, and the related standalone statements of comprehensive income, standalone statement of changes in equity, standalone statements of cash flows for the years then ended, and notes to the standalone financial statements (including a summary of significant accounting policies).

In our opinion, based on our audits, the standalone financial statements referred to above present fairly, in all material respects, the financial position of TAIMIDE TECH. INC. as of December 31, 2022 and 2021, and its standalone financial performance and cash flows for the years then ended, in conformity with the requirements of Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the standalone Financial Statements section of our report. Independently governed staff in the accounting firm that the CPAs belong to have followed moral regulations in honor of the profession of CPA and have remained independent of TAIMIDE TECH. INC. and fulfilled other responsibilities under the said regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of TAIMIDE TECH. INC. for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the standalone financial statements of TAIMIDE TECH. INC. for the year ended December 31, 2022 are stated as follows:

Authenticity of sales revenue

TAIMIDE TECH. INC. was affected by the decline in demand in the overall market in 2022. We compared the annual sales growth rates of the major sales customers to 2021. If their sales had positive growths in 2022 as opposed to the overall decline trend in the market, the sales revenue of these customers was considered as a source of potential fraud risk and was therefore judged to be a key audit matter, and audit procedures performed for these customers to address the above risk were as follows:

1. To understand and test the internal control system and operating procedures related to the sales transaction cycle to confirm and evaluate the effectiveness of the internal control procedures related to the sales transactions.
2. For the breakdown of sales revenue, a sample of the above-mentioned potential risky sales customers was selected for audit, and customers and external related certificates were examined to confirm the authenticity of sales revenue, and to examine whether the subsequent collection from the sales customers was abnormal.

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

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

While preparing the standalone financial statements, the management is responsible for also evaluating the ability of TAIMIDE TECH. INC. to continue with the operation and disclosing related matters and adopting the accounting basis for continued operation, among others. Unless the management intends to liquidate TAIMIDE TECH. INC. or discontinue operation or there are no other actually feasible solutions than liquidation or discontinued operation.

Those charged with governance, including the Audit Committee, are responsible for overseeing the financial reporting process of TAIMIDE TECH. INC.

Auditor's Responsibilities for the Audit of the standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Auditing Standards cannot guarantee the discovery of material misstatement in the standalone financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the standalone financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the standalone financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of TAIMIDE TECH. INC.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted to continue with operation by the management and whether significant uncertainties of events or conditions that might result in significant concerns about the ability of TAIMIDE TECH. INC. to continue with operation exist or not according to the evidence obtained from the audit. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the standalone financial statements are required to be provided in our audit report to allow users of standalone financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. Future events or conditions, however, are likely to result in TAIMIDE TECH. INC. no longer capable of continuing with operation.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including relevant notes, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entity of TAIMIDE TECH. INC., and express an opinion on standalone financial statements. We are responsible for the direction, supervision and performance of the audit of TAIMIDE TECH. INC.. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the 2022 standalone financial statements of TAIMIDE TECH. INC. and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan
CPA Yu-Feng Huang

CPA Ming-Hui Chen

Securities and Futures Commission Approval
Document No.
Tai-Cai-Zheng-Liu-Zi No. 0920123784

Securities and Futures Commission Approval
Document No.
Tai-Cai-Zheng-Liu-Zi No. 0930128050

March 9, 2023

TAIMIDE TECH. INC.
Standalone Balance Sheets
December 31, 2022 and 2021

Unit: Thousands of NTD

Code	Assets	December 31, 2022		December 31, 2021		Code	Liabilities and equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Notes 4, 6 and 31)	\$ 345,521	7	\$ 407,790	8	2100	Short-term loans (Notes 17 and 31)	\$ 90,000	2	\$ -	-
1150	Notes receivable (Notes 4, 10 and 31)	1,703	-	41,106	1	2120	Financial assets at fair value through profit or loss - current (Notes 7 and 31)	3,894	-	-	-
1170	Accounts receivable (Notes 4, 10, 24 and 31)	247,865	5	401,838	8	2130	Contract liabilities - current (Notes 4 and 24)	9	-	14	-
1180	Accounts receivable - related parties (Notes 4, 24, 31 and 32)	31,454	1	125,871	2	2170	Notes and accounts payable (Notes 31 and 32)	17,827	-	159,273	3
1210	Other receivables - related parties (Notes 31 and 32)	2	-	2	-	2206	Remuneration payable to employees and directors (Note 25)	21,520	1	56,909	1
130X	Inventories (Notes 4, 5 and 11)	608,289	12	490,171	9	2213	Payables for equipment (Note 31)	45,959	1	33,305	1
1470	Other current assets (Notes 4, 16 and 32)	56,178	1	97,149	2	2219	Other payables (Notes 19, 31 and 32)	134,713	3	180,697	4
11XX	Total current assets	<u>1,291,012</u>	<u>26</u>	<u>1,563,927</u>	<u>30</u>	2230	Current tax liabilities (Notes 4 and 26)	13,871	-	96,070	2
	Non-current assets					2280	Lease liabilities - current (Notes 4, 14 and 31)	14,610	-	14,368	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	439	-	294	-	2320	Long-term loans due within one year (Notes 17, 31 and 33)	246,319	5	354,198	7
1535	Financial assets at amortized cost - non-current (Notes 4, 9, 31 and 33)	16,923	-	19,299	-	2399	Other current liabilities (Notes 20, 31 and 32)	5,386	-	5,913	-
1550	Investment accounted for using the equity method (Notes 4 and 12)	202,535	4	37,280	1	21XX	Total current liabilities	<u>594,108</u>	<u>12</u>	<u>900,747</u>	<u>18</u>
1600	Property, plant and equipment (Notes 4, 5, 13 and 33)	3,302,899	67	3,375,618	66		Non-current liabilities				
1755	Right-of-use assets (Notes 4 and 14)	118,462	3	133,161	3	2530	Corporate bonds payable (Notes 4, 18 and 31)	572,433	12	-	-
1780	Intangible assets (Notes 4 and 15)	8,845	-	10,514	-	2540	Long-term loans (Notes 17, 31 and 33)	664,101	13	1,188,311	23
1915	Prepayments for equipment	4,552	-	7,214	-	2580	Lease liabilities - non-current (Notes 4, 14 and 31)	107,911	2	122,168	2
1920	Refundable deposits	3,059	-	5,762	-	2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	-	-	2,480	-
1975	Net defined benefit assets - non-current (Notes 4 and 21)	1,121	-	-	-	2645	Deposits received	19	-	19	-
15XX	Total non-current assets	<u>3,658,835</u>	<u>74</u>	<u>3,589,142</u>	<u>70</u>	2650	Credit balance of investments accounted for using the equity method (Notes 4 and 12)	-	-	35,592	1
						25XX	Total non-current liabilities	<u>1,344,464</u>	<u>27</u>	<u>1,348,570</u>	<u>26</u>
						2XXX	Total liabilities	<u>1,938,572</u>	<u>39</u>	<u>2,249,317</u>	<u>44</u>
							Equity (Notes 4, 22 and 23)				
						3110	Common stock capital	<u>1,317,990</u>	<u>27</u>	<u>1,310,185</u>	<u>25</u>
						3200	Capital surplus	<u>582,422</u>	<u>12</u>	<u>478,342</u>	<u>9</u>
							Retained earnings				
						3310	Legal reserve	264,789	5	234,484	5
						3320	Special reserve	2,538	-	2,290	-
						3350	Undistributed earnings	<u>845,122</u>	<u>17</u>	<u>880,990</u>	<u>17</u>
						3300	Total retained earnings	<u>1,112,449</u>	<u>22</u>	<u>1,117,764</u>	<u>22</u>
						3400	Other equity	(<u>1,586</u>)	-	(<u>2,539</u>)	-
						3XXX	Total equity	<u>3,011,275</u>	<u>61</u>	<u>2,903,752</u>	<u>56</u>
1XXX	Total assets	<u>\$ 4,949,847</u>	<u>100</u>	<u>\$ 5,153,069</u>	<u>100</u>		Total liabilities and equity	<u>\$ 4,949,847</u>	<u>100</u>	<u>\$ 5,153,069</u>	<u>100</u>

The accompanying notes are an integral part of the standalone financial report.

Chairperson: Sheng-Chang Wu

Managerial Officer: Sheng-Chang Wu

Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC.
Standalone Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4110	Total operating revenue	\$ 1,847,628	102	\$ 2,419,502	101
4170	Returns and discounts on sales	<u>32,296</u>	<u>2</u>	<u>12,847</u>	<u>1</u>
4100	Net operating revenue (Notes 4, 24 and 32)	1,815,332	100	2,406,655	100
5000	Operating cost (Notes 11, 25 and 32)	<u>1,331,516</u>	<u>73</u>	<u>1,643,328</u>	<u>68</u>
5900	Operating gross profit	483,816	27	763,327	32
5910	Realized (Unrealized) profit with subsidiaries	<u>18,885</u>	<u>1</u>	(<u>13,430</u>)	(<u>1</u>)
5950	Realized operating profit	<u>502,701</u>	<u>28</u>	<u>749,897</u>	<u>31</u>
	Operating expense (Notes 25 and 32)				
6100	Selling expense	30,253	2	32,238	1
6200	Administrative expense	92,878	5	100,936	4
6300	Research and development expense	147,933	8	164,365	7
6450	Expected credit impairment losses (reversal gain)	(<u>37</u>)	-	<u>35</u>	-
6000	Total operating expense	<u>271,027</u>	<u>15</u>	<u>297,574</u>	<u>12</u>
6900	Net operating profit	<u>231,674</u>	<u>13</u>	<u>452,323</u>	<u>19</u>
	Non-operating income and expenses				
7100	Interest income (Note 25)	991	-	465	-
7010	Other income (Notes 25 and 32)	5,394	-	11,154	-
7020	Other gain and loss (Note 25)	9,612	1	(622)	-

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Code		2022		2021	
		Amount	%	Amount	%
7050	Financial costs (Notes 4 and 25)	(\$ 27,655)	(2)	(\$ 26,710)	(1)
7070	Share of loss of subsidiaries accounted for using the equity method	(76,000)	(4)	(55,762)	(2)
7000	Total non-operating income and expense	(87,658)	(5)	(71,475)	(3)
7900	Net profit before tax	144,016	8	380,848	16
7950	Income tax expense (benefit) (Notes 4 and 26)	(4,742)	-	77,539	3
8200	Net profit for the year	148,758	8	303,309	13
	Other comprehensive income				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 21)	3,182	-	(256)	-
8316	Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income (Note 22)	145	-	85	-
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Share of other comprehensive income of subsidiaries accounted for using the equity method (Note 22)	808	-	(333)	-
8300	Other comprehensive income for the year	4,135	-	(504)	-
8500	Total comprehensive income for the year	\$ 152,893	8	\$ 302,805	13
	Earnings per share (Note 27)				
9750	Basic	\$ 1.13		\$ 2.32	
9850	Diluted	\$ 1.12		\$ 2.29	

The accompanying notes are an integral part of the standalone financial report.

Chairperson: Sheng-Chang Wu

Managerial Officer: Sheng-Chang Wu

Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC.
Standalone Statement of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: Thousands of NTD

Code		Common stock capital		Capital surplus	Retained earnings			Other equity		Total equity
		Number of shares (in thousands)	Amount		Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	
A1	Balance at January 1, 2021	130,701	\$ 1,307,017	\$ 466,276	\$ 198,677	\$ 3,124	\$ 808,966	(\$ 2,030)	(\$ 261)	\$ 2,781,769
	Distribution of earnings for 2020									
B1	Legal reserve	-	-	-	35,807	-	(35,807)	-	-	-
B3	Reversal of special reserve	-	-	-	-	(834)	834	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(196,056)	-	-	(196,056)
C17	Unclaimed dividends to shareholders after the statute of limitations	-	-	26	-	-	-	-	-	26
D1	Net profit for 2021	-	-	-	-	-	303,309	-	-	303,309
D3	Other comprehensive income for 2021	-	-	-	-	-	(256)	(333)	85	(504)
D5	Total comprehensive income for 2021	-	-	-	-	-	303,053	(333)	85	302,805
N1	Share-based payment transaction	317	3,168	12,040	-	-	-	-	-	15,208
Z1	Balance as of December 31, 2021	131,018	1,310,185	478,342	234,484	2,290	880,990	(2,363)	(176)	2,903,752
	Distribution of earnings for 2021									
B1	Legal reserve	-	-	-	30,305	-	(30,305)	-	-	-
B3	Provision of special reserve	-	-	-	-	248	(248)	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(157,255)	-	-	(157,255)
	Changes in other capital surplus:									
C5	Issuance of convertible bonds recognized as a component of equity	-	-	79,259	-	-	-	-	-	79,259
C17	Unclaimed dividends to shareholders after the statute of limitations	-	-	9	-	-	-	-	-	9
D1	Net profit for 2022	-	-	-	-	-	148,758	-	-	148,758
D3	Other comprehensive income for 2022	-	-	-	-	-	3,182	808	145	4,135
D5	Total comprehensive income for 2022	-	-	-	-	-	151,940	808	145	152,893
M7	Change in ownership interests in subsidiaries	-	-	2,470	-	-	-	-	-	2,470
N1	Share-based payment transaction	781	7,805	22,342	-	-	-	-	-	30,147
Z1	Balance as of December 31, 2022	131,799	\$ 1,317,990	\$ 582,422	\$ 264,789	\$ 2,538	\$ 845,122	(\$ 1,555)	(\$ 31)	\$ 3,011,275

The accompanying notes are an integral part of the standalone financial report.

Chairperson: Sheng-Chang Wu

Managerial Officer: Sheng-Chang Wu

Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC.
Standalone Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: Thousands of NTD

Code		2022	2021
	Cash flows from operating activities		
A10000	Net profit before tax for the year	\$ 144,016	\$ 380,848
A20010	Income and expense items		
A20100	Depreciation expense	321,676	335,737
A20200	Amortization expense	4,067	4,125
A20300	Expected credit impairment losses (reversal gain)	(37)	35
A20400	Net loss on financial liabilities at fair value through profit or loss	3,180	-
A20900	Financial cost	27,655	26,710
A21200	Interest income	(991)	(465)
A21900	Share-based payment remuneration cost	270	2,772
A22400	Share of loss of subsidiaries accounted for using the equity method	76,000	55,762
A22500	Loss on disposal of property, plant and equipment	-	19
A23700	Loss on decline in value of inventories	37,928	5,112
A23900	Unrealized (Realized) profit with subsidiaries	(18,885)	13,430
A24100	Net (gain) loss on foreign currency exchange	(12,792)	517
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	39,403	7,178
A31150	Accounts receivable	167,980	14,334
A31160	Accounts receivable - related parties	95,072	(9,949)
A31190	Other receivables - related parties	-	48
A31200	Inventories	(156,046)	(193,426)
A31240	Other current assets	41,011	(37,122)
A31990	Net defined benefit assets	2,061	-
A32125	Contract liabilities	(5)	(7,388)
A32150	Notes and accounts payable	(145,944)	62,343
A32180	Other payables	(46,032)	14,702
A32230	Other current liabilities	(527)	(3,109)
A32240	Net defined benefit liabilities	(2,480)	(2,364)
A32990	Remuneration payable to employees and directors	(35,389)	(2,470)
A33000	Net cash inflows from operations	541,191	667,379
A33100	Interest received	951	470
A33300	Interest paid	(21,920)	(26,619)
A33500	Income tax paid	(77,457)	(39,319)
AAAA	Net cash in-flows from operating activities	<u>442,765</u>	<u>601,911</u>

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Code		2022	2021
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	(\$ 8,392)	(\$ 7,141)
B00050	Disposal of financial assets at amortized cost	10,768	3,565
B01800	Acquisition of long-term equity investments accounted for using the equity method	(255,276)	-
B02700	Purchase of property, plant and equipment	(221,093)	(354,571)
B02800	Proceeds from disposal of property, plant and equipment	-	24
B03800	Decrease in refundable deposits	2,703	2,319
B04500	Purchase of intangible asset	(2,398)	(1,553)
B07200	Decrease in prepayments for equipment	<u>2,662</u>	<u>12,585</u>
BBBB	Net cash outflows from investing activities	(<u>471,026</u>)	(<u>344,772</u>)
	Cash flows from financing activities		
C00100	Increase in short-term loans	800,000	80,000
C00200	Decrease in short-term loans	(710,000)	(150,000)
C01200	Issuance of convertible bonds	646,723	-
C01600	Borrowing of long-term loans	562,000	365,000
C01700	Repayment of long-term loans	(1,194,089)	(289,821)
C04020	Repayment of principal for lease liabilities	(14,409)	(14,107)
C04500	Cash dividends to shareholders	(157,255)	(196,056)
C04800	Employee exercise of stock options	29,814	12,166
C09900	Unclaimed dividends to shareholders after the statute of limitations	<u>9</u>	<u>26</u>
CCCC	Net cash outflows from financing activities	(<u>37,207</u>)	(<u>192,792</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>3,199</u>	<u>5,284</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(62,269)	69,631
E00100	Balance of cash and cash equivalents at the beginning of the year	<u>407,790</u>	<u>338,159</u>
E00200	Balance of cash and cash equivalents at the end of the year	<u>\$ 345,521</u>	<u>\$ 407,790</u>

The accompanying notes are an integral part of the standalone financial report.

Chairperson: Sheng-Chang Wu

Managerial Officer: Sheng-Chang Wu

Accounting Officer: Tai-Tsun Chen

TAIMIDE TECH. INC.
Notes to Standalone Financial Statements
For the Years Ended December 31, 2022 and 2021
(Amounts in thousands of NTD unless otherwise specified)

I. Company History

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

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

The standalone financial statements were expressed in NTD, which is the Company's functional currency.

II. Date and Procedure for Approval of Financial Statements

These standalone financial statements were approved by the Board of Directors on March 9, 2023.

III. Application of New and Revised Standards and Interpretations

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

Application of aforementioned amendments will not have a significant effect on the Company's accounting policies.

- (II) IFRSs endorsed by FSC applicable in 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date of IASB publication</u>
Amendments to IAS 1 "Disclosure of Accounting Policy"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred income tax: related to assets and liabilities incurred due to single transaction"	January 1, 2023 (Note 3)

Note 1: Amendments are applicable to the reporting period beginning on or after January 1, 2023.

Note 2: Amendments are applicable to the changes on accounting estimates and accounting policies for annual reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary difference of lease and decommissioning obligations recognized as deferred income tax on January 1, 2022, the amendments are applicable to transactions occurred after January 1, 2022.

As of the date the standalone financial statements were authorized for issue, the Company has assessed the possible impact that the application of the above standards and interpretations would have on the Company's financial position and financial performance, and has determined that there would be no such material impact.

- (III) IFRSs already announced by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture"	Undecided
Amendments to IFRS 16 "Lease liabilities in sale-and-leasebacks"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9— comparison information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

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

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

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

IV. Summary of Significant Accounting Policies

(I) Compliance Statement

These standalone financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(II) Basis of preparation

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

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

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

In preparing the standalone financial statements, the equity method is adopted to the investments in subsidiaries. In order to make the profit or loss for the year, other comprehensive income, and equity in the standalone financial statements the same as the profit or loss for the year, other comprehensive

income, and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the standalone basis and the consolidated basis are adjusted for "investments accounted for using the equity method," "credit balance of investments accounted for using the equity method," "share of profit or loss of subsidiaries accounted for using the equity method," and "share of other comprehensive income of subsidiaries accounted for using the equity method.

(III) Standard for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets that will be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of statement of financial position).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities that will be due for settlement within 12 months from the balance sheet date, and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Foreign currency

In preparing the standalone financial statements, transactions in currencies (foreign currencies) other than the Company's functional currency are recognized at the exchange rates prevailing at the dates of the transactions.

Foreign currency monetary amount is translated at the closing rate at each date of the balance sheet. Exchange differences arising from settlement or translation are recognized as profit or loss at the period.

Non-monetary foreign currencies held at fair value at the exchange rates prevailing at the date of transaction; however, non-monetary foreign currencies held at fair value through other comprehensive income are recognized in other comprehensive income.

Non-monetary items carried at historical cost is reported using the exchange rate at the date of the transaction and will not be calculated again.

In preparing the standalone financial statements, assets and liabilities from foreign operations of the Company, including subsidiaries whose location or currency are different from the Company, are translated into the presentation currency, the NTD, at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates at the period. The resulting currency translation differences are recognized in other comprehensive income.

(V) Inventories

Inventories include raw materials, work in process, and finished goods. Inventories are stated at the lower of cost or net realizable value. The lower of cost and net realizable value is based on the individual inventory items. Net realized value is the estimated selling price in the ordinary course of

business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted-average method.

(VI) Investment in subsidiaries

The Company's investments in the subsidiaries are accounted for using the equity method.

Subsidiaries are entities which the Company holds the control of.

Under the equity method, an investment is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries as well as the distribution received. In addition, the Company also recognizes its share in the changes in equities of subsidiaries.

Changes in equity in the ownership of subsidiaries which do not result in loss of control are disposed as equity transaction. The difference between carrying amount invested and the fair value paid and payable or received and receivable is directly recognized as equity.

The loss of shares of the subsidiary equals or exceeds the Company's interest in that subsidiary, including the carrying amount of that subsidiary under equity method and other long-term equity as the Company's net investment in that subsidiary, is recognized as loss according to proportion of shareholding.

The Company considers cash-generating unit in the entire financial statement as testing for impairment and compares its recoverable amount with its carrying amount. If the recoverable amount of assets increases, the reversal of impairment loss will be recognized as profit. However, the carrying amount of assets after the reversal of impairment loss shall not exceed the carrying amount that would have been determined net of required amortization and have no impairment loss been recognized. Impairment loss of goodwill shall not reverse in the subsequent period.

Unrealized profit and loss from downstream transactions with a subsidiary are eliminated in the standalone financial statements. Profit and loss from upstream and sidestream transactions between subsidiaries are recognized in the Company's standalone financial statements only to the extent that interests in the subsidiary are not related to the Company.

(VII) Property, Plant and Equipment

Property, plant and equipment are recognized at costs and subsequently measured at costs of the amount less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component, except for the land owned by the consolidated Company, which is not depreciated. The Company reviews the estimated useful lives, residual values and depreciation method at least at the end of each reporting period, and with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(VIII) Intangible assets

1. Acquired separately

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment.

Intangible assets are amortized on a straight-line basis over their useful lives. The Consolidated Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

2. Derecognition

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss for the year.

(IX) Impairments of related assets including property, plant and equipment, right-of-use assets and intangible assets.

At the end of each reporting period, the Company reviews whether there is any indication that its property, plant and equipment, right-of-use assets and intangible assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amounts of the asset, or cash-generating units are increased to the revised recoverable amounts. However, the increased carrying amounts shall not exceed the carrying amounts of the asset, or cash-generating units which were not recognized as impairment loss at the past period (less amortization or depreciation). The reversal of impairment loss is recognized as profit or loss.

(X) Financial instruments

Financial assets and liabilities shall be recognized in the standalone financial statements when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

All regular purchases or sales of financial assets are recognized and derecognized using trade date accounting.

(1) Type of measurement

Financial assets held by the Company are classified to financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at amortized cost

When the financial assets invested by the Company satisfies the following two criteria at the same time, it is classified as the amortized cost financial assets:

- a. Where the financial assets are held under certain business model, and the purpose of such model is to hold the financial assets in order to collect contract cash flows; and
- b. Where contract terms incur cash flow of specific date, and such cash flow is completely for the payment of the interest of principle and external circulating principle amount.

Financial assets at amortized cost include cash and cash equivalents and notes receivable, accounts receivable, pledged time deposits and other current assets at amortized cost). When the recognition commences, effective interest method is used to determine the carrying amount less any amortized cost of depreciation. Any exchange gains and losses are recognized as gains and losses.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- b. Interest income is computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period after credits are impaired to financial assets that are not credit-impaired when acquired or created but subsequently become credit-impaired.

A credit-impaired financial asset is one for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or it is probable that the debtor will declare bankruptcy or other financial reorganization or that an active market for the financial assets will disappear due to financial difficulties.

Cash equivalents are highly liquid bonds with repurchase agreement and time deposits that are readily convertible into fixed amounts of cash with minimal risk of changes in value.

B. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Company may irrevocably designate investments in equity instruments that is not held for trading and not recognized as contingent consideration as at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity. On disposal of investments, the accumulated profit or loss is directly transferred to retained earnings and it is not reclassified to profit or loss.

The dividend from investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss upon the Company's right to

receive payment is established, except for apparently the dividend representing the recovery of the partial investment cost.

(2) Impairment of financial assets

At the date of each balance sheet, the Company reviews expected credit losses to estimate the impairment loss of financial assets, including notes receivable, measured at amortized cost.

The allowance for loss on accounts receivable is measured at an amount equal to useful lives expected credit losses. Other financial assets are assessed to determine whether the credit risk has significantly increased since the original recognition. If there is no significant increase, then the allowance loss is recognized according to the 12-month expected credit loss. If it has increased significantly, then allowance loss is recognized according to the lifetime expected credit loss.

Expected credit losses are weighted average credit losses with the probability of default events. The 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

For the purpose of internal credit risk management, the Company determines that a breach of contract on financial assets has occurred when there is internal or external information indicating that the debtor is unlikely to pay its debts, without considering the collateral held.

All impairment losses on financial assets is decreased its carrying amount through contra accounts.

(3) Derecognition of financial assets

The Company derecognizes the financial assets only when the contractual rights to the cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to another entity.

On derecognition of financial assets at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of Investments in equity instruments at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Equity instruments issued by the Company are classified as equity based on the substance of the contractual agreements and the definition of equity instruments.

Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

The Company's own equity instruments re-acquired is recognized and derecognized under equity. The purchase, sale, issuance or retirement of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using effective interest method.

(2) Derecognition of financial liabilities

On the derecognition of financial liabilities, the difference between their carrying amount and the consideration paid and payable, including any transfer of non-cash assets or liabilities, is recognized as profit or loss.

4. Convertible bonds

The components of the compound financial instruments (convertible bonds) issued by the Company are classified as financial liabilities and equity, respectively, on initial recognition based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate of a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of conversion or maturity. The components of liabilities that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the complex instrument as a whole less the fair value of the liability component determined separately and is recognized in equity, net of income tax effect, and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity are transferred to equity and capital surplus - issue premium. If the conversion rights of convertible bonds are not exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus - issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability) and equity components (included in equity) of the instrument in proportion to the total apportioned price.

(XI) Revenue recognition

The Company allocates the transaction price to each performance obligation and recognizes the revenue when each of the obligation is satisfied after the customer has identified it.

Revenue from merchandise sales

Revenue from merchandise sales is derived from the sale of polyamide films. The Company recognizes revenue and accounts receivable at the point when the merchandise arrives at the customer's designated location because the customer has the right to set the price and use the merchandise and has the primary responsibility for re-selling the merchandise and bears the risk of

obsolescence. Advance receipts for merchandise are recognized as contract liabilities until the merchandise arrives.

When materials are exported for processing, the control of the ownership of the processed products has not been transferred. Therefore, no revenue is recognized when materials are exported for processing.

(XII) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1. The Company as the lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under the operating lease, lease payments less lease incentives granted are recognized as revenue on a straight-line basis. The initial direct cost which occurs on granting operating leases is the carrying amount accumulated to the underlying assets and is recognized as expense on a straight of line basis.

2. The Company as the lessee

Except for payments for low-value asset leases and short-term leases applicable to exemption of recognition are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, lease payments made before commencement date less lease incentives granted, initial direct costs as well as estimated costs to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the standalone balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are measured initially at the present value of lease payments (including fixed payments). The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms.

When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized as profit or loss. Lease liabilities are presented on a separate line in the standalone balance sheets.

Rentals under lease agreements that do not depend on changes in indices or rates are recognized as expenses in the period in which they are incurred.

(XIII) Borrowing costs

Borrowing costs require that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, that necessarily takes a substantial period of time to get ready for its intended use or sale, are included in the cost of the asset.

Where funds are borrowed specifically, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Except for the above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XIV) Government grants

A government grant is recognized only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received.

Government grants related to revenue are recognized in profit or loss on a systematic basis over the period in which they are intended to compensate for the related costs recognized as expenses by the Company.

The grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognized as profit or loss in the period in which it is receivable.

(XV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Post-employment benefits

For defined contribution plans, the amount of contribution payable in respect of service rendered by employees in that period should be recognized as expenses.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur.

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan. Net defined benefit liability shall not exceed the present value of refunds from the plan or reductions in future contributions to the plan.

(XVI) Employee stock options

1. Employee stock options granted to employees

Employee stock options are recognized as expense on a straight-line basis over the vesting period based on the fair value of the equity instruments at the date of grant and the expected

best estimate of the number to be vested, with a simultaneous adjustment to capital surplus - employee stock options. If an equity instrument is vested immediately on the date of grant, the expense is recognized in full on the date of grant.

The Company revises the estimated number of employee stock options expected to be vested at each balance sheet date. If the original estimate is revised, the effect is recognized in profit or loss so that the cumulative expense reflects the revised estimate and the capital surplus - employee stock options is adjusted accordingly.

2. Employee stock options granted to employees of subsidiaries

Employee stock options granted to employees of subsidiaries with the Company's equity instruments are considered as capital contributions to the subsidiaries and are measured at the fair value of the equity instruments at the date of grant and are recognized as an increase in the carrying amount of the investment in the subsidiary during the vesting period, with a corresponding adjustment to capital surplus - employee stock options.

3. Employee stock options granted by a subsidiary to employees of the Company

Employee stock options granted to employees of subsidiaries by a subsidiary with equity instruments are considered to be given to the Company and are measured at the fair value of the equity instruments at the date of grant and are recognized as expenses during the vesting period, with a corresponding adjustment to the carrying amount of the investment in the subsidiary.

(XVII) Income tax

The provision for income tax recognized in profit or loss comprises current and deferred tax.

1. Current income tax

The Company has determined the current income (losses) and calculated taxes payable (receivable) in accordance with income tax act of the R.O.C. for tax return.

According to Income Tax Act in Republic of China, an additional income tax levied at unappropriated earnings are recognized in shareholders' meeting.

Income tax payable for prior year is adjusted to the current income tax.

2. Deferred income tax

Deferred income tax is accounted for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit or loss.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for deductible temporary differences or income tax credits for purchases of equipment and other expenditures to the extent that taxable profit is probably available.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are

only recognized to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the date of balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets originally not recognized is also reviewed at the date of balance sheet and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is recovered, based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that arise from the manner in which the Company expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except the current and deferred income tax that relates to items recognized in other comprehensive income or directly in equity are recognized respectively in other comprehensive income or directly in equity.

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

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

The Company has taken the possible impact of COVID-19 on the development and economic environment as well as inflation and market rate fluctuations into consideration on significant accounting estimates of cash flow estimation, growth rate, discount rate and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when the estimates are revised if the revisions affect only that period. If revisions affect both current and future periods, the accounting estimates are recognized in the current and future periods.

Major source of estimates and assumption uncertainty

(I) Impairment of property, plant, and equipment

The Company assesses impairment of property, plant and equipment based on the recoverable amount of those assets (i.e., the higher of the fair value of those assets less costs to sell and their value in use). Changes in market prices, future cash flows or discount rates will affect the recoverable amount of those assets and may result in additional impairment losses being recognized or reversal of impairment losses already recognized. In addition, the estimated cash flow, growth rate and discount rate are subject to greater uncertainty due to the uncertainty of the impact of the COVID-19 outbreak, inflation and market interest rate fluctuations, as well as the volatility of financial markets.

(II) Impairment of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated costs to sell, which are based on current market conditions and historical sales experience of similar products. Changes in market conditions could materially affect these estimates. In addition, the net realizable value estimate is subject to a high degree of uncertainty due to the uncertainty of the subsequent development of the COVID-19 pandemic, inflation and fluctuations in market interest rates, resulting in greater volatility in raw material prices.

VI. Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 630	\$ 287
Bank checking accounts	-	1,309
Bank demand deposits	253,157	259,565
Cash equivalents (investments with original maturity of less than 3 months)		
Bonds with repurchase agreements	49,962	129,959
Bank time deposits	<u>41,772</u>	<u>16,670</u>
	<u>\$ 345,521</u>	<u>\$ 407,790</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank deposits	0%~3.70%	0%~0.795%
Bonds with repurchase agreements	0.72%~0.80%	0.21%~0.25%

VII. Financial instruments at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivative instruments (not designated as hedges)		
-Value of convertible bond redemption rights (Note 18)	<u>\$ 3,894</u>	<u>\$ -</u>

VIII. Financial assets at fair value through other comprehensive income

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Domestic investments		
Unlisted stocks		
Common stock of POMIRAN TECHNOLOGY, LIMITED	<u>\$ 439</u>	<u>\$ 294</u>

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

IX. Financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Pledged time deposits	<u>\$ 16,923</u>	<u>\$ 19,299</u>

(I) For information on credit risk management and impairment assessment related to financial assets at amortized cost, please refer to Note 31.

(II) For information on pledges of financial assets at amortized cost, refer to Note 33.

X. Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
Incurred as a result of operations	<u>\$ 1,703</u>	<u>\$ 41,106</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
Accounts receivable - non-related parties		
Measure at amortized cost		
Total carrying amount	\$ 247,865	\$ 401,875
Less: Allowance for loss	<u>-</u>	<u>(37)</u>
	<u>\$ 247,865</u>	<u>\$ 401,838</u>

For the use of the To mitigate credit risk, the management of the Company has designated functional working group responsible for decision on line of credit, credit approval and other supervision to ensure proper action has been taken to collect overdue receivables. In addition, the collectible amount of accounts receivable of the Company shall be reviewed individually at the date of balance sheet to ensure the uncollectible receivables has been listed to appropriate impairment loss. Accordingly, the management of the Company considers the Company's credit risk has significantly decreased.

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

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

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

December 31, 2022

	Not past due	1 to 60 days past due	61 to 90 days past due	91 to 180 days past due	Over 180 days past due	Total
Total carrying amount	\$ 247,865	\$ -	\$ -	\$ -	\$ -	\$ 247,865
Allowance for loss (expected credit losses during the duration)	-	-	-	-	-	-
Amortized cost	<u>\$ 247,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 247,865</u>

December 31, 2021

	Not past due	1 to 60 days past due	61 to 90 days past due	91 to 180 days past due	Over 180 days past due	Total
Total carrying amount	\$ 400,278	\$ 1,070	\$ 527	\$ -	\$ -	\$ 401,875
Allowance for loss (expected credit losses during the duration)	-	(11)	(26)	-	-	(37)
Amortized cost	<u>\$ 400,278</u>	<u>\$ 1,059</u>	<u>\$ 501</u>	<u>-</u>	<u>-</u>	<u>\$ 401,838</u>

Changes on allowance for accounts receivable loss are as below:

	2022	2021
Balance at the beginning of the year	\$ 37	\$ 2
Provision (reversal) of impairment loss for the year	(37)	35
Balance at the end of the year	<u>\$ -</u>	<u>\$ 37</u>

XI. Inventories

	December 31, 2022	December 31, 2021
Finished goods	\$ 285,217	\$ 198,563
Work in process	230,844	177,805
Raw materials	<u>92,228</u>	<u>113,803</u>
	<u>\$ 608,289</u>	<u>\$ 490,171</u>

The cost of goods sold related to inventories amounted to \$1,331,516 thousand and \$1,643,328 thousand for 2022 and 2021, respectively. Cost of goods sold included \$37,928 thousand and \$5,112 thousand, respectively, for loss on decline in value of inventories.

XII. Investment accounted for using the equity method

Investment in subsidiaries

	December 31, 2022	December 31, 2021
POMIRAN METALIZATION RESEARCH CO., LTD.	\$ 145,027	(\$ 36,247)
TAIMIDE INTERNATIONAL INC.	57,508	37,280
Add: Transfer of credit balance of investments accounted for using the equity method to accounts receivable - related parties	-	655
Add: Transfer of credit balance of investments accounted for using the equity method to non-current liabilities	-	35,592
	<u>\$ 202,535</u>	<u>\$ 37,280</u>

	Percentage of ownership interests and voting rights	
Company name	December 31, 2022	December 31, 2021

Company name	Percentage of ownership interests and voting rights	
	December 31, 2022	December 31, 2021
POMIRAN METALIZATION RESEARCH CO., LTD.	85%	88%
TAIMIDE INTERNATIONAL INC.	100%	100%

Please refer to Note 28 for the disclosure of the Company's acquisition of POMIRAN METALIZATION RESEARCH CO., LTD.

The share of profit or loss and other comprehensive income of subsidiaries accounted for using the equity method in 2022 and 2021 are in accordance with auditors' reports of each subsidiaries as of the same period.

XIII. Property, plant and equipment

For the use of the Company

	Land owned by the Company	Houses and buildings	Machinery and equipment	Facility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and Equipment to be tested	Total
<u>Cost</u>									
Balance at January 1, 2021	\$ 291,073	\$ 1,553,819	\$ 2,333,512	\$ 796,719	\$ 3,069	\$ 13,530	\$ 96	\$ 82,522	\$ 5,074,340
Increase for the year	-	3,499	47,550	16,881	562	1,911	613	300,726	371,742
Decrease for the year	-	-	(40,695)	(4,917)	-	(367)	(96)	-	(46,075)
Reclassification for the year	-	66,317	36,161	9,588	563	-	-	(112,629)	-
Balance as of December 31, 2021	291,073	1,623,635	2,376,528	818,271	4,194	15,074	613	270,619	5,400,007
<u>Accumulated depreciation</u>									
Balance at January 1, 2021	-	320,503	1,080,222	342,286	1,314	5,313	78	-	1,749,716
Increase for the year	-	28,620	217,129	71,739	609	2,591	17	-	320,705
Decrease for the year	-	-	(40,695)	(4,890)	-	(368)	(79)	-	(46,032)
Balance as of December 31, 2021	-	349,123	1,256,656	409,135	1,923	7,536	16	-	2,024,389
Net as of December 31, 2021	\$ 291,073	\$ 1,274,512	\$ 1,119,872	\$ 409,136	\$ 2,271	\$ 7,538	\$ 597	\$ 270,619	\$ 3,375,618
<u>Cost</u>									
Balance as of January 1, 2022	\$ 291,073	\$ 1,623,635	\$ 2,376,528	\$ 818,271	\$ 4,194	\$ 15,074	\$ 613	\$ 270,619	\$ 5,400,007
Increase for the year	-	7,624	34,831	40,122	1,431	3,282	1,003	145,571	233,864
Decrease for the year	-	-	(556,311)	(194,303)	(1,756)	(3,481)	-	-	(755,851)
Reclassification for the year	-	138,013	30,247	173,567	330	721	-	(342,878)	-
Balance as of December 31, 2022	291,073	1,769,272	1,885,295	837,657	4,199	15,596	1,616	73,312	4,878,020
<u>Accumulated depreciation</u>									
Balance as of January 1, 2022	-	349,123	1,256,656	409,135	1,923	7,536	16	-	2,024,389
Increase for the year	-	30,453	198,072	74,408	660	2,896	94	-	306,583
Decrease for the year	-	-	(556,311)	(194,303)	(1,756)	(3,481)	-	-	(755,851)
Balance as of December 31, 2022	-	379,576	898,417	289,240	827	6,951	110	-	1,575,121
Net as of December 31, 2022	\$ 291,073	\$ 1,389,696	\$ 986,878	\$ 548,417	\$ 3,322	\$ 8,645	\$ 1,506	\$ 73,312	\$ 3,302,899

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

Houses and buildings	10 to 50 years
Machinery and equipment	2 to 20 years
Facility equipment	3 to 15 years
Transportation equipment	5 to 10 years
Office equipment	3 to 10 years
Other equipment	5 to 8 years

For the amount of property, plant and equipment pledged as collateral for loans by the Company, please refer to Note 33.

XIV. Lease agreements

(I) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Land	\$ 118,180	\$ 132,541
Transportation equipment	<u>282</u>	<u>620</u>
	<u>\$ 118,462</u>	<u>\$ 133,161</u>
	<u>2022</u>	<u>2021</u>
Addition to right-of-use assets	<u>\$ 394</u>	<u>\$ 1,080</u>
Depreciation expense of right-of-use assets		
Land	\$ 14,755	\$ 14,693
Transportation equipment	<u>338</u>	<u>339</u>
	<u>\$ 15,093</u>	<u>\$ 15,032</u>

(II) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	<u>\$ 14,610</u>	<u>\$ 14,368</u>
Non-current	<u>\$ 107,911</u>	<u>\$ 122,168</u>

Ranges of discount rates for lease liabilities are as follows::

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	1.50%~1.79%	1.50%~1.79%
Transportation equipment	1.60%	1.60%

(III) Material leases and terms

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

(IV) Information on other leases

	2022	2021
Short-term lease expense	\$ <u>210</u>	\$ <u>232</u>
Lease expense for low-value assets	\$ <u>185</u>	\$ <u>192</u>
Variable lease payment expense not included in the measurement of lease liabilities	\$ <u>4,821</u>	\$ <u>3,305</u>
Total cash (outflows) from leases	(\$ <u>21,932</u>)	(\$ <u>20,374</u>)

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

XV. Intangible assets

	Computer software cost	Power circuit subsidy cost	Royalty payment	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 19,264	\$ 14,768	\$ 1,500	\$ 35,532
Increase for the year	<u>1,553</u>	<u>-</u>	<u>-</u>	<u>1,553</u>
Balance as of December 31, 2021	<u>\$ 20,817</u>	<u>\$ 14,768</u>	<u>\$ 1,500</u>	<u>\$ 37,085</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ 13,001	\$ 9,127	\$ 318	\$ 22,446
Increase for the year	<u>2,734</u>	<u>1,300</u>	<u>91</u>	<u>4,125</u>
Balance as of December 31, 2021	<u>\$ 15,735</u>	<u>\$ 10,427</u>	<u>\$ 409</u>	<u>\$ 26,571</u>
Net as of December 31, 2021	<u>\$ 5,082</u>	<u>\$ 4,341</u>	<u>\$ 1,091</u>	<u>\$ 10,514</u>
<u>Cost</u>				
Balance as of January 1, 2022	\$ 20,817	\$ 14,768	\$ 1,500	\$ 37,085
Increase for the year	<u>2,398</u>	<u>-</u>	<u>-</u>	<u>2,398</u>
Balance as of December 31, 2022	<u>\$ 23,215</u>	<u>\$ 14,768</u>	<u>\$ 1,500</u>	<u>\$ 39,483</u>
<u>Accumulated amortization</u>				
Balance as of January 1, 2022	\$ 15,735	\$ 10,427	\$ 409	\$ 26,571
Increase for the year	<u>2,678</u>	<u>1,298</u>	<u>91</u>	<u>4,067</u>
Balance as of December 31, 2022	<u>\$ 18,413</u>	<u>\$ 11,725</u>	<u>\$ 500</u>	<u>\$ 30,638</u>
Net as of December 31, 2022	<u>\$ 4,802</u>	<u>\$ 3,043</u>	<u>\$ 1,000</u>	<u>\$ 8,845</u>

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

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

XVI. Other current assets

	December 31, 2022	December 31, 2021
supplies inventory	\$ 23,434	\$ 29,588
Tax overpaid retained	21,207	42,770
Prepayment for goods	58	13,176
Others	<u>11,479</u>	<u>11,615</u>
	<u>\$ 56,178</u>	<u>\$ 97,149</u>

XVII. Loans

(I) Short-term loans

	December 31, 2022	December 31, 2021
<u>Unsecured loans</u>		
Line of credit loans	<u>\$ 90,000</u>	<u>\$ -</u>

The interest rate on revolving bank loans was 1.88% as of December 31, 2022.

(II) Long-term loans

	December 31, 2022	December 31, 2021
<u>Unsecured loans</u>		
Credit loans (1)	\$ 626,500	\$ 372,400
<u>Secured loans (Note 33)</u>		
Bank loans (2)	283,920	284,109
Bank syndicated mortgage loans (3)	<u>-</u>	<u>886,000</u>
Subtotal	910,420	1,542,509
Less: Recorded as portion due within one year	(<u>246,319</u>)	(<u>354,198</u>)
Long-term loans	<u>\$ 664,101</u>	<u>\$ 1,188,311</u>

1. The maturity dates of bank credit loans as of December 31, 2022 and 2021 were both repayable by the end of April 2028, with interest rates ranging from 1.18% to 2.12% and 0.55% to 1.50% as of December 31, 2022 and 2021, respectively.
2. The bank loans are secured by pledges of the Company's own land, buildings and equipment (see Note 33). The maturities of the loans are due by the end of April 2028 for both December 31, 2022 and 2021, and the interest rates were 1.18% ~ 1.75% and 0.55% ~ 1.50% for 2022 and 2021, respectively.
3. The interest rate for the bank syndicated mortgage loan as of December 31, 2021 was 1.79% and the maturity date of the loan was August 2023, which was repaid by the Company in June 2022. The bank loan was secured by pledges of property, plant and equipment of the Company. Please refer to Note 33.

In accordance with the restrictions on current ratio, debt ratio, interest coverage multiplier, and tangible net worth in the Company's half-year and annual consolidated financial statements in accordance with the relevant loan agreements. The Company's financial ratios were in compliance with the requirements as of December 31, 2022.

XVIII. Corporate bonds payable

	December 31, 2022	December 31, 2021
Domestic unsecured convertible bonds	\$ 600,000	\$ -
Less: Discount on corporate bonds payable	(<u>27,567</u>)	<u>-</u>
	<u>\$ 572,433</u>	<u>\$ -</u>
Value of redemption rights	\$ 3,894	\$ -
Value of conversion rights	79,259	-

(I) Domestic unsecured convertible bonds

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

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

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

XIX. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wages and bonuses payable	\$ 42,782	\$ 51,408
Utilities payable	11,482	14,313
Waste disposals payable	9,939	34,898
Others	<u>70,510</u>	<u>80,078</u>
	<u>\$ 134,713</u>	<u>\$ 180,697</u>

XX. Other current liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Receipts under custody	\$ 3,438	\$ 3,255
Temporary receipts	<u>1,948</u>	<u>2,658</u>
	<u>\$ 5,386</u>	<u>\$ 5,913</u>

XXI. Post-employment benefit plans

(I) Defined contribution plans

The pension system of the “Labor Pension Act” is applicable to the Company, belonging to the affirmed appropriation of pension plan under the management of the government, and pension is appropriated at the rate of 6% of the monthly salary of employees into the personal dedicated account of the Bureau of Labor Insurance.

(II) Defined benefit plans

The Company has labor pension system as defined benefit plans under the Labor Standards Act of R.O.C.. The payment of the employee pension is made based on an employee’s length of service and average monthly salary for the six-month period prior to retirement approved. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the balance in the Funds is assessed. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees qualified with retirement requirements in the next year, the Company is required to make up the difference all at once with one appropriation, which is required to be made before the end of March of next year. The Funds are operated and managed by the government’s designated authorities. Accordingly, the Company does not have any right to intervene in the investments of the Funds.

The amount of defined benefit plans recognized in the standalone balance sheets is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	\$ 11,734	\$ 13,948
Fair value of plan assets	(<u>12,855</u>)	(<u>11,468</u>)
Net defined benefit (assets) liabilities	(<u>\$ 1,121</u>)	<u>\$ 2,480</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2021	<u>\$ 15,445</u>	<u>(\$ 10,857)</u>	<u>\$ 4,588</u>
Service cost			
Interest expense (income)	<u>73</u>	<u>(51)</u>	<u>22</u>
Recognized in profit or loss	<u>73</u>	<u>(51)</u>	<u>22</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(140)	(140)
Actuarial loss - changes in demographic assumptions	369	-	369
Actuarial loss - adjustments through experiences	<u>27</u>	<u>-</u>	<u>27</u>
Recognized in other comprehensive income	<u>396</u>	<u>(140)</u>	<u>256</u>
Contributions from employer	<u>-</u>	<u>(420)</u>	<u>(420)</u>
Amount paid by employer	<u>(1,966)</u>	<u>-</u>	<u>(1,966)</u>
December 31, 2021	<u>13,948</u>	<u>(11,468)</u>	<u>2,480</u>
Service cost			
Interest expense (income)	<u>70</u>	<u>(59)</u>	<u>11</u>
Recognized in profit or loss	<u>70</u>	<u>(59)</u>	<u>11</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(898)	(898)
Actuarial gain - changes in financial assumptions	(\$ 1,020)	\$ -	(\$ 1,020)
Actuarial gain - adjustments through experiences	<u>(1,264)</u>	<u>-</u>	<u>(1,264)</u>
Recognized in other comprehensive income	<u>(2,284)</u>	<u>(898)</u>	<u>(3,182)</u>
Contributions from employer	<u>-</u>	<u>(430)</u>	<u>(430)</u>
December 31, 2022	<u>\$ 11,734</u>	<u>(\$ 12,855)</u>	<u>(\$ 1,121)</u>

Due to the defined benefit plans under the Labor Standards Act of R.O.C. the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in domestic and foreign equity securities, debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds' designated authorities or under the mandated management. However, the distributable amount of plan assets of the Company shall not be less than the return calculated by the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the interest rate of government bond/corporate bond will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will increase as well. The two will be partially offset on net defined benefit liabilities.

3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation of the Company are carried out by qualified actuaries. The principal assumptions are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.38%	0.50%
Expected salary increase rate	2.00%	2.00%

If reasonably likely changes respectively occur in the principal assumptions and all other assumptions are held constant, the amount of present value of the defined benefit obligation is increased (decreased) as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase by 0.25%	(\$ 269)	(\$ 354)
Decrease by 0.25%	\$ 279	\$ 368
Expected salary increase rate		
Increase by 0.25%	\$ 272	\$ 357
Decrease by 0.25%	(\$ 264)	(\$ 345)

The sensitivity analysis presented above may not reflect the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Contributions expected to be made within 1 year	\$ 414	\$ 424
Average maturity of defined benefit obligation	9.3 years	10 years

XXII. Equity

(I) Common stock capital

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized number of shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and fully paid shares (in thousands)	<u>131,799</u>	<u>131,018</u>
Issued capital	<u>\$ 1,317,990</u>	<u>\$ 1,310,185</u>

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

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

On June 15, 2010, the shareholders' meeting of the Company resolved to increase capital by cash through a private placement of up to 5 million shares with specific parties. On June 22, 2010, the

Board of Directors resolved to issue 3,429 thousand shares at NT\$35 per share, raising NT\$120,000 thousand, and set August 14, 2010 as the base date for the capital increase.

(II) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>For loss make-up, distribution in cash or capitalization as equity</u>		
Stock issue premium (1)	\$ 424,791	\$ 402,763
<u>Only for loss make-up</u>		
Recognition of changes in ownership interests in subsidiaries (2)	25,992	23,189
Amount of stock options exercised by employees	36,726	24,377
Unclaimed dividends to shareholders after the statute of limitations	499	490
<u>Not to be used for any purpose</u>		
Employee stock options	15,155	27,523
Stock options (Note 18)	<u>79,259</u>	<u>-</u>
	<u>\$ 582,422</u>	<u>\$478,342</u>

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

(III) Retained earnings and dividend policy

In accordance with the Company's earnings distribution policy as stipulated in the Articles of Incorporation, if there is any surplus earnings as indicated by the Company's final accounts, 10% of the annual earnings shall be set aside as legal reserve after paying taxes and making up for accumulated losses in accordance with the law. But if the legal reserve has reached the Company's paid-in capital, no further provision shall be made, and the remainder shall be set aside as or reversed from special reserve as provided by law. If there are still remaining earnings, the Board of Directors shall prepare a proposal for distribution of the remaining earnings together with the accumulated undistributed earnings as dividends to shareholder, and submit it to the shareholders' meeting for resolution on the distribution. For the Company's policy on the distribution of remuneration to employees and directors, please refer to Note 25 (7) Remuneration to Employees and Directors

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

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

The shareholders' meetings of the Company held on June 24, 2022 and July 30, 2021 resolved to distribute the earnings of 2021 and 2020 as follows:

	Earnings distribution proposal	
	2021	2020
Legal reserve	\$ 30,305	\$ 35,807
Provision (Reversal) of special reserve	248	(834)
Cash dividends	157,255	196,056
Cash dividends per share (NTD)	1.20	1.50

The 2022 earnings distribution proposal made by the Board of Directors on March 9, 2023 was as follows:

	2022
Legal reserve	\$ 15,194
Reversal of special reserve	(952)
Cash dividends	79,079
Cash dividends per share (NTD)	0.60

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

(IV) Other equity

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

	2022	2021
Balance at the beginning of the year	(\$ 2,363)	(\$ 2,030)
Incurred during the year		
Exchange differences arising from translation of the financial statements of foreign operations	<u>808</u>	(<u>333</u>)
Balance at the end of the year	(<u>\$ 1,555</u>)	(<u>\$ 2,363</u>)

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

	2022	2021
Balance at the beginning of the year	(<u>\$ 176</u>)	(<u>\$ 261</u>)
Incurred during the year		
Unrealized profit or loss		
Equity instruments	<u>145</u>	<u>85</u>
Other comprehensive income for the year	<u>145</u>	<u>85</u>
Balance at the end of the year	(<u>\$ 31</u>)	(<u>\$ 176</u>)

XXIII. Employee stock options

(I) The Company's employee stock options plan

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

Information on employee stock options is as follows:

Employee stock options	2022		2021	
	Units (in thousands)	Weighted average exercise price (NTD)	Units (in thousands)	Weighted average exercise price (NTD)
Outstanding at the beginning of the year	1,813	\$ 38.20	2,183	\$ 39.30
Executed during the year	(781)	38.20	(317)	38.40
Renounced during the year	(1)	38.20	(53)	38.58
Outstanding at the end of the year	<u>1,031</u>		<u>1,813</u>	
Executable at the end of the year	<u>1,031</u>		<u>1,813</u>	
Weighted average fair value of stock options granted during the year (NTD)	<u>\$ 15.02~16.04</u>		<u>\$ 15.02~16.04</u>	

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

	December 31, 2022	December 31, 2021
Range of exercise prices (NTD)	\$37.10	\$38.20
Weighted average remaining contract period (years)	0.61 years	1.61 years

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

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

In July 2022, the Company modified the terms of the then outstanding employee stock options plan to reduce the exercise price from \$38.20 per share to the stock price on that date of \$37.1 per share. The incremental fair value will be recognized as expense over the remaining vesting period. The above input values were used to measure the fair value of the pre-modification and post-modification stock options.

For 2021, the Company recognized profit-sharing remuneration cost of \$2,772 thousand.

(II) Employee stock options reserved in cash capital increase

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

The fair value of the employee stock options granted by POMIRAN METALIZATION RESEARCH CO., LTD. in March 2022 is based on the Black-Scholes valuation model, and the parameters used in the valuation model were as follows:

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

For 2022, the Company recognized profit-sharing remuneration cost of \$270 thousand.

XXIV. Revenue

	2022	2021
Revenue from contracts with customers		
Revenue form merchandise sales	\$ 1,815,204	\$ 2,406,645
Other income	128	10
	<u>\$ 1,815,332</u>	<u>\$ 2,406,655</u>

(I) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties) (Note 10)	<u>\$ 279,319</u>	<u>\$ 527,709</u>	<u>\$ 540,361</u>
Contract liabilities - current			
Merchandise sales	<u>\$ 9</u>	<u>\$ 14</u>	<u>\$ 7,402</u>

The amount of revenue recognized during the year in which the performance obligation was satisfied from the contract liabilities at the beginning of the year was as follows:

	2022	2021
<u>From the contract liabilities at the beginning of the year</u>		
Merchandise sales	<u>\$ 14</u>	<u>\$ 7,402</u>

(II) Breakdown of revenue from contracts with customers

Region	2022	2021
Taiwan (where the Company is located)	\$ 827,739	\$ 814,483
Mainland China	668,776	1,215,812
South Korea	262,702	284,450
Japan	23,897	49,280
U.S.A.	23,504	35,702
Others	8,714	6,928
	<u>\$ 1,815,332</u>	<u>\$ 2,406,655</u>

XXV. Net profit

(I) Interest income

	2022	2021
Bank deposits	<u>\$ 991</u>	<u>\$ 465</u>

(II) Other income

	2022	2021
Lease income (operating lease)	\$ 877	\$ 720
Government grant income (Note 29)	-	9,687
Others	<u>4,517</u>	<u>747</u>
	<u>\$ 5,394</u>	<u>\$ 11,154</u>

(III) Other gain and loss

	2022	2021
Net gain (loss) on foreign currency exchange	\$ 12,792	(\$ 517)
Net loss on financial instruments at fair value through profit or loss	(3,180)	(86)
Loss on disposal of property, plant and equipment	-	(19)
	<u>\$ 9,612</u>	<u>(\$ 622)</u>

(IV) Financial cost

	2022	2021
Interest on bank loans	\$ 19,665	\$ 24,172
Interest on convertible bonds	5,683	-
Interest on lease liabilities	<u>2,307</u>	<u>2,538</u>
	<u>\$ 27,655</u>	<u>\$ 26,710</u>

(V) Depreciation and amortization

	2022	2021
Summary of depreciation expense by function		
Operating cost	\$ 265,945	\$ 278,461
Operating expense	<u>55,731</u>	<u>57,276</u>
	<u>\$ 321,676</u>	<u>\$ 335,737</u>

	2022	2021
Summary of amortization expense by function		
Operating cost	\$ 2,562	\$ 2,543
Operating expense	<u>1,505</u>	<u>1,582</u>
	<u>\$ 4,067</u>	<u>\$ 4,125</u>
(VI) Employee benefit expense		
	2022	2021
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 12,014	\$ 11,714
Defined benefit plans	<u>11</u>	<u>22</u>
	12,025	11,736
Share-based payment (Note 23)		
Equity settlement	270	2,772
Other employee benefits	<u>364,603</u>	<u>409,517</u>
	<u>\$ 376,898</u>	<u>\$ 424,025</u>
Summary by function		
Operating cost	\$ 273,021	\$ 301,531
Operating expense	<u>103,877</u>	<u>122,494</u>
	<u>\$ 376,898</u>	<u>\$ 424,025</u>

(VII) Profit-sharing remuneration for employees and directors

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

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

Estimated percentage

	2022	2021
Profit-sharing remuneration for employees	10%	10%
Profit-sharing remuneration for directors	3%	3%

Amount

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

If there is a change in the amounts after the annual standalone financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amount of profit-sharing remuneration for employees and profit-sharing remuneration for directors for 2021 and 2020 and the amounts recognized in the consolidated financial statements for 2021 and 2020.

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

XXVI. Income tax

(I) Main components of income tax expense (benefit) recognized in profit or loss

	<u>2022</u>	<u>2021</u>
Current income tax		
Incurred during the year	\$ 13,919	\$ 89,736
Additional levy on undistributed earnings	-	6,352
Adjustments for prior years	(<u>18,661</u>)	(<u>18,549</u>)
Income tax expense (benefit) recognized in profit or loss	(<u>\$ 4,742</u>)	\$ <u>77,539</u>

A reconciliation of accounting income and income tax expense (benefit) is as follows:

	<u>2022</u>	<u>2021</u>
Net profit before tax from continuing operations	<u>\$ 144,016</u>	<u>\$ 380,848</u>
Income tax expense calculated at the statutory rate on net profit before tax	\$ 28,803	\$ 76,170
Non-deduction expense or loss for tax purpose	15,624	13,484
Additional levy on undistributed earnings	-	6,352
Unrecognized (Recognized) deductible temporary difference	(30,508)	82
Adjustments during the year for current income tax expenses of previous years	(<u>18,661</u>)	(<u>18,549</u>)
Income tax expense (benefit) recognized in profit or loss	(<u>\$ 4,742</u>)	\$ <u>77,539</u>

(II) Current income tax liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax liabilities		
Income tax payable	<u>\$ 13,871</u>	<u>\$ 96,070</u>

(III) Income tax assessment

The Company's income tax returns have been assessed by the tax authorities through 2020.

XXVII. Earnings per share

	Unit: NTD per share	
	2022	2021
Basic earnings per share	\$ <u>1.13</u>	\$ <u>2.32</u>
Diluted earnings per share	\$ <u>1.12</u>	\$ <u>2.29</u>

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

Net profit for the year

	2022	2021
Net profit used to calculate basic earnings per share	\$ 148,758	\$ 303,309
Effect of potentially dilutive common stock		
Convertible bonds	-	-
Profit-sharing remuneration for employees	-	-
Employee stock options	-	-
Net profit used to calculate diluted earnings per share	\$ <u>148,758</u>	\$ <u>303,309</u>

Number of shares

	(Units: In thousands)	
	2022	2021
Weighted average number of shares of common stock used to calculate basic earnings per share	131,607	130,798
Effect of potentially dilutive common stock		
Convertible bonds	-	-
Profit-sharing remuneration for employees	693	1,177
Employee stock options	<u>212</u>	<u>393</u>
Weighted average number of shares of common stock used to calculate diluted earnings per share	<u>132,512</u>	<u>132,368</u>

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

The outstanding convertible bonds are not included in the calculation of diluted earnings per share because the exercise price is higher than the average market price of the shares from June 21, 2022 to December 31, 2022, which is anti-dilutive.

XXVIII. Investment in partially acquired subsidiaries - no impact on control

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

Since the above transaction did not change the Company's control over the subsidiaries, the Company treated it as an equity transaction. For a description of the partial acquisition of POMIRAN METALIZATION RESEARCH CO., LTD., please refer to Note 28 to the Company's consolidated financial statements for 2022.

XXIX. Government grants

The Company's "Millimeter Wave High Frequency Substrate Material Development Project" applied for the R&D Guben program of the Ministry of Economic Affairs, and has been reviewed and approved with a grant amount of \$9,687 thousand. As of December 31, 2021, the accumulated amount granted was \$9,687 thousand, which was recorded as non-operating income at the approved time and the case was closed.

XXX. Capital risk management

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

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

XXXI. Financial instruments

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

December 31, 2022

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

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

1. Fair value hierarchy

December 31, 2022

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stocks				
Stock	\$ -	\$ -	\$ 294	\$ 294

There was no transfer of fair value measurements between Level 1 and Level 2 for 2022 and 2021.

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

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

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

2022

	Financial assets at fair value through other comprehensive income Equity instruments
Balance at the beginning of the year	\$ 294
Recognized in other comprehensive income - Unrealized gain or loss on financial assets at fair value through other comprehensive income	145
Balance at the end of the year	\$ 439

2021

	Financial assets at fair value through other comprehensive income Equity instruments
Balance at the beginning of the year	\$ 209
Recognized in other comprehensive income - Unrealized gain or loss on financial assets at fair value through other comprehensive income	85
Balance at the end of the year	\$ 294

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

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

(III) Type of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 643,715	\$ 995,956
Financial assets at fair value through other comprehensive income - investments in equity instruments	439	294
<u>Financial liabilities</u>		
at fair value through profit or loss		
Held for trading	3,894	-
Measure at amortized cost (Note 2)	1,698,150	1,826,904

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

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

(IV) Financial risk management objectives and policies

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

The Company mitigates the impact of these risks by hedging the exposure through derivative financial instruments. The use of derivative financial instruments is governed by the policies approved by the Company's Board of Directors, which are the written principles for exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity. Internal auditors review compliance with the policies and the exposure limits on an ongoing basis. The Company does not trade in financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

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

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

(1) Exchange rate risk

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

Please see Note 35 for the carrying amount of monetary assets and liabilities denominated in non-functional currency at the date of balance sheet.

Sensitivity analysis

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

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

	Effect of USD		Effect of RMB	
	2022	2021	2022	2021
Profit or loss	(\$ 5,927)	(\$ 4,195)	(\$ 9,178)	(\$ 11,398)

(2) Interest rate risk

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

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

	December 31, 2022	December 31, 2021
With fair value interest rate risk		
- Financial assets	\$ 93,082	\$ 151,581
- Financial liabilities	662,433	-
With cash flow interest rate risk		
- Financial assets	268,732	273,911
- Financial liabilities	910,420	1,542,509

Sensitivity analysis

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

If the annual interest rate had increased/decreased by 0.1%, with all other variables held constant, the Company's net profit before tax would have decreased/increased by

\$642 thousand and \$1,269 thousand for 2022 and 2021, respectively, mainly due to the interest rate exposure on the Company's variable-rate net liabilities and loans.

2. Credit risk

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

As of December 31, 2022 and 2021, the percentages of receivables from the top ten customers to the Company's receivables were 95% and 94%, respectively.

3. Liquidity risk

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

Bank loans are a material source of liquidity to the Company. As of December 31, 2022 and 2021, the Company had undrawn financing lines as described in (2) Description of Financing Facilities below.

(1) Liquidity and interest rate risk table

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

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

December 31, 2022

	Repayable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 39,961	\$ 58,218	\$ 21,349	\$ 19	\$ -
Lease liabilities	1,212	2,430	10,968	59,794	48,117
Floating interest rate instruments	6,530	61,589	178,200	641,018	23,083
Fixed interest rate instruments	90,000	-	-	572,433	-
	<u>\$ 137,703</u>	<u>\$ 122,237</u>	<u>\$ 210,517</u>	<u>\$ 1,273,264</u>	<u>\$ 71,200</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	\$ 16,665	\$ 65,455	\$ 49,717	\$ -
Floating interest rate instruments	246,319	641,018	23,083	-
Fixed interest rate instruments	90,000	600,000	-	-
	<u>\$ 352,984</u>	<u>\$ 1,306,473</u>	<u>\$ 72,800</u>	<u>\$ -</u>

December 31, 2021

	Repayable on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 123,490	\$ 116,824	\$ 38,091	\$ 19	\$ -
Lease liabilities	1,188	2,380	10,800	58,976	63,192
Floating interest rate instruments	5,108	124,233	224,857	1,155,578	32,733
	<u>\$ 129,786</u>	<u>\$ 243,437</u>	<u>\$ 273,748</u>	<u>\$ 1,214,573</u>	<u>\$ 95,925</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	\$ 16,669	\$ 65,663	\$ 59,980	\$ 5,814
Floating interest rate instruments	354,198	1,155,578	32,733	-
	<u>\$ 370,867</u>	<u>\$ 1,221,241</u>	<u>\$ 92,713</u>	<u>\$ 5,814</u>

(2) Financing lines

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The unsecured bank loan lines may be extended by mutual consent		
- Amount drawn	\$ 718,009	\$ 425,892
- Amount undrawn	<u>1,231,041</u>	<u>1,119,508</u>
	<u>\$ 1,949,050</u>	<u>\$ 1,545,400</u>
The secured bank loan lines may be extended by mutual consent		
- Amount drawn	\$ 283,920	\$ 1,206,818
- Amount undrawn	<u>100,000</u>	<u>539,691</u>
	<u>\$ 383,920</u>	<u>\$ 1,746,509</u>

XXXII. Related party transactions

Transactions between the Company and related parties as follows:

(I) Related party name and relationship

<u>Related party name</u>	<u>Relationship with the Company</u>
KUNSHAN TAIMIDE TECH. INC.	Subsidiary
POMIRAN METALIZATION RESEARCH CO., LTD.	Subsidiary
POMIRAN TECHNOLOGY, LIMITED	De facto related party

(II) Operating revenue

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
Subsidiary		
KUNSHAN TAIMIDE TECH. INC.	\$ 170,549	\$ 297,950
POMIRAN METALIZATION RESEARCH CO., LTD.	2,078	1,393
De facto related party	<u>1,783</u>	<u>787</u>
	<u>\$ 174,410</u>	<u>\$ 300,130</u>

(III) Manufacturing overheads

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
Subsidiary	<u>\$ 9</u>	<u>\$ 4</u>

(IV) Rental income

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
De facto related party	<u>\$ 23</u>	<u>\$ 23</u>

(V) Other income

<u>Type of related party</u>	<u>2022</u>	<u>2021</u>
Subsidiary	<u>\$ -</u>	<u>\$ 61</u>

(VI) Accounts receivable - related parties

<u>Type of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
KUNSHAN TAIMIDE TECH. INC.	\$ 31,385	\$ 125,871
POMIRAN METALIZATION RESEARCH CO., LTD.	69	655
Less: Transfer of credit balance of investments accounted for using the equity method to accounts receivable - related parties	<u>-</u>	<u>(655)</u>
	<u>\$ 31,454</u>	<u>\$ 125,871</u>

(VII) Accounts payable - related parties (posted as notes and accounts payable)

Type of related party	December 31, 2022	December 31, 2021
Subsidiary	\$ <u>-</u>	\$ <u>1</u>

(VIII) Other receivables - related parties

Type of related party	December 31, 2022	December 31, 2021
De facto related party	\$ <u>2</u>	\$ <u>2</u>

(IX) Other payables - related parties (posted as other payables)

Type of related party	December 31, 2022	December 31, 2021
Subsidiary	\$ <u>90</u>	\$ <u>71</u>

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

Type of related party	December 31, 2022	December 31, 2021
De facto related party POMIRAN TECHNOLOGY, LIMITED	\$ <u>1,898</u>	\$ <u>2,611</u>

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

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

(XI) Remuneration of key management

	2022	2021
Short-term employee benefits	\$ 20,262	\$ 35,674
Post-employment benefits	330	389
Share-based payment	<u>-</u>	<u>572</u>
	\$ <u>20,592</u>	\$ <u>36,635</u>

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

XXXIII. Pledged Assets

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

	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 1,465,524	\$ 1,733,369
Pledged time deposits (posted as financial assets at amortized cost)	<u>16,923</u>	<u>19,299</u>
	\$ <u>1,482,447</u>	\$ <u>1,752,668</u>

XXXIV. Significant Contingent Liabilities and Unrecognized Commitments

- (I) On October 7, 2020, DuPont de Nemours, Inc. (DuPont) filed a patent infringement lawsuit against the Company and its person in charge in the Intellectual Property Court, claiming that the Company infringed its R.O.C. patent No. I519576, "Polymethyleneimine Film for Matting Surface Treatment and Method of Relating to Such Film", and requesting payment of NT\$6,650,000, plus interest at 5% per annum from the date of service of the statement of claim to the date of settlement. On November 30, 2021, the Intellectual Property Court rendered a judgment of first instance, ruling that "the plaintiff's suit and the claim for provisional execution are dismissed, and the plaintiff shall bear the costs of the litigation. After receiving the judgment of defeat in the first instance, DuPont appealed against the judgment and on July 29, 2022, the Intellectual Property Court entered the second instance judgment dismissing DuPont's appeal. However, DuPont still refused to accept the judgment of the second instance and filed an appeal on August 31, 2022, which is currently being heard by the Supreme Court.
- (II) The amounts of unused letters of credit issued by the Company as of December 31, 2022 and 2021, respectively, were shown below:

	Unit: In thousands of each foreign currency	
	December 31, 2022	December 31, 2021
USD	\$ <u>2</u>	\$ <u>1,665</u>
JPY	\$ <u>-</u>	\$ <u>5,723</u>

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

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

	December 31, 2022		December 31, 2021	
	Foreign currency	Exchange rate	Foreign currency	Exchange rate
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 4,002	30.71	\$ 6,575	27.68
RMB	41,641	4.408	54,643	4.344
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	142	30.71	3,544	27.68
RMB	-	-	2,168	4.344

Gain and loss (realized and unrealized) on translation of foreign currencies with significant effect were as follows:

Foreign currency	2022		2021	
	Exchange rate	Net exchange gain or loss	Exchange rate	Net exchange gain or loss
USD	30.71(USD: NTD)	\$ 6,130	27.68(USD: NTD)	(\$ 357)
JPY	0.2324(JPY: NTD)	125	0.2405(JPY: NTD)	108
RMB	4.408(RMB: NTD)	6,435	4.344(RMB: NTD)	(253)
EUR	32.72(EUR : NTD)	66	31.32(EUR : NTD)	(64)
SGD	22.88(SGD: NTD)	36	20.46(SGD: NTD)	49
		<u>\$ 12,792</u>		<u>(\$ 517)</u>

XXXVI. Other Disclosures

- (I) Significant transactions: There are no other disclosures than those listed below:
 1. Endorsements and guarantees for others: Table 1.
 2. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures under control): Table 2 .
 3. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- (II) Information on Investees: Table 4
- (III) Information on Investment in Mainland China:
 1. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment gain or loss, ending balance, amount received as dividends from the investee, and the limitation on investee: Table 5.
 2. Significant direct or indirect transactions through a third area with the investee in the Mainland Area, and its prices and terms of payment, unrealized gain or loss are as follows: Table 6.
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements and guarantees or pledges of collateral at the end of the period and the purposes.
 - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financial accommodation.
 - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- (IV) Information on major shareholders: names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the equity: (Table 7)

TAIMIDE TECH. INC.
Endorsements and guarantees for others
For the year ended December 31, 2022

Table 1Unit In Thousands of NTD, unless stated otherwise

No.	The company providing endorsement and guarantee	The party receiving endorsement and guarantee		Limit of endorsement and guarantee to a single enterprise (Note 2)	Maximum balance of endorsement and guarantee for the period	Balance of endorsement and guarantee at the end of the period	Actual amount drawn	Amount of endorsement and guarantee collateralized by properties	Ratio of accumulated guarantees to net worth of the most recent financial statements (%)	Maximum limit of endorsement and guarantee (Note 2)	Endorsement and guarantee by parent company for subsidiary	Endorsement and guarantee by subsidiary for parent company	Endorsement and guarantee for party in Mainland China	Remark
		Company name	Relationship											
0	The Company	POMIRAN METALIZATION RESEARCH CO., LTD.	Note 1	\$ 1,204,510	\$ 440,000	\$ 310,000	\$ 310,000	\$ -	10	\$ 2,409,020	Yes	—	—	—

Note 1: Subsidiaries directly held

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

TAIMIDE TECH. INC.
Marketable securities held at the end of the period
December 31, 2022

Table 2

Unit: Thousands of NTD, unless otherwise specified.

Company held	Type of marketable securities	Name of marketable securities	Relationship with the issuers of the marketable securities	Account on the financial statements	The end of the period				Remark
					Number of units / board lots (thousands)	Carrying amount	Shareholding percentage (%)	Fair value	
The Company	Stocks	POMIRAN TECHNOLOGY, LIMITED	—	Financial assets at fair value through other comprehensive income- non-current	110	\$ 439	10	\$ 439	Note 1

Note 1: Presented at book value.

Note 2: As of December 31, 2022, there were no guarantees, collateral loans or other contractually restriction on the use of the marketable securities listed above.

TAIMIDE TECH. INC.

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

For the year ended December 31, 2022

Table 3

Unit In Thousands of NTD, unless stated otherwise

Purchase (sales) company	Name of counterparty	Relationship	Transaction details				Circumstances and reasons why the terms of the transaction differ from those of general transactions		Notes and accounts receivable (payable)		Remark
			Purchase (sales)	Amount	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	KUNSHAN TAIMIDE TECH. INC.	Subsidiary indirectly held	Sales	\$ 170,549	9%	In accordance with the mutually agreed terms	\$ -	—	\$ 31,384	11%	—

TAIMIDE TECH. INC.
Information on investees, locations... and other related information
For the year ended December 31, 2022

Table 4

Unit In Thousands of NTD, unless stated otherwise

Investor name	Investee name	Location	Main business	Initial investment amount		Holding at the end of the period			Profit (Loss) of investee for the period	Investment gain (loss) recognized in the period	Remark
				The end of the period	The end of last year	Number of shares (in thousands)	Ratio %	Carrying amount			
The Company	POMIRAN METALIZATION RESEARCH CO., LTD.	Taiwan	Manufacturing of electronic components, wholesale and surface treatment of electronic materials	\$ 610,567	\$ 355,291	27,480	85	\$ 145,027	(\$ 89,085)	(\$ 76,535)	Notes 2 and 3
	TAIMIDE INTERNATIONAL INC.	Samoa	Investee business	6,142 (USD 200 thousand)	6,142 (USD200 thousand)	200	100	57,508	584	19,420	Notes 1, 2 and 3
	TAIMIDE INTERNATIONAL INC.	Mainland China	Wholesale of electronic equipment, parts and components, chemical products and chemical materials	6,142 (USD 200 thousand)	6,142 (USD200 thousand)	-	100	57,474	584	19,420	Notes 1, 2 and 3

Note 1: Translation was made based on the USD exchange rate as of December 31, 2022 where foreign currencies were involved.

Note 2: The calculation was made based on the investee's financial statements for the same period audited by CPAs.

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

TAIMIDE TECH. INC.
Information on Investment in Mainland China
For the year ended December 31, 2022

Table 5

Unit In Thousands of NTD, unless stated otherwise

Name of Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or repatriated during the period		Accumulated investment amount remitted from Taiwan at the end of the year	Profit for the period of investee	Shareholding percentage of the Company's direct or indirect investment	Investment gain (loss) recognized in the period (Note 2)	Carrying amount of investment at the end of the period	Investment income repatriated as of the end of the period
					Outward remittance	Repatriation						
KUNSHAN TAIMIDE TECH. INC.	Wholesale of electronic equipment, parts and components, chemical products and chemical materials	\$ 6,142 (USD 200 thousand)	Note 1	\$ 6,142 (USD 200 thousand)	\$ -	\$ -	\$ 6,142 (USD 200 thousand)	\$ 584	100%	\$ 19,420	\$ 57,474	\$ -

Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Commission, MOEA	60% of the net investment limit in Mainland China as stipulated by the Investment Commission, MOEA
\$6,142 (USD 200 thousand)	\$6,142 (USD 200 thousand)	\$1,806,765

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

Note 2: The calculation was made based on the investee's financial statements for the same period audited by CPAs.

Note 3: Translation was made based on the USD exchange rate as of December 31, 2022 where foreign currencies were involved.

TAIMIDE TECH. INC.

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

For the year ended December 31, 2022

Table 6

Unit In Thousands of NTD, unless stated otherwise

Name of the trading party	Counterparty	Relationship between the Company and the counterparty	Type of transaction	Sales		Price	Trading terms		Notes and accounts receivable (payable)		Unrealized profit	Remark
				Amount	Percentage		Payment terms	Comparison with general transactions	Amount	Percentage		
The Company	KUNSHAN TAIMIDE TECH. INC.	Subsidiary indirectly held	Sales	\$ 170,549	9%	In accordance with the mutually agreed price	In accordance with the mutually agreed terms	No other comparable counterparty	\$ 31,384	11%	(\$ 1,211)	—

TAIMIDE TECH. INC.
Information on Major Shareholders
December 31, 2022

Table 7

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

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

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TAIMIDE TECH. INC.
Schedule of cash and cash equivalents
December 31, 2022

Schedule1

Unit In Thousands of NTD, unless stated otherwise

Item	Amount
Bank deposits	
Demand deposits	\$ 138,556
Foreign currency demand deposits (Note 3)	<u>114,601</u>
Subtotal	<u>253,157</u>
Cash equivalents	
Bonds with repurchase agreements (Note 1)	49,962
Time deposits (Note 2)	<u>58,695</u>
Subtotal	<u>108,657</u>
Petty cash	<u>630</u>
Pledged time deposits	(<u>16,923</u>)
Total	<u>\$ 345,521</u>

Note 1: Due one after another before the end of January 2023, with interest rates ranging from 0.72% to 0.80% per annum.

Note 2: Due one after another before the end of October 2023, with interest rates ranging from 0.77% to 3.70% per annum.

Note 3: Including USD1,641 thousand (exchange rate USD 1 : NTD 30.71), JPY 2,179 thousand (exchange rate JPY 1 : NTD 0.2324), RMB 14,216 thousand (exchange rate RMB 1 : NTD 4.408) and EUR 32 thousand (exchange rate EUR 1 : NTD 32.72).

TAIMIDE TECH. INC.
Schedule of notes and accounts receivable
December 31, 2022

Schedule 2

Unit: In thousands of NTD

Customer name	Amount
Notes receivable	
Customer B	\$ 1,151
Others (Note)	<u>552</u>
Subtotal	<u>1,703</u>
Related party	
KUNSHAN TAIMIDE TECH. INC.	31,385
POMIRAN METALIZATION RESEARCH CO., LTD.	<u>69</u>
Subtotal	<u>31,454</u>
Non-related party	
Customer A	67,264
Customer J	44,683
Customer G	33,225
Customer E	22,383
Customer C	20,833
Customer H	18,699
Customer K	18,396
Others (Note)	<u>22,382</u>
	247,865
Allowance for bad debts	<u>-</u>
Subtotal	<u>247,865</u>
Net	<u>\$ 281,022</u>

Note: None of the balance of each customer reached 5% of the balance of this account.

TAIMIDE TECH. INC.
Schedule of inventories
December 31, 2022

Schedule 3

Unit: In thousands of NTD

Item	Amount	
	Cost	Net realizable value
Finished goods	\$ 285,217	\$ 511,031
Work in process	230,844	510,831
Raw materials	<u>92,228</u>	<u>92,932</u>
Total	<u>\$ 608,289</u>	<u>\$ 1,114,794</u>

Note: The insured amount of inventories was \$801,155 thousand.

TAIMIDE TECH. INC.
Schedule of changes in investments accounted for using the equity method
For the year ended December 31, 2022

Schedule 4

Unit In Thousands of NTD, unless stated otherwise

Investee name	Balance at the beginning of the year		Increase for the year	Decrease for the year	Cumulative translation adjustments	Capital surplus	Gain (loss) on investments accounted for using the equity method	Unrealized profit on sales	Balance at the end of the year			Equity net worth	Provision of guarantees or pledges
	Number of shares (in thousands)	Amount							Number of shares (in thousands)	Shareholding percentage %	Amount		
POMIRAN METALIZATION RESEARCH CO., LTD.	19,523	(\$ 36,247)	\$ 255,276	\$ -	\$ -	\$ 2,533	(\$ 76,584)	\$ 49	27,480	85	\$ 145,027	\$ 145,308	None
TAIMIDE INTERNATIONAL INC.	200	<u>37,280</u>	<u>-</u>	<u>-</u>	<u>808</u>	<u>-</u>	<u>584</u>	<u>18,836</u>	200	100	<u>57,508</u>	<u>56,296</u>	None
		1,033	<u>\$ 255,276</u>	<u>\$ -</u>	<u>\$ 808</u>	<u>\$ 2,533</u>	<u>(\$ 76,000)</u>	<u>\$ 18,885</u>			202,535	<u>\$ 201,604</u>	
Add: Transfer of credit balance of investments accounted for using the equity method to accounts receivable - related parties (Note)		655									-		
Add: Transfer of credit balance of investments accounted for using the equity method to non-current liabilities		<u>35,592</u>									-		
		<u>\$ 37,280</u>									<u>\$ 202,535</u>		

Note: The negative book value of POMIRAN METALIZATION RESEARCH CO., LTD. at the beginning of the period was transferred to deduction to accounts receivable - related parties of \$655 thousand.

TAIMIDE TECH. INC.

Schedule of changes in financial assets at fair value through other comprehensive income - non-current

For the year ended December 31, 2022

Schedule 5

Unit In Thousands of NTD, unless stated otherwise

Investee name	Balance at the beginning of the year		Valuation adjustments		Balance at the end of the year		Provision of guarantees or pledges
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	
POMIRAN TECHNOLOGY, LIMITED	110	<u>\$ 294</u>	-	<u>\$ 145</u>	110	<u>\$ 439</u>	None

TAIMIDE TECH. INC.

Schedule of changes in right-of-use assets and changes in accumulated depreciation of right-of-use assets

For the year ended December 31, 2022

Schedule 6

Unit: In thousands of NTD

	Land	Transportation equipment	Total
Cost			
Balance as of January 1, 2022	\$ 175,493	\$ 1,015	\$ 176,508
Addition	394	-	394
Disposal	(<u>267</u>)	<u>-</u>	(<u>267</u>)
Balance as of December 31, 2022	<u>\$ 175,620</u>	<u>\$ 1,015</u>	<u>\$ 176,635</u>
Accumulated depreciation			
Balance as of January 1, 2022	\$ 42,952	\$ 395	\$ 43,347
Depreciation	14,755	338	15,093
Disposal	(<u>267</u>)	<u>-</u>	(<u>267</u>)
Balance as of December 31, 2022	<u>\$ 57,440</u>	<u>\$ 733</u>	<u>\$ 58,173</u>
Net as of December 31, 2022	<u>\$ 118,180</u>	<u>\$ 282</u>	<u>\$ 118,462</u>

TAIMIDE TECH. INC.
Schedule of notes and accounts payable
December 31, 2022

Schedule 7

Unit: In thousands of NTD

<u>Supplier name</u>	<u>Amount</u>
Company J	\$ 2,436
Company P	2,373
Company A	2,273
Company Q	1,376
Company R	1,350
Company S	1,158
Others (Note)	<u>6,861</u>
Total	<u>\$ 17,827</u>

Note: None of the balance of each supplier reached 5% of the balance of this account.

TAIMIDE TECH. INC.
Schedule of long-term loans
December 31, 2022

Schedule 8

Unit In Thousands of NTD, unless stated otherwise

Creditor	Abstract	Amount	Contract period	Annual interest rate (%)	Mortgage or guarantee
E.SUN Bank	Medium-term loan	\$ 46,800	2021.04.28~2026.04.15	1.18	None
Hua Nan Commercial Bank	Medium-term loan	33,600	2021.04.28~2028.04.15	1.18	None
Mega International Commercial Bank	Medium-term loan	16,500	2020.08.10~2023.08.10	2.08	None
Mega International Commercial Bank	Medium-term loan	16,500	2021.08.10~2023.08.10	2.08	None
KGI Bank	Medium-term loan	37,500	2021.02.05~2024.02.05	1.86	None
KGI Bank	Medium-term loan	37,500	2021.08.04~2024.02.05	1.37	None
Shin Kong Bank	Medium-term loan	17,500	2021.09.03~2024.09.03	2.12	None
Hua Nan Commercial Bank	Medium-term loan	13,400	2022.12.19~2028.04.15	1.18	None
Chinatrust Commercial Bank	Medium-term loan	50,000	2022.09.02~2024.09.02	1.95	None
Shin Kong Bank	Medium-term loan	70,000	2022.08.12~2024.09.03	1.95	None
Hua Nan Commercial Bank	Medium-term loan	45,000	2021.10.04~2028.04.15	1.18	None
E.SUN Bank	Medium-term loan	53,200	2022.01.24~2026.04.15	1.18	None
Hua Nan Commercial Bank	Medium-term loan	89,000	2022.08.16~2028.04.15	1.18	None
First Commercial Bank	Medium-term loan	100,000	2022.06.23~2027.06.23	2.08	None
Taiwan Cooperative Bank	Medium-term secured loan	156,423	2020.04.14~2025.04.14	1.75	Note 1
Taiwan Cooperative Bank	Long-term secured loan	31,497	2015.05.04~2025.05.04	1.75	Note 1
E.SUN Bank	Medium-term secured loan	45,800	2022.01.24~2028.04.15	1.18	Note 2
E.SUN Bank	Medium-term secured loan	30,600	2022.05.04~2028.04.15	1.18	Note 2
E.SUN Bank	Medium-term secured loan	<u>19,600</u>	2021.04.28~2028.04.15	1.18	Note 2
Total		910,420			
Portion due within one year		(<u>246,319</u>)			
		<u>\$ 664,101</u>			

Note 1: The medium-term and long-term secured loans from Taiwan Cooperative Bank were secured by land with a book value of \$289,340 thousand and houses and buildings with a book value of \$382 thousand.

Note 2: The medium-term secured loan from E.Sun Bank was secured by houses and buildings with a book value of \$124,528 thousand and facility equipment with a book value of \$16,500 thousand.

TAIMIDE TECH. INC.
Schedule of lease liabilities
December 31, 2022

Schedule 9

Unit In Thousands of NTD, unless stated otherwise

Item	Lease period	Discount rate	Amount
Land	2019.1.1~2032.12.31	1.50%~1.79%	\$ 122,234
Transportation equipment	2020.11.2~2023.11.2	1.60%	<u>287</u>
Total			122,521
Less: Lease liabilities - current			(<u>14,610</u>)
Lease liabilities - non-current			<u>\$ 107,911</u>

TAIMIDE TECH. INC.
Schedule of operating revenue
For the year ended December 31, 2022

Schedule 10

Unit: In thousands of NTD

Item	Quantity (rolls)	Amount
Polyimide films	17,795	\$ 1,847,500
Others		<u>128</u>
Total		1,847,628
Returns and discounts on sales		(<u>32,296</u>)
Net		<u><u>\$ 1,815,332</u></u>

TAIMIDE TECH. INC.
Schedule of operating cost
For the year ended December 31, 2022

Schedule 11

Unit: In thousands of NTD

Item	Amount
Raw materials at the beginning of the year	\$ 113,803
Purchases during the year	573,814
Raw materials at the end of the year	(92,228)
Transfer as expenses	(19,747)
Consumption during the year	575,642
Direct labor	98,469
Manufacturing overheads	<u>825,725</u>
Manufacturing costs	1,499,836
Work in process at the beginning of the year	177,805
Work in process at the end of the year	(230,844)
Transfer as expenses	(840)
Cost of finished goods	1,445,957
Cost of finished goods at the beginning of the year	198,563
Cost of finished goods at the end of the year	(285,217)
Transfer as expenses	(27,787)
Cost of goods sold	<u>\$ 1,331,516</u>

TAIMIDE TECH. INC.
Schedule of operating expense
For the year ended December 31, 2022

Schedule 12

Unit: In thousands of NTD

Item	Selling expense	Administrative expense	Research and development expense
Salary expense	\$ 14,297	\$ 30,638	\$ 37,168
Export expense	2,823	-	103
Consumable expense	2,507	-	33,853
Sample expense	2,111	-	-
Freight expense	1,945	26	291
Service expense	185	8,196	3,804
Depreciation expense	144	16,808	38,779
Utilities expense	64	2,299	8,177
Profit-sharing remuneration for directors	-	4,966	-
Others (Note)	<u>6,177</u>	<u>29,945</u>	<u>25,758</u>
Total	<u>\$ 30,253</u>	<u>\$ 92,878</u>	<u>\$ 147,933</u>

Note: None of the balance of each item reached 5% of the balance of each account.

TAIMIDE TECH. INC.

Summary of employee benefits, depreciation and amortization expenses incurred during the period by function

For the Years Ended December 31, 2022 and 2021

Schedule 13

Unit: Thousands of NTD

	2022			2021		
	Classified as operating cost	Classified as operating expense	Total	Classified as operating cost	Classified as operating expense	Total
Employee benefit expense						
Salary expense	\$ 230,041	\$ 82,103	\$ 312,144	\$ 258,498	\$ 95,531	\$ 354,029
Labor and health insurance expense	21,494	7,641	29,135	22,287	7,569	29,856
Pension expense	8,439	3,586	12,025	8,370	3,366	11,736
Remuneration of directors	-	6,615	6,615	-	12,208	12,208
Other employee benefit expense	13,047	3,932	16,979	12,376	3,820	16,196
Total	<u>\$ 273,021</u>	<u>\$ 103,877</u>	<u>\$ 376,898</u>	<u>\$ 301,531</u>	<u>\$ 122,494</u>	<u>\$ 424,025</u>
Depreciation expense	<u>\$ 265,945</u>	<u>\$ 55,731</u>	<u>\$ 321,676</u>	<u>\$ 278,461</u>	<u>\$ 57,276</u>	<u>\$ 335,737</u>
Amortization expense	<u>\$ 2,562</u>	<u>\$ 1,505</u>	<u>\$ 4,067</u>	<u>\$ 2,543</u>	<u>\$ 1,582</u>	<u>\$ 4,125</u>

Note 1: Average number of employees in the current and previous years was 432 and 426, respectively, of which the number of directors who did not concurrently serve as employees was 7 for both years.

Note 2: For companies whose stocks are listed on the Taiwan Stock Exchange or traded over the counter on the Taipei Exchange, the following additional information should be disclosed.

- (1) Average employee benefit expense for 2022 was \$871 thousand ("Total employee benefit expense for 2022 - Total remuneration to directors" / "Number of employees for 2022 - Number of directors who did not concurrently serve as employees").
Average employee benefit expense for 2021 was \$983 thousand ("Total employee benefit expense for 2021 - Total remuneration to directors" / "Number of employees for 2021 - Number of directors who did not concurrently serve as employees").
- (2) Average employee salary expense for 2022 was \$734 thousand ("Total employee salary expense for 2022" / "Number of employees for 2022 - Number of directors who did not concurrently serve as employees").
Average employee salary expense for 2021 was \$845 thousand ("Total employee salary expense for 2021" / "Number of employees for 2021 - Number of directors who did not concurrently serve as employees").
- (3) Change in average employee salary expense was (13.14)% ("Average employee salary expense for 2022 - Average employee salary expense for 2021" / Average employee salary expense for 2021)
- (4) There was no supervisor for the year. Remuneration for supervisors was \$3,025 thousand for the previous year.
- (5) The remuneration policy for directors, managerial officers and employees is determined by the Remuneration Committee based on individual performance and market trends.