

Taiwan Mask Corporation and Subsidiaries
Consolidated Financial Statements and
Independent Auditor's Review Report
Q3 2023 and 2022
(Stock Code: 2338)

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Taiwan Mask Corporation and Subsidiaries
Q3 2022 and 2021 Consolidated Financial Statements and Independent Auditor's
Review Report
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Independent Auditor's Review Report

(2023) Cai-Shen-Bao-Zi No. 23001721

To Taiwan Mask Corporation,

Introduction

We have audited the accompanying consolidated balance sheets for the periods starting January 1 and ending September 30, 2023 and 2022, the consolidated statements of comprehensive income for the periods starting July 1 and ending September 30, 2023 and 2022 and starting January 1 and ending September 30, 2023 and 2022 and the consolidated statements of changes in equity and cash flows for the period starting January 1 and ending September 30, 2023 and 2022, as well as the notes to the consolidated financial statements (including the summary of significant accounting policies), for Taiwan Mask Corporation and subsidiaries (collectively referred to as the Group). The Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS No. 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope

Except as explained in the following paragraph, we conducted our reviews in accordance with Standards on Review Engagements No. 2410, "Review of Financial Statements" in the Republic of China. The procedures performed when reviewing the consolidated financial statements include inquiries (mainly inquiring personnel responsible for financial and accounting tasks), analytical procedures and other review

procedures. The scope of review is obviously smaller than that of audit. Therefore, the accountant may not be able to detect all the significant matters that can be identified through audit, so it is impossible to express an audit opinion.

Basis for qualified opinion

As stated in Note 4 (3) of the consolidated financial statements, the financial statements of the same period of some insignificant subsidiaries included in the abovementioned consolidated financial statements have not been reviewed by the CPA and the total amount of their assets as of September 30, 2023 and 2022 was NT\$2,780,513 thousand and NT\$1,625,626 thousand, accounting for 13.40% and 9.15% of the total consolidated assets, respectively; the total amount of their liabilities was NT\$2,175,435 thousand and NT\$957,255 thousand, accounting for 13.53% and 6.83% of the total consolidated liabilities, respectively; the total amount of comprehensive income for the three months ended September 30, 2023 and 2022 was NT\$(213,353) thousand and NT\$(157,984) thousand and that for the nine months ended September 30, 2023 and 2022 was NT\$(564,561) thousand and NT\$(359,708) thousand, accounting for 225.16%, (28.94%), (763.11%) and 249.06% the total consolidated comprehensive income, respectively. As stated in Notes 6 (6) to the Consolidated Financial Statements, the investment using the equity method is prepared based on the financial statements from each company for the same period not reviewed by an CPA. The balance of investments using the equity method as of September 30, 2023 and 2022 was NT\$91,336 thousand and NT\$139,099 thousand, accounting for 0.44% and 0.78% of the total consolidated assets, respectively; the share of losses of associates recognized using the equity method from July 1 to September 30, 2023 and 2022 was NT\$(22,518) thousand and NT\$(12,075) thousand and that from January 1 to September 30, 2023 and 2022 was NT\$(62,009) thousand and NT\$(46,801) thousand, accounting for 23.76%, (2.21%), (83.82%), and 32.41% of the consolidated comprehensive income, respectively.

Qualified opinion

According to our results of the review, except for the part described by the basis for qualified opinion that the financial statement of insignificant subsidiaries and the investments using the equity method may affect adjustments to the consolidated financial statements upon the CPA's review, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, the results of the consolidated financial operations from July 1 to September 30, 2023 and 2022 and that from January 1 to September 30, 2023 and 2022 and the consolidated cash flows from January 1 to September 30, 2023 and 2022 in conformity with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and IAS 34: interim financial reporting endorsed and issued into effect by the Financial Supervisory Commission of the Executive Yuan.

PricewaterhouseCoopers Taiwan

Ya-Hui Cheng

Accountant

Chien-Yu Liu

Securities and Futures Bureau of Financial Supervisory
Commission of the Executive Yuan

Approval Document for Attestation: Jin-Guan-Zheng-Liu-

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Zi No. 0960072936
Financial Supervisory Commission of the Executive Yuan
Approval Document for Attestation: Jin-Guan-Zheng-Shen-
Zi No. 1090350620

November 8, 2023

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheet
September 30, 2023 and December 31 and September 30, 2022

Unit: NT\$Thousand

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and Cash Equivalents	6(1)	\$ 1,740,198	8	\$ 1,749,957	10	\$ 2,064,158	12
1110	Financial Assets at Fair Value Through Profit or Loss - Current	6(2) and 8	1,530,653	7	1,584,598	9	2,457,885	14
1136	Financial Assets at Amortized Cost - Current	6(3) and 8	284,670	1	160,465	1	241,895	2
1140	Contract Asset - Current	6(22)	91,502	1	140,231	1	136,481	1
1150	Notes Receivables (Net)	6(4)	-	-	1,361	-	4,073	-
1170	Accounts Receivables (Net)	6(4)	1,404,648	7	1,501,012	8	1,654,423	9
1180	Accounts Receivables - Related Parties (Net)	6(4) and 7	-	-	2,346	-	5,660	-
1200	Other Receivables		67,529	-	13,751	-	17,629	-
1210	Other Receivables - Related Parties	7	2	-	-	-	1,575	-
1220	Tax Assets for the Period		146	-	42,652	-	40,064	-
130X	Inventories	6(5)	632,481	3	382,530	2	383,600	2
1410	Prepayments		308,949	2	280,245	2	220,598	1
1470	Other Current Assets		44,032	-	44,734	-	47,381	-
11XX	Total Current Assets		<u>6,104,810</u>	<u>29</u>	<u>5,903,882</u>	<u>33</u>	<u>7,275,422</u>	<u>41</u>
Non-Current Assets								
1510	Financial Assets at Fair Value Through Profit or Loss - Non-Current	6(2) and 8	2,849,090	14	2,896,557	16	2,314,854	13
1535	Financial Assets at Amortized Cost - Non-Current	6(3) and 8	563,124	3	507,602	3	257,826	1
1550	Investment under Equity Method	6(6) and 7	91,336	-	124,565	1	139,099	1
1600	Property, plant and equipment	6(7) and 8	8,769,770	42	5,883,661	33	5,215,581	29
1755	Right-of-use Asset	6(8)	559,437	3	550,611	3	562,993	3
1760	Investment property (Net)	6(10) and 8	171,347	1	170,346	1	171,163	1
1780	Intangible assets	6(11) and 8	727,082	4	497,180	3	467,312	3
1840	Deferred Income Tax Assets		22,097	-	9,365	-	7,419	-
1900	Other Non-Current Assets	6(12)	889,647	4	1,349,137	7	1,352,308	8
15XX	Total Non-Current Assets		<u>14,642,930</u>	<u>71</u>	<u>11,989,024</u>	<u>67</u>	<u>10,488,555</u>	<u>59</u>
1XXX	Total Assets		<u>\$ 20,747,740</u>	<u>100</u>	<u>\$ 17,892,906</u>	<u>100</u>	<u>\$ 17,763,977</u>	<u>100</u>

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheet
September 30, 2023 and December 31 and September 30, 2022

Unit: NT\$Thousand

Liabilities and Equities	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term Loans	6(13)	\$ 5,965,652	29	\$ 4,624,525	26	\$ 6,383,706	36
2120	Financial liabilities at fair value through profit or loss - Current	6(2)	9,551	-	5,697	-	16,766	-
2130	Contract Liabilities - Current	6(22)	181,774	1	232,778	1	334,526	2
2150	Notes Payable		69	-	81	-	293	-
2170	Accounts Payable		404,110	2	417,175	2	519,279	3
2180	Accounts payable - Related party	7	-	-	284	-	-	-
2200	Other Payables	6(14)	1,140,898	6	837,213	5	733,716	4
2220	Other Payables - Related Parties	7	30,100	-	-	-	-	-
2230	Current Income Tax Liabilities		16,750	-	178,854	1	62,427	-
2250	Provision for Liabilities - Current		-	-	-	-	10,739	-
2280	Lease Liability - Current		40,922	-	32,571	-	33,025	-
2320	Long-term liabilities due within one year or one business cycle	6(16)	920,932	4	611,473	4	145,618	1
2399	Other Current Liabilities - Other		191,995	1	39,114	-	74,805	1
21XX	Total Current Liabilities		<u>8,902,753</u>	<u>43</u>	<u>6,979,765</u>	<u>39</u>	<u>8,314,900</u>	<u>47</u>
Non-current liabilities								
2530	Corporate bonds payable	6(15)	2,921,518	14	2,609,044	14	2,170,551	12
2540	Long-term borrowings	6(16)	3,528,841	17	3,167,974	18	2,797,632	16
2570	Deferred Income Tax Liabilities		134,358	1	121,124	1	136,266	1
2580	Lease liability - Non-Current		530,159	2	527,098	3	538,142	3
2640	Defined Benefit Liabilities - Non-Current		11,397	-	16,512	-	14,102	-
2645	Guarantee Deposits Received		46,976	-	34,754	-	38,164	-
2670	Other Non-Current Liabilities - Other		2,271	-	2,428	-	12,343	-
25XX	Total Non-Current Liabilities		<u>7,175,520</u>	<u>34</u>	<u>6,478,934</u>	<u>36</u>	<u>5,707,200</u>	<u>32</u>
2XXX	Total Liabilities		<u>16,078,273</u>	<u>77</u>	<u>13,458,699</u>	<u>75</u>	<u>14,022,100</u>	<u>79</u>
Equity attributable to shareholders of the parent company								
Capital								
3110	Capital stock	6(18)	2,564,465	12	2,564,465	14	2,556,735	14
3200	Capital surplus	6(19)	1,304,928	7	1,251,681	8	1,193,229	7
3310	Retained earnings	6(20)	827,460	4	769,952	4	769,952	4
3350	Legal reserve		1,321,995	7	1,729,293	10	1,009,049	6
3400	Unappropriated earnings		12,162	-	10,508	-	17,242	-
3500	Other equity interests	6(21)	(1,174,484)	(6)	(1,778,979)	(10)	(1,778,979)	(10)
31XX	Total Equities Attributable to Parent Company		<u>4,856,526</u>	<u>24</u>	<u>4,546,920</u>	<u>26</u>	<u>3,767,228</u>	<u>21</u>
36XX	Non-controlling Interests		<u>(187,059)</u>	<u>(1)</u>	<u>(112,713)</u>	<u>(1)</u>	<u>(25,351)</u>	<u>-</u>
3XXX	Total Equities		<u>4,669,467</u>	<u>23</u>	<u>4,434,207</u>	<u>25</u>	<u>3,741,877</u>	<u>21</u>
Major Commitments and Contingencies								
Major Events after Financial Statement Date								
3X2X	Total Liabilities and Equities		<u>\$ 20,747,740</u>	<u>100</u>	<u>\$ 17,892,906</u>	<u>100</u>	<u>\$ 17,763,977</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairperson: Sean Chen

Managerial Officer: Lidon Chen

Accounting Officer: Eve Yang

Taiwan Mask Corporation and Subsidiaries
Consolidated Comprehensive Income Statement
January 1 to September 30, 2023, and 2022

Unit: NT\$Thousand
(Except for earnings (loss) per share in NT\$)

Items	Notes	July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating income	6(22) and 7	\$ 1,955,017	100	\$ 2,068,331	100	\$ 5,318,498	100	\$ 5,770,144	100
5000	Operating costs	6(5) and 7	(1,455,474)	(75)	(1,526,750)	(74)	(3,919,715)	(74)	(4,207,214)	(73)
5900	Gross profit		499,543	25	541,581	26	1,398,783	26	1,562,930	27
	Operating Expenses	6(27) (28) and 7								
6100	Selling Expenses		(74,508)	(4)	(58,977)	(3)	(201,851)	(4)	(154,692)	(3)
6200	Administrative Expenses		(157,688)	(8)	(98,980)	(5)	(387,694)	(7)	(271,234)	(5)
6300	R&D Expenses		(89,016)	(4)	(77,518)	(4)	(268,298)	(5)	(183,887)	(3)
6450	Expected Credit Impairment	12(2)								
	Benefit (Loss)		1,084	-	(1,780)	-	(6,492)	-	(6,382)	-
6000	Total Operating Expenses		(320,128)	(16)	(237,255)	(12)	(864,335)	(16)	(616,195)	(11)
6900	Operating profit		179,415	9	304,326	14	534,448	10	946,735	16
	Non-operating income and expenses									
7100	Interest income	6(23)	9,598	1	3,548	-	30,331	1	7,233	-
7010	Other Incomes	6(24) and 7	6,787	-	62,204	3	126,790	2	243,010	4
7020	Other Gains and Losses	6(25)	(137,028)	(7)	220,206	11	(115,825)	(2)	(1,060,888)	(18)
7050	Financial Costs	6(26)	(81,220)	(4)	(50,168)	(2)	(211,348)	(4)	(126,344)	(2)
7060	The share of affiliates and joint venture profits and losses recognized by the equity method	6(6)								
			(22,518)	(1)	(12,075)	(1)	(62,009)	(1)	(46,801)	(1)
7000	Total Non-Operating Incomes and Losses		(224,381)	(11)	223,715	11	(232,061)	(4)	(983,790)	(17)
7900	Net profit (loss) before tax		(44,966)	(2)	528,041	25	302,387	6	(37,055)	(1)
7950	Income tax expense (or benefit)	6(29)	(64,768)	(4)	13,761	1	(230,059)	(5)	(120,580)	(2)
8200	Net profit (loss) for the period		(\$ 109,734)	(6)	\$ 541,802	26	\$ 72,328	1	(\$ 157,635)	(3)
	Other Comprehensive Incomes (Net)									
8361	Financial statement translation differences of foreign operations	6(21)	\$ 14,977	1	\$ 4,161	-	\$ 1,654	-	\$ 13,210	-
8360	Total Components of other comprehensive income that will be reclassified to profit or loss		14,977	1	4,161	-	1,654	-	13,210	-
8300	Other Comprehensive Incomes (Net)		\$ 14,977	1	\$ 4,161	-	\$ 1,654	-	\$ 13,210	-
8500	Total comprehensive income for the year		(\$ 94,757)	(5)	\$ 545,963	26	\$ 73,982	1	(\$ 144,425)	(3)
	Net Incomes (Losses) Attributable to:									
8610	Parent Company		(\$ 85,519)	(5)	\$ 599,552	29	\$ 222,875	4	\$ 21,756	-
8620	Non-controlling Interests		(24,215)	(1)	(57,750)	(3)	(150,547)	(3)	(179,391)	(3)
	Total		(\$ 109,734)	(6)	\$ 541,802	26	\$ 72,328	1	(\$ 157,635)	(3)
	Total Comprehensive Incomes (Losses) Attributable to:									
8710	Parent Company		(\$ 70,542)	(4)	\$ 603,713	29	\$ 224,529	4	\$ 34,966	-
8720	Non-controlling Interests		(24,215)	(1)	(57,750)	(3)	(150,547)	(3)	(179,391)	(3)
	Total		(\$ 94,757)	(5)	\$ 545,963	26	\$ 73,982	1	(\$ 144,425)	(3)
	Basic earnings (loss) per share	6(30)								
9750	Net (loss) profit for the period		(\$ 0.40)		\$ 2.93		\$ 1.07		\$ 0.10	
	Diluted earnings (loss) per share	6(30)								
9850	Net (loss) profit for the period		(\$ 0.40)		\$ 2.92		\$ 1.02		\$ 0.10	

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairperson: Sean Chen

Managerial Officer: Lidon Chen

Accounting Officer: Eve Yang

Taiwan Mask Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to September 30, 2023, and 2022

Unit: NT\$Thousand

	Equity attributable to shareholders of the parent company											
	Notes	Retained earnings				Other equity interests					Non-controlling Interests	Total Equity
		Capital stock	Capital surplus	Legal reserve	Unappropriated earnings	Financial statement translation differences of foreign operations	Unrealized gain (loss) on investments on financial assets at fair value through other comprehensive income	Treasury stock	Total			
January 1 to September 30, 2022												
Balance January 1, 2022		\$ 2,556,735	\$ 1,315,828	\$ 656,037	\$ 1,470,151	\$ 6,698	(\$ 2,666)	(\$ 941,423)	\$ 5,061,360	(\$ 187,509)	\$ 4,873,851	
Net Income		-	-	-	21,756	-	-	-	21,756	(179,391)	(157,635)	
Other Comprehensive Profit or Loss	6(21)	-	-	-	-	13,210	-	-	13,210	-	13,210	
Total comprehensive income for the year		-	-	-	21,756	13,210	-	-	34,966	(179,391)	(144,425)	
Distribution and appropriation of earnings for 2021	6(20)	-	-	-	-	-	-	-	-	-	-	
Legal capital reserve		-	-	113,915	(113,915)	-	-	-	-	-	-	
Cash dividends		-	-	-	(241,189)	-	-	(241,189)	-	-	(241,189)	
Distribution of cash from capital surplus	6 (19)(20)	-	(241,189)	-	-	-	-	(241,189)	-	-	(241,189)	
Adjustment of capital reserve by dividends paid to subsidiaries	6(19)	-	73,463	-	-	-	-	-	73,463	-	73,463	
Changes in ownership interests in subsidiaries recognized	6(19)	-	7,189	-	(127,754)	-	-	-	(120,565)	139,079	18,514	
Changes in shares of affiliates and joint ventures recognized under the equity method	6(19)	-	21,107	-	-	-	-	-	21,107	-	21,107	
Share-based payment transaction	6 (18)(19)	-	16,831	-	-	-	-	-	16,831	2,230	19,061	
Treasury Stock Buyback	6(18)	-	-	-	-	-	-	(842,536)	(842,536)	-	(842,536)	
Treasury stock donation	6(18)	-	-	-	-	-	-	4,980	4,980	-	4,980	
Cash increase of non-controlling equity in Subsidiaries		-	-	-	-	-	-	-	-	200,240	200,240	
Balance as of September 30, 2022		\$ 2,556,735	\$ 1,193,229	\$ 769,952	\$ 1,009,049	\$ 19,908	(\$ 2,666)	(\$ 1,778,979)	\$ 3,767,228	(\$ 25,351)	\$ 3,741,877	
January 1 to September 30, 2023												
Balance as at January 1, 2023		\$ 2,564,465	\$ 1,251,681	\$ 769,952	\$ 1,729,293	\$ 13,174	(\$ 2,666)	(\$ 1,778,979)	\$ 4,546,920	(\$ 112,713)	\$ 4,434,207	
Net profit for the period		-	-	-	222,875	-	-	-	222,875	(150,547)	72,328	
Other Comprehensive Profit or Loss	6(21)	-	-	-	-	1,654	-	-	1,654	-	1,654	
Total comprehensive income for the year		-	-	-	222,875	1,654	-	-	224,529	(150,547)	73,982	
Distribution and appropriation of earnings for 2022	6(20)	-	-	-	-	-	-	-	-	-	-	
Legal capital reserve		-	-	57,508	(57,508)	-	-	-	-	-	-	
Cash dividends		-	-	-	(572,665)	-	-	(572,665)	-	-	(572,665)	
Distribution of cash from capital surplus	6 (19)(20)	-	(49,797)	-	-	-	-	(49,797)	-	-	(49,797)	
Adjustment of capital reserve by dividends paid to subsidiaries	6(19)	-	90,829	-	-	-	-	-	90,829	-	90,829	
Changes in ownership interests in subsidiaries recognized	6(19)	-	(1,429)	-	-	-	-	(1,429)	-	-	(1,429)	
Changes in shares of affiliates and joint ventures recognized under the equity method	6(19)	-	13,793	-	-	-	-	-	13,793	-	13,793	
Subsidiaries donated treasury stock	6(18)	-	-	-	-	-	-	12,807	12,807	-	12,807	
Treasury stocks transfer to employees	6(18)	-	-	-	-	-	-	591,688	591,688	-	591,688	
Payment of overdue unclaimed dividends to shareholders	6(19)	-	(149)	-	-	-	-	(149)	-	-	(149)	
Increase in non-controlling interests in mergers		-	-	-	-	-	-	-	-	76,201	76,201	
Balance as at September 30, 2023		\$ 2,564,465	\$ 1,304,928	\$ 827,460	\$ 1,321,995	\$ 14,828	(\$ 2,666)	(\$ 1,174,484)	\$ 4,856,526	(\$ 187,059)	\$ 4,669,467	

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairman: Sean Chen

Managerial Officer: Lidon Chen

Accounting Officer: Eve Yang

Taiwan Mask Corporation and Subsidiaries
Consolidated Cash Flow Statements
January 1 to September 30, 2023, and 2022

Unit: NT\$Thousand

	Notes	January 1 to September 30, 2023	January 1 to September 30, 2022
Cash Flow from Operating Activities			
Net income before tax (loss)		\$ 302,387	(\$ 37,055)
Adjustments to Reconcile Net Income to Net Cash Flow from Operating Activities			
Revenues and Expenses			
Depreciation	6(27)	668,037	393,447
Amortization	6(27)	38,664	35,264
Expected loss on credit impairment	12(2)	6,492	6,382
Interest income	6(23)	(30,331)	(7,233)
Interest Incomes	6(26)	211,348	126,344
Subsidiaries donated treasury stock	7	12,807	4,980
Net losses of financial assets at fair value through profit or loss	6(25)	310,070	1,052,363
Loss (gain) on disposal of investments	6(25)	(101,102)	135,269
Dividend income		(94,064)	(194,598)
Share-based payment transaction	6(18)	-	19,061
Share of losses of affiliated companies recognized under the equity method	6(6)	62,009	46,801
Disposal of interests in property, plant and equipment	6(25)	(1,201)	(5,917)
Gains on disposal of intangible assets	6(25)	(58,270)	-
The Changes of Assets/ Liabilities related to Operating Activities			
Net Changes of Assets related to Operating Activities			
Mandatory financial assets at fair value through profit or loss		(103,702)	(797,911)
Contract Assets		48,729	19,282
Notes Receivables		1,445	(4,010)
Accounts Receivables		106,080	(397,057)
Accounts Receivables – Related Parties		2,346	11,152
Other Receivables		(28,613)	-
Other Receivables – Related Parties		(2)	50,859
Inventories		(181,425)	20,117
Prepayments		(23,063)	(98,732)
Other Current Assets		2,653	(17,484)
Other Non-Current Assets		28,807	2,158
Net Changes of Liabilities related to Operating Activities			
Contract Liabilities		(60,490)	155,211
Notes Payable		(79,732)	227
Accounts Payable		(31,956)	42,047
Accounts payable - Related party		(284)	-
Other Payables		31,006	(111,637)
Provisions		-	(225)
Other Current Liabilities		54,313	35,524
Defined Benefit Liabilities		(5,115)	(897)
Other Current Liabilities		(4,957)	(88,303)
Net Cash In-Flow from Operating		1,082,886	395,429
Interest Received		30,331	6,167
Interest Paid		(189,662)	(121,003)
Income Tax Paid		(239,663)	(202,534)
Dividends Received		94,064	194,598
Net Cash In-Flow from Operating Activities		<u>777,956</u>	<u>272,657</u>

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Cash Flow Statements
January 1 to September 30, 2023, and 2022

Unit: NT\$Thousand

	Notes	January 1 to September 30, 2023	January 1 to September 30, 2022
<u>Cash Flow from Investment Activities</u>			
Acquisition of Amortized Cost Financial Assets		(\$ 565,796)	(\$ 421,458)
Disposal of Amortized Cost Financial Assets		393,272	-
Cash outflows from changes in consolidated entities	6(31)	(78,027)	-
Acquisition of investment property by the Equity Method		(15,000)	-
Acquisition of Property, Plants and Equipment	6 (32)	(2,869,706)	(2,090,000)
Disposal of Property, Plants and Equipment		7,115	5,942
Acquisition of Intangible Assets	6(11)	(28,816)	(5,772)
Gains on disposal of intangible assets		59,814	-
Increase in Refundable Deposit		(25,330)	(40,847)
Net Cash Outflow from Investing Activities		(3,122,474)	(2,552,135)
<u>Cash Flows from Financing Activities</u>			
Increase of Short-term Loan	6 (33)	5,700,853	3,236,011
Redemption of Short-term Loan	6 (33)	(4,461,074)	(1,229,071)
Increase of Long-term Loan	6 (33)	1,435,413	277,784
Redemption of Long-term Loan	6 (33)	(764,610)	(56,733)
Issuance of ordinary/convertible corporate bonds	6 (33)	298,885	498,484
Other Payables- related Parties		30,100	-
Treasury stocks transfer to employees		591,688	-
Treasury stock buyback cost		-	(842,536)
Redemption of Lease Principal	6 (33)	(38,303)	(60,083)
Increase in Guarantee Deposits Received	6 (33)	17,765	33,270
Decrease of Guarantee Deposits Received	6 (33)	(5,543)	(2,014)
Distribution of cash dividends (including capital surplus distribution cash)		(531,633)	(408,915)
Cash increase of non-controlling equity in Subsidiaries		98,000	200,240
Payment of overdue unclaimed dividends		(149)	-
Net Cash In-Flow (Out-Flow) from Funding Activities		2,371,392	1,646,437
Adjustments of Exchange Rate		(36,633)	15,380
Increase (Decrease) in Cash and Cash Equivalents		(9,759)	(617,661)
Beginning Balance of Cash and Cash Equivalents	6(1)	1,749,957	2,681,819
Ending Balance of Cash and Cash Equivalents	6(1)	\$ 1,740,198	\$ 2,064,158

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairperson: Sean Chen

Managerial Officer: Lidon Chen

Accounting Officer: Eve Yang

Taiwan Mask Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
Q3 2023 and 2022

Unit: NT\$Thousand
(Unless otherwise specified)

I. Company History

Taiwan Mask Corporation (hereinafter referred to as the "Company") was established on October 21, 1988, and started its operations in March 1989. The Company was approved by the shareholders meeting on June 12, 2000 to acquire Shin-Tai Technology Co., Ltd., on the merger record date of December 1, 2000, with the Company being the surviving entity. The Company and its subsidiary (collectively referred to as the "Group") mainly engage in the research, development, manufacturing and sales of photomask and integrated circuits, providing technical assistance, consultation, inspection and repair of the abovementioned products, and manufacturing and buying and selling of medical equipment.

II. Date and procedures for passing the financial statement

The consolidated financial statements were reported to the Board of Directors and issued on November 8, 2023.

III. Application of New and Revised International Financial Reporting Standards

(I) The impact from adopting the newly released and revised IFRS recognized and issued into effect by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized and issued into effect by the Financial Supervisory Commission in 2023:

<u>Newly released/corrected/amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IAS 1 - "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12, "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023
Amendment to IAS 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(II) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2024:

<u>Newly released/corrected/amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 - "Liabilities of Lease from the Leaseback"	January 1, 2024
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendment to IAS 1 "Non-Current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(III) IFRSs issued by the IASB but not yet recognized by the FSC.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS issued by the IASB but not yet recognized by the FSC:

<u>New/amended/revised standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 - "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by the IASB
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 - Insurance contracts	January 1, 2023
Amendments to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

IV. Summary of Significant Accounting Policies

Significant accounting policies are the same as those in Note 4 of the 2022 consolidated financial statements, except for the compliance statements, basis of preparation, basis of consolidation, and applicable parts of interim financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

1. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IAS No. 34, "Interim Financial Reporting" as endorsed by the FSC.

2. The consolidated financial statement should be read in conjunction with the 2022 consolidated financial statement.

(II) Basis of Preparation

1. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention.

(1) Financial assets and financial liabilities at fair value through profit or loss (including derivatives).

(2) Financial Assets at Fair Value Through Other Comprehensive Income.

(3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with IFRS, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. The basis for preparation of consolidated financial statements

The principles for preparing the consolidated financial statement are the same as those of the 2022 consolidated financial statement.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activity	Ownership (%)			Explanation
			September 30, 2023	December 31, 2022	September 30, 2022	
Taiwan Mask Corporation	SunnyLake Park International Holding, Inc.	Name of Investor	100	100	100	Note 7
Taiwan Mask Corporation	Youe Chung Capital Corporation	Name of Investor	100	100	100	
Taiwan Mask Corporation	Miracle Technology CO., LTD.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	100	
Taiwan Mask Corporation	Innova Vision INC.	Manufacturing, retail, wholesale and international trade of medical equipment	91.53	91.53	91.53	Note 7
Taiwan Mask Corporation	One Test Systems	Research, development and design of test equipment and related components	100	-	-	Note 3, Note 7
Youe Chung Capital Corporation	Innova Vision INC.	Manufacturing, retail, wholesale and international trade of medical equipment	0.23	0.23	0.23	Note 7

Name of Investor	Name of Subsidiary	Main Business Activity	Ownership (%)			Explanation
			September 30, 2023	December 31, 2022	September 30, 2022	
Youe Chung Capital Corporation	Aptos Technology INC.	Design, packaging and testing of NAND flash memory, solid state drives and the related products	47.19	47.19	47.19	Note 4, Note 7
Youe Chung Capital Corporation	Xsense Technology Corporation	Name of Investor	100	100	52.93	Note 5, Note 7
Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Precious metal coating	53.00	53.00	-	Note 5, Note 7
Xsense Technology Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Precious metal coating	-	-	100	Note 5, Note 7
Youe Chung Capital Corporation	Digital-Can Tech. Co., Ltd.	3D Printing and Plastic Mold Design	57.39	57.39	57.39	Note 7
Youe Chung Capital Corporation	Pilot Battery Co., Ltd.	Electronic parts and components and energy technical services	58.33	-	-	Note 1, Note 7
Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Retail and wholesale of memory products	53.33	-	-	Note 2, Note 7
Aptos Technology INC.	ADL Energy Corp	Electronic parts and components and energy technical services	100	100	100	Note 7
Aptos Technology INC.	New Sunrise Limited	Name of Investor	100	100	100	Note 7
ADL Energy Corp	Aptos Global Holding Corp.	Name of Investor	100	100	100	Note 7
Miracle Technology CO., LTD.	Jing Hao Investment Co., Ltd.	Name of Investor	100	100	100	
Miracle Technology CO., LTD.	Miracle International Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	100	
Jing Hao Investment Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	100	
Jing Hao Investment Co., Ltd.	MIKO Technology Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	100	
Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	79.17	79.17	79.17	
Miracle International Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	20.83	20.83	20.83	
Innova Vision INC.	Innova Technology	Medical equipment retail and wholesale	100	100	100	Note 7
Innova Vision INC.	Innova Vision (B.V.I.) Inc.	Name of Investor	100	100	100	Note 7
Innova Vision INC.	iPro Vision Inc.	Medical equipment retail and wholesale	52.03	52.03	52.03	Note 6, Note 7
Innova Vision (B.V.I.) Inc.	iPro Vision Inc.	Medical equipment retail and wholesale	47.97	47.97	47.97	Note 6, Note 7

Note 1: In March 2023, the Company's subsidiary, Youe Chung Capital Corporation, invested in Pilot Battery Co., Ltd. with 58.33% shareholding.

Note 2: In March 2023, the Company's subsidiary, Youe Chung Capital Corporation, invested in Moment Semiconductor, Inc. with 53.33% shareholding.

Aggregate financial information of subsidiaries:

Balance Sheet

	<u>Aptos Technology and its subsidiaries</u>		
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current assets	\$ 510,664	\$ 339,417	\$ 396,108
Non-Current Assets	526,442	579,075	580,619
Current liabilities	(1,044,881)	(679,551)	(822,646)
Non-current liabilities	(383,451)	(429,397)	(235,906)
Total net assets	<u>(\$ 391,226)</u>	<u>(\$ 190,456)</u>	<u>(\$ 81,825)</u>

Statement of Comprehensive Income

	<u>Aptos Technology and its subsidiaries</u>	
	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Revenue	\$ 268,529	\$ 205,115
Net loss before taxes	(25,087)	(82,923)
Income tax benefits	-	-
Net loss of current period		
from continuing operations	(25,087)	(82,923)
Net loss for the period	(25,087)	(82,923)
Other comprehensive income		
(net after tax)	-	-
Total comprehensive income		
for the year	<u>(\$ 25,087)</u>	<u>(\$ 82,923)</u>

	<u>Aptos Technology and its subsidiaries</u>	
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Revenue	\$ 443,345	\$ 561,680
Net loss before taxes	(203,491)	(186,846)
Income tax benefits	15	-
Net loss of current		
period from continuing		
operations	(203,476)	(186,846)
Net loss for the period	(203,476)	(186,846)
Other comprehensive		
income (net after tax)	-	-
Total comprehensive		
income for the year	<u>(\$ 203,476)</u>	<u>(\$ 186,846)</u>

Statements of Cash Flows

	<u>Aptos Technology and its subsidiaries</u>	
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Net cash outflow from operating activities	(\$ 268,786)	(\$ 545,409)
Cash In-Flow (Out-Flow) from Investing Activities	96,695	(66,088)
Net Cash In-Flow (Out-Flow) from Funding Activities	<u>231,378</u>	<u>643,600</u>
Increase (Decrease) of Cash and Cash Equivalents	59,287	32,103
Beginning Balance of Cash and Cash Equivalents	<u>18,461</u>	<u>34,148</u>
Ending Balance of Cash and Cash Equivalents	<u>\$ 77,748</u>	<u>\$ 66,251</u>

(IV) Employee benefits

Pensions

Defined benefit plans

The calculation of pension cost during the interim period adopts the pension cost rate determined by actuarial calculations at the end of the previous financial year, and is based on the beginning of the year to the end of the current period. If there are major market changes and major reductions, liquidation or other major one-off events after the end date, adjustments shall be made and relevant information shall be disclosed in accordance with the abovementioned policies.

(V) Income tax

Income tax expenses of the interim period are calculated based on the estimated annual average effective tax rate applied to the pre-tax profit and loss of the interim period, and the relevant information shall be disclosed in accordance with the aforementioned policies.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

There are no major changes, please refer to Note 5 of 2022 consolidated financial statements.

VI. Summary of Significant Accounting Items

(I) Cash and Cash Equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand	\$ 830	\$ 612	\$ 374
Checking accounts and demand deposits	1,319,074	1,012,305	1,460,484
Time deposits	<u>420,294</u>	<u>737,040</u>	<u>603,300</u>
Total	<u>\$ 1,740,198</u>	<u>\$ 1,749,957</u>	<u>\$ 2,064,158</u>

1. The Group associates with a variety of financial institutions all with high credit quality to

disperse credit risk, so it expects that the probability of counterparty default is remote.

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

(II) Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Mandatory financial assets at fair value through profit or loss			
Shares of listed and OTC company	\$ 1,351,034	\$ 1,254,041	\$ 2,008,537
Beneficiary certificates	<u>500</u>	<u>500</u>	<u>500</u>
	1,351,534	1,254,541	2,009,037
Valuation adjustment	<u>179,119</u>	<u>330,057</u>	<u>448,848</u>
	<u>\$ 1,530,653</u>	<u>\$ 1,584,598</u>	<u>\$ 2,457,885</u>
Financial liabilities mandatorily measured at fair value through profit or loss			
Convertible bond call/put options	<u>\$ 9,551</u>	<u>\$ 5,697</u>	<u>\$ 16,766</u>
Non-current items:			
Mandatory financial assets at fair value through profit or loss			
Shares of listed and OTC company	\$ 2,702,004	\$ 2,596,725	\$ 2,367,003
Not listed, OTC or emerging stock board stocks	117,871	115,338	117,440
Private equity	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
	2,839,875	2,732,063	2,504,443
Valuation adjustment	<u>9,215</u>	<u>164,494</u>	<u>(189,589)</u>
	<u>\$ 2,849,090</u>	<u>\$ 2,896,557</u>	<u>\$ 2,314,854</u>

1. Details of financial assets/liabilities at fair value through profit or loss recognized in profit or loss are as follows:

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Shares of listed and OTC company and Convertible bond call/put options	(\$ <u>216,215</u>)	\$ <u>133,777</u>
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Shares of listed and OTC company and Convertible bond call/put options	(\$ <u>208,968</u>)	(\$ <u>1,187,632</u>)

2. Please see Note 8 on how the Group provides financial assets at fair value through profit or loss as a pledged collateral.
3. Please see Note 12 (2) and (3) for the price risk and fair value information related to financial assets and liabilities at fair value through profit or loss.

(III) Financial assets measured at amortized cost

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Demand Deposit	\$ 161,460	\$ 102,500	\$ 169,354
Time deposits	<u>123,210</u>	<u>57,965</u>	<u>72,541</u>
	<u>\$ 284,670</u>	<u>\$ 160,465</u>	<u>\$ 241,895</u>
Non-current items:			
Demand Deposit	\$ 4,000	\$ 22,383	\$ 70,235
Time deposits	<u>559,124</u>	<u>485,219</u>	<u>187,591</u>
Total	<u>\$ 563,124</u>	<u>\$ 507,602</u>	<u>\$ 257,826</u>

1. Financial assets at amortized cost is recognized in the profit or loss shown as follows:

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Interest income	\$ <u>2,259</u>	\$ <u>402</u>
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Interest income	\$ <u>6,205</u>	\$ <u>468</u>

2. As of September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$847,794, \$668,067 and \$449,721, respectively.
3. Please see Note 8 on how the Group provides financial assets at amortized cost as a pledged collateral.

(VI) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes Receivables	\$ -	\$ 1,361	\$ 4,073
Accounts Receivables	\$ 1,431,338	\$ 1,521,609	\$ 1,670,844
Accounts Receivables – Related Parties	-	2,346	5,660
	1,431,338	1,523,955	1,676,504
Less: Loss allowance	(26,690)	(20,597)	(16,421)
	<u>\$ 1,404,648</u>	<u>\$ 1,503,358</u>	<u>\$ 1,660,083</u>

1. Aging of accounts receivable notes receivable is as follows:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts Receivables</u>	<u>Notes Receivables</u>	<u>Accounts Receivables</u>	<u>Notes Receivables</u>
Not past due	\$ 1,079,084	\$ -	\$ 1,188,466	\$ 1,361
Up to 30 days	253,046	-	224,106	-
31-90 days	64,455	-	85,210	-
91-180 days	13,236	-	14,582	-
More than 181 days past due	<u>21,517</u>	<u>-</u>	<u>11,591</u>	<u>-</u>
	<u>\$ 1,431,338</u>	<u>\$ -</u>	<u>\$ 1,523,955</u>	<u>\$ 1,361</u>
			<u>September 30, 2022</u>	
			<u>Accounts Receivables</u>	<u>Notes Receivables</u>
Not past due			\$ 1,363,436	\$ 4,073
Up to 30 days			210,934	-
31-90 days			79,714	-
91-180 days			7,787	-
More than 181 days past due			<u>14,633</u>	<u>-</u>
			<u>\$ 1,676,504</u>	<u>\$ 4,073</u>

The above is an aging report based on the number of days past due.

2. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balances of accounts receivable and notes receivable were generated from customer contracts. As of January 1, 2022, the balance of receivables under customer contracts was \$1,280,623.
3. As of September 30, 2023, December 31, 2022 and September 30, 2022, without taking into

account any collateral held or credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$1,404,648, \$1,503,358 and \$1,660,083, respectively.

4. Please refer to Note 12 (2) for the information on credit risk of accounts receivable.

(V) Inventories

	<u>September 30, 2023</u>		
	<u>Cost</u>	<u>Loss allowance on decline in market value of inventories</u>	<u>Book value</u>
Raw materials	\$ 246,453	(\$ 60,842)	\$ 185,611
Work in process	155,039	(14,870)	140,169
Finished goods	216,340	(34,722)	181,618
Merchandise	<u>131,696</u>	<u>(6,613)</u>	<u>125,083</u>
Total	<u>\$ 749,528</u>	<u>(\$ 117,047)</u>	<u>\$ 632,481</u>

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Loss allowance on decline in market value of inventories</u>	<u>Book value</u>
Raw materials	\$ 257,443	(\$ 77,998)	\$ 179,445
Work in process	84,578	(9,468)	75,110
Finished goods	74,560	(37,618)	36,942
Merchandise	<u>98,708</u>	<u>(7,675)</u>	<u>91,033</u>
Total	<u>\$ 515,289</u>	<u>(\$ 132,759)</u>	<u>\$ 382,530</u>

	<u>September 30, 2022</u>		
	<u>Cost</u>	<u>Loss allowance on decline in market value of inventories</u>	<u>Book value</u>
Raw materials	\$ 262,250	(\$ 71,084)	\$ 191,166
Work in process	104,225	(10,940)	93,285
Finished goods	94,237	(38,657)	55,580
Merchandise	<u>45,052</u>	<u>(1,483)</u>	<u>43,569</u>
Total	<u>\$ 505,764</u>	<u>(\$ 122,164)</u>	<u>\$ 383,600</u>

The cost of inventories recognized as losses by the Corporate Group.

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Cost of shipped inventory	\$ 1,481,045	\$ 1,526,655
Gains on reversal of inventory write-downs and obsolescence	(8,256)	(11,074)
Revenue from sales of leftovers	<u>(17,315)</u>	<u>(11,169)</u>
	<u>\$ 1,455,474</u>	<u>\$ 1,526,750</u>
	<u>January 1 to September 30, 2023</u>	<u>September 1 to September 30, 2022</u>
Cost of shipped inventory	\$ 3,964,631	\$ 4,179,750
Gains on reversal of inventory write-downs and obsolescence	(23,040)	16,295
Revenue from sales of leftovers	<u>(21,876)</u>	<u>11,169</u>
	<u>\$ 3,919,715</u>	<u>\$ 4,207,214</u>

From July 1 to September 30, 2023 and January 1 to September 30, 2023, part of the inventory for which the provision for impairment losses had been made in the previous period was sold, resulting in a recovery in the net realizable value of the inventory, which was recognized as a decrease in operating costs.

(VI) Investment under Equity Method

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Affiliates:			
Advagene Biopharma Co., Ltd.	\$ 49,586	\$ 40,485	\$ 48,839
Weida Hi-Tech Co., Ltd.	<u>41,750</u>	<u>84,080</u>	<u>90,260</u>
	<u>\$ 91,336</u>	<u>\$ 124,565</u>	<u>\$ 139,099</u>

The book value and the share of operating results of each of the Group's insignificant affiliates are summarized as follows:

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Net loss of current period from continuing operations	<u>(\$ 22,518)</u>	<u>(\$ 12,075)</u>
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Net loss of current period from continuing operations	<u>(\$ 62,009)</u>	<u>(\$ 46,801)</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group held 29.54%, 30.73% and 30.73% of shares of Advagene Biopharma Co., Ltd., respectively, and

28.20%, 28.20% and 28.20% of shares of Weida Hi-Tech Co., Ltd., respectively, making it the single largest shareholder in each case. However, the Group did not hold a majority of the board of directors' seats and therefore did not participate in all operational decisions and business policies including strategic decisions (e.g., financing, acquisition, personnel and dividend policies, etc.) of Advagene Biopharma Co., Ltd. Weida Hi-Tech Co., Ltd. The Group's shareholdings alone did not meet the required attendance rate at shareholders' meetings, indicating that the Group has no power to direct relevant activities and therefore the Group does not have control over the company and has only significant influence.

(VII) Property, plant and equipment

	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Mold equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2023								
Cost	\$ 2,538,391	\$ 5,286,246	\$ 65,406	\$ 8,466	\$ 313,370	\$ 595,668	\$ 538,013	\$ 9,345,560
Accumulated depreciation	(737,646)	(2,144,752)	(34,354)	(5,556)	(295,689)	(243,902)	-	(3,461,899)
	<u>\$ 1,800,745</u>	<u>\$ 3,141,494</u>	<u>\$ 31,052</u>	<u>\$ 2,910</u>	<u>\$ 17,681</u>	<u>\$ 351,766</u>	<u>\$ 538,013</u>	<u>\$ 5,883,661</u>
<u>2023</u>								
January 1	\$ 1,800,745	\$ 3,141,494	\$ 31,052	\$ 2,910	\$ 17,681	\$ 351,766	\$ 538,013	\$ 5,883,661
Add - Cost	136,287	2,446,834	12,701	2,165	11,553	172,977	773,606	3,556,123
Disposals - Cost	-	(28,392)	(458)	-	-	(125,109)	-	(153,959)
Disposal - Accumulated depreciation	-	22,478	458	-	-	125,109	-	148,045
Depreciation	(147,990)	(392,959)	(11,437)	(929)	(5,698)	(65,410)	-	(624,423)
Reclassification	107,943	151,229	550	-	1,562	31,674	(376,043)	(83,085)
Addition due to increase in non-controlling interests of	35,052	5,423	1,954	550	-	422	-	43,401
Net exchange differences - Cost	-	13	3	5	-	1	-	22
Net exchange differences - Accumulated depreciation	(7)	(4)	(4)	(4)	-	-	-	(15)
September 30	<u>\$ 1,932,037</u>	<u>\$ 5,346,113</u>	<u>\$ 34,819</u>	<u>\$ 4,697</u>	<u>\$ 25,098</u>	<u>\$ 491,430</u>	<u>\$ 935,576</u>	<u>\$ 8,769,770</u>
September 30, 2023								
Cost	\$ 2,830,440	\$ 7,866,414	\$ 81,116	\$ 11,236	\$ 326,485	\$ 703,321	\$ 935,576	\$ 12,754,588
Accumulated depreciation	(898,403)	(2,520,301)	(46,297)	(6,539)	(301,387)	(211,891)	-	(3,984,818)
	<u>\$ 1,932,037</u>	<u>\$ 5,346,113</u>	<u>\$ 34,819</u>	<u>\$ 4,697</u>	<u>\$ 25,098</u>	<u>\$ 491,430</u>	<u>\$ 935,576</u>	<u>\$ 8,769,770</u>

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	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Mold equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2022								
Cost	\$ 2,327,441	\$ 3,631,853	\$ 46,490	\$ 6,544	\$ 18,784	\$ 63,751	\$ 246,016	\$ 6,340,879
Accumulated depreciation	(654,360)	(1,563,467)	(21,271)	(3,444)	(6,472)	(5,504)	-	(2,254,518)
	<u>\$ 1,673,081</u>	<u>\$ 2,068,386</u>	<u>\$ 25,219</u>	<u>\$ 3,100</u>	<u>\$ 12,312</u>	<u>\$ 58,247</u>	<u>\$ 246,016</u>	<u>\$ 4,086,361</u>
<u>2022</u>								
January 1	\$ 1,673,081	\$ 2,068,386	\$ 25,219	\$ 3,100	\$ 12,312	\$ 58,247	\$ 246,016	\$ 4,086,361
Add - Cost	128,673	889,541	9,543	657	5,646	87,655	362,815	1,484,530
Disposals - Cost	-	(155,050)	(29)	-	-	(1,059)	-	(156,138)
Disposal - Accumulated depreciation	-	155,050	29	-	-	1,034	-	156,113
Depreciation	(74,720)	(252,887)	(7,653)	(638)	(5,118)	(14,153)	-	(355,169)
Reclassification	<u>137,440</u>	<u>(11,078)</u>	<u>2,463</u>	<u>-</u>	<u>2,004</u>	<u>42,902</u>	<u>(173,847)</u>	<u>(116)</u>
September 30	<u>\$ 1,864,474</u>	<u>\$ 2,693,962</u>	<u>\$ 29,572</u>	<u>\$ 3,119</u>	<u>\$ 14,844</u>	<u>\$ 174,626</u>	<u>\$ 434,984</u>	<u>\$ 5,215,581</u>
September 30, 2022								
Cost	\$ 2,593,554	\$ 4,355,266	\$ 58,467	\$ 7,201	\$ 26,434	\$ 193,249	\$ 434,984	\$ 7,669,155
Accumulated depreciation	(729,080)	(1,661,304)	(28,895)	(4,082)	(11,590)	(18,623)	-	(2,453,574)
	<u>\$ 1,864,474</u>	<u>\$ 2,693,962</u>	<u>\$ 29,572</u>	<u>\$ 3,119</u>	<u>\$ 14,844</u>	<u>\$ 174,626</u>	<u>\$ 434,984</u>	<u>\$ 5,215,581</u>

1. From January 1 to September 30, 2023, and 2022, no interest was capitalized.
2. The major components of the Group's buildings and structures include land, buildings and factory renovation projects. Except for land, they are depreciated for 5 to 56 years.
3. Information on property, plant and equipment pledged to others as collateral is provided in Note 8.
4. The abovementioned property, plant and equipment of the Group are for self-use.

(VIII) Leasing arrangements - lessee

1. The underlying assets leased by the Group include land, buildings and company vehicles. Leasing contracts are typically made for periods of 3 to 20 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.
2. The lease periods of other equipment leased by the Group did not exceed 12 months.
3. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 487,618	\$ 507,948	\$ 514,637
Buildings and structures	16,319	1,018	4,237
Transportation equipment (company vehicles)	15,018	16,241	18,226
Other equipment	40,482	25,404	25,893
	<u>\$ 559,437</u>	<u>\$ 550,611</u>	<u>\$ 562,993</u>

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 6,427	\$ 6,542
Buildings and structures	3,154	3,381
Transportation equipment (company vehicles)	3,030	470
Other equipment	959	2,723
	<u>\$ 13,570</u>	<u>\$ 13,116</u>

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 19,282	\$ 19,038
Buildings and structures	10,196	8,499
Transportation equipment (company vehicles)	8,866	4,677
Other equipment	2,757	3,613
	<u>\$ 41,101</u>	<u>\$ 35,827</u>

4. From January 1 to September 30, 2023, and 2022, the increase (decrease) in right-of-use assets were \$43,333 and (\$53,832), respectively.

5. The information on profit or loss items related to lease contracts is as follows:

	<u>July 1 to September 30, 2023</u>		<u>July 1 to September 30, 2022</u>	
<u>Items affecting current profit and loss</u>				
Interest expenses on lease liabilities	\$	1,493	\$	1,781
Expenses for short-term lease contracts		1,404		6,430
Lease of low-value assets		2,266		1,622
	<u>January 1 to September 30, 2023</u>		<u>January 1 to September 30, 2022</u>	
<u>Items affecting current profit and loss</u>				
Interest expenses on lease liabilities	\$	5,509	\$	5,288
Expenses for short-term lease contracts		2,750		6,956
Lease of low-value assets		4,968		1,795

6. For the nine months ended September 30, 2023, and 2022, the Group's total cash outflow for leases were \$51,530 and \$74,122, respectively.

7. Options to extend or terminate leases

In determining lease terms, the Group takes into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The assessment of lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate.

(IX) Leasing arrangements - lessor

1. The Group leases out assets such as buildings. The lease contracts are typically made for periods of 1 to 2 years. The terms of lease contracts are negotiated separately and include various terms and conditions. In order to preserve the condition of leased assets, the Group usually requires lessees not to pledge the underlying leased assets.
2. The Group recognized rental income of \$5,162 and \$4,889, and \$15,480 and \$14,586 based on operating lease contracts in the period between July 1 and September 30 of 2023 and 2022 and January 1 and September 30 of 2023 and 2022, respectively, and none of the lease contracts were variable lease payments.
3. The maturity analysis of the undiscounted lease payments under the operating leases is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
2022	\$ -	\$ -	\$ 2,521
2023	2,034	14,476	4,793
2024	<u>524</u>	<u>786</u>	<u>-</u>
	<u>\$ 2,558</u>	<u>\$ 15,262</u>	<u>\$ 7,314</u>

(X) Real estate investment

	<u>Buildings and structures</u>
January 1, 2023	
Cost	\$ 184,105
Accumulated depreciation	(13,759)
	<u>\$ 170,346</u>
<u>2023</u>	
January 1	\$ 170,346
Reclassification for the period -- Cost	6,234
Reclassification for the period -- Accumulated depreciation	(2,720)
Depreciation	(2,513)
September 30	<u>\$ 171,347</u>
September 30, 2023	
Cost	\$ 190,339
Accumulated depreciation	(18,992)
	<u>\$ 171,347</u>
	<u>Buildings and structures</u>
January 1, 2022	
Cost	\$ 185,942
Accumulated depreciation	(12,328)
	<u>\$ 173,614</u>
<u>2022</u>	
January 1	\$ 173,614
Depreciation	(2,451)
September 30	<u>\$ 171,163</u>
September 30, 2022	
Cost	\$ 185,942
Accumulated depreciation	(14,779)
	<u>\$ 171,163</u>

1. Rental income and direct operating expenses of investment real estate:

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Rental income from investment property	<u>\$ 4,409</u>	<u>\$ 2,865</u>
Direct operating expenses incurred by investment properties that generate rent income in the period	<u>\$ 621</u>	<u>\$ 591</u>
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Rental income from investment property	<u>\$ 12,939</u>	<u>\$ 9,861</u>
Direct operating expenses incurred by investment properties that generate rent income in the period	<u>\$ 1,924</u>	<u>\$ 1,881</u>

2. The fair value of investment property held by the Group as of September 30, 2023, December 31, 2022 and September 30, 2022 were \$120,395, \$165,392 and \$125,054, respectively, which were measured using income approach and were classified as Level 3 fair value with the following key assumptions:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Discount rate	5.23%~6.22%	7.09%	4.23%
Annual rent (net income)	\$ 14,217	\$ 11,285	\$ 24,966
Number of years	45~50	45~50	45~50

3. For the nine months ended September 30, 2023, and 2022, no interest was capitalized.
4. As of September 30, 2023, December 31, 2022 and September 30, 2022, the investment property was pledged as collaterals, please refer to Note 8.

(XI) Intangible assets

	<u>2023</u>				
	<u>Trademark and concession</u>	<u>Computer software</u>	<u>Patents</u>	<u>Goodwill</u>	<u>Total</u>
January 1					
Cost	\$ 272,017	\$ 114,747	\$ 9,592	\$ 220,774	\$ 617,130
Accumulated amortization and impairments	(47,408)	(64,846)	(7,696)	-	(119,950)
	<u>\$ 224,609</u>	<u>\$ 49,901</u>	<u>\$ 1,896</u>	<u>\$ 220,774</u>	<u>\$ 497,180</u>
January 1	\$ 224,609	\$ 49,901	\$ 1,896	\$ 220,774	\$ 497,180
Consolidated transfer in	-	-	-	241,294	241,294
Add - Cost	-	28,816	-	-	28,816
Disposals - Cost	-	-	(1,544)	-	(1,544)
Reclassification	5,387	(6,830)	1,443	-	-
Amortization expense	(21,356)	(17,014)	(294)	-	(38,664)
September 30	<u>\$ 208,640</u>	<u>\$ 54,873</u>	<u>\$ 1,501</u>	<u>\$ 462,068</u>	<u>\$ 727,082</u>
September 30					
Cost	\$ 280,614	\$ 132,446	\$ 5,511	\$ 462,068	\$ 880,639
Accumulated amortization and impairments	(71,974)	(77,573)	(4,010)	-	(153,557)
	<u>\$ 208,640</u>	<u>\$ 54,873</u>	<u>\$ 1,501</u>	<u>\$ 462,068</u>	<u>\$ 727,082</u>

	<u>2022</u>				
	<u>Trademark and concession</u>	<u>Computer software</u>	<u>Patents</u>	<u>Goodwill</u>	<u>Total</u>
January 1					
Cost	\$ 272,017	\$ 68,980	\$ 9,592	\$ 220,774	\$ 571,363
Accumulated amortization and impairments	(9,506)	(59,318)	(5,735)	-	(74,559)
	<u>\$ 262,511</u>	<u>\$ 9,662</u>	<u>\$ 3,857</u>	<u>\$ 220,774</u>	<u>\$ 496,804</u>
January 1	\$ 262,511	\$ 9,662	\$ 3,857	\$ 220,774	\$ 496,804
Addition - From separate acquisition					
Acquisition	-	5,772	-	-	5,772
Amortization expense	(30,524)	(4,349)	(391)	-	(35,264)
September 30	<u>\$ 231,987</u>	<u>\$ 11,085</u>	<u>\$ 3,466</u>	<u>\$ 220,774</u>	<u>\$ 467,312</u>
September 30					
Cost	\$ 272,017	\$ 74,752	\$ 9,592	\$ 220,774	\$ 577,135
Accumulated amortization and impairments	(40,030)	(63,667)	(6,126)	-	(109,823)
	<u>\$ 231,987</u>	<u>\$ 11,085</u>	<u>\$ 3,466</u>	<u>\$ 220,774</u>	<u>\$ 467,312</u>

Due to business mergers, as detailed in Note 6(31), the Group's goodwill increased by \$241,294 for the nine months ended September 30, 2023.

(XII) Other Non-Current Assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Prepayments for equipment	\$ 807,691	\$ 1,293,001	\$ 1,293,744
Refundable deposit	79,987	52,758	56,673
Others	<u>1,969</u>	<u>3,378</u>	<u>1,891</u>
Total	<u>\$ 889,647</u>	<u>\$ 1,349,137</u>	<u>\$ 1,352,308</u>

(XIII) Short-term Loans

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 2,097,954	0.765%~4.09%	None
Secured borrowings	3,867,698	1.2%~4.711%	Certificates of deposit, reserve accounts (Note), stocks of listed and OTC companies and treasury stock
	-		
	<u>\$ 5,965,652</u>		

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 1,618,197	1.06%~2.675%	None
Secured borrowings	3,006,328	1.25%~2.75%	Certificates of deposit, reserve accounts, stocks of listed and OTC companies, treasury stock and investment properties.
	-		
	<u>\$ 4,624,525</u>		

<u>Type of borrowings</u>	<u>September 30, 2022</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 2,365,558	1.618%~4%	None
Secured borrowings	4,018,148	1.69%~2.625%	Certificates of deposit, reserve accounts, stocks of listed and OTC companies, treasury stock and investment properties.
	-		
	<u>\$ 6,383,706</u>		

For the period between July 1 and September 30, 2023 and 2022 and January 1 and September 30, 2023 and 2022, the interest expenses recognized in profit and loss were \$33,002, \$67,188, \$92,756, and \$82,897, respectively.

Note: The responsible person of the subsidiary is the joint guarantor.

(XIV) Other Payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Payable on machinery and equipment	\$ 313,026	\$ 111,919	\$ 102,991
Payroll and bonus payable	146,427	111,894	102,540
Remunerations payable to employees and directors	99,233	129,630	2,967
Machine maintenance payable	37,176	51,362	31,757
Others	<u>596,206</u>	<u>432,408</u>	<u>493,461</u>
	<u>\$ 1,192,068</u>	<u>\$ 837,213</u>	<u>\$ 733,716</u>

(XV) Corporate bonds payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Corporate bonds payable	\$ 3,300,000	\$ 3,000,000	\$ 2,500,000
Less: Amount of exercised conversion options	(324,400)	(324,400)	(258,700)
Less: Discount on corporate bonds payable	<u>(54,082)</u>	<u>(66,556)</u>	<u>(70,749)</u>
	2,921,518	2,609,044	2,170,551
Less: Corporate bonds matured in one year or a business cycle or have the put option exercised	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,921,518</u>	<u>\$ 2,609,044</u>	<u>\$ 2,170,551</u>

1. The terms of issuance for the Group's 3rd domestic unsecured convertible bonds are as follows:

- (1) The Group has been approved by the competent authority to raise and issue \$2,000,000 of the 3rd domestic unsecured convertible bonds, with a coupon rate of 0% and an issuance period of 5 years from August 3, 2021 to August 3, 2026. The convertible bonds are repayable in cash at par value on maturity. The convertible bonds were listed for trading on August 3, 2021
- (2) The bondholders may request the conversion of the convertible bonds into the Group's common shares at any time from the day after the expiration of three months from the date of issuance of the corporate bonds to the maturity date, except during the period when the transfer of the corporate bonds is suspended in accordance with the regulations or laws, and the rights and obligations of the converted common shares are the same as those of the original issued common shares.
- (3) The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in the Measures, and the conversion price will be adjusted in accordance with the pricing model stipulated in the Conversion Measures in the event that the Group is subject to anti-dilution provisions. The conversion price will

be reset on the base date set by the Regulations in accordance with the pricing model stipulated in the Conversion Measures. As of September 30, 2023, the conversion price was NT\$82.4 per share.

- (4) If the closing price of the Company's common stock exceeds 30% of the then conversion price for 30 consecutive business days from the day following the third month of the issuance of the convertible bonds to the 40th business day prior to the expiration of the issuance period, the Company may redeem the outstanding corporate bonds within the next 30 business days at the par value of the corporate bonds in cash.
 - (5) If the outstanding balance of the convertible bonds is less than 10% of the total par value of the corporate bonds issued, the Company may redeem the convertible bonds at any time thereafter for cash at the par value of the corporate bonds, from the day following the third month of the issuance of the corporate bonds to the 40th business day prior to the expiration of the issuance period.
 - (6) As of September 30, 2023, a total of \$324,400 in face value had been converted into 3,733 thousand shares of common stock.
2. Upon issuance of convertible bonds, the Group separated the conversion options from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation," and recorded "capital surplus - stock options" at \$406,616. The embedded repurchase and repurchase rights are separated from the principal contractual debt instruments in accordance with IFRS 9, "Financial Instruments", because they are not closely related to the economic characteristics and risks of the principal contractual debt instruments, and are recorded as "financial assets or liabilities at fair value through profit or loss" on a net basis. The effective interest rate of the master contract debt after the separation was 0.0902%.
3. First series domestic secured corporate bonds
- In order to raise the Group's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the first series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:
- (1) Total amount of issue: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of \$300,000, and B is issued with an amount of \$200,000, totaling \$500,000.
 - (2) Issue period: Five years, issued on September 28, 2022, and matured on September 28, 2027.
 - (3) Coupon rate and repayment method of principal and interest: Both Bond A and Bond B have a fixed annual coupon rate of 1.80%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
 - (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.
4. Second series domestic secured convertible corporate bonds

In order to raise the Group's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the second series domestic secured convertible corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount of issuance: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of \$200,000, and B is issued with an amount of \$300,000, totaling \$500,000.
- (2) Issue period: Five years, issued on December 27, 2022, and matured on December 27, 2027.
- (3) Coupon rate and repayment method of principal and interest: Bond A has a fixed annual coupon rate of 2.20% and Bond B has a fixed annual coupon rate of 2.38%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

5. Third series domestic secured convertible corporate bonds

In order to raise the Group's working capital, the board of directors resolved to approve on August 4, 2023 the issue of the third series domestic secured convertible corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$300,000 in total.
- (2) Issuance period: Five years from issuance on August 28, 2023 to expiration on August 28, 2028.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a fixed interest rate of 1.62% per annum, and the simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

(XVI) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>September 30, 2023</u>
Long-term bank borrowings				
Secured borrowings	From December 27, 2021 to December 25, 2024, to be repaid in installments and installments over the agreed period	2.550%	Buildings and structures	\$ 212,500
Secured borrowings	From January 28, 2022 to January 28, 2027, to be repaid in installments and installments over the agreed period	2.550%	Buildings and structures, machinery equipment and investment property	1,000,000
Secured borrowings	From December 28, 2022 to December 27, 2032, repayable in portions and in installments during the term specified in the agreement	2.200%	Buildings and structures and investment properties	827,632
Secured borrowings	From July 26, 2023 to July 25, 2028, with interest paid monthly	2.450%~2.550%	Plant and land	128,802
Secured borrowings	From June 12, 2018 to July 5, 2028, repayment in installments and installments according to the agreed period	2.250%~4.330%	Machinery and equipment	1,084,342
Credit loan	From January 24, 2022 to January 24, 2027, monthly interest payments with principle and interest.	1.500%~3.000%	None (Note 2)	6,806
Other long-term borrowings				
Secured borrowings	From March 25, 2021 to July 29, 2027, to be repaid in installments and instalments over the agreed period	2.450%~8.200%	Machinery and equipment	620,422
Secured borrowings	From June 10, 2022 to June 28, 2028, with interest paid monthly	3.525%~6.482%	Houses, buildings, machinery and equipment, and land	403,776
Credit loan	From December 30, 2021 to June 30, 2025, to be repaid in installments and installments over the agreed period	4.060%~7.610%	None	165,493
				-
				4,449,773
Less: Long-term borrowings due within one year or one business cycle)				(920,932)
				<u>\$ 3,528,841</u>

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	From December 28, 2021 to January 28, 2027, repayable in portions and in installments during the term specified in the agreement	2.425%	Buildings and structures and machine and equipment	\$ 1,250,000
Secured borrowings	From December 27, 2021 to December 27, 2024, repayable in portions and in installments during the term specified in the agreement	2.410%	Buildings and structures	250,000
Secured borrowings	Repayable in portions and in installments during the term specified in the agreement from June 12, 2018 to December 15, 2026	1.730%~ 3.125%	Machinery and equipment	1,050,407
Secured borrowings	From December 28, 2022 to December 27, 2032, repayable in portions and in installments during the term specified in the agreement	2.070%	Buildings and structures and investment properties	850,000
Secured borrowings	From January 24, 2022 to January 24, 2027, monthly interest payments with principle and interest	1.500%~ 2.875%	None (Note 2)	8,247
Other long-term borrowings				
Secured borrowings	Principal is amortized from October 29, 2021 to September 16, 2027	3.970%	Machinery and equipment	89,655
Secured borrowings	Repayment of principal and interest in monthly installments from March 25, 2021 to July 29, 2027	2.450%~ 8.201%	Machinery and equipment	90,068
Credit loan	December 30, 2021 to April 30, 2024, the interest is paid together with the principal.	7.613%	None	14,240
Secured borrowings	Repayment of principal and interest in monthly installments from July 10, 2022 to June 10, 2027	4.250%	Machinery and equipment	176,830
				-
				3,779,447
Less: Long-term borrowings due within one year or one business cycle)				(611,473)
				<u>\$ 3,167,974</u>

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>September 30, 2022</u>
Long-term bank borrowings				
Secured borrowings	Repaid in instalments and different amounts according to the agreed period between December 28, 2021 and January 28, 2027.	1.500%~2.625%	Buildings and structures, machinery equipment and investment property	\$ 1,250,000
Secured borrowings	Repaid in instalments and different amounts according to the agreed period between December 27, 2021 and December 27, 2024.	1.950%	Buildings and structures	250,000
Secured borrowings	Repaid in instalments and different amounts according to the agreed period between December 27, 2017 and December 29, 2026	1.800%~8.201%	Machinery and equipment	593,250
Secured borrowings	Repayable in portions and in installments during the term specified in the agreement from November 9, 2020 and November 9, 2023	1.700%	Buildings and structures and investment properties	850,000
				-
				2,943,250
Less: Long-term borrowings due within one year or one business cycle				(145,618)
				<u>\$ 2,797,632</u>

Note 1: According to the loan contract provisions of some banks, subsidiaries of the Group shall maintain a specific amount of capital or shareholder equity within one year from the date of loan.

Note 2: The responsible person of the subsidiary is the joint guarantor.

(XVII) Pensions

1. (1) The Company and its domestic subsidiaries operate a defined benefit pension plan in accordance with the Labor Standards Act, which cover all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its domestic subsidiaries contribute a monthly amount equal to 2% of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by the end of next March.
 - (2) For the periods between July 1 and September 30 of 2023 and 2022, and January 1 and September 30 of 2023 and 2022, the pension costs recognized by the Corporate Group in accordance with the abovementioned pension measures were \$533, \$0, \$1,600, and \$0, respectively.
 - (3) The expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 are \$2,133.
2. (1) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (hereinafter referred to as the "New Plan") under the Labor Pension Act (hereinafter referred to as the "Act"), covering all regular employees with domestic citizenship. Under the New Plan, the Company and its domestic subsidiaries contribute an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
 - (2) For the periods between July 1 and September 30 of 2023 and 2022, and January 1 and September 30 of 2023 and 2022, the pension costs recognized by the Corporate Group in accordance with the abovementioned pension measures were \$13,237, \$9,138, \$38,05, and \$25,951, respectively.

(XVIII) Capital

1. As of September 30, 2023, the Company's authorized capital was \$5,000,000, consisting of 500,000 thousand shares (including 20,000 thousand shares which can be subscribed to as employee stock options). The paid-in capital was \$2,564,465 with a par value of NT\$10. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

	Unit: Thousand shares	
	<u>2023</u>	<u>2022</u>
January 1	205,230	214,107
Treasury Stock Buyback	-	(10,000)
Subsidiaries donated treasury stock	900	350
Treasury stocks transfer to employees	<u>7,023</u>	<u>-</u>
September 30	<u>213,153</u>	<u>204,457</u>

2. Treasury stock

- (1) Reasons for repurchase of shares and changes in the quantity:

<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>September 30, 2023</u> <u>Number of shares</u> <u>(thousand)</u>	<u>Book value</u>
Subsidiary - Youe Chung Capital Corporation	Subsidiary holds the company's stock	35,831	\$ 509,891
The Company	Transfer shares to employees	<u>7,462</u>	<u>664,593</u>
		<u>43,293</u>	<u>\$ 1,174,484</u>

<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>December 31, 2022</u> <u>Number of shares</u> <u>(thousand)</u>	<u>Book value</u>
Subsidiary - Youe Chung Capital Corporation	Subsidiary holds the company's stock	36,731	\$ 522,698
The Company	Transfer shares to employees	<u>14,485</u>	<u>1,256,281</u>
		<u>51,216</u>	<u>\$ 1,778,979</u>

<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>September 30, 2022</u> <u>Number of shares</u> <u>(thousand)</u>	<u>Book value</u>
Subsidiary - Youe Chung Capital Corporation	Subsidiary holds the company's stock	36,731	\$ 522,698
The Company	Transfer shares to employees	14,485	1,256,281
		<u>51,216</u>	<u>\$ 1,778,979</u>

- (2) For the six months ended September 30, 2023, and 2022, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity</u> <u>granted</u>	<u>Contract</u> <u>Period</u>	<u>Vesting</u> <u>conditions</u>
Transfer of treasury stocks to employees	2022.01.26	4,485	Immediate vesting	Note
Transfer of treasury stocks to employees	2023.04.19	10,000	Immediate vesting	Note

Note: The Company grants treasury stocks to employees of the Company and its subsidiaries.

- (3) For the six months ended September 30, 2023, and 2022, the Group incurred compensation costs of \$0 and \$19,061, respectively, related to the transfer of treasury stocks.
- (4) The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.
- (5) The treasury stocks bought back by the Company in accordance with the Securities and Exchange Act shall not be pledged. Before transfer, shareholders are not entitled to the shareholders' rights.
- (6) According to the provisions of the Securities and Exchange Act, the share repurchased to be transferred to employees shall be transferred within 5 years from the date of the purchase. If the transfer is not made within the time limit, the shares are deemed as unissued shares and a change of registration shall be made to cancel the shares. In order to maintain the Company's credit and shareholders equity, the shares bought back should have the registration changed to cancel the shares within six months from the date of the purchase.
- (7) The Company's stock held by the subsidiary Youe Chung Capital is treated as treasury stock. As of September 30, 2023, December 31, 2022 and September 30, 2022, Youe Chung Capital Corporation held 35,831 thousand shares, 36,731 thousand shares, and 36,731 thousand shares of the Company, with an average book value of \$14.23 per share, and a fair value of \$67.4, \$84.7, and \$55.2 per share, respectively. The cost of transferring treasury stocks is calculated based on the book value of the Company's stock held by Youe Chung Capital and the Company's indirect ownership ratio during

each period.

- (8) On November 3, 2021, the Board of Directors resolved to purchase 6,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 2.37% of the total number of issued shares of the Company. The repurchase of 4,485 thousand shares was completed between November 4, 2021 and January 3, 2022. On January 21, 2022, the Board of Directors approved the transfer of 4,485 thousand shares to employees.
- (9) On May 6, 2022, the Board of Directors resolved to purchase 10,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 3.91% of the total number of issued shares of the Company. The repurchase of 10,000 thousand shares was completed between May 9, 2022 and July 8, 2022. On April 14, 2023, the Board of Directors approved the transfer of 10,000 thousand shares to employees, of which 7,023 shares were transferred to employees in June 2023.

(XIX) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient. The following is a breakdown of the capital reserve:

	<u>Issue</u>	<u>Treasury</u>	<u>Changes in</u>	<u>Stock option</u>	<u>Equity changes</u>	<u>Others</u>	<u>Total</u>
	<u>premiums</u>	<u>stock trading</u>	<u>ownership</u>		<u>in affiliates</u>		
			<u>interests of</u>				
			<u>subsidiaries</u>				
			<u>recognized</u>				
January 1, 2023	\$ 96,650	\$ 768,509	\$ 17,788	\$ 295,848	\$ 68,427	\$ 4,459	\$ 1,251,681
Distribution of cash from capital surplus	(49,797)	-	-	-	-	-	(49,797)
Adjustment of capital reserve by dividends paid to subsidiaries	-	90,829	-	-	-	-	90,829
Changes in ownership interests in subsidiaries recognized	-	-	(1,429)	-	-	-	(1,429)
Changes in shares of affiliates recognized under the equity method	-	-	-	-	13,793	-	13,793
Payment of overdue unclaimed dividends to shareholders	-	-	-	-	-	(149)	(149)
September 30, 2023	<u>\$ 46,853</u>	<u>\$ 859,338</u>	<u>\$ 16,359</u>	<u>\$ 295,848</u>	<u>\$ 82,220</u>	<u>\$ 4,310</u>	<u>\$ 1,304,928</u>

	<u>Issue</u> <u>premiums</u>	<u>Treasury</u> <u>stock trading</u>	<u>Changes in</u> <u>ownership</u> <u>interests of</u> <u>subsidiaries</u> <u>recognized</u>	<u>Stock option</u>	<u>Changes in</u> <u>shareholdings</u> <u>of affiliated</u> <u>companies</u>	<u>Others</u>	<u>Total</u>
January 1, 2022	\$ 269,010	\$ 695,046	\$ 4,919	\$ 295,074	\$ 47,320	\$ 4,459	\$1,315,828
Distribution of cash from capital surplus	(241,189)	-	-	-	-	-	(241,189)
Adjustment of capital reserve by dividends paid to subsidiaries	-	73,463	-	-	-	-	73,463
Changes in ownership interests in subsidiaries recognized	-	-	7,189	-	-	-	7,189
Changes in shares of affiliates recognized under the equity method	-	-	-	-	21,107	-	21,107
Share-based payment transaction	-	-	2,700	14,131	-	-	16,831
	-	-	-	-	-	-	-
September 30, 2022	<u>\$ 27,821</u>	<u>\$ 768,509</u>	<u>\$ 14,808</u>	<u>\$ 309,205</u>	<u>\$ 68,427</u>	<u>\$ 4,459</u>	<u>\$ 1,193,229</u>

(XX) Retained earnings

1. According to the Articles of Incorporation, any surplus from profit concluded at the end of year by the Company is first subject to reimbursement of previous losses and payment of taxes, followed by 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any earnings remaining shall be distributed as shareholders' dividends in whole or partially.
2. The Company takes into account the overall business environment, industrial growth, and the Company's long-term financial planning for stable operation and development to adopt a residual dividend policy, which is mainly based on the Company's future capital budgeting plan to measure the annual capital needs. After using the retained earnings for funding, the remaining surplus will be distributed in the form of dividends, and the distribution steps are shown as follows:
 - (1) Decide on the best capital budgeting.
 - (2) Decide on the financing required for one of the capital budgeting items.
 - (3) Decide on the amount of the financing to be supported by retained earnings (methods such as cash capital increase or corporate bonds and so on can be adopted as support).
 - (4) After retaining the portion required for operation needs out of the earnings remainder, the rest should be distributed to shareholders in the form of dividends. Cash dividends distribution proportion should not be lower than 20% of the total amount of dividends for the distribution proportion of the Company's dividends.

3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. The Company's board of directors resolved on May 24, 2023 to distribute a cash dividend of NT\$2.30 per ordinary share from the 2022 surplus with a total dividend of \$556,511. NT\$0.20 per share is to be distributed from the capital surplus, with a total of \$48,392. In addition, as the Company implemented the transfer of 7,023 thousand shares of treasury stock to employees, which changed the number of outstanding shares to 248,984 thousand shares, so the cash dividend was adjusted to \$572,665 to be distributed from the capital surplus of \$49,797.
6. The Company's board of directors resolved on May 26, 2022 to distribute a cash dividend of NT\$1.00 per ordinary share from the 2021 surplus with a total dividend of \$255,674. NT\$1.00 per share is to be distributed from the capital surplus, with a total of \$255,674. In addition, as the Company implemented the repurchase of 14,485 thousand shares of treasury stock, which changed the number of outstanding shares to 241,189 thousand shares, so the cash dividend was adjusted to \$241,189 to be distributed from the capital surplus of \$241,189.

(XXI) Other equity interests

	<u>Unrealized gains and losses</u>	<u>Foreign currency translation</u>	<u>Total</u>
January 1	(\$ 2,666)	\$ 13,174	\$ 10,508
Difference in foreign currency translation:			
- Group	-	1,654	1,654
September 30	<u>(\$ 2,666)</u>	<u>\$ 14,828</u>	<u>\$ 12,162</u>

	<u>2022 Unrealized gains and losses</u>	<u>Foreign currency translation</u>	<u>Total</u>
January 1	(\$ 2,666)	\$ 6,698	\$ 4,032
Difference in foreign currency translation:			
- Group	-	13,210	13,210
September 30	<u>(\$ 2,666)</u>	<u>\$ 19,908</u>	<u>\$ 17,242</u>

(XXII) Operating income

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Revenue from contracts with customers	<u>\$ 1,955,017</u>	<u>\$ 2,068,331</u>

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Revenue from contracts with customers	<u>\$ 5,318,498</u>	<u>\$ 5,770,144</u>

1. Segmentation of revenue from contracts with customers

The Group's corporate derives its revenue from the transfer of goods and services either over time or at a point in time. The revenue can be divided into the following main product lines:

<u>July 1 to September 30, 2023</u>	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 1,918,779</u>	<u>\$ 36,238</u>	<u>\$ 1,955,017</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 1,669,794	\$ 36,238	\$ 1,706,032
Income recognized gradually over time	<u>248,985</u>	<u>-</u>	<u>248,985</u>
	<u>\$ 1,918,779</u>	<u>\$ 36,238</u>	<u>\$ 1,955,017</u>

<u>July 1 to September 30, 2022</u>	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 2,058,101</u>	<u>\$ 10,230</u>	<u>\$ 2,068,331</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 1,890,848	\$ 10,230	\$ 1,901,078
Income recognized gradually over time	<u>167,253</u>	<u>-</u>	<u>167,253</u>
	<u>\$ 2,058,101</u>	<u>\$ 10,230</u>	<u>\$ 2,068,331</u>

<u>January 1 to September 30, 2023</u>	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 5,241,575</u>	<u>\$ 76,923</u>	<u>\$ 5,318,498</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 4,755,314	\$ 76,923	\$ 4,832,237
Income recognized gradually over time	<u>486,261</u>	<u>-</u>	<u>486,261</u>

	<u>\$ 5,241,575</u>	<u>\$ 76,923</u>	<u>\$ 5,318,498</u>
<u>January 1 to September 30, 2022</u>	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 5,739,475</u>	<u>\$ 30,669</u>	<u>\$ 5,770,144</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 5,104,509	\$ 30,669	\$ 5,135,178
Income recognized gradually over time	<u>634,966</u>	<u>-</u>	<u>634,966</u>
	<u>\$ 5,739,475</u>	<u>\$ 30,669</u>	<u>\$ 5,770,144</u>

2. Contract Asset and Contract Liability

- (1) The Group has recognized the following revenue-related contract assets and contract liabilities:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Contract Assets	<u>\$ 91,502</u>	<u>\$ 140,231</u>	<u>\$ 136,481</u>	<u>\$ 155,763</u>
Contract Liabilities	<u>\$ 181,774</u>	<u>\$ 232,778</u>	<u>\$ 334,526</u>	<u>\$ 179,315</u>

- (2) Contract liabilities at the beginning of the period recognized as revenue of the period:

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Opening balance of contract liabilities recognized in the current period	<u>\$ 2,252</u>	<u>\$ 9,158</u>
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Opening balance of contract liabilities recognized in the current period	<u>\$ 231,824</u>	<u>\$ 164,824</u>

(XXIII) Interest income

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Interest from bank deposits	\$ 7,300	\$ 3,146
Interest income from financial assets measured at amortized cost	2,259	402
Other interest incomes	<u>39</u>	<u>-</u>
	<u>\$ 9,598</u>	<u>\$ 3,548</u>

	<u>January 1 to September 30,</u> <u>2023</u>	<u>January 1 to September 30,</u> <u>2022</u>
Interest from bank deposits	\$ 24,017	\$ 6,765
Interest income from financial assets measured at amortized cost	6,205	468
Other interest incomes	109	-
	<u>\$ 30,331</u>	<u>\$ 7,233</u>

(XXIV) Other Incomes

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Rental income	5,162	\$ 4,799
Dividend income	-	46,500
Other income - Others	1,625	10,905
	<u>\$ 6,787</u>	<u>\$ 62,204</u>

	<u>January 1 to September 30,</u> <u>2023</u>	<u>January 1 to September 30,</u> <u>2022</u>
Rental income	\$ 15,480	\$ 14,472
Dividend income	94,064	194,598
Subsidy income	5,341	-
Other income - Others	11,905	33,940
	<u>\$ 126,790</u>	<u>\$ 243,010</u>

(XXV) Other Gains and Losses

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Gain (loss) on disposal of property, plant and equipment	\$ 800	(\$ 25)
Gains on disposal of intangible assets	58,270	-
Loss on disposal of investments	-	(86,361)
Gains on foreign exchange	20,626	87,058
Loss on financial assets and liabilities measured at fair value through profit or loss	(216,215)	220,138
Other losses -- Depreciation of investment properties	(848)	(817)
Other Gains and Losses	339	213
	<u>(\$ 137,028)</u>	<u>\$ 220,206</u>

	<u>January 1 to September 30,</u> <u>2023</u>		<u>January 1 to September 30,</u> <u>2022</u>
Disposal of interests in property, plant and equipment	\$ 1,201	\$	5,917
Gains on disposal of intangible assets	58,270		-
Gain (loss) on disposal of investment	101,102	(	135,269)
Gains on foreign exchange	35,655		140,389
Loss on financial assets and liabilities measured at fair value through profit or loss	(310,070)	(	1,052,363)
Other losses -- Depreciation of investment properties	(2,513)	(	2,451)
Other Gains and Losses	<u>530</u>	(	<u>17,111)</u>
	<u>(\$ 115,825)</u>	(	<u>\$ 1,060,888)</u>

(XXVI) Financial Costs

	<u>July 1 to September 30, 2023</u>		<u>July 1 to September 30, 2022</u>
Interest Expenses:			
Bank and other borrowings	\$ 58,077	\$	43,874
Convertible bonds	21,650		4,513
Lease liabilities	<u>1,493</u>		<u>1,781</u>
	<u>\$ 81,220</u>	\$	<u>50,168</u>

	<u>January 1 to September 30,</u> <u>2023</u>		<u>January 1 to September 30,</u> <u>2022</u>
Interest Expenses:			
Bank and other borrowings	\$ 175,153	\$	107,554
Convertible bonds	30,686		13,502
Lease liabilities	<u>5,509</u>		<u>5,288</u>
	<u>\$ 211,348</u>	\$	<u>126,344</u>

(XXVII) Expenses by nature

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Employee benefits expenditure	\$ 337,212	\$ 316,899
Depreciation	258,657	192,600
Amortization	13,486	14,958

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Employee benefits expenditure	\$ 964,165	\$ 775,297
Depreciation	668,037	393,447
Amortization	38,664	35,264

(XXVIII) Employee benefits expenditure

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Payroll expenses	\$ 282,254	\$ 269,289
Labor and health insurance fees	26,488	22,659
Pension expense	13,770	9,138
Other personnel expenses	14,700	15,813
	<u>\$ 337,212</u>	<u>\$ 316,899</u>

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Payroll expenses	\$ 812,218	\$ 636,211
Share-based payment	-	19,061
Labor and health insurance fees	69,998	55,364
Pension expense	39,657	25,951
Other personnel expenses	42,292	38,710
	<u>\$ 964,165</u>	<u>\$ 775,297</u>

1. According to the Articles of Incorporation, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director remuneration. However, profits must first be taken to offset against cumulative losses, if any.
2. For the periods between July 1 and September 30 of 2023 and 2022, and January 1 and September 30 of 2023 and 2022, employees' remuneration was accrued at \$20,000, \$2,475, \$80,000, and \$2,475, respectively, and director remunerations were accrued at \$3,000, \$492, \$12,000 and \$492, respectively. The abovementioned amounts were listed as payroll expenses.

The remuneration of employees and directors for January 1 to September 30, 2023 and

2022 were estimated in accordance with the Articles of Incorporation taking into account the annual profit.

Information about employees remuneration and director remuneration of the Company as resolved by the Board of Directors will be posted in the “Market Observation Post System”.

(XXIX) Income tax

1. Income tax expense

Components of income tax expense:

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Current tax:		
Current tax on profits for the year	\$ 63,808	\$ 35,272
Underestimation (overestimation) of income tax in previous years	<u>-</u>	<u>(16,346)</u>
Total current tax	<u>63,808</u>	<u>18,926</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>960</u>	<u>(32,687)</u>
Total Deferred Income Tax	<u>960</u>	<u>(32,687)</u>
Income Tax Expense	<u>\$ 64,768</u>	<u>(\$ 13,761)</u>
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Current tax:		
Current tax on profits for the year	\$ 157,829	\$ 120,909
Underestimation (overestimation) of income tax in previous years	<u>64,455</u>	<u>(16,346)</u>
Total current tax	<u>222,284</u>	<u>104,563</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>7,775</u>	<u>16,017</u>
Total Deferred Income Tax	<u>7,775</u>	<u>16,017</u>
Income Tax Expense	<u>\$ 230,059</u>	<u>\$ 120,580</u>

2. The Company’s income tax returns through 2021 have been assessed and approved by the tax authority.

(XXX) Earnings (loss) per share

	<u>July 1 to September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average share outstanding (thousand shares)</u>	<u>Loss per share (NTD)</u>
<u>Basic/diluted loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	<u>(\$ 85,519)</u>	<u>212,735</u>	<u>(\$ 0.40)</u>

	<u>July 1 to September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average share outstanding (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 599,552</u>	<u>204,565</u>	<u>\$ 2.93</u>
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 599,552	204,565	
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	<u>-</u>	<u>967</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 599,552</u>	<u>205,532</u>	<u>\$ 2.92</u>

	<u>January 1 to September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average share outstanding (thousand shares) Number of shares outstanding (thousand shares)</u>	<u>Earnings per share (in dollars)</u>
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 222,875</u>	<u>207,886</u>	<u>\$ 1.07</u>
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 222,875	207,886	
Convertible bonds	10,507	20,335	
Employee remuneration	<u>-</u>	<u>1,462</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 233,382</u>	<u>229,683</u>	<u>\$ 1.02</u>

	<u>January 1 to September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average share outstanding (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 21,756</u>	<u>209,958</u>	<u>\$ 0.10</u>
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 21,756	209,958	
Assumed conversion of all dilutive potential ordinary shares			
Employee remuneration	<u>-</u>	<u>1,363</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 21,756</u>	<u>211,321</u>	<u>\$ 0.10</u>

The weighted average number of shares outstanding during the periods between July 1 and September 30 of 2023 and 2022 and January 1 and September 30 of 2023 and 2022 has deducted the number of shares held by the subsidiary company Youe Chung Capital deemed as the Company's treasury stock (the number of shares is based on the Company's shareholding). Since the periods between July 1 and September 30 of 2022 were at a loss, there was no potential dilutive effect of ordinary shares and the diluted loss per share was equal to the basic loss per share.

(XXXI) Business combination

1. The Group acquired 58.33% of shares of Pilot Battery Co., Ltd. on March 1, 2023 for \$178,500 through a cash capital increase and gained control over Pilot Battery Co.,Ltd.

(1) The fair value of the assets acquired and liabilities assumed from Pilot Battery Co., Ltd. at the date of acquisition and the non-controlling interest as a percentage of the acquiree's identifiable net assets at the date of acquisition were as follows:

	<u>March 1, 2023</u>
Acquisition consideration	
Cash	\$ 178,500
Share of non-controlling interests in the identifiable net assets of the acquiree	<u>58,775</u>
	<u>237,275</u>
Fair value of acquired identifiable assets and assumed liabilities	
Cash	189,429
Notes Receivables	84
Accounts Receivables	2,297
Inventories	35,488
Prepayments	2,543
Other Current Assets	1,951
Property, plant and equipment	42,954
Deferred Income Tax Assets	5,678
Right-of-use Asset	3,148
Other Non-Current Assets	29,081
Short-term Loans	(99,154)
Contract Liabilities	(8,649)
Notes Payable	(3,869)
Accounts Payable	(17,157)
Lease liabilities	(3,148)
Other Payables	(7,496)
Other Current Liabilities	(568)
Long-term borrowings	(31,140)
Deferred Income Tax Liabilities	<u>(412)</u>
Total identifiable net assets	<u>141,060</u>
Goodwill	<u>\$ 96,215</u>

- (2) Non-controlling interest is measured by the proportion of the acquiree's net identifiable assets to the non-controlling interest.
 - (3) The assessment of the fair value of acquired identifiable assets and assumed liabilities is in progress. At present, it is recorded at the initial valuation, and the relevant acquisition price allocation will be completed within one year.
 - (4) Since March 1, 2023, the Group has merged with Pilot Battery Co., Ltd., Pilot Battery Co., Ltd. has contributed operating income and net loss before tax of \$13,773 and (\$24,547), respectively. If it is assumed that Pilot Battery Co.,Ltd. has been consolidated since January 1, 2023, the Group's operating revenue and profit before tax in 2023Q3 would have been NT\$5,323,566 and NT\$300,046, respectively.
2. The Group acquired 53.33% of shares of Moment Semiconductor, Inc. on March 17, 2023 for \$40,000 through a cash capital increase and gained control over Moment Semiconductor, Inc.
- (1) The fair value of the assets acquired and liabilities assumed from Moment Semiconductor, Inc. at the date of acquisition and the non-controlling interest as a percentage of the acquiree's identifiable net assets at the date of acquisition were as follows:

	<u>March 17, 2023</u>
Acquisition consideration	
Cash	\$ 40,000
Share of non-controlling interests in the identifiable net assets of the acquiree	<u>14,256</u>
	<u>54,256</u>
Fair value of acquired identifiable assets and assumed liabilities	
Cash	63,085
Accounts Receivables	13,911
Inventories	33,038
Prepayments	3,098
Property, plant and equipment	447
Other Non-Current Assets	216
Contract Liabilities	(837)
Notes Payable	(75,851)
Accounts Payable	(1,734)
Other Payables	(24)
Other Current Liabilities	<u>(4,800)</u>
Total identifiable net assets	<u>30,549</u>
Goodwill	<u>\$ 23,707</u>

- (2) Non-controlling interest is measured by the proportion of the acquiree's net identifiable assets to the non-controlling interest.
- (3) The assessment of the fair value of acquired identifiable assets and assumed liabilities is in progress. At present, it is recorded at the initial valuation, and the

relevant acquisition price allocation will be completed within one year.

- (4) Since March 17, 2023, the Group has merged with Moment Semiconductor, Inc., Moment Semiconductor, Inc. has contributed operating income and net loss before tax of \$214,074 and (\$19,028), respectively. If Moment Semiconductor, Inc. had been included in the Group since January 1, 2023, the Group's 2023Q3 operating income and net income before tax would have been \$5,366,496 and \$296,977, respectively.
3. The Group invested \$121,372 on May 1, 2023 to acquire 100% equity of One Test Systems and obtain control over One Test Systems.
- (1) The fair value of the assets acquired and liabilities assumed from One Test Systems at the date of acquisition and the non-controlling interest as a percentage of the acquiree's identifiable net assets at the date of acquisition were as follows:

	<u>May 1, 2023</u>
Acquisition consideration	
Cash	\$ 121,372
Share of non-controlling interests in the identifiable net assets of the acquiree	<u>-</u>
	<u>121,372</u>
Fair value of acquired identifiable assets and assumed liabilities	
Cash	9,331
Other Payables	<u>(9,331)</u>
Total identifiable net assets	<u>-</u>
Goodwill	<u>\$ 121,372</u>

- (2) Non-controlling interest is measured by the proportion of the acquiree's net identifiable assets to the non-controlling interest.
- (3) The assessment of the fair value of acquired identifiable assets and assumed liabilities is in progress. At present, it is recorded at the initial valuation, and the relevant acquisition price allocation will be completed within one year.
- (4) Since the Group merged with One Test Systems on May 1, 2023, One Test Systems contributed operating revenue and net loss before tax of \$0 and (\$42), respectively. If One Test Systems had been included in the Group since January 1, 2023, the Group's 2023Q3 operating income and net income before tax would have been \$5,318,498 and \$308,250, respectively.

(XXXII) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Purchase of property, plant and equipment	\$ 3,556,123	\$ 1,484,530
Add: Prepayments for equipment at the end of the period	807,691	1,293,744
Beginning balance of payable on equipment	111,919	85,822
Less: Prepayments for equipment at the beginning of the period	(1,293,001)	(671,105)
Ending balance of payable on equipment	<u>(313,026)</u>	<u>(102,991)</u>
Cash paid during the year	<u>\$ 2,869,706</u>	<u>\$ 2,090,000</u>

(XXXIII) Changes in liabilities arising from financing activities

	<u>Short-term Loans payable</u>	<u>Corporate bonds</u>	<u>Long-term borrowings (including current portion)</u>	<u>Lease liabilities</u>	<u>Guarantee Deposits Received</u>	<u>Total liabilities arising from financing activities</u>
January 1, 2023	\$ 4,624,525	\$ 2,609,044	\$ 3,779,447	\$ 559,669	\$ 34,754	\$11,607,439
Change in cash flow from financing activities	1,239,779	298,885	670,803	(38,303)	12,222	2,183,386
Interest Incomes	-	30,686	-	5,509	-	36,195
Interest Paid	-	(9,000)	-	(5,509)	-	(14,509)
Other Non-Cash Transactions	<u>101,348</u>	<u>(8,097)</u>	<u>(477)</u>	<u>49,715</u>	<u>-</u>	<u>142,489</u>
September 30, 2023	<u>\$ 5,965,652</u>	<u>\$ 2,921,518</u>	<u>\$ 4,449,773</u>	<u>\$ 571,081</u>	<u>\$ 46,976</u>	<u>\$13,955,000</u>

	<u>Short-term Loans payable</u>	<u>Corporate bonds</u>	<u>Long-term borrowings (including current portion)</u>	<u>Lease liabilities</u>	<u>Guarantee Deposits Received</u>	<u>Total liabilities arising from financing activities</u>
January 1, 2022	\$ 4,376,766	\$ 1,657,049	\$ 2,722,199	\$ 655,641	\$ 6,908	\$ 9,418,563
Change in cash flow from financing activities	2,006,940	498,484	221,051	(60,083)	31,256	2,697,648
Interest Incomes	-	13,502	-	5,288	-	18,790
Interest Paid	-	-	-	(5,288)	-	(5,288)
Other Non-Cash Transactions	<u>-</u>	<u>1,516</u>	<u>-</u>	<u>(24,391)</u>	<u>-</u>	<u>(22,875)</u>
September 30, 2022	<u>\$ 6,383,706</u>	<u>\$ 2,170,551</u>	<u>\$ 2,943,250</u>	<u>\$ 571,167</u>	<u>\$ 38,164</u>	<u>\$12,106,838</u>

VII. Related Party Transactions

(I) Related parties' names and relationship

Name of the related parties	Relationship with the Group
Advagene Biopharma Co., Ltd.	Affiliates
Weida Hi-Tech Co., Ltd.	Affiliates
Image Match Design Inc.	Other related party (Note 1)
BKS Tec Corp.	Other related party
Pilot Battery Co., Ltd.	Other related party (Note 2)
Ontario Capital Co., Ltd.	Other related party
Taiwan Mask Charity Foundation	Other related party

Note 1: Image Match Design Inc. re-elected its directors on June 1, 2023. Youe Chung Capital Corporation is no longer a director of the company, and the company is not a related party of the Group.

This company is no longer a director of the Company, and this company is no longer a related party of the Group.

Note 2: In March 2023, the Group acquired 58.33% of the shares of Pilot Battery Co., Ltd. and gained control over the company, which has been included in the consolidated financial statements as a consolidated entity since the acquisition of control.

(II) Significant transactions with the related parties

1. Operating revenue

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Product sales:		
Affiliates	\$ -	\$ 2,484
Other related party	<u>-</u>	<u>2,529</u>
Total	<u>\$ -</u>	<u>\$ 5,013</u>

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Product sales:		
Affiliates	\$ 1,336	\$ 5,944
Other related party	<u>2,397</u>	<u>25,513</u>
Total	<u>\$ 3,733</u>	<u>\$ 31,457</u>

There are no major abnormalities in the transaction prices and payment terms of the related party compared to that of non-related parties.

2. Purchase

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Purchase of merchandise:		
Other related party	<u>\$ -</u>	<u>\$ -</u>

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Purchase of merchandise:		
Other related party	<u>\$ 74</u>	<u>\$ -</u>

3. Account receivable from related parties.

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts Receivables:			
Affiliates	\$ -	\$ 325	\$ 2,333
Other related party	-	2,021	3,327
Other receivables:			
Other related party	<u>2</u>	<u>-</u>	<u>1,575</u>
Total	<u>\$ 2</u>	<u>\$ 2,346</u>	<u>\$ 7,235</u>

4. Related-party payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable:			
Other related party	<u>\$ -</u>	<u>\$ 284</u>	<u>\$ -</u>

5. Acquisition of financial assets

- (1) Pilot Battery Co., Ltd. was other related party to the Group. On March 1, 2023, the Group invested \$178,500 to acquire 7,000 thousand shares of Pilot Battery Co.,Ltd., a 58.33% shareholding, to gain control and include the company as a consolidated entity in the consolidated financial statements. Please refer to Note 6(31) for details of the business merger transaction.
- (2) Advagene Biopharma Co., Ltd. is an affiliate of the Group. The Group contributed NT\$15,000 on September 27, 2023 to increase the capital of Advagene Biopharma Co., Ltd., Ltd. in cash and acquired 600 thousand shares.

6. Others

(1) Deposits Received:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other related party	<u>\$ 118</u>	<u>\$ 95</u>	<u>\$ -</u>

(2) Rent income:

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Other related party	<u>\$ 436</u>	<u>\$ 176</u>

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Other related party	<u>\$ 1,240</u>	<u>\$ 526</u>

(3) For the nine months ended September 30, 2023 and 2022, the Company's subsidiary, You Zhuan Capital Corporation, donated 900,000 and 350,000 shares of the Company's stock, totaling \$12,807 and \$4,980, respectively, to the Taiwan Mask Charitable Foundation.

(4) The Company donated \$1,715 in cash to the Taiwan Mask Charity Foundation between January 1 and September 30, 2023.

7. Loaning of funds to related parties

Loans from related parties:

(1) Ending balance	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Other related party	<u>\$ 30,100</u>	<u>\$ -</u>
(2) Interest expenses	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Other related party	<u>\$ 100</u>	<u>\$ -</u>

The conditions for borrowing from related parties are that the interest is paid monthly at an annual interest rate of 2.7% after the loan is loaned, and the principal is repaid at the maturity. The borrowing period is from August 3, 2023 to December 31, 2023.

(III) Compensation of key management personnel

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>
Salary and short-term employee benefits	\$ 31,444	\$ 48,385
Post-employment benefits	<u>54</u>	<u>189</u>
Total	<u>\$ 31,498</u>	<u>\$ 48,574</u>

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Salary and short-term employee benefits	\$ 50,767	\$ 61,109
Post-employment benefits	<u>162</u>	<u>189</u>
Total	<u>\$ 50,929</u>	<u>\$ 61,298</u>

VIII. Pledged Assets

Assets pledged by the Group as collateral are as follows:

Assets	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Demand deposit (Recognized as "Financial assets at amortized cost")	\$ 165,460	\$ 124,883	\$ 239,589	Long- and short-term borrowings Reserve account
Time deposit (Recognized as "Financial assets at amortized cost")	679,334	490,190	223,543	Short-term borrowings and Cargo Value Guarantee
Stocks of publicly traded and OTC companies (recognized as "Financial assets at fair value through profit or loss")	2,815,930	2,682,150	3,135,744	Short-term Loans
Shares of the Company (recognized as "treasury stock") (Note)	507,300	504,454	485,955	Short-term Loans
Buildings and structures (including land)	1,183,366	1,169,267	1,864,474	Long-term borrowings
Machinery and equipment and equipment under acceptance	3,448,178	2,638,893	1,885,220	Long- and short-term borrowings
Real estate investment	171,347	170,346	171,163	Long- and short-term borrowings
Office equipment	1,656	2,401	-	Long- and short-term borrowings
Other equipment	3,543	4,470	4,780	Long- and short-term borrowings
Intangible assets	8	508	746	Long-term borrowings
	<u>\$ 8,976,122</u>	<u>\$ 7,787,562</u>	<u>\$ 8,011,214</u>	

Note: The cost of pledged treasury stocks was \$507,300 and its fair value was \$2,402,810 as of September 30, 2023.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

Commitments

1. Machine equipment maintenance contracts that have been signed but not yet paid

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Machine maintenance	<u>\$ 37,176</u>	<u>\$ 51,362</u>	<u>\$ 31,757</u>

2. Capital expenditures that have been signed but not yet incurred

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Property, plant and equipment	<u>\$ 1,195,167</u>	<u>\$ 2,065,912</u>	<u>\$ 298,558</u>

3. Lease agreement

Please see Note 6 (8) and (9)

X. Losses due to Major Disasters

None.

XI. Major Events after Financial Statement Date

None.

XII. Others

(I) Capital management

There was no significant change in the reporting period. Please refer to Note 12 in the 2022 consolidated financial statements.

(II) Financial instruments

1. Types of financial instrument

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial Assets at Fair Value Through Profit or Loss			
Mandatory financial assets at fair value through profit or loss	<u>\$ 4,379,743</u>	<u>\$ 4,481,155</u>	<u>\$ 4,772,739</u>
Financial assets measured at amortized cost cash and cash equivalents	\$ 1,740,198	\$ 1,749,957	\$ 2,064,158
Financial assets measured at amortized cost	847,794	668,067	499,721
Notes Receivables	-	1,361	4,073
Accounts receivable (Including related parties)	1,404,648	1,503,358	1,660,083
Other account receivable (Including related parties)	67,531	13,751	19,204

Refundable deposit	<u>79,987</u>	<u>52,758</u>	<u>56,673</u>
	<u>\$ 4,140,158</u>	<u>\$ 3,989,252</u>	<u>\$ 4,303,912</u>
	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Financial liabilities			
Financial Liabilities at Fair Value Through Profit or Loss			
Financial liabilities mandatorily measured at fair value through profit or loss	<u>\$ 9,551</u>	<u>\$ 5,697</u>	<u>\$ 16,766</u>
Financial liabilities measured at amortized cost			
Short-term Loans	\$ 5,965,652	\$ 4,624,525	\$ 6,383,706
Notes Payable	69	81	293
Accounts payable (Including related parties)	404,110	417,459	519,279
Other accounts payable (Including related parties)	1,170,998	837,213	733,716
Corporate bonds payable	2,921,518	2,609,044	2,170,551
Long-term borrowings (including current portion)	4,449,773	3,779,447	2,943,250
Guarantee Deposits Received	46,976	34,754	38,164
	<u>\$ 14,959,096</u>	<u>\$ 12,302,523</u>	<u>\$ 12,788,959</u>
Lease liabilities	<u>\$ 571,081</u>	<u>\$ 559,669</u>	<u>\$ 571,167</u>

2. Risk management policies

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

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

The Group's operations involve certain non-functional currencies (the Company's and certain subsidiaries' functional currency is the New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is the US Dollars, Japanese

Yen and China's Renminbi (RMB)), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values that would be materially affected by exchange rate fluctuations are as follows:

<u>September 30, 2023</u>				
(Foreign currency: functional currency)	<u>Foreign currency (in thousand)</u>		<u>Exchange rate</u>	<u>Carrying amount (expressed in NTD thousands)</u>
	Financial assets			
<u>Monetary items</u>				
USD : NTD	USD	46,355	32.270	\$ 1,495,872
RMB : NTD	CNY	57,132	4.415	252,237
JPY : NTD	JPY	159,619	0.216	34,509
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	USD	19,896	32.270	642,048
JPY : NTD	JPY	1,113,936	0.216	240,833

<u>December 31, 2022</u>				
(Foreign currency: functional currency)	<u>Foreign currency (in thousand)</u>		<u>Exchange rate</u>	<u>Carrying amount (expressed in NTD thousands)</u>
	Financial assets			
<u>Monetary items</u>				
USD : NTD	USD	67,712	30.710	\$ 2,079,436
RMB : NTD	CNY	30,598	4.408	134,876
JPY : NTD	JPY	47,877	0.232	11,127
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	USD	11,803	30.710	362,470
JPY : NTD	JPY	283,739	0.232	65,941

<u>September 30, 2022</u>				
(Foreign currency: functional currency)	<u>Foreign currency (in thousand)</u>		<u>Exchange rate</u>	<u>Carrying amount (expressed in NTD thousands)</u>
	Financial assets			
<u>Monetary items</u>				
USD : NTD	USD	66,789	31.750	\$ 2,120,551
RMB : NTD	CNY	583	4.473	2,608
JPY : NTD	JPY	47,690	0.220	10,492
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	USD	3,064	31.750	97,282
JPY : NTD	JPY	398,273	0.220	87,620

B. Total exchange gains (losses), including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Group amounted to \$20,626 and \$87,058 for the periods between July 1 and September 30, 2023 and 2022 and \$35,655 and \$140,389 for the periods between January 1 and September 30, 2023 and 2022, respectively.

C. The analysis of foreign currency risk due to significant exchange rate fluctuation

is as follows:

<u>January 1 to September 30, 2023</u>			
<u>Sensitivity Analysis</u>			
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effect on profit or loss</u>	<u>Other comprehensive profit and loss affected</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 14,959	\$ -
RMB : NTD	1%	2,522	-
JPY : NTD	1%	345	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(6,420)	-
JPY : NTD	1%	(2,408)	-

<u>January 1 to September 30, 2022</u>			
<u>Sensitivity Analysis</u>			
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effect on profit or loss</u>	<u>Other comprehensive profit and loss affected</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 21,206	\$ -
RMB : NTD	1%	26	-
JPY : NTD	1%	105	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(973)	-
JPY : NTD	1%	(876)	-

Price risk

- A. The equity instruments owned by the Company exposing to the price risk are financial assets at fair value through profit or loss and financial assets at fair value

through other comprehensive income.

- B. The Group invests primarily in equity instruments and open-end funds issued by domestic and foreign companies. The price of such equity instrument is subject to the uncertainty of the future value of investment target. If the equity instrument price had increased/decreased by 1% with all other variables held constant, net income after tax from equity instruments at fair value through profit or loss for the six months ended September 30, 2023, and 2022, would have increased/decreased by \$26,278 and \$28,636, respectively; other comprehensive income classified as equity investment at fair value through other comprehensive income would have both increased/decreased by \$0.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk mainly comes from long-term borrowings issued at floating rates, which exposes the Group to cash flow interest rate risk. The Group's borrowings issued at floating interest rates were mainly denominated in New Taiwan dollars and U.S. dollars for the six months ended September 30, 2023, and 2022.
- B. The Group's borrowings are measured at amortized cost, and the annual interest rate is re-priced according to the contract, which exposes the Group to the risk of future market interest rate changes.
- C. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, net income after tax for the six months ended September 30, 2023, and 2022, would have increased/decreased by \$15,623 and \$13,990, respectively due to the change in interest expenses as a result of borrowings with floating interest rates.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments under contract obligations, and the defaults are accounts receivable and the contract cash flow from debt instruments measured at amortized cost, measured at fair value through other comprehensive income and at fair value through profit or loss.
- B. The management of credit risk is established with a Group perspective. Only the banks and financial institutions with an independent credit rating of at least "A" can be accepted as transaction partners of the Group. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- C. The Group considers a contract payment overdue in accordance with the agreed payment terms a breach of contract.
- D. The Group uses IFRS 9 to provide the following assumption as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:

- (A) If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.
- (B) For bond investments in Taipei Exchange, if any external rating agency rates it as an investment grade on the balance sheet date, the credit risk of the financial asset is considered low.
- E. The Group uses the following indicators to determine the status of credit impairments of debt instruments:
- (A) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
- (B) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
- (C) The issuer delays or does not pay for the interest or principal.
- (D) Unfavorable changes in the national- or regional-level economic situation resulting in the issuer's default.
- F. The Group categorizes the accounts receivable from customers based on the characteristics of trade credit risks. The simplified approach is adopted for estimating the expected credit loss based on the provision matrix.
- G. The Group may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Group will continue the recourse to protect the rights of the claims.
- H. The allowance for losses on accounts receivable are estimated by reference to loss rate based on historical and current information for a specific period, adjusted for the Group's future considerations. A provision matrix as of September 30, 2023, December 31, 2022 and September 30, 2022 is as follows.

	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>More than 181 days past due</u>	<u>Total due</u>
<u>September 30, 2023</u>						
Expected loss rate	0.01%	0.07~13.25%	0.23~56.98%	1.55~79.96%	60.08~100%	
Total book value	\$ 1,079,084	\$ 253,046	\$ 64,455	\$ 13,236	\$ 21,517	\$ 1,431,338
Loss allowance	-	-	(2,183)	(3,867)	(20,640)	(26,690)

	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>More than 181 days past due</u>	<u>Total due</u>
<u>December 31, 2022</u>						
Expected loss rate	0.01~1%	0.05~1.95%	1.85%~5.53%	5.23~17.66%	56.58~100%	
Total book value	\$ 1,188,466	\$ 224,106	\$ 85,210	\$ 14,582	\$ 11,591	\$ 1,523,955
Loss allowance	-	(619)	(2,267)	(7,392)	(10,319)	(20,597)

	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>More than 181 days past due</u>	<u>Total</u>
<u>September 30, 2022</u>						
Expected loss rate	0.01~1%	0.05~1.95%	1.88~5.70%	5.24~18.19%	57.71~100%	
Total book value	\$ 1,363,436	\$ 210,934	\$ 79,714	\$ 7,787	\$ 14,633	\$ 1,676,504
Loss allowance	-	(611)	(4,344)	(445)	(11,021)	(16,421)

I. The Group adopts a simplified method in which the loss allowance for the accounts receivable is shown as follows:

	<u>2023 Accounts Receivables</u>
January 1	\$ 20,597
Recognize impairment loss	6,492
Impact from exchange rate	(399)
September 30	<u>\$ 26,690</u>

	<u>2022 Accounts Receivables</u>
January 1	\$ 10,039
Recognize impairment loss	6,382
September 30	<u>\$ 16,421</u>

(3) Liquidity risk

- A. Cash flow forecasting is performed by the operating entities of the Corporate Group and aggregated by the Group's treasury department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs.
- B. The remaining cash held by each operating entity will be transferred back to the Group's finance department. The finance department of the Group invests the remaining funds in interest-bearing demand deposits, time deposits, financial assets at fair value through profit or loss, financial assets at amortized cost (time deposits with a maturity of more than 3 months and less than 12 months), as the instruments chosen have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. Money market positions of \$2,587,662, \$2,417,912 and \$2,564,005, respectively, held by the Group as of September 30, 2023, December 31, 2022, and September 30, 2022 are expected to generate immediate cash flows to manage liquidity risks.
- C. The Group's unutilized borrowings are shown as follows:

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Floating rate			

Short-term credit limits	\$ 1,456,555	\$ 645,878	\$ 951,000
Medium to long-term credit limits	550,000	60,014	45,000
Fixed rate Short-term credit limits	8,420	11,045	-
	<u>\$ 2,014,975</u>	<u>\$ 716,937</u>	<u>\$ 996,000</u>

D. The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or total amount, grouped according to the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
September 30, 2023				
<u>Non-derivative financial liabilities:</u>				
Short-term Loans	\$ 6,058,804	\$ -	\$ -	\$ -
Notes Payable	69	-	-	-
Accounts payable (Including related parties)	404,110	-	-	-
Other accounts payable (Including related parties)	1,170,998	-	-	-
Lease liabilities	43,908	36,165	97,275	453,812
Corporate bonds payable	25,400	25,400	3,042,800	-
Long-term borrowings (including current portion)	1,032,190	1,327,069	1,899,875	501,294
Guarantee Deposits Received	-	46,976	-	-
	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2022				
<u>Non-derivative financial liabilities:</u>				
Short-term Loans	\$ 4,702,123	\$ -	\$ -	\$ -
Notes Payable	81	-	-	-
Accounts payable (Including related parties)	417,459	-	-	-
Other accounts payable (Including related parties)	837,213	-	-	-
Lease liabilities	38,246	78,734	224,177	221,011
Corporate bonds payable	-	-	2,696,140	-
Long-term borrowings (including current portion)	680,126	919,483	352,448	217,645
Guarantee Deposits Received	-	34,754	-	-

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
September 30, 2022				
<u>Non-derivative financial liabilities:</u>				
Short-term Loans	\$ 6,391,232	\$ -	\$ -	\$ -
Notes Payable	293	-	-	-
Accounts Payable	519,279	-	-	-
Other accounts payable (Including related parties)	733,716	-	-	-
Lease liabilities	38,189	35,820	79,376	421,104
Corporate bonds payable	-	-	2,241,300	-
Long-term borrowings (including current portion)	2,181,551	419,608	1,451,447	78,589
Guarantee Deposits Received	-	-	38,163	-

(III) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in stocks of non-publicly traded or non-OTC firms and private equity fund is included in Level 3.

2. Financial instruments not measured at fair value

Cash, notes receivable, accounts receivable, other receivable, short-term borrowings, notes payable, accounts payable and other payable as reasonable approximation of fair value.

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

September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Equity securities	\$ 4,233,338	\$ 86,500	\$ 59,405	\$ 4,379,243
Beneficiary certificates	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
	<u>\$ 4,233,838</u>	<u>\$ 86,500</u>	<u>\$ 59,405</u>	<u>\$ 4,379,743</u>

Liabilities				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,551</u>	<u>\$ 9,551</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Equity securities	\$ 4,344,484	\$ 79,300	\$ 56,871	\$ 4,480,655
Beneficiary certificates	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
	<u>\$ 4,344,984</u>	<u>\$ 79,300</u>	<u>\$ 56,871</u>	<u>\$ 4,481,155</u>

Liabilities				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value Through Profit or Loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,697</u>	<u>\$ 5,697</u>

September 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value				
Through Profit or Loss				
Equity securities	\$ 4,627,760	\$ 79,200	\$ 65,279	\$ 4,772,239
Beneficiary certificates	500	-	-	500
	<u>\$ 4,628,260</u>	<u>\$ 79,200</u>	<u>\$ 65,279</u>	<u>\$ 4,772,739</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial Liabilities at Fair Value				
Through Profit or Loss				
Convertible bond call/put options	\$ -	\$ -	\$ 16,776	\$ 16,776

4. The methods and assumptions adopted by the Group for assessing the fair value are as follows:

- (1) The Group adopt market pricing as the input of fair value (i.e. Level 1), and the breakdown of the characteristics of the instrument is as follows:

Market price	<u>Shares of listed and OTC</u>		<u>Open-end funds</u>	
	<u>company</u>	<u>Closing price</u>	<u>Net Value</u>	

- (2) Except for the abovementioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained using valuation techniques. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of market information available on the date of the consolidated balance sheet (for example, the Taipei Exchange refers to the yield curve, the Reuters adopts the average quotation of interest rate of commercial promissory notes).
- (3) The output of the valuation model is the estimated value, and the valuation technique may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated value of the valuation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and related control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the valuation process are carefully assessed and appropriately adjusted according to current market conditions.
- (4) The Group incorporates credit risk valuation adjustments into the consideration of the fair value of financial instruments and non-financial instruments to reflect counterparty credit risk and the credit quality of the Group, respectively.
5. For the nine months ended September 30, 2023 and 2022, there was no transfer between level 1 and level 2.
6. For the six months ended September 30, 2023, and 2022, the following chart is the

movement of Level 3:

	<u>Equity securities</u>
January 1, 2023	\$ 51,174
Acquisition cost of the period	2,500
Recognized in profit or loss of the period	(3,854)
Impact from exchange rate	<u>34</u>
September 30, 2023	<u>\$ 49,854</u>

	<u>Equity securities</u>
January 1, 2022	\$ 57,622
Acquisition cost of the period	12,500
Recognized in profit or loss of the period	(21,776)
Return of capital by investee company	(463)
Impact from exchange rate	<u>620</u>
September 30, 2022	<u>\$ 48,503</u>

7. The quantitative information about the significant unobservable input value of the valuation model and the sensitivity analysis of the significant unobservable input value change used in Level 3 fair value measurements are explained as follows:

September 30, 2023

	<u>Fair value</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship</u> <u>between inputs and</u> <u>fair value</u>
Non-derivative equity/liability instruments:					
Shares of non-listed and non-OTC company	\$ 59,405	Net asset value method	Net asset value		- The higher the net asset value, the higher the fair value
Convertible bond call/put options	(9,551)	Convertible bond evaluation model	Stock price volatility	40.96%	The higher the stock price volatility, the higher the fair value

December 31, 2022

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Non-derivative equity/liability instruments:					
Shares of non-listed and non-OTC company	\$ 56,871	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Convertible bond call/put options	(5,697)	Convertible bond evaluation model	Stock price volatility	50.65%	The higher the stock price volatility, the higher the fair value

September 30, 2022

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Non-derivative equity/liability instruments:					
Shares of non-listed and non-OTC company	\$ 65,279	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Convertible bond call/put options	(16,776)	Convertible bond evaluation model	Stock price volatility	49.24%	The higher the stock price volatility, the higher the fair value

8. The Group has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may result in different measurement. For financial assets or liabilities classified in Level 3, changes in valuation parameters have the following impacts on the income or other comprehensive income of the period:

	<u>Inputs</u>	<u>Changes</u>	<u>September 30, 2023</u>		<u>Recognized in other comprehensive income</u>	
			<u>Recognized in profit or loss</u>		<u>Favorable</u>	<u>Adverse</u>
			<u>Favorable changes</u>	<u>Adverse changes</u>	<u>changes</u>	<u>changes</u>
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 594	(\$ 594)	\$ -	\$ -
Debt	Stock price volatility	± 1%	20	(20)	-	-
Total			<u>\$ 614</u>	<u>(\$ 614)</u>	<u>\$ -</u>	<u>\$ -</u>

			<u>December 31, 2022</u>		<u>Recognized in other comprehensive income</u>	
			<u>Recognized in profit or loss</u>		<u>income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 569	(\$ 569)	\$ -	\$ -
Debt	Stock price volatility	± 1%	<u>20</u>	<u>(20)</u>	<u>-</u>	<u>-</u>
Total			<u>\$ 589</u>	<u>(\$ 589)</u>	<u>\$ -</u>	<u>\$ -</u>

			<u>September 30, 2022</u>		<u>Recognized in other comprehensive income</u>	
			<u>Recognized in profit or loss</u>		<u>income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 653	(\$ 653)	\$ -	\$ -
Debt	Stock price volatility	± 1%	<u>20</u>	<u>(40)</u>	<u>-</u>	<u>-</u>
Total			<u>\$ 673</u>	<u>(\$ 693)</u>	<u>\$ -</u>	<u>\$ -</u>

XIII. Supplementary Disclosure

(I) Significant transactions information

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table III.
4. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to Table IV.
:Not applicable.
5. Acquisition of real estate exceeding \$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate exceeding \$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Engaged in derivative trading: None.
10. Significant inter-company transactions during the reporting periods: Please refer to Table 4.

(II) Information on Reinvested Businesses

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 5.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 6.

2. Significant transactions, either directly or indirectly through a third area, with investee companies in Mainland China: None.

(IV) Information on Major Shareholders

Information on major shareholders: Please refer to Table 7.

XIV. Segments Information

(I) General information

Management has determined the reportable operating segments based on reports reviewed by the president and used to make strategic decisions.

The Group's corporate structure, the basis for division of segments, and the basis for measurement of segment information have not changed significantly during the current period.

(II) Segments Information

Information on the reporting segments provided to the chief operating decision maker is shown as follows:

January 1 to September 30, 2023:

	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from external clients	<u>\$ 5,241,575</u>	<u>\$ 76,923</u>	<u>\$ 5,318,498</u>
Segment revenue	<u>(\$ 255,123)</u>	<u>\$ -</u>	<u>(\$ 255,123)</u>
Segment margin	<u>\$ 443,590</u>	<u>(\$ 141,203)</u>	<u>\$ 302,387</u>
Segment margin include:			
Depreciation	<u>(\$ 646,843)</u>	<u>(\$ 21,194)</u>	<u>(\$ 668,037)</u>
Amortization expense	<u>(\$ 31,999)</u>	<u>(\$ 6,665)</u>	<u>(\$ 38,664)</u>
Financial Costs	<u>(\$ 198,972)</u>	<u>(\$ 12,376)</u>	<u>(\$ 211,348)</u>
Interest income	<u>\$ 30,207</u>	<u>\$ 124</u>	<u>\$ 30,331</u>
Investments income recognized by using equity method	<u>(\$ 62,009)</u>	<u>\$ -</u>	<u>(\$ 62,009)</u>
Segment assets	<u>\$ 19,876,820</u>	<u>\$ 870,920</u>	<u>\$ 20,747,740</u>

January 1 to September 30, 2022:

	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from external clients	<u>\$ 5,739,475</u>	<u>\$ 30,669</u>	<u>\$ 5,770,144</u>
Segment revenue	<u>(\$ 104,710)</u>	<u>\$ -</u>	<u>(\$ 104,710)</u>
Segment margin	<u>\$ 47,031</u>	<u>(\$ 84,086)</u>	<u>(\$ 37,055)</u>
Segment margin include:			
Depreciation	<u>(\$ 388,162)</u>	<u>(\$ 5,285)</u>	<u>(\$ 393,447)</u>
Amortization expense	<u>(\$ 34,851)</u>	<u>(\$ 413)</u>	<u>(\$ 35,264)</u>
Financial Costs	<u>(\$ 129,019)</u>	<u>\$ 2,675</u>	<u>(\$ 126,344)</u>
Interest income	<u>\$ 7,228</u>	<u>\$ 5</u>	<u>\$ 7,233</u>
Investments income recognized by using equity method	<u>(\$ 46,801)</u>	<u>\$ -</u>	<u>(\$ 46,801)</u>
Segment assets	<u>\$ 17,377,621</u>	<u>\$ 386,356</u>	<u>\$ 17,763,977</u>

(III) Reconciliation for segment income

Sales between segments are conducted according to the principle of transactions at fair value. The operating revenue from external customers reported to the operating decision maker is measured in a manner consistent with that in the income statement.

The consolidated income, assets and liabilities of related segments are consistent with the consolidated income, consolidated assets and consolidated liabilities, so there is no reconciliation information.

Taiwan Mask Corporation and Subsidiaries

Loans to Others

January 1 to September 30, 2023:

Table 1

Unit: NT\$Thousand

(Unless otherwise specified)

No. (Note 1)	Company that lent	Borrowing party	General ledger account	Related party?	Maximum Balance for the		Amount Actually Drawn	Range of interest rate	Nature of loan	Amount of transaction with borrower	Reason for short-term financing	recognized impairment loss	Collateral		Limit on loans granted to a single	Ceiling on total loan granted	Note
					Period	Ending balance							Name	Value			
1	ADL Energy Corp	Aptos Technology INC.	Other Receivables - Related Parties	Y	\$ 10,000	\$ -	\$ -	2.7%	Short-term financing	-	Business operations	-	Promissory note	\$ 19,166	\$ 23,957	Note 3	
2	Miracle Technology CO., LTD.	Aptos Technology INC.	Other Receivables - Related Parties	Y	170,000	170,000	170,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	170,000	178,271	Note 4	
3	Youe Chung Capital Corporation	Aptos Technology INC.	Other Receivables - Related Parties	Y	370,000	320,000	270,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	270,000	1,328,676	Note 6	
3	Youe Chung Capital Corporation	Xsense Technology Corp	Other Receivables - Related Parties	Y	270,000	270,000	270,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	270,000	1,328,676	Note 6	
3	Youe Chung Capital Corporation	Innova Vision INC.	Other Receivables - Related Parties	Y	90,000	90,000	90,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	90,000	1,328,676	Note 6	
4	Pilot Battery Co., Ltd.	Xsense Technology Corp	Other Receivables - Related Parties	Y	50,000	50,000	50,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	50,000	53,286	Note 7	

Note 1: The description of the number columns are as follows:

- (1) Fill in "0" for the issuer.
- (2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: Amendment to the Procedures for Lending Funds to Others:

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.
- (3) If there is a need for short-term financing between companies or inter-institutions, the loan amount to each borrower shall not exceed 40% of the Company's net worth.
- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loans to a single party shall not exceed 50% of the Company's net value.

Note 3: Subsidiary - ADL Energy Corp Procedures for Lending Funds to Others:

- (1) The total loan amount shall not exceed 50% of the Company's net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed 40% of the Company net value.
 - (2) In addition to the provisions in (1), the loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
 - (3) In addition to the provisions in (1), in which companies or businesses have a short-term financing need, and the loan amount of each individual borrowers not exceeding 40% of the Company net value, the financing amount refers to the accumulated balance of the company's short-term financing.
 - (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, or loans to the Company from any overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares are not restricted by the abovementioned paragraphs. However, the total loan amount, limits for each individual borrower, and the period of loan should be specified.
- However, the total amount of funds to be loaned and the limits for individual borrowers should be set, and the period for which funds should be loaned should be clearly defined. The total amount of loans lent between the overseas companies or to the parent company and the limit for each limit are specified as follows:

- I. The total amount loans to enterprises shall not exceed 50% of the Company's net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed 40% of the Company net value.
- II. For overseas companies that have business dealings with each other, the individual loan amount shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- III. If there is a need for short-term financing, the loan amount of each individual borrowers shall not exceed 40% of the company's net value, and the financing amount refers to the accumulated balance of the short-term financing between overseas companies.
- (5) The highest balance for the current period is the amount resolved by the board.

Note 4: Subsidiary - Miracle Technology Procedures for Lending Funds to Others

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.
- (3) If there is a need for short-term financing between companies or inter-institutions, the loan amount to each borrower shall not exceed 40% of the Company's net worth.
- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loans to a single party shall not exceed 50% of the Company's net value.

Note 5: Subsidiary - Innova Vision Procedures for Lending Funds to Others

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) The loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties in the past year. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties, and shall not exceed 20% of the Company's net value.
- (3) If there is a need for short-term financing between companies or inter-institutions, the loan amount to each borrower shall not exceed 40% of the Company's net worth.

Note 6: Subsidiary - Youe Chung Capital Corporation Procedures for Lending Funds to Others

(1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.

(2) If there is a need for short-term financing between companies or inter-institutions, the loan amount to each borrower shall not exceed 40% of the Company's net worth.

Note 7: Subsidiary - Pilot Battery Co., Ltd. Procedures for Lending Funds to Others:

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement.

(2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.

Taiwan Mask Corporation and Subsidiaries
Endorsements and Guarantees to Others
January 1 to September 30, 2023:

Table 2

Unit: NT\$Thousand

No. (Note 1)	Endorser/guarantor	Guaranteed Party		endorsement and guarantee for a single enterprise (Note 3, 4, 5, 6)	Maximum Balance of		Amount Actually Drawn	Amount of Endorsement /Guarantee	Ratio of Accumulated Endorsement/Guaran	Maximum Endorsement/Guarante e Amount Allowable (Note 3, 4, 5, 6)	provided by parent	provided by parent Guarantee	Guarantee Provided by	Note
		Name of Company	Relationship (Note 2)		Endorsement/Guar antee for the Period	Ending Balance of Endorsement/Guar antee								
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	2	\$ 229,550	\$ 225,890	\$ 225,890	\$ -	\$ -	4.65%	\$ 1,942,610	Y	N	N	Note 3
1	ADL Energy Corp	Aptos Technology INC.	3	14,374	19,500	-	-	-	0.00%	14,374	N	Y	N	Note 4
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	387,113	226,695	225,165	225,165	225,165	58.17%	387,113	N	Y	N	Note 5
3	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	178,271	150,000	150,000	150,000	150,000	33.66%	178,271	N	N	N	Note 6
3	Miracle Technology CO., LTD.	Aptos Technology INC.	1	178,271	20,000	20,000	20,000	20,000	4.49%	178,271	N	N	N	Note 6
4	Pilot Battery Co., Ltd.	ADL Energy Corp	1	53,286	50,000	50,000	50,000	50,000	37.53%	53,286	N	N	N	Note 7

Note 1: The description of the number columns are as follows:

- (1) Fill in "0" for the issuer.
- (2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: The relationship between the guarantor and the guarantee are one of the seven types indicated below:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4) Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other.
- (5) A company that is mutually insured by a contract between peers or co-founders based on the needs of the contracted work.
- (6) A company that is guaranteed by all contributing shareholders in proportion to their shareholdings due to a joint investment relationship.
- (7) Companies that are engaged in joint and several guarantees for the performance guarantee of pre-sale housing sales contracts in accordance with the regulations of the Consumer Protection Act.

Note 3: The Company's endorsement and guarantee practices for others provide that:

- (1) The total amount of the Company's external endorsement guarantee shall not exceed 30% of the Company's paid-in capital.
- (2) The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- (3) Companies with which the Company has a parent-child relationship: The endorsement and guarantee for a single enterprise shall not exceed 10% of the Company's paid-in capital and the company's paid-in capital being endorsed and guaranteed.
- (4) The aggregate amount of the endorsement and guarantee of the Company and its subsidiaries as a whole shall not exceed 40% of the net worth of the Company, of which the endorsement and guarantee of a single subsidiary shall not exceed 20% of the net worth of the Company.

Note 4: Subsidiary - ADL Energy Corp Endorsement and Guarantee Procedures:

- (1) The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.
- (2) The amount of the endorsement guarantee for a single enterprise shall not exceed 30% of the net value of the company's most recent audited or reviewed financial statements.
- (3) The Company and its subsidiaries shall state in the shareholders' meeting the necessity and reasonableness of any endorsement or guarantee of more than 50% of the net value of the Company's most recent audited or reviewed financial statements.

Note 5: Miko-China Enterprise (Shanghai) Co., Ltd. Endorsement and Guarantee Procedures:

The total amount of endorsement guarantee liability is limited to RMB 30 million, and the amount of endorsement guarantee for a single enterprise shall not exceed RMB 30 million; however, for the parent company that directly or indirectly holds, through a subsidiary, more than 50% of the common stock equity of a company, it may endorse up to its net value.

Note 6: Subsidiary - Miracle Technology Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

Note 7: Subsidiary - Pilot Battery Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

Taiwan Mask Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2023

Unit: NT\$Thousand
(Unless otherwise specified)

Table 3

Company name of the shareholding	Marketable securities	Relationship with the marketable securities issuer	General ledger account	End of period				
				Number of shares	Book value	Ownership	Fair value	Note
Taiwan Mask Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	7,554,000	\$ 341,440	0.06%	\$ 341,440	
Taiwan Mask Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	14,334,000	775,469	7.17%	775,469	
Taiwan Mask Corporation	Common stocks of Avision Inc. through private placement.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	10,000,000	74,000	4.61%	74,000	
Taiwan Mask Corporation	Common Stock of 3S Silicon Tech Inc.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	1,000,000	12,500	2.69%	12,500	
Youe Chung Capital Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	5,680,000	256,736	0.05%	256,736	
Youe Chung Capital Corporation	Common stocks of Microtek International Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	40,966,000	931,977	19.92%	931,977	
Youe Chung Capital Corporation	Common stocks of Taiwan Mask Corporation	Parent company	Financial Assets at Fair Value Through Profit or Loss - Non Current	35,831,440	2,415,039	13.97%	2,415,039	
Youe Chung Capital Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	24,999,000	1,352,446	12.50%	1,352,446	
Youe Chung Capital Corporation	Common stocks of EVERBRITE Technology Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	12,798,000	575,270	19.99%	575,270	
Youe Chung Capital Corporation	Image Match Design Inc.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	378,000	3,213	3.17%	3,213	
Youe Chung Capital Corporation	B Current Impact Investment	The Company is a director of that company	Financial Assets at Fair Value Through Profit or Loss - Non Current	1,000,000	10,000	10.00%	10,000	
Youe Chung Capital Corporation	B Current Impact Investment Partnership	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	500,000	5,000	-	5,000	
Youe Chung Capital Corporation	Intellectual Property Innovation Corporation Partnership Fund	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	-	20,000	-	20,000	
Jing Hao Investment Co., Ltd.	G-TECH ELECTRONICS LTD.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	1,097,092	-	8.08%	-	
Jing Hao Investment Co., Ltd.	Memchip Technology Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	187,915	-	3.13%	-	
Aptos Technology INC.	Common stocks of TOPFUN TECHNOLOGY INC.	None	Financial Assets at Fair Value Through Other Comprehensive Income - Non Current	100,000	-	12.27%	-	
Adl Engineering INC.	Franklin Templeton SinoAm Asia Pacific Balanced Fund-Accu. Beneficiary Certificate	None	Financial Assets at Fair Value Through Profit or Loss - Current	50,000	500	-	500	
Miko-China Enterprise (Shanghai) Co., Ltd.	Common stocks of Shenzhen He Mei Jing Yi Semiconductor Technology Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	400,000	21,192	0.31%	21,192	

Taiwan Mask Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
January 1 to September 30, 2023

Unit: NT\$Thousand
(Unless otherwise specified)

Table 4

No. (Note 1)	Name of the counterparty	Counterparty	Relationship with the	Status of transaction			Percentage of consolidated total (Note 3)
				General ledger account	Amount	Transaction terms	
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Sales	10,049	Net 60	0.19%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Endorsement and guarantee	225,890	Same with other customers	1.09%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Accounts Receivables	5,893	Net 60	0.03%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Rental income	1,989	Same with other customers	0.04%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Sales	13,249	Net 60	0.25%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Accounts Receivables	1,914	Net 60	0.01%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Rental income	39,651	Same with other customers	0.75%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Receivables	36,803	Same with other customers	0.18%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Rental income	11,909	Same with other customers	0.22%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Receivables	23,210	Same with other customers	0.11%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	Rental income	36,536	Same with other customers	0.69%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	1	Other Receivables	27,019	Same with other customers	0.13%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Other Incomes	1,816	Same with other customers	0.03%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Incomes	1,891	Same with other customers	0.04%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Incomes	1,877	Same with other customers	0.04%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Other receivables (loans of funds)	170,000	Receipt and payment at an agreed time	0.82%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Interest income	3,433	Receipt and payment at an agreed time	0.06%
1	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Endorsement and guarantee	150,000	Same with other customers	0.72%
1	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Sales	2,033	Net 60	0.04%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Sales	46,437	Net 30	0.87%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Accounts Receivables	1,104	Net 30	0.01%
1	Miracle Technology CO., LTD.	Sichuan Miracle Power Technology Co., Ltd.	3	Sales	2,514	Net 60	0.05%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Endorsement and guarantee	20,000	Same with other customers	0.10%
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	Endorsement and guarantee	225,165	Same with other customers	1.09%
3	Sichuan Miracle Power Technology Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	3	Sales	5,932	Net 30	0.11%

Taiwan Mask Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
January 1 to September 30, 2023

Unit: NT\$Thousand
(Unless otherwise specified)

Table 4

No. (Note 1)	Name of the counterparty	Counterparty	Relationship with the	General ledger account	Amount	Status of transaction		Percentage of consolidated total (Note 3)
						Transaction terms		
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Other receivables (loans of f	270,000	Receipt and payment at an agreed time		1.30%
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Interest income	5,310	Receipt and payment at an agreed time		0.10%
4	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other receivables (loans of funds)	270,000	Receipt and payment at an agreed time		1.30%
4	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Interest income	5,438	Receipt and payment at an agreed time		0.10%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Other receivables (loans of funds)	90,000	Receipt and payment at an agreed time		0.43%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Interest income	1,819	Receipt and payment at an agreed time		0.03%
5	Aptos Technology INC.	Moment Semiconductor, Inc.	3	Sales	11,294	Net 60		0.21%
5	Aptos Technology INC.	Moment Semiconductor, Inc.	3	Accounts Receivables	2,734	Net 60		0.01%
5	Aptos Technology INC.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Accounts Receivables	2,639	Net 60		0.01%
6	ADL Energy Corp	Taiwan Mask Corporation	2	Sales	11,255	Net 60		0.21%
7	Innova Vision INC.	iPro Vision Inc.	3	Sales	21,519	Net 60		0.40%
7	Innova Vision INC.	iPro Vision Inc.	3	Accounts Receivables	31,966	Receipt and payment at an agreed time		0.15%
8	Pilot Battery Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other receivables (loans of funds)	50,000	Receipt and payment at an agreed time		0.24%
8	Pilot Battery Co., Ltd.	ADL Energy Corp	3	Endorsement and guarantee	50,000	Receipt and payment at an agreed time		0.24%
9	Digital-Can Tech. Co., Ltd.	Taiwan Mask Corporation	2	Sales	128,179	Net 60		2.41%
9	Digital-Can Tech. Co., Ltd.	Taiwan Mask Corporation	2	Accounts Receivables	2,696	Net 60		0.01%
10	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan Mask Corporation	2	Other Incomes	9,000	Receipt and payment at an agreed time		0.17%
10	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan Mask Corporation	2	Other operating revenue	1,000	Receipt and payment at an agreed time		0.02%

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

- (1) Parent company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiaries.

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

Note 4: Only transactions with an amount of more than NT\$1 million will be disclosed, and transactions with related parties will not be disclosed separately.

Taiwan Mask Corporation and Subsidiaries
Names, locations and other information of investee companies (not including investees in China)
January 1 to September 30, 2023

Unit: NT\$Thousand
(Unless otherwise specified)

Table 5

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Profit (loss) of the investee for the current period	Investment profit (loss) recognized for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Ownership	Book value			
Taiwan Mask Corporation	SunnyLake Park International Holdings, Inc.	British Virgin Islands	Re-investment	\$ 103,045	\$ 103,045	3,120,000	100%	\$ 6,085	\$ 44	\$ 44	
Taiwan Mask Corporation	Youe Chung Capital Corporation	Taiwan	Re-investment	1,260,000	1,260,000	534,877,568	100%	650,238 (	918,293) (	324,292)	
Taiwan Mask Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	165,691	165,691	12,549,652	23.51%	39,470 (	64,184) (	16,295)	
Taiwan Mask Corporation	Miracle Technology CO., LTD.	Taiwan	Electronics components manufacturing, electronics materials	252,651	252,651	22,955,033	100%	481,787	16,509	16,509	
Taiwan Mask Corporation	Weida Hi-Tech Co., Ltd.	Taiwan	Display panel control chip and other module's research, design, development, manufacturing and sales	293,371	293,371	12,176,880	28.20%	41,750 (	155,269) (	42,317)	
Taiwan Mask Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical	578,321	578,321	36,793,134	91.53%	22,115 (	135,221) (	129,310)	
Taiwan Mask Corporation	ONE TEST SYSTEMS	United States	Research, development and design of test equipment and related components	121,372	-	940,000	100%	121,328	5,924	4	
Youe Chung Capital Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	75,021	60,021	3,216,223	6.03%	10,116 (	64,184) (	3,397)	
Youe Chung Capital Corporation	Xsense Technology Corporation	British Virgin Islands	Precious metal coating	325,965	325,965	1	100.00%	6,292 (	27) (	27)	
Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I) Taiwan Branch	Taiwan	Precious metal coating	-	-	12,189,191	53.00%	(12,063) (	( 7,444) (	( 6,593)	
Youe Chung Capital Corporation	Aptos Technology INC.	Taiwan	Design, packaging and testing of NAND flash memory, solid state drives and the related products	434,692	434,692	28,481,161	47.19%	(184,225) (	( 203,476) (	( 96,017)	
Youe Chung Capital Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical	151,533	151,533	94,370	0.23%	(108) (	( 135,221) (	( 317)	
Youe Chung Capital Corporation	Digital-Can Tech. Co., Ltd.	Taiwan	3D Printing and Plastic Mold Design	139,072	139,072	7,281,250	57.39%	(105,876) (	( 7,492) (	( 7,982)	
Youe Chung Capital Corporation	Pilot Battery Co., Ltd.	Taiwan	Electronic parts and components and energy technical services	178,500	-	7,000,000	58.33%	(164,181) (	( 26,889) (	( 14,319)	
Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Taiwan	Retail and wholesale of memory	40,000	-	4,000,000	53.33%	(29,852) (	( 24,438) (	( 10,148)	
Aptos Technology INC.	ADL Energy Corp	Taiwan	Electronic parts and components and energy technical services	413,050	413,050	11,984,526	100%	74,041	26,127	26,127	
Aptos Technology INC.	New Sunrise Limited	Samoa	Re-investment	-	-	-	100%	-	-	-	Note 1
Aptos Technology INC.	ONE TEST SYSTEMS	United States	Research, development and design of test equipment and related components	-	-	-	0%	-	(5,924) (	( 46)	Note 2
ADL Energy Corp	Aptos Global Holding Corp.	Seychelles	Re-investment	29,795	29,795	10,000,000	100%	-	-	-	
Miracle Technology CO., LTD.	Jing Hao Investment Co., Ltd.	Taiwan	Re-investment	10,012	10,012	25,860,907	100%	319,617	32,678	32,678	
Jing Hao Investment Co., Ltd.	Miko Technology Co., Ltd	Hong Kong	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	37	37	10,000	100%	(7,052) (	( 29) (	( 29)	
Innova Vision INC.	Innova Technology	Taiwan	Sales of contact lens	64,650	64,650	3,000,000	100%	(3,419) (	( 80) (	( 80)	
Innova Vision INC.	Innova Vision (B.V.I) Inc.	British Virgin Islands	Re-investment	60,157	60,157	1,000,000	100%	(1,528) (	( 1,600) (	( 1,600)	
Innova Vision INC.	iPro Vision Inc.	Japan	Sales of contact lens	84,204	84,204	6,400	52.03%	(3,562) (	( 3,340) (	( 1,738)	
Innova Vision (B.V.I) Inc.	iPro Vision Inc.	Japan	Sales of contact lens	56,420	56,420	5,900	47.97%	(1,759) (	( 3,340) (	( 1,602)	

Note 1: As of September 30, 2023, the funds for shares have not been remitted.

Note 2: The Company's subsidiary, Aptos Technology INC. invested in One Test Systems in May 2023 with a 100% shareholding. In August 2002, the Group was reorganized and One Test Systems was directly owned by the Company, with its shareholding remaining at 100%.

Taiwan Mask Corporation and Subsidiaries
Information on investments in China
January 1 to September 30, 2023

Unit: NT\$Thousand
(Unless otherwise specified)

Table 6

Investee in Mainland China	Main business activities	Paid-up capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China at the beginning of the period	Taiwan to Mainland China/Amount remitted back to Taiwan for the period		Accumulated amount of remittance from Taiwan as of the end of the period	Profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the current period (Note 2)	Ending carrying amount	Accumulated amount of investment income remitted back to Taiwan	Note
					Remitted to	Remitted back							
Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	\$ 3,283	1	\$ 3,283	\$ -	\$ -	\$ 3,283	\$ 41,578	100%	\$ 41,578	\$ 387,113	\$ -	Note 2(2)B
Miracle International Enterprise(Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	10,215	1	10,215	-	-	10,215	7,827	100%	7,827	101,648	-	Note 2(2)B , Note 4
Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	53,676	3	-	-	-	-	(1,198)	100%	(1,198)	57,643	-	Note 2(2)B

Name of Company	remittance from Taiwan to Mainland China as of the amount approved Mainland China imposed		
	Mainland China as of the	by the	by the Investment
Miracle Technology CO., LTD.	\$ 13,498	\$ 13,498	\$ 267,407

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (please specify the company), which then invested in Mainland China.
- (3) Other methods

Note 2: Investment income recognized by the Company for the current period

- (1) If it is still under preparation with no actual gain or loss, it shall be indicated in the box.
- (2) The basis for recognition of the investment gains or losses is divided into the following three, it shall be indicated in the box.
 - A. Financial statements audited and validated by an international accounting firm that has a collaborative relationship with CPA firms in Taiwan.
 - B. Financial statements reviewed by a certified accountant or accounting firm who work with the parent company in Taiwan.
 - C. Unaudited financial statements.

Note 3: The relevant figures in this table should be presented in New Taiwan Dollars.

Note 4: It was originally invested through Misun Technology Co., Ltd. Since the aforementioned company has gone through dissolution and liquidation, it has been changed to Miracle Technology Co., Ltd. directly investing in Miracle International Enterprise (Shanghai) Co., Ltd.

Taiwan Mask Corporation and Subsidiaries

Information on Major Shareholders

September 30, 2023

Table 7

Name of Main Shareholders	Shares	
	No. of shares held	Ownership
Youe Chung Capital Corporation	35,831,440	13.97%