

Actron Technology
Corporation and Subsidiaries

Consolidated Financial
Statements with Independent
Auditors' Review Report

For the Nine Months Ended September 30, 2023 and
2022

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

§Table of Contents§

	<u>ITEM</u>	<u>PAGE</u>	<u>NO. OF NOTE TO THE FINANCIAL STATEMENTS</u>
1.	Cover	1	-
2.	Table of Contents	2	-
3.	Independent Auditors' Review Report	3~5	-
4.	Consolidated balance sheets	6	-
5.	Consolidated statements of comprehensive income	7	-
6.	Consolidated statements of changes in equity	8	-
7.	Consolidated Statements of Cash Flows	9~10	-
8.	Notes to consolidated financial statements		
	(1) History	11	1
	(2) Date and procedures for approval of financial statements	11	2
	(3) Application of new, amended and revised standards and interpretations	11~13	3
	(4) Summary of significant accounting policies	13~17	4
	(5) Critical accounting judgments and key sources of estimation uncertainty	17	5
	(6) Contents of significant accounts	17~58	6~30
	(7) Transactions with related parties	58~60	31
	(8) Assets pledged as collateral or for security	60	32
	(9) Significant contingent liabilities and unrecognized contract commitments	60~61	33
	(10) Significant losses from disasters	-	-
	(11) Significant subsequent events	61	34
	(12) Others	61~64	35
	(13) Separately disclosed items		
	1. Information about significant transactions	64	36
	2. Information on investees	65	36
	3. Information on investments in mainland China	65	36
	4. Information of major shareholders	65	36
	(14) Segment information	66	37

Independent Auditors' Review Report

To the Board of Directors and Shareholders of Actron Technology Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Actron Technology Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$1,238,936 thousand and NT\$1,206,233 thousand, respectively, representing 8% and 14%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$170,662 thousand and NT\$230,748 thousand, respectively, representing 3% and 7%, respectively, of the consolidated total liabilities. For the three months ended September 30, 2023 and 2022, the amounts of the combined comprehensive income (loss) of these non-significant subsidiaries were NT\$(6,669) thousand and NT\$(39,833) thousand, respectively, representing (29)% and (56)% of the consolidated total comprehensive income, respectively; for the nine months ended September 30, 2023 and 2022, the amounts of the combined comprehensive income (loss) of these non-significant subsidiaries were NT\$(49,768) thousand and NT\$(73,193) thousand, respectively, representing (6)% and 14% of the consolidated total comprehensive income, respectively. In addition, as disclosed in Note 12 to the consolidated financial statements, the total carrying amounts of the investment accounted for using the equity method were NT\$2,496,051 thousand and NT\$1,403,190 thousand as of September 30, 2023 and 2022, respectively. The share of profit (loss) of associates and joint venture accounted for using the equity method was NT\$68,800 thousand and NT\$68,953 thousand for the three months ended September 30, 2023 and 2022, respectively; the share of profit (loss) of associates and joint venture accounted for using the equity method was NT\$139,408 thousand and NT\$148,520 thousand for the nine months ended September 30, 2023 and 2022, respectively. The amounts of the related equity-method investments were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews and the review reports of the other independent auditors, as described in Other Matters, except for the effect of adjustments, if any, as might have been on the consolidated financial statements had the financial statements of the non-significant subsidiaries and other equity-method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the Group's consolidated financial position as of September 30,

2023 and 2022, its consolidated financial performance for the three months then ended, and its consolidated financial performance and consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matters

We did not review the financial statements of Mosel Vitelic Inc., recognized in subsidiaries and associates in the accompanying consolidated financial statements (please refer to Notes 11 and 12), and its financial statements were reviewed by other independent auditors. Therefore, the amounts with respect to the financial statements of Mosel Vitelic Inc., stated in our conclusion expressed on the consolidated financial statements herein, were solely based on the review reports of the other independent auditors. The total assets of Mosel Vitelic Inc. as of September 30, 2023 accounted for 23% of the consolidated total assets. Its operating revenue from July 1 to September 30, 2023 represented 18% of the consolidated operating revenues, and its operating revenue from June 2 to September 30, 2023 represented 9% of the consolidated operating revenues for the nine months ended September 30, 2023. The total comprehensive income recognized for the said associate using the equity method from January 1 to June 1, 2023 was NT\$(13,704) thousand, representing (2)% of the consolidated total comprehensive income.

Deloitte Taiwan

Partner Ming Hsien Liu

Partner Meng Chieh Chiu

Financial Supervisory Commission
Certificate

Jin-Guan-Zheng-Shen-Zi No.
1100356048

Financial Supervisory Commission
Certificate

Jin-Guan-Zheng-Shen-Zi No.
1020025513

November 8, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Actron Technology Corporation and Subsidiaries

Consolidated balance sheets

As of September 30, 2023 and 2022 and December 31, 2022

Unit: NT\$ thousand

Code	Asset	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current asset						
1100	Cash and cash equivalents (Note 6)	\$ 1,889,146	13	\$ 784,443	8	\$ 547,424	6
1136	Financial assets at amortized cost - current (Note 8 and 32)	984,609	6	57,346	1	157,548	2
1170	Trade receivables (Note 9)	984,783	7	823,935	8	764,051	9
1200	Other receivables	52,479	-	27,460	-	36,406	-
1220	Current tax assets	5,526	-	-	-	-	-
130X	Inventories (Note 10)	1,170,545	8	800,048	8	753,457	9
1470	Other current assets (Note 17 and 31)	111,119	1	166,421	2	191,313	2
11XX	Total current assets	<u>5,198,207</u>	<u>35</u>	<u>2,659,653</u>	<u>27</u>	<u>2,450,199</u>	<u>28</u>
	non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 7)	814,665	6	626,125	6	589,015	7
1535	Financial assets at amortized cost - non-current (Note 8 and 32)	18,410	-	501	-	500	-
1550	Investments accounted for using the equity method (Note 12)	2,496,051	17	2,223,415	23	1,403,190	16
1600	Property, Plant and Equipment (Note 13 and 32)	4,192,548	28	3,212,069	33	3,032,065	35
1755	Right-of-use assets (Note 14)	333,248	2	36,273	-	37,238	-
1805	Goodwill (Note 15)	1,137,538	8	225,142	2	225,142	3
1821	Other intangible assets (Note 16)	9,477	-	11,479	-	12,959	-
1840	Deferred tax assets (Note 24)	39,333	-	38,681	-	21,296	-
1915	Prepayments for equipment	556,250	4	589,305	6	722,702	8
1990	Other non-current assets (Note 17 and 31)	35,520	-	245,620	3	222,529	3
15XX	Total non-current assets	<u>9,633,040</u>	<u>65</u>	<u>7,208,610</u>	<u>73</u>	<u>6,266,636</u>	<u>72</u>
1XXX	Total assets	<u>\$ 14,831,247</u>	<u>100</u>	<u>\$ 9,868,263</u>	<u>100</u>	<u>\$ 8,716,835</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Note 18 and 32)	\$ 1,115,020	8	\$ 1,700,010	17	\$ 855,687	10
2150	Notes payable	917	-	267	-	249	-
2170	Trade payables	561,958	4	298,897	3	249,590	3
2180	Trade payables - related parties (Note 31)	67,840	-	166,976	2	86,459	1
2200	Other payables (Note 19)	510,196	3	373,293	4	312,405	4
2230	Current tax liabilities (Note 24)	108,686	1	109,677	1	74,922	1
2280	Lease liabilities - current (Note 14)	10,688	-	5,311	-	6,664	-
2305	Guarantee deposits - current	158,801	1	-	-	-	-
2320	Current liabilities - current portion (Note 18 and 32)	213,922	1	192,099	2	175,729	2
2399	Other current liabilities	100,962	1	37,802	-	46,802	-
21XX	Total current liabilities	<u>2,848,990</u>	<u>19</u>	<u>2,884,332</u>	<u>29</u>	<u>1,808,507</u>	<u>21</u>
	non-current liabilities						
2530	Corporate bonds payable (Note 20)	758,604	5	-	-	-	-
2540	Long-term borrowings (Note 18 and 32)	1,090,784	8	1,179,412	12	1,327,059	15
2570	Deferred tax liabilities (Note 24)	19,925	-	19,925	-	16,727	-
2580	Lease liabilities - non-current (Note 14)	309,663	2	1,788	-	764	-
2640	Defined benefit liabilities - non-current, net (Note 21)	13,515	-	-	-	-	-
2645	Guarantee deposits - non-current	185,724	1	-	-	23	-
25XX	Total non-current liabilities	<u>2,378,215</u>	<u>16</u>	<u>1,201,125</u>	<u>12</u>	<u>1,344,573</u>	<u>15</u>
2XXX	Total liabilities	<u>5,227,205</u>	<u>35</u>	<u>4,085,457</u>	<u>41</u>	<u>3,153,080</u>	<u>36</u>
	Equity attributable to owners of the parent company (Note 22)						
	Share capital						
3110	Ordinary shares	1,014,470	7	914,470	9	914,570	11
3200	Capital surplus	3,311,766	22	1,747,491	18	1,748,174	20
	Retained earnings						
3310	Legal reserve	763,987	5	706,576	7	706,576	8
3350	Undistributed earnings	1,831,789	12	1,590,158	16	1,468,481	17
3300	Total retained earnings	<u>2,595,776</u>	<u>17</u>	<u>2,296,734</u>	<u>23</u>	<u>2,175,057</u>	<u>25</u>
	Other equity						
3410	Exchange difference on translating foreign operations	(14,518)	-	(15,365)	-	(9,078)	-
3420	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	693,670	5	554,876	6	449,815	5
3490	Estimated employee compensation	-	-	-	-	(247)	-
3400	Total other equity	<u>679,152</u>	<u>5</u>	<u>539,511</u>	<u>6</u>	<u>440,490</u>	<u>5</u>
31XX	Total equity attributable to owners of the parent company	<u>7,601,164</u>	<u>51</u>	<u>5,498,206</u>	<u>56</u>	<u>5,278,291</u>	<u>61</u>
36XX	Non-controlling interests	<u>2,002,878</u>	<u>14</u>	<u>284,600</u>	<u>3</u>	<u>285,464</u>	<u>3</u>
3XXX	Total equity	<u>9,604,042</u>	<u>65</u>	<u>5,782,806</u>	<u>59</u>	<u>5,563,755</u>	<u>64</u>
	Total liabilities and equity	<u>\$ 14,831,247</u>	<u>100</u>	<u>\$ 9,868,263</u>	<u>100</u>	<u>\$ 8,716,835</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 8, 2023)

Chairman: Dang-Liang Yao

Manager: Hsien-Chung Wu

Accountant: Mei-Ying Chiu

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Actron Technology Corporation and Subsidiaries

Consolidated statements of comprehensive income

For the three months and nine months ended September 30, 2023 and 2022

Unit: In thousands of New Taiwan Dollars,
except that Earnings Per Share are stated in NT\$

Code		For the three months ended September 30, 2023		For the three months ended September 30, 2022		For the nine months ended September 30, 2023		For the nine months ended September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net operating revenue	\$ 1,613,569	100	\$ 1,102,950	100	\$ 4,023,564	100	\$ 3,052,040	100
5000	Operating costs (Note 10, 23 and 31)	(1,210,839)	(75)	(781,484)	(71)	(3,043,350)	(75)	(2,208,167)	(72)
5900	Gross profit	402,730	25	321,466	29	980,214	25	843,873	28
	Operating expenses (Note 23)								
6100	Selling and marketing expenses	(30,031)	(2)	(25,784)	(2)	(75,535)	(2)	(68,480)	(2)
6200	Administrative expenses	(116,266)	(7)	(92,410)	(8)	(268,759)	(7)	(237,818)	(8)
6300	Research and Development expenses	(167,165)	(11)	(107,584)	(10)	(380,936)	(9)	(295,629)	(10)
6000	Total operating expenses	(313,462)	(20)	(225,778)	(20)	(725,230)	(18)	(601,927)	(20)
6900	Operating income	89,268	5	95,688	9	254,984	7	241,946	8
	Non-operating income and expenses (Note 23)								
7100	Interest income	13,729	1	1,606	-	30,688	1	2,832	-
7010	Other income	27,553	2	19,047	2	35,362	1	36,201	1
7020	Other gains and losses	41,511	3	42,409	4	333,427	8	111,235	4
7050	Finance costs	(26,958)	(2)	(9,042)	(1)	(71,940)	(2)	(20,239)	(1)
7060	Share of profit of investment in associates and joint ventures accounted for using equity method	68,800	4	68,953	6	125,704	3	148,520	5
7000	Total non-operating income and expenses	124,635	8	122,973	11	453,241	11	278,549	9
7900	Profit before tax from continuing operations	213,903	13	218,661	20	708,225	18	520,495	17
7950	Income tax expense (Note 24)	(30,854)	(2)	(35,413)	(4)	(76,862)	(2)	(55,571)	(2)
8200	Net profit for the period	183,049	11	183,248	16	631,363	16	464,924	15
	Other comprehensive income								
8310	Items not reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(139,621)	(9)	(39,034)	(3)	13,055	-	(211,931)	(7)
8320	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(33,773)	(2)	(75,900)	(7)	131,557	3	(789,157)	(26)
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange difference on translating foreign operations	12,860	1	3,284	-	656	-	12,509	1
8370	Share of other comprehensive income of associates and joint ventures recognized using the equity method - items that may be reclassified into profit or loss	156	-	-	-	191	-	-	-
8300	Other comprehensive income for the period, net of income tax	(160,378)	(10)	(111,650)	(10)	145,459	3	(988,579)	(32)
8500	Total comprehensive income for the period	\$ 22,671	1	\$ 71,598	6	\$ 776,822	19	(\$ 523,655)	(17)
	Net profit (loss) attributable to:								
8610	Owners of the parent company	\$ 202,129	12	\$ 175,321	16	\$ 653,850	16	\$ 452,436	15
8620	Non-controlling interests	(19,080)	(1)	7,927	-	(22,487)	-	12,488	-
8600		\$ 183,049	11	\$ 183,248	16	\$ 631,363	16	\$ 464,924	15
	Total comprehensive income (loss) attributable to:								
8710	Owners of the parent company	\$ 40,111	2	\$ 63,671	6	\$ 804,471	20	(\$ 536,143)	(17)
8720	Non-controlling interests	(17,440)	(1)	7,927	-	(27,649)	(1)	12,488	-
8700		\$ 22,671	1	\$ 71,598	6	\$ 776,822	19	(\$ 523,655)	(17)
	Earnings per share (Note 25)								
	From continuing operations								
9710	Basic	\$ 2.19		\$ 1.92		\$ 7.13		\$ 4.96	
9810	Diluted	\$ 2.13		\$ 1.91		\$ 6.98		\$ 4.92	

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

(With Deloitte & Touche review report dated November 8, 2023)

Chairman: Dang-Liang Yao

Manager: Hsien-Chung Wu

Accountant: Mei-Ying Chiu

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Actron Technology Corporation and Subsidiaries

Consolidated statements of changes in equity

For the nine months ended September 30, 2023 and 2022

Unit: NT\$ thousand

Code		Equity attributable to owners of the parent company							Total equity	
		Share capital		Retained earnings		Exchange difference on translating foreign operations	Other equity			
		Ordinary shares	Capital surplus	Legal reserve	Undistributed earnings		Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Estimated employee compensation		Non-controlling interests
A1	Balance on January 1, 2022	\$ 914,570	\$ 1,747,150	\$ 659,284	\$ 1,429,165	(\$ 21,587)	\$ 1,450,903	(\$ 1,688)	\$ 272,922	\$ 6,450,719
	Appropriation of 2021 earnings									
B1	Legal reserve	-	-	47,292	(47,292)	-	-	-	-	-
B5	Cash dividends	-	-	-	(365,828)	-	-	-	-	(365,828)
C7	Changes in equity of investment in associates and joint ventures accounted for using equity method	-	-	-	-	-	-	112	-	112
N1	Share-based payment transactions	-	-	-	-	-	-	1,329	54	1,383
C17	Exercise of right of disgorgement	-	1,024	-	-	-	-	-	-	1,024
D1	Net profit for the nine months ended September 30, 2022	-	-	-	452,436	-	-	-	12,488	464,924
D3	Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	12,509	(1,001,088)	-	-	(988,579)
D5	Total comprehensive income for the nine months ended September 30, 2022	-	-	-	452,436	12,509	(1,001,088)	-	12,488	(523,655)
Z1	Balance on September 30, 2022	\$ 914,570	\$ 1,748,174	\$ 706,576	\$ 1,468,481	(\$ 9,078)	\$ 449,815	(\$ 247)	\$ 285,464	\$ 5,563,755
A1	Balance on January 1, 2023	\$ 914,470	\$ 1,747,491	\$ 706,576	\$ 1,590,158	(\$ 15,365)	\$ 554,876	\$ -	\$ 284,600	\$ 5,782,806
	Appropriation of 2022 earnings									
B1	Legal reserve	-	-	57,411	(57,411)	-	-	-	-	-
B5	Cash dividend	-	-	-	(365,788)	-	-	-	-	(365,788)
C5	Convertible corporate bonds issued and recognized as equity components	-	43,937	-	-	-	-	-	-	43,937
E1	Capital increase in cash	100,000	1,450,000	-	-	-	-	-	-	1,550,000
M3	Disposal of investments accounted for using the equity method	-	-	-	10,980	-	(10,980)	-	-	-
N1	Share-based payment transactions	-	70,338	-	-	-	-	-	-	70,338
O1	Acquisition of a subsidiary	-	-	-	-	-	-	-	1,747,700	1,747,700
O1	Cash dividend of subsidiaries	-	-	-	-	-	-	-	(1,773)	(1,773)
D1	Net profit for the nine months ended September 30, 2023	-	-	-	653,850	-	-	-	(22,487)	631,363
D3	Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	847	149,774	-	(5,162)	145,459
D5	Total comprehensive income for the nine months ended September 30, 2023	-	-	-	653,850	847	149,774	-	(27,649)	776,822
Z1	Balance on September 30, 2023	\$ 1,014,470	\$ 3,311,766	\$ 763,987	\$ 1,831,789	(\$ 14,518)	\$ 693,670	\$ -	\$ 2,002,878	\$ 9,604,042

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

(With Deloitte & Touche review report dated November 8, 2023)

Chairman: Dang-Liang Yao

Manager: Hsien-Chung Wu

Accountant: Mei-Ying Chiu

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Actron Technology Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

Unit: NT\$ thousand

Code		For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
	Cash flows from operating activities		
A00010	Profit before tax from continuing operations	\$ 708,225	\$ 520,495
A20010	Adjustments for:		
A20100	Depreciation expenses	293,174	236,290
A20200	Amortization expenses	5,476	7,321
A20900	Finance costs	71,940	20,239
A21200	Interest income	(30,688)	(2,832)
A21300	Dividend income	(18,191)	(18,396)
A21900	Compensation cost related to share-based payment	70,338	1,383
A22300	Share of profit of investment in associates and joint ventures accounted for using equity method	(125,704)	(148,520)
A22500	Gain on disposal of property, plant and equipment	(1,718)	-
A23200	Gain on disposal of investments accounted for using the equity method	(672,871)	-
A23700	Impairment loss and obsolescence on inventory	87,520	4,432
A23700	Impairment loss on non-financial assets	176,884	24,962
A23700	Impairment loss on goodwill	225,142	-
A24100	Net gain (loss) on foreign currency exchange	(10,221)	(40,571)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	-	6,950
A31150	Trade receivables	52,071	(134,393)
A31180	Other receivables	(18,555)	(351)
A31200	Inventory	(177,910)	(22,768)
A31240	Other current assets	36,195	(72,027)
A32130	Notes payable	643	88
A32150	Trade payables	104,143	(10,632)
A32160	Trade payables to related parties	(48,018)	(33,933)
A32180	Other payables	(125,969)	(1,170)
A32230	Other current liabilities	17,947	8,401
A32240	Net defined benefit liabilities	(3,674)	-
A33000	Net cash generated from operating activities	616,179	344,968
A33100	Interest received	28,219	2,832
A33200	Dividend received	243,683	91,949
A33300	Interest paid	(69,794)	(20,239)
A33500	Income tax paid	(80,868)	(64,012)
AAAA	Net cash inflows from operating activities	737,419	355,498

(to be continued)

(continued)

Code		For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
	Cash flows from investing activities		
B00010	Purchases of financial assets at fair value through other comprehensive income	\$ -	(\$ 101,200)
B00040	Purchases of financial assets at amortized cost	(279,591)	(84,626)
B01800	Acquisition of long-term equity investments accounted for using the equity method	(1,491,750)	-
B02200	Acquisition of a subsidiary, net of cash acquired	1,538,270	-
B02700	Purchases of property, plant and equipment	(194,713)	(192,893)
B02800	Proceeds from disposal of property, plant and equipment	2,158	143
B03800	Decrease in refundable deposits	21,777	39,540
B04500	Purchases of intangible assets	(3,269)	(269)
B07100	Increase in prepayments for equipment	(431,567)	(135,750)
B02000	Increase in prepayments for investments	<u>-</u>	<u>(152,884)</u>
BBBB	Net cash outflows from investing activities	<u>(838,685)</u>	<u>(627,939)</u>
	Cash flows from financing activities		
C00200	Decrease in short-term borrowings	(584,990)	(552,538)
C00600	Decrease in short-term notes and bills payable	-	(100,000)
C01200	Issuance of corporate bonds	800,740	-
C01600	Proceeds from long-term borrowings	3,360,000	1,600,000
C01700	Repayments of long-term borrowings	(3,426,805)	(955,169)
C03100	Decrease in guarantee deposits received	(8,043)	(1,077)
C04020	Repayments of the principal portion of lease liabilities	(8,130)	(5,088)
C04500	Dividend payments	(365,788)	(365,828)
C04600	Capital increase in cash	1,550,000	-
C05800	Change in non-controlling interests	(111,005)	-
C09900	Exercise of right of disgorgement	<u>-</u>	<u>1,024</u>
CCCC	Net cash inflows (outflows) from financing activities	<u>1,205,979</u>	<u>(378,676)</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>(10)</u>	<u>2,204</u>
EEEE	Net increase (decrease) in cash and cash equivalents for the period	1,104,703	(648,913)
E00100	Cash and cash equivalents at the beginning of the period	<u>784,443</u>	<u>1,196,337</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 1,889,146</u>	<u>\$ 547,424</u>

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

(With Deloitte & Touche review report dated November 8, 2023)

Chairman: Dang-Liang Yao

Manager: Hsien-Chung Wu

Accountant: Mei-Ying Chiu

Actron Technology Corporation and Subsidiaries

Notes to consolidated financial statements

For the nine months ended September 30, 2023 and 2022

(Unless otherwise stated, in thousands of New Taiwan Dollars)

1. History

Actron Technology Corporation (the "Company") was established in November, 1998 in accordance with the Company Act of the Republic of China. The Company's main businesses are (1) manufacture of power generation, transmission and distribution machinery; (2) wholesale of electronic materials; (3) retail sale of electronic materials; (4) manufacture export; (5) international trade; (6) manufacture of electronic components.

The Company's shares have been listed on the Taipei Exchange since April, 2006.

The consolidated financial statements of the Company and its subsidiaries, hereto forth collectively referred to as the Group, are presented in the Company's functional currency, the New Taiwan Dollar.

2. Date and procedures for approval of financial statements

The consolidated financial statements were approved by the Company's board of directors on November 8, 2023.

3. Application of new, amended and revised standards and interpretations

- (1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

(2) IFRSs endorsed by the FSC for application starting from 2024

<u>New, amended and revised standards and interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Lease Liability in A Sale-and-Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee applies the amendments to IFRS16 retrospectively to sale and leaseback transactions entered into after the date of initial application.

Note 3: The initial application of the amendments is exempted from certain disclosure requirements.

As of the date the financial statements were approved for release, the Company is continuously assessing the impact of other standards and amendments to interpretations on the Company's financial position and financial performance. The relevant impact will be disclosed when the assessment is completed.

(3) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

<u>New, amended and revised standards and interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied for annual reporting periods beginning on or after January 1, 2025. When the amendments are applied for the first time, the effect will be recognized in the retained earnings on the date of the initial application. When the consolidated company uses a non-functional currency as the presentation currency, the effect will be adjusted with respect to the exchange differences of foreign operations under equity on the date of initial application.

As of the date the financial statements were approved for release, the Company is continuously assessing the impact of other standards and amendments to interpretations on the Company's financial position and financial performance. The relevant impact will be disclosed when the assessment is completed.

4. Summary of significant accounting policies

(1) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

(2) Basis of preparation

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

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for an asset or liability.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the “subsidiaries”). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Please refer to Note 11, Table 6 and Table 7 for detailed information on subsidiaries, percentage of ownership and main business activity.

(4) Other significant accounting policies

Except for the followings, please refer to the consolidated financial statements for the year ended December 31, 2022 for the summary of significant accounting policies.

1. Defined benefit post-retirement benefit

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3. Business combinations

The acquisition method is used for all business combinations. All costs associated with an acquisition must be expensed in the period such costs incur and services received.

Goodwill is measured as the difference between the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests, and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests having present ownership interests in the acquiree that entitle holders to a proportionate share of the entity's net assets in the event of a liquidation are measured at the non-controlling

interest's proportionate share of identifiable net assets of the acquiree recognized. Other non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group remeasures any previously held interest at fair value at the acquisition date. Any resultant gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if the Group directly disposed of those interests.

When the initial accounting for a business combination is incomplete for identifiable assets acquired and liabilities assumed by the end of the first reporting period, the amounts recognized in the financial statements for the business combination are determined provisionally. Adjustments to provisional amounts and the recognition of newly identified assets and liabilities are made within the measurement period, where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

4. Convertible corporate bonds

The components of the compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity based on the substance of the contractual agreement and the definitions of a financial liability and an equity instrument at the time of initial recognition.

At the time of initial recognition, the fair value of a liability component is estimated using the prevailing market interest rate of a similar non-convertible instrument. It is measured at amortized cost calculated using the effective interest method before the conversion or maturity date. Liability components embedded in non-equity derivatives are measured at fair value.

Conversion options classified as equity are equal to the remaining amount of the fair value of the compound instruments as a whole less the fair value of the liability components determined separately. The conversion options net of the income tax effect are recognized as equity and not subsequently measured. When the conversion options are exercised, their related liability components and the amount in equity will be transferred to share capital and capital reserves - issuance premium. If the conversion option of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital reserves - issuance premium.

The transaction cost related to the issuance of the convertible corporate bonds is amortized to the liability (included in the carrying amount of liabilities) and equity components (included in equity) of the instruments in proportion to the total proceeds.

5. Critical accounting judgments and key sources of estimation uncertainty

Please refer to the consolidated financial statements for the year ended December 31, 2022 for the critical accounting judgments and key sources of estimation uncertainty.

6. Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	\$ 745	\$ 800	\$ 1,087
Checking accounts and demand deposits	776,852	660,803	541,437
Cash equivalents			
Bonds sold under repurchase agreement	571,491	122,840	-
Time deposits with original maturity within three months	540,058	-	4,900
	<u>\$ 1,889,146</u>	<u>\$ 784,443</u>	<u>\$ 547,424</u>

7. Financial assets at fair value through other comprehensive income -non-current

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic investments	\$ 513,211	\$ 493,750	\$ 468,521
Foreign investments	<u>301,454</u>	<u>132,375</u>	<u>120,494</u>
	<u>\$ 814,665</u>	<u>\$ 626,125</u>	<u>\$ 589,015</u>

The above investments are held for medium to long-term strategic purposes and expected to generate return over the long run. Accordingly, the management elected to designate these investments as at financial assets at fair value through other comprehensive income as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Group's long-term investment strategy.

8. Financial assets at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Time deposits with original maturity over three months	\$ 972,359	\$ 43,096	\$ 158,048
Pledged time deposits	<u>12,250</u>	<u>14,250</u>	<u>-</u>
	<u>\$ 984,609</u>	<u>\$ 57,346</u>	<u>\$ 158,048</u>
<u>Non-current</u>			
Pledged time deposits	<u>\$ 18,410</u>	<u>\$ 501</u>	<u>\$ 500</u>

Please refer to Note 32 for information related to investments in financial assets at amortized cost pledged as security.

9. Notes receivable and trade receivables

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 945,203	\$ 780,279	\$ 728,584
Less: Allowance for impairment loss	(<u>2,083</u>)	(<u>2,083</u>)	(<u>767</u>)
	943,120	778,196	727,817
At fair value through profit or loss	<u>41,663</u>	<u>45,739</u>	<u>36,234</u>
	<u>\$ 984,783</u>	<u>\$ 823,935</u>	<u>\$ 764,051</u>

(1) Trade receivables at amortized cost

Trade receivables at amortized cost

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The lifetime expected credit losses are estimated by reference to the past default history of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the overall economic condition and industry outlook. As of September 30, 2023, and December 31 and September 30, 2022, the expected credit loss rates on trade receivables were 0.05%~100%, 0.01%~100% and 0.007%~100%, respectively.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, such as liquidation of the debtor; for trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The aging of trade receivables was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Not past due	\$ 901,664	\$ 653,200	\$ 626,100
Past due within 60 days	38,791	126,124	100,309
Past due 61 to 90 days	4,491	908	2,127
Past due 91 to 120 days	257	-	-
Past due over 121 days	-	47	48
Total	<u>\$ 945,203</u>	<u>\$ 780,279</u>	<u>\$ 728,584</u>

The aging of trade receivables above was based on number of past due days.

The movements of the loss allowance of trade receivables were as follows:

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Beginning balance	\$ 2,083	\$ 767
Add: Impairment loss for the period	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 2,083</u>	<u>\$ 767</u>

(2) Trade receivables at fair value through profit or loss

The Group will sell its trade receivables at fair value through profit or loss to banks without recourse, and the risk and return associated to these trade receivables are mostly transferred to banks upon the sale resulting in the derecognition of these trade receivables from the balance sheet. The objective of the Group's business model is not to hold these trade receivables to collect the contractual cash flows or achieve objective by both collecting contractual cash flows and selling financial assets, so these trade receivables are measured at fair value.

10. Inventory

	September 30, 2023	December 31, 2022	September 30, 2022
Finished good	\$ 393,734	\$ 309,459	\$ 284,002
Work in progress	214,676	164,390	124,866
Raw materials	<u>562,135</u>	<u>326,199</u>	<u>344,589</u>
	<u>\$ 1,170,545</u>	<u>\$ 800,048</u>	<u>\$ 753,457</u>

The costs of inventories recognized as cost of goods sold for the three months and nine months ended September 30, 2023 and 2022 were NT\$1,210,839 thousand, NT\$781,484 thousand, NT\$3,043,350 thousand and NT\$2,208,167 thousand, respectively. The impairment and obsolescence losses

on inventories included in cost of goods sold for the three months and nine months ended September 30, 2023 and 2022 were NT\$2,824 thousand, NT\$3,133 thousand, NT\$87,520 thousand and NT\$4,432 thousand, respectively.

11. Subsidiaries

(1) Subsidiaries included in consolidated financial statements

The entities included in these consolidated financial statements are as follows:

Investor	Subsidiary	Main business activity	% of Ownership			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Ding-Wei Technology Co., Ltd.	Manufacture of electronic components and motor parts	100%	100%	100%	1
The Company	Smooth International Limited Corporation	Investment	100%	100%	100%	1
Smooth International Limited Corporation	Smooth Autocomponent Limited	Investment	100%	100%	100%	1
Smooth Autocomponent Limited	Smooth Autocomponent Limited	Manufacture of motor parts	100%	100%	100%	1
The Company	Rec Technology Corporation	Manufacture of motor parts	49%	49%	49%	1, 2
The Company	Bigbest Solutions, Inc.	Manufacture of motors	28%	28%	28%	1, 2, 5
The Company	Mosel Vitelic Inc.	Semiconductors	30%	-	-	3, 4, 5
Mosel Vitelic Inc.	Giant Haven Investments Ltd. (B.V.I)	Holding company	100%	-	-	4
Mosel Vitelic Inc.	Mou Fu Investment Consultant Ltd.	Leasing, manpower dispatch and various services	100%	-	-	4
Mosel Vitelic Inc.	Bou-Der Investment, Ltd.	Investment	47%	-	-	4
Mosel Vitelic Inc.	DenMOS Technology Inc.	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	80%	-	-	1
Mou Fu Investment Consultant Ltd.	Bou-Der Investment, Ltd.	Investment	50%	-	-	4
Mou Fu Investment Consultant Ltd.	DenMOS Technology Inc.	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	4%	-	-	1

Note 1: This is a non-significant subsidiary, of which the financial statements for the nine months ended September 30, 2023 and 2022 were not reviewed by independent accountants.

Note 2: The Group is the single shareholder holding the largest portion of equity and had the ability to direct the relevant activities by directing and monitoring investee's strategies on finance, operation and human

resources. Thus, the investee is deemed as a subsidiary of the Company.

Note 3: The Group acquired de facto control over the said company on June 2, 2023 and had the ability to direct the relevant activities by directing and monitoring investee's strategies on finance, operation and human resources. Thus, the investee is deemed as a subsidiary of the Company.

Note 4: The Group's independent auditors did not review the financial statements, which were reviewed by other independent directors.

Note 5: The investee is a subsidiary with a material non-controlling interest.

- (2) Subsidiaries not included in consolidated financial statements: None.
- (3) Information on additional subsidiaries with a material non-controlling interest for the period

Company Name	Main business activity	Main business location	% of Ownership and Voting Rights Held by Non-controlling Interests		
			September 30, 2023	December 31, 2022	September 30, 2022
Mosel Vitelic Inc.	Semiconductors	Hsinchu City	70%	-	-

Please refer to Table 6 for information of main business location and countries of incorporation.

The summarized financial information of Mosel Vitelic Inc. below represents amounts before intragroup eliminations:

Mosel Vitelic Inc. and its subsidiaries

	September 30, 2023
Current asset	\$ 2,378,178
non-current assets	1,180,842
Current liabilities	(572,329)
non-current liabilities	(514,733)
Equity	<u>\$ 2,471,958</u>
Equity attributable to:	
Owners of the parent company	\$ 735,631
Non-controlling interests of Mosel Vitelic Inc.	<u>1,736,327</u>
	<u>\$ 2,471,958</u>

	From June 2 to September 30, 2023
Operating revenue	<u>\$ 537,496</u>
Net profit for the period	(\$ 6,072)
Other comprehensive income	(<u>7,378</u>)
Total comprehensive income	(<u>\$ 13,450</u>)
Net profit attributable to:	
Owners of the parent company	(\$ 1,635)
Non-controlling interests of Mosel Vitellic Inc.	(<u>4,437</u>) (<u>\$ 6,072</u>)
Total comprehensive income (loss) attributable to:	
Owners of the parent company	(\$ 3,849)
Non-controlling interests of Mosel Vitellic Inc.	(<u>9,601</u>) (<u>\$ 13,450</u>)

12. Investments accounted for using the equity method

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in Associates	\$ 1,439,539	\$ 1,311,702	\$ 554,778
Investments in Joint Ventures	<u>1,056,512</u>	<u>911,713</u>	<u>848,412</u>
	<u>\$ 2,496,051</u>	<u>\$ 2,223,415</u>	<u>\$ 1,403,190</u>

(1) Investments in Associates

Material Associates

			<u>% of Ownership and Voting Rights</u>		
<u>Company Name</u>	<u>Main business activity</u>	<u>Main business location</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Mosel Vitelic Inc.	Semiconductors	Hsinchu City	-	30%	18%
Excelliance MOS Corporation	Semiconductors	Hsinchu City	29%	-	-

Considering its long-term operational development, the Group has increased its involvement in the supply chain by acquiring 19,000 thousand ordinary shares of Mosel Vitelic Inc. on November 28, 2022. The Group acquired de facto power over the investee's relevant activities because it can direct and monitor the investee's strategies on finance, operation and human resources. Thus, Mosel Vitelic Inc. has been recognized as a subsidiary in the consolidated financial statements instead of an associate since June 2023. Please refer to Notes 11 and 27 for details. In addition, the Group's board of directors' meeting on January 11, 2023, approved the subscription to the ordinary shares to be issued for the cash capital increase through the private placement of Excelliance MOS Corporation, and the Company obtained 15,000 thousand ordinary shares of Excelliance MOS Corporation.

The share of profit (loss) and other comprehensive income of associates and joint ventures accounted for using the equity method were calculated based on the joint venture's unreviewed financial statements. However, the Group's management believes the unreviewed financial statements will not have any material influence.

The Level 1 fair value of associate with open market price is as follow:

Company Name	September 30, 2023	December 31, 2022	September 30, 2022
Mosel Vitelic Inc.	\$ _____ -	\$ 1,740,935	\$ 963,428
Excelliance MOS Corporation	\$ 1,830,000	\$ _____ -	\$ _____ -

(2) Investments in Joint Ventures

Material Joint Ventures

Company Name	Main business activity	Main business location	
Hong Wang Investment Co., Ltd.	Investment	New Taipei City	
	September 30, 2023	December 31, 2022	September 30, 2022
% of Ownership	30%	30%	30%
% of Voting Rights	37%	37%	37%

The share of profit (loss) and other comprehensive income of associates and joint ventures accounted for using the equity method were calculated based on the joint venture's unreviewed financial statements. However, the Group's management believes the unreviewed financial statements will not have any material influence.

13. Property, plant and equipment

	Freehold Land	Building	Machinery Equipment	Transportation Equipment	Other Equipment	Property under construction	Total
<u>Cost</u>							
Balance on January 1, 2022	\$ 405,764	\$ 1,589,216	\$ 1,849,952	\$ 8,033	\$ 481,908	\$ 677,005	\$ 5,011,878
Additions	-	5,714	253,964	3,600	46,959	104,451	414,688
Disposals	-	-	-	(4,675)	-	-	(4,675)
Reclassifications	-	6,505	(6,795)	-	-	(6,505)	(6,795)
Net exchange differences	-	6,548	3,647	11	2,936	-	13,142
Balance on September 30, 2022	<u>\$ 405,764</u>	<u>\$ 1,607,983</u>	<u>\$ 2,100,768</u>	<u>\$ 6,969</u>	<u>\$ 531,803</u>	<u>\$ 774,951</u>	<u>\$ 5,428,238</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2022	\$ -	\$ 648,430	\$ 1,184,813	\$ 7,005	\$ 304,826	\$ -	\$ 2,145,074
Disposals	-	-	-	(4,532)	-	-	(4,532)
Recognition of impairment losses	-	-	24,735	-	227	-	24,962
Depreciation expenses	-	49,876	139,492	604	40,796	-	230,768
Reclassifications	-	-	(3,792)	-	-	-	(3,792)
Net exchange differences	-	365	2,254	9	1,065	-	3,693
Balance on September 30, 2022	<u>\$ -</u>	<u>\$ 698,671</u>	<u>\$ 1,347,502</u>	<u>\$ 3,086</u>	<u>\$ 346,914</u>	<u>\$ -</u>	<u>\$ 2,396,173</u>
Net balance on September 30, 2022	<u>\$ 405,764</u>	<u>\$ 909,312</u>	<u>\$ 753,266</u>	<u>\$ 3,883</u>	<u>\$ 184,889</u>	<u>\$ 774,951</u>	<u>\$ 3,032,065</u>
<u>Cost</u>							
Balance on January 1, 2023	\$ 405,764	\$ 1,606,094	\$ 2,233,094	\$ 7,764	\$ 545,705	\$ 827,584	\$ 5,626,005
Additions	-	78,141	691,604	2,400	40,604	41,511	854,260
Disposals	-	(12,841)	(29,791)	(1,674)	(4,716)	-	(49,022)
Reclassifications	-	828,931	-	-	-	(828,931)	-
Acquisition in a business combination	24,476	3,168,786	14,345,929	550	139,107	-	17,678,848
Net exchange differences	-	355	198	1	156	-	710
Balance on September 30, 2023	<u>\$ 430,240</u>	<u>\$ 5,669,466</u>	<u>\$ 17,241,034</u>	<u>\$ 9,041</u>	<u>\$ 720,856</u>	<u>\$ 40,164</u>	<u>\$ 24,110,801</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2023	\$ -	\$ 714,892	\$ 1,336,743	\$ 3,324	\$ 358,977	\$ -	\$ 2,413,936
Disposals	-	(12,841)	(29,746)	(1,674)	(4,321)	-	(48,582)
Impairment losses	-	40,904	123,808	-	11,955	-	176,667
Depreciation expenses	-	53,558	187,539	789	41,878	-	283,764
Acquisition in a business combination	24,476	2,814,082	14,126,407	550	126,852	-	17,092,367
Net exchange differences	-	(5)	87	1	18	-	101
Balance on September 30, 2023	<u>\$ 24,476</u>	<u>\$ 3,610,590</u>	<u>\$ 15,744,838</u>	<u>\$ 2,990</u>	<u>\$ 535,359</u>	<u>\$ -</u>	<u>\$ 19,918,253</u>
Net balance on September 30, 2023	<u>\$ 405,764</u>	<u>\$ 2,058,876</u>	<u>\$ 1,496,196</u>	<u>\$ 6,051</u>	<u>\$ 185,497</u>	<u>\$ 40,164</u>	<u>\$ 4,192,548</u>

In consideration of future business plans and the existing need for capacity and that some plant and equipment do not meet the Group's production requirement, the Group measures the recoverable amount of such assets at value in use, and the said amount fell below the carrying amount. Thus, an impairing loss of NT\$176,667 thousand was recognized under other gains and losses in the consolidated statement of comprehensive income in 2023.

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plants	48~56 years
Mechanical and electrical equipment and engineering systems	2~56 years
Machinery Equipment	2~20 years
Transportation Equipment	3~6 years
Other Equipment	2~21 years

Please refer to Note 32 for information related to the property, plant and equipment pledged as security.

14. Lease arrangements

(1) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying Amount			
Land	\$ 327,249	\$ 29,376	\$ 29,977
Building	2,243	5,963	6,177
Transportation Equipment	1,433	934	1,084
Other Equipment	<u>2,323</u>	<u>-</u>	<u>-</u>
	<u>\$ 333,248</u>	<u>\$ 36,273</u>	<u>\$ 37,238</u>
	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023
	2023	2022	2022
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,090</u>
Acquisition in a business combination	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,236</u>
Depreciation expenses for right-of-use assets			
Land	\$ 2,903	\$ 164	\$ 4,148
Building	1,549	1,494	4,573
Transportation Equipment	199	150	523
Information equipment	125	-	166
	<u>\$ 4,776</u>	<u>\$ 1,808</u>	<u>\$ 9,410</u>
	<u>\$ 4,776</u>	<u>\$ 1,808</u>	<u>\$ 5,522</u>

The underlying assets of the Group's leases include lands, buildings, company vehicles and digital security cameras. Except for lease contracts for lands with durations ranging between 32 and 50 years, the durations for the remaining lease contracts generally range between 2 and 5 years. Lease contracts are negotiated on an individual basis, and their terms and conditions may vary.

Except for the additions and depreciation expenses listed above, there was no major sublease or impairment of the Group's right-of-use assets for the nine months ended September 30, 2023 and 2022.

(2) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying Amount			
Current	<u>\$ 10,688</u>	<u>\$ 5,311</u>	<u>\$ 6,664</u>
Non-current	<u>\$ 309,663</u>	<u>\$ 1,788</u>	<u>\$ 764</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	2.53%	-	-
Building	1.51% ~ 4.35%	1.51% ~ 4.35%	1.51% ~ 3.85%
Transportation			
Equipment	0.85%	0.85% ~ 1.81%	0.85% ~ 1.81%
Other Equipment	2.53%	-	-

(3) Other lease information

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Expenses relating to short-term leases	<u>\$ 2,089</u>	<u>\$ 2,557</u>	<u>\$ 6,663</u>	<u>\$ 7,662</u>
Expenses relating to low-value asset leases	<u>\$ 46</u>	<u>\$ 79</u>	<u>\$ 140</u>	<u>\$ 178</u>
Total cash (outflow) for leases			<u>(\$ 17,718)</u>	<u>(\$ 13,051)</u>

15. Goodwill

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
<u>Cost</u>		
Beginning balance	\$ 283,636	\$ 283,636
Acquisition in a business combination in the year (Note 27)	<u>1,137,538</u>	<u>-</u>
	<u>\$ 1,421,174</u>	<u>\$ 283,636</u>
<u>Accumulated impairment</u>		
Beginning balance	\$ 58,494	\$ 58,494
Recognition in the period	<u>225,142</u>	<u>-</u>
Ending balance	<u>\$ 283,636</u>	<u>\$ 58,494</u>
Net at the end of the period	<u>\$ 1,137,538</u>	<u>\$ 225,142</u>

An assessment on the recoverable amount of goodwill has been carried out by the Group in 2023, and the impairment losses on goodwill as regards Biggest Solutions, Inc. and Ding-Wei Technology Co., Ltd. were NT\$88,783 thousand and NT\$136,359 thousand, respectively. Based on their values in use, the recoverable amounts for Biggest Solutions, Inc. and Ding-Wei Technology Co., Ltd. were NT\$69,543 thousand and NT\$270,600 thousand, respectively. The impairment of Biggest Solutions, Inc. mainly arose from the unideal profitability of some products, resulting in the recoverable amount falling below the carrying amount. The products of Ding-Wei Technology Co., Ltd. are gasoline-vehicle-specific. As the market demand for gasoline vehicles in the future is expected to decline, the cash inflow in the future is estimated to fall, resulting in the recoverable amount falling below the carrying amount.

16. Other intangible assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount of each category</u>			
Software	<u>\$ 9,477</u>	<u>\$ 11,479</u>	<u>\$ 12,959</u>

Taking into account its future business plan and the existing need for capacity, the recoverable amount of the said asset's value in use has fallen below its carrying amount, so the Group has recognized an impairment loss of NT\$217 thousand under other gains and losses in the consolidated statement of comprehensive income in 2023.

17. Other assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepayments	\$ 53,209	\$ 64,232	\$ 83,329
Overpaid sales tax	52,378	47,345	47,831
Refundable deposits	-	53,551	55,364
Others	<u>5,532</u>	<u>1,293</u>	<u>4,789</u>
	<u>\$ 111,119</u>	<u>\$ 166,421</u>	<u>\$ 191,313</u>
<u>Non-current</u>			
Refundable deposits	\$ 17,020	\$ 67,116	\$ 68,931
Prepayments for investments	18,500	171,385	152,884
Net defined benefit assets	-	7,119	714
Long-term accounts receivable	397,055	-	-
Less: Allowance for impairment loss	(<u>397,055</u>)	<u>-</u>	<u>-</u>
	<u>\$ 35,520</u>	<u>\$ 245,620</u>	<u>\$ 222,529</u>

With regard to the polycrystalline silicon wafer purchase and sale contracts "Original Contract" and "Supplementary Agreement" between the subsidiary Mosel Vitelic Inc. (referred to as "Mosel Vitelic") and Jiangxi LDK Solar High-Tech Co., Ltd. (referred to as "LDK"), since both parties failed to reach a consensus on the unit price of polycrystalline silicon wafers, according to the terms and conditions of the "Original Contract", Mosel Vitelic informed LDK that the Contract shall be terminated automatically on April 1, 2010 and requested LDK to return the prepayment of US\$28,611 thousand (under long-term accounts receivable). With regard to the dispute over the "Original Contract" and "Supplementary Agreement", LDK filed an arbitration proceeding with the Hong Kong International Arbitration Centre. The

arbitration court was established on May 27, 2011 and made a verdict with the issuance of a final decision on June 11, 2013. For the claim filed by Mosel Vitelic against LDK and the claim filed by LDK against the Company, each party received one favorable judgment and one unfavorable judgment respectively. According to the result of the arbitration, Mosel Vitelic had not breached the "Original Contract" for the unpurchased remaining quantity; however, Mosel Vitelic should indemnify the loss for the remaining unpurchased quantity according to the "Supplementary Agreement", pay the default fine for not providing IC wafer recovery material according to the "Original Contract" and return the material recovery amount previously paid by LDK. The total amount of these three items was US\$13,532 thousand, recognized under the other losses by Mosel Vitelic. In addition, regarding the payable amount of US\$2,836 thousand to LDK originally credited under accounts payable and the aforementioned total amount of the three items of US\$13,532 thousand of Mosel Vitelic, after offsetting with the long-term accounts receivable of US\$28,611 thousand of Mosel Vitelic from LDK, the prepayment required to be returned by LDK to Mosel Vitelic was US\$12,243 thousand. Accordingly, for this case, Mosel Vitelic has retained an attorney to file a petition for compulsory execution with the Intermediate People's Court of Xinyu Municipality, Jiangxi Province, the People's Republic of China, and the Court has accepted the case and informed LDK to fulfill the obligation specified in the final decision. On December 18, 2017, LDK' reorganizer informed Mosel Vitelic to receive the credit amount of RMB 2,093 thousand. Mosel Vitelic may choose to receive payment in installments or in the form of shares. Based on the consideration of the timing and possibility of recovering such an amount and the operational status of LDK, Mosel Vitelic chose the payment in the form of shares for LDK's debt. However, until now, Mosel Vitelic has not received any further notice from LDK, and LDK still refuses to assist Mosel Vitelic in understanding relevant matters, such that Mosel Vitelic has not yet received the debt repayment from LDK. In addition to the legal action taken in China, Mosel Vitelic has also filed compulsory execution proceedings on the assets of LDK or

creditor's right in order to protect its interest. In addition, the case has been recognized by the first instance of the court in Taiwan. Although the second instance of the court reversed the judgment of the first instance of the court, the third instance of the court also reversed the judgment of the second instance of the court. Presently, the appeal of the judgment of the first instance of the court is under review by the high court in Taiwan.

After evaluating and considering the possibility of recovering the long-term accounts receivable, Mosel Vitelic impaired such an account in full in 2017.

Mosel Vitelic also made an advance payment of NT\$58,418 thousand to Company S and recognized a loss of NT\$58,418 thousand (refer to Note 33(2)).

18. Borrowings

(1) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u> (Note 32)			
Bank loans	\$ 150,000	\$ -	\$ -
<u>Unsecured borrowings</u>			
Line of credit borrowings	965,020	1,700,010	855,687
	<u>\$ 1,115,020</u>	<u>\$ 1,700,010</u>	<u>\$ 855,687</u>

The interest rate ranges for the revolving bank loans as of September 30, 2023, December 31, 2022 and September 30, 2022 were 1.61%~2.15%, 1.25%~2.05% and 1.15%~3.85%, respectively.

(2) Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u>			
Bank loans (Note 32)	\$ -	\$ 150,000	\$ -
<u>Unsecured borrowings</u>			
Bank loans	1,304,706	1,220,000	1,500,000
Other borrowings	-	1,511	2,788
	<u>1,304,706</u>	<u>1,371,511</u>	<u>1,502,788</u>
Less: portion with maturity less than 1 year	(213,922)	(192,099)	(175,729)
Long-term borrowings	<u>\$ 1,090,784</u>	<u>\$ 1,179,412</u>	<u>\$ 1,327,059</u>
Range of interest rates	1.60% ~ 1.76%	1.48% ~ 10%	1.13% ~ 10%

1. The bank loans were secured by the Group's freehold land and buildings, please refer to Note 32 for the details. The use of fund is to replenish mid-to-long-term operating capital.
2. The consolidated company signed an asset sale-leaseback financing agreement amounting to RMB 7,500 thousand with Hua Nan International Leasing Co., Ltd. in June 2019. After the agreed four-year lease term expired (in June 2023), the ownership of the assets was returned unconditionally. The implicit interest rate imputed by the Company based on the contract price was 10%.

19. Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Payables for salaries and bonuses	\$ 112,095	\$ 121,100	\$ 83,177
Payables for equipment	41,781	19,706	15,519
Payables for annual leaves	31,887	19,169	18,746
Employees' compensation and directors' remuneration	74,905	110,800	95,392
Others	<u>249,528</u>	<u>102,518</u>	<u>99,571</u>
	<u>\$ 510,196</u>	<u>\$ 373,293</u>	<u>\$ 312,405</u>

20. Corporate bonds payable

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic unsecured convertible corporate bonds	\$ 800,000	\$ -	\$ -
Less: Discounts on corporate bonds	(<u>41,396</u>)	<u>-</u>	<u>-</u>
	<u>\$ 758,604</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Domestic unsecured convertible corporate bonds

On August 9, 2023, the Company issued 8 thousand NTD-denominated unsecured convertible corporate bonds with a face value of NT\$100 thousand each and an interest rate of 0% at 100.5% of the face value. The principal totaled NT\$800,000 thousand. The issuance period is three years, starting on

August 9, 2023 and ending on August 9, 2026. Yuanta Commercial Bank Co., Ltd. is the trustee of the bondholders of the convertible corporate bonds.

Unless the bondholders of the convertible corporate bonds apply for conversion to the ordinary shares of the Company or the Company repurchases the convertible corporate bonds from securities firms for cancellation, the Company will repay the convertible corporate bonds in cash on a lump sum basis within ten days after the maturity date thereof.

From the day following the expiration of three months after the date of issue of the convertible corporate bonds (November 10, 2023) to the maturity date (August 9, 2023), the bondholders may request the Company to convert the convertible corporate bonds to the ordinary shares at any time except (1) when the transfer of ordinary shares is suspended in accordance with the law; (2) during the period from 15th business day prior to the book closure date for stock grants, the book closure date for cash dividends, or the book closure date for cash capital increase subscription to the rights distribution record date; (3) from the record date for capital reduction to the day prior to the start date of the trading of new shares issued to replace old shares for the capital reduction; (4) from the start date of the cessation of conversion for the change of the face value of shares to the day prior to the start date of the trading of newly-issued shares.

August 1, 2023 was fixed as the base date for setting the conversion price of the convertible corporate bonds. The simple arithmetic mean of the closing prices of the Company's ordinary shares for either the business day, three business days, or five business days prior to the base date (excluded) is used as the base price. The base price is then multiplied by the conversion premium rate of 115.7% to calculate the conversion price (calculated and rounded up to the nearest NT\$0.1). If the ex-right date or ex-dividend date is before the base date, the sample closing prices used to calculate the conversion price shall be imputed as the post-ex-right or post-ex-dividend prices; if the ex-right date or ex-dividend date falls within the period from the day the conversion is determined to the actual issue date, the conversion

price shall be adjusted according to the conversion price adjustment formula. Based on the above methods, the conversion price of the convertible corporate bonds was set at NT\$210 per share at issue.

Due to the issuance of ordinary shares for a cash capital increase, the conversion price shall be adjusted in accordance with the Regulations Governing the Initial Issuance and Conversion of Domestic Unsecured Convertible Corporate Bonds. As a result, the price for the initial conversion of the domestic unsecured convertible corporate bonds was adjusted from NT\$210 to NT\$208 on September 25, 2023.

The convertible corporate bonds include liability and equity components. The equity components are stated as capital reserves - stock warrants in equity. The effective interest rate initially recognized for the liability components was 1.8659%.

Issue proceeds (less the transaction cost and the adjustments related to income tax effects)	\$ 800,740
Equity components (less the transaction cost allocated to equity and the adjustments related to income tax effects)	(43,937)
Deferred tax assets	<u>36</u>
Liability components on the issue date (less the transaction cost allocated to liabilities)	756,839
Interest is calculated at the effective interest rate of 1.8659%	<u>1,765</u>
Liability components as of September 30, 2023	<u>\$ 758,604</u>

21. Retirement benefit plans

Pension expenses in respect of defined benefit plans were NT\$437 thousand and NT\$250 thousand for the three months ended September 30, 2023 and 2022, respectively; NT\$984 thousand and NT\$731 thousand for the nine months ended September 30, 2023 and 2022, respectively, calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021.

22. Equity

(1) Share capital

Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousand shares)	300,000	300,000	300,000
Authorized share capital	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Number of shares issued and fully paid (in thousand shares)	101,447	91,447	91,457
Share capital issued	\$ 1,014,470	\$ 914,470	\$ 914,570

The change in the Company's share capital was mainly due to employees' resignation, the cancellation and recall of new restricted employee shares, and the resolution of the board of directors on May 3, 2023 to issue 10,000 thousand new shares at a par value of NT\$10 per share for a cash capital increase. The shares were issued at a premium of NT\$155 per share, and after the capital increase, the paid-in capital amounted to NT\$1,014,470 thousand. The above-mentioned cash capital increase was approved and registered effectively with the Securities and Futures Bureau of the Financial Supervisory Commission on July 20, 2023, and the board of directors resolved to set September 25, 2023 as the capital increase record date. The change registration was completed in October 2023.

(2) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Available for offsetting deficits, distributing cash or transferring to share capital (1)</u>			
Additional paid-in capital	\$ 3,161,680	\$ 1,711,680	\$ 1,670,040
Treasury Shares	27,193	27,193	27,193
Difference between consideration and carrying amount of subsidiaries acquired or disposed	3,562	3,562	3,562
<u>Limited to offsetting deficits</u>			
Changes in equity of investment in associates and joint ventures accounted for using equity method	-	-	3,785
Exercise of right of disgorgement	1,024	1,024	1,024
<u>May not be used for any purpose</u>			
Employee stock warrants	74,370	4,032	-
Equity components of the convertible corporate bonds issued by the Company	43,937	-	-
Restricted shares	-	-	42,570
	\$ 3,311,766	\$ 1,747,491	\$ 1,748,174

1. Capital surplus in this category may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital, limited to a certain percentage of the Company's paid-in capital each year.
- (3) Retained earnings and dividend policy

The amendment to the Company's Articles of Incorporation approved by resolution of the shareholders' meeting on May 29, 2019 provides that the Company's board of directors is authorized to appropriate the distributable dividend and bonuses in the form of cash by a special resolution that shall be reported to the shareholders' meeting.

In accordance with the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as legal reserve, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings from prior years shall be used by the board of directors as the basis for proposing a distribution plan for the resolution in a shareholders' meeting. In the event that whole or part of the dividend and bonus is paid in cash, the distribution can be made by a majority vote at a board of directors' meeting attended by over two-thirds of the directors and reported to the shareholders' meeting.

The Company's dividend policy is based on the Company's earnings and considerations of the future funding needs and impact of taxation on the Company and its shareholders, as well as the Company's sustainable development and the steady growth of earnings per share. The cash dividend shall not be less than 50% of the total dividend, and the distribution shall be made after the resolution by a shareholders' meeting. Please refer to Note 23(6) "Employees' compensation and directors' remuneration" for the policy on the distribution of employees' compensation and directors' remuneration as stipulated in the Company's Articles of Incorporation.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The amendment to the Company's Articles of Incorporation was approved by its Shareholders' Meeting on May 27, 2022. It has expressly stipulated that when the Company appropriated the special capital reserve lawfully, it shall allocate an amount of special reserve for any difference between the amount it has already allocated and the amount of special reserve equal to the "cumulative amount of net increase in fair value of investment property in a preceding period" and the "cumulative net amount of other deductions from equity in a preceding period" it is required to allocate. If there remains any insufficiency, the Company shall allocate the special reserve from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

The appropriations of earnings for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	<u>\$ 57,411</u>	<u>\$ 47,292</u>
Cash dividends	<u>\$ 365,788</u>	<u>\$ 365,828</u>
Cash dividends per share (NT\$)	\$ 4	\$ 4

The appropriations for cash dividends above had been resolved by the Company's board of directors' meeting on March 8, 2023 and March 9, 2022, respectively; the other proposed appropriations had been resolved by the shareholders' meeting on May 26, 2023 and May 27, 2022.

23. Net profit from continuing operations

(1) Other income

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Dividend income	\$ 11,791	\$ 9,000	\$ 18,191	\$ 18,396
Others	<u>15,762</u>	<u>10,047</u>	<u>17,171</u>	<u>17,805</u>
	<u>\$ 27,553</u>	<u>\$ 19,047</u>	<u>\$ 35,362</u>	<u>\$ 36,201</u>

(2) Other gains and losses

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Gross gains on foreign exchange	\$ 72,396	\$ 85,641	\$ 125,199	\$ 175,366
Gross losses on foreign exchange	(30,416)	(18,104)	(62,528)	(38,918)
Gain on disposal of property, plant and equipment	1,149	-	1,718	-
Gain on disposal of investments accounted for using the equity method	-	-	672,871	-
Impairment loss on non-financial assets	-	(24,962)	(176,884)	(24,962)
Impairment loss on goodwill	-	-	(225,142)	-
Others	(<u>1,618</u>)	(<u>166</u>)	(<u>1,807</u>)	(<u>251</u>)
	<u>\$ 41,511</u>	<u>\$ 42,409</u>	<u>\$ 333,427</u>	<u>\$ 111,235</u>

(3) Finance costs

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Interest on bank loans	\$ 23,150	\$ 9,008	\$ 67,390	\$ 20,116
Interest on lease liabilities	2,043	34	2,785	123
Interest on corporate bonds	<u>1,765</u>	<u>-</u>	<u>1,765</u>	<u>-</u>
	<u>\$ 26,958</u>	<u>\$ 9,042</u>	<u>\$ 71,940</u>	<u>\$ 20,239</u>

(4) Depreciation and amortization

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Depreciation expenses by function				
Operating cost	\$ 70,205	\$ 46,748	\$ 195,030	\$ 135,829
Operating expense	<u>43,411</u>	<u>36,714</u>	<u>98,144</u>	<u>100,461</u>
	<u>\$ 113,616</u>	<u>\$ 83,462</u>	<u>\$ 293,174</u>	<u>\$ 236,290</u>
Amortization expenses by function				
Operating cost	\$ 182	\$ 228	\$ 567	\$ 757
Operating expense	<u>1,368</u>	<u>1,763</u>	<u>4,909</u>	<u>6,564</u>
	<u>\$ 1,550</u>	<u>\$ 1,991</u>	<u>\$ 5,476</u>	<u>\$ 7,321</u>

(5) Employee benefit expenses

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Post-employment benefits				
Defined contribution plan	\$ 12,124	\$ 11,316	\$ 26,486	\$ 23,155
Defined benefit plan (Note 21)	<u>437</u>	<u>250</u>	<u>984</u>	<u>731</u>
	<u>12,561</u>	<u>11,566</u>	<u>27,470</u>	<u>23,886</u>
Share-based payment (Note 26)	39,086	461	70,338	1,383
Others employee benefits	<u>421,019</u>	<u>225,186</u>	<u>869,894</u>	<u>638,749</u>
Total employee benefit expenses	<u>\$ 472,666</u>	<u>\$ 237,213</u>	<u>\$ 967,702</u>	<u>\$ 664,018</u>
Summary by function				
Operating cost	\$ 276,265	\$ 123,268	\$ 564,943	\$ 354,420
Operating expense	<u>196,401</u>	<u>113,945</u>	<u>402,759</u>	<u>309,598</u>
	<u>\$ 472,666</u>	<u>\$ 237,213</u>	<u>\$ 967,702</u>	<u>\$ 664,018</u>

(6) Employees' compensation and directors' remuneration

If there is profit in a fiscal year, the Company shall accrue employees' compensation and directors' remuneration as follows; however, if there is a deficit, the Company shall set aside the amount for offsetting the deficit before the appropriation. The aforementioned profit is the net profit before taxes net of employees' compensation and directors' remuneration.

1. Employees' compensation shall not be less than 5% in the form of share dividend or cash dividend by the resolution in a board of directors' meeting. The recipients include certain qualified employees of the Company's affiliates.
2. Directors' remuneration shall be no more than 3%.

The appropriation of employees' compensation and directors' remuneration shall be reported to the shareholders' meeting.

The compensation of employees and the remuneration of directors estimated for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 are as follows:

Amount

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Employees' compensation	<u>\$ 26,536</u>	<u>\$ 32,567</u>	<u>\$ 57,937</u>	<u>\$ 73,492</u>
Directors' remuneration	<u>\$ 6,598</u>	<u>\$ 7,434</u>	<u>\$ 12,595</u>	<u>\$ 17,665</u>

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

The appropriations of employees' compensation and directors' remuneration for 2022 and 2021, which were approved by the Company's

board of directors on March 8, 2023 and March 9, 2022, respectively, were as follows:

	<u>2022</u>	<u>2021</u>
	Cash	Cash
Employees' compensation	\$ 85,238	\$ 60,601
Directors' remuneration	20,748	13,949

There was no difference between the actual amounts of employees' compensation and directors' remuneration paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and directors' remuneration resolved by the Company's board of directors' meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. Income taxes relating to continuing operations

(1) Income tax recognized in profit or loss

Major components of income tax expense (benefit) were as follows:

	<u>For the three months ended September 30, 2023</u>	<u>For the three months ended September 30, 2022</u>	<u>For the nine months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2022</u>
Current income tax				
In respect of the current year	\$ 41,255	\$ 33,197	\$ 87,263	\$ 75,386
Adjustment for prior year	(<u>10,401</u>)	(<u>2,216</u>)	(<u>10,401</u>)	(<u>19,815</u>)
	<u>\$ 30,854</u>	<u>\$ 35,413</u>	<u>\$ 76,862</u>	<u>\$ 55,571</u>

(2) Income tax assessments

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

25. Earnings per share

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the period

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Net profit attributable to owners of the parent company	\$ 202,129	\$ 175,321	\$ 653,850	\$ 452,436
Effect of potentially dilutive ordinary shares:				
After-tax interest on convertible corporate bonds	<u>1,412</u>	<u>-</u>	<u>1,412</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 203,541</u>	<u>\$ 175,321</u>	<u>\$ 655,262</u>	<u>\$ 452,436</u>

Shares

	Unit: thousands of shares			
	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	92,099	91,264	91,667	91,264
Effect of potentially dilutive ordinary shares:				
Convertible corporate bonds	2,216	-	747	-
Employee stock warrants	1,018	-	1,020	-
Employees' compensation	<u>347</u>	<u>577</u>	<u>463</u>	<u>661</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>95,680</u>	<u>91,841</u>	<u>93,897</u>	<u>91,925</u>

If the Group settles the employees' compensation in shares or cash, the Group presumed that the entire amount of employees' compensation would be

settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. Share-based payment agreement

Restricted shares

The issuance of restricted shares was resolved by the Company's shareholders' meeting on May 30, 2018 with an actual issuance of 648 thousand shares at the issue price of NT\$50 per share. The Company received the approval by the FSC on December 14, 2018 with the certificate Jin-Guan-Zheng-Fa-Zi No. 1070121188 and set October 22, 2019 as the capital increase record date for the issuance of restricted shares.

Employees who have received or subscribed the restricted shares and yet fulfilled the vesting conditions are bound by the following restrictions:

- (1) Employees shall not sell, pledge, transfer, grant, set guarantee or dispose of the restricted shares in any other ways.
- (2) The restricted shares are eligible for the dividend distribution without any restriction within the vesting period.
- (3) Prior to the fulfillment of vesting conditions, the restricted shareholders are entitled the same rights as those of common stock holders including propose, speak, and vote in a shareholders' meeting and other shareholder's rights.
- (4) After issuance, restricted shares shall be immediately delivered to be under custody of trust institution. Before fulfillment of vesting conditions, employees shall not request for return of such restricted shares by any reason or method.

For those employees who fail to fulfill the vesting conditions, the Company will recall or purchase back and cancel their shares.

The vesting period for the Company's restricted shares issued in 2019 ended in October 2022.

Employee stock warrant plan of the Company

The Company granted 3,000 thousand units of employee warrants, of which, each unit is eligible to subscribe to 1 ordinary share, in December 2022. Employees of the Company are entitled to the warrants. The term of all employee stock warrants is 6 years, and the warrant holders can exercise a specific portion of the warrants granted after 2 years after the issuance date. The exercise price of the stock warrants is 75% of the closing price of the Company's ordinary shares on the date of issuance. If any changes are made to the Company's ordinary shares, the exercise price shall be correspondingly adjusted using the specific formula.

Information on employee stock warrants is as follows:

	For the nine months ended September 30, 2023	
	Unit (thousand)	Weighted average exercise price (NT\$)
<u>Employee stock warrants</u>		
Outstanding at the beginning of the year	3,000	\$115.10
Number of stock warrants granted in the year	-	-
Number of stock warrants exercised in the year	-	-
Number of stock warrants expired in the year	-	-
Outstanding at the end of the year	<u>3,000</u>	
Number of stock warrants exercisable at the end of the year	<u>-</u>	

Capital increase in cash - shares reserved for subscription by employees

On May 3, 2023, the Company's board of directors resolved to issue 10,000 thousand new shares for a cash capital increase, and 1,380 thousand shares were reserved for subscription by employees in accordance with the Company Act. For shares that are undersubscribed or that the employees waive their rights to subscribe for, the Chairman is authorized to contact specific persons to subscribe for them.

The Group recognized employee compensation costs for the three months and nine months ended September 30, 2023 and 2022 were NT\$39,086 thousand, NT\$462 thousand, NT\$70,338 thousand and NT\$1,383 thousand, respectively.

27. Business combination

(1) Acquisition of a subsidiary

	Major business activities	Acquisition date	All ownership interests with voting rights/ Percentage of stake acquired (%)	Transfer of consideration
Mosel Vitelic Inc.	Semiconductors	June 2, 2023	30%	\$ <u> -</u>

The acquisition of Mosel Vitelic Inc. by the Group is oriented on its industry strategy.

(2) Transfer of consideration

Cash	<u>Mosel Vitelic Inc.</u> \$ <u> -</u>
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(3) Assets acquired and liabilities assumed on the acquisition date

Current asset	<u>Mosel Vitelic Inc.</u>
Cash and cash equivalents	\$ 1,538,270
Financial assets at amortized cost—current	647,674
Trade receivables	246,189
Inventory	280,107
Other current assets	41,566

(to be continued)

(continued)

	<u>Mosel Vitelic Inc.</u>
Non-current assets	
Financial assets at fair value through other comprehensive income	\$ 22,600
Financial assets at amortized cost — non-current	17,907
Property, plant and equipment	586,481
Right-of-use assets	303,236
Other non-current assets	200,110
Current liabilities	
Trade payables	(153,540)
Other payables	(419,988)
Lease liabilities - current	(6,963)
Guarantee deposits - current	(184,677)
Other current liabilities	(45,220)
Current liabilities	
Net defined benefit liabilities	(24,308)
Lease liabilities - non-current	(311,327)
Guarantee deposits - non-current	(250,937)
Non-controlling interests	(<u>26,366</u>)
Fair value of identifiable net assets acquired	<u>\$ 2,460,814</u>

The initial accounting of the acquisition of Mosel Vitelic Inc. was provisional on the reporting date. For tax purposes, the tax base of Mosel Vitelic Inc.'s assets shall be revalued at the market price of such assets. Since the market valuation and other calculations were incomplete on the date these consolidated financial statements were approved for issuance, the value for tax was provisional based on the best estimation of the Group's management.

(4) Non-controlling interests

The non-controlling interests of Mosel Vitelic Inc., representing 70% of the total ownership interests, were measured at the non-controlling interests' proportionate share of identifiable net assets of the said company on the acquisition date.

(5) Goodwill arising in a business combination

	<u>Mosel Vitelic Inc.</u>
Transfer of consideration	\$ -
Add: Non-controlling interests (70% of Mosel Vitelic Inc.'s total ownership interests)	1,721,334
Add: Acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree	1,877,018
Less: Fair value of identifiable net assets acquired	(<u>2,460,814</u>)
Goodwill arising in a business combination	<u>\$ 1,137,538</u>

The goodwill arising in the acquisition of Mosel Vitelic Inc. includes control premium, estimated synergy, revenue growth, future market growth and the value of employees of Mosel Vitelic Inc. However, the said benefits did not qualify as identifiable intangible assets, so recognitions were not made separately.

The Group has yet finalized the allocation of relevant acquisition consideration, so the accounting of the aforementioned business combination was estimated by the management provisionally.

In addition, the previously-held equity interest in the acquiree before the acquisition date was remeasured at fair value and deemed disposed of, so a gain of NT\$672,871 thousand on the disposal of an associate was recognized under other gains and losses.

(6) Acquisition of a subsidiary, net of cash acquired

	<u>Mosel Vitelic Inc.</u>
Cash and cash equivalents acquired	<u>\$ 1,538,270</u>

(7) Effects of a business combination on business performance

Since the acquisition date, the business performance of the acquiree is as follows:

	<u>Mosel Vitelic Inc.</u>
Operating revenue	<u>\$ 537,496</u>
Net profit for the period	<u>(\$ 6,072)</u>

If the business combination had occurred on the beginning date of the fiscal year in which the acquisition occurred, the consolidated company's pro forma operating revenue and pro forma net profit for the nine months ended September 30, 2023 would have been NT\$4,658,735 thousand and NT\$599,581 thousand, respectively. These amounts do not reflect the actual revenue and business performance of the Group if such a business combination had been completed at the beginning of the year of the acquisition and shall not be applied in any projection of its future business performance.

28. Non-cash transactions

For the nine months ended September 30, 2023 and 2022, the Group has conducted the following non-cash transactions from finance activities:

- (1) Addition of lease liabilities from lease agreements.
- (2) Reclassifications of long-term borrowings with maturity within one year.

29. Capital management

The Group manages its capital to ensure its ability to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group's key management reviews its capital structure on a quarter basis. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management, the Group may balance its overall capital structure by the means of dividend payment, issuance of new shares, shares buyback, issuance of new debts or repayment of existing debts. The Group is not subject to any externally imposed capital requirements.

30. Financial instruments

(1) Fair value of financial instruments not measured at fair value

Management of the Group considers the carrying amounts of the Group's financial assets and financial liabilities that are not measured at fair value as close to their fair values.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic listed shares	\$ 314,000	\$ -	\$ -	\$ 314,000
Domestic and foreign unlisted shares and investments	-	-	500,665	500,665
Total	<u>\$ 314,000</u>	<u>\$ -</u>	<u>\$ 500,665</u>	<u>\$ 814,665</u>

December 31, 2022

	<u>Fair value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic listed shares	\$ 279,000	\$ -	\$ -	\$ 279,000
Domestic and foreign unlisted shares and investments	-	-	347,125	347,125
Total	<u>\$ 279,000</u>	<u>\$ -</u>	<u>\$ 347,125</u>	<u>\$ 626,125</u>

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic listed shares	\$ 262,000	\$ -	\$ -	\$ 262,000
Domestic and foreign unlisted shares and investments	-	-	<u>327,015</u>	<u>327,015</u>
Total	<u>\$ 262,000</u>	<u>\$ -</u>	<u>\$ 327,015</u>	<u>\$ 589,015</u>

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2023 and 2022.

2. Valuation techniques and inputs of measuring Level 3 fair value

<u>Class of financial instruments</u>	<u>Valuation techniques and inputs</u>
Domestic and foreign securities	<p>Using the asset-based approach that assesses the fair value by totaling the value of each asset and liability of the target of evaluation.</p> <p>Using the market approach that derives the value of target from the product of the active market price of a comparable company that operates in the same industry with similar operation and financial performance and a corresponding market multiplier.</p>

(3) Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial asset</u>			
At fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ 41,663	\$ 45,739	\$ 36,234
Financial assets at amortized cost (Note 1)	3,899,778	1,767,913	1,593,990
Financial assets at fair value through other comprehensive income	814,665	626,125	589,015
<u>Financial liability</u>			
At amortized cost (Note 2)	4,444,879	3,658,405	2,809,886

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term notes payable, long-term borrowings, notes payable, accounts payable, other payables, corporate bonds payable, and guarantee deposits received.

(4) Financial risk management objectives and policies

The Group's major financial instruments include equity and debt instrument investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign

currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below). The Group engaged in a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts and currency swaps to hedge the exchange rate risk arising from trading.

- (1) Foreign currency risk

The Group engaged in sales and purchases denominated in foreign currencies, which exposed the Group to foreign currency risk. The Group hedged such foreign currency risk using the forward exchange contracts and currency swaps to the extent approved by policy.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in nonfunctional currencies (including the monetary items denominated in nonfunctional currencies eliminated in the consolidated financial statements) on the balance sheet date are provided in Note 35.

Sensitivity analysis

The Group was mainly exposed to the risk of exchange rate fluctuation of the U.S. Dollar and Euro.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollar (the functional currency) against each foreign currency. 1% increase or decrease is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A 1% foreign exchange rate change is adjusted to the translation at the end of period. In the following table, a positive number below indicates an increase in pre-tax profit due to a 1% depreciation of the New Taiwan dollar against the foreign currency. For a 1% appreciation of the New Taiwan dollar against the foreign currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<u>Impact of USD</u>		<u>Impact of EUR</u>	
	<u>For the nine months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2022</u>	<u>For the nine months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2022</u>
Profit or loss	\$ 12,315 (i)	\$ 7,390 (i)	\$ 2,050 (ii)	\$ 872 (ii)

- (i) It was mainly due to the Group's trade receivables and payables denominated in the U.S. Dollar that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.
- (ii) It was mainly due to the Group's trade receivables and payables denominated in the Euro that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.

The management believed the sensitivity analysis did not reflect existing foreign currency risk because the exposure to the foreign currency risk at the end of the reporting period does not fairly represent the risk exposure during the reporting period.

(2) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
- Financial assets	\$ 1,666,036	\$ 300,853	\$ 125,964
- Financial liabilities	1,078,996	8,609	15,803
Cash flow interest rate risk			
- Financial assets	1,241,478	798,129	702,067
- Financial liabilities	2,419,726	3,070,010	2,350,100

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole reporting period. A 10 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 10 basis point higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2023 and 2022 would have decreased/increased by NT\$884 thousand and increased/decreased by NT\$1,236 thousand, respectively.

(3) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes. The Group does not actively trade these investments. In addition, the Group designated specific team to monitor the price risk and establish the responding strategy.

Sensitivity analysis

The sensitivity analyses below were carried out based on the Company's exposure to equity price on the reporting date.

If the equity price had increased/decreased by 15%, the other comprehensive income after tax for the nine months ended September 30, 2023 and 2022 would have decreased/increased by NT\$122,200 thousand and NT\$88,352 thousand, respectively, due to an increase/decrease in the fair value of the financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk due to the failure of a counterparty to perform its obligations was the carrying amount of financial assets recognized in the consolidated financial statements.

In the balances of trade receivables as of September 30, 2023 and as of December 31 and September 30, 2022, the sums of trade receivables from group customers accounting for more than 10% of the

consolidated company's balance of trade receivables were NT\$458,674 thousand, NT\$526,894 thousand, and NT\$480,388 thousand, respectively, representing 47%, 64%, and 63% of the balances of trade receivables as of the said dates, respectively.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support its operation and minimize the impact of cash flow volatility. The Group's management monitors the use of bank loan facilities and ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As of September 30, 2023, and December 31 and September 30, 2022, the Group's unused bank facilities were set out in (2) borrowing facilities below.

(1) Liquidity and interest rate risk table

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities, in which the payment terms were set, based on the earliest repayment date. The table was prepared with the undiscounted cash flows of financial liabilities that include the cash flows of interests and principles.

September 30, 2023

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
<u>Non derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Non-interest bearing liabilities	\$ 497,705	\$ 485,733	\$ 157,473	\$ -	\$ -
Lease liabilities	1,560	4,552	12,566	67,414	355,503
Debt instruments	<u>707,801</u>	<u>233,686</u>	<u>410,002</u>	<u>1,764,438</u>	<u>151,500</u>
	<u>\$1,207,066</u>	<u>\$ 723,971</u>	<u>\$ 580,041</u>	<u>\$1,831,852</u>	<u>\$ 507,003</u>

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	<u>\$ 18,678</u>	<u>\$ 67,414</u>	<u>\$ 79,889</u>	<u>\$ 79,889</u>	<u>\$ 79,889</u>	<u>\$ 115,836</u>

December 31, 2022

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
<u>Non derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 300,543	\$ 318,358	\$ 220,532	\$ -	\$ -
Lease liabilities	573	1,147	3,813	1,833	-
Debt instruments	<u>605,381</u>	<u>855,855</u>	<u>458,862</u>	<u>1,084,827</u>	<u>125,844</u>
	<u>\$ 906,497</u>	<u>\$1,175,360</u>	<u>\$ 683,207</u>	<u>\$1,086,660</u>	<u>\$ 125,844</u>

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	<u>\$ 5,533</u>	<u>\$ 1,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2022

	On demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	Over 5 years
<u>Non derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 271,972	\$ 237,153	\$ 139,578	\$ -	\$ -
Lease liabilities	568	1,135	5,027	768	-
Debt instruments	<u>552,977</u>	<u>285,071</u>	<u>206,938</u>	<u>1,156,885</u>	<u>202,813</u>
	<u>\$ 825,517</u>	<u>\$ 523,359</u>	<u>\$ 351,543</u>	<u>\$1,157,653</u>	<u>\$ 202,813</u>

Maturity profile of lease liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	Over 20 years
Lease liabilities	<u>\$ 6,730</u>	<u>\$ 768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Borrowing facilities

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank facility			
-Drawn	\$ 2,269,726	\$ 2,921,521	\$ 2,355,687
-Undrawn	<u>2,747,974</u>	<u>2,653,479</u>	<u>2,529,178</u>
	<u>\$ 5,017,700</u>	<u>\$ 5,575,000</u>	<u>\$ 4,884,865</u>
Secured bank facility			
-Drawn	\$ 150,000	\$ 150,000	\$ -
-Undrawn	<u>-</u>	<u>-</u>	<u>150,000</u>
	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

(5) Transfers of financial assets

The Group's factored trade receivables are as follows:

Counterparty	Sales amount	Available advance amount	Advance amount used	Annual interest rate on advances received (%)
<u>September 30, 2023</u>				
Citibank	USD 6,106	USD -	USD 6,106	6.05-6.7
	EUR 3,699	EUR -	EUR 3,699	1.05-1.3
<u>September 30, 2022</u>				
Citibank	USD 3,726	USD -	USD 3,726	4.44-5.09
	EUR 1,614	EUR -	EUR 1,614	1.05-1.30

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

31. Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

(1) Related parties and relationship

Related parties	Relationship with the Group
GlobalWafers Co., Ltd.	Related party in substance
Sustainable Energy Solution Co., Ltd.	Related party in substance
Mosel Vitelic Inc.	Associate (became a subsidiary on June 2, 2023)

(2) Business transactions

Financial Statement Account	Related parties	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Purchases of goods	Related party in substance				
	GlobalWafers Co., Ltd.	\$ 62,772	\$ 56,818	\$ 207,041	\$ 193,560
	Mosel Vitelic Inc.	<u>-</u>	<u>85,470</u>	<u>204,265</u>	<u>231,744</u>
		<u>\$ 62,772</u>	<u>\$ 142,288</u>	<u>\$ 411,306</u>	<u>\$ 425,304</u>

Purchases of goods above mainly comprise purchases of wafers, the purchase price of flat wafers was indifferent from the price of other suppliers. The Group did not purchase diffusion wafer from other suppliers, so there is not comparable purchases price. The payment terms were 30~90 days end of month for related party, 90 days end of month for domestic non-related parties, and T/T 50~60 days for foreign parties.

Financial Statement Account	Related parties	September 30, 2023	December 31, 2022	September 30, 2022
Trade payables	Related party in substance			
	GlobalWafers Co., Ltd.	\$ 67,840	\$ 75,383	\$ 44,286
	Mosel Vitelic Inc.	<u>-</u>	<u>91,593</u>	<u>42,173</u>
		<u>\$ 67,840</u>	<u>\$ 166,976</u>	<u>\$ 86,459</u>

(3) Others

Financial Statement Account	Related parties	September 30, 2023	December 31, 2022	September 30, 2022
Refundable deposits	Sustainable Energy Solution Co., Ltd.	\$ 10,000	\$ 10,000	\$ 10,000
(Note)	Mosel Vitelic Inc.	-	107,101	129,561
		<u>\$ 10,000</u>	<u>\$ 117,101</u>	<u>\$ 139,561</u>

Note: recognized as other current assets and other non-current assets.

(4) Compensation of key management personnel

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Short-term employee benefits	\$ 39,648	\$ 34,662	\$ 68,196	\$ 68,761
Share-based Payment	4,792	155	14,376	465
Post-employment benefits	27	27	81	81
	<u>\$ 44,467</u>	<u>\$ 34,844</u>	<u>\$ 82,653</u>	<u>\$ 69,307</u>

The remuneration of directors and key executives was determined by the remuneration committee taking into account the performance of individuals and market trends.

32. Assets pledged as collateral or for security

The following assets were pledged as collateral for borrowings:

	September 30, 2023	December 31, 2022	September 30, 2022
Freehold Land	\$ 107,843	\$ 107,843	\$ 107,843
Building	144,175	147,339	148,394
Machinery Equipment	-	24,080	25,423
Pledged time deposits (classified as financial assets at amortized cost)	30,660	14,751	15,929
	<u>\$ 282,678</u>	<u>\$ 294,013</u>	<u>\$ 297,589</u>

33. Significant contingent liabilities and unrecognized contract commitments

Except described in other notes of this financial statements, the Group had the following significant contingent liabilities and unrecognized commitments as of the end of the reporting period:

- (2) As of September 30, 2023, and December 31 and September 30, 2022, the Group had the contract commitments that was not recognized as property, plant and equipment amounted NT\$799,484 thousand, NT\$64,267 thousand and NT\$165,430 thousand, respectively.
- (2) The subsidiary Mosel Vitelic Inc. entered into a procurement contract with Company S, and, as agreed, S Company shall be committed to supplying the Company a total of 121,500 thousand pieces of solar wafers within the contract period while the Company shall make a certain amount of prepayment. However, both parties have not agreed on a substitute for the said transaction model as of November 2, 2023. As of September 30, 2023, the Company has prepaid US\$112 thousand (NT\$3,573 thousand) and NT\$54,845 thousand in total with the accumulated impairment of NT\$58,418 thousand. In addition, in light of different market conditions between the current solar power industry and that of the time when the contract was entered into, both parties terminated all orders and prepayments in connection to the original contract.
- (3) The subsidiary Mosel Vitelic Inc. entered into several wafer foundry agreements that guaranteed manufacturing capacity with various clients, and it has provided specific amounts of manufacturing capacity to these clients as agreed.

34. Significant subsequent events

In response to the need to expand the production capacity for operational development, the Company's board of directors resolved to purchase machinery and equipment on November 8, 2023. The estimated amount of equipment investment is approximately NT\$1,022,000 thousand. The board of directors resolved to authorize the Chairman to handle matters related to signing relevant contracts in accordance with regulations.

35. Significant assets and liabilities denominated in foreign currencies

The Group's significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2023

	Foreign currency	Exchange rate		Carrying amount
<u>Financial asset</u>				
<u>Monetary items</u>				
USD	\$ 58,343	32.27	(USD:NTD)	\$ 1,882,733
USD	114	7.309	(USD:CNY)	3,684
EUR	6,078	33.91	(EUR:NTD)	206,104
CNY	12,335	4.415	(CNY:NTD)	54,458
JPY	18,986	0.216	(JPY:NTD)	4,105
<u>Non-monetary items</u>				
Foreign investments in securities				
USD	9,342	32.27	(USD:NTD)	301,454
<u>Financial liability</u>				
<u>Monetary items</u>				
USD	20,225	32.27	(USD:NTD)	653,641
USD	39	7.309	(USD:CNY)	1,246
EUR	21	33.91	(EUR:NTD)	723
EUR	12	7.681	(EUR:CNY)	415
CNY	5	4.415	(CNY:NTD)	23
JPY	42,517	0.216	(JPY:NTD)	9,192

December 31, 2022

	Foreign currency	Exchange rate		Carrying amount
<u>Financial asset</u>				
<u>Monetary items</u>				
USD	\$ 38,907	30.71	(USD:NTD)	\$ 1,194,847
USD	106	6.9646	(USD:CNY)	3,258
EUR	2,234	32.72	(EUR:NTD)	73,096
CNY	1,327	4.408	(CNY:NTD)	5,848
<u>Non-monetary items</u>				
Foreign investments in securities				
USD	4,169	30.71	(USD:NTD)	132,375

(to be continued)

(continued)

	Foreign currency	Exchange rate		Carrying amount
<u>Financial liability</u>				
<u>Monetary items</u>				
USD	\$ 8,213	30.71	(USD:NTD)	\$ 252,225
USD	40	6.9646	(USD:CNY)	1,217
EUR	14	32.72	(EUR:NTD)	446
CNY	17	4.408	(CNY:NTD)	77
JPY	24,851	0.2324	(JPY:NTD)	5,775

September 30, 2022

	Foreign currency	Exchange rate		Carrying amount
<u>Financial asset</u>				
<u>Monetary items</u>				
USD	\$ 28,233	31.75	(USD:NTD)	\$ 896,411
USD	23	7.1	(USD:CNY)	731
EUR	2,801	31.26	(EUR:NTD)	87,571
CNY	317	4.473	(CNY:NTD)	1,417
JPY	1,061	0.22	(JPY:NTD)	233
<u>Non-monetary items</u>				
Foreign investments in securities				
USD	3,795	31.75	(USD:NTD)	120,495
<u>Financial liability</u>				
<u>Monetary items</u>				
USD	4,973	31.75	(USD:NTD)	157,879
USD	7	7.1	(USD:CNY)	214
EUR	4	31.26	(EUR:NTD)	134
EUR	6	6.989	(EUR:CNY)	191
JPY	21,871	0.22	(JPY:NTD)	4,812

The following information was aggregated by the functional currencies of the entities in the Group that hold foreign currencies, and the exchange rates between functional currencies and presentation currency were disclosed. The significant realized and unrealized foreign exchange gains and losses were as follows:

Functional currency	For the nine months ended September 30, 2023		For the nine months ended September 30, 2022	
	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)
CNY	4.394 (CNY:NTD)	\$ 9	4.473 (CNY:NTD)	(\$ 158)
NTD	1 (NTD:NTD)	<u>62,662</u>	1 (NTD:NTD)	<u>136,606</u>
		<u>\$ 62,671</u>		<u>\$ 136,448</u>

Functional currency	For the three months ended September 30, 2023		For the three months ended September 30, 2022	
	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)
CNY	4.367 (CNY:NTD)	\$ 1	4.4382 (CNY:NTD)	\$ 20
NTD	1 (NTD:NTD)	<u>41,979</u>	1 (NTD:NTD)	<u>67,517</u>
		<u>\$ 41,980</u>		<u>\$ 67,537</u>

36. Separately disclosed items

(1) Information about significant transactions:

1. Financing provided to others: None.
2. Endorsements/guarantees provided: None.
3. Marketable securities held at the end of period (excluding investment in subsidiaries, associates and joint ventures): Table 1.
4. Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: Table 2.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
9. Trading in derivative instruments: None.
10. Others: Intercompany relationships and significant intercompany transactions: Table 5.

- (2) Information on investees: Table 6.
- (3) Information on investments in mainland China:
 - 1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.
 - 2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- (4) Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

37. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance was focused on each type of products sold or services rendered. The Group's reportable segments were as follows:

Taiwan business segment

Mainland China Qingdao segment

Taiwan Mosel Vitelic segment

Segment revenue and operating result

Analysis on revenue and operating result from continuing operations of the Company and its subsidiaries by reportable segments is as follows:

	Segment revenue		Segment profit or loss	
	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Taiwan business segment	\$ 3,725,582	\$ 3,063,453	\$ 307,652	\$ 233,684
Mainland China Qingdao segment	155,514	138,789	1,549	(5,586)
Taiwan Mosel Vitelic segment	537,496	-	(40,143)	-
Others	<u>262,304</u>	<u>340,031</u>	<u>7,284</u>	<u>3,210</u>
Total from continuing operations	4,680,896	3,542,273	276,342	231,308
Less: eliminations between operating segments	(<u>657,332</u>)	(<u>490,233</u>)	(<u>21,358</u>)	<u>10,638</u>
Revenue or profit or loss from transactions between operating segments and external customers	<u>\$ 4,023,564</u>	<u>\$ 3,052,040</u>	<u>254,984</u>	<u>241,946</u>
Interest income			30,688	2,832
Other income			35,362	36,201
Other gains and losses			333,427	111,235
Finance costs			(71,940)	(20,239)
Share of profit of investment in associates and joint ventures accounted for using equity method			<u>125,704</u>	<u>148,520</u>
Profit before tax			<u>\$ 708,225</u>	<u>\$ 520,495</u>

Segment profit represented the profit before tax earned by each segment without other income, other gains and losses, finance costs, and share of profit or loss of associates and joint ventures accounted for using the equity method. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Actron Technology Corporation and Subsidiaries
Marketable securities held at the end of period
September 30, 2023

Table 1

Unit: NT\$ thousand

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	At the End of the Period				Remarks
				Number of shares (in thousand shares)	Carrying amount	Percentage of ownership	Fair value	
Actron Technology Corporation	Sino-American Silicon Products Inc.	Major shareholder	Financial assets at fair value through other comprehensive income -non-current	2,000	\$ 314,000	0.34%	\$ 314,000	—
	Phoenix Pioneer Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	15,265	176,314	5.13%	176,314	—
	ANJET CORPORATION	—	Financial assets at fair value through other comprehensive income -non-current	3,108	197,939	22.41%	197,939	—
	AMED VENTURES I, L.P.	—	Financial assets at fair value through other comprehensive income -non-current	-	103,515	-	103,515	—
	Super Energy Materials Inc.	—	Financial assets at fair value through other comprehensive income -non-current	500	7,675	2.5%	7,675	—
Mosel Vitelic Inc.	ProMOS Technologies Inc.	—	Financial assets at fair value through other comprehensive income -non-current	442	7,050	0.98%	7,050	—
	Aplus Flash Technology, Inc.	—	Financial assets at fair value through other comprehensive income -non-current	1,492	-	5.28%	-	—
	Pacific Resources Corporation	—	Financial assets at fair value through other comprehensive income -non-current	37	3,941	4.88%	3,941	—
	Soft Device Inc.	—	Financial assets at fair value through other comprehensive income -non-current	7,518	-	-	-	—
	Pegasus Wireless Corp.	—	Financial assets at fair value through other comprehensive income -non-current	1,815	-	-	-	—
	NewMedia Networking Corp.	—	Financial assets at fair value through other comprehensive income -non-current	1,600	-	-	-	—
	Mou Fu Investment Consultant Ltd.	ProMOS Technologies Inc.	—	Financial assets at fair value through other comprehensive income -non-current	32	516	0.07%	516
	Advanced Flash Memory Card Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	340	-	0.41%	-	—
	E-Soft Technologies, Inc.	—	Financial assets at fair value through other comprehensive income -non-current	201	1,142	2.37%	1,142	—
	Harbinger III Venture Capital Corp.	—	Financial assets at fair value through other comprehensive income -non-current	-	6	0.56%	6	—
	Virtual Silicon Technology, Inc.	—	Financial assets at fair value through other comprehensive income -non-current	224	-	-	-	—

(to be continued)

(continued)

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	At the End of the Period				Remarks
				Number of shares (in thousand shares)	Carrying amount	Percentage of ownership	Fair value	
Bou-Der Investment, Ltd.	Wavesat Inc.	—	Financial assets at fair value through other comprehensive income -non-current	44	\$ -	-	\$ -	—
	ProMOS Technologies Inc.	—	Financial assets at fair value through other comprehensive income -non-current	161	2,567	0.36%	2,567	—
	Aumos Technologies Inc.	—	Financial assets at fair value through other comprehensive income -non-current	1,365	-	16.24%	-	—

Actron Technology Corporation and Subsidiaries
Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more
For the nine months ended September 30, 2023

Table 2

Unit: unless otherwise stated, in thousands of New Taiwan Dollars

Name of company that made the purchases or sales	Type and name of marketable securities	Financial Statement Account	Counterparty	Relationship	At the beginning of the period		Purchase		Sale				At the End of the Period	
					Shares	Amount	Shares	Amount	Shares	Sale price	Carrying amount of cost	Gain or loss on disposal	Shares	Amount
Actron Technology Corporation	Privately placed ordinary shares - Excelliance MOS Corporation	Investments accounted for using the equity method	Participation in private placement	-	-	\$ -	15,000,000	\$ 1,491,750	-	\$ -	\$ -	\$ -	15,000,000	\$ 1,491,750

Actron Technology Corporation and Subsidiaries

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

For the nine months ended September 30, 2023

Table 3

Unit: NT\$ thousand

Purchaser or seller	Counterparty	Relationship	Transaction Details				Abnormal transaction and reason		Notes/Trade receivables (payables)			Remarks
			Purchase/sale	Amount	As percentage to total purchase or sale	Payment terms	Unit price	Payment terms	Financial statement account	Ending balance	As percentage to total notes/trade receivables (payables)	
Actron Technology Corporation	GlobalWafers Co., Ltd.	Subsidiary of the Company's director, Sino-American Silicon Products Inc.	Purchases of goods	\$ 207,041	16%	60 days end of month	Note 2	Domestic 90 days end of month	Trade payables	\$ 67,840	9%	—
Actron Technology Corporation	Mosel Vitelic Inc.	Subsidiary	Purchases of goods	363,791	28%	30 days end of month	Note 2	Not applicable	Trade payables	99,323	13%	Notes 1 and 3
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Subsidiary	Purchases of goods	492,529	38%	90 days end of month	Cost markup	Domestic 90 days end of month	Trade payables	239,636	32%	Note 1
Ding-Wei Technology Co., Ltd.	Actron Technology Corporation	Parent	Sale	492,554	100%	90 days end of month	Cost markup	Domestic 90 days end of month	Trade receivables	239,636	100%	Note 1
Mosel Vitelic Inc.	Actron Technology Corporation	Parent	Sale	363,791	31%	30 days end of month	Note 2	Not applicable	Trade payables	99,323	32%	Notes 1 and 3

Note 1: this is a transaction between parent company and its subsidiary and has been eliminated upon consolidation.

Note 2: the purchase price of flat wafers was indifferent from the price of other suppliers. The Group did not purchase diffusion wafer from other suppliers, so there is not comparable purchases price.

Note 3: Purchases from and sales to Mosel Vitelic Inc. before the combination were not eliminated since Mosel Vitelic Inc. was not an entity included in the consolidated financial statements.

Actron Technology Corporation and Subsidiaries
 Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital
 September 30, 2023

Table 4

Unit: NT\$ thousand

Company recognizes the receivables	Counterparty	Relationship	Balance of trade receivables - related party		Average turnover ratio	Overdue		Amount collected in subsequent period	Allowance for impairment loss
			Financial statement account	Ending balance		Amount	Action taken		
			Ding-Wei Technology Co., Ltd.	Actron Technology Corporation		Parent	Trade receivables		

Note: eliminated upon consolidation.

Actron Technology Corporation and Subsidiaries
Intercompany relationships and significant intercompany transactions
For the nine months ended September 30, 2023

Table 5

Unit: NT\$ thousand

Serial No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial statement account	Amount	Transaction terms	As percentage to total revenue or total assets (Note 3)
0	Actron Technology Corporation	Smooth Autocomponent Limited	1	Receivables	\$ 1,893	60 days end of month	0%
0	Actron Technology Corporation	Smooth Autocomponent Limited	1	Other income	5,956	60 days end of month	0%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Other receivables	35,200	60 days end of month	0%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Trade payables	239,636	90 days end of month	2%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Cost of sales	492,529	90 days end of month	12%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Other income	1,260	90 days end of month	0%
0	Actron Technology Corporation	Rec Technology Corporation	1	Sales revenue	3,581	60 days end of month	0%
0	Actron Technology Corporation	Rec Technology Corporation	1	Other income	3,972	60 days end of month	0%
0	Actron Technology Corporation	Mosel Vitelic Inc.	1	Trade payables	99,323	30 days end of month	1%
0	Actron Technology Corporation	Mosel Vitelic Inc.	1	Cost of sales	159,702	30 days end of month	4%
0	Actron Technology Corporation	Mosel Vitelic Inc.	1	Refundable deposits	56,271	According to contract terms	0%
1	Mosel Vitelic Inc.	DenMOS Technology Inc.	1	Sales revenue	32,748	According to general sales conditions	0%

Note 1: Intercompany transactions between the parent company and subsidiaries shall be indicated by number as described below:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1".

Note 2: The relationship between the transaction parties can be classified into three categories below, and it shall be indicated by number:

1. No. 1 represents the transactions from parent company to subsidiary.
2. No. 2 represents the transactions from subsidiary to parent company.
3. No. 3 represents the transactions between subsidiaries.

Note 3: In the calculation of ratio of transaction amount to total consolidated revenue or total assets, for assets or liabilities, the ratio of ending balance to the total assets shall be used; for profit or loss, the ratio between interim accumulated amount to the total revenue shall be used.

Note 4: All transactions above were eliminated upon consolidation.

Actron Technology Corporation and Subsidiaries
Names, locations and related information of investee companies
For the nine months ended September 30, 2023

Table 6

Unit: NT\$ thousand

Investor	Investee	Location	Principle business activity	Initial investment		At the end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Remarks
				Ending balance	Beginning balance	Shares	Ratio	Carrying amount			
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Taoyuan City	Manufacturing and sale of auto components and parts	\$ 306,900	\$ 306,900	15,000,000	100%	\$ 238,801	\$ 49,179	\$ 50,368	Subsidiary
Actron Technology Corporation	Smooth International Limited Corporation	Samoa	Investment	363,260	363,260	12,000,000	100%	426,793	2,164	2,164	Subsidiary
Smooth International Limited Corporation	Smooth Autocomponent Limited	Hong Kong	Investment	363,260	363,260	12,000,000	100%	426,793	2,164	Not applicable	Subsubsidiary
Actron Technology Corporation	Rec Technology Corporation	Taoyuan City	Manufacturing and sale of auto components and parts	208,102	208,102	8,487,823	49%	87,965	28,404	14,017	Subsidiary
Actron Technology Corporation	Hong Wang Investment Co., Ltd.	New Taipei City	Investment	300,000	300,000	30,000,000	30%	1,056,512	219,677	65,903	Joint venture
Actron Technology Corporation	Mosel Vitelic Inc.	Hsinchu City	Semiconductors	1,180,191	1,180,191	(Note 1) 46,925,459	30%	1,864,241	(51,044)	(24,382)	Subsidiary/ Associate
Actron Technology Corporation	Bigbest Solutions, Inc.	Taichung City	Manufacture of motors	245,143	245,143	19,314,319	28%	75,187	(15,725)	(4,339)	Subsidiary
Actron Technology Corporation	Excelliance MOS Corporation	Hsinchu City	Semiconductors	1,491,750	-	15,000,000	29%	1,439,539	257,775	73,505	Associate
Mosel Vitelic Inc.	DenMOS Technology Inc.	Hsinchu City	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	291,820	291,820	9,113,722	80%	106,375	(3,445)	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Mou Fu Investment Consultant Ltd.	Hsinchu County	Leasing, manpower dispatch and various services	2,313,124	2,313,124	12,011,900	100%	110,810	525	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Bou-Der Investment, Ltd.	Hsinchu County	Professional investment	1,264,372	1,264,372	6,399,501	47%	35,592	653	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Giant Haven Investments Ltd.(BVI)	British Virgin Islands	General investment	664,061	664,061	1,900	100%	74,100	5,792	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Integrated Memory Technologies, Inc.	United States	Flash memory design house	44,753	44,753	2,500,000	23%	-	(2)	Not applicable	Associate
Mou-Fu Investment Consultant., Ltd.	Bou-Der Investment, Ltd.	Hsinchu County	Professional investment	1,356,365	1,356,365	6,839,233	50%	38,041	653	Not applicable	Subsubsidiary
Mou-Fu Investment Consultant., Ltd.	DenMOS Technology Inc.	Hsinchu City	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	25,863	25,863	471,281	4%	5,684	(3,445)	Not applicable	Subsubsidiary
Giant Haven Investments Ltd. (BVI)	Third Dimension Semiconductor, Inc.	United States	Power IC design	314,640	314,640	49,182,884	43%	-	3,602	Not applicable	Subsubsidiary

Note 1: Among which 468,000 shares were ordinary shares and 29,532,000 shares were preferred shares.

Actron Technology Corporation and Subsidiaries
Information on investments in mainland China
For the nine months ended September 30, 2023

Table 7

Unit: NT\$ thousand or US\$ thousand

Investee	Principle business activity	Total paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of the beginning of the period	Investment flows of the period		Accumulated outflow of investment from Taiwan as of the end of the period	Net income (loss) of investee company	The Company's direct or indirect percentage of ownership	Investment income (loss) recognized for the period (Note 2)	Carrying amount at the end of the period	Accumulated inward remittance of earnings at the end of the period
					outflow	inflow						
Smooth Autocomponent Limited	Manufacture of motor parts	Authorized and paid-in capital were both USD 12,000	Note 1	\$ 363,260 (USD 12,000)	\$ -	\$ -	\$ 363,260 (USD 12,000)	\$ 2,164	100%	\$ 2,164	\$ 426,793	\$ -

Accumulated investment in Mainland China at the end of the period	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 3)
USD 12,000	\$ 365,520 (USD 12,000)	\$ 4,560,698

Note 1: Indirectly investment in Mainland China through companies registered in a third region.

Note 2: Recognition based on the unreviewed financial statements.

Note 3: The Company's Investment amounts authorized by Investment Commission, MOEA: 7,601,164 (net equity) ×60% =4,560,698.

Actron Technology Corporation
Information of major shareholders
September 30, 2023

Table 8

Name of major shareholder	Share	
	Number of shareholding	Percentage of ownership
Sino-American Silicon Products Inc.	24,935,299	24.57%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Company's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.