

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Report of Independent Accounts
For the Third Quarter of 2022 and 2021
(Stock Code: 3357)

Company address: No.1 Yousi Road, Youth Industrial Park, Yangmei District, Taoyuan City

Telephone: (03) 464-1148

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Report of Independent Accounts For the Third Quarter of 2022 and 2021

Table of Contents

<u>Item</u>	<u>Page No.</u>
I. Cover Page	1
II. Table of Contents	2 ~ 3
III. Report of Independent Accountants	4
IV. Consolidated Balance Sheet	5 ~ 6
V. Consolidated Statement of Comprehensive Income	7~8
VI. Consolidated Statement of Changes in Equity	9
VII. Consolidated Statement of Cash Flows	10 ~ 11
VIII. Notes to Consolidated Financial Statements	12 ~ 49
(I) Company History and Business Scope	12
(II) Approval Date and Procedure of Financial Statements	12
(III) Application of New and Amended Standards and Interpretations	12 ~ 13
(IV) Summary of Significant Accounting Policies	13 ~ 20
(V) Significant Account Judgments and Assumptions and Primary Sources of Estimation Uncertainty	20 ~ 21
(VI) Description of Significant Accounts	21 ~ 37
(VII) Related Party Transactions	37 ~ 40
(VIII) Pledged Assets	40

<u>Item</u>	<u>Page No.</u>
(IX) Significant Commitments or Contingencies	40
(X) Significant Disaster Losses	40
(XI) Significant Subsequent Events	40
(XII) Others	40 ~ 48
(XIII) Additional Disclosures	48 ~ 49
(XIV) Segment Information	49

Report of Independent Accountants

(2022) Cai-Shen-Bao-Zi No. 22001902

To the Board of Directors and Shareholders of Tai-Tech Advanced Electronics Co., Ltd.

Introduction

We have audited the consolidated financial statements of Tai-Tech Advanced Electronics and Subsidiaries (hereinafter referred to as the “Group”), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, the consolidated statement of comprehensive income for July 1 to September 30, 2022 and 2021 and for January 1 to September 30, 2022 and 2021, consolidated statements of changes in equity and cash flows for January 1 to September 30, 2022 and 2021 and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting.” Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performance 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.

Conclusion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, and its consolidated financial performance for July 1 to September 30, 2022 and 2021 and January 1 to September 30, 2022 and 2021, and consolidated cash flows for January 1 to September 30, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” approved by FSC.

PricewaterhouseCoopers (PwC) Taiwan

Yen-na Li

Certified Public Accountant (CPA)

Wei-hao Wu

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

Official Approval Letter No.: Jin-Guan-Zheng-Liu-Zi No. 0950122728

Financial Supervisory Commission

Official Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No. 1080323093

November 8, 2022

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

September 30, 2022 and December 31, September 30, 2021

(The consolidated balance sheet for September 30, 2022 and 2021 is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

	Assets	Note	September 30, 2022		December 31, 2021		September 30, 2021	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 1,095,900	12	\$ 1,341,004	14	\$ 1,036,316	11
1136	Financial assets measured at amortized cost	6 (1)						
	- current		-	-	-	-	190,234	2
1150	Notes receivable, net	6 (2)	51,678	1	64,858	1	42,239	-
1170	Accounts receivable, net	6 (2)	1,695,376	19	2,182,566	23	2,283,023	25
1180	Accounts receivable from related parties, net	6 (2) and 7	212,963	2	207,195	2	175,304	2
1200	Other receivables	7	50,547	-	14,909	-	38,743	-
1220	Current income tax assets		910	-	24,312	-	-	-
130X	Inventory	6 (3)	961,010	11	848,094	9	707,169	8
1410	Pre-payments		22,378	-	35,013	-	46,123	-
1470	Other current assets		-	-	83	-	451	-
11XX	Total current assets		<u>4,090,762</u>	<u>45</u>	<u>4,718,034</u>	<u>49</u>	<u>4,519,602</u>	<u>48</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6 (4) and 12 (3)	334,651	4	233,817	2	213,364	2
1600	Property, plant and equipment	6 (5), 7 and 8	4,501,201	50	4,503,865	47	4,453,652	48
1755	Right-of-use assets	6 (6) and 7	37,581	-	41,841	1	39,981	-
1780	Intangible assets		44,375	1	46,296	1	45,457	1
1840	Deferred income tax assets		32,108	-	31,296	-	8,461	-
1900	Other non-current assets	6 (7)	38,271	-	30,343	-	41,870	1
15XX	Total non-current assets		<u>4,988,187</u>	<u>55</u>	<u>4,887,458</u>	<u>51</u>	<u>4,802,785</u>	<u>52</u>
1XXX	Total assets		<u>\$ 9,078,949</u>	<u>100</u>	<u>\$ 9,605,492</u>	<u>100</u>	<u>\$ 9,322,387</u>	<u>100</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
September 30, 2022 and December 31, September 30, 2021

(The consolidated balance sheet for September 30, 2022 and 2021 is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

Liabilities and equity	Note	September 30, 2022		December 31, 2021		September 30, 2021		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6 (8)	\$ 47,625	-	\$ 415,794	4	\$ 499,432	5
2110	Short-term notes and bills payable	6 (9)	-	-	20,000	-	50,000	-
2150	Notes payable		51,669	1	193,029	2	340,608	4
2170	Accounts payable		484,737	5	858,528	9	829,312	9
2180	Accounts payable - related parties	7	2,887	-	1,224	-	4,076	-
2200	Other payables	6 (10) and 7	612,796	7	943,487	10	891,876	10
2230	Current income tax liabilities	6 (23)	65,257	1	92,488	1	66,583	1
2280	Lease liabilities - current	7	5,972	-	6,557	-	6,161	-
2320	Current portion of long-term borrowings	6 (11)	37,733	-	37,733	1	37,733	-
21XX	Total current liabilities		<u>1,308,676</u>	<u>14</u>	<u>2,568,840</u>	<u>27</u>	<u>2,725,781</u>	<u>29</u>
Non-current liabilities								
2540	Long-term borrowings	6 (11)	1,097,879	12	565,689	6	525,122	6
2570	Deferred income tax liabilities	6 (23)	217,404	3	211,895	2	137,072	2
2580	Lease liabilities - non-current	7	3,394	-	7,497	-	6,043	-
2640	Net defined benefit liabilities - non-current	6 (12)	3,820	-	14,762	-	14,862	-
2670	Other non-current liabilities - others		12,976	-	14,218	-	14,600	-
25XX	Total non-current liabilities		<u>1,335,473</u>	<u>15</u>	<u>814,061</u>	<u>8</u>	<u>697,699</u>	<u>8</u>
2XXX	Total liabilities		<u>2,644,149</u>	<u>29</u>	<u>3,382,901</u>	<u>35</u>	<u>3,423,480</u>	<u>37</u>
Equity attributable to shareholders of the parent								
Share capital								
3110	Common shares	6 (14)	1,031,340	11	1,031,340	11	1,031,340	11
Capital surplus								
3200	Capital surplus	6 (15)	1,886,687	21	1,886,687	19	1,886,687	20
Retained earnings								
3310	Legal reserve	6 (16)	552,955	6	433,232	5	433,232	5
3320	Special reserve		76,642	1	76,642	1	76,642	1
3350	Unappropriated earnings		2,874,252	32	2,811,137	29	2,539,126	27
Other equity								
3400	Other equity	6 (17)	112,334	1	(16,447)	-	(68,120)	(1)
3500	Treasury shares	6 (14)	(99,410)	(1)	-	-	-	-
3XXX	Total equity		<u>6,434,800</u>	<u>71</u>	<u>6,222,591</u>	<u>65</u>	<u>5,898,907</u>	<u>63</u>
Significant Commitments or Contingencies								
Significant Subsequent Events								
3X2X	Total liabilities and equity		<u>\$ 9,078,949</u>	<u>100</u>	<u>\$ 9,605,492</u>	<u>100</u>	<u>\$ 9,322,387</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to September 30, 2022 and 2021

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand
(Except Earnings Per Share in New Taiwan Dollars)

Item	Note	July 1 to September 30, 2022		July 1 to September 30, 2021		January 1 to September 30, 2022		January 1 to September 30, 2021		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	6 (18) and 7	\$ 1,193,655	100	\$ 1,694,489	100	\$ 4,056,825	100	\$ 4,652,938	100
5000	Operating costs	6 (3) (21) (22) and 7	(840,415)	(71)	(1,103,622)	(65)	(2,690,463)	(66)	(3,059,066)	(66)
5900	Gross profit		<u>353,240</u>	<u>29</u>	<u>590,867</u>	<u>35</u>	<u>1,366,362</u>	<u>34</u>	<u>1,593,872</u>	<u>34</u>
	Operating expenses	6 (21) (22) and 7								
6100	Selling and marketing expenses		(75,593)	(6)	(103,484)	(6)	(268,302)	(7)	(292,176)	(6)
6200	General and administrative expenses		(55,886)	(5)	(57,010)	(4)	(181,837)	(4)	(193,925)	(4)
6300	Research and development expenses		(38,994)	(3)	(39,875)	(2)	(123,011)	(3)	(104,778)	(2)
6000	Total operating expenses		<u>(170,473)</u>	<u>(14)</u>	<u>(200,369)</u>	<u>(12)</u>	<u>(573,150)</u>	<u>(14)</u>	<u>(590,879)</u>	<u>(12)</u>
6900	Operating gains		<u>182,767</u>	<u>15</u>	<u>390,498</u>	<u>23</u>	<u>793,212</u>	<u>20</u>	<u>1,002,993</u>	<u>22</u>
	Non-operating income and expenses									
7100	Interest income		1,639	-	1,021	-	2,441	-	3,680	-
7010	Other income	6 (19) and 7	13,794	1	4,412	-	65,642	1	63,794	1
7020	Other gains and losses	6 (20) and 7	91,707	8	5,727	1	193,159	5	(6,652)	-
7050	Financial costs	6 (8) (9) (11)	(3,519)	-	(1,219)	-	(8,444)	-	(4,723)	-
7000	Total non-operating incomes and expenses		<u>103,621</u>	<u>9</u>	<u>9,941</u>	<u>1</u>	<u>252,798</u>	<u>6</u>	<u>56,099</u>	<u>1</u>
7900	Income before income tax		<u>286,388</u>	<u>24</u>	<u>400,439</u>	<u>24</u>	<u>1,046,010</u>	<u>26</u>	<u>1,059,092</u>	<u>23</u>
7950	Income tax expenses	6 (23)	(40,944)	(4)	(50,726)	(3)	(141,234)	(4)	(133,869)	(3)
8200	Net profit (loss) for current period		<u>\$ 245,444</u>	<u>20</u>	<u>\$ 349,713</u>	<u>21</u>	<u>\$ 904,776</u>	<u>22</u>	<u>\$ 925,223</u>	<u>20</u>
	Other comprehensive income (loss), net of income tax									
	Components of other comprehensive income that will not be reclassified to profit or loss	6 (17)								
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (4)	<u>\$ 9,942</u>	<u>1</u>	<u>(\$ 21,942)</u>	<u>(1)</u>	<u>\$ 8,510</u>	<u>-</u>	<u>(\$ 4,106)</u>	<u>-</u>
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		<u>9,942</u>	<u>1</u>	<u>(21,942)</u>	<u>(1)</u>	<u>8,510</u>	<u>-</u>	<u>(4,106)</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	6 (17)								
8361	Exchange differences on translating the financial statements of foreign operations		<u>47,025</u>	<u>4</u>	<u>(12,382)</u>	<u>(1)</u>	<u>120,271</u>	<u>3</u>	<u>(49,749)</u>	<u>(1)</u>
8360	Total of items that may be reclassified subsequently to profit or loss		<u>47,025</u>	<u>4</u>	<u>(12,382)</u>	<u>(1)</u>	<u>120,271</u>	<u>3</u>	<u>(49,749)</u>	<u>(1)</u>
8300	Other comprehensive income (loss), net of income tax		<u>\$ 56,967</u>	<u>5</u>	<u>(\$ 34,324)</u>	<u>(2)</u>	<u>\$ 128,781</u>	<u>3</u>	<u>(\$ 53,855)</u>	<u>(1)</u>
8500	Total comprehensive income (loss) for the current period		<u>\$ 302,411</u>	<u>25</u>	<u>\$ 315,389</u>	<u>19</u>	<u>\$ 1,033,557</u>	<u>25</u>	<u>\$ 871,368</u>	<u>19</u>
	Net income attributable to:									
8610	shareholders of the parent		<u>\$ 245,444</u>	<u>20</u>	<u>\$ 349,713</u>	<u>21</u>	<u>\$ 904,776</u>	<u>22</u>	<u>\$ 925,223</u>	<u>20</u>
	Total comprehensive income (loss) attributable to:									
8710	shareholders of the parent		<u>\$ 302,411</u>	<u>25</u>	<u>\$ 315,389</u>	<u>19</u>	<u>\$ 1,033,557</u>	<u>25</u>	<u>\$ 871,368</u>	<u>19</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to September 30, 2022 and 2021

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand
(Except Earnings Per Share in New Taiwan Dollars)

Item	Note	July 1 to September 30, 2022		July 1 to September 30, 2021		January 1 to September 30, 2022		January 1 to September 30, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
Earnings per share (EPS)	6 (24)								
9750 Basic earnings per share attributable to shareholders of the parent		\$ 2.39		\$ 3.39		\$ 8.79		\$ 9.47	
9850 Diluted earnings per share attributable to shareholders of the parent		\$ 2.38		\$ 3.37		\$ 8.71		\$ 9.41	

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to September 30, 2022 and 2021

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NTS thousand

Note	Equity attributable to shareholders of the parent											
	Common shares	Capital surplus			Retained earnings			Other equity			Treasury shares	Total equity
		Capital surplus - additional paid-in capital	Capital surplus - Recognized change in ownership interests in subsidiaries	Capital surplus - net assets from merger	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
<u>January 1 to September 30, 2021</u>												
	Balance as of January 1, 2021	\$ 910,000	\$ 109,124	\$ 12,353	\$ 2,046	\$ 360,404	\$ 89,991	\$ 2,096,231	(\$ 180,156)	\$ 165,891	\$ -	\$ 3,565,884
	Net income for January 1 to September 30, 2021	-	-	-	-	-	-	925,223	-	-	-	925,223
6 (17)	Other comprehensive income for January 1 to September 30, 2021	-	-	-	-	-	-	-	(49,749)	(4,106)	-	(53,855)
	Total comprehensive income for January 1 to September 30, 2021	-	-	-	-	-	-	925,223	(49,749)	(4,106)	-	871,368
Appropriation and distribution of earnings: 6 (16)												
	Legal reserve	-	-	-	-	72,828	-	(72,828)	-	-	-	-
	Special reserve	-	-	-	-	-	(13,349)	13,349	-	-	-	-
	Cash dividends	-	-	-	-	-	-	(422,849)	-	-	-	(422,849)
6 (14)	Issuance of common shares for cash	121,340	1,718,514	-	-	-	-	-	-	-	-	1,839,854
6 (13)	Compensation costs - the portion of common shares issuance reserved for employee subscription	-	44,650	-	-	-	-	-	-	-	-	44,650
	Balance as of September 30, 2021	\$ 1,031,340	\$ 1,872,288	\$ 12,353	\$ 2,046	\$ 433,232	\$ 76,642	\$ 2,539,126	(\$ 229,905)	\$ 161,785	\$ -	\$ 5,898,907
<u>January 1 to September 30, 2022</u>												
	Balance as of January 1, 2022	\$ 1,031,340	\$ 1,872,288	\$ 12,353	\$ 2,046	\$ 433,232	\$ 76,642	\$ 2,811,137	(\$ 198,797)	\$ 182,350	\$ -	\$ 6,222,591
	Net income for January 1 to September 30, 2022	-	-	-	-	-	-	904,776	-	-	-	904,776
6 (17)	Other comprehensive income for January 1 to September 30, 2022	-	-	-	-	-	-	-	120,271	8,510	-	128,781
	Total comprehensive income for January 1 to September 30, 2022	-	-	-	-	-	-	904,776	120,271	8,510	-	1,033,557
Appropriation and distribution of earnings: 6 (16)												
	Legal reserve	-	-	-	-	119,723	-	(119,723)	-	-	-	-
	Cash dividends	-	-	-	-	-	-	(721,938)	-	-	-	(721,938)
6 (14)	Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	(99,410)	(99,410)
	Balance as of September 30, 2022	\$ 1,031,340	\$ 1,872,288	\$ 12,353	\$ 2,046	\$ 552,955	\$ 76,642	\$ 2,874,252	(\$ 78,526)	\$ 190,860	(\$ 99,410)	\$ 6,434,800

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flow

January 1 to September 30, 2022 and 2021

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
<u>Cash Flow from Operating Activities</u>			
Income before income tax		\$ 1,046,010	\$ 1,059,092
Adjustments			
Adjustments for income and expenses			
Depreciation expenses (including right-of-use assets)	6 (21)	368,620	280,207
Amortization	6 (21)	3,986	3,067
Net gain on financial assets and liabilities at fair value through profit or loss	6 (20)	(512)	-
Gains on disposal of property, plant and equipment	6 (20)	(6,677)	(320)
Interest income		(2,441)	(3,680)
Dividends income	6 (19)	(43,477)	(18,387)
Interest expenses		8,444	4,723
Compensation costs - share-based payments	6 (13)	-	44,650
Changes in operating assets and liabilities			
Changes in operating assets, net changes			
Financial assets compulsorily measured at fair value through profit or loss - current increase			
		512	-
Notes receivable		13,180	(13,333)
Accounts Receivable		486,706	(645,544)
Accounts receivable due from related parties		(5,768)	(60,513)
Other receivables		(35,638)	(24,575)
Inventory		(112,916)	(118,867)
Pre-payments		12,635	(23,482)
Other current assets		83	(445)
Changes in operating liabilities, net			
Notes payable		(8,600)	1,242
Accounts payable		(373,791)	261,017
Accounts payables to related parties		1,663	952
Other payables		(136,763)	97,595
Net defined benefit liabilities		(10,942)	210
Other non-current liabilities		(1,242)	(1,793)
Cash generated from operating activities		1,203,072	841,816
Interest paid		(8,444)	(4,723)
Income taxes paid		(144,872)	(127,211)
Net cash inflow from operating activities		<u>1,049,756</u>	<u>709,882</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flow

January 1 to September 30, 2022 and 2021

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
<u>Cash Flow from Investment Activities</u>			
Interests received		\$ 2,441	\$ 3,680
Dividends received		43,477	18,387
Acquisition of financial assets at fair value through other comprehensive income		(88,734)	(26,162)
Capital surplus with distribution of cash for financial assets at fair value through other comprehensive income		-	123
Increase in financial assets measured at amortized cost		-	(112,254)
Decrease in financial assets at amortized cost		-	87,296
Acquisition of property, plant and equipment	6 (25)	(665,360)	(1,721,537)
Proceeds from disposal of property, plant and equipment		48,643	229
Acquisition of intangible assets		(1,720)	(31,047)
Increase in other noncurrent assets		(7,928)	(934)
Net cash flows used in investing activities		(669,181)	(1,782,219)
<u>Cash Flow from Financing Activities</u>			
Increase in short-term borrowings		225,801	1,676,946
Decrease in short-term borrowings		(601,760)	(1,871,584)
Decrease in short-term notes and bills payable		(20,000)	(80,000)
Increase in long-term borrowings		660,490	566,000
Repayment for long-term borrowings		(128,300)	(340,145)
Repayment of the principal portion of lease liabilities		(4,981)	(4,781)
Increase in guarantee deposits		-	1,640
Cash dividends appropriated	6 (16)	(721,938)	(422,849)
Issuance of common shares for cash		-	1,839,854
Repurchase of treasury shares	6 (14)	(99,410)	-
Net cash generated from (used in) financing activities		(690,098)	1,365,081
Exchange rate adjustments		64,419	(24,047)
Increase (decrease) in cash and cash equivalents for the period		(245,104)	268,697
Cash and cash equivalents - beginning balance		1,341,004	767,619
Cash and cash equivalents - ending balance		\$ 1,095,900	\$ 1,036,316

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Third Quarter of 2022 and 2021

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand
(unless otherwise specified)

(I) Company History and Business Scope

Tai-Tech Advanced Electronics (hereinafter referred to as the “Company”) was incorporated on November 2, 1992. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) mainly engages in manufacturing and processing of electronic parts, magnet cores, chip coils and other wire-wounds and acts as an agent for domestic and foreign companies in terms of quotation, bidding, distribution and import and export of the said products. The Company’s shares were listed on Taipei Exchange for trading on April 27, 2021.

(II) Approval Date and Procedure of the Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on November 8, 2022.

(III) Application of New Standards, Amendments and Interpretations

I. Effect of adoption of the newly issued or amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (hereinafter collectively referred to as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date Announced by IASB
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Amendments to IAS 16 “Property, plant and equipment: Proceeds before intended use”	January 1, 2022
Amendments to IAS 37 “Onerous contract - costs incurred in fulfilling contracts”	January 1, 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	January 1, 2022

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

II. Effects of Not Adopting the Newly Issued or Amended IFRSs Endorsed by the FSC

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policy”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 - “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

III. Effects of the IFRSs issued by IASB but not yet endorsed by the FSC

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

New, Revised or Amended Standards and Interpretations	Effective date Announced by IASB
Amendments to IFRS 10 and IAS 28 - “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Yet to be decided by IASB

Amendments to IFRS 16 “Lease liabilities of after-sale and leaseback”	January 1, 2024
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 — Comparative information”	January 1, 2023
Amendments to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with covenants”	January 1, 2024

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group’s financial position and financial performance.

(IV) Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

I. Statement of Compliance

These 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.

II. Basis of Preparation

1. Except for the following significant accounts, the consolidated financial statements have been prepared under the historical cost convention:

- (1) Financial assets at fair value through profit or loss.
- (2) Financial assets at fair value through other comprehensive income.
- (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

III. Basis of Consolidation

1. Principles for preparing the consolidated financial statements

- (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries in the financial statements begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Subsidiary	Business nature	Shareholding percentage			Remarks
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	North Star International Limited	Invested business	100%	100%	100%	
The Company	Best Bliss Investments Limited	Invested business	100%	100%	100%	
Best Bliss	TAI-TECH Advanced	Production,	100%	100%	100%	

Investments Limited	Electronics (Kunshan)	processing and sale of electronic components				
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Invested business	100%	100%	100%	Note 1
Best Bliss Investments Limited	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	26.60%	7.48%	7.71%	Note 3
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	73.40%	92.52%	92.29%	Notes 2 and 3
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sale of electronic components	100%	-	-	Note 4

Note 1: Best Bliss Investments Limited increased investment in December 2021 Fixed Rock Holding Ltd. for USD 1,000 thousand.

Note 2: In December 2021, Fixed Rock Holding Ltd. increased investment in TAIPAQ Electronic Components (Si-Hong) Co., Ltd., for USD 1,000 thousand.

Note 3: Best Bliss Investments Limited increased investment in TAIPAQ Electronics (Si-Hong) Co., Ltd. for a total of RMB 60,000 thousand in August 2022.

Note 4: TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd. was established in September 2022.

3. Subsidiaries not included in the consolidated financial statements

None.

Adjustments for subsidiaries with different accounting periods

None.

5. Major restrictions

The Group's cash and short-term deposits in the amount of RMB 119,634 thousand were deposited in China and subject to local foreign exchange control. Such foreign exchange control restricts fund from remitting out from China (except for regular dividends).

6. Subsidiaries with significant non-controlling interest for the Group

None.

IV. Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter referred to as the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars," which is the Group's functional currency.

1. Foreign currency transactions and balance

- (1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the measurement date or the trade date, with the resulting exchange difference recognized as gain or loss.
- (2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.
- (3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at

fair value through profit or loss, or in other comprehensive income if they are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.

2. Translation of foreign operations financial statements

The results and financial position of entities within the Group whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:

- (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) Income and expenses for each statement of comprehensive income (including comparatives) are translated at the average exchange rates for the period; and
- (3) All resulting exchange differences are recognized in other comprehensive income.

V. Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) They are held primarily for trading.
- (3) Assets that are expected to be realized within 12 months after the balance sheet date.
- (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least 12 months after the balance sheet date.

Assets that do not meet the above criteria are classified as non-current assets by the Group.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) They are held primarily for trading.
- (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its transactions by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the above criteria are classified as non-current liabilities by the Group.

VI. Cash equivalents

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that fit the said definition and are intended to meet short-term operating cash commitments are classified as cash equivalents.

VII. Financial assets at fair value through profit or loss

1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
2. The Group adopts the trade date accounting to account for financial assets at fair value through profit or loss that are an arm's length transaction.
3. At initial recognition, the Group measures financial assets at fair value plus relevant transaction costs, and subsequently, the Group measures the financial assets at fair value and its gain or loss is recognized in profit or loss.
4. The Group recognizes dividends income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

VIII. Financial assets at fair value through other comprehensive income

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in

equity instruments not held for trading at other comprehensive income.

2. The Group uses trade date accounting to account for financial assets at fair value through other comprehensive income that are an arm's length transaction.
3. They are measured initially at the fair value plus transaction costs and subsequently at fair value. If they are equity instruments, their fair value changes are recognized in other comprehensive income; upon derecognition, the accumulated gains or losses in other comprehensive income are not transferred to profit or loss, but to retained earnings. The Group recognizes dividend income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

IX. Financial assets at amortized cost

1. Financial assets that simultaneously satisfy the following criteria are classified in this category:
 - (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
 - (2) The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.
2. The Group recognizes its time deposits not qualified as cash equivalents at the investment amount because they are held for a short period of time and so have insignificant discount effect.

X. Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Group has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.
2. The Group measures short-term accounts receivable and notes receivables that do not bear an interest at the invoice value because they have insignificant discount effect.

XI. Impairment of Financial Assets

At the end of each reporting period, the Group considers financial assets at amortized cost, investments in debt instruments that are measured at fair value through other comprehensive income, and receivables (including significant financial components) and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Group recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Group recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or plan assets, the Group recognizes an allowance equal to the lifetime expected credit loss.

XII. Derecognition of Financial Assets

The Group derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

XIII. Inventory

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary for completion of the sale.

XIV. Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All

other repair and maintenance is recognized in profit or loss when accrued.

3. Property, plant and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant and equipment are depreciated individually if they contain any significant components.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Building and structures	5~50 years
Machinery	4~12 years
Utilities equipment	5~15 years
Transportation equipment	4~5 years
Office equipment	4~10 years
Other equipment	2~12 years

XV. Lease Transactions of a Lessee - Right-of-use Assets/Lease Liabilities

1. The Group recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Group's use. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Group measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:

Fixed payments, less any lease incentives receivable

that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.

3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:

- (1) The initial lease liability measured;
- (2) Lease payments made before or at the inception of the lease;
- (3) Any original direct costs incurred.

Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Group adjusts the right-of-use asset for any remeasurements.

XVI. Intangible assets

1. Computer software

Computer software is measured at the acquisition cost and amortized using the straight-line method over its estimated useful life, which is 3-5 years.

2. Goodwill

Goodwill results from mergers or acquisition.

3. Patent rights

Patents are amortized at a period of 13 years using the straight line method.

XVII. Impairment of Financial Assets

1. The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is an asset's fair value less costs to sell or its value in use, whichever is higher. When there is an indication that the impairment loss recognized in prior years for an asset other than goodwill decreases or no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.
2. The Group regularly measures the recoverable amount of goodwill, intangible assets with uncertain useful life and intangible assets not available for use. Impairment is recognized when the recoverable amount is lower than the carrying amount. Impairment of goodwill is not reversed in subsequent periods.

XVIII. Borrowings

Borrowings mean short- and long-term loans borrowed from banks. Borrowings are initially recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

XIX. Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. The Group measures short-term accounts receivable and notes receivable that do not bear an interest at the invoice value because they have insignificant discount effect.

XX. Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled, or they expire.

XXI. Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans. If there is no deep market in such bonds in a country, the discount rate shall be the market yields on government bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

- C. Past service costs are recognized immediately in profit or loss.
 - D. The pension cost of interim period is calculated based on the pension cost actuarially determined according to the end date of the previous fiscal year for the period from the beginning of the year to the end of the period. In case where there is any material market fluctuation or material reduction, repayment or other material one-time events after the end date, adjustments are made and relevant information is disclosed according to the aforementioned policy.
3. Employee compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

XXII. Employees share-based payments

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

XXIII. Income tax

1. The tax expense comprises current tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated by applying the taxable income to the tax rate specified in the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax

credits can be utilized.

7. The tax expense of interim period is calculated based on the estimated annual average effective tax rate applied to the income before tax up to the interim period and relevant information is disclosed according to the aforementioned policy.
8. When there is tax rate change occurred during the interim period, the Group recognizes the change impact at once during the period of occurrence. Items related to the income tax not recognized in profit or loss, the change impact is recognized in the other comprehensive income or equity item. For items related to the income tax recognized in profit or loss, the change impact is recognized in profit or loss.

XXIV. Share capital

1. Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.
2. When the Company repurchased shares previously issued, the consideration paid includes any directly attributable additional costs and the net amount after tax is recognized as a deduction of the shareholders' equity. During the subsequent reissuance of repurchased shares, any directly attributable additional costs and income tax are deducted from the consideration received, and the difference from the carrying value is then recognized as an adjustment of shareholders' equity.

XXV. Dividends appropriation

Dividends appropriated to shareholders of the Company are recognized on the date the Board of Directors' meeting resolves on such appropriation. Appropriation in cash is recognized as liability.

XXVI. Recognition of revenue

Sale of goods

1. The Group manufactures and sells electronic parts, magnet cores, chip coils, and other wire-wounds. Sales revenue is recognized when the control of products is transferred to clients, *i.e.*, when products are delivered to clients to be handled at their discretion and the Group has no unperformed further obligation that may impact clients from accepting the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the clients and either the clients have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

XXVII. Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

XXVIII. Operating segments

The information on operating segments is reported in a manner consistent with the way the internal management report is provided to management. The key operating decision makers are responsible for allocating resources to operating segments and evaluate their performance. The Group identifies the Board of Directors as its key operating decision markers.

(V) Significant Account Judgments and Assumptions and Primary Sources of Estimation Uncertainty

When preparing this consolidated financial statements, management has exercised their professional judgment to determine the accounting policies to be applied and made accounting estimates and assumptions based on reasonable expectation as to how future events will hold for the circumstances that exist on the balance sheets date. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance

sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

I. Significant Judgments in Applying Accounting Policies

None.

II. Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Group needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the value of inventory is subject to market price fluctuation and its lifetime, the Group evaluates the market selling price and value lost due to obsolescence of inventory at the balance sheet date, and writes down inventory costs to net realization value. Being based on the demands for products in a future period, the valuation estimate may significantly change.

As of September 30, 2022, the carrying amount of the inventories of the Group is \$961,010.

(VI) Description of Significant Accounts

I. Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 2,205	\$ 2,685	\$ 2,132
Checking deposits and demand deposits	896,396	1,338,319	818,132
Time deposits	197,299	-	216,052
Total	<u>\$ 1,095,900</u>	<u>\$ 1,341,004</u>	<u>\$ 1,036,316</u>

1. Since the Group corresponds with multiple financial institutions with good credit quality to diversify credit risks, the risk of default is expected to be low.
2. The Group did not pledge any cash and cash equivalents as collaterals.
3. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group recognized \$0, \$0 and \$190,234, respectively, for time deposits originally due within three months that are presented as “financial assets measured at amortized cost – current.”

II. Notes and Accounts Receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ 51,678	\$ 64,858	\$ 42,239
Accounts Receivable	\$ 1,699,206	\$ 2,206,234	\$ 2,287,296
Less: Allowance for bad debt	(2,375)	(21,866)	(1,737)
Allowance for sales returns and discounts	(1,455)	(1,802)	(2,536)
	<u>\$ 1,695,376</u>	<u>\$ 2,182,566</u>	<u>\$ 2,283,023</u>
Accounts receivable due from related parties	\$ 213,052	\$ 207,284	\$ 175,393
Less: Allowance for bad debt	(89)	(89)	(89)
	<u>\$ 212,963</u>	<u>\$ 207,195</u>	<u>\$ 175,304</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable
Not yet due	\$ 1,899,722	\$ 51,678	\$ 2,367,154	\$ 64,858	\$ 2,439,169	\$ 42,239
Within 30 days	12,486	-	42,292	-	22,900	-
31~90 days	49	-	4,054	-	620	-
91~180 days	1	-	18	-	-	-
	<u>\$ 1,912,258</u>	<u>\$ 51,678</u>	<u>\$ 2,413,518</u>	<u>\$ 64,858</u>	<u>\$ 2,462,689</u>	<u>\$ 42,239</u>

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

The accounts receivable and notes receivable as of September 30, 2022, December 31, 2021 and September 30, 2021 all came from contracts with clients. In addition, the accounts receivable arising from contracts with clients as of January 1, 2021 was \$1,784,768.

3. Without considering the collaterals or other credit enhancements held, the amounts most representative of the credit risk exposed to the Group's notes receivable as of September 30, 2022, December 31, 2021 and September 30, 2021 were \$51,678, \$64,858 and \$42,239, respectively, and the amounts most representative of the credit risk exposed to the Group's accounts receivable as of September 30, 2022, December 31, 2021 and September 30, 2021 were \$1,908,339, \$2,389,761 and \$2,458,327, respectively.
4. Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

III. Inventory

September 30, 2022			
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 153,074	(\$ 12,706)	\$ 140,368
Supplies	27,733	(2,500)	25,233
Work in process	371,332	(13,695)	357,637
Finished products	425,938	(20,207)	405,731
Goods	35,654	(3,613)	32,041
Total	\$ 1,013,731	(\$ 52,721)	\$ 961,010

December 31, 2021			
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 196,581	(\$ 9,641)	\$ 186,940
Supplies	27,772	(1,753)	26,019
Work in process	316,877	(10,758)	306,119
Finished products	294,521	(11,435)	283,086
Goods	49,039	(3,109)	45,930
Total	\$ 884,790	(\$ 36,696)	\$ 848,094

September 30, 2021			
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 180,857	(\$ 10,511)	\$ 170,346
Supplies	26,691	(1,960)	24,731
Work in process	277,346	(7,987)	269,359
Finished products	215,641	(10,659)	204,982
Goods	39,768	(2,017)	37,751
Total	\$ 740,303	(\$ 33,134)	\$ 707,169

1. The inventory costs recognized as expenses by the Group in this period:

	July 1 to September 30, 2022	July 1 to September 30, 2021
Cost of inventory sold	\$ 815,637	\$ 1,100,236
Inventory falling price loss	6,647	3,572
Others	18,131	(186)
	\$ 840,415	\$ 1,103,622

January 1 to September 30, 2022

January 1 to September 30, 2021

Cost of inventory sold	\$	2,650,346	\$	3,063,410
Inventory valuation decline (reversal gain)		15,145	(4,878)
Others		24,972		534
	\$	2,690,463	\$	3,059,066

The net realizable value increased due to a constant digestion of inventory for January 1 to September 30, 2021.

2. The Group did not pledge any inventory as collaterals.

IV. Financial assets at fair value through other comprehensive income

	September 30, 2022	December 31, 2021	September 30, 2021
Non-current:			
Equity instruments			
Shares listed on the stock exchange or the OTC market	\$ 53,424	\$ 33,195	\$ 33,195
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	90,367	18,272	18,384
	143,791	51,467	51,579
Adjustments for change in value	190,860	182,350	161,785
Total	\$ 334,651	\$ 233,817	\$ 213,364

1. The Group chose to classify its strategic share investment as the financial assets at fair value through other comprehensive income, and the fair value of such investment as of September 30, 2022, December 31, 2021 and September 30, 2021 were amounted to \$334,651, \$233,817 and \$213,364, respectively.

2. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	July 1 to September 30, 2022	July 1 to September 30, 2021
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	\$ 9,942 (\$ 21,942)
Dividend income recognized in profit or loss held at end of year	\$ 8,409	\$ 1,660
	January 1 to September 30, 2022	January 1 to September 30, 2021
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	\$ 8,510 (\$ 4,106)
Dividend income recognized in profit or loss held at end of year	\$ 43,477	\$ 18,387

3. Without considering the collaterals or other credit enhancements held, the amounts most representative of the credit risk exposed to the Group's financial assets at fair value through other comprehensive income as of September 30, 2022, December 31, 2021 and September 30, 2021 were \$334,651, \$233,817 and \$213,364, respectively.

4. The Group did not pledge any financial assets at fair value through other comprehensive income as collaterals.

V. Property, plant and equipment

2022

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
January 1									
Cost	\$ 777,560	\$ 565,912	\$ 5,283,887	\$ 24,369	\$ 12,050	\$ 51,323	\$ 301,219	\$ 109,666	\$ 7,125,986
Accumulated depreciation and impairment	-	(228,762)	(2,161,835)	(16,091)	(8,050)	(32,384)	(174,999)	-	(2,622,121)
	<u>\$ 777,560</u>	<u>\$ 337,150</u>	<u>\$ 3,122,052</u>	<u>\$ 8,278</u>	<u>\$ 4,000</u>	<u>\$ 18,939</u>	<u>\$ 126,220</u>	<u>\$ 109,666</u>	<u>\$ 4,503,865</u>
January 1	\$ 777,560	\$ 337,150	\$ 3,122,052	\$ 8,278	\$ 4,000	\$ 18,939	\$ 126,220	\$ 109,666	\$ 4,503,865
Addition	-	-	40,718	-	-	1,232	25,629	271,093	338,672
Disposal	-	-	(47,376)	-	-	-	(199)	-	(47,575)
Reclassification	-	-	304,300	-	-	1,100	2,672	(308,072)	-
Depreciation expenses	-	(19,597)	(304,095)	(799)	(744)	(3,657)	(34,340)	-	(363,232)
Net exchange differences	-	7,514	57,420	2	20	239	1,825	2,451	69,471
September 30	<u>\$ 777,560</u>	<u>\$ 325,067</u>	<u>\$ 3,173,019</u>	<u>\$ 7,481</u>	<u>\$ 3,276</u>	<u>\$ 17,853</u>	<u>\$ 121,807</u>	<u>\$ 75,138</u>	<u>\$ 4,501,201</u>
September 30									
Cost	\$ 777,560	\$ 577,660	\$ 5,627,190	\$ 24,390	\$ 11,716	\$ 52,755	\$ 334,556	\$ 75,138	\$ 7,480,965
Accumulated depreciation and impairment	-	(252,593)	(2,454,171)	(16,909)	(8,440)	(34,902)	(212,749)	-	(2,979,764)
	<u>\$ 777,560</u>	<u>\$ 325,067</u>	<u>\$ 3,173,019</u>	<u>\$ 7,481</u>	<u>\$ 3,276</u>	<u>\$ 17,853</u>	<u>\$ 121,807</u>	<u>\$ 75,138</u>	<u>\$ 4,501,201</u>

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
January 1									
Cost	\$ 96,495	\$ 507,421	\$ 3,853,572	\$ 19,443	\$ 9,544	\$ 40,702	\$ 211,387	\$ 72,486	\$ 4,811,050
Accumulated depreciation and impairment	-	(205,217)	(1,873,639)	(15,069)	(7,113)	(28,919)	(141,222)	-	(2,271,179)
	<u>\$ 96,495</u>	<u>\$ 302,204</u>	<u>\$ 1,979,933</u>	<u>\$ 4,374</u>	<u>\$ 2,431</u>	<u>\$ 11,783</u>	<u>\$ 70,165</u>	<u>\$ 72,486</u>	<u>\$ 2,539,871</u>
January 1	\$ 96,495	\$ 302,204	\$ 1,979,933	\$ 4,374	\$ 2,431	\$ 11,783	\$ 70,165	\$ 72,486	\$ 2,539,871
Addition	681,065	56,493	125,741	-	574	4,322	47,493	1,301,474	2,217,162
Disposal	-	-	-	-	-	-	-	-	-
Reclassification	-	4,072	1,038,025	4,930	2,380	5,378	25,000	(1,079,785)	-
Depreciation expenses	-	(17,723)	(227,988)	(739)	(1,077)	(2,926)	(24,512)	-	(274,965)
Net exchange differences	-	(4,267)	(20,103)	(2)	(11)	(121)	(868)	(3,044)	(28,416)
September 30	<u>\$ 777,560</u>	<u>\$ 340,779</u>	<u>\$ 2,895,608</u>	<u>\$ 8,563</u>	<u>\$ 4,297</u>	<u>\$ 18,436</u>	<u>\$ 117,278</u>	<u>\$ 291,131</u>	<u>\$ 4,453,652</u>
September 30									
Cost	\$ 777,560	\$ 561,660	\$ 4,983,163	\$ 24,361	\$ 12,009	\$ 49,950	\$ 281,344	\$ 291,131	\$ 6,981,178
Accumulated depreciation and impairment	-	(220,881)	(2,087,555)	(15,798)	(7,712)	(31,514)	(164,066)	-	(2,527,526)
	<u>\$ 777,560</u>	<u>\$ 340,779</u>	<u>\$ 2,895,608</u>	<u>\$ 8,563</u>	<u>\$ 4,297</u>	<u>\$ 18,436</u>	<u>\$ 117,278</u>	<u>\$ 291,131</u>	<u>\$ 4,453,652</u>

1. The capitalized interests for January 1 to September 30, 2022 and 2021 was all \$0.
2. The Group's significant components of buildings and structures, including buildings and engineering systems, are depreciated over 20~50 years and 5~20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

VI. Lease transactions - lessee

1. The underlying assets of the Group's lease include land use right, parking space, buildings, company cars and multi-function peripherals. The lease duration usually lasts 3 to 50 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for land use right, leased assets shall not be used as collaterals and are not restricted in any way.
2. The lease term of the buildings and warehouses leased by the Group is less than 12 months. The low-value underlying asset of the Group's lease is the electronic host and printer for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use right	\$ 28,197	\$ 27,893	\$ 27,761
Parking space	-	-	127
Buildings	4,861	8,153	9,250
Transportation equipment	3,463	4,741	1,693
Machinery and equipment	1,060	1,054	1,150
	<u>\$ 37,581</u>	<u>\$ 41,841</u>	<u>\$ 39,981</u>

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land use right	\$ 178	\$ 172
Parking space	-	127
Buildings	1,097	1,097
Transportation equipment	430	324
Machinery and equipment	90	95
	<u>\$ 1,795</u>	<u>\$ 1,815</u>

	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land use right	\$ 531	\$ 519
Parking space	-	381
Buildings	3,292	3,050
Transportation equipment	1,290	1,002
Machinery and equipment	275	290
	<u>\$ 5,388</u>	<u>\$ 5,242</u>

4. Profit or loss items in relation to lease contracts are as follows:

	July 1 to September 30, 2022	July 1 to September 30, 2021
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts	\$ 3,123	\$ 2,850
Expenses attributable to low-value assets	16	15
	January 1 to September 30, 2022	January 1 to September 30, 2021
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts	\$ 10,477	\$ 9,826
Expenses attributable to low-value assets	47	50

5. The Group's right-of-use asset increased by \$150, \$0, \$281 and \$9,476 for July 1 to September 30 2022 and 201, and January 1 to September 30, 2022 and 2021, respectively.

6. The Group's cash used in lease contracts increased by \$4,757, \$4,510, \$15,505 and \$14,657 for July 1 to September 30 2022 and 2021, and January 1 to September 30, 2022 and 2021, respectively.

VII. Other non-current assets

	September 30, 2022	December 31, 2021	September 30, 2021
Refundable deposits	\$ 2,537	\$ 2,528	\$ 2,025
Prepayments for construction and equipment	35,734	27,815	39,845
Uncollectible overdue receivables	1,252	1,252	1,252
Allowance for uncollectible-overdue receivables	(1,252)	(1,252)	(1,252)
	<u>\$ 38,271</u>	<u>\$ 30,343</u>	<u>\$ 41,870</u>

VIII. Short-term borrowings

Nature of borrowings	September 30, 2022	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 47,625</u>	3.86%	-
	11 December 31, 2021	Interest rate range	Collaterals
Bank loan			
Secured loan	\$ 50,000	0.85%	Land and plant
Credit loan	365,794	0.71%~0.85%	-
	<u>\$ 415,794</u>		
	September 30, 2021	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 499,432</u>	0.64% - 0.95%	-

For July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021, the interest expenses incurred by short-term borrowings recognized in P/L were \$820, \$659, \$2,164 and \$3,047, respectively.

IX. Short-term notes and bills payable

	September 30, 2022	December 31, 2021	September 30, 2021
Commercial paper	\$ -	\$ 20,000	\$ 50,000
Loan period	-	110.12 - 111.01	110.09 - 110.10
Interest rate range	-	0.38%	0.62%

For July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021, the interest expenses incurred by short-term notes payable recognized in P/L were \$0, \$26, \$5 and \$157, respectively.

X. Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Salary and bonus payables	\$ 167,150	\$ 204,903	\$ 181,910
Social benefits liabilities payable	114,594	112,955	109,974
Employee compensation and directors' and supervisors' remuneration payable	80,014	107,279	81,050
Construction and equipment payable	79,518	273,446	296,808
Others	171,520	244,904	222,134
	<u>\$ 612,796</u>	<u>\$ 943,487</u>	<u>\$ 891,876</u>

XI. Long-term borrowings

	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>September 30, 2022</u>
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.5%	Land, buildings, and structures	\$ 525,122
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	0.9%	-	130,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	0.86%~0.9%	(Note 1)	368,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	0.86%	-	112,000
				<u>1,135,612</u>
Less: Current portion of long-term borrowings				<u>(37,733)</u>
				<u>\$ 1,097,879</u>

Note 1: It refers to the machinery collateralized borrowing; however, collateral has not yet been set as of September 30, 2022.

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2021
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1%	Land, buildings, and structures	\$ 553,422
Credit loan	Principal is repaid upon maturity; interest is paid over December 2021 through October 2023. (Note 2)	0.8%	-	50,000
				603,422
Less: Current portion of long-term borrowings				(37,733)
				\$ 565,689

Note 2: Early repayment made in full in March 2022.

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	September 30, 2021
Long-term bank loan				
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1%	Land, buildings, and structures	\$ 562,855
Less: Current portion of long-term borrowings				(37,733)
				\$ 525,122

For July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021, the interest expenses incurred by long-term borrowings recognized in P/L were \$2,699, \$534, \$6,275 and \$1,519, respectively.

XII. Pension

- 1.(1) By adhering to the requirements set forth in the “Labor Standards Act,” the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the “Labor Pension Act” on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the “Labor Pension Act.” Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.
- (2) The Company has established the “Regulations for Resignation and Retirement of Managers,” which is applicable to the managers appointed by the Company. Pensions for appointed managers are calculated as follows:
 - A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.
 - B. The Company contributes an amount of pension equal to 6% of an employee’s monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.
 - C. For appointed managers who have rendered 25 or more years of services as of December 31, 2018, two bases are given to each full year of services rendered within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year), and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.
- (3) As of July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021, the pension costs recognized in the manner specified above were \$57, \$70, \$179 and \$209, respectively.

- (4) The Group expects to contribute \$0 to the pension plan in 2022.
2. (1) On July 1, 2005, the Company established its own pension regulations applicable to Taiwanese nationals in accordance with the “Labor Pension Act.” For employees of the Company or domestic subsidiaries who elected to apply the “Labor Pension Act,” the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee’s individual retirement account.
- (2) TAI-TECH Advanced Electronics (Kunshan) and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. contribute a certain percentage of a local employee’s monthly salary, as required by the People’s Republic of China, to the endowment insurance system. For January 1 to September 30, 2022 and 2021, the contribution percentages were 16% and 16%, respectively. The pension for employees is managed independently by the government. Except for making monthly contribution, the Group has no further obligation.
- (3) As of July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021, the pension costs recognized in the manner specified above were \$17,250, \$18,380, \$56,825 and \$47,492.

XIII. Share-based payments

1. The Group’s share-based payment arrangements for January 1 to September 30, 2021 are as follows: (such arrangements were yet to be established for January 1 to September 30, 2022).)

<u>Type of agreement</u>	<u>Date granted</u>	<u>Quantity granted</u>	<u>Contract duration</u>	<u>Vesting conditions</u>
The portion of common shares issuance reserved for employee subscription	March 29, 2021	1,467 thousand shares	NA	Immediate vesting

The said share-based payment arrangements are settled with equity.

2. The Group adopted the Black-Scholes option pricing model to evaluate the fair value of its employee stock options granted under share-based payment arrangements, stated as follows:

<u>Type of agreement</u>	<u>Date granted</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Expected fluctuation rate</u>	<u>Expected duration</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
The portion of common shares issuance reserved for employee subscription	March 29, 2021	NT\$149	NT\$118.78	47.21%	0.07 years	-	0.34%	NT\$30.4361

3. Expenses incurred by share-based payment transactions were as follows:

Equity settlement	<u>July 1 to September 30, 2021</u>	<u>\$ -</u>
Equity settlement	<u>January 1 to September 30, 2021</u>	<u>\$ 44,650</u>

XIV. Share capital

1. As of September 30, 2022, the Company had an authorized capital equal to \$3,000,000 (with \$20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to \$1,031,340 and a share face value equal to NT\$10. All proceeds for share subscription were collected in full.

Reconciliation for the Company’s outstanding common shares at the beginning and ending of periods is as follows:

	<u>2022</u>	<u>2021</u>
January 1	103,134	91,000
Issuance of common shares for cash	-	12,134
Repurchase of treasury	<u>(1,100)</u>	<u>-</u>

shares		
September 30	102,034	103,134

- On March 2, 2021, the Board of Directors resolved to issue new shares before being initially listed on Taipei Exchange. A total of 12,134 thousand shares with the face value of NT\$10 were issued. The public offering price was NT\$118.78 per share. The record date for such capital increase was set on April 23, 2021, which was already modified and registered with the competent authority.
- Treasury shares (None for December 31, 2021 and September 30, 2021)

The Company repurchased 1,100 thousand shares of treasury shares on July 19, 2022 according to the resolution of the Board of Directors, and the repurchase price range was NT\$68 to NT\$128. Up to the date of September 30, 2022, the repurchase had been executed completely, and the repurchase amount was NT\$99,410. The repurchased shares were cancelled on November 8, 2022 according to the resolution of the Board of Directors, and the same date was used as the capital reduction base date.

(1) Reason of recovering shares and quantity

Name of shareholding company	Reason of recovering shares	September 30, 2022	
		Number of shares (in thousands)	Carrying amount
The Company	Protect shareholders' rights and benefits	1,100	\$ 99,410

- According to regulations of the Securities and Exchange Act, the buyback ratio of the outstanding shares of a company shall not exceed 10% of the issued shares of the company, and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.
- The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.
- According to regulations of the Securities and Exchange Act, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.

XV. Capital surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. According to the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

XVI. Retained earnings

- According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: (1) 10% as legal reserve until it reaches the Company's paid-in capital; (2) set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; (3) the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting. As required by Article 240 of the Company Act, if approved by a majority vote at a Board of Directors' meeting attended by two thirds of directors, the Board of Directors may appropriate dividends or bonuses in cash with its existing legal reserve or capital surplus, and shall report to the shareholder's meeting. In such case, the requirements regarding resolution made by shareholders' meeting set out in the Company's Articles of Incorporation do not apply.
- The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budget, shareholders' interest, balanced dividends and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriate on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. No less than 30% of annual earnings

are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.

3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
- 4.(1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.
 - (2) As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated April 6, 2012, the Company may reverse them to the extent of their original provision ratio if subsequently the Company intends to use, dispose of or reclassify related assets. If the said related assets are investment property relating to land, such assets are reversed upon disposal or reclassification; if the said related assets are investment property other than land, such assets are reversed gradually over the use period.
5. At the Board of Directors' meeting dated March 2, 2021, the Board of Directors originally intended to appropriate common-share dividends in the amount of \$373,100(NT\$4.1 per share) with the earning made in 2020. However, the capital amount increased due to issuance of new shares. As such, at the Board of Directors' meeting dated April 29, 2021, the Board of Directors resolved to appropriate common-share dividends in the amount of \$422,849 (NT\$4.1 per share) with the earnings made in 2020.
6. As resolved on in the shareholder's meeting dated February 25, 2022 the Board of Directors determined to appropriate shares dividends in common shares in the amount of \$721,938 (NT\$7 per share) with the earnings made in 2021.

XVII. Other equity items

	2022		
	Unrealized gains (losses)	Foreign currency translation	Total
January 1	\$ 182,350	(\$ 198,797)	(\$ 16,447)
Valuation of financial assets at fair value through other comprehensive income:			
- Group	8,510	-	8,510
Exchange differences:			
- Group	-	120,271	120,271
September 30	<u>\$ 190,860</u>	<u>(\$ 78,526)</u>	<u>\$ 112,334</u>
	2021		
	Unrealized gains (losses)	Foreign currency translation	Total
January 1	\$ 165,891	(\$ 180,156)	(\$ 14,265)
Valuation of financial assets at fair value through other comprehensive income:			
- Group	(4,106)	-	(4,106)
Exchange differences:			
- Group	-	(49,749)	(49,749)
September 30	<u>\$ 161,785</u>	<u>(\$ 229,905)</u>	<u>(\$ 68,120)</u>

XVIII. Operating revenue

	July 1 to September 30, 2022	July 1 to September 30, 2021
Revenue from contracts with clients	<u>\$ 1,193,655</u>	<u>\$ 1,694,489</u>
	January 1 to September 30, 2022	January 1 to September 30, 2021
Revenue from contracts with clients	<u>\$ 4,056,825</u>	<u>\$ 4,652,938</u>

The Group's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	July 1 to September 30, 2022	July 1 to September 30, 2021
Wire-wound	\$ 808,919	\$ 1,041,543
Multilayer products	182,571	281,728
LAN transformers	187,520	363,970
Others	14,645	7,248
Total	<u>\$ 1,193,655</u>	<u>\$ 1,694,489</u>

	January 1 to September 30, 2022	January 1 to September 30, 2021
Wire-wound	\$ 2,646,485	\$ 2,925,790
Multilayer products	601,615	818,046
LAN transformers	767,796	887,968
Others	40,929	21,134
Total	<u>\$ 4,056,825</u>	<u>\$ 4,652,938</u>

XIX. Other income

	July 1 to September 30, 2022	July 1 to September 30, 2021
Rental income	\$ 2,529	\$ 806
Dividends income	8,409	1,660
Subsidies income	2,591	765
Other revenue- others	265	1,181
Total	<u>\$ 13,794</u>	<u>\$ 4,412</u>

	January 1 to September 30, 2022	January 1 to September 30, 2021
Rental income	\$ 7,670	\$ 1,022
Dividends income	43,477	18,387
Subsidies income	13,817	42,750
Miscellaneous income	678	1,635
Total	<u>\$ 65,642</u>	<u>\$ 63,794</u>

The Group recognized government grants primarily because its qualified for the grants awarded to entice investment in the industries within Si-Hong Economic Development Zone.

XX. Other gains and losses

	July 1 to September 30, 2022	July 1 to September 30, 2021
Gains on disposal of property, plant and equipment	\$ -	\$ 235
Exchange gains, net	91,707	5,498
Miscellaneous expenses	-	(6)
	<u>\$ 91,707</u>	<u>\$ 5,727</u>
	January 1 to September 30, 2022	January 1 to September 30, 2021
Gains on disposal of property, plant and equipment	\$ 6,677	\$ 320
Exchange gains (losses), net	189,128	(6,965)
Gain on financial assets at fair value through profit or loss	512	-
Miscellaneous expenses	(3,158)	(7)
	<u>\$ 193,159</u>	<u>(\$ 6,652)</u>

XXI. Additional Information on the Nature of Expenses

	July 1 to September 30, 2022		
	Attributable to	Attributable to	Total

	operating costs	operating expenses	
Employee benefits expense	\$ 177,831	\$ 88,969	\$ 266,800
Depreciation expenses of property, plant and equipment	113,459	9,805	123,264
Depreciation expenses of right-of-use assets	750	1,045	1,795
Amortization expenses	823	530	1,353
July 1 to September 30, 2021			
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	\$ 272,887	\$ 102,761	\$ 375,648
Depreciation expenses of property, plant and equipment	94,848	7,711	102,559
Depreciation expenses of right-of-use assets	752	1,063	1,815
Amortization expenses	752	586	1,338
January 1 to September 30, 2022			
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	\$ 701,768	\$ 293,826	\$ 995,594
Depreciation expenses of property, plant and equipment	334,468	28,764	363,232
Depreciation expenses of right-of-use assets	2,254	3,134	5,388
Amortization expenses	2,452	1,534	3,986
January 1 to September 30, 2021			
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	\$ 750,751	\$ 333,150	\$ 1,083,901
Depreciation expenses of property, plant and equipment	253,683	21,282	274,965
Depreciation expenses of right-of-use assets	2,054	3,188	5,242
Amortization expenses	1,511	1,556	3,067

XXII. Employee benefit expense

	July 1 to September 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 144,714	\$ 77,045	\$ 221,759
Labor and health insurance expense	6,980	4,461	11,441
Pension expense	13,826	3,481	17,307
Other personnel expense	12,311	3,982	16,293
	<u>\$ 177,831</u>	<u>\$ 88,969</u>	<u>\$ 266,800</u>

	July 1 to September 30, 2021		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 237,102	\$ 90,744	\$ 327,846
Labor and health insurance expense	6,136	4,093	10,229
Pension expense	14,921	3,529	18,450
Other personnel expense	14,728	4,395	19,123
	<u>\$ 272,887</u>	<u>\$ 102,761</u>	<u>\$ 375,648</u>

	January 1 to September 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 592,270	\$ 257,995	\$ 850,265
Labor and health insurance expense	20,382	11,774	32,156
Pension expense	46,200	10,804	57,004
Other personnel expense	42,916	13,253	56,169
	<u>\$ 701,768</u>	<u>\$ 293,826</u>	<u>\$ 995,594</u>

	January 1 to September 30, 2021		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 653,631	\$ 299,963	\$ 953,594
Labor and health insurance expense	16,204	10,903	27,107
Pension expense	37,920	9,781	47,701
Other personnel expense	42,996	12,503	55,499
	<u>\$ 750,751</u>	<u>\$ 333,150</u>	<u>\$ 1,083,901</u>

- Where there are earnings in the final account, (1) no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and no higher than 2% shall be allocated as remuneration for directors and supervisors.
- For July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021, the employee compensation recognized by the Company were \$17,495, \$24,671, \$64,011 and \$64,840, respectively, and the directors' and supervisors' remunerations recognized were \$4,374, \$6,167, \$16,003 and \$16,210, respectively, which were presented under salary and wages.

The employee compensation and directors' and supervisors' remuneration for January 1 to September 30, 2022 and 2021 were estimated at 6% and 1.5%, respectively, of the earnings at the end of the period.

The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2021 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2021.

The amounts of employee compensation and directors' and supervisors' remuneration approved by the Board of Directors and resolved by the shareholders' meeting can be found on the Market Observation Post System of TWSE.

XXIII. Income tax

1. Income tax expense

(1) Income tax components:

	July 1 to September 30, 2022	July 1 to September 30, 2021
Current tax:		
Tax attributable to taxable income of the period	\$ 40,933	\$ 50,720
Additional levy on unappropriated earnings	-	-
Underestimate (overestimate) of income tax of the previous period	11	6
Total current tax	<u>40,944</u>	<u>50,726</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and		

reversed			
Income tax expenses	\$	40,944	\$ 50,726
		<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Current tax:			
Tax attributable to taxable income of the period	\$	141,163	\$ 141,249
Additional levy on unappropriated earnings		11,149	-
Over-estimate of income tax of the previous period	(11,078)	(7,380.)
Total current tax		<u>141,234</u>	<u>133,869</u>
Deferred income tax:			
Deferred income tax on temporary differences originated and reversed			
Income tax expenses	\$	<u>141,234</u>	\$ <u>133,869</u>

(2) Income tax associates with other comprehensive income: None.

(3) Income tax directly debited or credited in equity: None.

2. The Company's profit-seeking income tax has been approved by the taxation authority through 2020.

XXIV. Earnings per share (EPS)

	<u>July 1 to September 30, 2022</u>		
	<u>Post-tax amount</u>	<u>Weighted average number of outstanding shares (in thousands)</u>	<u>Earnings per share (EPS)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 245,444	102,512	\$ 2.39
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 245,444	102,512	
Effects of the potentially dilutive common shares on employee compensation	-	820	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	<u>\$ 245,444</u>	<u>103,332</u>	<u>\$ 2.38</u>
		<u>July 1 to September 30, 2021</u>	
	<u>Post-tax amount</u>	<u>Weighted average number of outstanding shares (in thousands)</u>	<u>Earnings per share (EPS)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 349,713	103,134	\$ 3.39
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 349,713	103,134	
Effects of the potentially dilutive common shares on employee compensation	-	511	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	<u>\$ 349,713</u>	<u>103,645</u>	<u>\$ 3.37</u>
		<u>January 1 to September 30, 2022</u>	
	<u>Post-tax amount</u>	<u>Weighted average number of outstanding shares (in thousands)</u>	<u>Earnings per share (EPS)</u>
<u>Basic earnings per share</u>			

Profit attributable to shareholders of common shares of the parent	\$	904,776	102,927	\$	8.79
<u>Diluted earnings per share</u>					
Profit attributable to shareholders of common shares of the parent	\$	904,776	102,927		
Effects of the potentially dilutive common shares on employee compensation		-	980		
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$	904,776	103,907	\$	8.71
January 1 to September 30, 2021					
		Post-tax amount	Weighted average number of outstanding shares (in thousands)		Earnings per share (EPS)
<u>Basic earnings per share</u>					
Profit attributable to shareholders of common shares of the parent	\$	925,223	97,741	\$	9.47
<u>Diluted earnings per share</u>					
Profit attributable to shareholders of common shares of the parent	\$	925,223	97,741		
Effects of the potentially dilutive common shares on employee compensation		-	595		
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$	925,223	98,336	\$	9.41

XXV. Additional Information on Cash Flows

Investing activities partially involving cash payments:

	January 1 to September 30, 2022	January 1 to September 30, 2021
Acquisition of property, plant, and equipment	\$ 338,672	\$ 2,217,162
Add: Construction and equipment payable at the beginning of the period	273,446	83,794
Notes payable at the beginning of the period	175,408	45,604
Less: Construction and equipment payable at the end of the period	(79,518)	(296,808)
Notes payable at the end of the period	(42,648)	(328,215)
Cash paid in the period	\$ 665,360	\$ 1,721,537

XXVI. Changes in Liabilities Arising from Financing Activities

	2022				Liabilities arising from financing activities - Total
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	
January 1	\$ 415,794	\$ 20,000	\$ 603,422	\$ 14,054	\$ 1,053,270
Changes from financing cash flows	(375,959)	(20,000)	532,190	(4,981)	131,250
Effects of exchange rate changes	7,790	-	-	12	7,802
Other non-cash changes	-	-	-	281	281
September 30	\$ 47,625	\$ -	\$ 1,135,612	\$ 9,366	\$ 1,192,603
	2021				Liabilities arising from financing activities - Total
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	
January 1	\$ 697,535	\$ 130,000	\$ 337,000	\$ 7,515	\$ 1,172,050
Changes from financing cash flows	(194,638)	(80,000)	225,855	(4,781)	(53,564)
Effects of exchange rate changes	(3,465)	-	-	(6)	(3,471)
Other non-cash changes	-	-	-	9,476	9,476
September 30	\$ 499,432	\$ 50,000	\$ 562,855	\$ 12,204	\$ 1,124,491

(VII) Related Party Transactions

I. Name and Relationship of Related Party

<u>Name of related party</u>	<u>Relationship with the Group</u>
Superworld Electronics(S) Pte Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS(S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party
Superworld Electronics (Dongguan) Co., Ltd.	Other related party
Jui-hsia Tai	Immediate family member of the major management
Chang-i Hsieh	Immediate family member of the major management
Chairman, Supervisor, President, and Vice President	Major management of the Group

II. Significant Transactions with Related Party

1. Operating revenue

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
Sale of goods:		
Other related party	<u>\$ 92,222</u>	<u>\$ 124,434</u>
	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Sale of goods:		
Other related party	<u>\$ 330,729</u>	<u>\$ 332,548</u>

The price of goods sold to related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinarily clients.

2. Purchase

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
Purchase of goods:		
Other related party	<u>\$ 2,558</u>	<u>\$ 3,137</u>
	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Purchase of goods:		
Other related party	<u>\$ 4,641</u>	<u>\$ 7,709</u>

The price of goods purchased from related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinarily suppliers.

3. Freight expenses and miscellaneous expenses

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
Other related party	<u>\$ 52</u>	<u>\$ 24</u>
	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Other related party	<u>\$ 132</u>	<u>\$ 169</u>

4. Other income

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
Other related party	<u>\$ -</u>	<u>\$ -</u>
	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Other related party	<u>\$ 163</u>	<u>\$ -</u>

5. Lease transactions - lessee

(2) The Group leased buildings from the immediate family members of the major management, with the lease

term due between 2018 and 2023 and the rental paid on a monthly basis.

(2) Rental expense

	July 1 to September 30, 2022	July 1 to September 30, 2021
Other related party	\$ 43	\$ 45
	January 1 to September 30, 2022	January 1 to September 30, 2021
Other related party	\$ 134	\$ 129

(3) Lease liabilities

Balance at the end of the period:

	September 30, 2022	December 31, 2021	September 30, 2021
Jui-hsia Tai	\$ 509	\$ 1,145	\$ 1,272
Chang-i Hsieh	483	1,087	1,208
	\$ 992	\$ 2,232	\$ 2,480

6. Accounts receivables due from related party

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable:			
Other related party	\$ 212,963	\$ 207,195	\$ 175,304
Other receivables:			
Other related party	9	-	-
Total	\$ 212,972	\$ 207,195	\$ 175,304

7. Accounts payables due to related party

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts payable:			
Other related party	\$ 2,887	\$ 1,224	\$ 4,076
Other payables:			
Other related party	34	17	37
Total	\$ 2,921	\$ 1,241	\$ 4,113

8. Property transactions (None for January 1 to September 30, 2021)

Disposal of property plant and equipment

	July 1 to September 30, 2022	
	Disposal proceeds	Disposal gain (loss)
Other related party	\$ -	\$ -
	January 1 to September 30, 2022	
	Disposal proceeds	Disposal gain (loss)
Other related party	\$ 279	\$ 80

9. The major management acted as a joint guarantor for the Group's short-term borrowings and short-term bills payable as of December 31, 2021, and for the Group's long-term and short-term borrowings as of September 30, 2021.

III. Remuneration to Major Management

	July 1 to September 30, 2022	July 1 to September 30, 2021
Short-term employee benefits	\$ 21,859	\$ 27,122
Post-retirement benefits	360	316
Total	\$ 22,219	\$ 27,438

	January 1 to September 30, 2022	January 1 to September 30, 2021
Short-term employee benefits	\$ 74,084	\$ 72,115
Post-retirement benefits	1,074	935
Share-based payments	-	6,361
Total	<u>\$ 75,158</u>	<u>\$ 79,411</u>

(VIII) Pledged Assets

Assets pledged as collaterals were as follows:

Type of asset	September 30, 2022	December 31, 2021	September 30, 2021	Purpose of collateral
<u>Property, plant and equipment</u>				
Land	\$ 766,893	\$ 766,893	\$ 766,893	Short and long-term borrowings
- Buildings and structures	64,216	67,305	68,355	Short and long-term borrowings

(IX) Significant Commitments or Contingencies

I. Contingencies

None.

II. Commitments

Capital expenditures committed but not yet incurred

	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment	<u>\$ 93,380</u>	<u>\$ 307,879</u>	<u>\$ 146,877</u>
Computer software	<u>\$ 4,870</u>	<u>\$ 781</u>	<u>\$ 781</u>

(X) Significant Disaster Losses

None.

(XI) Significant Subsequent Events

Please refer to Note 6(14) for details on the cancellation of treasury shares.

(XII) Others

(1) Capital Management

The purposes of the Group's capital management are to ensure that the Group continues as a going concern, to maintain an optimum capital structure to lower financing costs and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

(2) Financial Instrument

1. Type of financial instrument

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial Assets</u>			
Financial assets at fair value through other comprehensive income			
Investment in equity instruments of which the fair value is designated to be recognized in other comprehensive income	<u>\$ 334,651</u>	<u>\$ 233,817</u>	<u>\$ 213,364</u>
Cash and cash equivalents of financial assets at amortized cost	\$ 1,095,900	\$ 1,341,004	\$ 1,036,316
Financial assets at amortized cost	-	-	190,234

Notes receivable, net	51,678	64,858	42,239
Accounts receivable, net (including those due from related party)	1,908,339	2,389,761	2,458,327
Other receivables (including those due from related party)	50,547	14,909	38,743
Refundable deposits (Other non-current assets recognized)	2,537	2,528	2,025
	<u>\$ 3,109,001</u>	<u>\$ 3,813,060</u>	<u>\$ 3,767,884</u>

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial Liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 47,625	\$ 415,794	\$ 499,432
Short-term notes and bills payable	-	20,000	50,000
Notes payable	51,669	193,029	340,608
Accounts payable (including those due to related party)	487,624	859,752	833,388
Other payables (including those due to related party)	612,796	943,487	891,876
Long-term borrowings (including the portion with maturity in one year)	1,135,612	603,422	562,855
Deposits received (Other non-current liabilities recognized)	1,640	1,640	1,640
	<u>\$ 2,336,966</u>	<u>\$ 3,037,124</u>	<u>\$ 3,179,799</u>
Lease liabilities (including those due to related party)	<u>\$ 9,366</u>	<u>\$ 14,054</u>	<u>\$ 12,204</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, *e.g.*, market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Group's financial position and financial performance.
- (2) The Group's key financial activities are reviewed by the Board of Directors against relevant regulations and its internal control systems. The Company strictly abides by relevant financial operating procedures during the implementation of financial plans.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

- A. The Group operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk arises from future business transactions and the recognized assets and liabilities. In addition, the conversion from RMB to other currencies is subject to the foreign currency exchange control regulations imposed by China.
- B. The Group's management has formulated relevant policy to require entities within the Group to manage the foreign exchange risks associated with their functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.
- C. Since the Group engages in business involving multiple functional currencies (*e.g.*, the Company's functional currency is NTD while some subsidiaries' functional currencies are either USD or RMB), the Group is subject to fluctuation in foreign exchange rates. Foreign-currency-denominated assets and liabilities having significant impacts if foreign exchange rates change were as follows:

	<u>September 30, 2022</u>	
	Foreign currency (in thousands)	Exchange rate Carrying amount (NTD/RMB)

(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	53,842	31.75	\$ 1,709,484
RMB:NTD		82,872	4.47	370,438
USD:RMB		34,999	7.10	248,493
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	26,361	31.75	\$ 836,962
USD:RMB		20,042	7.10	142,298

December 31, 2021					
		Foreign currency	Exchange		
		(in thousands)	rate	Carrying amount (NTD/RMB)	
(Foreign currency: functional currency)					
<u>Financial Assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	56,240	27.68	\$	1,556,723
RMB:NTD		162,540	4.34		705,424
USD:RMB		45,698	6.38		291,553
<u>Financial Liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$	39,098	27.68	\$	1,082,233
USD:RMB		26,575	6.38		169,549

September 30, 2021					
		Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD/RMB)	
(Foreign currency: functional currency)					
<u>Financial Assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	44,766	27.85	\$	1,246,733
RMB:NTD		240,092	4.29		1,029,995
USD:RMB		46,581	6.49		302,311
<u>Financial Liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$	36,887	27.85	\$	1,027,303
RMB:NTD		42	4.29		180
USD:RMB		23,440	6.49		152,126

D. For monetary items that would be significantly impacted by foreign exchange rate changes, the Group recognized an exchange gain or loss (realized and unrealized) in the amount equal to the gain of \$91,707, gain of \$5,498, gain of \$189,128 and loss of \$6,965, respectively, for July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021. Since the Group's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.

E. Foreign exchange risks arising from significant exchange rate changes that the Group is exposed to were as follows:

January 1 to September 30, 2022				
Sensitivity Analysis				
		Effects on P/L (NTD/RMB)	Effects on other comprehensive income (OCI)	
		Fluctuation		
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	17,095	\$ -
RMB:NTD	1%		3,704	-
USD:RMB	1%		2,485	-

<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		8,370	-
USD:RMB	1%		1,423	-
January 1 to September 30, 2021				
Sensitivity Analysis				
		Fluctuation	Effects on P/L (NTD/RMB)	Effects on other comprehensive income (OCI)
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD:NTD	1%		12,467	\$ -
RMB:NTD	1%		10,300	-
USD:RMB	1%		3,023	-
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		10,273	-
RMB:NTD	1%	2		-
USD:RMB	1%		1,521	-

Price risk

- A. Since the Group's investment is classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value other comprehensive income on the consolidated balance sheets, the Group is exposed to the risk of price changes in financial assets of equity instrument.
- B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the price of such equity instrument goes up or down by 1%, held other variables constant, the post-tax profit or loss for January 1 to September 30, 2021 and 2020 will increase or decrease by \$3,347 and \$2,134 due to the increase or decrease in the fair value of financial assets measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risks mainly come from short- and long-term borrowings issued at floating interest rates. Such exposure also means the Group is exposed to cash flow interest rate risks, though a portion of risks have been offset by the Group's holding of cash bearing a floating interest rate. For January 1 to September 30, 2022 and 2021, the Group's borrowings bearing a floating interest rate are denominated in NTD and USD.
- B. When the borrowing interest rate of NTD and USD increases or decreases by 1%, held other variables constant, the Company's net income after tax for January 1 to September 30, 2022, 2021 will also decrease or increase by \$7,099 and \$6,374, respectively, mainly due to changes in interest expense caused by borrowings bearing a floating interest rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by clients, or by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from accounts receivable, notes receivable and the contractual cash flows of financial assets measured at amortized cost that are prone to default by counter-parties.
- B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.
- C. The Group applies the presumption of IFRS 9 and deems that the credit risk of a financial assets has significantly increased after initial recognition when the receivables obliged by the contractual

terms are 30-days past due.

- D. The Group's credit risk management procedures deem a default occurred when a counterparty is significantly delinquent on repayments.
- E. After the recourse procedures, the Group writes off financial assets that could not be reasonably expected to be recovered. Nonetheless, the Group will continue the recourse legal procedures to secure its right to the debt. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's debts that had been written off but were continually pursued were all \$0.
- F. The Group classifies accounts receivable due from clients by the characteristics of their ratings, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.
- G. By taking into account the forward-looking consideration that economic indicators hold, the Group adjusts the expected credit loss rate that was established based on historical or present information, so as to estimate the allowance for accounts receivable, notes receivable, and uncollectible overdue receivables. The preparation matrices as of September 30, 2022, December 31, 2021 and September 30, 2021 were as follows, respectively:

	Individual disclosure	Not yet due	Overdue within 30 days	Overdue within 31 - 90 days	Overdue over 91 - 180 days	Total
<u>September 30, 2022</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	\$ 1,252	\$ 1,951,400	\$ 12,486	\$ 49	\$ 1	\$ 1,965,188
Loss allowance	\$ 1,252	\$ 1,871	\$ 565	\$ 27	\$ 1	\$ 3,716
<u>December 31, 2021</u>				Overdue within 31 - 90 days	Overdue within 91 - 180 days	Total
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	\$ 1,252	\$ 2,432,012	\$ 42,292	\$ 4,054	\$ 18	\$ 2,479,628
Loss allowance	\$ 1,252	\$ 21,347	\$ 581	\$ 9	\$ 18	\$ 23,207
<u>September 30, 2021</u>				Overdue within 31 - 90 days	Overdue within 91 - 180 days	Total
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	\$ 1,252	\$ 2,481,408	\$ 22,900	\$ 620	\$ -	\$ 2,506,180
Loss allowance	\$ 1,252	\$ 1,223	\$ 576	\$ 27	\$ -	\$ 3,078

- H. Changes in the loss allowances provided for accounts receivable using the simplified approach are as follows:

	2022			
	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	\$ 21,955	\$ -	\$ 1,252	\$ 23,207
Written off amount due to failure of collection	(19,975)	-	-	(\$ 19,975)
Exchange rate effects	484	-	-	484
September 30	\$ 2,464	\$ -	\$ 1,252	\$ 3,716
	2021			
	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	\$ 1,842	\$ -	\$ 1,252	\$ 3,094
Exchange rate effects	(16)	-	-	(16)
September 30	\$ 1,826	\$ -	\$ 1,252	\$ 3,078

(3) Liquidity risk

- A. Cash flows forecast is done by each operating entity; the Administration Department of the Group is responsible only for summarizing the results. Administration Department of the Group monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Group's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet and conformity with external regulatory requirements, such as foreign exchange control.
- B. The table below listed the Group's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities:

September 30, 2022	Less than 1 year	1~2 years	2~5 years	Over 5 years
Short-term borrowings	\$ 47,625	\$ -	\$ -	\$ -
Notes payable	51,669	-	-	-
Accounts payable	484,737	-	-	-
Accounts payables to related parties	2,887	-	-	-
Other payables (including those due to related party)	612,796	-	-	-
Lease liabilities (including the portion with maturity in one year)	5,972	2,921	473	-
Long-term borrowings (including the portion with maturity in one year)	50,674	50,108	565,788	547,394

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	1~2 years	2~5 years	Over 5 years
Short-term borrowings	\$ 415,794	\$ -	\$ -	\$ -
Short-term notes and bills payable	20,000	-	-	-
Notes payable	193,029	-	-	-
Accounts payable	858,528	-	-	-
Accounts payables to related parties	1,224	-	-	-
Other payables (including those due to related party)	943,487	-	-	-
Lease liabilities (including the portion with maturity in one year)	6,557	5,538	1,959	-
Long-term borrowings (including the portion with maturity in one year)	43,494	93,047	125,888	382,538

Non-derivative financial liabilities:

September 30, 2021	Less than 1 year	1~2 years	2~5 years	Over 5 years
Short-term borrowings	\$ 499,432	\$ -	\$ -	\$ -

Short-term notes and bills payable	50,000	-	-	-
Notes payable	340,608	-	-	-
Accounts payable	829,312	-	-	-
Accounts payables to related parties	4,076	-	-	-
Other payables (including those due to related party)	891,876	-	-	-
Lease liabilities (including the portion with maturity in one year)	6,161	4,489	1,554	-
Long-term borrowings (including the portion with maturity in one year)	43,189	42,811	126,171	392,898

C. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier or the actual amount would be significantly different.

(3) Fair Value Information

1. Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in non-active market is included in Level 3.

2. Financial instruments not measured at fair values

Management of the Group thinks that the carrying amount of financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivables, other receivables, lease liability and long-term borrowings (including the current portion), is the reasonable approximation of their fair value.

3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk and fair value level, stated as follows:

(1) The Group classifies its assets and liabilities by their function; stated as follows:

September 30, 2022	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value</u>				
Equity-based securities at fair value through other comprehensive income:	\$ 81,495	\$ -	\$ 253,156	\$ 334,651
December 31, 2021	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value</u>				

Equity-based securities at fair value through other comprehensive income:	\$ 121,987	\$ -	\$ 111,830	\$ 233,817
September 30, 2021	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value</u>				
Equity-based securities at fair value through other comprehensive income:	\$ 96,765	\$ -	\$ 116,599	\$ 213,364

(2) The techniques and assumptions used to measure fair value are stated as follows:

A. Financial instruments of which the fair value is marked to market quotations (*i.e.*, level 1 inputs) are stated as follows:

Market quotation	<u>Listed shares</u> Closing price
------------------	---------------------------------------

B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counterparties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, or by using other valuation technique, *e.g.*, the one that applies market information available on the consolidated balance sheets date to a pricing model for calculation.

C. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Group. Therefore, when needed, estimates from the valuation model would be adjusted for additional parameters, *e.g.*, model risk or liquidity risk.

4. For January 1 to September 30, 2022 and 2021, there was no transfer between Level 1 and Level 2 fair value hierarchy.

5. Changes in Level 3 fair value hierarchy are stated as follows for January 1 to September 30, 2022 and 2021:

	2022 Equity-based securities	2021 Equity-based securities
January 1	\$ 111,830	\$ 136,989
Unrealized valuation gains and loss from equity instrument investments measured at fair value through other comprehensive income recognized in the profit or loss of other comprehensive income	69,231 (19,974)
Purchase of current period	68,505	-
Exchange rate effects	3,590 (416)
September 30	<u>\$ 253,156</u>	<u>\$ 116,599</u>

6. For January 1 to September 30, 2022 and 2021, there was no transfer into or out of Level 3.

7. Valuation process regarding fair value Level 3 is conducted by the Group's Administration Department, which conducts an independent fair value verification through use of independent data source in order to make the valuation results close to market conditions, and to ensure that the data source is independent, reliable and consistent with other sources, and that the fair value is adjusted where appropriate, thereby ensuring a reasonable valuation result.

8. The quantitative information on, changes in, and sensitivity analysis of significant unobservable inputs used in Level 3 fair value measurement are stated as follows:

	Fair value at September 30, 2022	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between inputs and fair value
Non-derivative equity instruments:					
	\$ 253,156				
Unlisted shares		Public company comparables	Discount for lack of marketability	15% - 25%(20%)	The higher the discount for lack of marketability, the lower the fair value
	Fair value at	Valuation	Significant	Range	Relationship between inputs

	December 31, 2021	technique	unobservable inputs	(weighted average)	and fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 111,830	Public company comparables	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at September 30, 2021	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between inputs and fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 116,599	Public company comparables	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

9. The Group elects to adopt valuation models and valuation parameters under prudential consideration. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

				September 30, 2022			
				Recognized in P/L		Recognized in other comprehensive income (OCI)	
				Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
	Input	Changes					
Financial Assets Equity instruments	\$ 310,316	±1%	\$ -	\$ -	\$ 2,542	(\$ 2,893)	
				December 31, 2021			
				Recognized in P/L		Recognized in other comprehensive income (OCI)	
				Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
	Input	Changes					
Financial Assets Equity instruments	\$ 139,787	±1%	\$ -	\$ -	\$ 1,661	(\$ 1,661)	
				September 30, 2021			
				Recognized in P/L		Recognized in other comprehensive income (OCI)	
				Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
	Input	Changes					
Financial Assets Equity instruments	\$ 155,467	±1%	\$ -	\$ -	\$ 1,671	(\$ 1,671)	

(4) Other Matters

In response to the pandemic alert system for COVID-19 and multiple pandemic prevention measures taken by the government, the Group has also adopted and upheld necessary measures to address the issues brought by the pandemic. A careful assessment conducted by the Group has led to the conclusion that the pandemic has no significant influence on the Group's ability to continue as a going concern, asset impairment and financial risks.

(XIII) Additional Disclosures

(1) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: refer to Table 2.

3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture): refer to Table 3.
4. Accumulative Purchase of Disposal of the Same Marketable Securities that Reaches NT\$300 Million or 20% or More of Paid-in Capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: none.
6. Disposal of Real Property That Reaches NT\$300 Million or 20% or More of Paid-in Capital: none.
7. Transaction with Related Party That Reaches NT\$100 Million or 20% or More of Paid-in Capital: refer to Table 4.
8. Receivables Due from Related Party That Reach NT\$100 Million or 20% or More of Paid-in Capital: refer to Table 5.
9. Engagement in Derivatives Trading: none.
10. The Business Relationship, Significant Transactions and Significant Transaction Amount between Parent and Subsidiaries or among Subsidiaries: refer to Table 6.

(2) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): refer to Table 7.

(3) Investment in Mainland China

1. Basic Information: refer to Table 8.

2. Significant Transactions with Investees in Mainland China That Are Invested by the Group, Either Directly or Indirectly Through Another Entity Outside Taiwan and China: Refer to Table 6.

(4) Major Shareholder Information

Major Shareholder Information: refer to Table 9.

(XIV) Segment Information

(1) General Information

The Group engages in a single industry; the Group's Board of Directors evaluates the performance of and allocates resources to the Group as a whole. As such, the Group identifies itself to be a single reporting segment.

(2) Segment Information

Information on reportable segment provided to the main operating decision makers:

	January 1 to September 30, 2022	January 1 to September 30, 2021
Segment revenue	\$ 4,056,825	\$ 4,652,938
Segment gross profit	\$ 1,366,362	\$ 1,593,872
Segment profits or losses	\$ 1,046,010	\$ 1,059,092
Discount and amortization (including right-of-use assets)	\$ 372,606	\$ 283,274
Income tax expenses	\$ 141,234	\$ 133,869
	September 30, 2022	September 30, 2021
Segment assets	\$ 9,078,949	\$ 9,322,387
Segment liabilities	\$ 2,644,149	\$ 3,423,480

(3) Reconciliation of Segment Profit or Loss

Reconciliation is not required because the profit or loss information on the reporting segment that was provided to the main operating decision makers is consistent with that prepared and disclosed in the financial statements.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Loans of funds to others
January 1 to September 30, 2022

Table 1

Unit: NT\$ thousand
(unless otherwise specified)

No.	Lending company	Borrowing party	Transaction item	Whether or not a related party	Maximum balance amount		Ending balance		Amount actually drawn	Interest rate range	Nature of loaning of funds	Business dealing amount	Reason for necessary short-term financing	Allowance for impairment Loss	Collaterals		Loan and limit for individual borrower (Note)	Total limit of loaning of funds (Note)	Remarks
					\$		\$								Name	Value			
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$ 158,750	\$ 158,750	\$ 133,350			2%-2.4%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$ 5,147,840	\$ 5,147,840	
		TAI-TECH Advanced Electronics (Kunshan)	Other receivables	Yes	\$ (USD5,000 thousand) 95,250	\$ (USD5,000 thousand) 95,250	\$ (USD4,200 thousand) -				Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$ 5,147,840	\$ 5,147,840	
1	Fixed Rock Holding Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Other receivables	Yes	\$ (USD3,000 thousand) 180,366	\$ (USD3,000 thousand) 89,439	\$ -				Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$ 5,147,840	\$ 5,147,840	
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$ (RMB40,000 thousand) 95,250	\$ (RMB20,000 thousand) 95,250	\$ 89,853			2.00%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$ 5,147,840	\$ 5,147,840	
3	North Star International Limited	Fixed Rock Holding Ltd.	Other receivables	Yes	\$ (USD3,000 thousand)	\$ (USD3,000 thousand)	\$ (USD2,830 thousand)				financing fund	\$ -	revolving fund	\$ -	-	\$ -	\$ 5,147,840	\$ 5,147,840	

Note: The total amount of loaning of funds to others of the Company shall not exceed 40% of the net worth of the Company, and the amount of loaning of fund to an individual company or firm shall not exceed 20% of the net worth of the Company.

The total amount of loaning of funds and the individual loan between subsidiaries with more than 100% of voting shares directly and indirectly by the Company shall not exceed 80% of the net worth of the parent company of the Group, and the loan period shall not exceed three years.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Endorsements/guarantees
January 1 to September 30, 2022

Table 2

Unit: NT\$ thousand
(unless otherwise specified)

No.	Endorsed/guaranteed party name		Relationship	Limits on endorsement/guarantee amount provided (Notes)	Balance of maximum amount of endorsement/guarantee of the period	Ending balance of endorsement/guarantee	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum amount of endorsement/guarantee allowance	Endorsement/guarantee provided by parent company to subsidiary	Endorsement/guarantee provided by subsidiary to parent company	Endorsement/guarantee provided to Mainland China	Remarks
	Endorsements/guarantees	company name												
0	Tai-Tech Advanced Electronics Co., Ltd.	Fixed Rock Holding Ltd.	Subsidiary	\$ 2,573,920	\$ 127,000 (USD4,000 thousand)	\$ -	\$ -	\$ -	-	\$ 3,217,400	Yes	No	No	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	\$ 2,573,920	\$ 476,250 (USD15,000 thousand)	\$ 476,250 (USD15,000 thousand)	\$ 47,625 (USD1,500 thousand)	\$ -	7.40%	\$ 3,217,400	Yes	No	Yes	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Subsidiary	\$ 2,573,920	\$ 63,500 (USD2,000 thousand)	\$ -	\$ -	\$ -	-	\$ 3,217,400	Yes	No	Yes	

Note: The total amount of endorsements/guarantees shall not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees made for one single enterprise shall not exceed 40% of the net worth of the Company.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture)

September 30, 2022

Unit: NTS thousand
(unless otherwise specified)

Table 3

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	Number of shares (in thousands)	End of period		per unit	Remarks
					Carrying amount	Shareholdings Percentage		
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	\$ 41,205	0.74%	\$ 41,205	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Gigabyte Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	\$ 26,490	0.05%	\$ 26,490	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Ample Electronic Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	\$ 13,800	0.94%	\$ 13,800	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	SFI Electronics Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	\$ 29,520	4.55%	\$ 29,520	Unpledged
Best Bliss Investments Limited	Superworld Holdings(S) PTE. LTD.	Other related party	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	\$ 157,829	10%	\$ 157,829	Unpledged
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Xiamen Eisend Electronics Co., Ltd	None	Financial assets at fair value through other comprehensive income acquired - non-current	-	\$ 65,807	17%	\$ 65,807	Unpledged

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Transaction with Related Party That Reaches NTS100 Million or 20% or More of Paid-in Capital

January 1 to September 30, 2022

Table 4

Unit: NTS thousand

(unless otherwise specified)

Company of purchase (sale)	Transaction party name	Relationship	Purchase (Sale)	Transaction Details		Abnormal Transaction and Reason			Notes/accounts receivable (payable)		Remarks
				Amount	Percentage of total purchase (sale)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Sales	(569,923)	18%	Note 1	Note 1	-	\$ 292,319	19%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics(S) Pte. Ltd.	Other related party	Sales	(206,143)	6%	Note 2	Note 2	-	131,821	9%	
Tai-Tech Advanced Electronics Co., Ltd.	Tai-Tech Advanced Electronics(S) Pte. Ltd.	Other related party	Sales	(123,002)	4%	Note 2	Note 2	-	80,542	5%	
TAI-TECH Advanced Electronics (Kunshan) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(577,758)	58%	Note 1	Note 1	-	248,448	49%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(1,148,279)	42%	Note 1	Note 1	-	575,417	45%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan) Co., Ltd.	Associate	Sales	(311,139)	11%	Note 1	Note 1	-	154,568	12%	

Note 1: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 2: Transaction price and the payment receipt period adopts the general rules.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Receivables Due from Related Party That Reach NTS100 Million or 20% or More of Paid-in Capital
September 30, 2022

Unit: NTS thousand
(unless otherwise specified)

Table 5

Company of accounts receivable recognized	Transaction party name	Relationship	Balance of accounts receivables due from related party		Turnover rate	Overdue amount of accounts receivable from related party		Amounts received in subsequent period	Allowance for Impairment Loss
			Amount	Treatment method		Amount	Treatment method		
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Accounts Receivable	\$ 292,319	2.59			\$ 127,488	\$ -
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	166,907	-	-	-	47,333	-
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent-subsidiary	Accounts Receivable	104,186	2.63	-	-	34,790	-
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	248,448	2.82	-	-	65,418	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	575,417	2.38	-	-	167,720	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	Accounts Receivable	154,568	2.52	-	-	38,651	-
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics(S) Pte. Ltd.	Other related party	Accounts Receivable	131,821	2.15	-	-	56,813	57
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	134,447	-	-	-	-	-

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent and Subsidiaries or among Subsidiaries

January 1 to September 30, 2022

Table 6

Unit: NTS thousand

(unless otherwise specified)

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Item	Transaction details		Percentage of consolidated total revenue or total assets
					Amount	Transaction terms	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	569,923	Note 3	14%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable	292,319		3%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Other receivables	166,907		2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sale of fixed Asset	161,603	Note 3	2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable	575,417		6%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase	1,148,279	Note 3	28%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Sales revenue	87,204	Note 3	2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Purchase	577,758	Note 3	14%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts Receivable	104,186		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts payable	248,448		3%
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	134,447		1%
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase	311,139	Note 3	8%
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable	154,568		2%
3	North Star International Limited	Fixed Rock Holding Ltd.	2	Other receivables	90,417		1%

Note 1: The business dealing information between the parent company and subsidiary shall be, respectively, indicated in the numbering column and there are two types of number filling methods as follows:

(1) Fill in "0" for the parent company.

(2) Subsidiaries are listed in sequential order starting from Arabic number of "1"

Note 2: There are two types of relationship with the transaction party as follows:

(1) Parent to subsidiary

(2) Subsidiary to parent company

Note 3: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 4: The disclosure standard for the business relationship and material transaction details between the parent and subsidiary for the period of January 1 to September 30, 2022 is NTS30 million and above

Tai-Tech Advanced Electronics Co., Ltd.

Names and Location of Investees (Excluding those in Mainland China)

January 1 to September 30, 2022

Unit: NT\$ thousand

(unless otherwise specified)

Table 7

Name of Investor	Name of Investee	Location	Main business	Initial investment amount		Number of shares (in thousands)	End of term holding ratio	Carrying amount	Current profit/loss of investee	Current investment profit/loss recognized	Remarks
				End of current period	End of last year						
Tai-Tech Advanced Electronics Co., Ltd.	North Star International Limited	SAMOA	Re-invested business	3,459	3,459	100	100%	90,692	544	544	
Tai-Tech Advanced Electronics Co., Ltd.	Best Bliss Investments Limited	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	3,631,615	334,036	321,817	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Mahe Seychelles	Re-invested business	890,624 (USD29,784 thousand)	890,624 (USD29,784 thousand)	26,450	100%	2,169,519	214,848	214,848	

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Information on Investments in Mainland China - Basic Information

January 1 to September 30, 2022

Table 8

Unit: NTD thousand

(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance or repatriation for investment		Accumulated outward remittance for investment from Taiwan at end of the current period (Note 8)	Current profit/loss of investee	Ownership percentage of direct or indirect investment	Current Investment profit/loss recognized (Note 4)	Carrying amount at end of the period (Note 4)	Investment income repatriated in the current period	Remarks
					Outward remittance	Repatriation							
TAI-TECH Advanced Electronics (Kunshan)	Production, processing, and sale of electronic components	US\$11,935 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	\$ 352,249 (USD10,914 thousand)	-	-	\$ 352,249 (USD10,914 thousand)	\$ 61,306	100%	\$ 61,306	\$ 637,838	\$ -	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing, and sale of electronic components	US\$43,049 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232 (USD18,821 thousand)	-	-	600,232 (USD18,821 thousand)	238,619	100%	238,619	2,890,007	-	
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sale of electronic components	(Note 3)	Investment through company in Mainland China (Note 3)	-	-	-	-	-	-	-	-	-	
<u>company name</u>	Accumulated outward remittance for investment in China region at end of the period (Note 5, Note 6)	Investment amount approved by Investment Commission, MOEA (Note 7)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA										
Tai-Tech Advanced Electronics Co., Ltd.	1,412,662 (USD44,343 thousand)	1,407,890 (USD44,343 thousand)	3,860,880										

Note 1: 100% invested by Best Bliss Investments Limited 100%.

Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 26.60% and 73.40%, respectively.

Note 3: The Company was established on September 1, 2022, and 100% invested by TAIPAQ Electronic Components (Si-Hong) Co., Ltd.; however, up to the date of September 30, 2022, capital injection has not yet been made.

Note 4: The financial statements audited by CPA retained by the parent company in Taiwan.

Note 5: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.

Note 6: NTD is calculated based on the historical exchange rate.

Note 7: NTD is calculated based on rate of the balance sheet date

Note 8: The third-place proprietary fund and debt-equity swap investment amount are excluded.

Major Shareholder Information

September 30, 2022

Table 9

Major shareholders	Shares	
	Number of shares held	Shareholdings Percentage
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank Investment	10,207,649	9.89%
Hengyang Investment Co., Ltd.	6,540,995	6.34%
Northwest Investment Co., Ltd.	6,121,718	5.93%

Explanation: The Company obtains the information of this table from the Taiwan Depository and Clearing Corporation:

(1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter. There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

(2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, including their own shares and their delivery to the trust, and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website. Information on equity is available on the MOPS website.