

**Sitronix Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three-Month Periods Ended March 31, 2023 and
2022 and
Independent Auditors' Review Report**

Sitronix Technology Corporation and Subsidiaries

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Sitronix Technology Corporation and its subsidiaries (the "Group") as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard NO.34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$2,531,316 thousand and NT\$2,566,766 thousand, respectively, representing 12.62% and 9.92%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of March 31, 2023 and 2022 were NT\$375,606 thousand and NT\$509,221 thousand, respectively, representing 4.78% and 3.73%, respectively, of the Group's consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amounts of comprehensive income (loss) of these subsidiaries were NT\$(26,291) thousand and NT\$47,653 thousand, respectively, representing (5.52)% and 2.87%, respectively, of the Group's consolidated comprehensive income (loss).

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2023 and 2022, its consolidated financial performance and its consolidated cash flows for the three-month periods ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” by the Financial Supervisory Commission of the ROC.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cheng-Chih Lin and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 4, 2023

Notice to Readers

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

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31 AND MARCH 31, 2022
(In Thousands of New Taiwan Dollars)**

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)		LIABILITIES AND EQUITY	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 6 and 30)	\$ 7,728,295	39	\$ 5,661,717	28	\$ 9,953,822	38	Short-term borrowings (Notes 18, 28 and 30)	\$ -	-	\$ 18,119	-	\$ 200,375	1
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	660,932	3	424,634	2	676,919	2	Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	33,359	-	37,725	-	46,050	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 30)	604,136	3	564,206	3	677,806	3	Notes payable and trade payables (Note 30)	939,607	5	992,089	5	2,868,209	11
Financial assets at amortized cost - current (Notes 9, 30 and 32)	1,632,324	8	2,416,889	12	3,829,953	15	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	661,819	4	611,743	3	1,350,746	5
Notes receivable and trade receivables (Notes 10, 22 and 30)	1,205,026	6	1,226,520	6	2,086,028	8	Dividends payable (Note 30)	3,038,723	15	-	-	4,635,802	18
Notes receivable and trade receivables from related parties (Notes 22, 30 and 31)	-	-	1,469	-	24	-	Other payables (Notes 19 and 30)	1,330,840	7	1,853,492	10	2,020,554	8
Other receivables (Notes 10 and 30)	109,222	1	98,837	1	162,496	1	Other payables to related parties (Notes 30 and 31)	245	-	182	-	105	-
Inventories (Note 11)	3,117,339	16	4,399,343	22	3,418,072	13	Current tax liabilities (Notes 4 and 24)	1,056,040	5	984,450	5	1,763,566	7
Prepayments (Notes 17, 31 and 33)	100,095	-	141,882	1	231,524	1	Lease liabilities - current (Notes 14, 28 and 30)	48,159	-	45,301	-	46,447	-
Other current assets (Notes 17 and 30)	13,874	-	9,941	-	12,554	-	Other current liabilities (Notes 19, 22 and 30)	257,025	1	153,855	1	178,562	1
Total current assets	15,171,243	76	14,945,438	75	21,049,198	81	Total current liabilities	7,365,817	37	4,696,956	24	13,110,416	51
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	253,042	1	435,199	2	331,175	1	Deferred tax liabilities (Notes 4 and 24)	14,255	-	11,697	-	10,562	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	1,007,230	5	950,102	5	910,792	4	Lease liabilities - non-current (Notes 14, 28 and 30)	131,245	1	87,613	-	116,533	-
Financial assets at amortized cost - non-current (Notes 9 and 30)	30,721	-	30,983	-	28,976	-	Net defined benefit liabilities - non-current (Notes 4 and 20)	30,837	-	31,391	-	37,694	-
Property, plant and equipment (Note 13)	1,891,748	10	1,801,838	9	1,544,547	6	Other non-current liabilities (Notes 28, 30, 31 and 33)	310,455	1	362,810	2	383,878	2
Right-of-use assets (Note 14)	175,272	1	129,164	1	161,218	1	Total non-current liabilities	486,792	2	493,511	2	548,667	2
Investment properties (Note 15)	644,637	3	730,506	4	670,574	3	Total liabilities	7,852,609	39	5,190,467	26	13,659,083	53
Intangible assets (Note 16)	71,459	-	76,898	-	45,669	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 21, 26 and 27)						
Deferred tax assets - non-current (Notes 4 and 24)	8,240	-	9,191	-	12,042	-	Share capital						
Other non-current assets (Notes 17, 30 and 33)	802,672	4	847,020	4	1,119,832	4	Ordinary shares	1,201,369	6	1,201,369	6	1,201,369	5
Total non-current assets	4,885,021	24	5,010,901	25	4,824,825	19	Capital surplus	1,690,916	8	1,690,740	8	1,611,204	6
							Retained earnings						
							Legal reserve	1,801,820	9	1,801,820	9	1,200,307	5
							Special reserve	105,464	1	105,464	-	180,223	1
							Unappropriated earnings	4,615,236	23	6,961,331	35	5,274,603	20
							Total retained earnings	6,522,520	33	8,868,615	44	6,655,133	26
							Other equity						
							Exchange differences on translating the financial statements of foreign operations	10,526	-	9,186	-	7,693	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(196,098)	(1)	(290,948)	(1)	(122,809)	(1)
							Total other equity	(185,572)	(1)	(281,762)	(1)	(115,116)	(1)
							Treasury shares	(56,009)	-	(56,009)	-	(35,747)	-
							Total equity attributable to owners of the Company	9,173,224	46	11,422,953	57	9,316,843	36
							NON-CONTROLLING INTERESTS (Notes 12, 21 and 27)	3,030,431	15	3,342,919	17	2,898,097	11
							Total equity	12,203,655	61	14,765,872	74	12,214,940	47
TOTAL	\$ 20,056,264	100	\$ 19,956,339	100	\$ 25,874,023	100	TOTAL	\$ 20,056,264	100	\$ 19,956,339	100	\$ 25,874,023	100

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

(With Deloitte & Touche review report dated May 4, 2023)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three-Month Periods Ended March 31			
	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 22 and 31)	\$ 3,600,616	100	\$ 5,593,610	100
OPERATING COSTS (Notes 11, 23 and 33)	<u>2,516,016</u>	<u>70</u>	<u>2,582,267</u>	<u>46</u>
GROSS PROFIT	<u>1,084,600</u>	<u>30</u>	<u>3,011,343</u>	<u>54</u>
OPERATING EXPENSES (Notes 10, 23 and 31)				
Selling and marketing expenses	68,564	2	99,474	2
General and administrative expenses	135,563	4	214,192	4
Research and development expenses	493,516	14	746,913	13
Expected credit loss	<u>152</u>	<u>-</u>	<u>3,162</u>	<u>-</u>
Total operating expenses	<u>697,795</u>	<u>20</u>	<u>1,063,741</u>	<u>19</u>
OTHER OPERATING INCOME AND EXPENSES (Note 23)	<u>269</u>	<u>-</u>	<u>298</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>387,074</u>	<u>10</u>	<u>1,947,900</u>	<u>35</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 31)				
Interest income	33,984	1	19,773	-
Other income	13,123	-	29,464	1
Other gains and losses	20,553	1	71,497	1
Finance costs	<u>(843)</u>	<u>-</u>	<u>(1,098)</u>	<u>-</u>
Total non-operating income and expenses	<u>66,817</u>	<u>2</u>	<u>119,636</u>	<u>2</u>
INCOME BEFORE INCOME TAX	453,891	12	2,067,536	37
INCOME TAX EXPENSE (Notes 4 and 24)	<u>78,079</u>	<u>2</u>	<u>399,483</u>	<u>7</u>
NET INCOME	<u>375,812</u>	<u>10</u>	<u>1,668,053</u>	<u>30</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	97,299	3	(29,126)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	1,579	-	23,242	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	<u>1,405</u>	<u>-</u>	<u>(528)</u>	<u>-</u>
Other comprehensive (loss) income for the period, net of income tax	<u>100,283</u>	<u>3</u>	<u>(6,412)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 476,095</u>	<u>13</u>	<u>\$ 1,661,641</u>	<u>30</u>

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three-Month Periods Ended March 31			
	2023		2022	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 296,916	8	\$ 1,417,887	25
Non-controlling interests	<u>78,896</u>	<u>2</u>	<u>250,166</u>	<u>5</u>
	<u>\$ 375,812</u>	<u>10</u>	<u>\$ 1,668,053</u>	<u>30</u>
 TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 393,106	11	\$ 1,409,719	25
Non-controlling interests	<u>82,989</u>	<u>2</u>	<u>251,922</u>	<u>5</u>
	<u>\$ 476,095</u>	<u>13</u>	<u>\$ 1,661,641</u>	<u>30</u>
 EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 2.48</u>		<u>\$ 11.82</u>	
Diluted	<u>\$ 2.45</u>		<u>\$ 11.63</u>	

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

(With Deloitte & Touche review report dated May 4, 2023)

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Company (Notes 21, 26 and 27)											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Share	Total	Non-controlling Interests (Notes 12, 21 and 27)	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE, JANUARY 1, 2022	120,137	\$ 1,201,369	\$ 1,610,911	\$ 1,200,307	\$ 180,223	\$ 7,699,611	(\$ 14,086)	(\$ 91,377)	(\$ 31,783)	\$ 11,755,175	\$ 3,441,892	\$ 15,197,067
Appropriation of 2021 earnings												
Cash dividends distributed by the Company	-	-	-	-	-	(3,844,380)	-	-	-	(3,844,380)	-	(3,844,380)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(3,964)	(3,964)	(4,644)	(8,608)
Other changes in capital surplus												
Changes in percentage of ownership interests in subsidiaries	-	-	293	-	-	-	-	-	-	293	(293)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,485	-	(1,485)	-	-	-	-
Net income for the three-month periods ended March 31, 2022	-	-	-	-	-	1,417,887	-	-	-	1,417,887	250,166	1,668,053
Other comprehensive income (loss) for the three-month periods ended March 31, 2022	-	-	-	-	-	-	21,779	(29,947)	-	(8,168)	1,756	(6,412)
Total comprehensive income (loss) for the three-month periods ended March 31, 2022	-	-	-	-	-	1,417,887	21,779	(29,947)	-	1,409,719	251,922	1,661,641
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	642	642
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(791,422)	(791,422)
BALANCE, MARCH 31, 2022	120,137	\$ 1,201,369	\$ 1,611,204	\$ 1,200,307	\$ 180,223	\$ 5,274,603	\$ 7,693	(\$ 122,809)	(\$ 35,747)	\$ 9,316,843	\$ 2,898,097	\$ 12,214,940
BALANCE, JANUARY 1, 2023	120,137	\$ 1,201,369	\$ 1,690,740	\$ 1,801,820	\$ 105,464	\$ 6,961,331	\$ 9,186	(\$ 290,948)	(\$ 56,009)	\$ 11,422,953	\$ 3,342,919	\$ 14,765,872
Appropriation of 2022 earnings												
Cash dividends distributed by the Company	-	-	-	-	-	(2,643,011)	-	-	-	(2,643,011)	-	(2,643,011)
Other changes in capital surplus												
Changes in percentage of ownership interests in subsidiaries	-	-	176	-	-	-	-	-	-	176	(176)	-
Net income for the three-month periods ended March 31, 2023	-	-	-	-	-	296,916	-	-	-	296,916	78,896	375,812
Other comprehensive income (loss) for the three-month periods ended March 31, 2023	-	-	-	-	-	-	1,340	94,850	-	96,190	4,093	100,283
Total comprehensive income (loss) for the three-month periods ended March 31, 2023	-	-	-	-	-	296,916	1,340	94,850	-	393,106	82,989	476,095
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	411	411
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(395,712)	(395,712)
BALANCE, MARCH 31, 2023	120,137	\$ 1,201,369	\$ 1,690,916	\$ 1,801,820	\$ 105,464	\$ 4,615,236	\$ 10,526	(\$ 196,098)	(\$ 56,009)	\$ 9,173,224	\$ 3,030,431	\$ 12,203,655

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

(With Deloitte & Touche review report dated May 4, 2023)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Three-Month Periods Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 453,891	\$ 2,067,536
Adjustments for:		
Depreciation expense	92,962	83,037
Amortization expense	14,319	11,132
Expected credit loss on trade receivables	152	3,162
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(25,267)	(4,118)
Finance costs	843	1,098
Interest income	(33,984)	(19,773)
Dividend income	(4,879)	(18,009)
Loss on disposal of property, plant and equipment	18	-
Write-down of inventories	44,428	14,805
Impairment loss on prepayment for purchase	4,565	-
Unrealized net loss (gain) on foreign currency exchange	12,270	(68,511)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	9,306	(85,392)
Receivables from related parties	1,469	691
Other receivables	2,617	(73,093)
Inventories	1,237,576	(982,309)
Prepayments	40,910	47,426
Other current assets	(3,933)	(1,668)
Trade payables	(38,739)	327,084
Other payables	(513,101)	132,587
Other payables to related parties	63	(105)
Other current liabilities	103,170	82,261
Net defined benefit liabilities	(554)	(583)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	<u>50,076</u>	<u>247,965</u>
Cash generated from operations	1,448,178	1,765,223
Interest received	20,978	13,108
Interest paid	(74)	(216)
Income tax paid	<u>(1,564)</u>	<u>(1,247)</u>
Net cash generated from operating activities	<u>1,467,518</u>	<u>1,776,868</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	-	58,125
Purchase of financial assets measured at cost	(1,332,682)	(818,024)
Proceeds from the return of principal of financial assets at amortized cost	2,117,247	966,791

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three-Month Periods Ended March 31	
	2023	2022
Acquisitions of financial assets at fair value through profit or loss	(\$ 63,205)	(\$ 206,097)
Disposal of financial assets at fair value through profit or loss	29,965	162,498
Increase in prepayments for investments	-	(40,200)
Acquisition of property, plant and equipment	(120,040)	(128,863)
Increase in refundable deposits	(1,193)	(60)
Decrease in refundable deposits	60,031	142
Acquisition of intangible assets	(14,095)	(17,126)
Dividends received	<u>4,879</u>	<u>18,009</u>
Net cash generated from (used in) investing activities	<u>680,907</u>	(<u>4,805</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	25,000	500,150
Repayments of short-term borrowings	(43,045)	(356,130)
Increase in guarantee deposits	-	44,439
Decrease in guarantee deposits	(46,919)	-
Repayment of the principal portion of lease liabilities	(13,000)	(12,707)
Payments for buy back of treasury shares	-	(8,608)
Employee compensation issued in the form of stock that are not vested	<u>411</u>	<u>642</u>
Net cash (used in) generated from financing activities	(<u>77,553</u>)	<u>167,786</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(<u>4,294</u>)	<u>83,465</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,066,578	2,023,314
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>5,661,717</u>	<u>7,930,508</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 7,728,295</u>	<u>\$ 9,953,822</u>

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

(With Deloitte & Touche review report dated May 4, 2023)

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Sitronix Technology Corporation (the “Company”) was incorporated in Taipei City, Taiwan (ROC) in July 1992 and commenced operations in the same year. The principal place of business is located in Tai Yuen Hi-Tech Industrial Park, Hsinchu County. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips and focuses on display driver ICs (DDIs) for entry-level mobile phones, industrial displays and automotive systems.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 25, 2003.

In order to improve the Company’s overall operating performance and increase market competitiveness, the Company reorganized the Group’s structure, carried out a professional division of labor and coordinated the allocation of the Group’s resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Company’s board of directors resolved to spin off the automotive business division to the Company’s subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on May 4, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024(Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - 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

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

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

- 1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosure required for a complete set of annual consolidated financial statements prepared under the IFRSs.

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 12 and Tables 6 and 7 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Defined benefit – retirement benefits

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

2) Income tax expense

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

As developing critical accounting estimates, the Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

6. CASH AND CASH EQUIVALENTS

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Bank deposits	\$ 6,156,198	\$ 4,307,822	\$ 7,264,898
Cash on hand	276	291	316
Cash equivalents	1,571,821	1,353,604	2,688,608
	<u>\$ 7,728,295</u>	<u>\$ 5,661,717</u>	<u>\$ 9,953,822</u>

The market rate intervals of bank deposits and cash equivalents at the end of the reporting period were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Bank deposits	0.001%~4.35%	0.001%~4.20%	0.001%~1.00%
Cash equivalents	0.70%~4.45%	0.58%~4.20%	0.25%~2.40%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets at FVTPL - current</u>			
Mandatorily measured at FVTPL			
Derivative financial assets			
Credit linked notes - linked with			
Convertible bonds	\$ 223,279	\$ 22,774	\$ 10,870
Equity linked notes	45,629	15,355	14,199
Foreign exchange forward contracts	43,495	49,170	72,102
Non-derivative financial assets			
Domestic mutual fund investments	199,058	190,223	490,431
Convertible bonds	106,466	104,835	86,474
Exchangeable bonds	40,800	40,080	-
Domestic listed shares	2,205	2,197	2,843
	<u>\$ 660,932</u>	<u>\$ 424,634</u>	<u>\$ 676,919</u>

(Continued)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets at FVTPL - non-current</u>			
Mandatorily measured at FVTPL			
Derivative financial assets			
Credit linked notes - linked with			
Convertible bonds	\$ 190,208	\$ 400,431	\$ 293,718
Non-derivative financial assets			
Limited partnership	62,834	34,768	37,457
	<u>\$ 253,042</u>	<u>\$ 435,199</u>	<u>\$ 331,175</u>
<u>Financial liabilities at FVTPL - current</u>			
Mandatorily measured at FVTPL			
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 33,359</u>	<u>\$ 37,725</u>	<u>\$ 46,050</u>
			(Concluded)

At the end of the reporting period, outstanding foreign exchange forward contracts and foreign exchange swaps not under hedge accounting were as follows:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
<u>March 31, 2023</u>			
Sell forward exchange contracts	USD/NTD	2023.04.06-2024.03.25	US\$46,000/NT\$1,370,861
Buy forward exchange contracts	NTD/USD	2023.04.10-2024.03.21	NT\$1,360,725/US\$46,000
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD/NTD	2023.01.17-2023.09.26	US\$44,000/NT\$1,322,023
Buy forward exchange contracts	NTD/USD	2023.01.13-2023.09.28	NT\$1,310,577/US\$44,000
<u>March 31, 2022</u>			
Sell forward exchange contracts	USD/NTD	2022.04.22-2023.03.22	US\$51,000/NT\$1,413,825
Buy forward exchange contracts	NTD/USD	2022.04.20-2023.03.20	NT\$1,416,398/US\$52,000

The Group entered into foreign exchange forward contracts and foreign exchange swaps to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Investments in equity instruments at FVTOCI	\$ 514,814	\$ 474,029	\$ 677,806
Investments in debt instruments at FVTOCI	89,322	90,177	-
	<u>\$ 604,136</u>	<u>\$ 564,206</u>	<u>\$ 677,806</u>
			(Continued)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Non-current</u>			
Investments in equity instruments at FVTOCI	\$ 696,837	\$ 640,322	\$ 749,360
Investments in debt instruments at FVTOCI	310,393	309,780	161,432
	<u>\$1,007,230</u>	<u>\$ 950,102</u>	<u>\$ 910,792</u>
			(Concluded)

a. Investments in equity instruments at FVTOCI

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Domestic investments			
Listed shares (1)	\$ 514,814	\$ 474,029	\$ 629,013
Foreign investments			
Listed shares	-	-	48,793
	<u>\$ 514,814</u>	<u>\$ 474,029</u>	<u>\$ 677,806</u>
<u>Non-current</u>			
Domestic investments			
Unlisted equity investments (1)	\$ 216,374	\$ 193,708	\$ 190,494
Foreign investments			
Unlisted equity investments (1)	480,463	446,614	558,866
	<u>\$ 696,837</u>	<u>\$ 640,322</u>	<u>\$ 749,360</u>

- 1) These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for purposes.
- 2) For the three-month periods ended March 31, 2022, in order to manage credit concentration risk, the Group sold its preference shares and ordinary shares of domestic listed companies in the amounts of \$58,125 thousand; and transferred a gain of \$1,485 thousand from other equity to retained earnings.

b. Investments in debt instruments at FVTOCI

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Foreign corporate bonds	<u>\$ 89,322</u>	<u>\$ 90,177</u>	<u>\$ -</u>
<u>Non-current</u>			
Foreign corporate bonds	<u>\$ 310,393</u>	<u>\$ 309,780</u>	<u>\$ 161,432</u>

- 1) In 2020, the Group purchased foreign corporate bonds for US\$5,822 thousand with a coupon rate of 3.375%-5.65%.
- 2) In 2022, the Group purchased foreign corporate bonds for US\$8,012 thousand with a coupon rate of 2.75%-4.125%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months (a)	\$ 807,200	\$ 1,659,100	\$ 3,090,200
Pledged fixed deposits (b)	825,124	757,789	739,753
	<u>\$ 1,632,324</u>	<u>\$ 2,416,889</u>	<u>\$ 3,829,953</u>
<u>Non-current</u>			
Foreign investments			
Foreign corporate bonds (c)	<u>\$ 30,721</u>	<u>\$ 30,983</u>	<u>\$ 28,976</u>

- a. The interest rates for time deposits with original maturities of more than 3 months ranged from 0.395%-1.60%、0.27%-1.60% and 0.10%-0.95% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.
- b. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.
- c. In August 2016, the Group purchased the priority unsecured US dollar debt issued by Formosa Group (Cayman) Limited at US\$1,028 thousand, with an expiry date of April 22, 2025 and the coupon rate of 3.375%.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ -	\$ 79	\$ 157
Less: Allowance for impairment loss	-	-	-
	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ 157</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,226,513	\$ 1,247,779	\$ 2,112,843
Less: Allowance for impairment loss	(21,487)	(21,338)	(26,972)
	<u>\$ 1,205,026</u>	<u>\$ 1,226,441</u>	<u>\$ 2,085,871</u>

(Continued)

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<u>Other receivables</u>			
Income tax refund receivable	\$ 77,589	\$ 73,876	\$ 140,833
Interest receivables	29,758	16,752	18,374
Others	1,875	8,209	3,289
	<u>\$ 109,222</u>	<u>\$ 98,837</u>	<u>\$ 162,496</u>

(Concluded)

The credit period of sales of goods was 5-135 days. No interest was charged on trade receivables. The Group adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own historical trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

March 31, 2023

	<u>Not Past Due</u>	<u>Up to</u> <u>60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,217,234	\$ 4,682	\$ -	\$ 4,597	\$ 1,226,513
Loss allowance (Lifetime ECLs)	(15,073)	(1,817)	-	(4,597)	(21,487)
Amortized cost	<u>\$ 1,202,161</u>	<u>\$ 2,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205,026</u>

December 31, 2022

	<u>Not Past Due</u>	<u>Up to</u> <u>60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,241,830	\$ 1,313	\$ 2	\$ 4,634	\$ 1,247,779
Loss allowance (Lifetime ECLs)	(15,389)	(1,313)	(2)	(4,634)	(21,338)
Amortized cost	<u>\$ 1,226,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,441</u>

March 31, 2022

	<u>Not Past Due</u>	<u>Up to</u> <u>60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 2,103,144	\$ 3,138	\$ -	\$ 6,561	\$ 2,112,843
Loss allowance (Lifetime ECLs)	(17,296)	(3,115)	-	(6,561)	(26,972)
Amortized cost	<u>\$ 2,085,848</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,085,871</u>

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

	For the three-month periods ended March 31, 2023	For the three -month periods ended March 31, 2022
Balance at January 1	\$ 21,338	\$ 23,789
Add: Net remeasurement of loss allowance	152	3,162
Change in exchange rates or others	(3)	21
Balance at March 31	<u>\$ 21,487</u>	<u>\$ 26,972</u>

Compared with January 1, 2023, the total carrying amount of trade receivables as of March 31, 2023 decreased by a net amount of \$21,266 thousand, and the loss allowance increased by \$149 thousand; the total carrying amount of trade receivables as of March 31, 2022 increased by a net amount of \$137,659 thousand, and the loss allowance increased by \$3,183 thousand.

11. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 1,044,038	\$ 1,452,658	\$ 1,344,167
Work in progress	1,766,298	2,356,694	1,746,433
Raw materials	303,732	585,369	322,336
Merchandise	3,271	4,622	5,136
	<u>\$ 3,117,339</u>	<u>\$ 4,399,343</u>	<u>\$ 3,418,072</u>

For the three-month periods ended March 31, 2023 and 2022, the cost of inventories recognized as cost of goods sold were \$2,516,016 thousand and \$2,582,267 thousand, respectively.

For the three-month periods ended March 31, 2023 and 2022, the cost of goods sold includes inventory write-downs of \$44,428 thousand and \$14,805 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	Proportion of Ownership (%)		
			March 31, 2023	December 31, 2022	March 31, 2022
Sitronix Technology Corporation	Sitronix Investment Corp.	Investment	100.00	100.00	100.00
	Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products	46.06	46.06	46.06
	INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design	58.42	58.42	58.42
	mCore Technology Corp.	Providing solutions for consumer display and voice/audio related applications.	90.73	90.73	90.73
	Forcelead Technology Corp.	R&D and sale of multi-functional integrated automotive display driver ICs	70.76	70.76	83.48
	Sync-Tech System Corp.	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	42.86	42.86	45.73
	Sitronix Holding International Ltd. (Holding Ltd.)	Investment	100.00	100.00	100.00
	HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	100.00	100.00	100.00
	HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	90.00	90.00	90.00

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		
			March 31, 2023	December 31, 2022	March 31, 2022
Sitronix Technology Corporation	ezGreen Inc.	Software design and electronic information supply services	100.00	100.00	100.00
	Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	100.00	100.00	100.00
	HeFei Sitronix Technology Co., Ltd.	R&D, sale and provision of after-sales services and related technical consultancy services of integrated circuits and system hardware and software	100.00	100.00	100.00
Sitronix Investment Corp.	Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products	-	-	-
	INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design	-	-	-

(Concluded)

The financial statements as of and for the three months ended March 31, 2023 and 2022 of above subsidiaries, except for Sensortek Technology Corp. and Forcelead Technology Corp., were not reviewed.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's shareholding ratio of Sensortek Technology Corp. was 46.06%. Since Sensortek Technology Corp. is a TPEX listed company in the Republic of China, the remaining 53.94% of the shares held are widely dispersed. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sensortek Technology Corp., therefore, it is classified as a subsidiary.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's shareholding ratio of Sync-Tech System Corp. was 42.86%, 42.86% and 45.73%, respectively and was the largest single shareholder of the latter. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sync-Tech System Corp. therefore, it is classified as a subsidiary.

Refer to Note 27 for the acquisitions and disposals of investments in subsidiaries.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2023	December 31, 2022	March 31, 2022
Sensortek Technology Corp.	Taiwan	53.94 %	53.94 %	53.94 %
INFSitronix Technology Corp.	Taiwan	41.58 %	41.58 %	41.58 %
Forcelead Technology Corp.	Taiwan	29.24 %	29.24 %	16.52 %
Sync-Tech System Corp.	Taiwan	57.14 %	57.14 %	54.27 %

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests		
	For the three-month periods ended March 31		March 31, 2023	December 31, 2022	March 31, 2022
	2023	2022			
Sensortek Technology Corp.	\$ 57,048	\$ 182,917	\$2,017,824	\$2,352,651	\$ 2,112,136
INFSitronix Technology Corp.	(4,570)	2,085	43,522	48,092	58,820
Forcelead Technology Corp.	24,400	39,213	484,576	460,157	315,424

(Continued)

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				
	For the three-month periods ended March 31		Accumulated Non-controlling Interests		
	2023	2022	March 31, 2023	December 31, 2022	March 31, 2022
Sync-Tech System Corp.	\$ 954	\$ 19,739	\$ 424,993	\$ 423,804	\$ 354,672
Others	1,064	6,212	59,516	58,215	57,045
Total	\$ 78,896	\$ 250,166	\$ 3,030,431	\$ 3,342,919	\$ 2,898,097

(Concluded)

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations:

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 7,218,996	\$ 6,994,769	\$ 10,177,578
Non-current assets	2,047,317	2,106,299	1,991,966
Current liabilities	(2,607,490)	(1,921,690)	(5,139,332)
Non-current liabilities	(263,015)	(273,354)	(299,376)
Equity	\$ 6,395,808	\$ 6,906,024	\$ 6,730,836
Equity attributable to:			
Owners of the Company	\$ 3,344,611	\$ 3,560,428	\$ 3,830,175
Non-controlling interests of subsidiaries	3,051,197	3,345,596	2,900,661
	\$ 6,395,808	\$ 6,906,024	\$ 6,730,836

	For the three-month periods ended March 31	
	2023	2022
Revenue	\$ 1,613,257	\$ 2,400,308
Net income	\$ 179,525	\$ 617,501
Other comprehensive income (loss)	43,537	(8,943)
Total comprehensive income	\$ 223,062	\$ 608,558
Profit attributable to:		
Owners of the Company	\$ 101,913	\$ 373,756
Non-controlling interests of the subsidiaries	77,612	243,745
	\$ 179,525	\$ 617,501
Total comprehensive income attributable to:		
Owners of the Company	\$ 121,985	\$ 369,697
Non-controlling interests of the subsidiaries	101,077	238,861
	\$ 223,062	\$ 608,558
Net cash in flow (outflow) from		
Operating activities	\$ 597,248	\$ 388,760
Investing activities	294,531	(160,514)
Financing activities	(176)	170,893

(Continued)

	For the three-month periods ended March 31	
	2023	2022
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(3,925)	19,090
Net cash inflow	<u>\$ 887,678</u>	<u>\$ 418,229</u>
		(Concluded)

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Test Equipment	Office Equipment	Property Under Construction	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 269,162	\$ 939,233	\$ 233,840	\$1,023,980	\$ 28,188	\$ -	\$2,494,403
Additions	-	1,771	13,717	132,526	876	-	148,890
Disposals	-	(2,378)	(487)	(158,190)	(32)	-	(161,087)
Effect of foreign currency exchange differences	-	2,799	86	1,306	198	-	4,389
Balance at March 31, 2022	<u>\$ 269,162</u>	<u>\$ 941,425</u>	<u>\$ 247,156</u>	<u>\$ 999,622</u>	<u>\$ 29,230</u>	<u>\$ -</u>	<u>\$2,486,595</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 186,484	\$ 118,574	\$ 716,698	\$ 12,097	\$ -	\$1,033,853
Additions	-	7,627	9,056	50,421	919	-	68,023
Disposals	-	(2,378)	(487)	(158,190)	(32)	-	(161,087)
Effect of foreign currency exchange differences	-	379	59	714	107	-	1,259
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 192,112</u>	<u>\$ 127,202</u>	<u>\$ 609,643</u>	<u>\$ 13,091</u>	<u>\$ -</u>	<u>\$ 942,048</u>
Carrying amount at January 1, 2022	<u>\$ 269,162</u>	<u>\$ 752,749</u>	<u>\$ 115,266</u>	<u>\$ 307,282</u>	<u>\$ 16,091</u>	<u>\$ -</u>	<u>\$1,460,550</u>
Carrying amount at March 31, 2022	<u>\$ 269,162</u>	<u>\$ 749,313</u>	<u>\$ 119,954</u>	<u>\$ 389,979</u>	<u>\$ 16,139</u>	<u>\$ -</u>	<u>\$1,544,547</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 298,723	\$ 977,129	\$ 284,661	\$ 905,299	\$ 30,831	\$ 210,635	\$2,707,278
Additions	-	2,614	11,508	68,100	636	-	82,858
Disposals	-	(953)	(1,774)	(69,290)	-	-	(72,017)
Reclassification	22,903	69,072	-	-	-	-	91,975
Effect of foreign currency exchange differences	-	409	20	336	28	1,099	1,892
Balance at March 31, 2023	<u>\$ 321,626</u>	<u>\$1,048,271</u>	<u>\$ 294,415</u>	<u>\$ 904,445</u>	<u>\$ 31,495</u>	<u>\$ 211,734</u>	<u>\$2,811,986</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 216,018	\$ 154,136	\$ 519,443	\$ 15,843	\$ -	\$ 905,440
Additions	-	8,450	10,179	58,283	1,005	-	77,917
Disposals	-	(953)	(1,756)	(69,290)	-	-	(71,999)
Reclassification	-	8,568	-	-	-	-	8,568
Effect of foreign currency exchange differences	-	88	11	196	17	-	312
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 232,171</u>	<u>\$ 162,570</u>	<u>\$ 508,632</u>	<u>\$ 16,865</u>	<u>\$ -</u>	<u>\$ 920,238</u>
Carrying amount at January 1, 2023	<u>\$ 298,723</u>	<u>\$ 761,111</u>	<u>\$ 130,525</u>	<u>\$ 385,856</u>	<u>\$ 14,988</u>	<u>\$ 210,635</u>	<u>\$1,801,838</u>
Carrying amount at March 31, 2023	<u>\$ 321,626</u>	<u>\$ 816,100</u>	<u>\$ 131,845</u>	<u>\$ 395,813</u>	<u>\$ 14,630</u>	<u>\$ 211,734</u>	<u>\$1,891,748</u>

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

Buildings	
Main buildings	40-51 years
Renovation construction / Lease improvement	3-15 years
Machinery equipment	3-6 years
Test equipment	1-6 years
Office equipment	3-6 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Buildings	\$ 111,778	\$ 122,161	\$ 152,621
Land	54,210	-	-
Office equipment	8,971	6,666	8,187
Machinery equipment	313	337	410
	<u>\$ 175,272</u>	<u>\$ 129,164</u>	<u>\$ 161,218</u>
	For the three-month periods ended March 31		
	2023	2022	
Additions to right-of-use assets	<u>\$ 58,566</u>	<u>\$ 8,748</u>	
Depreciation charge for right-of-use assets			
Buildings	\$ 10,508	\$ 10,906	
Land	455	-	
Office equipment	1,596	1,560	
Machinery equipment	24	24	
	<u>\$ 12,583</u>	<u>\$ 12,490</u>	

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Group's right-of-use assets for the three-month periods ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	<u>\$ 48,159</u>	<u>\$ 45,301</u>	<u>\$ 46,447</u>
Non-current	<u>\$ 131,245</u>	<u>\$ 87,613</u>	<u>\$ 116,533</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	1.250%~4.750%	1.250%~4.750%	1.250%~4.750%
Land	1.250%	-	-
Office equipment	1.250%~2.110%	1.250%~1.920%	1.250%~1.895%
Machinery equipment	1.250%	1.250%	1.250%

c. Material lease activities and terms

The Group leases various assets including land, buildings, office equipment and machinery equipment with lease terms between 2-20 years. The leased land is used for constructing a factory building with lease contracts adjusted payment every 2 years on the announced land value. The leased building includes factory and offices, and the leased office equipment includes rental cars. The Group does not have bargain purchase or renewal options to acquire or renew the leases when they expire.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

	For the three-month periods ended March 31	
	2023	2022
Expenses relating to short-term leases	\$ 908	\$ 352
Expenses relating to low-value asset leases	\$ 44	\$ 9
Total cash outflow for leases	\$ 13,952	\$ 13,068

The Group's leases of certain parking spaces qualify as short-term leases and leases of machinery qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022 and March 31, 2022	\$ 210,648	\$ 508,152	\$ 718,800
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 45,702	\$ 45,702
Additions	-	2,524	2,524
Balance at March 31, 2022	\$ -	\$ 48,226	\$ 48,226
Carrying amount at January 1, 2022	\$ 210,648	\$ 462,450	\$ 673,098
Carrying amount at March 31, 2022	\$ 210,648	\$ 459,926	\$ 670,574
<u>Cost</u>			
Balance at January 1, 2023	\$ 245,266	\$ 541,530	\$ 786,796
Reclassification	(22,903)	(69,072)	(91,975)
Balance at March 31, 2023	\$ 222,363	\$ 472,458	\$ 694,821
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 56,290	\$ 56,290
Additions	-	2,462	2,462
Reclassification	-	(8,568)	(8,568)
Balance at March 31, 2023	\$ -	\$ 50,184	\$ 50,184

(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amount at January 1, 2023	\$ 245,266	\$ 485,240	\$ 730,506
Carrying amount at March 31, 2023	<u>\$ 222,363</u>	<u>\$ 422,274</u>	<u>\$ 644,637</u>

(Concluded)

Except for the situation that Sync-Tech System Corp. has not yet leased out its investment properties, the above-mentioned investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The future minimum lease payments of operating lease commitments were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Year 1	\$ 15,599	\$ 17,095	\$ 17,728
Years 1~5	21,914	23,600	9,160
	<u>\$ 37,513</u>	<u>\$ 40,695</u>	<u>\$ 26,888</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives for 50 to 51 years.

The determination of fair values of the Group's investment properties was performed by independent qualified professional vaulters of the China Real Estate Appraising Firm using Level 3 inputs. The evaluation is based on the cost method and the weighted average of the income method and the market comparison method. The significant unobservable input used include the discount rate. Management of the Group had assessed and determined that, compared with December 31, 2022, there were no significant change in fair value of March 31, 2023.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fair value	<u>\$ 904,343</u>	<u>\$ 904,343</u>	<u>\$ 822,144</u>

All of the Group's investment properties were held under freehold interests.

16. INTANGIBLE ASSETS

	<u>Royalty</u>	<u>Computer Software</u>	<u>Specialized Technology</u>	<u>Total</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 136,219	\$ 138,764	\$ -	\$ 274,983
Additions	752	7,423	-	8,175
Disposals	(2,447)	(4,711)	-	(7,158)
Effect of foreign currency exchange differences	-	103	-	103
Balance at March 31, 2022	<u>\$ 134,524</u>	<u>\$ 141,579</u>	<u>\$ -</u>	<u>\$ 276,103</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 123,260	\$ 103,149	\$ -	\$ 226,409
Amortization expenses	3,207	7,925	-	11,132
Disposals	(2,447)	(4,711)	-	(7,158)
Effect of foreign currency exchange differences	-	51	-	51

(Continued)

	<u>Royalty</u>	<u>Computer Software</u>	<u>Specialized Technology</u>	<u>Total</u>
Balance at March 31, 2022	\$ 124,020	\$ 106,414	\$ -	\$ 230,434
Carrying amount at January 1, 2022	\$ 12,959	\$ 35,615	\$ -	\$ 48,574
Carrying amount at March 31, 2022	\$ 10,504	\$ 35,165	\$ -	\$ 45,669
<u>Cost</u>				
Balance at January 1, 2023	\$ 140,911	\$ 201,792	\$ 500	\$ 343,203
Additions	1,095	7,766	-	8,861
Disposals	(1,084)	(8,424)	-	(9,508)
Effect of foreign currency exchange differences	-	29	-	29
Balance at March 31, 2023	\$ 140,922	\$ 201,163	\$ 500	\$ 342,585
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 132,356	\$ 133,928	\$ 21	\$ 266,305
Amortization expenses	1,957	12,300	62	14,319
Disposals	(1,084)	(8,424)	-	(9,508)
Effect of foreign currency exchange differences	-	10	-	10
Balance at March 31, 2023	\$ 133,229	\$ 137,814	\$ 83	\$ 271,126
Carrying amount at January 1, 2023	\$ 8,555	\$ 67,864	\$ 479	\$ 76,898
Carrying amount at March 31, 2023	\$ 7,693	\$ 63,349	\$ 417	\$ 71,459

(Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Royalty	2-8 years
Computer software	2-10 years
Specialized technology	2 years

17. OTHER ASSETS

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Other current assets</u>			
Provisional payments	\$ 8,771	\$ 3,143	\$ 7,346
Others	5,103	6,798	5,208
	<u>\$ 13,874</u>	<u>\$ 9,941</u>	<u>\$ 12,554</u>

Prepayments

Prepayments	\$ 26,950	\$ 34,085	\$ 52,822
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(Continued)

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Input tax and offset against business tax	\$ 26,006	\$ 50,796	\$ 81,831
Prepaid probe cards	20,692	42,245	24,689
Prepayment for purchase (a)	21,291	8,291	28,009
Prepayments for investment	-	-	40,200
Others	5,156	6,465	3,973
	<u>\$ 100,095</u>	<u>\$ 141,882</u>	<u>\$ 231,524</u>

Other non-current assets

Refundable deposits (b)	\$ 581,843	\$ 651,206	\$ 666,217
Long-term prepayment for purchase (a)	170,076	179,402	391,176
Prepayments for equipment	50,753	16,412	62,439
	<u>\$ 802,672</u>	<u>\$ 847,020</u>	<u>\$ 1,119,832</u>

(Concluded)

- a. The Group has signed long-term purchase agreements with fabs, and the prepayment has been made in advance according to the agreements, please refer to Note 33 for the details.
- b. Please refer to Note 33 for details of the contract terms related to the long-term capacity guarantee agreements.

18. SHORT-TERM BORROWINGS

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<u>unsecured borrowings</u>			
Bank loans	\$ -	\$ 18,119	\$ 200,375

The range of weighted average effective interest rates on bank loans was 4.97% and 0.86%-0.95% as of December 31, 2022 and March 31, 2022, respectively.

19. OTHER LIABILITIES

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 999,793	\$ 1,464,877	\$ 1,560,946
Payables for equipment	48,272	51,691	131,227
Payables for research	28,331	40,588	37,227
Others	254,444	296,336	291,154
	<u>\$ 1,330,840</u>	<u>\$ 1,853,492</u>	<u>\$ 2,020,554</u>
Other current liabilities			
Contract liabilities	\$ 211,263	\$ 135,268	\$ 152,150
Temporary receipts	27,067	5,967	16,952
Others	18,695	12,620	9,460
	<u>\$ 257,025</u>	<u>\$ 153,855</u>	<u>\$ 178,562</u>

20. RETIREMENT BENEFIT PLANS

Defined benefit plan expenses for the three-month periods ended March 31, 2023 and 2022, were calculated based on actuarial assumptions and pension cost rates as at December 31, 2022 and 2021; the above amounts were calculated at \$98 thousand, and \$65 thousand, respectively.

21. EQUITY

a. Share capital

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Number of shares authorized (in thousands)	200,000	200,000	200,000
Share capital	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Number of shares issued and fully paid (in thousands)	120,137	120,137	120,137
Shares issued	\$ 1,201,369	\$ 1,201,369	\$ 1,201,369

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The authorized number of shares include 20,000 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 401,995	\$ 401,995	\$ 401,995
Conversion of bonds	335,041	335,041	335,041
Treasury share transactions	8,114	8,114	1,658
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interests in subsidiaries (2)	945,766	945,590	872,510
	<u>\$ 1,690,916</u>	<u>\$ 1,690,740</u>	<u>\$ 1,611,204</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set in the Company's Articles of Incorporation (the "Articles"), the board of directors is authorized to adopt a special resolution to distribute all or part of the dividends

and bonuses in cash, and a report of such distribution should be submitted in the latest shareholders' meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be distributed in the following order:

- 1) Utilized for paying taxes.
- 2) Offsetting losses of previous years.
- 3) Setting aside as a legal reserve of 10% of the remaining profit (legal reserve that has reached the company's paid-in capital is not subject to this condition).
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 23(h).

The distribution of dividends to shareholders of the Company can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balance of dividends and long-term financial planning of the Company, the board of directors plans to distribute the case to the shareholders' meeting.

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

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

	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 363,285	\$ 601,513
Appropriations (Reversals) special reserve	\$ 182,761	(\$ 74,759)
Cash dividends	\$ 2,643,011	\$ 3,844,380
Cash dividends per share (NT\$)	\$ 22	\$ 32

The above appropriations for cash dividends were resolved by the Company's board of directors on March 16, 2023 and March 17, 2022, respectively; the other proposed appropriations for 2021 were resolved by the shareholders in their meeting on June 23, 2022, and for 2022 has yet to be resolved at the shareholders' meeting to be held on June 21, 2023.

d. Special reserve

	For the three-month periods ended March 31	
	2023	2022
Balance at January 1 and March 31	\$ 105,464	\$ 180,223

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the three-month periods ended March 31	
	2023	2022
Balance at January 1	\$ 9,186	(\$ 14,086)
Exchange differences on translating the financial statements of foreign operations	1,340	21,779
Balance at March 31	\$ 10,526	\$ 7,693

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the three-month periods ended March 31	
	2023	2022
Balance at January 1	(\$ 290,948)	(\$ 91,377)
Recognized for the period		
Unrealized (loss) gain - debt instruments	1,482	(1,219)
Unrealized (loss) gain - equity instruments	93,368	(28,728)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	(1,485)
Balance at March 31	(\$ 196,098)	(\$ 122,809)

f. Non-controlling interests

	For the three-month periods ended March 31	
	2023	2022
Balance at January 1	\$ 3,342,919	\$ 3,441,892
Share attributable to non-controlling interests:		
Share in profit for the period	78,896	250,166
Exchange difference on translating the financial statements of foreign operations	239	1,463
Financial assets at FVTOCI	3,854	293
The Company's shares held by its subsidiaries treated as treasury shares	-	(4,644)

(Continued)

	For the three-month periods ended March 31	
	2023	2022
Cash dividends distributed by subsidiaries	(\$ 395,712)	(\$ 791,422)
Changes in non-controlling interests in the current period (Note 27)	235	349
Balance at March 31	<u>\$ 3,030,431</u>	<u>\$ 2,898,097</u>

(Concluded)

g. Treasury shares

The Company's shares held by its subsidiary	Number of Shares
Number of shares at January 1 and March 31, 2023	<u>606,000</u>
Number of shares at January 1, 2022	329,000
Increase during the period	<u>30,000</u>
Number of shares at March 31, 2022	<u>359,000</u>

The Company's shares held by its subsidiary at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Amount	Market Price
<u>March 31, 2023</u>			
Sensortek Technology Corp.	606,000	\$ 143,925	\$ 143,925
<u>December 31, 2022</u>			
Sensortek Technology Corp.	606,000	\$ 107,565	\$ 107,565
<u>March 31, 2022</u>			
Sensortek Technology Corp.	359,000	\$ 104,290	\$ 104,290

The Company's shares held by its subsidiary are treated as treasury shares.

22. REVENUE

a. Disaggregation of revenue

Product	For the three-month periods ended March 31	
	2023	2022
Integrated circuits	\$3,500,375	\$5,424,255
Others	<u>100,241</u>	<u>169,355</u>
	<u>\$ 3,600,616</u>	<u>\$ 5,593,610</u>

Primary geographical markets	For the three-month periods ended March 31	
	2023	2022
Hong Kong	\$2,914,215	\$4,388,773
Vietnam	229,920	338,824
Taiwan	165,232	373,260
China	100,730	197,974
Others	190,519	294,779
	<u>\$ 3,600,616</u>	<u>\$5,593,610</u>

The basis of calculation of the Group's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.

b. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Trade receivables (Note 10)	\$ 1,205,026	\$ 1,226,441	\$ 2,085,871	\$ 1,951,395
Trade receivables from related parties (Note 31)	-	1,469	24	715
	<u>\$ 1,205,026</u>	<u>\$ 1,227,910</u>	<u>\$ 2,085,895</u>	<u>\$ 1,952,110</u>
Contract liabilities - current (Note 19)				
Sales of goods	<u>\$ 211,263</u>	<u>\$ 135,268</u>	<u>\$ 152,150</u>	<u>\$ 75,623</u>

Revenue recognized in the current period that was included in the contract liability balance at the beginning of the year is as follows:

	For the three-month periods ended March 31	
	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sales of goods	<u>\$ 105,157</u>	<u>\$ 60,614</u>

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

23. NET PROFIT

a. Other operating income and expense

	For the three-month periods ended March 31	
	2023	2022
Gain on sublease of right-of-use assets	\$ 287	\$ 298
Loss on disposal of property, plant and equipment	(18)	-
	<u>\$ 269</u>	<u>\$ 298</u>

b. Interest income

	For the three-month periods ended March 31	
	2023	2022
Financial assets at amortized cost	\$ 27,751	\$ 17,090
Financial assets at FVTPL	2,608	1,226
Investments in debt instruments at FVTOCI	3,566	1,444
Others	59	13
	<u>\$ 33,984</u>	<u>\$ 19,773</u>

c. Other income

	For the three-month periods ended March 31	
	2023	2022
Rental income	\$ 6,788	\$ 5,820
Dividend income	4,879	18,009
Government grants income	1,093	5,486
Others	363	149
	<u>\$ 13,123</u>	<u>\$ 29,464</u>

d. Other gains and losses

	For the three-month periods ended March 31	
	2023	2022
Net foreign exchange (losses) gains	(\$ 2,252)	\$ 69,912
Gain on financial assets designated as at FVTPL	25,267	4,118
Depreciation of investment property	(2,462)	(2,524)
Other losses	-	(9)
	<u>\$ 20,553</u>	<u>\$ 71,497</u>

e. Finance costs

	For the three-month periods ended March 31	
	2023	2022
Interest on loans	\$ 23	\$ 195
Interest on lease liabilities	778	864
Other interest expenses	42	39
	<u>\$ 843</u>	<u>\$ 1,098</u>

f. Depreciation and amortization

	For the three-month periods ended March 31	
	2023	2022
Property, plant and equipment	\$ 77,917	\$ 68,023
Investment properties	2,462	2,524
Right-of-use assets	12,583	12,490
Intangible assets	14,319	11,132
	<u>\$ 107,281</u>	<u>\$ 94,169</u>
An analysis of depreciation by function		
Operating expenses	\$ 74,834	\$ 61,958
Operating costs	15,666	18,555
Depreciation of investment property	2,462	2,524
	<u>\$ 92,962</u>	<u>\$ 83,037</u>
An analysis of amortization by function		
Operating expenses	\$ 14,255	\$ 10,656
Operating costs	64	476
	<u>\$ 14,319</u>	<u>\$ 11,132</u>

g. Employee benefits expense

	For the three-month periods ended March 31	
	2023	2022
Short-term benefits	\$ 516,711	\$ 889,706
Post-employment benefits		
Defined contribution plans	15,129	13,363
Defined benefit plans (Note 20)	101	71
	<u>\$ 531,941</u>	<u>\$ 903,140</u>
An analysis of employee benefits expense by function		
Operating expenses	\$ 476,386	\$ 828,525
Operating costs	55,555	74,615
	<u>\$ 531,941</u>	<u>\$ 903,140</u>

h. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 25%, and rates of no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the three-month periods ended March 31, 2023 and 2022, respectively, are as follows:

Amount

	For the three-month periods ended March 31	
	2023	2022
Employees' compensation	\$ 26,722	\$ 127,438
Remuneration of directors	\$ 4,008	\$ 25,488

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

The employees' compensation and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 16, 2023 and March 17, 2022, respectively, are as follows:

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 317,180	\$ -	\$ 539,474	\$ -
Remuneration of directors	58,816	-	96,163	-

There is no difference between the actual amount of employees' compensation and remuneration of directors resolved by the Board of Directors and the amount recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the three-month periods ended March 31	
	2023	2022
	Foreign exchange gains	\$ 40,660
Foreign exchange losses	(42,912)	(97,242)
Net (losses) benefit	(\$ 2,252)	\$ 69,912

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

	For the three-month periods ended March 31	
	2023	2022
	Current tax	
In respect of the current period	\$ 74,571	\$ 400,582
Adjustments for prior years	-	(1,905)
	74,571	398,677
Deferred tax		
In respect of the current period	3,508	806
Income tax expense recognized in profit or loss	\$ 78,079	\$ 399,483

b. Income tax assessments

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

25. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the three-month periods ended March 31	
	2023	2022
Basic earnings per share	\$ 2.48	\$ 11.82
Diluted earnings per share	\$ 2.45	\$ 11.63

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

Net income

	For the three-month periods ended March 31	
	2023	2022
Net income for the period	\$ 296,916	\$ 1,417,887
Earnings used in the computation of basic earnings per share	\$ 296,916	\$ 1,417,887
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	\$ 296,916	\$ 1,417,887

Shares

	Unit: in thousands of shares	
	For the three-month periods ended March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	119,858	119,977
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,271	1,970
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	121,129	121,947

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

26. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of Forcelead Technology Corp.

The board of directors of Forcelead Technology Corp. approved the issuance of 1,000 thousand units of employee share option certificates on August 16, 2022. Each unit of share option certificate can be exchanged for 1 ordinary share. The share option certificates can be issued all at once or split into several issues after the approval date of the board of directors, the actual issuance date is to be fixed by the Chairman. Eligible employees are limited to full-time employees and those under certain requirements within Forcelead Technology Corp. and the employees of controlling or controlled entity who meet certain terms. The holder of the share option certificates can exercise the options at any time after the date of issuance.

The information on employee share option is summarized as follows:

	2022 Year Share Option Plan	
	Number of Shares (In Thousands)	Weighted-average Exercise Price(NT\$)
Balance at January 1	-	\$ -
Options granted	1,000	58.00
Options exercised	(1,000)	58.00
Options forfeited	-	-
Balance at December 31	-	-

Per the employee share option plan of 2022, Forcelead Technology Corp. distributed 1,000 thousand units of employee share option certificates to its employees on August 16, 2022. The Black-Scholes Pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

	<u>August 2022</u>
Grant date share price (NT\$)	\$ 54.83
Exercise price (NT\$)	\$ 58.00
Expected volatility rate	35.61%
Option life	0.012 years
Dividend yield	-
Risk-free interest rate	0.73%
Share options fair value (NT\$)	\$ 0.07

Compensation costs of the Group's employee share option plans were \$70 thousand of 2022.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On August 24, 2022, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Group's shareholding percentage decreased from 72.88% to 70.76%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp. on June 28, 2022, the Group's shareholding percentage decreased from 83.48% to 72.88%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 17, 2022, the Group's shareholding percentage decreased from 45.73% to 42.86%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

For the three-month periods ended March 31, 2023

	Sync-Tech System Corp.
Cash consideration received	\$ 411
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(235)
Differences recognized from equity transactions	<u>\$ 176</u>

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 176</u>
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For the three-month periods ended March 31, 2022

	Sync-Tech System Corp.
Cash consideration received	\$ 642
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(349)
Differences recognized from equity transactions	<u>\$ 293</u>

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 293</u>
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28. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

For the three-month periods ended March 31, 2023

	January 1, 2023	Cash Flows	Foreign Exchange Movement	New Leases	Others (Note)	March 31, 2023
Short-term borrowings	\$ 18,119	\$ (18,045)	\$ (74)	\$ -	\$ -	\$ -
Lease liabilities	132,914	(13,000)	146	58,566	778	179,404
Guarantee deposits received	352,371	(46,919)	(5,455)	-	-	299,997
	<u>\$ 503,404</u>	<u>\$ (77,964)</u>	<u>\$ (5,383)</u>	<u>\$ 58,566</u>	<u>\$ 778</u>	<u>\$ 479,401</u>

For the three-month periods ended March 31, 2022

	January 1, 2022	Cash Flows	Foreign Exchange Movement	New Leases	Others (Note)	March 31, 2022
Short-term borrowings	\$ 55,360	\$ 144,020	\$ 995	\$ -	\$ -	\$ 200,375
Lease liabilities	165,525	(12,707)	1,285	8,013	864	162,980
Guarantee deposits received	316,468	44,439	11,927	-	-	372,834
	<u>\$ 537,353</u>	<u>\$ 175,752</u>	<u>\$ 14,207</u>	<u>\$ 8,013</u>	<u>\$ 864</u>	<u>\$ 736,189</u>

Note: Others comprises with interest expense of lease liabilities.

29. CAPITAL RISK MANAGEMENT

The objectives, policies and process of capital risk management and the capital structures of the Group in these consolidated financial statements were applied as the same as in the preparation of the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 29 to the consolidated financial statements for the year ended December 31, 2022 for details.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets recognized in the financial statements are relatively close to their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 199,058	\$ -	\$ -	\$ 199,058
Convertible bonds	106,466	-	-	106,466
Exchangeable bonds	40,800	-	-	40,800
Domestic listed shares	2,205	-	-	2,205
Limited partnership	-	-	62,834	62,834
Derivative financial assets				
Credit linked notes - linked with Convertible bonds	-	413,487	-	413,487
Equity-linked notes	-	45,629	-	45,629
Foreign exchange forward contracts	-	43,495	-	43,495
	<u>\$ 348,529</u>	<u>\$ 502,611</u>	<u>\$ 62,834</u>	<u>\$ 913,974</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 514,814	\$ -	\$ -	\$ 514,814
Domestic unlisted equity investments	-	-	216,374	216,374
Foreign unlisted equity investments	-	-	480,463	480,463
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	399,715	-	399,715
	<u>\$ 514,814</u>	<u>\$ 399,715</u>	<u>\$ 696,837</u>	<u>\$ 1,611,366</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 33,359	\$ -	\$ 33,359

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 190,223	\$ -	\$ -	\$ 190,223
Convertible bonds	104,835	-	-	104,835
Exchangeable bonds	40,080	-	-	40,080
Domestic listed shares	2,197	-	-	2,197
Limited partnership	-	-	34,768	34,768
Derivative financial assets				
Credit linked notes - linked with Convertible bonds	-	423,205	-	423,205
Foreign exchange forward contracts	-	49,170	-	49,170
Equity-linked notes	-	15,355	-	15,355
	<u>\$ 337,335</u>	<u>\$ 487,730</u>	<u>\$ 34,768</u>	<u>\$ 859,833</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 474,029	\$ -	\$ -	\$ 474,029
Domestic unlisted equity investments	-	-	193,708	193,708
Foreign unlisted equity investments	-	-	446,614	446,614
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	399,957	-	399,957
	<u>\$ 474,029</u>	<u>\$ 399,957</u>	<u>\$ 640,322</u>	<u>\$ 1,514,308</u>

Financial liabilities at FVTPL

Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 37,725	\$ -	\$ 37,725

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 490,431	\$ -	\$ -	\$ 490,431
Convertible bonds	86,474	-	-	86,474
Domestic listed shares	2,843	-	-	2,843
Limited partnership	-	-	37,457	37,457
Derivative financial assets				
Credit linked notes - linked with Convertible bonds	-	304,588	-	304,588
Equity-linked notes	-	14,199	-	14,199
Foreign exchange forward contracts	-	72,102	-	72,102
	<u>\$ 579,748</u>	<u>\$ 390,889</u>	<u>\$ 37,457</u>	<u>\$ 1,008,094</u>

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 629,013	\$ -	\$ -	\$ 629,013
Foreign listed shares	48,793	-	-	48,793
Domestic unlisted equity investments	-	-	190,494	190,494
Foreign unlisted equity investments	-	-	558,866	558,866
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	161,432	-	161,432
	<u>\$ 677,806</u>	<u>\$ 161,432</u>	<u>\$ 749,360</u>	<u>\$ 1,588,598</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 46,050</u>	<u>\$ -</u>	<u>\$ 46,050</u>
				(Concluded)

For the three-month periods ended March 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Foreign bonds	Based on the public market quotes provided by third -party agencies.
Credit linked notes – linked with Convertible bonds	Based on the public market quotation of convertible bond, the parameters of the repurchase, the coupon interest and the interest compensation are considered as the basis for fair value measurement.
Equity-linked notes	Base on the public market quotation of stock, the parameters of the repurchase and the interest compensation are considered as the basis for fair value measurement.
Derivatives - foreign exchange forward contracts and foreign exchange swaps contracts	Discounted cash flow method: Estimate the future cash flow at the end of the period by observing the forward exchange rate and the exchange rate and interest rate set by the contract, and have already discounted the discount rate of each counterparty's credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic and foreign unlisted equity investment is evaluated by the net asset value method. The management of the Group evaluates the target of such equity investments with the active market quotation, and the net asset amount tends to the fair value of the equity investments.

Domestic unlisted equity investment and the domestic limited partnership are valued using the net

asset value method. The management of the Group evaluates that the amount of the net assets of this investment is equivalent to its fair value. The evaluation covers the total value of the investment's individual assets and liabilities, which reflects the value of the entity or business.

4) Adjustment of financial instruments measured using Level 3 fair values

The Group's financial assets under level 3 fair value measurement are financial instruments at FVTPL and equity instruments measured at fair value through other comprehensive income.

For the three-month periods ended March 31, 2023

	Financial instruments at FVTPL	Equity instruments at FVTOCI	Total
Balance at January 1	\$ 34,768	\$ 640,322	\$ 675,090
Additions	17,500	-	17,500
Recognized under profit or loss	10,566	-	10,566
Recognized under other comprehensive income	-	56,515	56,515
Balance at March 31	<u>\$ 62,834</u>	<u>\$ 696,837</u>	<u>\$ 759,671</u>

For the three-month periods ended March 31, 2022

	Financial instruments at FVTPL	Equity instruments at FVTOCI	Total
Balance at January 1	\$ 18,067	\$ 790,532	\$ 808,599
Additions	20,000	-	20,000
Recognized under profit or loss	(610)	-	(610)
Recognized under other comprehensive income	-	(41,172)	(41,172)
Balance at March 31	<u>\$ 37,457</u>	<u>\$ 749,360</u>	<u>\$ 786,817</u>

c. Categories of financial instrument

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 913,974	\$ 859,833	\$ 1,008,094
Financial assets at amortized cost (1)	11,301,305	10,097,562	16,740,070
Financial assets at FVTOCI			
Equity instruments	1,211,651	1,114,351	1,427,166
Debt instruments	399,715	399,957	161,432
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	33,359	37,725	46,050
Financial liabilities at amortized cost(2)	5,636,479	3,222,220	10,114,831

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, pledged fixed deposits, time deposits with original maturities of more than 3 months, notes receivable and trade receivables (including receivables from related parties), other receivables, other

current assets and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable and accounts payable, other payables (including other payables to related parties), dividends payable, other current liabilities and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change in the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and CNY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

	USD		JPY		CNY	
	Impact		Impact		Impact	
	For the three-month periods ended March 31		For the three-month periods ended March 31		For the three-month periods ended March 31	
	2023	2022	2023	2022	2023	2022
Profit or loss	\$ 56,816	\$ 58,548	\$ 729	(\$ 335)	\$ 9,753	\$ 5,456

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates.

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Fair value interest rate risk			
Financial assets	\$ 7,307,132	\$ 5,658,100	\$ 9,762,613
Financial liabilities	-	18,147	143,129
Cash flow interest rate risk			
Financial assets	2,476,967	2,841,123	4,203,030
Financial liabilities	-	-	57,265

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three-month periods ended March 31, 2023 and 2022 would increase/decrease by \$2,477 thousand and \$4,146 thousand, which was mainly attributable to the Group's exposure to interest rates on variable-rate net assets. The Group's pre-tax other comprehensive income for the three-month periods ended March 31, 2023 and 2022 would decrease/increase by \$400 thousand and \$161 thousand, respectively, which was mainly a result of the changes in the fair value of investments in fixed-rate debt instruments at FVTOCI.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities, convertible bonds, exchangeable bond, structured notes of listed companies and mutual fund investments. The Group does not actively trade these investments. The Group's equity price risk is mainly concentrated in equity instruments operating in the semiconductor industry, finance and insurance industries structured notes, and exchange-traded funds quoted on the Taiwan Stock Exchange and Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the three-month periods ended March 31, 2023 and 2022 would have increased/decreased by \$40,382 thousand and \$44,927 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. Pre-tax other comprehensive income for the three-month periods ended March 31, 2023 and 2022 would have increased/decreased by \$25,741 thousand and \$33,890 thousand, respectively,

as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Group assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition the Group reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with sound credit ratings, the credit risk is limited.

Apart from customers whose accounts receivable constitute more than 10% of the Group's total accounts receivable, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk is minimal because the customers which account for more than 10% of the Group's accounts receivable balance are creditworthy companies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Non-derivative financial liabilities						
Non-interest bearing liabilities	\$ 552,066	\$ 1,442,227	\$ 3,342,189	\$ -	\$ -	\$ 5,336,482
Lease liabilities	4,410	8,834	37,679	93,327	45,796	190,046

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 917,812	\$ 710,676	\$ 1,223,214	\$ -	\$ 2,851,702
Lease liabilities	4,140	8,137	35,289	89,558	137,124
Fixed interest rate liabilities	18,147	-	-	-	18,147

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,340,045	\$ 3,386,121	\$ 4,815,230	\$ 207	\$ 9,541,603
Lease liabilities	4,210	8,319	36,603	119,994	169,126
Fixed interest rate liabilities	143,129	-	-	-	143,129
Variable interest rate liabilities	-	57,265	-	-	57,265

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were to differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Foreign exchange forward and foreign exchange swaps contracts</u>				
Inflows	\$ 61,250	\$ 1,080,307	\$ 1,630,004	\$ -
Outflows	(61,122)	(1,074,075)	(1,626,228)	-
	<u>\$ 128</u>	<u>\$ 6,232</u>	<u>\$ 3,776</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 526,353	\$ 693,678	\$ 1,453,231	\$ -
Outflows	(524,836)	(690,702)	(1,446,279)	-
	<u>\$ 1,517</u>	<u>\$ 2,976</u>	<u>\$ 6,952</u>	<u>\$ -</u>

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 112,826	\$ 903,192	\$ 1,886,307	\$ -
Outflows	(112,300)	(888,185)	(1,875,788)	-
	<u>\$ 526</u>	<u>\$ 15,007</u>	<u>\$ 10,519</u>	<u>\$ -</u>

c) Financing facilities

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 165,000	\$ 323,119	\$ 465,375
Amount unused	7,104,925	6,602,121	5,446,250
	<u>\$ 7,269,925</u>	<u>\$ 6,925,240</u>	<u>\$ 5,911,625</u>

The amount of used bank facilities includes a performance guarantee of \$165,000 thousand, 305,000 thousand and 265,000 thousand which were guaranteed by the bank in respect of the Supplier purchase guarantee letter opened by the Group as of March 31, 2023, December 31, 2022 and March 31, 2022.

31. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Group and related parties are disclosed below:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Silicon Power Computer & Communications Inc.	Substantive related party
ezGlobal Corp.	Substantive related party

b. Sales of goods

<u>Related Party Category</u>	<u>For the three-month periods ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Substantive related party	\$ 24	\$ 45

The transactions for related parties were negotiated under the terms of general transactions and prices.

c. Operating expenses

<u>Related Party Category</u>	<u>For the three-month periods ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Substantive related party	\$ 201	\$ 190

The transaction in which the Group made payments of operating expenses to a related party was subject to a contractual agreement as there is no similar transaction for comparison.

d. Receivables from related parties

<u>Related Party Category</u>	<u>Line Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Substantive related party	Trade receivables from related parties	\$ -	\$ 1,469	\$ 24

The outstanding trade receivables from related parties were unsecured. No impairment losses were recognized for trade receivables from related parties.

e. Prepayments

<u>Related Party Category</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Substantive related party	\$ 290	\$ 258	\$ 529

f. Payables to related parties

<u>Related Party Category</u>	<u>Line Item</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Substantive related party	Other payables to related parties	\$ 245	\$ 182	\$ 105

The outstanding trade payables to related parties are unsecured.

g. Lease arrangement - the Group is lessor

Operating Lease

Future lease receivables are as follows:

Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Substantive related party	\$ 2,034	\$ 508	\$ 2,034

Lease income was as follows:

Related Party Category	For the three-month periods ended March 31	
	2023	2022
Substantive related party	\$ 513	\$ 511

The terms of transactions between the Group and its related parties for the collection of rent are based on the terms of contractual agreements as there were no similar transactions for comparison.

Related Party Category	For the three-month periods ended March 31	
	2023	2022
<u>Deposit interest</u>		
Substantive related party	\$ 5	\$ 3

h. Guarantee deposits received

Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Substantive related party	\$ 356	\$ 356	\$ 356

The guarantee deposits received are mainly generated from the rental deposits.

i. Remuneration of key management personnel

	For the three-month periods ended March 31	
	2023	2022
Short-term employee benefits	\$ 57,964	\$ 63,159
Post-employment benefits	453	447
	\$ 58,417	\$ 63,606

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and the Group's profits.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Pledged deposits	<u>\$ 825,124</u>	<u>\$ 757,789</u>	<u>\$ 739,753</u>

Pledged deposits are classified as financial assets measured at amortized cost - current.

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the significant commitments of the Group at the balance sheet date are as follows:

a. Long-term purchase agreements

The Group entered into long-term purchase agreements of materials with suppliers during 2021. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Group in accordance with the agreements. The Group has paid the suppliers USD32,901 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement. The Group evaluates that one of the obligation of long-term purchase agreement can't be fulfilled. Hence, the Company decided to write off some portion of prepayments of the purchase, the impairment loss was classified as operating cost. This estimation could be adjusted due to the market demand fluctuates in the future.

b. Long-term supply agreements

The Group entered into long-term supply agreements of products with clients from 2021 to March 31, 2023. Both parties agreed that during the contract period, the Group would deliver the products to clients in accordance with the agreements. The Group has collected USD2,221 thousand as guarantee to ensure the supply of products. The rights and obligations of both parties are based on the content of each agreement.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 84,668	30.450	\$ 85,538	30.710	\$ 181,729	28.625
JPY	108,199	0.2288	90,498	0.2324	42,331	0.2353
CNY	44,024	4.431	41,270	4.408	24,218	4.506
<u>Non-monetary items</u>						
USD	25,070	30.450	22,770	30.710	25,755	28.625
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	47,350	30.450	48,551	30.710	140,822	28.625
JPY	44,492	0.2288	31,704	0.2324	70,843	0.2353
CNY	1	4.431	-	4.408	1	4.506

The Group is mainly exposed to the USD, JPY and CNY. The following information was aggregated by the functional currencies of the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

<u>Foreign Currency</u>	<u>For the three-month periods ended March 31, 2023</u>		<u>For the three-month periods ended March 31, 2022</u>	
	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (Losses)</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gains (Losses)</u>
NTD	1(NTD:NTD)	\$ (1,413)	1(NTD:NTD)	\$ 70,107
CNY	4.431(CNY:NTD)	(839)	4.506(CNY:NTD)	(195)
		<u>\$ (2,252)</u>		<u>\$ 69,912</u>

35. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions and b. information on investees:
 - 1) Financing provided to others: Table 1 (attached)
 - 2) Endorsements/guarantees provided: Table 2 (attached)
 - 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: Note 7 and Note 30.
 - 10) Intercompany relationships and significant intercompany transactions: Table 5 (attached)
 - 11) Information on investees: Table 6 (attached)
- c. Information on investments in mainland China: Table 7 and 8 (attached)

In the preparation of the consolidated financial statements, major transactions between parent and subsidiary companies and their balances have been fully eliminated.

- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

36. SEGMENT INFORMATION

The operating decision makers of the Group use the distribution of resources and the evaluation of segment performance to focus on the financial information of the Group as a whole, while individual companies have similar economic characteristics, and individual companies have used similar processes to produce similar products and sell them through the same sales method, so the Company and its subsidiaries are reported by the single operating department.

The Company and its subsidiaries provide the segment information reviewed by the operating decision maker on the same basis as the financial statements, and the profit and loss, assets and liabilities of the operating department are measured on the same basis as the combined financial report preparation. Therefore, the segment income and operating results for the three-month periods ended March 31, 2023 and 2022 can be referenced by the combined consolidated income and loss Statement for the three-month periods ended March 31, 2023 and 2022.

Segment assets that should be reported can be found in the consolidated balance sheets for the years ended March 31, 2023, December 31, 2022 and March 31, 2022.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	mCore Technology Corp.	Other receivables from related parties	Yes	\$ 100,000	\$ 100,000	\$ -	-	For financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,284,591	\$ 4,569,181
		INFSitronix Technology Corp.	Other receivables from related parties	Yes	100,000	100,000	16,500	1.87%~1.93%	For financing	-	Working capital	-	-	-	2,284,591	4,569,181

Note 1: The description is as follows

1. Lender is numbered as 0.
2. Investee is numbered sequentially from 1.

Note 2: According to the "Financing providing and operation management method", the total amount and the available amount to any individual for lending are as follows:

1. The total amount for lending shall not exceed forty percent of SITRONIX's net worth. However the total amount lendable to any subsidiary for short-term financing could upper to the total available amount of the company.
2. The total amount for lending to or lending from any directly or indirectly hold foreign subsidiaries with 100% ownership, shall not exceed 40% of the net worth of the lending company. The total amount for lending to any individual shall not exceed 50% of the total available amount.
3. Where funds are lent to a company or business with business relationships with the Company, the total amount for lending to any individual shall not exceed the amount of business transaction between the two parties. Amount of business transaction defines the highest amount of purchase or sales.
4. The total amount for lending to any individual shall not exceed 50% of the Company's net worth for the company or firm that needs short-term financing.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	HeFei Sitronix Technology Co., Ltd.	Subsidiary	\$ 5,711,477	\$ 100,000	\$ 100,000	\$ -	\$ -	1.09	\$ 5,711,477	Yes	—	Yes
		mCore Technology Corp.	Subsidiary	5,711,477	100,000	100,000	12,520	-	1.09	5,711,477	Yes	—	—
		INFSitronix Technology Corp.	Subsidiary	5,711,477	100,000	100,000	4,568	-	1.09	5,711,477	Yes	—	—
		HeFei Sitronix Co., Ltd.	Subsidiary	5,711,477	400,000	400,000	150,728	-	4.36	5,711,477	Yes	—	Yes

Note 1: The description is as follows

1. Lender is numbered as 0.
2. Investee is numbered sequentially from 1.

Note 2: According to the “endorsement guarantee operation management measures” of Sitronix Technology Corp. The total amount of endorsement guarantee shall not exceed 50% of the net value in the latest year’s financial statements audited by CPA. The amount of endorsement guarantee for a single enterprise shall not exceed 25% of the net value of the latest year’s financial statements audited by CPA. However, the amount of endorsement guarantee for the company that directly and indirectly holds more than 50% of the voting shares of a company shall not exceed 50% of the net value of the latest year’s financial statements audited by CPA.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Bond</u>							
	FORCAY 3.375% 04/22/2025, USD Bond	-	Financial assets at amortized cost - non-current	-	\$ 30,721	-	\$ 30,721	Note 2
	TSMC ARIZONA CORP 4.125% 04/22/29, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,759	-	29,759	Note 1
	Savior Lifetec Corporation second Secured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	27,842	-	27,842	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	10,230	-	10,230	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	-	20,400	-	20,400	Note 1
	Topco Technologies Corp. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	21,600	-	21,600	Note 1
	<u>Derivatives</u>							
	3M USD FCN [TSM+NVDA] 13.53% 05/16/2023	-	Financial assets at fair value through profit or loss - current	-	15,339	-	15,339	Note 1
	3M USD FCN [TSM+AMD] 11.21% 06/14/2023	-	Financial assets at fair value through profit or loss - current	-	15,272	-	15,272	Note 1
	3M USD FCN [TSM+AMD] 15.94% 06/30/2023	-	Financial assets at fair value through profit or loss - current	-	15,018	-	15,018	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	40,158	-	40,158	Note 1
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,108	-	35,108	Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,059	-	20,059	Note 1
	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,056	-	30,056	Note 1
	Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,143	-	30,143	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	50,044	-	50,044	Note 1
	<u>Fund</u>							
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	5,504	63,241	-	63,241	Note 1
	UPAMC CB Strategy Fund	-	Financial assets at fair value through profit or loss - current	10,000	105,109	-	105,109	Note 1
UPAMC Taiwan Smart Strategy Fund	-	Financial assets at fair value through profit or loss - current	1,000	9,350	-	9,350	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Stock</u> Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7	\$ 396	-	\$ 396	Note 1
	Silicon Power Computer & Communications Inc.	Substantive related party	Investments in equity instruments at fair value through other comprehensive income - current	4,199	121,972	-	121,972	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	29	1,479	-	1,479	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E (2)	-	Investments in equity instruments at fair value through other comprehensive income - current	181	8,806	-	8,806	Note 1
	Kwong Lung Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	146	7,972	-	7,972	Note 1
	WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	690	34,051	-	34,051	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	250	24,900	-	24,900	Note 1
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,000	49,200	-	49,200	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	175	10,797	-	10,797	Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	131	7,847	-	7,847	Note 1
	Nan Ya Plastics Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	150	11,625	-	11,625	Note 1
	G-Tech Electronics Limited	-	Investments in equity instruments at fair value through other comprehensive income - current	307	-	2	-	
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	120	249,052	-	249,052	Note 3
	Fong Huang Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	31,951	9	31,951	Note 3
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	30,824	7	30,824	Note 3
	Top Taiwan XIII Venture Capital Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	10,000	105,661	12	105,661	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Fong Huang IV Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	1,500	\$ 17,114	6	\$ 17,114	Note 3
	<u>Limited Partnership</u> CDIB-Innolux Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	5,000	62,834	-	62,834	Note 3
Sitronix Investment Corp.	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	112	231,411	-	231,411	Note 3
Sensortek Technology Corp.	<u>Bond</u> CHLEAS 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	59,548	-	59,548	Note 1
	TSMC ARIZONA CORP 4.125% 04/22/29 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,759	-	29,759	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,157	-	29,157	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,792	-	28,792	Note 1
	HSBC 3.75% 05/24/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	14,854	-	14,854	Note 1
	FORCAY 3.375% 04/22/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	14,706	-	14,706	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	29,360	-	29,360	Note 1
	AcBel Polytech Inc. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	8,780	-	8,780	Note 1
	Elite Material Co., Ltd. fifth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	5,178	-	5,178	Note 1
	MIC fourth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	3,476	-	3,476	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	-	20,400	-	20,400	Note 1
	<u>Derivatives</u> Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,143	-	30,143	Note 1
	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,056	-	30,056	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,026	-	30,026	Note 1
	Yeong Guan Energy Technology Group Co., Ltd. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	12,941	-	12,941	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note	
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Sensortek Technology Corp	Anli International Co., Ltd. first Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	\$ 9,870	-	\$ 9,870	Note 1	
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,108	-	35,108	Note 1	
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,111	-	30,111	Note 1	
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,059	-	20,059	Note 1	
	RiTdisplay Corporation second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	9,605	-	9,605	Note 1	
	<u>Stock</u>								
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	2,000	98,400	-	98,400	Note 1	
	FuBon Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	800	49,360	-	49,360	Note 1	
	Tai Shin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	609	31,059	-	31,059	Note 1	
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	300	29,880	-	29,880	Note 1	
	Powertech Technology Inc.	-	Investments in equity instruments at fair value through other comprehensive income - current	171	15,561	-	15,561	Note 1	
	Taiwan Cement Corp.	-	Investments in equity instruments at fair value through other comprehensive income - current	69	2,528	-	2,528	Note 1	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	32	1,809	-	1,809	Note 1	
Sitronix Technology Corp.		The Parent Company	Investments in equity instruments at fair value through other comprehensive income - non-current	606	143,925	-	143,925	Note 1	
	<u>Equity Investment</u>								
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	30,824	7	30,824	Note 3	
Forcelead Technology Corp.	<u>Fund</u>								
	TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,747	21,358	-	21,358	Note 1	
	<u>Stock</u>								
	WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	190	9,377	-	9,377	Note 1	
Sitronix Holding International Ltd.	<u>Bond</u>								
	CHLEAS 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	29,774	-	29,774	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sitronix Holding International Ltd.	AT&T INC 5.35% 11/01/66 (TBB) USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	\$ 17,370	-	\$ 17,370	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,157	-	29,157	Note 1
	CITI 2.75% 04/08/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	88,047	-	88,047	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,792	-	28,792	Note 1

(Concluded)

Note 1: Calculated based on the closing price on March 31, 2023.

Note 2: Listed based on book value.

Note 3: Calculated based on the net value.

Note 4: As of March 31, 2023, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 5: The number of shares/units are in thousands.

Note 6: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 "Financial Instruments".

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Sensortek Technology Corp.	Subsidiary	Purchase	\$ 367,106	55%	Net 60 days from the ship date	\$ -	—	(\$ 284,507)	47%	—

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	Sensortek Technology Corp.	from the parent company to the subsidiary	Sales	\$ 11,705	—	-
				Purchases	367,106	—	10%
				Trade receivables	7,909	—	-
				Other receivables	338,155	—	2%
				Trade payables	284,507	—	1%
		Forcelead Technology Corp.	from the parent company to the subsidiary	Sales	13,985	—	-
				Purchases	15,354	—	-
				Other receivables	8,111	—	-
				Trade receivables	7,027	—	-
				Trade payables	13,397	—	-
INFSitronix Technology Corp.	from the parent company to the subsidiary	Guarantee deposit received	13,523	—	-		
		Other receivables	19,059	—	-		
mCore Technology Corp.	from the parent company to the subsidiary	Sales	5,310	—	-		
		Trade receivables	2,832	—	-		
Sync-Tech System Corp.	from the parent company to the subsidiary	Other payables	3,172	—	-		
		Manufacturing expenses	3,021	—	-		
Sitronix Technology (Shenzhen) Co., Ltd.	from the parent company to the subsidiary	Professional service fees	37,960	—	1%		
HeFei Sitronix Co., Ltd.	from the parent company to the subsidiary	Purchases	3,960	—	-		
1	Forcelead Technology Corp.	Sync-Tech System Corp.	from the subsidiary to the subsidiary	Other payables	2,925	—	-
				Manufacturing expenses	2,789	—	-

Note 1: The purchase transactions of the Company and its subsidiaries, their trading prices and collection conditions, are not significantly different from those of non-subsidiaries, and the rest of the transactions with the subsidiaries are calculated in accordance with the contractual agreements.

Note 2: The transaction of the Forcelead Technology Corp. and the Sync-Tech System Corp. is calculated according to mutual agreements.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Foreign Currencies in Thousands)		Balance as of March 31, 2023			Net Income (Loss) of the Investee	Share of (Loss) Profit
				March 31, 2023	December 31, 2022	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount		
The Company	Sitronix Investment Corp.	Taiwan	Investment	\$ 367,270	\$ 367,270	33,249	100.00	\$ 239,271	(\$ 1,199)	(\$ 1,199)
	Forcelead Technology Corp.	Taiwan	R&D and sale of multi-functional integrated automotive display driver ICs	717,634	717,634	24,337	70.76	1,172,670	83,459	59,059
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	113,318	113,318	22,530	46.06	1,682,614	105,773	48,720
	mCore Technology Corp.	Taiwan	Providing solutions for consumer display and voice/audio related applications.	131,074	131,074	9,583	90.73	117,936	(1,096)	(995)
	Sync-Tech System Corp.	Taiwan	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	160,554	160,554	12,160	42.86	320,604	1,285	551
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	193,559	193,559	9,796	58.42	61,676	(10,992)	(6,422)
	ezGreen Inc.	Taiwan	Software design and electronic information supply services	160,000	100,000	16,000	100.00	59,191	(10,351)	(10,351)
	Sitronix Holding International Ltd.	Samoa	Investment	182,700 (USD 6,000)	182,700 (USD 6,000)	6,000	100.00	205,392	1,699	1,699
Sitronix Investment Corp.	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	10	10	2	-	181	105,773	5
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	10	10	-	-	2	(10,992)	-

Note : Foreign currencies is converted into NTD using the exchange rates of the US dollar to NTD on March 31, 2023.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Foreign Currencies in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023 (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain(Loss)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward (Foreign Currencies in Thousands)	Inward (Foreign Currencies in Thousands)						
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	\$ 12,180 (USD 400)	Note 1	\$ 12,180 (USD 400)	\$ -	\$ -	\$ 12,180 (USD 400)	\$ 3,417	100	\$ 3,417	\$ 30,579	\$ 10,237
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	44,310 (CNY 10,000)	Note 4	44,310 (CNY 10,000)	-	-	44,310 (CNY 10,000)	(1,853)	100	(1,853)	18,840	-
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	221,550 (CNY 50,000)	Note 5	99,698 (CNY 22,500)	-	-	99,698 (CNY 22,500)	11,645	90	10,482	427,845	-
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip	132,930 (CNY 30,000)	Note 6	132,930 (CNY 30,000)	-	-	132,930 (CNY 30,000)	(1,925)	100	(1,925)	127,047	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023 (Foreign Currencies in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (Foreign Currencies in Thousands)	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$299,841 (USD 9,847)	\$709,820 (USD 23,311)	\$5,503,934

Note 1: Direct Investment, as of March 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is US\$400 thousand, and the investment amount of US\$400 thousand has been remitted.

Note 2: Foreign currencies are converted into NTD using the exchange rates of the US dollar and CNY to NTD on March 31, 2023.

Note 3: According to the Investment Commission, MOEA, 60% of the net value of investments in mainland China is set.

Note 4: Direct Investment, as of March 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY10,000 thousand, and the investment amount of CNY10,000 thousand has been remitted.

Note 5: Direct Investment, as of March 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY45,000 thousand, and the investment amount of CNY22,500 thousand has been remitted, and the capital increase from capital surplus in the amount of CNY22,500 thousand.

Note 6: Direct Investment, as of March 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY90,000 thousand, and the investment amount of CNY30,000 thousand has been remitted.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
 FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Relationship	Transaction Type	Total Operating Expenses		Price	Transaction Details		Notes/Trade Receivables (Payables)		Unrealized (Gain) Loss	Note
				Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Sitronix Technology (Shenzhen) Co., Ltd.	from the parent company to the subsidiary	Professional service fees	\$ 37,960	10%	Calculated based on the contract	Calculated based on the contract	No related similar transactions to follow	\$ -	-	\$ -	—