

**Sitronix Technology Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine-Month Periods Ended September 30, 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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, the related consolidated statements of changes in equity and cash flows for the nine-month periods ended of September 30, 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 September 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$2,726,129 thousand and NT\$2,509,396 thousand, respectively, representing 14.78% and 11.91%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of September 30, 2023 and 2022 were NT\$418,082 thousand and NT\$434,209 thousand, respectively, representing 8.89% and 6.43%, respectively, of the Group's consolidated total liabilities; for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of comprehensive income (loss) of these subsidiaries were NT\$(37,244) thousand, NT\$(41,682) thousand, NT\$(60,491) thousand and NT\$(46,229) thousand, respectively, representing (5.36)%, (4.90)%, (3.10)% and (1.28)%, 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 September 30, 2023 and 2022, its consolidated financial performance for the three-month periods ended September 30, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the nine-month periods ended September 30, 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

November 2, 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**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022		LIABILITIES AND EQUITY	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash and cash equivalents (Notes 6 and 31)	\$ 4,956,848	27	\$ 5,661,717	28	\$ 5,671,209	27	Short-term borrowings (Notes 18, 29 and 31)	\$ -	-	\$ 18,119	-	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	681,101	4	424,634	2	454,474	2	Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	59,064	-	37,725	-	88,160	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 31)	722,726	4	564,206	3	466,058	2	Notes payable and trade payables (Note 31)	1,519,106	8	992,089	5	2,079,144	10
Financial assets at amortized cost - current (Notes 9, 31 and 33)	2,621,549	14	2,416,889	12	1,648,297	8	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	309,307	2	611,743	3	647,404	3
Notes receivables and trade receivables (Notes 10, 22 and 31)	1,475,295	8	1,226,520	6	1,560,427	7	Other payables (Notes 19 and 31)	1,729,791	9	1,853,492	10	2,267,374	11
Notes receivables and trade receivables from related parties (Notes 22, 31 and 32)	-	-	1,469	-	640	-	Other payables to related parties (Notes 31 and 32)	119	-	182	-	212	-
Other receivables (Notes 10 and 31)	205,722	1	98,837	1	204,904	1	Current tax liabilities (Notes 4 and 24)	454,956	3	984,450	5	964,657	5
Inventories (Note 11)	2,834,529	15	4,399,343	22	5,597,993	27	Lease liabilities - current (Notes 14, 29 and 31)	46,839	-	45,301	-	46,264	-
Prepayments (Notes 17, 32 and 34)	106,828	1	141,882	1	149,069	1	Other current liabilities (Notes 19, 22 and 31)	137,969	1	153,855	1	128,026	1
Other current assets (Notes 17 and 31)	37,098	-	9,941	-	9,169	-	<b>Total current liabilities</b>	<b>4,257,151</b>	<b>23</b>	<b>4,696,956</b>	<b>24</b>	<b>6,221,241</b>	<b>30</b>
<b>Total current assets</b>	<b>13,641,696</b>	<b>74</b>	<b>14,945,438</b>	<b>75</b>	<b>15,762,240</b>	<b>75</b>	<b>NON-CURRENT LIABILITIES</b>						
<b>NON-CURRENT ASSETS</b>							Deferred tax liabilities (Notes 4, 24 and 27)	22,729	-	11,697	-	9,257	-
Financial assets at fair value through profit or loss - non-current (Notes 7 and 31)	241,256	1	435,199	2	447,016	2	Lease liabilities - non-current (Notes 14, 29 and 31)	110,234	1	87,613	-	98,988	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	1,008,165	5	950,102	5	1,025,772	5	Net defined benefit liabilities - non-current (Notes 4 and 20)	29,691	-	31,391	-	34,669	-
Financial assets at amortized cost - non-current (Notes 9, 31 and 33)	32,501	-	30,983	-	32,086	-	Other non-current liabilities (Notes 29, 31, 32 and 34)	280,396	1	362,810	2	384,884	2
Property, plant and equipment (Note 13)	1,865,758	10	1,801,838	9	1,811,259	9	<b>Total non-current liabilities</b>	<b>443,050</b>	<b>2</b>	<b>493,511</b>	<b>2</b>	<b>527,798</b>	<b>2</b>
Right-of-use assets (Note 14)	152,438	1	129,164	1	141,898	1	<b>Total liabilities</b>	<b>4,700,201</b>	<b>25</b>	<b>5,190,467</b>	<b>26</b>	<b>6,749,039</b>	<b>32</b>
Investment properties (Note 15)	639,938	4	730,506	4	733,194	3	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 21, 26 and 28)</b>						
Goodwill (Note 27)	7,074	-	-	-	-	-	Share capital						
Intangible assets (Note 16)	178,475	1	76,898	-	57,632	-	Ordinary shares	1,201,369	7	1,201,369	6	1,201,369	6
Deferred tax assets - non-current (Notes 4 and 24)	6,558	-	9,191	-	10,141	-	Capital surplus	1,718,298	9	1,690,740	8	1,690,682	8
Other non-current assets (Notes 17, 31 and 34)	674,057	4	847,020	4	1,054,288	5	Retained earnings						
<b>Total non-current assets</b>	<b>4,806,220</b>	<b>26</b>	<b>5,010,901</b>	<b>25</b>	<b>5,313,286</b>	<b>25</b>	Legal reserve	2,165,105	12	1,801,820	9	1,801,820	9
							Special reserve	288,225	1	105,464	-	105,464	-
							Unappropriated earnings	5,200,442	28	6,961,331	35	6,590,386	31
							<b>Total retained earnings</b>	<b>7,653,772</b>	<b>41</b>	<b>8,868,615</b>	<b>44</b>	<b>8,497,670</b>	<b>40</b>
							Other equity						
							Exchange differences on translating the financial statements of foreign operations	21,040	-	9,186	-	24,835	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(161,485)	(1)	(290,948)	(1)	(309,343)	(2)
							<b>Total other equity</b>	<b>(140,445)</b>	<b>(1)</b>	<b>(281,762)</b>	<b>(1)</b>	<b>(284,508)</b>	<b>(2)</b>
							Treasury shares	(56,009)	-	(56,009)	-	(51,385)	-
							<b>Total equity attributable to owners of the Company</b>	<b>10,376,985</b>	<b>56</b>	<b>11,422,953</b>	<b>57</b>	<b>11,053,828</b>	<b>52</b>
							<b>NON-CONTROLLING INTERESTS (Notes 12, 21, 27 and 28)</b>	<b>3,370,730</b>	<b>19</b>	<b>3,342,919</b>	<b>17</b>	<b>3,272,659</b>	<b>16</b>
							<b>Total equity</b>	<b>13,747,715</b>	<b>75</b>	<b>14,765,872</b>	<b>74</b>	<b>14,326,487</b>	<b>68</b>
<b>TOTAL</b>	<b>\$ 18,447,916</b>	<b>100</b>	<b>\$ 19,956,339</b>	<b>100</b>	<b>\$ 21,075,526</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 18,447,916</b>	<b>100</b>	<b>\$ 19,956,339</b>	<b>100</b>	<b>\$ 21,075,526</b>	<b>100</b>

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

(With Deloitte & Touche review report dated November 2, 2023)

# SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND NINE -MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three-Month Periods Ended September 30				For the Nine-Month Periods Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 22 and 32)	\$ 4,201,548	100	\$ 4,065,580	100	\$12,211,727	100	\$ 14,196,406	100
OPERATING COSTS (Notes 11 and 23)	<u>2,650,487</u>	<u>63</u>	<u>2,367,164</u>	<u>58</u>	<u>8,026,788</u>	<u>66</u>	<u>7,087,280</u>	<u>50</u>
GROSS PROFIT	<u>1,551,061</u>	<u>37</u>	<u>1,698,416</u>	<u>42</u>	<u>4,184,939</u>	<u>34</u>	<u>7,109,126</u>	<u>50</u>
OPERATING EXPENSES (Notes 10, 20, 23 and 32)								
Selling and marketing expenses	83,665	2	79,916	2	224,026	2	260,537	2
General and administrative expenses	167,088	4	154,770	4	465,780	4	552,135	4
Research and development expenses	604,495	14	591,763	15	1,673,847	13	2,028,512	14
Expected credit loss(gain)	( 945 )	-	( 350 )	-	292	-	( 1,379 )	-
Total operating expenses	<u>854,303</u>	<u>20</u>	<u>826,099</u>	<u>21</u>	<u>2,363,945</u>	<u>19</u>	<u>2,839,805</u>	<u>20</u>
OTHER OPERATING INCOME AND EXPENSES (Note 23)	<u>296</u>	-	<u>257</u>	-	<u>853</u>	-	<u>926</u>	-
INCOME FROM OPERATIONS	<u>697,054</u>	<u>17</u>	<u>872,574</u>	<u>21</u>	<u>1,821,847</u>	<u>15</u>	<u>4,270,247</u>	<u>30</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 32)								
Interest income	36,808	1	25,030	1	115,595	1	68,131	1
Other income	33,833	1	36,643	1	74,291	-	107,629	1
Other gains and losses	60,193	1	82,319	2	108,693	1	191,024	1
Finance costs	( 1,617 )	-	( 950 )	-	( 3,291 )	-	( 3,038 )	-
Total non-operating income and expenses	<u>129,217</u>	<u>3</u>	<u>143,042</u>	<u>4</u>	<u>295,288</u>	<u>2</u>	<u>363,746</u>	<u>3</u>
INCOME BEFORE INCOME TAX	826,271	20	1,015,616	25	2,117,135	17	4,633,993	33
INCOME TAX EXPENSE (Notes 4 and 24)	<u>113,657</u>	<u>3</u>	<u>175,106</u>	<u>4</u>	<u>309,317</u>	<u>2</u>	<u>850,589</u>	<u>6</u>
NET INCOME	<u>712,614</u>	<u>17</u>	<u>840,510</u>	<u>21</u>	<u>1,807,818</u>	<u>15</u>	<u>3,783,404</u>	<u>27</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	( 51,342 )	( 1 )	( 12,059 )	-	121,914	1	( 204,718 )	( 1 )
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of the financial statements of foreign operations	27,944	1	18,591	-	11,943	-	40,087	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	<u>6,137</u>	-	<u>3,519</u>	-	<u>12,539</u>	-	<u>2,377</u>	-
Other comprehensive (loss) income for the period, net of income tax	( 17,261 )	-	10,051	-	146,396	1	( 162,254 )	( 1 )

(Continued)

## SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three-Month Periods Ended September 30				For the Nine-Month Periods Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 695,353	17	\$ 850,561	21	\$ 1,954,214	16	\$ 3,621,150	26
NET INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 539,978	13	\$ 729,707	18	\$ 1,428,168	12	\$ 3,241,487	23
Non-controlling interests	172,636	4	110,803	3	379,650	3	541,917	4
	\$ 712,614	17	\$ 840,510	21	\$ 1,807,818	15	\$ 3,783,404	27
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 523,647	13	\$ 737,967	18	\$ 1,569,485	13	\$ 3,082,864	22
Non-controlling interests	171,706	4	112,594	3	384,729	3	538,286	4
	\$ 695,353	17	\$ 850,561	21	\$ 1,954,214	16	\$ 3,621,150	26
EARNINGS PER SHARE (Note 25)								
Basic	\$ 4.51		\$ 6.09		\$ 11.92		\$ 27.02	
Diluted	\$ 4.49		\$ 6.00		\$ 11.83		\$ 26.52	

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

(With Deloitte & Touche review report dated November 2, 2023)

(Concluded)

**SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Shareholders of the Company (Notes 21, 27 and 28)											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Share	Total	Non-controlling Interests (Notes 12,21,27 and 28)	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												
Legal reserve	-	-	-	601,513	-	( 601,513 )	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	( 3,844,380 )	-	-	-	( 3,844,380 )	-	( 3,844,380 )
Special reserve	-	-	-	-	( 74,759 )	74,759	-	-	-	-	-	-
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	( 19,602 )	( 19,602 )	( 22,957 )	( 42,559 )
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,456	-	-	-	-	-	-	6,456	7,561	14,017
Changes in percentage of ownership interests in subsidiaries	-	-	73,315	-	-	-	-	-	-	73,315	( 73,315 )	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	20,422	-	( 20,422 )	-	-	-	-
Net income for the nine-month periods ended September 30, 2022	-	-	-	-	-	3,241,487	-	-	-	3,241,487	541,917	3,783,404
Other comprehensive income (loss) for the nine-month periods ended September 30, 2022	-	-	-	-	-	-	38,921	( 197,544 )	-	( 158,623 )	( 3,631 )	( 162,254 )
Total comprehensive income (loss) for the nine-month periods ended September 30, 2022	-	-	-	-	-	3,241,487	38,921	( 197,544 )	-	3,082,864	538,286	3,621,150
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	347,300	347,300
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 966,108 )	( 966,108 )
<b>BALANCE, SEPTEMBER 30, 2022</b>	<b>120,137</b>	<b>\$ 1,201,369</b>	<b>\$ 1,690,682</b>	<b>\$ 1,801,820</b>	<b>\$ 105,464</b>	<b>\$ 6,590,386</b>	<b>\$ 24,835</b>	<b>( \$ 309,343 )</b>	<b>( \$ 51,385 )</b>	<b>\$ 11,053,828</b>	<b>\$ 3,272,659</b>	<b>\$ 14,326,487</b>
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												
Legal reserve	-	-	-	363,285	-	( 363,285 )	-	-	-	-	-	-
Special reserve	-	-	-	-	182,761	( 182,761 )	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	( 2,643,011 )	-	-	-	( 2,643,011 )	-	( 2,643,011 )
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,141	-	-	-	-	-	-	6,141	7,191	13,332
Changes in percentage of ownership interests in subsidiaries	-	-	21,417	-	-	-	-	-	-	21,417	( 21,417 )	-
Net income for the nine-month periods ended September 30, 2023	-	-	-	-	-	1,428,168	-	-	-	1,428,168	379,650	1,807,818
Other comprehensive income (loss) for the nine-month periods ended September 30, 2023	-	-	-	-	-	-	11,854	129,463	-	141,317	5,079	146,396
Total comprehensive income (loss) for the nine-month periods ended September 30, 2023	-	-	-	-	-	1,428,168	11,854	129,463	-	1,569,485	384,729	1,954,214
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	229,595	229,595
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 572,287 )	( 572,287 )
<b>BALANCE, SEPTEMBER 30, 2023</b>	<b>120,137</b>	<b>\$ 1,201,369</b>	<b>\$ 1,718,298</b>	<b>\$ 2,165,105</b>	<b>\$ 288,225</b>	<b>\$ 5,200,442</b>	<b>\$ 21,040</b>	<b>( \$ 161,485 )</b>	<b>( \$ 56,009 )</b>	<b>\$ 10,376,985</b>	<b>\$ 3,370,730</b>	<b>\$ 13,747,715</b>

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

(With Deloitte & Touche review report dated November 2, 2023)



# SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Nine-Month Periods Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,117,135	\$ 4,633,993
Adjustments for:		
Depreciation expense	278,779	264,466
Amortization expense	51,971	34,174
Expected credit loss recognized (reversed) on trade receivables	292	( 1,379 )
Net loss (gain) on fair value changes of financial assets designated as at fair value through profit or loss	( 49,882 )	11,789
Finance costs	3,291	3,038
Interest income	( 115,595 )	( 68,131 )
Dividend income	( 30,725 )	( 43,858 )
Compensation costs of share-based payments	7,580	70
Loss on disposal of property, plant and equipment	18	33
Write-down of inventories recognized (reversed)	( 94,898 )	122,589
Impairment loss on prepayment for purchase	178,142	66,440
Unrealized net gain on foreign currency exchange	( 34,062 )	( 204,251 )
Other income	-	( 125 )
Gain on modification of lease agreements	( 9 )	( 89 )
Changes in operating assets and liabilities		
Notes receivable and trade receivables	( 233,281 )	466,518
Receivables from related parties	1,469	75
Other receivables	( 99,991 )	( 125,761 )
Inventories	1,677,262	( 3,270,014 )
Prepayments	36,399	66,929
Other current assets	( 25,516 )	1,717
Notes payable and trade payables	503,497	( 498,366 )
Other payables	( 136,707 )	469,018
Other payables to related parties	( 63 )	2
Other current liabilities	( 16,050 )	31,725
Net defined benefit liabilities	( 1,700 )	( 3,608 )
Accrued profit sharing bonus to employees' compensation and remuneration of directors	( 169,735 )	( 167,684 )
Cash generated from operations	3,847,621	1,789,310
Interest received	109,060	70,157
Interest paid	( 966 )	( 566 )
Income tax paid	( 830,561 )	( 1,250,436 )
Net cash generated from operating activities	<u>3,125,154</u>	<u>608,465</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	( 72,348 )	( 261,335 )
Disposal of financial assets at fair value through other comprehensive income	-	246,107

(Continued)

## SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Nine-Month Periods Ended September 30	
	2023	2022
Purchase of financial assets measured at cost	( \$ 3,853,230 )	( \$ 2,343,796 )
Proceeds from the return of principal of financial assets at amortized cost	3,648,570	4,674,420
Acquisition of financial assets at fair value through profit or loss	( 285,847 )	( 506,992 )
Disposal of financial assets at fair value through profit or loss	294,544	596,200
Net cash flow from acquisition of subsidiaries	1,157	-
Acquisition of property, plant and equipment	( 343,084 )	( 596,641 )
Proceeds from disposal of property, plant and equipment	-	485
Increase in refundable deposits	( 1,644 )	( 3,170 )
Decrease in refundable deposits	121,350	59,988
Acquisition of intangible assets	( 92,306 )	( 52,958 )
Acquisition of investment properties	-	( 67,996 )
Dividends received	<u>30,725</u>	<u>43,858</u>
Net cash (used in) generated from investing activities	<u>( 552,113 )</u>	<u>1,788,170</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	439,302	629,537
Repayments of short-term borrowings	( 477,347 )	( 685,017 )
Repayment of bonds	( 9,000 )	-
Increase in guarantee deposits	4,615	107,300
Decrease in guarantee deposits	( 93,636 )	( 98,100 )
Repayment of the principal portion of lease liabilities	( 39,537 )	( 37,744 )
Cash dividends	( 2,629,679 )	( 3,830,363 )
Payments for buy back of treasury shares	-	( 42,559 )
Dividends paid to non-controlling interests	( 572,287 )	( 966,108 )
Increase in non-controlling interests	63,000	58,000
Employee compensation issued in the form of stock that are not vested	<u>1,002</u>	<u>1,595</u>
Net cash used in financing activities	<u>( 3,313,567 )</u>	<u>( 4,863,459 )</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>35,657</u>	<u>207,525</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>( 704,869 )</u>	<u>( 2,259,299 )</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		
	<u>5,661,717</u>	<u>7,930,508</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
	<u>\$ 4,956,848</u>	<u>\$ 5,671,209</u>

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

(With Deloitte & Touche review report dated November 2, 2023)

(Concluded)

# SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 November 2, 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. The IFRSs endorsed by the FSC for application starting from 2024

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1 : Unless stated otherwise, the above New 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.

Note 3 : The amendments provide some transition relief regarding disclosure requirements.

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.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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 21 "Lack of Exchangeability"	January 1, 2025(Note 2)

Note1 : Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2 : The Group shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the Group recognizes any effect as an adjustment to the opening balance of retained earnings. When the Group uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 7 and 8 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) Taxation

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

## 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.

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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bank deposits	\$ 3,437,110	\$ 4,307,822	\$ 4,596,679
Cash on hand	282	291	276
Cash equivalents	1,519,456	1,353,604	1,074,254
	<u>\$ 4,956,848</u>	<u>\$ 5,661,717</u>	<u>\$ 5,671,209</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bank deposits	0.001%~5.40%	0.001%~4.20%	0.001%~3.050%
Cash equivalents	1.15%~5.23%	0.58%~4.20%	0.40%~1.70%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets at FVTPL - current</u>			
Mandatorily measured at FVTPL			
Derivative financial assets			
Credit linked notes-linked with			
Convertible bonds	\$ 240,447	\$ 22,774	\$ 22,806
Foreign exchange forward contracts and foreign exchange swap contracts	67,555	49,170	97,383
Equity-linked notes	16,014	15,355	15,537
Non-derivative financial assets			
Domestic mutual fund investments	207,587	190,223	192,033

(Continued)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Convertible bonds	\$ 105,292	\$ 104,835	\$ 84,224
Exchangeable bonds	41,740	40,080	40,560
Domestic listed shares	2,466	2,197	1,931
	<u>\$ 681,101</u>	<u>\$ 424,634</u>	<u>\$ 454,474</u>

Financial assets at FVTPL - non-current

Mandatorily measured at FVTPL

Derivative financial assets

Credit linked notes - linked with  
Convertible bonds

\$ 180,508	\$ 400,431	\$ 410,151
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Non-derivative financial assets

Limited partnership

60,748	34,768	36,865
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<u>\$ 241,256</u>	<u>\$ 435,199</u>	<u>\$ 447,016</u>
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Financial liabilities at FVTPL - current

Mandatorily measured at FVTPL

Derivative financial liabilities

Foreign exchange forward contracts and  
foreign exchange swap contracts

<u>\$ 59,064</u>	<u>\$ 37,725</u>	<u>\$ 88,160</u>
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(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>September 30, 2023</u>			
Sell forward exchange contracts	USD/NTD	2023.10.05-2024.06.26	US\$43,500/NT\$1,344,750
Buy forward exchange contracts	NTD/USD	2023.10.11-2024.06.28	NT\$1,336,191/US\$43,500
<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>September 30, 2022</u>			
Sell forward exchange contracts	USD/NTD	2022.10.24-2023.09.26	US\$33,000/NT\$959,590
Buy forward exchange contracts	NTD/USD	2022.12.08-2023.09.28	NT\$886,867/US\$31,000

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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Current</u>			
Investments in equity instruments at FVTOCI	\$ 517,065	\$ 474,029	\$ 466,058
Investments in debt instruments at FVTOCI	205,661	90,177	-
	<u>\$ 722,726</u>	<u>\$ 564,206</u>	<u>\$ 466,058</u>
<u>Non-current</u>			
Investments in equity instruments at FVTOCI	\$ 741,548	\$ 640,322	\$ 607,568
Investments in debt instruments at FVTOCI	266,617	309,780	418,204
	<u>\$1,008,165</u>	<u>\$ 950,102</u>	<u>\$1,025,772</u>

### a. Investments in equity instruments at FVTOCI

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Current</u>			
Domestic investments			
Listed shares (1)	<u>\$ 517,065</u>	<u>\$ 474,029</u>	<u>\$ 466,058</u>
<u>Non-current</u>			
Domestic investments			
Unlisted equity investments (1)	\$ 213,140	\$ 193,708	\$ 180,354
Foreign investments			
Unlisted equity investments (1)	528,408	446,614	427,214
	<u>\$ 741,548</u>	<u>\$ 640,322</u>	<u>\$ 607,568</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 nine-month periods ended September 30, 2022, in order to manage credit concentration risk, the Group sold its preference shares and ordinary shares of domestic and foreign listed companies in the amounts of \$246,107 thousand; and transferred a gain of \$20,422 thousand from other equity to retained earnings.



b. Investments in debt instruments at FVTOCI

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Current</u>			
Foreign corporate bonds	\$ 205,661	\$ 90,177	\$ -
<u>Non-current</u>			
Foreign corporate bonds	\$ 216,803	\$ 309,780	\$ 418,204
Domestic corporate bonds	49,814	-	-
	<u>\$ 266,617</u>	<u>\$ 309,780</u>	<u>\$ 418,204</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%.
- 3) In 2023, the Group purchased domestic corporate bonds for \$49,999 thousand with a coupon rate of 1.537%.

**9. FINANCIAL ASSETS AT AMORTIZED COST**

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months (b)	\$ 1,796,300	\$ 1,659,100	\$ 892,600
Pledged fixed deposits (a)	825,249	757,789	755,697
	<u>\$ 2,621,549</u>	<u>\$ 2,416,889</u>	<u>\$ 1,648,297</u>
<u>Non-current</u>			
Foreign investments			
Foreign corporate bonds (c)	<u>\$ 32,501</u>	<u>\$ 30,983</u>	<u>\$ 32,086</u>

- a. Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.
- b. The interest rates for time deposits with original maturities of more than 3 months ranged from 0.395%-1.575%, 0.27%-1.60% and 0.15%-1.40% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- 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>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 109	\$ 79	\$ 79
Less: Allowance for impairment loss	-	-	-
	<u>\$ 109</u>	<u>\$ 79</u>	<u>\$ 79</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,496,538	\$ 1,247,779	\$ 1,582,783
Less: Allowance for impairment loss	( 21,352)	( 21,338)	( 22,435)
	<u>\$ 1,475,186</u>	<u>\$ 1,226,441</u>	<u>\$ 1,560,348</u>
<u>Other receivables</u>			
Income tax refund receivable	\$ 177,507	\$ 73,876	\$ 178,689
Interest receivables	23,484	16,752	10,019
Others	4,731	8,209	16,196
	<u>\$ 205,722</u>	<u>\$ 98,837</u>	<u>\$ 204,904</u>

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:

September 30, 2023

	<u>Not Past Due</u>	<u>Up to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,482,989	\$ 8,286	\$ 107	\$ 5,156	\$ 1,496,538
Loss allowance (Lifetime ECLs)	( 15,110 )	( 979 )	( 107 )	( 5,156 )	( 21,352 )
Amortized cost	<u>\$ 1,467,879</u>	<u>\$ 7,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,475,186</u>

December 31, 2022

	<u>Not Past Due</u>	<u>Up to 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>

September 30, 2022

	<u>Not Past Due</u>	<u>Up to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,573,939	\$ 1,614	\$ -	\$ 7,230	\$ 1,582,783
Loss allowance (Lifetime ECLs)	( 15,136 )	( 93 )	-	( 7,206 )	( 22,435 )
Amortized cost	<u>\$ 1,558,803</u>	<u>\$ 1,521</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 1,560,348</u>

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

	<u>For the nine-month periods ended September 30, 2023</u>	<u>For the nine-month periods ended September 30, 2022</u>
Balance at January 1	\$ 21,338	\$ 23,789
Provision (Reversal) for expected credit loss	292	( 1,379 )
Amounts written off	( 277 )	-
Change in exchange rates or others	( 1 )	25
Balance at September 30	<u>\$ 21,352</u>	<u>\$ 22,435</u>

Compared with January 1, 2023, the total carrying amount of trade receivables as of September 30, 2023 increased by a net amount of \$248,759 thousand, and the loss allowance increased by \$14 thousand; the total carrying amount of trade receivables as of September 30, 2022 decreased by a net amount of \$392,401 thousand, and the loss allowance decreased by \$1,354 thousand.

**11. INVENTORIES**

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Finished goods	\$ 905,144	\$ 1,452,658	\$ 1,796,716
Work in progress	1,513,059	2,356,694	2,950,434
Raw materials	413,994	585,369	846,607
Merchandise	2,332	4,622	4,236
	<u>\$ 2,834,529</u>	<u>\$ 4,399,343</u>	<u>\$ 5,597,993</u>

Cost of goods sold is defined as follows:

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	Cost of inventories sold	\$2,652,491	\$2,209,378	\$7,955,995
Allowance for inventory valuation loss (reversal of write-down inventories) (a)	( 110,022)	86,598	( 94,898)	122,589
Impairment loss on prepayment for purchase	114,772	66,440	178,142	66,440
Revenue from sale of scraps	( 10,983)	( 11,839)	( 33,798)	( 33,383)
Others	4,229	16,587	21,347	24,916
	<u>\$2,650,487</u>	<u>\$2,367,164</u>	<u>\$8,026,788</u>	<u>\$7,087,280</u>

- a. The reversal of the inventories to net receivable value was due to the circumstances that caused the net realizable value of inventories to be lower than its cost no longer existed.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

- a. Subsidiaries included in the consolidated financial statements:

<b>Investor</b>	<b>Investee</b>	<b>Main Business</b>	<b>Proportion of Ownership (%)</b>		
			<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
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	64.00	70.76	70.76
	Sync-Tech System Corp.	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	42.19	42.86	42.86
	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
	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
	Seer Microelectronics, Inc.	High performance sensor IC with single-photon design and applications	72.66	-	-
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	-	-	-

The financial statements as of and for the nine months ended September 30, 2023 and 2022 of above subsidiaries, except for Sensortek Technology Corp. and Forcelead Technology Corp., the other subsidiaries were non-significant subsidiaries, the financial statements were not reviewed.

As of September 30, 2023, December 31, 2022 and September 30, 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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group's shareholding ratio of Sync-Tech System Corp. was 42.19%, 42.86% and 42.86%, 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.

In 2023, the Group acquired Seer Microelectronics, Inc. by subscribing to its newly issued shares through capital increase. As a result, the company has accumulated a 72.66% equity stake therefore, it is classified as a subsidiary. For more information, please refer to Note 27.

Refer to Note 28 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		
		September 30, 2023	December 31, 2022	September 30, 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	36.00 %	29.24 %	29.24 %
Sync-Tech System Corp.	Taiwan	57.81 %	57.14 %	57.14 %

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests						
	For the three-month periods ended September 30		For the nine-month periods ended September 30		Accumulated Non-controlling Interests		
	2023	2022	2023	2022	September 30, 2023	December 31, 2022	September 30, 2022
Sensortek Technology Corp.	\$ 106,038	\$ 71,697	\$ 247,729	\$ 389,708	\$ 2,217,048	\$ 2,352,651	\$ 2,303,189
INFSitronix Technology Corp.	( 1,239 )	( 4,257 )	( 7,897 )	( 6,738 )	40,195	48,092	49,997
Forcelead Technology Corp.	46,755	34,537	101,402	100,458	558,538	460,157	443,462
Sync-Tech System Corp.	22,036	5,786	36,052	47,645	459,544	423,804	417,376
Others	( 954 )	3,040	2,364	10,844	95,405	58,215	58,635
Total	\$ 172,636	\$ 110,803	\$ 379,650	\$ 541,917	\$ 3,370,730	\$ 3,342,919	\$ 3,272,659

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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Current assets	\$ 6,967,957	\$ 6,994,769	\$ 7,083,692
Non-current assets	2,048,279	2,106,299	2,170,474
Current liabilities	( 2,036,101)	( 1,921,690)	( 2,264,056)
Non-current liabilities	( 253,650)	( 273,354)	( 256,596)
Equity	<u>\$ 6,726,485</u>	<u>\$ 6,906,024</u>	<u>\$ 6,733,514</u>
Equity attributable to:			
Owners of the Company	\$ 3,357,892	\$ 3,560,428	\$ 3,467,771
Non-controlling interests of subsidiaries	3,368,593	3,345,596	3,265,743
	<u>\$ 6,726,485</u>	<u>\$ 6,906,024</u>	<u>\$ 6,733,514</u>

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenue	<u>\$ 2,112,552</u>	<u>\$ 1,588,140</u>	<u>\$ 5,644,115</u>	<u>\$ 5,892,365</u>
Net income	\$ 377,340	\$ 270,242	\$ 829,455	\$ 1,326,598
Other comprehensive income (loss)	22,006	( 11,282)	70,235	( 66,701)
Total comprehensive income	<u>\$ 399,346</u>	<u>\$ 258,960</u>	<u>\$ 899,690</u>	<u>\$ 1,259,897</u>
Profit attributable to:				
Owners of the Company	\$ 196,754	\$ 154,972	\$ 445,614	\$ 788,417
Non-controlling interests of the subsidiaries	180,586	115,270	383,841	538,181
	<u>\$ 377,340</u>	<u>\$ 270,242</u>	<u>\$ 829,455</u>	<u>\$ 1,326,598</u>
Total comprehensive income attributable to:				
Owners of the Company	\$ 206,792	\$ 149,690	\$ 477,848	\$ 757,630
Non-controlling interests of the subsidiaries	192,554	109,270	421,842	502,267
	<u>\$ 399,346</u>	<u>\$ 258,960</u>	<u>\$ 899,690</u>	<u>\$ 1,259,897</u>
Net cash inflow (outflow) from:				
Operating activities			\$ 1,591,396	\$ 310,209
Investing activities			( 292,833)	1,310,107
Financing activities			( 1,260,831)	( 2,558,612)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies			22,729	71,210
Net cash inflow (outflow)			<u>\$ 60,461</u>	<u>(\$ 867,086)</u>
Dividends paid to non-controlling interests			<u>\$ 570,802</u>	<u>\$ 963,363</u>

### 13. PROPERTY, PLANT AND EQUIPMENT

	<u>Freehold Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Test Equipment</u>	<u>Office Equipment</u>	<u>Property Under Construction</u>	<u>Total</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 269,162	\$ 939,233	\$ 233,840	\$1,023,980	\$ 28,188	\$ -	\$2,494,403
Additions	29,561	37,158	41,338	244,225	2,253	213,741	568,276
Disposals	-	( 2,378)	( 3,535)	( 318,069)	( 127)	-	( 324,109)
Effect of foreign currency exchange differences	-	2,228	68	1,040	158	-	3,494
Balance at September 30, 2022	<u>\$ 298,723</u>	<u>\$ 976,241</u>	<u>\$ 271,711</u>	<u>\$ 951,176</u>	<u>\$ 30,472</u>	<u>\$ 213,741</u>	<u>\$2,742,064</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 186,484	\$ 118,574	\$ 716,698	\$ 12,097	\$ -	\$1,033,853
Additions	-	23,622	29,030	163,924	2,849	-	219,425
Disposals	-	( 2,378)	( 3,017)	( 318,069)	( 127)	-	( 323,591)
Effect of foreign currency exchange differences	-	321	48	662	87	-	1,118
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 208,049</u>	<u>\$ 144,635</u>	<u>\$ 563,215</u>	<u>\$ 14,906</u>	<u>\$ -</u>	<u>\$ 930,805</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 September 30, 2022	<u>\$ 298,723</u>	<u>\$ 768,192</u>	<u>\$ 127,076</u>	<u>\$ 387,961</u>	<u>\$ 15,566</u>	<u>\$ 213,741</u>	<u>\$1,811,259</u>

	<u>Freehold Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Test Equipment</u>	<u>Office Equipment</u>	<u>Property Under Construction</u>	<u>Total</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	-	14,887	48,775	148,637	1,139	-	213,438
Disposals	-	( 1,010)	( 5,024)	( 69,290)	-	-	( 75,324)
Reclassification	22,903	69,072	13	-	( 13)	-	91,975
Acquired through business combinations	-	-	50	381	244	-	675
Effect of foreign currency exchange differences	-	135	8	101	9	333	586
Balance at September 30, 2023	<u>\$ 321,626</u>	<u>\$ 1,060,213</u>	<u>\$ 328,483</u>	<u>\$ 985,128</u>	<u>\$ 32,210</u>	<u>\$ 210,968</u>	<u>\$ 2,938,628</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 216,018	\$ 154,136	\$ 519,443	\$ 15,843	\$ -	\$ 905,440
Additions	-	26,315	32,516	171,688	3,052	-	233,571
Disposals	-	( 1,010)	( 5,006)	( 69,290)	-	-	( 75,306)
Reclassification	-	8,568	-	-	-	-	8,568
Acquired through business combinations	-	-	39	221	155	-	415
Effect of foreign currency exchange differences	-	60	5	110	7	-	182
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 249,951</u>	<u>\$ 181,690</u>	<u>\$ 622,172</u>	<u>\$ 19,057</u>	<u>\$ -</u>	<u>\$ 1,072,870</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 September 30, 2023	<u>\$ 321,626</u>	<u>\$ 810,262</u>	<u>\$ 146,793</u>	<u>\$ 362,956</u>	<u>\$ 13,153</u>	<u>\$ 210,968</u>	<u>\$ 1,865,758</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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
<u>Carrying amount</u>			
Buildings	\$ 91,823	\$ 122,161	\$ 133,292
Land	52,843	-	-
Office equipment	7,507	6,666	8,244
Machinery equipment	265	337	362
	<u>\$ 152,438</u>	<u>\$ 129,164</u>	<u>\$ 141,898</u>
	<u>For the three-month periods</u> <u>ended September 30</u>	<u>For the nine-month periods</u> <u>ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Additions to right-of-use assets			<u>\$ 61,706</u>
Depreciation charge for right-of-use assets			<u>\$ 20,998</u>
Buildings	\$ 10,743	\$ 10,856	\$ 31,737
Land	683	-	1,822
Office equipment	1,193	1,511	4,416
Machinery equipment	24	24	72
	<u>\$ 12,643</u>	<u>\$ 12,391</u>	<u>\$ 38,047</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 nine-month periods ended September 30, 2023 and 2022.

##### b. Lease liabilities

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
<u>Carrying amount</u>			
Current	<u>\$ 46,839</u>	<u>\$ 45,301</u>	<u>\$ 46,264</u>
Non-current	<u>\$ 110,234</u>	<u>\$ 87,613</u>	<u>\$ 98,988</u>



Range of discount rate for lease liabilities was as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Buildings	1.250%~4.750%	1.250%~4.750%	1.250%~4.750%
Land	1.250%	-	-
Office equipment	1.345%~2.225%	1.250%~1.920%	1.250%~1.920%
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.

	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	\$ 1,105	\$ 720	\$ 3,343	\$ 1,470
Expenses relating to low-value asset leases	\$ 48	\$ 18	\$ 136	\$ 36
Total cash outflow for leases			\$ 43,016	\$ 39,250

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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 210,648	\$ 508,152	\$ 718,800
Additions	34,618	33,378	67,996
Balance at September 30, 2022	<u>\$ 245,266</u>	<u>\$ 541,530</u>	<u>\$ 786,796</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 45,702	\$ 45,702
Additions	-	7,900	7,900
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 53,602</u>	<u>\$ 53,602</u>
Carrying amount at January 1, 2022	<u>\$ 210,648</u>	<u>\$ 462,450</u>	<u>\$ 673,098</u>
Carrying amount at September 30, 2022	<u>\$ 245,266</u>	<u>\$ 487,928</u>	<u>\$ 733,194</u>

(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 245,266	\$ 541,530	\$ 786,796
Reclassification	( 22,903 )	( 69,072 )	( 91,975 )
Balance at September 30, 2023	<u>\$ 222,363</u>	<u>\$ 472,458</u>	<u>\$ 694,821</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 56,290	\$ 56,290
Additions	-	7,161	7,161
Reclassification	-	( 8,568 )	( 8,568 )
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 54,883</u>	<u>\$ 54,883</u>
Carrying amount at January 1, 2023	<u>\$ 245,266</u>	<u>\$ 485,240</u>	<u>\$ 730,506</u>
Carrying amount at September 30, 2023	<u>\$ 222,363</u>	<u>\$ 417,575</u>	<u>\$ 639,938</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Year 1	\$ 19,026	\$ 17,095	\$ 18,480
Years 1~5	30,125	23,600	26,176
	<u>\$ 49,151</u>	<u>\$ 40,695</u>	<u>\$ 44,656</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 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 September 30, 2023.

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fair value	<u>\$ 779,762</u>	<u>\$ 904,343</u>	<u>\$ 892,258</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	3,874	39,319	-	43,193
Disposals	( 2,447 )	( 5,857 )	-	( 8,304 )
Effect of foreign currency exchange differences	-	82	-	82
Balance at September 30, 2022	<u>\$ 137,646</u>	<u>\$ 172,308</u>	<u>\$ -</u>	<u>\$ 309,954</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 123,260	\$ 103,149	\$ -	\$ 226,409
Additions	9,525	24,649	-	34,174
Disposals	( 2,447 )	( 5,857 )	-	( 8,304 )
Effect of foreign currency exchange differences	-	43	-	43
Balance at September 30, 2022	<u>\$ 130,338</u>	<u>\$ 121,984</u>	<u>\$ -</u>	<u>\$ 252,322</u>
Carrying amount at January 1, 2022	<u>\$ 12,959</u>	<u>\$ 35,615</u>	<u>\$ -</u>	<u>\$ 48,574</u>
Carrying amount at September 30, 2022	<u>\$ 7,308</u>	<u>\$ 50,324</u>	<u>\$ -</u>	<u>\$ 57,632</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 140,911	\$ 201,792	\$ 500	\$ 343,203
Additions	7,629	104,316	-	111,945
Disposals	( 1,651 )	( 8,424 )	-	( 10,075 )
Acquired through business combinations	8,800	-	39,661	48,461
Effect of foreign currency exchange differences	-	9	-	9
Balance at September 30, 2023	<u>\$ 155,689</u>	<u>\$ 297,693</u>	<u>\$ 40,161</u>	<u>\$ 493,543</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 132,356	\$ 133,928	\$ 21	\$ 266,305
Additions	6,935	43,635	1,401	51,971
Disposals	( 1,651 )	( 8,424 )	-	( 10,075 )
Acquired through business combinations	2,635	-	4,225	6,860
Effect of foreign currency exchange differences	-	7	-	7
Balance at September 30, 2023	<u>\$ 140,275</u>	<u>\$ 169,146</u>	<u>\$ 5,647</u>	<u>\$ 315,068</u>
Carrying amount at January 1, 2023	<u>\$ 8,555</u>	<u>\$ 67,864</u>	<u>\$ 479</u>	<u>\$ 76,898</u>
Carrying amount at September 30, 2023	<u>\$ 15,414</u>	<u>\$ 128,547</u>	<u>\$ 34,514</u>	<u>\$ 178,475</u>

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

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

## 17. OTHER ASSETS

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Other current assets</u>			
Provisional payments	\$ 29,274	\$ 3,143	\$ 3,811
Others	7,824	6,798	5,358
	<u>\$ 37,098</u>	<u>\$ 9,941</u>	<u>\$ 9,169</u>
<u>Prepayments</u>			
Prepaid probe cards	\$ 39,553	\$ 42,245	\$ 40,400
Input tax and offset against business tax	32,641	50,796	58,686
Prepayments	22,168	34,085	40,401
Prepayment for purchase (b)	5,154	8,291	3,583
Others	7,312	6,465	5,999
	<u>\$ 106,828</u>	<u>\$ 141,882</u>	<u>\$ 149,069</u>
<u>Other non-current assets</u>			
Refundable deposits (a)	\$ 546,044	\$ 651,206	\$ 672,765
Long-term prepayment for purchase (b)	-	179,402	349,163
Prepayments for equipment	128,013	16,412	17,360
Prepayments for investment	-	-	15,000
	<u>\$ 674,057</u>	<u>\$ 847,020</u>	<u>\$ 1,054,288</u>

- a. Please refer to Note 34 for details of the contract terms related to the long-term capacity guarantee agreements.
- b. 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 34 for the details.

## 18. SHORT-TERM BORROWINGS

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>unsecured borrowings</u>			
Bank loans	\$ -	\$ 18,119	\$ -

The range of weighted average effective interest rates on bank loans was 4.97% as of December 31, 2022.

## 19. OTHER LIABILITIES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 1,323,242	\$ 1,464,877	\$ 1,864,979
Payables for research	36,882	40,588	39,330
Payables for equipment	33,769	51,691	38,245
Others	335,898	296,336	324,820
	<u>\$ 1,729,791</u>	<u>\$ 1,853,492</u>	<u>\$ 2,267,374</u>
Other current liabilities			
Contract liabilities	\$ 107,828	\$ 135,268	\$ 96,281
Temporary receipts	17,830	5,967	20,490
Others	12,311	12,620	11,255
	<u>\$ 137,969</u>	<u>\$ 153,855</u>	<u>\$ 128,026</u>

## 20. RETIREMENT BENEFIT PLANS

Defined benefit plan expenses for the three-month and nine-month periods ended September 30, 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 \$97 thousand, \$65 thousand, \$293 thousand and \$195 thousand, respectively.

## 21. EQUITY

### a. Share capital

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Share capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,137</u>	<u>120,137</u>	<u>120,137</u>
Shares issued	<u>\$ 1,201,369</u>	<u>\$ 1,201,369</u>	<u>\$ 1,201,369</u>

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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 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	14,255	8,114	8,114
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interests in subsidiaries (2)	967,007	945,590	945,532
	<u>\$ 1,718,298</u>	<u>\$ 1,690,740</u>	<u>\$ 1,690,682</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 dividends 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
(Reversals)Appropriations special reserve	<u>\$ 182,761</u>	<u>(\$ 74,759)</u>
Cash dividends	<u>\$ 2,643,011</u>	<u>\$ 3,844,380</u>
Cash dividends per share (NT\$)	<u>\$ 22</u>	<u>\$ 32</u>

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 were resolved by the shareholders in their meeting on June 21, 2023 and June 23, 2022, respectively.

d. Special reserve

	<u>For the nine-month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 105,464	\$ 180,223
Appropriations (Reversals) in respect of Debits to other equity items	<u>182,761</u>	<u>( 74,759)</u>
Balance at September 30	<u>\$ 288,225</u>	<u>\$ 105,464</u>

e. Other equity items

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

	<u>For the nine-month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 9,186	(\$ 14,086)
Exchange differences on translating the financial statements of foreign operations	<u>11,854</u>	<u>38,921</u>
Balance at September 30	<u>\$ 21,040</u>	<u>\$ 24,835</u>

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

	<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	(\$ 290,948)	(\$ 91,377)
Recognized for the period		
Unrealized (loss) gain - debt instruments	6,911	( 3,160)
Unrealized (loss) gain - equity instruments	122,552	( 194,384)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	( 20,422)
Balance at September 30	<u>(\$ 161,485)</u>	<u>(\$ 309,343)</u>

f. Non-controlling interests

	<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,342,919	\$ 3,441,892
Share attributable to non-controlling interests:		
Share in profit for the period	379,650	541,917
Exchange difference on translating the financial statements of foreign operations	89	1,166
Financial assets at FVTOCI	4,990	( 4,797)
The Company's shares held by its subsidiaries treated as treasury shares	-	( 22,957)
Adjustment of capital surplus due to dividends distributed to subsidiaries	7,191	7,561
Cash dividends distributed by subsidiaries	( 572,287)	( 966,108)
Non-controlling interests arising from acquisition of subsidiaries (Note 27)	25,312	-
The net assets of the subsidiary transferred to non-controlling interests (Note 28)	182,866	273,985
Balance at September 30	<u>\$ 3,370,730</u>	<u>\$ 3,272,659</u>

g. Treasury shares

<b><u>The Company's shares held by its subsidiary</u></b>	<b><u>Number of Shares</u></b>
Number of shares at January 1 and September 30, 2023	<u>606,000</u>
Number of shares at January 1, 2022	329,000
Increase during the period	<u>219,000</u>
Number of shares at September 30, 2022	<u>548,000</u>



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

<u>Name of Subsidiary</u>	<u>Number of Shares Held</u>	<u>Carrying Amount</u>	<u>Market Price</u>
<u>September 30, 2023</u>			
Sensortek Technology Corp.	606,000	\$ 168,771	\$ 168,771
<u>December 31, 2022</u>			
Sensortek Technology Corp.	606,000	\$ 107,565	\$ 107,565
<u>September 30, 2022</u>			
Sensortek Technology Corp.	548,000	\$ 90,146	\$ 90,146

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

## 22. REVENUE

### a. Disaggregation of revenue

<u>Product</u>	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Integrated circuits	\$ 4,069,020	\$ 3,972,073	\$ 11,864,927	\$ 13,783,578
Others	132,528	93,507	346,800	412,828
	<u>\$ 4,201,548</u>	<u>\$ 4,065,580</u>	<u>\$ 12,211,727</u>	<u>\$ 14,196,406</u>

<u>Primary geographical markets</u>	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Hong Kong	\$ 3,352,392	\$ 3,391,204	\$ 9,923,676	\$ 11,485,811
Vietnam	226,130	224,953	668,694	848,963
Taiwan	219,403	185,346	607,131	832,580
South Korea	154,954	35,576	342,331	259,669
China	110,363	96,314	289,174	438,028
Others	138,306	132,187	380,721	331,355
	<u>\$ 4,201,548</u>	<u>\$ 4,065,580</u>	<u>\$ 12,211,727</u>	<u>\$ 14,196,406</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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Trade receivable (Note 10)	\$ 1,475,186	\$ 1,226,441	\$ 1,560,348	\$ 1,951,395
Trade receivable from related parties (Note 32)	-	1,469	640	715
	<u>\$ 1,475,186</u>	<u>\$ 1,227,910</u>	<u>\$ 1,560,988</u>	<u>\$ 1,952,110</u>
Contract liabilities - current (Note 19)				
Sales of goods	<u>\$ 107,828</u>	<u>\$ 135,268</u>	<u>\$ 96,281</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:

<u>For the nine-month periods ended September 30</u>	
<u>2023</u>	<u>2022</u>

From contract liabilities at the start of the year

Sales of goods	<u>\$ 118,379</u>	<u>\$ 68,803</u>
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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

	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Gain on sublease of right-of-use assets	\$ 287	\$ 288	\$ 862	\$ 870
Gain on modification of lease agreements	9	-	9	89
Loss on disposal of property, plant and equipment	-	( 31)	( 18)	( 33)
	<u>\$ 296</u>	<u>\$ 257</u>	<u>\$ 853</u>	<u>\$ 926</u>

b. Interest income

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Financial assets at amortized cost	\$ 29,701	\$ 18,615	\$ 95,267	\$ 54,891
Financial asset at FVTPL	2,935	2,490	9,069	5,679
Investments in debt instruments at FVTOCI	4,159	3,914	11,166	7,527
Others	13	11	93	34
	<u>\$ 36,808</u>	<u>\$ 25,030</u>	<u>\$ 115,595</u>	<u>\$ 68,131</u>

c. Other income

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Rental income	\$ 6,705	\$ 6,359	\$ 20,206	\$ 17,987
Dividend income	16,700	12,645	30,725	43,858
Government grants income	8,739	15,796	11,248	22,221
Others	1,689	1,843	12,112	23,563
	<u>\$ 33,833</u>	<u>\$ 36,643</u>	<u>\$ 74,291</u>	<u>\$ 107,629</u>

d. Other gains and losses

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net foreign exchange gains	\$ 43,309	\$ 82,860	\$ 66,118	\$ 210,722
Gain (loss) on financial assets designated as at FVTPL	19,380	2,147	49,882	( 11,789)
Depreciation of investment property	( 2,350)	( 2,688)	( 7,161)	( 7,900)
Other losses	( 146)	-	( 146)	( 9)
	<u>\$ 60,193</u>	<u>\$ 82,319</u>	<u>\$ 108,693</u>	<u>\$ 191,024</u>

e. Finance costs

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest on loans	\$ 622	\$ 157	\$ 658	\$ 510
Interest on lease liabilities	737	764	2,297	2,438
Other interest expenses	258	29	336	90
	<u>\$ 1,617</u>	<u>\$ 950</u>	<u>\$ 3,291</u>	<u>\$ 3,038</u>

f. Depreciation and amortization

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 78,104	\$ 75,134	\$ 233,571	\$ 219,425
Investment properties	2,350	2,688	7,161	7,900
Right-of-use assets	12,643	12,391	38,047	37,141
Intangible assets	21,471	11,881	51,971	34,174
	<u>\$ 114,568</u>	<u>\$ 102,094</u>	<u>\$ 330,750</u>	<u>\$ 298,640</u>
An analysis of depreciation by function				
Operating expenses	\$ 73,800	\$ 65,456	\$ 222,884	\$ 195,948
Operating costs	16,947	22,069	48,734	60,618
Depreciation of investment property	2,350	2,688	7,161	7,900
	<u>\$ 93,097</u>	<u>\$ 90,213</u>	<u>\$ 278,779</u>	<u>\$ 264,466</u>
An analysis of amortization by function				
Operating expenses	\$ 21,458	\$ 10,508	\$ 51,864	\$ 31,853
Operating costs	13	1,373	107	2,321
	<u>\$ 21,471</u>	<u>\$ 11,881</u>	<u>\$ 51,971</u>	<u>\$ 34,174</u>

g. Employee benefits expense

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term benefits	\$ 653,298	\$ 631,880	\$ 1,799,307	\$ 2,318,819
Post-employment benefits				
Defined contribution plans	15,903	14,577	46,374	42,197
Defined benefit plans (Note 20)	98	71	297	212
Share-based payments				
Equity-settled	-	70	7,580	70
	<u>\$ 669,299</u>	<u>\$ 646,598</u>	<u>\$ 1,853,558</u>	<u>\$ 2,361,298</u>
An analysis of employee benefits expense by function				
Operating expenses	\$ 598,031	\$ 585,586	\$ 1,660,284	\$ 2,150,347
Operating costs	71,268	61,012	193,274	210,951
	<u>\$ 669,299</u>	<u>\$ 646,598</u>	<u>\$ 1,853,558</u>	<u>\$ 2,361,298</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 and nine-month periods ended September 30, 2023 and 2022, respectively, are as follows:

Amount

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Employees' compensation	\$ 47,383	\$ 65,688	\$ 126,839	\$ 290,475
Remuneration of directors	\$ 7,108	\$ 9,853	\$ 19,026	\$ 54,811

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

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
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

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 148,251	\$ 268,760	\$ 278,413	\$ 660,803
Foreign exchange losses	( 104,942)	( 185,900)	( 212,295)	( 450,081)
Net benefit	\$ 43,309	\$ 82,860	\$ 66,118	\$ 210,722

## 24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax				
In respect of the current period	\$ 108,387	\$ 177,615	\$ 304,384	\$ 849,252
Income tax on unappropriated earnings	1,057	702	1,940	2,607
Adjustments for prior years	-	1,000	( 5,340)	134
	<u>109,444</u>	<u>179,317</u>	<u>300,984</u>	<u>851,993</u>
Deferred tax				
In respect of the current period	4,213	( 4,211)	8,333	( 1,404)
Income tax expense recognized in profit or loss	<u>\$113,657</u>	<u>\$ 175,106</u>	<u>\$ 309,317</u>	<u>\$ 850,589</u>

### b. Income tax assessments

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

## 25. EARNINGS PER SHARE

	<b>Unit: NT\$ Per Share</b>			
	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Basic earnings per share	<u>\$ 4.51</u>	<u>\$ 6.09</u>	<u>\$ 11.92</u>	<u>\$ 27.02</u>
Diluted earnings per share	<u>\$ 4.49</u>	<u>\$ 6.00</u>	<u>\$ 11.83</u>	<u>\$ 26.52</u>

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

### Net income

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net income for the period	<u>\$ 539,978</u>	<u>\$ 729,707</u>	<u>\$ 1,428,168</u>	<u>\$ 3,241,487</u>
Earnings used in the computation of basic earnings per share	539,978	729,707	1,428,168	3,241,487
Effect of potentially dilutive ordinary shares:				
Employees' compensation	-	-	-	-
Earnings used in the computation of diluted earnings per share	<u>\$ 539,978</u>	<u>\$ 729,707</u>	<u>\$ 1,428,168</u>	<u>\$ 3,241,487</u>

## Shares

Unit: in thousands of shares

	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022
	Weighted average number of ordinary shares used in the computation of basic earnings per share	119,858	119,904	119,858
Effect of potentially dilutive ordinary shares:				
Employees' compensation	455	1,766	837	2,271
Weighted average number of ordinary shares used in the computation of diluted earnings per share	120,313	121,670	120,695	122,218

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.

On April 11, 2023 and August 16, 2022, the board of directors of Forcelead Technology Corp. approved the issuance of 1,000 thousand units of employee share option certificates. 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:

	2023 Year Share Option Plan		2022 Year Share Option Plan	
	Number of Shares (In Thousands)	Weighted-average Exercise Price(NT\$)	Number of Shares (In Thousands)	Weighted-average Exercise Price(NT\$)
Balance at January 1	-	\$ -	-	\$ -
Options granted	1,000	58.00	1,000	58.00
Options exercised	( 1,000)	58.00	( 1,000)	58.00
Options forfeited	-	-	-	-
Balance at December 31	-	-	-	-

Per the employee share option plan of 2023, Forcelead Technology Corp. distributed 1,000 thousand units of employee share option certificates to its employees on April 11, 2023. 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>April 2023</u>
Grant date share price (NT\$)	\$ 65.57
Exercise price (NT\$)	\$ 58.00
Expected volatility rate	33.99%
Option life	0.012 years
Dividend yield	-
Risk-free interest rate	1.02%
Share options fair value (NT\$)	\$ 7.58

Compensation costs of the Group's employee share option plans were \$7,580 thousand in the second quarter of 2023.

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. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>	<b>Consideration Transferred</b>
Seer Microelectronics, Inc.	High performance sensor IC with single-photon design and applications	July 5, 2023	56.54	<u>\$ 40,000</u>

Seer Microelectronics, Inc were acquired on July 5, 2023 in order to continue the expansion of the Group's activities in scale and product mix.

### b. Consideration transferred

Cash	<u>Seer Microelectronics, Inc.</u> <u>\$ 40,000</u>
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c. Assets acquired and liabilities assumed at the date of acquisition

	<b>Seer Microelectronics, Inc.</b>
	<u>                    </u>
Current assets	
Cash and cash equivalents	\$ 41,157
Trade receivables and other receivables	2,093
Inventories	17,550
Other current assets	1,643
Non-current assets	
Plant and Equipment	260
Right-of-use assets	489
Intangible assets	41,601
Other non-current assets	224
Current liabilities	
Short-term borrowings	( 20,000 )
Trade payables and other payables	( 10,768 )
Lease liabilities	( 284 )
Bonds payable	( 9,000 )
Other current liabilities	( 164 )
Non-current liabilities	
Lease liabilities	( 231 )
Deferred tax liabilities	( 5,332 )
Other non-current liabilities	( 1,000 )
	<u>\$ 58,238</u>

d. Non-controlling interests

The non-controlling interest (43.46% ownership interest in Seer Microelectronics, Inc.) was measured by proportionate share of Seer Microelectronics, Inc.'s identifiable net assets at the date of acquisition.

e. Goodwill generated from the acquisition

	<b>Seer Microelectronics, Inc.</b>
	<u>                    </u>
Consideration transferred	\$ 40,000
Plus: Non-controlling interests (43.46% ownership interest in Seer Microelectronics, Inc.)	25,312
Less: Fair value of identifiable net assets acquired	<u>( 58,238 )</u>
Goodwill generated from the acquisition	<u>\$ 7,074</u>

The goodwill generated from the acquisition of Seer Microelectronics, Inc. mainly comes from the control premium.

The goodwill generated from the acquisition is not expected to be tax deductible.

f. Net cash inflow on the acquisition of subsidiaries

	<b>Seer Microelectronics, Inc.</b>
	<u>                    </u>
Consideration paid in cash	\$ 40,000
Less: Cash and cash equivalent balances acquired	<u>( 41,157 )</u>
	<u>( \$ 1,157 )</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Seer Microelectronics, Inc.
Revenue	\$ 190
Profit(loss)	( 7,631 )

If the acquisition of Seer Microelectronics, Inc. in July 2023 took place on January 1, 2023, the proposed operating revenue and net profit (loss) of the Group for the nine months ended September 30, 2023 were \$3,050 thousand, and (\$17,965) thousand, respectively.

## 28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On August 6, 2023, the Group did not participate in the cash capital increase of Seer Microelectronics, Inc. in proportion to its existing ownership, the Group's shareholding percentage increased from 56.54% to 72.66%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp's on July 20, 2023, the Group's shareholding percentage decreased from 68.76% to 64.00%.

On April 20, 2023, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Group's shareholding percentage decreased from 70.76% to 68.76%.

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 16, 2023, the Group's shareholding percentage decreased from 42.86% to 42.19%.

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 nine-month periods ended September 30, 2023

	Sync-Tech System Corp.	Forcelead Technology Corp.	Seer Microelectronics, Inc.
Cash transaction	\$ 910	\$ 58,092	\$ 5,000
Non-cash transaction	12,191	128,090	-
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	( 12,656 )	( 159,300 )	( 10,910 )
Differences recognized from equity transactions	<u>\$ 445</u>	<u>\$ 26,882</u>	<u>(\$ 5,910)</u>
<u>Line items adjusted for equity transactions</u>			
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 445</u>	<u>\$ 26,882</u>	<u>(\$ 5,910)</u>

For the nine-month periods ended September 30, 2022

	<u>Sync-Tech System Corp.</u>	<u>Forcelead Technology Corp.</u>
Cash transaction	\$ 1,595	\$ 58,000
Non-cash transaction	44,611	243,094
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	( 45,934 )	( 228,051 )
Differences recognized from equity transactions	<u>\$ 272</u>	<u>\$ 73,043</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 272</u>	<u>\$ 73,043</u>

## 29. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

For the nine-month periods ended September 30, 2023

	January 1, 2023	Cash Flows	Non-cash Changes					September 30, 2023
			Foreign Exchange Movement	New Leases	Lease Modification	Acquired through combination	Others (Note)	
Short-term borrowings	\$ 18,119	(\$ 38,045)	(\$ 74)	\$ -	\$ -	\$ 20,000	\$ -	\$ -
Bonds payable	-	( 9,000 )	-	-	-	9,000	-	-
Lease liabilities	132,914	( 39,537 )	25	61,213	( 354 )	515	2,297	157,073
Guarantee deposits received	352,371	( 89,021 )	6,551	-	-	-	-	269,901
	<u>\$ 503,404</u>	<u>(\$ 175,603)</u>	<u>\$ 6,502</u>	<u>\$ 61,213</u>	<u>(\$ 354)</u>	<u>\$ 29,515</u>	<u>\$ 2,297</u>	<u>\$ 426,974</u>

For the nine-month periods ended September 30, 2022

	January 1, 2022	Cash Flows	Non-cash Changes					September 30, 2022
			Foreign Exchange Movement	New Leases	Lease Modification	Others (Note)		
Short-term borrowings	\$ 55,360	(\$ 55,480)	\$ 120	\$ -	\$ -	\$ -	\$ -	
Lease liabilities	165,525	( 37,744 )	984	20,059	( 6,010 )	2,438	145,252	
Guarantee deposits received	316,468	9,200	48,796	-	-	-	374,464	
	<u>\$ 537,353</u>	<u>(\$ 84,024)</u>	<u>\$ 49,900</u>	<u>\$ 20,059</u>	<u>(\$ 6,010)</u>	<u>\$ 2,438</u>	<u>\$ 519,716</u>	

Note: Others comprises with interest expense of lease liabilities.

## 30. 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.

## 31. FINANCIAL INSTRUMENTS

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

The management considers that the carrying amounts of financial assets and financial liabilities 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

September 30, 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	\$ 207,587	\$ -	\$ -	\$ 207,587
Convertible bonds	105,292	-	-	105,292
Exchangeable bonds	41,740	-	-	41,740
Domestic listed shares	2,466	-	-	2,466
Limited partnership	-	-	60,748	60,748
Derivative instruments				
Credit linked notes - linked with Convertible bonds	-	420,955	-	420,955
Foreign exchange forward contracts and foreign exchange swap contracts	-	67,555	-	67,555
Equity linked notes	-	16,014	-	16,014
	<u>\$ 357,085</u>	<u>\$ 504,524</u>	<u>\$ 60,748</u>	<u>\$ 922,357</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 517,065	\$ -	\$ -	\$ 517,065
Domestic unlisted equity investments	-	-	213,140	213,140
Foreign unlisted equity investments	-	-	528,408	528,408
Investments in debt instruments at FVTOCI				
Domestic corporate bonds	-	49,814	-	49,814
Foreign corporate bonds	-	422,464	-	422,464
	<u>\$ 517,065</u>	<u>\$ 472,278</u>	<u>\$ 741,548</u>	<u>\$ 1,730,891</u>

Financial liabilities at FVTPL

Derivative instruments				
Foreign exchange forward contracts and foreign exchange swap contracts	\$ -	\$ 59,064	\$ -	\$ 59,064
				(Concluded)

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
				(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative instruments				
Credit linked notes - linked with Convertible bonds	\$ -	\$ 423,205	\$ -	\$ 423,205
Foreign exchange forward contracts and foreign exchange swap 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 instruments				
Foreign exchange forward contracts and foreign exchange swap contracts	\$ -	\$ 37,725	\$ -	\$ 37,725
				(Concluded)

September 30, 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	\$ 192,033	\$ -	\$ -	\$ 192,033
Convertible bonds	84,224	-	-	84,224
Exchangeable bonds	40,560	-	-	40,560
Domestic listed shares	1,931	-	-	1,931
Limited partnership	-	-	36,865	36,865
Derivative instruments				
Credit linked notes - linked with Convertible bonds	-	432,957	-	432,957
Foreign exchange forward contracts and foreign exchange swap contracts	-	97,383	-	97,383
Equity linked notes	-	15,537	-	15,537
	<u>\$ 318,748</u>	<u>\$ 545,877</u>	<u>\$ 36,865</u>	<u>\$ 901,490</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	\$ 466,058	\$ -	\$ -	\$ 466,058
Domestic unlisted equity investments	-	-	180,354	180,354
Foreign unlisted equity investments	-	-	427,214	427,214
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	418,204	-	418,204
	<u>\$ 466,058</u>	<u>\$ 418,204</u>	<u>\$ 607,568</u>	<u>\$ 1,491,830</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts	\$ -	\$ 88,160	\$ -	\$ 88,160
				(Concluded)

For the nine-month periods ended September 30, 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>
Domestic and Foreign corporate 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 swap 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

Foreign unlisted equity investments are 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 investments 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 nine-month periods ended September 30, 2023

	<b>Financial instruments at FVTPL</b>	<b>Financial instruments at FVTOCI</b>	<b>Total</b>
Balance at January 1	\$ 34,768	\$ 640,322	\$ 675,090
Additions	17,500	-	17,500
Recognized under profit or loss	8,480	-	8,480
Recognized under other comprehensive income	-	101,226	101,226
Balance at September 30	<u>\$ 60,748</u>	<u>\$ 741,548</u>	<u>\$ 802,296</u>

For the nine-month periods ended September 30, 2022

	<b>Financial instruments at FVTPL</b>	<b>Financial instruments at FVTOCI</b>	<b>Total</b>
Balance at January 1	\$ 18,067	\$ 790,532	\$ 808,599
Additions	20,000	-	20,000
Recognized under profit or loss	( 1,202 )	-	( 1,202 )
Recognized under other comprehensive income	-	( 182,964 )	( 182,964 )
Balance at September 30	<u>\$ 36,865</u>	<u>\$ 607,568</u>	<u>\$ 644,433</u>

c. Categories of financial instrument

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 922,357	\$ 859,833	\$ 901,490
Financial assets at amortized cost (1)	9,875,057	10,097,562	9,799,497
Financial assets at FVTOCI			
Equity instruments	1,258,613	1,114,351	1,073,626
Debt instruments	472,278	399,957	418,204
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	59,064	37,725	88,160
Financial liabilities at amortized cost(2)	3,536,747	3,222,220	4,741,684

- 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 trade payables, other payables (including other payables to related parties), 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 35.

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 nine-month periods ended September 30		For the nine-month periods ended September 30		For the nine-month periods ended September 30	
	2023	2022	2023	2022	2023	2022
Profit or loss	\$ 41,331	\$ 47,038	\$ 488	\$ 329	\$ 9,500	\$ 8,339



## 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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Fair value interest rate risk			
Financial assets	\$ 5,227,752	\$ 5,658,100	\$ 4,830,517
Financial liabilities	-	18,147	-
Cash flow interest rate risk			
Financial assets	2,849,483	2,841,123	2,935,538

### 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 nine-month periods ended September 30, 2023 and 2022 would increase/decrease by \$2,849 thousand and \$2,936 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 nine-month periods ended September 30, 2023 and 2022 would decrease/increase by \$472 thousand and \$418 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, credit linked structured notes of listed companies and mutual funds 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, convertible bonds quoted on the Taiwan Stock Exchange and Taipei Exchange, exchangeable bonds, credit linked structured notes, 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 nine-month periods ended September 30, 2023 and 2022 would have increased/decreased by \$39,703 thousand and 38,362 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTPL. Pre-tax other comprehensive income for the nine-month periods ended September 30, 2023 and 2022 would have increased/decreased by \$25,853 thousand and \$23,303 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 September 30, 2023, December 31, 2022 and September 30, 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.

#### September 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	\$ 993,002	\$ 894,694	\$ 1,379,150	\$ -	\$ -	\$3,266,846
Lease liabilities	4,322	8,635	36,206	72,852	44,252	166,267

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<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

September 30, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	\$ 1,201,973	\$ 1,403,542	\$ 1,761,705	\$ -	\$ -	\$ 4,367,220
Lease liabilities	4,242	8,368	36,028	101,457	-	150,095

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.

September 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Foreign exchange forward and foreign exchange swaps contracts</u>				
Inflows	\$ 348,844	\$ 693,116	\$ 1,706,467	\$ -
Outflows	( 347,867)	( 694,942)	( 1,697,127)	-
	<u>\$ 977</u>	<u>(\$ 1,826)</u>	<u>\$ 9,340</u>	<u>\$ -</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
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>

September 30, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 62,620	\$ 786,454	\$ 1,094,766	\$ -
Outflows	( 63,500)	( 776,937)	( 1,094,180)	-
	<u>(\$ 880)</u>	<u>\$ 9,517</u>	<u>\$ 586</u>	<u>\$ -</u>

c) Financing facilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 165,000	\$ 323,119	\$ 305,000
Amount unused	6,919,555	6,602,121	6,279,750
	<u>\$ 7,084,555</u>	<u>\$ 6,925,240</u>	<u>\$ 6,584,750</u>

The amount of used bank facilities includes a performance guarantee of \$165,000 thousand, 305,000 thousand and 305,000 thousand which were guaranteed by the bank in respect of the Supplier purchase guarantee letter opened by the Group as of September 30, 2023, December 31, 2022 and September 30, 2022.

### 32. 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. ezGlobal Corp.	Substantive related party Substantive related party

b. Sales of goods

<u>Related Party Category</u>	<u>For the three-month periods ended September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Substantive related party	\$ 1,227	\$ 608	\$ 2,810	\$ 1,494

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 September 30</u>		<u>For the nine-month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Substantive related party	\$ 204	\$ 292	\$ 607	\$ 722

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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Substantive related party	Trade receivables from related parties	\$ -	\$ 1,469	\$ 640

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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Substantive related party	\$ 110	\$ 258	\$ 348

f. Payables to related parties

<u>Related Party Category</u>	<u>Line Item</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Substantive related party	Other payables to related parties	\$ 119	\$ 182	\$ 212

The outstanding trade payables to related parties are unsecured.

g. Lease arrangement - the Group is lessor

Operating Lease

Future lease receivables are as follows:

<b>Related Party Category</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Substantive related party	\$ 1,017	\$ 508	\$ 1,017

Lease income was as follows:

<b>Related Party Category</b>	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Substantive related party	\$ 508	\$ 509	\$ 1,530	\$ 1,528

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.

<b>Related Party Category</b>	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Deposit interest</u>				
Substantive related party	\$ -	\$ -	\$ 5	\$ 3

h. Guarantee deposits received

<b>Related Party Category</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Substantive related party	\$ 356	\$ 356	\$ 356

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

i. Remuneration of key management personnel

	<b>For the three-month periods ended September 30</b>		<b>For the nine-month periods ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 41,440	\$ 35,976	\$ 147,440	\$ 207,918
Post-employment benefits	522	449	1,503	1,344
Share-based payments	-	8	1,455	8
	\$ 41,962	\$ 36,433	\$ 150,398	\$ 209,270

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

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Pledged deposits	\$ 825,249	\$ 757,789	\$ 755,697

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

### 34. 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 USD37,781 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement. Presented by prepayment for purchase and refundable deposits were USD15,000 thousand and USD22,781 thousand, respectively.

As of September 30, 2023, the Group assesses that prepayment for purchase made under signed capacity guarantee agreements was written off due to estimated unrealizability, the impairment loss was classified as cost of goods sold. This estimation could be adjusted due to the market demand fluctuates in the future. As of September 30, 2023, the balance of the prepayment for purchase was USD184 thousand.

As of September 30, 2023, the balance of the refundable deposits was USD 16,488 thousand.

#### b. Long-term supply agreements

The Group entered into long-term supply agreements of products with clients from 2021 to 2022. 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 USD3,347 thousand as guarantee to ensure the supply of products. The rights and obligations of both parties are based on the content of each agreement.

As of September 30, 2023, the balance of the guarantee deposits received was USD1,613 thousand.

#### c. Acquisition of Property

Forcelead Technology Corp's Board of Directors approved on September 6, 2023 to purchase the office premises and entered into a purchase agreement with Winsome Development Co., Ltd. to acquire office on the 8th and 9th floors and parking spaces of Building 2B, Phase 10 of Tai Yuen Hi-Tech Industrial Park, in the amounting of NT\$937,250 thousand (including tax). As of September 30, 2023, \$843,510 thousand was still outstanding.

### 35. 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>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 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	\$ 88,666	32.27	\$ 85,538	30.710	\$ 109,752	31.75
JPY	108,425	0.2162	90,498	0.2324	81,402	0.2201
CNY	43,123	4.415	41,270	4.408	37,288	4.473
<u>Non-monetary items</u>						
USD	24,626	32.27	22,770	30.710	21,720	31.75
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	63,050	32.27	48,551	30.710	80,122	31.75
JPY	63,238	0.2162	31,704	0.2324	51,545	0.2201
CNY	90	4.415	-	4.408	-	4.473

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 September 30, 2023</u>		<u>For the three-month periods ended September 30, 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)	\$ 43,846	1(NTD:NTD)	\$ 81,627
CNY	4.415(CNY:NTD)	( 537)	4.473(CNY:NTD)	1,233
		<u>\$ 43,309</u>		<u>\$ 82,860</u>
<u>Foreign Currency</u>	<u>For the nine-month periods ended September 30, 2023</u>		<u>For the nine-month periods ended September 30, 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)	\$ 61,896	1(NTD:NTD)	\$ 209,164
CNY	4.415(CNY:NTD)	4,222	4.473(CNY:NTD)	1,558
		<u>\$ 66,118</u>		<u>\$ 210,722</u>

### 36. 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: Table 4 (attached)
  - 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 5 (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 31.
  - 10) Intercompany relationships and significant intercompany transactions: Table 6 (attached)
  - 11) Information on investees: Table 7 (attached)
- c. Information on investments in mainland China: Table 8 and 9 (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: Table 10 (attached)

### **37. 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 nine-month periods ended September 30, 2023 and 2022 can be referenced by the combined consolidated income and loss Statement for the nine-month periods ended September 30, 2023 and 2022.

Segment assets that should be reported can be found in the consolidated balance sheets for the years ended September 30, 2023, December 31, 2022 and September 30, 2022.

**TABLE 1****SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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	\$ 50,000	\$ -	-	For financing	\$ -	Working capital	\$ -	—	\$ -	\$ 2,284,591	\$ 4,569,181
		Seer Microelectronics, Inc.	Other receivables from related parties	Yes	60,000	60,000	-	-	For financing	-	Working capital	-	—	-	2,284,591	4,569,181
		INFSitronix Technology Corp.	Other receivables from related parties	Yes	100,000	100,000	1,614	6.92%	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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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	\$ -	\$ -	0.96	\$ 5,711,477	Yes	—	Yes
		mCore Technology Corp.	Subsidiary	5,711,477	100,000	100,000	10,799	-	0.96	5,711,477	Yes	—	—
		HeFei Sitronix Co., Ltd.	Subsidiary	5,711,477	400,000	400,000	124,239	-	3.85	5,711,477	Yes	—	Yes
		Seer Microelectronics, Inc.	Subsidiary	5,711,477	200,000	200,000	-	-	1.93	5,711,477	Yes	—	—
		INFSitronix Technology Corp.	Subsidiary	5,711,477	100,000	100,000	4,841	-	0.96	5,711,477	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  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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	September 30, 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	-	\$ 32,501	-	\$ 32,501	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	-	30,444	-	30,444	Note 1
	TAIWAN MOBILE Unsecured Straight Corporate Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	49,814	-	49,814	Note 1
	Yulon Motor Co., Ltd. third Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	7,423	-	7,423	Note 1
	Gloria Material Technology Corp. seventh Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	10,320	-	10,320	Note 1
	Ennoconn Corporation fifth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	10,900	-	10,900	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	9,850	-	9,850	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	-	20,870	-	20,870	Note 1
	Topco Technologies Corp. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	21,620	-	21,620	Note 1
	<u>Derivatives</u> 6M USD FCN [AAPL+AMD+TSM] 15.20% 01/12/2024	-	Financial assets at fair value through profit or loss - current	-	16,014	-	16,014	Note 1
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,106	-	35,106	Note 1
	Gemtek Technologies Co., Ltd. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,030	-	10,030	Note 1
	Gloria Material Technology Corp. seventh Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	25,253	-	25,253	Note 1
	Ennoconn Corporation fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,092	-	20,092	Note 1
	Yulon Motor Co., Ltd. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,044	-	10,044	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	-	30,043	-	30,043	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	\$ 40,154	-	\$ 40,154	Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	20,062	-	20,062	Note 1
	<u>Fund</u> KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	5,504	64,149	-	64,149	Note 1
	UPAMC CB Strategy Fund	-	Financial assets at fair value through profit or loss - current	10,000	110,123	-	110,123	Note 1
	UPAMC Taiwan Smart Strategy Fund	-	Financial assets at fair value through profit or loss - current	1,000	11,190	-	11,190	Note 1
	<u>Stock</u> Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7	425	-	425	Note 1
	Silicon Power Computer & Communications Inc.	Substantive related party	Investments in equity instruments at fair value through other comprehensive income - current	4,199	123,652	-	123,652	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	189	9,620	-	9,620	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E (2)	-	Investments in equity instruments at fair value through other comprehensive income - current	474	21,899	-	21,899	Note 1
	WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	690	31,671	-	31,671	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	250	24,225	-	24,225	Note 1
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,000	44,100	-	44,100	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	175	10,710	-	10,710	Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	131	7,860	-	7,860	Note 1
	Nan Ya Plastics Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	150	9,990	-	9,990	Note 1
	Kwong Lung Enterprise Co., Ltd	-	Investments in equity instruments at fair value through other comprehensive income - current	146	7,723	-	7,723	Note 1
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	120	273,905	-	273,905	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Fong Huang Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	\$ 33,375	9	\$ 33,375	Note 3
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	32,648	7	32,648	Note 3
	Top Taiwan XIII Venture Capital Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	10,000	96,531	12	96,531	Note 3
	Fong Huang IV Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	1,500	17,938	6	17,938	Note 3
	<u>Limited Partnership</u> CDIB-Innolux Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	5,000	60,748	-	60,748	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	254,503	-	254,503	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	-	63,866	-	63,866	Note 1
	HSBC 3.75% 05/24/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	15,900	-	15,900	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	31,173	-	31,173	Note 1
	TSMC ARIZONA CORP 4.125% 04/22/2029 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,444	-	30,444	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,401	-	30,401	Note 1
	FORCAY 3.375% 04/22/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	15,534	-	15,534	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	28,270	-	28,270	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Holding Bond	-	Financial assets at fair value through profit or loss - current	-	20,870	-	20,870	Note 1
	Gloria Material Technology Corp. seventh Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	10,320	-	10,320	Note 1
	Yulon Motor Co., Ltd. third Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	4,568	-	4,568	Note 1
MIC fourth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	2,021	-	2,021	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sensortek Technology Corp.	<u>Derivatives</u>							
	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	-	30,043	-	30,043	Note 1
	Anli International Co., Ltd. first Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	9,866	-	9,866	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,105	-	30,105	Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	20,062	-	20,062	Note 1
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,106	-	35,106	Note 1
	RiTdisplay Corporation second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	9,594	-	9,594	Note 1
	Gemtek Technologies Co., Ltd. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,030	-	10,030	Note 1
	Gloria Material Technology Corp. seventh Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	25,253	-	25,253	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	88,200	-	88,200	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	800	48,960	-	48,960	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	609	30,998	-	30,998	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	300	29,070	-	29,070	Note 1
	Powertech Technology Inc.	-	Investments in equity instruments at fair value through other comprehensive income - current	171	17,357	-	17,357	Note 1
	Taiwan Cement Corp.	-	Investments in equity instruments at fair value through other comprehensive income - current	69	2,309	-	2,309	Note 1
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	34	2,041	-	2,041	Note 1
	Sitronix Technology Corp.	The Parent Company	Investments in equity instruments at fair value through other comprehensive income - non-current	606	168,771	-	168,771	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	32,648	7	32,648	Note 3	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Forcelead Technology Corp.	<u>Fund</u> TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,747	\$ 22,125	-	\$ 22,125	Note 1
	<u>Stock</u> WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	190	8,721	-	8,721	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	-	USD 990	-	USD 990	Note 1
	CITI 2.75% 04/08/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	USD 2,912	-	USD 2,912	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 966	-	USD 966	Note 1
	AT&T INC 5.35% 11/01/2066 (TBB) USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 534	-	USD 534	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 942	-	USD 942	Note 1

(Concluded)

Note 1: Calculated based on the closing price on September 30, 2023.

Note 2: Listed based on book value.

Note 3: Calculated based on the net value on September 30, 2023.

Note 4: As of September 30, 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**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Forcelead Technology Corp.	Buildings	2023.9.6	\$ 937,250	\$ 93,740	Winsome Development Co., Ltd.	None	-	-	-	-	Real estate valuation report and board of directors	Operating Purpose	None

Note 1: Payment amount are classified as prepayments for equipment.

**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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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	\$ 1,252,835	34%	Net 60 days from the ship date	\$ -	—	(\$ 331,051)	35%	—

**SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS AND AMOUNTS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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	\$ 38,282	—	-
				Purchases	1,252,835	—	10%
				Trade receivables	7,710	—	-
				Other receivables	14,171	—	-
				Trade payables	331,051	—	2%
		Forcelead Technology Corp.	from the parent company to the subsidiary	Sales	45,301	—	-
				Purchases	56,728	—	-
				Trade receivables	6,807	—	-
				Trade payables	16,336	—	-
				Other receivables	11,946	—	-
				Rental income	4,704	—	-
		INFSitronix Technology Corp.	from the parent company to the subsidiary	Sales	6,567	—	-
Other receivables	6,455			—	-		
mCore Technology Corp.	from the parent company to the subsidiary	Sales	13,317	—	-		
		Trade receivables	2,356	—	-		
Sync-Tech System Corp.	from the parent company to the subsidiary	Sales	2,162	—	-		
		Manufacturing expenses	28,654	—	-		
		Other payables	11,028	—	-		
		Rental income	5,441	—	-		
HeFei Sitronix Co., Ltd.	from the parent company to the subsidiary	Purchases	17,094	—	-		
		Trade payables	4,184	—	-		
Sitronix Technology (Shenzhen) Co., Ltd.	from the parent company to the subsidiary	Professional service fees	120,251	—	-		
1	Forcelead Technology Corp.	Sync-Tech System Corp.	from the subsidiary to the subsidiary	Manufacturing expenses	24,395	—	-
				Other payables	13,846	—	-

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.

**TABLE 7**

**SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA )**

**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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 September 30, 2023			Net Income (Loss) of the Investee	Share of (Loss) Profit
				September 30, 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	\$ 260,190	(\$ 3,377)	(\$ 3,377)
	Forcelead Technology Corp.	Taiwan	R&D and sale of multi-functional integrated automotive display driver ICs	717,634	717,634	24,337	64.00	993,208	314,203	212,801
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	113,318	113,318	22,530	46.06	1,860,625	472,649	211,566
	mCore Technology Corp.	Taiwan	Providing solutions for consumer display and voice/audio related applications	131,074	131,074	9,583	90.73	114,941	11,580	10,507
	Sync-Tech System Corp.	Taiwan	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	160,554	160,554	12,404	42.19	337,140	61,596	26,180
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	193,559	193,559	9,796	58.42	57,026	( 18,994)	( 11,096)
	ezGreen Inc.	Taiwan	Software design and electronic information supply services	160,000	100,000	16,000	100.00	41,386	( 28,156)	( 28,156)
	Seer Microelectronics, Inc.	Taiwan	High performance sensor IC with single photon design and applications	95,000	-	9,500	72.66	83,598	( 7,631)	( 5,090)
	Sitronix Holding International Ltd.	Samoa	Investment	193,620 (USD 6,000)	193,620 (USD 6,000)	6,000	100.00	221,449	5,283	5,283
Sitronix Investment Corp.	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	10	10	2	-	198	472,649	22
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	10	10	-	-	2	( 18,994)	-

Note : Foreign currencies is converted into NTD using the exchange rates of the US dollar to NTD on September 30, 2023.

**SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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 September 30, 2023 (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain(Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outward (Foreign Currencies in Thousands )	Inward						
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	\$ 12,908 (USD 400)	Note 1	\$ 12,908 (USD 400)	\$ -	\$ -	\$ 12,908 (USD 400)	\$ 1,881	100%	\$ 1,881	\$ 28,875	\$ 10,237
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	44,150 (CNY 10,000)	Note 4	44,150 (CNY 10,000)	-	-	44,150 (CNY 10,000)	(6,746)	100%	(6,746)	13,826	-
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	220,750 (CNY 50,000)	Note 5	99,338 (CNY 22,500)	-	-	99,338 (CNY 22,500)	41,415	90%	37,274	453,284	-
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip	154,525 (CNY 35,000)	Note 6	132,450 (CNY 30,000)	22,075 (CNY 5,000)	-	154,525 (CNY 35,000)	(5,992)	100%	(5,992)	144,553	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 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
\$ 343,095 (US\$ 10,632)	\$752,311 (US\$ 23,313)	\$6,226,191

Note 1: Direct Investment, as of September 30, 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 September 30, 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 September 30, 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 September 30, 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 September 30, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY90,000 thousand, and the investment amount of CNY35,000 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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

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

Investor Company	Investee Company	Relationship	Transaction Type	Total Operating Expenses		Price	Transaction Details		Notes/Accounts Receivable (Payable)		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	\$ 120,251	10%	Calculated based on the contract	Calculated based on the contract	No related similar transactions to follow	\$ -	-	\$ -	—

## SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Fuh Hwa Taiwan Technology Dividend Highlight ETF funds account under custody of Taipei Fubon Commercial Bank Co., Ltd.	10,437,000	8.68
Capital Tip customized Taiwan Select High Dividend ETF	6,861,000	5.71

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to a trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.