

**TAISOL ELECTRONICS CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

Address: 3F, No.302, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan
Telephone: (02)2656-2658

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~32
(7) Related-party transactions	32~33
(8) Pledged assets	33
(9) Commitments and contingencies	34
(10) Losses due to major disasters	34
(11) Subsequent Events	34
(12) Other	34
(13) Other disclosures	
(a) Information on significant transactions	35~36
(b) Information on investees	37
(c) Information on investment in mainland China	37
(d) Major shareholders	38
(14) Segment information	38~39



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors of TaiSol Electronics Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of TaiSol Electronics Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of TaiSol Electronics Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are Chen, Fu Jen and Yin, Yuan Sheng.

KPMG

Taipei, Taiwan (Republic of China)

May 12, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	\$ 830,231	100	1,221,470	100
5000	Operating costs (notes 6(d) and 12)	<u>664,744</u>	<u>80</u>	<u>987,493</u>	<u>81</u>
5900	Gross profit from operations	<u>165,487</u>	<u>20</u>	<u>233,977</u>	<u>19</u>
6000	Operating expenses (notes 6(b), (n), (s) and 12):				
6100	Selling expenses	51,572	6	66,020	5
6200	Administrative expenses	37,593	5	43,005	3
6300	Research and development expenses	35,150	4	46,348	4
6450	Expected credit (gain) loss	<u>(505)</u>	<u>-</u>	<u>8,296</u>	<u>1</u>
		<u>123,810</u>	<u>15</u>	<u>163,669</u>	<u>13</u>
6900	Net operating income	<u>41,677</u>	<u>5</u>	<u>70,308</u>	<u>6</u>
7000	Non-operating income and expenses (notes 6(j), (k), (t) and 12):				
7100	Interest income	5,237	1	747	-
7010	Other income	4,575	-	2,545	-
7020	Other gains and losses, net	(15,264)	(2)	11,021	1
7050	Finance costs, net	<u>(616)</u>	<u>-</u>	<u>(2,338)</u>	<u>-</u>
		<u>(6,068)</u>	<u>(1)</u>	<u>11,975</u>	<u>1</u>
7900	Profit from continuing operations before tax	35,609	4	82,283	7
7950	Less: Income tax expenses (note 6(o))	<u>9,149</u>	<u>1</u>	<u>20,055</u>	<u>2</u>
	Profit	<u>26,460</u>	<u>3</u>	<u>62,228</u>	<u>5</u>
8300	Other comprehensive income:				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	6,184	1	50,321	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income	<u>6,184</u>	<u>1</u>	<u>50,321</u>	<u>4</u>
8500	Total comprehensive income	<u>\$ 32,644</u>	<u>4</u>	<u>112,549</u>	<u>9</u>
	Profit, attributable to:				
8610	Owners of parent	<u>\$ 26,460</u>	<u>3</u>	<u>62,228</u>	<u>5</u>
	Comprehensive income attributable to:				
8710	Owners of parent	<u>\$ 32,644</u>	<u>4</u>	<u>112,549</u>	<u>9</u>
	Earnings per share (note 6(q))				
9750	Basic earnings per share	<u>\$ 0.30</u>		<u>0.71</u>	
9850	Diluted earnings per share	<u>\$ 0.30</u>		<u>0.69</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings			
Balance at January 1, 2022	\$ 879,081	348,765	151,536	73,874	341,655	567,065	(85,614)	-	1,709,297
Profit	-	-	-	-	62,228	62,228	-	-	62,228
Other comprehensive income	-	-	-	-	-	-	50,321	-	50,321
Total comprehensive income	-	-	-	-	62,228	62,228	50,321	-	112,549
Balance at March 31, 2022	<u>\$ 879,081</u>	<u>348,765</u>	<u>151,536</u>	<u>73,874</u>	<u>403,883</u>	<u>629,293</u>	<u>(35,293)</u>	<u>-</u>	<u>1,821,846</u>
Balance at January 1, 2023	\$ 879,081	348,899	170,281	85,614	446,785	702,680	(61,180)	(17,253)	1,852,227
Profit	-	-	-	-	26,460	26,460	-	-	26,460
Other comprehensive income	-	-	-	-	-	-	6,184	-	6,184
Total comprehensive income	-	-	-	-	26,460	26,460	6,184	-	32,644
Balance at March 31, 2023	<u>\$ 879,081</u>	<u>348,899</u>	<u>170,281</u>	<u>85,614</u>	<u>473,245</u>	<u>729,140</u>	<u>(54,996)</u>	<u>(17,253)</u>	<u>1,884,871</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 35,609	82,283
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	31,368	43,931
Amortization expense	162	233
Expected credit (gain) loss	(505)	8,296
Interest expense	616	2,338
Interest income	(5,237)	(747)
Loss on disposal of property, plan and equipment	-	29
Unrealized foreign exchange loss (gain)	4,738	(22,162)
Gains on modification of leases	-	(13)
Total adjustments to reconcile profit (loss)	<u>31,142</u>	<u>31,905</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	57,357	(62,727)
Decrease in accounts receivable	209,729	97,198
Increase in accounts receivable due from related parties	(149)	-
Increase in other receivables	(850)	(3,457)
Decrease in inventories	37,047	28,779
Decrease (increase) in prepayments	14,333	(10,607)
Decrease in other current assets	206	1,030
Total changes in operating assets	<u>317,673</u>	<u>50,216</u>
Changes in operating liabilities:		
Decrease in accounts payable	(139,201)	(47,259)
Decrease in other payable	(27,501)	(23,793)
Increase in other current liabilities	3,142	11,402
Increase (decrease) in other operating liabilities	235	(551)
Total changes in operating liabilities	<u>(163,325)</u>	<u>(60,201)</u>
Total changes in operating assets and liabilities	<u>154,348</u>	<u>(9,985)</u>
Total adjustments	<u>185,490</u>	<u>21,920</u>
Cash inflow generated from operations	221,099	104,203
Interest received	4,763	906
Interest paid	(616)	(1,302)
Income taxes paid	(3,387)	(30)
Net cash flows from operating activities	<u>221,859</u>	<u>103,777</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(11,149)	(6,847)
Decrease (Increase) in other non-current assets	1,006	(9,825)
Net cash flows used in investing activities	<u>(10,143)</u>	<u>(16,672)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(20,000)
Payment of lease liabilities	(8,995)	(9,309)
Net cash flows used in financing activities	<u>(8,995)</u>	<u>(29,309)</u>
Effect of exchange rate changes on cash and cash equivalents	3,050	25,185
Net increase in cash and cash equivalents	205,771	82,981
Cash and cash equivalents at beginning of period	764,603	418,151
Cash and cash equivalents at end of period	<u>\$ 970,374</u>	<u>501,132</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TaiSol Electronics Co., Ltd. (the “Company”) was incorporated on September 23rd, 1994 under the approval of Ministry of Economic Affairs, Republic of China (“ROC”). The address of its registered office is 3F, No.302, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan. The principal activities of the Company and its subsidiaries (the “Group”) are the manufacturing, agency sales and trading of connectors and thermal solutions, the processing of components of electronic computers, the processing and assembly of electrical wires and cables, trading of magnesium-aluminum components, the processing of components of automobiles, and the sale and tender of sales quotations for various products of domestic and foreign manufacturers.

The Company’s common shares have been publicly listed on the Taiwan Stock Exchange since December 13th, 2013. Please refer to Note 14 for the Group's operating activities and operating segments informations.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements for the three Months ended March 31, 2023 and 2022 were authorized for issuance by the Board of Directors on May 12, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

List of the subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principle activity	Shareholding		
			March 31, 2023	December 31, 2022	March 31, 2022
The Company	World Window Electronics (H.K.) Limited (hereinafter referred to as "World Window Electronics")	Investment holding and trading	100 %	100 %	100 %
The Company	TaiSol Electronics (HONG KONG) Co., Ltd. (hereinafter referred to as "TaiSol HONG KONG")	Investment holding	100 %	100 %	100 %
The Company	TaiSol Electronics Japan Co., Ltd. (hereinafter referred to as "TaiSol Japan")	Trading	100 %	100 %	100 %
The Company	Techmaster Limited (SAMOA) (hereinafter referred to as "Techmaster")	Trading	- %	- %	100 %
The Company	SiYang TaiSol Electronics Co., Ltd. (hereinafter referred to as "SiYang TaiSol")	Manufacturing and trading	100 %	100 %	100 %
The Company	Vietnam TaiSol Electronics Company Limited (hereinafter referred to as "Vietnam TaiSol")	Trading	100 %	100 %	100 %
World Window Electronics	DongGuan TaiSol Electronics Co., Ltd. (hereinafter referred to as "DongGuan TaiSol")	Manufacturing and trading	100 %	100 %	100 %
TaiSol HONG KONG	Suzhou TaiSol Electronics Co., Ltd. (hereinafter referred to as "Suzhou TaiSol")	Manufacturing and trading	100 %	100 %	100 %

Vietnam TaiSol had established in November, 2021, and increased its capital in January, 2022.

Techmaster had applied for deregistration in November 2022, and its net worth was transferred to the Company.

There were no subsidiaries excluded from the consolidated financial statements.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B 12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements, in conformity with the Regulations and the IFRSs endorsed by the FSC, requires management to make judgments estimates and assumptions that affect the application of the accounting policies and reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Cash on hand	\$ 626	594	627
Demand deposits	546,509	347,638	255,175
Time deposits	373,903	396,371	174,380
Repurchase agreement	49,336	20,000	70,950
Cash and cash equivalents in the statement of cash flows	<u>\$ 970,374</u>	<u>764,603</u>	<u>501,132</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable — measured at amortized cost	\$ 237,920	293,692	322,495
Accounts receivable — measured at amortized cost	1,122,593	1,333,261	1,801,398
Accounts receivable due from related parties — measured at amortized cost	151	-	-
Less: Loss allowance	3,588	4,076	12,012
	<u>\$ 1,357,076</u>	<u>1,622,877</u>	<u>2,111,881</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The loss allowance provisions of the clients classified as category A were determined as follows:

	March 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,119,305	-	-
1 to 30 days past due	6,095	1%	61
31 to 120 days past due	2,620	1%	26
121 to 365 days past due	319	1%	3
	<u>\$ 1,128,339</u>		<u>90</u>
	December 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,341,508	-	-
1 to 30 days past due	22,211	1%	222
31 to 120 days past due	2,515	1%	25
121 to 365 days past due	1,440	1%	14
	<u>\$ 1,367,674</u>		<u>261</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,814,732	-	-
1 to 30 days past due	7,200	1%	72
31 to 120 days past due	12,576	1%	126
121 to 365 days past due	3,386	1%	34
	\$ 1,837,894		232

The loss allowance provisions of the clients classified as category B were determined as follows:

	March 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 206,345	1%	2,063
1 to 30 days past due	7,500	5%	375
31 to 120 days past due	8,978	5%	449
121 to 365 days past due	9,191	5%	460
	\$ 232,014		3,347

	December 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 231,310	1%	2,313
1 to 30 days past due	7,061	5%	353
31 to 120 days past due	20,590	5%	1,029
121 to 365 days past due	10	5%	1
	\$ 258,971		3,696

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 239,532	1%	2,395
1 to 30 days past due	21,723	5%	1,086
31 to 120 days past due	2,923	5%	146
121 to 365 days past due	1,891	5%	95
	\$ 266,069		3,722

The loss allowance provisions of the clients classified as category C were determined as follows:

	March 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
More than 365 days past	\$ 311	10%	31

	December 31, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
121 to 365 days past due	\$ 6	10%	1
More than 365 days past	302	10%	30
	\$ 308		31

Additionally, the Group has assessed the individually assessed accounts receivable amounting to \$19,930 thousand as of March 31, 2022, which are not due to changes in customer credit, and has recognized an allowance for loss of \$7,972 thousand.

The movements in the allowance for notes and accounts receivable were as follows:

	For the three months ended March 31	
	2023	2022
Balance at January 1	\$ 4,076	3,611
Impairment losses (reversed) recognized	(505)	8,296
Effect of changes in exchange rates	17	105
Balance at March 31	\$ 3,588	12,012

The Group's notes and accounts receivable were not pledged as collateral.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Others receivables	\$ 5,850	4,461	17,247
Less: Loss allowance	566	563	575
	<u>\$ 5,284</u>	<u>3,898</u>	<u>16,672</u>

Other receivables are impaired at the loss allowance based on 12 month expected credit losses. The loss allowance provisions and credit impairments were determined as follows:

	March 31, 2023		December 31, 2022		March 31, 2022	
	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Life time Expected loss— unimpaired	Life time Expected loss— impaired
Current	\$ 5,284	-	3,898	-	16,672	-
More than 365 days past	-	566	-	563	-	575
Gross carrying amounts	5,284	566	3,898	563	16,672	575
Loss allowance	-	(566)	-	(563)	-	(575)
Amortized cost (carrying amount)	<u>\$ 5,284</u>	<u>-</u>	<u>3,898</u>	<u>-</u>	<u>16,672</u>	<u>-</u>

The movements in the allowance for others receivables were as follows:

	For the three months ended March 31, 2023		
	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Total
Balance at January 1	\$ -	563	563
Effect of changes in exchange rates	-	3	3
Balance at March 31	<u>\$ -</u>	<u>566</u>	<u>566</u>

	For the three months ended March 31, 2022		
	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Total
Balance at January 1	\$ -	555	555
Effect of changes in exchange rates	-	20	20
Balance at March 31	<u>\$ -</u>	<u>575</u>	<u>575</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 220,505	251,118	366,384
Work in progress	29,068	31,796	71,817
Raw materials	69,223	78,408	117,184
Merchandise	55,870	49,068	84,610
Total	<u>\$ 374,666</u>	<u>410,390</u>	<u>639,995</u>

The details of the cost of sales were as follows:

	For the three months ended March 31	
	2023	2022
Cost of goods sold	\$ 666,019	986,497
Recognition of provisions for inventory valuation (reversed)	(1,806)	577
Loss on scrap of inventory	531	419
	<u>\$ 664,744</u>	<u>987,493</u>

The Group's inventories mentioned above were not pledged as collateral.

(e) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Other equipment	Total
Cost or deemed cost:							
Balance at January 1, 2023	\$ 107,699	218,971	410,581	46,347	5,811	102,708	892,117
Additions	-	5,226	5,072	570	-	1,010	11,878
Disposal	-	-	(5,957)	(3,263)	(150)	(4,131)	(13,501)
Effect of exchange rate changes	-	843	1,915	237	10	743	3,748
Balance at March 31, 2023	<u>\$ 107,699</u>	<u>225,040</u>	<u>411,611</u>	<u>43,891</u>	<u>5,671</u>	<u>100,330</u>	<u>894,242</u>
Balance at January 1, 2022	\$ 107,699	157,934	439,057	42,241	7,656	172,485	927,072
Additions	-	-	3,079	1,150	-	1,871	6,100
Disposal	-	-	(6,185)	-	-	(11,237)	(17,422)
Reclassification	-	-	(3,862)	-	-	3,862	-
Effect of exchange rate changes	-	3,763	16,050	1,529	109	6,144	27,595
Balance at March 31, 2022	<u>\$ 107,699</u>	<u>161,697</u>	<u>448,139</u>	<u>44,920</u>	<u>7,765</u>	<u>173,125</u>	<u>943,345</u>
Depreciation:							
Balance at January 1, 2023	\$ -	32,859	287,216	13,332	3,788	86,800	423,995
Depreciation for the period	-	1,636	13,724	1,444	379	3,845	21,028
Disposal	-	-	(5,977)	(3,263)	(150)	(4,111)	(13,501)
Effect of exchange rate changes	-	70	1,502	69	6	454	2,101
Balance at March 31, 2023	<u>\$ -</u>	<u>34,565</u>	<u>296,465</u>	<u>11,582</u>	<u>4,023</u>	<u>86,988</u>	<u>433,623</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2022	\$ -	27,117	241,169	9,283	4,521	143,342	425,432
Depreciation for the period	-	1,246	23,568	1,884	596	6,303	33,597
Disposal	-	-	(6,185)	-	-	(11,208)	(17,393)
Reclassification	-	-	(1,395)	-	-	1,395	-
Effect of exchange rate changes	-	349	9,354	362	81	5,125	15,271
Balance at March 31, 2022	<u>\$ -</u>	<u>28,712</u>	<u>266,511</u>	<u>11,529</u>	<u>5,198</u>	<u>144,957</u>	<u>456,907</u>
Carrying amounts:							
Balance at January 1, 2023	<u>\$ 107,699</u>	<u>186,112</u>	<u>123,365</u>	<u>33,015</u>	<u>2,023</u>	<u>15,908</u>	<u>468,122</u>
Balance at March 31, 2023	<u>\$ 107,699</u>	<u>190,475</u>	<u>115,146</u>	<u>32,309</u>	<u>1,648</u>	<u>13,342</u>	<u>460,619</u>
Balance at January 1, 2022	<u>\$ 107,699</u>	<u>130,817</u>	<u>197,888</u>	<u>32,958</u>	<u>3,135</u>	<u>29,143</u>	<u>501,640</u>
Balance at March 31, 2022	<u>\$ 107,699</u>	<u>132,985</u>	<u>181,628</u>	<u>33,391</u>	<u>2,567</u>	<u>28,168</u>	<u>486,438</u>

Please refer to Note 8 for the property, plant and equipment pledged to secure bank loans as of March 31, 2023 and 2022.

(f) Right of use assets

The Group leases land, buildings, vehicles, and office equipments. Information about leases for which the Group as a lessee was as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2023	\$ 24,276	205,968	15,105	238	245,587
Additions	-	-	2,374	-	2,374
Effect of exchange rate changes	126	994	47	-	1,167
Balance at March 31, 2023	<u>\$ 24,402</u>	<u>206,962</u>	<u>17,526</u>	<u>238</u>	<u>249,128</u>
Balance at January 1, 2022	\$ 23,923	201,048	16,462	238	241,671
Additions	-	-	751	-	751
Disposal	-	-	(2,409)	-	(2,409)
Effect of exchange rate changes	892	7,256	312	-	8,460
Balance at March 31, 2022	<u>\$ 24,815</u>	<u>208,304</u>	<u>15,116</u>	<u>238</u>	<u>248,473</u>
Depreciation:					
Balance at January 1, 2023	\$ 2,034	169,861	12,082	99	184,076
Depreciation for the period	153	9,214	961	12	10,340
Effect of exchange rate changes	10	822	43	-	875
Balance at March 31, 2023	<u>\$ 2,197</u>	<u>179,897</u>	<u>13,086</u>	<u>111</u>	<u>195,291</u>
Balance at January 1, 2022	\$ 1,420	131,328	10,116	52	142,916
Depreciation for the period	144	9,211	967	12	10,334
Disposal	-	-	(1,271)	-	(1,271)
Effect of exchange rate changes	57	4,959	244	-	5,260
Balance at March 31, 2022	<u>\$ 1,621</u>	<u>145,498</u>	<u>10,056</u>	<u>64</u>	<u>157,239</u>
Carrying amounts:					
Balance at January 1, 2023	<u>\$ 22,242</u>	<u>36,107</u>	<u>3,023</u>	<u>139</u>	<u>61,511</u>
Balance at March 31, 2023	<u>\$ 22,205</u>	<u>27,065</u>	<u>4,440</u>	<u>127</u>	<u>53,837</u>
Balance at January 1, 2022	<u>\$ 22,503</u>	<u>69,720</u>	<u>6,346</u>	<u>186</u>	<u>98,755</u>
Balance at March 31, 2022	<u>\$ 23,194</u>	<u>62,806</u>	<u>5,060</u>	<u>174</u>	<u>91,234</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Intangible assets

	<u>Computer software</u>	<u>Patents</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 3,944	1,484	5,428
Effect of exchange rate changes	17	-	17
Balance at March 31, 2023	<u>\$ 3,961</u>	<u>1,484</u>	<u>5,445</u>
Balance at January 1, 2022	\$ 3,908	2,274	6,182
Disposal	-	(150)	(150)
Effect of exchange rate changes	116	-	116
Balance at March 31, 2022	<u>\$ 4,024</u>	<u>2,124</u>	<u>6,148</u>
Amortization:			
Balance at January 1, 2023	\$ 3,431	480	3,911
Amortization	114	48	162
Effect of exchange rate changes	16	-	16
Balance at March 31, 2023	<u>\$ 3,561</u>	<u>528</u>	<u>4,089</u>
Balance at January 1, 2022	\$ 3,119	899	4,018
Amortization	121	112	233
Disposal	-	(150)	(150)
Effect of exchange rate changes	104	-	104
Balance at March 31, 2022	<u>\$ 3,344</u>	<u>861</u>	<u>4,205</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 513</u>	<u>1,004</u>	<u>1,517</u>
Balance at March 31, 2023	<u>\$ 400</u>	<u>956</u>	<u>1,356</u>
Balance at January 1, 2022	<u>\$ 789</u>	<u>1,375</u>	<u>2,164</u>
Balance at March 31, 2022	<u>\$ 680</u>	<u>1,263</u>	<u>1,943</u>

The Group did not provide any of the aforementioned intangible assets as collateral.

(h) Prepayments

The Group's prepayments were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Prepaid sales tax	\$ 44,820	52,275	79,814
Other prepayments	31,870	38,250	40,176
Prepayments for purchases	-	34	86
	<u>\$ 76,690</u>	<u>90,559</u>	<u>120,076</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unused credit lines	<u>\$ 731,525</u>	<u>735,295</u>	<u>721,438</u>
Interest rate	<u>-</u>	<u>-</u>	<u>-</u>

For the collateral for bank loans, please refer to Note 8.

(j) Bonds payable

- (i) There were no significant issues, repurchases and repayments of bonds payable for the March 31, 2023 and 2022. Please refer to Note 6(j) of the consolidated financial statements for the year ended December 31, 2022.
- (ii) The second unsecured domestic convertible corporate bonds issued by the Group reached maturity on August 20, 2022. According to the regulations, the Group had redeemed and suspended the trading. The Group had repaid in full at the end of August, 2022.
- (iii) The details of the second unsecured domestic convertible corporate bonds issued on August 20, 2019 were as follows:

	December 31, 2022	March 31, 2022
The original issued amount of the convertible bonds	\$ 303,000	303,000
Less: Accumulative redeemed amount	(213,009)	-
Accumulative converted amount	(89,991)	(89,991)
Unamortized discounted corporate bonds payable	-	(1,566)
Expected to be redeemed within one year	<u>-</u>	<u>(211,443)</u>
Corporate bonds issued balance at period-end	<u>\$ -</u>	<u>-</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ -</u>	<u>9,495</u>

	For the three months ended March 31	
	2023	2022
Interest expense	<u>\$ -</u>	<u>1,037</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Lease liabilities

The amounts of the Group's lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	<u>\$ 30,578</u>	<u>34,806</u>	<u>43,301</u>
Non-current	<u>\$ 2,770</u>	<u>4,986</u>	<u>29,390</u>

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2023	2022
Interest on lease liabilities	<u>\$ 616</u>	<u>1,262</u>
Income from sub-leasing right-of-use assets	<u>\$ 1,341</u>	<u>1,328</u>
Expenses relating to short-term leases	<u>\$ 5,482</u>	<u>5,339</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 23</u>	<u>17</u>

The leases amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended March 31	
	2023	2022
Total cash outflow for leases	<u>\$ 15,116</u>	<u>15,927</u>

(i) Real estate leases

The Group leases land and buildings for its office space, staff dormitories, research and development centers and plants. The leases of office space and plants typically run for a period of 2 to 5 years, and of staff dormitories for 3 to 8 years, and of R&D centers for 2 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases vehicles and other equipment, with lease terms of one to five years.

(l) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2023 and 2022. Please refer to Note 6(l) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Other payables and other current liabilities

The other payables were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Accrued expenses	\$ 117,523	112,855	114,445
Commission payable	104,371	105,292	113,274
Salary and bonus payable	68,286	80,732	109,324
Remuneration payable to employees, directors, and supervisors	23,695	38,590	33,150
Payable for equipment	23,370	22,527	28,896
Other payables	38,129	40,063	42,279
	<u>\$ 375,374</u>	<u>400,059</u>	<u>441,368</u>

The other current liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Refund liabilities	\$ 136,402	132,847	118,757
Temporary credits	5,641	6,478	5,558
Receipts under custody	1,348	1,546	1,358
Unearned receipts	3,188	17	4,176
	<u>\$ 146,579</u>	<u>140,888</u>	<u>129,849</u>

A refund liability is recognized for expected discounts payable to customers in relation to sales made at each reporting date.

(n) Employee benefits

(i) Defined benefit plans

In the fourth quarter of 2021, the Group settled with the employees who were eligible for the defined benefit scheme. The Group applied to the Department of Labor, Taipei City Government in accordance with the law for payment of the employee pension and return of the remaining balance of the labor retirement reserve. The Group received the remaining balance in April 2022, and recognized liquidation gain of \$4,727 thousand in the second quarter of 2022.

(ii) Defined contribution plans

The cost of the pension contributions to the Bureau of Labor Insurance for the three months ended March 31, 2023 and 2022 amounted to \$1,315 thousand and \$1,313 thousand, respectively.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Under the retirement scheme for senior managers of the Group, the retirement benefits of senior management are provided by the payment to the insurance company premiums, under which the Group has no statutory or constructive obligation to pay additional amount after payment of a fixed amount to the insurance company. Under the contribution pension plan, the Group's pension costs amounted to \$167 thousand and \$(139) thousand for the three months ended March 31, 2023 and 2022, respectively.

(o) Income taxes

(i) Income tax expenses

The components of income tax for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31	
	2023	2022
Current tax expense		
Current period	\$ 7,727	23,438
Deferred tax expense (income)		
Origination and reversal of temporary differences	1,422	(3,383)
Income tax expense	\$ 9,149	20,055

There were no income tax expense recognized in equity and other comprehensive income for the three months ended March 31, 2023 and 2022.

(ii) Assessment of tax

The Company's income tax returns for the years through 2020 have been examined and approved by the R.O.C. tax authorities.

(p) Capital and other equity

There was no significant change in capital and other equity for the periods for the three months ended March 31, 2023 and 2022. For the related information, please refer to Note 6(p) of the consolidated financial statements for the year ended December 31, 2022.

(i) Capital surplus

The components of capital surplus were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Additional paid in capital	\$ 325,371	325,371	325,371
Share option –convertible bonds issued	-	-	9,495
Others	23,528	23,528	13,899
	\$ 348,899	348,899	348,765

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Retained earnings

In accordance with the Company's articles, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve according to the Securities and Exchange Act and the Company's operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of directors can propose distribution plan to be approved by the shareholders' meeting.

In consideration of the Company's longterm operating plan, funding needs, and satisfying shareholder demand for cash flow, distribution of earnings may be retained in whole or in part as unappropriated retained earnings by resolution of the shareholders' general meeting and shall be paid in subsequent years. The distribution of dividends by shareholders may be in the form of cash dividends or share dividends, where the distribution rate of share dividends shall be not less than 20 percent, provided that the ratio of such earnings to cash dividends or share dividends shall be adjusted by resolution of the shareholders in accordance with the actual profit and fund status for the year.

On February 24, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings, and earnings distribution for 2021 was decided by the resolution adopted, at the general meeting of shareholders held on May 20, 2022, respectively, the relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share (NT dollars)	Amount	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ <u>2.0</u>	<u>174,916</u>	<u>1.5</u>	<u>131,862</u>

(iii) Treasury shares

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, on July 1, 2022, the Board of Directors resolved to repurchase 600 thousand shares as treasury shares to motivate its employees, at a price ranging from \$30.0 to \$60.0 per share, during the repurchased period from July 1 to August 31, 2022. During the repurchased period, the Company repurchased 450 thousand shares for a total consideration of \$17,253 thousand. As of March 31, 2023, the number of shares held by the Company was 450 thousand shares.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer. In addition, the number of shares bought back shall not exceed 10% of the total number of issued shares. The total purchase amount shall not exceed the sum of retained earnings, additional paid-in capital-premiums and realized capital surplus. The Company had complied with the relevant laws and regulations to calculate the limit of treasury shares in accordance with the application, and there were no cases of exceeding the limit.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Other equity amounts (net of tax)

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2023	\$ (61,180)
Exchange differences on translation of net assets of foreign operations	<u>6,184</u>
Balance as of March 31, 2023	<u>\$ (54,996)</u>
Balance as of January 1, 2022	\$ (85,614)
Exchange differences on translation of net assets of foreign operations	<u>50,321</u>
Balance as of March 31, 2022	<u>\$ (35,293)</u>

(q) Earnings per share

The basic earnings per share were calculated as follows:

	For the three months ended March 31	
	2023	2022
Basic earnings per share:		
Profit attributable to the Company	<u>\$ 26,460</u>	<u>62,228</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>87,458</u>	<u>87,908</u>
Basic earnings per share (in New Taiwan dollars)	<u>\$ 0.30</u>	<u>0.71</u>
Diluted earnings per share:		
Profit attributable to the Company	\$ 26,460	62,228
Effect of dilutive potential ordinary shares		
Convertible bonds	<u>-</u>	<u>1,037</u>
Profit attributable to ordinary equity holders of the Company (after adjusting the effect of dilutive potential ordinary share)	<u>\$ 26,460</u>	<u>63,265</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	87,458	87,908
Effect of dilutive potential ordinary shares		
Effect of issuance of share options (in thousands of shares)	212	283
Effect of the conversion of convertible bonds (in thousands of shares)	<u>-</u>	<u>2,986</u>
Weighted average number of common shares outstanding (Diluted / in thousands of shares)	<u>87,670</u>	<u>91,177</u>
Diluted earnings per share (in New Taiwan dollars)	<u>\$ 0.30</u>	<u>0.69</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Revenue from contracts with customers

(i) Details of revenue

For the three months ended March 31, 2023				
	The Company and others	DongGuan TaiSol	SiYang TaiSol	Total
Primary geographical markets:				
Asia	\$ 467,052	243,412	87,523	797,987
America	24,474	-	-	24,474
Europe	7,770	-	-	7,770
	\$ 499,296	243,412	87,523	830,231
Merchandise:				
Connector	\$ 166,511	22,039	-	188,550
Thermal solutions	332,785	221,373	87,523	641,681
	\$ 499,296	243,412	87,523	830,231
For the three months ended March 31, 2022				
	The Company and others	Suzhou TaiSol	DongGuan TaiSol	Total
Primary geographical markets:				
Asia	\$ 752,475	119,615	302,809	1,174,899
America	35,653	-	-	35,653
Europe	10,918	-	-	10,918
	\$ 799,046	119,615	302,809	1,221,470
Merchandise:				
Connector	\$ 256,903	-	2,670	259,573
Thermal solutions	542,143	119,615	300,139	961,897
	\$ 799,046	119,615	302,809	1,221,470

(ii) Contract Balance

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 237,920	293,692	322,495
Accounts receivable	1,122,593	1,333,261	1,801,398
Accounts receivable due from related parties	151	-	-
Less: Loss allowance	3,588	4,076	12,012
Total	\$ 1,357,076	1,622,877	2,111,881
Contract liabilities	\$ 139,590	132,864	122,933

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For details on notes and accounts receivable and allowance for impairment, please refer to Note 6(b).

(s) Employee compensation and directors' and supervisors' remuneration

The Company's Articles of Incorporation stipulate that if there is profit for the year, a minimum of 3% but not exceeding 15% shall be allocated as employee compensation and a maximum of 5% as director compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions.

For the three months ended March 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$1,103 thousand and \$4,361 thousand, and directors' and supervisors' remuneration amounting to \$1,103 thousand and \$3,489 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's article. These remunerations were expensed under operating expenses during the periods. If there is a difference between the actual distribution amount in the next year and the estimated figure, it will be handled according to the change in accounting estimates, and the difference will be recognized as the profit and loss of the next year.

The Company's employee remuneration in 2022 and 2021 was \$11,189 thousand and \$17,101 thousand respectively, and directors' and supervisors' remuneration was \$10,300 thousand and \$8,200 thousand respectively. The amounts were identical to the actual distribution and the relevant information can be inquired at the Market Observation Post System website.

(t) Non-operating income and expenses

(i) Interest income

The Group's interest income was as follows:

	For the three months ended March 31	
	2023	2022
Interest income from bank deposits	\$ 5,237	747

(ii) Other income

The Group's other income was as follows:

	For the three months ended March 31	
	2023	2022
Rental income	\$ 1,341	1,328
Others	3,234	1,217
Total other income	\$ 4,575	2,545

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The unconditional government grants were recognized amounting to CNY135 thousand and CNY10 thousand for the three months ended March 31, 2023 and 2022, respectively.

(iii) Other gains and losses

The Group's other gains and losses were as follows:

	For the three months ended	
	March 31	
	<u>2023</u>	<u>2022</u>
Losses on disposal of property, plant and equipment	\$ -	(29)
Gains on modification of leases	-	13
Foreign exchange (losses) gains	(10,754)	12,355
Miscellaneous disbursements	<u>(4,510)</u>	<u>(1,318)</u>
Other gains and losses, net	<u>\$ (15,264)</u>	<u>11,021</u>

(iv) Finance costs

	For the three months ended	
	March 31	
	<u>2023</u>	<u>2022</u>
Interest expense	<u>\$ 616</u>	<u>2,338</u>

(u) Financial Instrument

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2022.

(i) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	<u>Carrying</u> <u>amounts</u>	<u>Cash flows</u>	<u>Less than</u> <u>one year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5</u> <u>years</u>
March 31, 2023						
Non-derivative financial liabilities						
Accounts payable	\$ 760,316	760,316	760,316	-	-	-
Other payables	375,374	375,374	375,374	-	-	-
Lease liabilities	<u>33,348</u>	<u>34,427</u>	<u>31,576</u>	<u>1,681</u>	<u>1,170</u>	<u>-</u>
	<u>\$ 1,169,038</u>	<u>1,170,117</u>	<u>1,167,266</u>	<u>1,681</u>	<u>1,170</u>	<u>-</u>
December 31, 2022						
Non-derivative financial liabilities						
Accounts payable	\$ 898,157	898,157	898,157	-	-	-
Other payables	400,059	400,059	400,059	-	-	-
Lease liabilities	<u>39,792</u>	<u>41,360</u>	<u>36,328</u>	<u>4,722</u>	<u>310</u>	<u>-</u>
	<u>\$ 1,338,008</u>	<u>1,339,576</u>	<u>1,334,544</u>	<u>4,722</u>	<u>310</u>	<u>-</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amounts</u>	<u>Cash flows</u>	<u>Less than one year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2022						
Non-derivative financial liabilities						
Accounts payable	\$ 1,236,227	1,236,227	1,236,227	-	-	-
Other payables	441,368	441,368	441,368	-	-	-
Bonds Payable	211,443	214,079	214,079	-	-	-
Lease liabilities	72,691	77,123	46,793	29,945	385	-
	<u>\$ 1,961,729</u>	<u>1,968,797</u>	<u>1,938,467</u>	<u>29,945</u>	<u>385</u>	<u>-</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(ii) Currency risk

1) Exposure of foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>March 31, 2023</u>			<u>December 31, 2022</u>			<u>March 31, 2022</u>			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	
<u>Financial assets</u>										
<u>Monetary items</u>										
CNY	\$	14,681	4,431	65,052	8,293	4,408	36,554	10,125	4,506	45,625
USD		53,609	30,450	1,632,398	56,112	30,710	1,723,207	72,549	28,625	2,076,714
JPY		10,029	0,229	2,295	14,064	0,232	3,268	12,861	0,235	3,026
HKD		9	3,879	36	45	3,938	175	143	3,656	523
<u>Financial liabilities</u>										
<u>Monetary items</u>										
CNY		1,642	4,431	7,276	1,547	4,408	6,820	5,046	4,506	22,736
USD		24,375	30,450	742,221	26,930	30,710	827,032	29,089	28,625	832,672
JPY		8,104	0,229	1,854	8,197	0,232	1,905	6,580	0,235	1,548
HKD		36	3,879	139	31	3,938	122	38	3,656	139

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months ended March 31, 2023 and 2022, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to losses of \$10,754 thousand and gains of \$12,355 thousand, respectively.

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.25% of the NTD against all foreign currencies as of March 31, 2023 and 2022 would have increased (decreased) the net profit after tax as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Effect of appreciation on net profit after tax	Effect of depreciation on net profit after tax
March 31, 2023		
CNY (0.25% of appreciation or depreciation)	\$ 116	(116)
USD (0.25% of appreciation or depreciation)	1,780	(1,780)
JPY (0.25% of appreciation or depreciation)	1	(1)
	\$ 1,897	(1,897)
	Effect of appreciation on net profit after tax	Effect of depreciation on net profit after tax
March 31, 2022		
CNY (0.25% of appreciation or depreciation)	\$ 46	(46)
USD (0.25% of appreciation or depreciation)	2,488	(2,488)
JPY (0.25% of appreciation or depreciation)	3	(3)
	\$ 2,537	(2,537)

(iii) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	Carrying amounts	March 31, 2023			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 970,374	-	-	-	-
Notes and accounts receivable (including related parties)	1,357,076	-	-	-	-
Other receivables	5,284	-	-	-	-
Restricted time deposits (recognized in other current assets)	600	-	-	-	-
Guarantee deposits paid (recognized in other non-current assets)	19,489	-	-	-	-
Total	\$ 2,352,823	-	-	-	-

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2023			
		Carrying	Fair value		
		amounts	Level 1	Level 2	Level 3
			Total		
Financial liabilities measured at amortized cost					
Accounts payable	\$	760,316	-	-	-
Other payables		375,374	-	-	-
Lease liabilities		33,348	-	-	-
Total	\$	1,169,038	-	-	-
		December 31, 2022			
		Carrying	Fair value		
		amounts	Level 1	Level 2	Level 3
			Total		
Financial assets measured at amortized cost					
Cash and cash equivalents	\$	764,603	-	-	-
Notes and accounts receivable (including related parties)		1,622,877	-	-	-
Other receivables		3,898	-	-	-
Restricted time deposits (recognized in other current assets)		600	-	-	-
Guarantee deposits paid (recognized in other non-current assets)		19,383	-	-	-
Total	\$	2,411,361	-	-	-
Financial liabilities measured at amortized cost					
Accounts payable	\$	898,157	-	-	-
Other payables		400,059	-	-	-
Lease liabilities		39,792	-	-	-
Total	\$	1,338,008	-	-	-
		March 31, 2022			
		Carrying	Fair value		
		amounts	Level 1	Level 2	Level 3
			Total		
Financial assets measured at amortized cost					
Cash and cash equivalents	\$	501,132	-	-	-
Notes and accounts receivable (including related parties)		2,111,881	-	-	-
Other receivables		16,672	-	-	-
Restricted time deposits (recognized in other current assets)		600	-	-	-
Guarantee deposits paid (recognized in other non-current assets)		19,795	-	-	-
Total	\$	2,650,080	-	-	-

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bonds payable	\$ 211,443	-	-	-	-
Accounts payable	1,236,227	-	-	-	-
Other payables	441,368	-	-	-	-
Lease liabilities	72,691	-	-	-	-
Total	<u>\$ 1,961,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

The Group adopted the binomial tree valuation model to measure its domestic convertible bonds, taking into account such parameters as stock price volatility and risk-free interest rates.

3) There was no transfer between the fair value hierarchy levels for the three months ended March 31, 2023 and 2022.

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

(w) Capital management

There were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2022 for further details.

(x) Investing and financing activities not affecting current cash flow

(i) the cash paid by the Group for the purchase of property, plant and equipment is supplemented by the following information:

	For the three months ended March 31	
	2023	2022
Increase in property, plant and equipment	\$ 11,878	6,100
Add: Payable for equipment as of January 1	22,527	28,577
Less: Payable for equipment as of March 31	(23,370)	(28,896)
Effect of exchange rate changes	114	1,066
Cash paid	<u>\$ 11,149</u>	<u>6,847</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The cash payment from the Group's acquisition of the right of use assets is supplemented by the following cash flow information:

	For the three months ended	
	March 31	
	2023	2022
Increase in right of use assets	\$ 2,374	751
Less: Increase in lease liabilities	(2,374)	(751)
Cash paid	\$ -	-

- (iii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-Cash changes			March 31, 2023
			Effect of exchange rate changes	Right-of-use assets increases	Others	
Lease liabilities	\$ 39,792	(8,995)	177	2,374	-	33,348
	January 1, 2022	Cash flows	Non-Cash changes			March 31, 2022
			Effect of exchange rate changes	Right-of-use assets increases	Others	
Short-term borrowings	\$ 20,000	(20,000)	-	-	-	-
Lease liabilities	79,880	(9,309)	2,520	751	(1,151)	72,691
Bonds payable	210,406	-	-	-	1,037	211,443
Total liabilities from financing activities	\$ 310,286	(29,309)	2,520	751	(114)	284,134

(7) Related-party transactions

- (a) Names and relationship with related parties

The following are the entities that have had transactions with the Group during the periods covered in the financial statements.

Name of related party	Relationship with The Group
VSELL ENTERPRISE CO., LTD. (hereinafter referred to as "VSELL")	Its principal management are chairman of the Company

- (b) Significant transactions with related parties

- (i) Operating income

The amounts of significant sales transactions between the Group and related parties were as follows:

	For the three months ended	
	March 31	
	2023	2022
Other related parties – VSELL	\$ 147	-

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group has no other customers to compare with the above related party relating to sales price, and the terms for the related party are approximately 60 days. Collecting period for non-related parties is mainly 30 to 210 days.

(ii) Receivables from related parties

The details of the Company's receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivable due from related parties	Other related parties — VSELL	\$ <u>151</u>	<u>-</u>	<u>-</u>

(c) Key management personnel transactions

Key management personnel compensation includes:

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 10,313	16,597
Post-employment benefits	167	74
Other long-term employee benefits	68	(413)
	<u>\$ 10,548</u>	<u>16,258</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Restricted time deposits (recognized in other current asset)	Custom deposits	\$ 600	600	600
Land and buildings (recognized in property, plant and equipment)	Long-term and short-term loans	144,840	145,094	145,975
		<u>\$ 145,440</u>	<u>145,694</u>	<u>146,575</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had outstanding notes for guarantee of bank loans, credit limit amounting to \$850,385 thousand, \$854,363 thousand and \$744,375 thousand, respectively.

(10) Losses due to major disasters: None.

(11) Subsequent Events: None.

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function	For the three months ended March 31							
	2023				2022			
	Cost of good sold	Operating expenses	Non-operating expenses	Total	Cost of good sold	Operating expenses	Non-operating expenses	Total
Employee benefits								
Salary	70,884	47,387	-	118,271	105,686	62,028	-	167,714
Labor and health insurance	-	2,638	-	2,638	-	2,630	-	2,630
Pension	-	1,482	-	1,482	-	1,174	-	1,174
Remuneration of directors	-	1,449	-	1,449	-	3,835	-	3,835
Others	10,314	4,626	-	14,940	13,452	5,262	-	18,714
Depreciation	23,729	6,597	1,042	31,368	33,114	9,735	1,082	43,931
Amortization	-	162	-	162	-	233	-	233

- (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three month ended March 31, 2023:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	153,550	152,250	-	- %	2	-	Operating capital	-	-	-	376,974	753,949
1	SiYang TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	44,450	44,310	-	- %	2	-	Operating capital	-	-	-	376,974	753,949
2	DongGuan TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	133,350	132,930	44,310	5.00 %	2	-	Operating capital	-	-	-	376,974	753,949

Note 1: Purpose of fund financing for the borrower:

- (1) Those with business contact please fill in 1
- (2) Those necessary for short-term financing please fill in 2.

Note 2: Pursuant to the Company's procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of the Company's net worth, for the Company loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount lendable to any such subsidiary of the Company shall not exceed 40% of the net worth of the Company, and the individual amount shall not exceed 20% of the net worth of the Company.

Note 3: Pursuant to the subsidiary's procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of each company's net worth, for the subsidiary loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount and individual amount lendable to any such enterprises due to short term financing shall not exceed 40% of the net worth of each company. With a foreign subsidiary of the parent company which directly and indirectly holds 100% of the voting shares or a subsidiary loans funds to parent company are excluded from item 1. The group's combined total loan amount is limited to the lower of less than 2,500% of the net value of the Company or 40% of the net value of the ultimate parent company. The respective loan amount is limited to the lower of 2,500% of the net value of the Company or 20 % of the net value of the ultimate parent company.

Note 4: The above transactions of loans to Suzhou TaiSol have been eliminated when the consolidated financial statements were prepared.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	the Company	SiYang TaiSol Electronics Co., Ltd.	2	565,461	46,065	45,675 (Note 3)	-	-	2.42 %	942,436	Y	N	Y
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	2	565,461	92,130	91,350 (Note 3)	-	-	4.85 %	942,436	Y	N	Y

Note 1: Pursuant to the “endorsement guarantee procedure” established by the Company, the total amount of the Company's endorsement and guarantee does not exceed 50% of the net value of current period. Of these, the single corporate guarantee limit shall not exceed 20% of the current net value except for companies in which the Company directly and indirectly holds more than 50% of the voting shares, which shall not exceed 30% of the current net value.

Note 2: The relationship between the endorser/guarantor and the guaranteed party:

- 1) A company with which it does business.
- 2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- 3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- 4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6) A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Suzhou TaiSol and SiYang TaiSol jointly shared the guarantee amount of NTDS91,350 thousand (USDS3million), of which the amount spent by SiYang TaiSol did not exceed NTDS45,675 thousand (USDS1.5million).

(iii) Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the Company	Account	Ending Balance				Notes
				Shares/Units (thousands)	Carrying amounts	Percentage	Fair value	
The Company	TriGem Computer, Inc.	None.	Financial assets at fair value through profit or loss-non current	0.103	-	- %	-	

Unit: Thousand shares

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes / accounts receivable (payable)	
The Company	DongGuan TaiSol Electronics Co., Ltd.	Sub-subsiary of the Company	Purchase	232,408	61.04 %	O/A 75 days	-		(392,772)	68.16%	

Note: The transactions were eliminated when the consolidated financial statements were prepared.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Actions taken		
DongGuan TaiSol Electronics Co., Ltd.	TaiSol Electronics Co., Ltd.	The ultimate parent company	392,772	2.26	-	-	54,346	-

Note 1: The subsequent information is updated up to May 12, 2023.

Note 2: The transactions were eliminated when the consolidated financial statements were prepared.

- (ix) Trading in derivative instruments:None.
- (x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	1	Purchase	23,862	There are no non-related party purchase price for comparison.	2.87%
0	the Company	SiYang TaiSol Electronics Co., Ltd.	1	Purchase	9,806	There are no non-related party purchase price for comparison.	1.18%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Purchase	232,408	There are no non-related party purchase price for comparison.	27.99%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Payables to related parties	392,772	O/A 75 days	11.44%
1	DongGuan TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	3	Receivables from related parties	44,965	According to the contract	1.31%
2	Suzhou TaiSol Electronics Co., Ltd.	SiYang TaiSol Electronics Co., Ltd.	3	Sales	8,935	There are no non-related party purchase price for comparison.	1.08%

Note 1: The numbers represent the following.

1. 0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: The transactions are categorized as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: These transactions were disclosed for either the amounts are over 1% of the consolidated assets or 1% of the consolidated revenue.

Note 4: The transactions were eliminated when the consolidated financial statements were prepared.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the three month ended March 31, 2023 (excluding information on investees in Mainland China):

Unit: Thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance at March 31			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage	Carrying amounts			
TaiSol Electronics Co., Ltd.	World Window Electronics (H.K.) Limited	Hong Kong	trading of connectors and components of electronics and computers and investment in Mainland China	250,119	250,119	64,210	100 %	826,701	23,868	25,357	Subsidiary
TaiSol Electronics Co., Ltd.	TaiSol Electronics (HONG KONG) Co., Ltd.	Hong Kong	Investment in Mainland China	332,470	332,470	31,056	100 %	4,725	(26,919)	(25,933)	Subsidiary
TaiSol Electronics Co., Ltd.	TaiSol Electronics Japan Co., Ltd.	Japan	Trading	2,790	2,790	0.1	100 %	1,721	78	78	Subsidiary
TaiSol Electronics Co., Ltd.	Vietnam TaiSol Electronics Company Limited	Vietnam	Trading	8,307	8,307	-	100 %	7,785	(203)	(203)	Subsidiary

Note 1: The transactions were eliminated when the consolidated financial statements were prepared.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: thousand dollars

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows during current period		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of investee	Percentage of ownership	Share of profit (losses) of investee	Carrying amount	Accumulated remittance of earnings as of March 31, 2023
					Outflow	Inflow						
Suzhou TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of components of heat pipe and electronic computers, and trading of magnesium-aluminum components.	184,310 (Note 2)	2	307,545	-	-	307,545	(26,885)	100.00 %	(25,899)	4,343	-
DongGuan TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of connectors, electronic computers and components of automobiles.	238,559	2	238,559	-	-	238,559	23,764	100.00 %	25,253	814,989	394,010
SiYang TaiSol Electronics Co., Ltd.	Manufacturing and trading of thermal modules, thermal conduit modules, fiber optic cable connectors, etc.	639,450	1	639,450	-	-	639,450	(8,761)	100.00 %	(9,419)	405,812	-

Note 1: Investment methods are classified into the following three categories.

- (1) Direct investment in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Others

Note2: In May 2019, Suzhou TaiSol made a capital reduction of CNY30,220 thousand to cover losses and a capital reduction return of CNY15,332 thousand. Suzhou TaiSol increased its capital by USD2,053, thousand in March 2021, resulting in paid-in capital of USD6,053 thousand.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
1,185,553 (Note 2) (USD 31,100 and HKD61,500)	1,185,553 (Note 2) (USD 31,100 and HKD61,500)	- (Note 1)

Note 1: Since the Company meets the criteria for operational headquarters, the Company is not subject to the limitation as to the amount of investment in Mainland China.

Note 2: Amounts are denominated in New Taiwan Dollars. Foreign currency should be converted at the exchange rates of USD\$: NT\$ = 1:30.450 and HKD\$: NT\$ = 1:3.879 as at the date of the financial report.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the three month ended March 31, 2023, are disclosed in "Information on significant transactions".

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Yu, Ching-Sung		14,463,046	16.45 %

Note: 1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the financial statement due to different calculation basis.

2) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

In the second half of the year 2022, the transfer of part of the production line from Suzhou TaiSol to SiYang TaiSol resulted in the different reportable operating segment in the year 2023 from that disclosed in the consolidated financial statements for the year ended December 31, 2022. The adjusted information about reportable operating segment is as follows:

- (a) The Company mainly sells connectors and thermal solutions.
- (b) DongGuan TaiSol mainly manufactures and sells connectors and thermal solutions.
- (c) SiYang TaiSol mainly manufactures and sells thermal modules.

The Group's operating segment information and reconciliation are as follows:

	For the three months ended March 31, 2023					Total
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Reconciliation and elimination	
Revenue:						
Revenue from external customers	\$ 496,665	243,412	87,523	2,631	-	830,231
Intersegment revenues	-	232,931	19,989	35,732	(288,652)	-
Total revenue	<u>\$ 496,665</u>	<u>476,343</u>	<u>107,512</u>	<u>38,363</u>	<u>(288,652)</u>	<u>830,231</u>
Reportable segment profit or loss	<u>\$ 36,580</u>	<u>25,253</u>	<u>(9,419)</u>	<u>(25,954)</u>	<u>-</u>	<u>26,460</u>
	For the three months ended March 31, 2022					
	The Company	Suzhou TaiSol	DongGuan TaiSol	Others	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 797,228	119,615	302,809	1,818	-	1,221,470
Intersegment revenues	-	128,480	303,341	78,984	(510,805)	-
Total revenue	<u>\$ 797,228</u>	<u>248,095</u>	<u>606,150</u>	<u>80,802</u>	<u>(510,805)</u>	<u>1,221,470</u>
Reportable segment profit or loss	<u>\$ 64,164</u>	<u>(6,893)</u>	<u>17,547</u>	<u>(12,590)</u>	<u>-</u>	<u>62,228</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The information of segment assets and liabilities is not disclosed, because the Group's chief operating decision maker does not rely on it.