

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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The independent auditors' 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.

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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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months 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" 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)
October 30, 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)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****September 30, 2023, December 31, 2022, and September 30, 2022****(Expressed 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	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 865,084	23	764,603	21	435,071	11	2100	Short-term borrowings (note 6(i))	\$ -	-	-	-	22,365	1
1150	Notes receivable, net (notes 6(b) and (r))	194,952	5	293,692	8	254,507	7	2170	Accounts payable	1,142,270	31	898,157	25	1,123,410	29
1170	Accounts receivable, net (notes 6(b) and (r))	1,412,464	38	1,329,185	37	1,847,191	48	2209	Other payables (note 6(m))	374,687	10	400,059	11	468,938	12
1200	Other receivables, net (note 6(c))	5,809	-	3,898	-	10,635	-	2230	Current tax liabilities	46,458	1	101,319	3	87,072	2
130X	Inventories (note 6(d))	396,890	11	410,390	12	473,335	13	2280	Current lease liabilities (note 6(k))	14,222	-	34,806	1	36,010	1
1410	Prepayments (note 6(h))	97,404	3	90,559	3	124,171	3	2399	Other current liabilities (notes 6(m) and (r))	131,652	4	140,888	4	139,045	4
1470	Other current assets (notes 6(h) and 8)	124,018	3	733	-	999	-		Total current liabilities	1,709,289	46	1,575,229	44	1,876,840	49
	Total current assets	3,096,621	83	2,893,060	81	3,145,909	82		Non-Current liabilities:						
Non-current assets:								2570	Deferred tax liabilities	133,314	4	110,165	3	107,636	3
1600	Property, plant and equipment (notes 6(e) and 8)	449,411	12	468,122	13	491,798	13	2580	Non-current lease liabilities (note 6(k))	1,509	-	4,986	-	13,535	-
1755	Right of use assets (note 6(f))	35,512	1	61,511	2	72,135	2	2670	Other non-current liabilities	18,382	-	12,859	1	12,434	-
1780	Intangible assets (note 6(g))	1,111	-	1,517	-	1,532	-		Total non-current liabilities	153,205	4	128,010	4	133,605	3
1840	Deferred tax assets	79,004	2	71,347	2	66,290	2		Total liabilities	1,862,494	50	1,703,239	48	2,010,445	52
1990	Other non-current assets (note 9)	57,756	2	59,909	2	55,776	1		Equity attributable to owners of parent (notes 6(j) and (p)):						
	Total non-current assets	622,794	17	662,406	19	687,531	18	3110	Ordinary shares	879,081	24	879,081	25	879,081	23
								3200	Capital surplus	348,899	9	348,899	10	348,765	9
									Retained earnings:						
								3310	Legal reserve	197,029	5	170,281	5	170,281	5
								3320	Special reserve	61,180	2	85,614	2	85,614	2
								3350	Unappropriated retained earnings	446,349	12	446,785	13	399,987	10
										704,558	19	702,680	20	655,882	17
								3410	Exchange differences on translation of foreign financial statements	(58,364)	(2)	(61,180)	(2)	(43,480)	(1)
								3500	Treasury shares	(17,253)	-	(17,253)	(1)	(17,253)	-
									Total equity	1,856,921	50	1,852,227	52	1,822,995	48
Total assets		\$ 3,719,415	100	3,555,466	100	3,833,440	100	Total liabilities and equity		\$ 3,719,415	100	3,555,466	100	3,833,440	100

See accompanying notes to consolidated financial statements.

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

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

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

	For the three months ended September 30				For the nine months ended September 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(r) and 7)	\$ 1,042,258	100	1,220,840	100	2,727,058	100	3,649,018	100
5000	Operating costs (notes 6(d) and 12)	820,605	79	989,161	81	2,166,279	79	2,960,002	81
5900	Gross profit from operations	221,653	21	231,679	19	560,779	21	689,016	19
6000	Operating expenses (notes 6(b), (n), (s), 7 and 12):								
6100	Selling expenses	48,217	5	91,494	7	138,048	5	225,428	6
6200	Administrative expenses	58,763	6	50,107	4	151,048	6	135,696	4
6300	Research and development expenses	34,280	3	44,010	4	103,226	4	136,338	4
6450	Expected credit loss (gain)	536	-	(11,179)	(1)	445	-	65	-
		141,796	14	174,432	14	392,767	15	497,527	14
6900	Net operating income	79,857	7	57,247	5	168,012	6	191,489	5
7000	Non-operating income and expenses (notes 6(j), (k), (t) and 12):								
7100	Interest income	4,706	-	1,494	-	16,272	1	3,497	-
7010	Other income	8,850	1	6,941	1	24,589	1	14,270	-
7020	Other gains and losses, net	17,224	2	51,215	4	28,082	1	97,763	3
7050	Finance costs, net	(362)	-	(3,277)	-	(1,449)	-	(8,044)	-
		30,418	3	56,373	5	67,494	3	107,486	3
7900	Profit from continuing operations before tax	110,275	10	113,620	10	235,506	9	298,975	8
7950	Less: Income tax expenses (note 6(o))	24,562	2	33,658	3	58,712	2	78,296	2
	Profit	85,713	8	79,962	7	176,794	7	220,679	6
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	38,575	4	11,694	1	2,816	-	42,134	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300	Other comprehensive income	38,575	4	11,694	1	2,816	-	42,134	1
8500	Total comprehensive income	\$ 124,288	12	91,656	8	179,610	7	262,813	7
	Profit, attributable to:								
8610	Owners of parent	\$ 85,713	8	79,962	7	176,794	7	220,679	6
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 124,288	12	91,656	8	179,610	7	262,813	7
	Earnings per share (note 6(q))								
9750	Basic earnings per share	\$ 0.98		0.91		2.02		2.51	
9850	Diluted earnings per share	\$ 0.98		0.90		2.02		2.46	

See accompanying notes to consolidated financial statements.

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the nine months ended September 30, 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	-	-	-	-	220,679	220,679	-	-	220,679
Other comprehensive income	-	-	-	-	-	-	42,134	-	42,134
Total comprehensive income	-	-	-	-	220,679	220,679	42,134	-	262,813
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	18,745	-	(18,745)	-	-	-	-
Special reserve appropriated	-	-	-	11,740	(11,740)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(131,862)	(131,862)	-	-	(131,862)
Purchase of treasury share	-	-	-	-	-	-	-	(17,253)	(17,253)
Balance at September 30, 2022	\$ 879,081	348,765	170,281	85,614	399,987	655,882	(43,480)	(17,253)	1,822,995
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	-	-	-	-	176,794	176,794	-	-	176,794
Other comprehensive income	-	-	-	-	-	-	2,816	-	2,816
Total comprehensive income	-	-	-	-	176,794	176,794	2,816	-	179,610
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	26,748	-	(26,748)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(174,916)	(174,916)	-	-	(174,916)
Reversal of special reserve	-	-	-	(24,434)	24,434	-	-	-	-
Balance at September 30, 2023	\$ 879,081	348,899	197,029	61,180	446,349	704,558	(58,364)	(17,253)	1,856,921

See accompanying notes to consolidated financial statements.

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 235,506	298,975
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	86,425	130,876
Amortization expense	441	641
Expected credit loss	445	65
Interest expense	1,449	8,044
Interest income	(16,272)	(3,497)
(Gain) loss on disposal of property, plan and equipment	(666)	29
Unrealized foreign exchange gain	(2,525)	(32,266)
Gains on modification of leases	-	(13)
Total adjustments to reconcile profit	<u>69,297</u>	<u>103,879</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in notes receivable	98,770	1,703
(Increase) decrease in accounts receivable	(55,331)	82,639
(Increase) decrease in other receivables	(1,730)	2,231
Decrease in inventories	13,742	190,890
Increase in prepayments	(6,664)	(15,607)
(Increase) decrease in other current assets	(122,752)	843
Decrease (increase) in other non-current assets	967	(450)
Total changes in operating assets	<u>(72,998)</u>	<u>262,249</u>
Changes in operating liabilities:		
Increase (decrease) in accounts payable	229,831	(167,557)
(Decrease) increase in other payables	(34,729)	2,644
(Decrease) increase in other current liabilities	(14,746)	13,556
Increase (decrease) in other operating liabilities	5,522	(645)
Total changes in operating liabilities	<u>185,878</u>	<u>(152,002)</u>
Total changes in operating assets and liabilities	<u>112,880</u>	<u>110,247</u>
Total adjustments	<u>182,177</u>	<u>214,126</u>
Cash inflow generated from operations	417,683	513,101
Interest received	16,126	3,942
Interest paid	(1,449)	(5,442)
Income taxes paid	(98,102)	(86,263)
Net cash flows from operating activities	<u>334,258</u>	<u>425,338</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(36,537)	(24,078)
Proceeds from disposal of property, plant and equipment	1,155	-
Acquisition of intangible assets	(36)	-
Decrease (Increase) in other non-current assets	1,227	(14,616)
Net cash flows used in investing activities	<u>(34,191)</u>	<u>(38,694)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	-	2,146
Repayments of bonds	-	(213,009)
Payment of lease liabilities	(27,062)	(34,191)
Cash dividends paid	(174,916)	(131,862)
Payments to acquire treasury shares	-	(17,253)
Net cash flows used in financing activities	<u>(201,978)</u>	<u>(394,169)</u>
Effect of exchange rate changes on cash and cash equivalents	2,392	24,445
Net increase in cash and cash equivalents	100,481	16,920
Cash and cash equivalents at beginning of period	764,603	418,151
Cash and cash equivalents at end of period	<u>\$ 865,084</u>	<u>435,071</u>

See accompanying notes to consolidated financial statements.

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 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 nine Months ended September 30, 2023 and 2022 were authorized for issuance by the Board of Directors on October 30, 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

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

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Group does not expect the following 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(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.

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.

(Continued)

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

(b) Basis of consolidation

List of the subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principle activity	Shareholding		
			September 30, 2023	December 31, 2022	September 30, 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 %

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.

(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.

(Continued)

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 698	594	607
Demand deposits	519,764	347,638	217,738
Time deposits	344,622	396,371	147,726
Repurchase agreement	-	20,000	69,000
Cash and cash equivalents in the statement of cash flows	<u>\$ 865,084</u>	<u>764,603</u>	<u>435,071</u>

(b) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable – measured at amortized cost	\$ 194,952	293,692	254,507
Accounts receivable – measured at amortized cost	1,416,995	1,333,261	1,850,950
Less: Loss allowance	4,531	4,076	3,759
	<u>\$ 1,607,416</u>	<u>1,622,877</u>	<u>2,101,698</u>

(Continued)

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

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:

	September 30, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,332,930	-	-
1 to 30 days past due	6,310	1%	63
31 to 120 days past due	1,727	1%	17
121 to 365 days past due	18	1%	-
	<u>\$ 1,340,985</u>		<u>80</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>
	September 30, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,823,662	-	-
1 to 30 days past due	10,415	1%	104
31 to 120 days past due	12,878	1%	129
	<u>\$ 1,846,955</u>		<u>233</u>

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

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

	September 30, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 251,168	1%	2,512
1 to 30 days past due	15,173	5%	759
31 to 120 days past due	<u>3,632</u>	5%	<u>182</u>
	<u>\$ 269,973</u>		<u>3,453</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	\$ 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	<u>10</u>	5%	<u>1</u>
	<u>\$ 258,971</u>		<u>3,696</u>
	September 30, 2022		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 247,562	1%	2,476
1 to 30 days past due	5,067	5%	253
31 to 120 days past due	5,559	5%	278
121 to 365 days past due	<u>314</u>	5%	<u>16</u>
	<u>\$ 258,502</u>		<u>3,023</u>

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

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

	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

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

	September 30, 2023		
	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	\$ 679	100%	679
More than 365 days past	310	100%	310
	\$ 989		989

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

	For the nine months ended September 30	
	2023	2022
Balance at January 1	\$ 4,076	3,611
Impairment losses recognized	445	65
Effect of changes in exchange rates	10	83
Balance at September 30	\$ 4,531	3,759

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

(c) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Others receivables	\$ 6,373	4,461	11,207
Less: Loss allowance	564	563	572
	\$ 5,809	3,898	10,635

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

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:

	September 30, 2023		December 31, 2022		September 30, 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	\$ 5,809	-	3,898	-	10,635	-
More than 365 days past	-	564	-	563	-	572
Gross carrying amounts	5,809	564	3,898	563	10,635	572
Loss allowance	-	(564)	-	(563)	-	(572)
Amortized cost (carrying amount)	<u>\$ 5,809</u>	<u>-</u>	<u>3,898</u>	<u>-</u>	<u>10,635</u>	<u>-</u>

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

	For the nine months ended September 30, 2023		
	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Total
Balance at January 1	\$ -	563	563
Effect of changes in exchange rates	-	1	1
Balance at September 30	<u>\$ -</u>	<u>564</u>	<u>564</u>

	For the nine months ended September 30, 2022		
	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Total
Balance at January 1	\$ -	555	555
Effect of changes in exchange rates	-	17	17
Balance at September 30	<u>\$ -</u>	<u>572</u>	<u>572</u>

(d) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	\$ 167,325	251,118	272,278
Work in progress	50,518	31,796	40,170
Raw materials	77,152	78,408	82,384
Merchandise	101,895	49,068	78,503
Total	<u>\$ 396,890</u>	<u>410,390</u>	<u>473,335</u>

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

The details of the cost of sales were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Cost of goods sold	\$ 812,682	977,003	2,156,669	2,926,402
Recognition (reversal) of provisions for inventory valuation	(37,957)	1,597	(37,951)	13,904
Loss on scrap of inventory	45,880	10,561	47,587	19,781
Gain on physical inventory	-	-	(26)	(85)
	\$ 820,605	989,161	2,166,279	2,960,002

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	-	5,177	9,603	5,546	530	17,921	38,777
Disposal	-	-	(32,207)	(5,169)	(2,004)	(12,688)	(52,068)
Effect of exchange rate changes	-	283	282	75	3	345	988
Balance at September 30, 2023	\$ 107,699	224,431	388,259	46,799	4,340	108,286	879,814
Balance at January 1, 2022	\$ 107,699	157,934	439,057	42,241	7,656	172,485	927,072
Additions	-	-	8,277	5,108	381	5,763	19,529
Disposal	-	-	(22,795)	(785)	(2,262)	(52,936)	(78,778)
Reclassification	-	60,238	(3,892)	-	-	3,892	60,238
Effect of exchange rate changes	-	3,659	11,883	1,245	76	5,292	22,155
Balance at September 30, 2022	\$ 107,699	221,831	432,530	47,809	5,851	134,496	950,216
Depreciation:							
Balance at January 1, 2023	\$ -	32,859	287,216	13,332	3,788	86,800	423,995
Depreciation for the period	-	4,917	34,936	4,978	1,094	11,473	57,398
Disposal	-	-	(31,718)	(5,169)	(2,004)	(12,688)	(51,579)
Effect of exchange rate changes	-	41	392	21	2	133	589
Balance at September 30, 2023	\$ -	37,817	290,826	13,162	2,880	85,718	430,403
Balance at January 1, 2022	\$ -	27,117	241,169	9,283	4,521	143,342	425,432
Depreciation for the period	-	4,437	70,024	5,506	1,560	18,301	99,828
Disposal	-	-	(22,795)	(784)	(2,263)	(52,907)	(78,749)
Reclassification	-	-	(1,405)	-	-	1,405	-
Effect of exchange rate changes	-	297	7,512	307	53	3,738	11,907
Balance at September 30, 2022	\$ -	31,851	294,505	14,312	3,871	113,879	458,418
Carrying amounts:							
Balance at January 1, 2023	\$ 107,699	186,112	123,365	33,015	2,023	15,908	468,122
Balance at September 30, 2023	\$ 107,699	186,614	97,433	33,637	1,460	22,568	449,411
Balance at January 1, 2022	\$ 107,699	130,817	197,888	32,958	3,135	29,143	501,640
Balance at September 30, 2022	\$ 107,699	189,980	138,025	33,497	1,980	20,617	491,798

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

Please refer to Note 8 for the property, plant and equipment pledged to secure bank loans as of September 30, 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	-	-	3,081	-	3,081
Disposal	-	-	(1,946)	-	(1,946)
Effect of exchange rate changes	38	144	21	-	203
Balance at September 30, 2023	<u>\$ 24,314</u>	<u>206,112</u>	<u>16,261</u>	<u>238</u>	<u>246,925</u>
Balance at January 1, 2022	\$ 23,923	201,048	16,462	238	241,671
Additions	-	2,767	1,347	-	4,114
Disposal	-	(682)	(2,647)	-	(3,329)
Effect of exchange rate changes	710	5,622	244	-	6,576
Balance at September 30, 2022	<u>\$ 24,633</u>	<u>208,755</u>	<u>15,406</u>	<u>238</u>	<u>249,032</u>
Depreciation:					
Balance at January 1, 2023	\$ 2,034	169,861	12,082	99	184,076
Depreciation for the period	453	25,745	2,793	36	29,027
Disposal	-	-	(1,946)	-	(1,946)
Effect of exchange rate changes	6	232	18	-	256
Balance at September 30, 2023	<u>\$ 2,493</u>	<u>195,838</u>	<u>12,947</u>	<u>135</u>	<u>211,413</u>
Balance at January 1, 2022	\$ 1,420	131,328	10,116	52	142,916
Depreciation for the period	409	27,658	2,945	36	31,048
Reclassification	34	-	-	-	34
Disposal	-	-	(1,271)	-	(1,271)
Effect of exchange rate changes	47	3,923	200	-	4,170
Balance at September 30, 2022	<u>\$ 1,910</u>	<u>162,909</u>	<u>11,990</u>	<u>88</u>	<u>176,897</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 September 30, 2023	<u>\$ 21,821</u>	<u>10,274</u>	<u>3,314</u>	<u>103</u>	<u>35,512</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 September 30, 2022	<u>\$ 22,723</u>	<u>45,846</u>	<u>3,416</u>	<u>150</u>	<u>72,135</u>

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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
Acquisition	-	36	36
Disposal	-	(237)	(237)
Effect of exchange rate changes	<u>6</u>	<u>-</u>	<u>6</u>
Balance at September 30, 2023	<u>\$ 3,950</u>	<u>1,283</u>	<u>5,233</u>
Balance at January 1, 2022	\$ 3,908	2,274	6,182
Disposal	(185)	(690)	(875)
Effect of exchange rate changes	<u>92</u>	<u>-</u>	<u>92</u>
Balance at September 30, 2022	<u>\$ 3,815</u>	<u>1,584</u>	<u>5,399</u>
Amortization:			
Balance at January 1, 2023	\$ 3,431	480	3,911
Amortization	316	125	441
Disposal	-	(237)	(237)
Effect of exchange rate changes	<u>7</u>	<u>-</u>	<u>7</u>
Balance at September 30, 2023	<u>\$ 3,754</u>	<u>368</u>	<u>4,122</u>
Balance at January 1, 2022	\$ 3,119	899	4,018
Amortization	343	298	641
Disposal	(185)	(690)	(875)
Effect of exchange rate changes	<u>83</u>	<u>-</u>	<u>83</u>
Balance at September 30, 2022	<u>\$ 3,360</u>	<u>507</u>	<u>3,867</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 513</u>	<u>1,004</u>	<u>1,517</u>
Balance at September 30, 2023	<u>\$ 196</u>	<u>915</u>	<u>1,111</u>
Balance at January 1, 2022	<u>\$ 789</u>	<u>1,375</u>	<u>2,164</u>
Balance at September 30, 2022	<u>\$ 455</u>	<u>1,077</u>	<u>1,532</u>

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

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

(h) Prepayments and other current assets

The Group's prepayments were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Prepaid sales tax	\$ 59,337	52,275	81,124
Other prepayments	38,067	38,250	42,961
Prepayments for purchases	-	34	86
	\$ 97,404	90,559	124,171

The Group's other current assets were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Restricted time deposits	\$ 600	600	600
Time deposits with original maturities exceeding three months	123,271	-	-
Others	147	133	399
Total	\$ 124,018	733	999

(i) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans	\$ -	-	22,365
Unused credit lines	\$ 612,700	735,295	728,010
Interest rate	-	-	3.65%

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 nine months ended September 30, 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.

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

- (iii) The details of the second unsecured domestic convertible corporate bonds issued on August 20, 2019 were as follows:

	December 31, 2022	September 30, 2022
The original issued amount of the convertible bonds	\$ 303,000	303,000
Less: Accumulative redeemed amount	(213,009)	(213,009)
Accumulative converted amount	<u>(89,991)</u>	<u>(89,991)</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>-</u>

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest expense	<u>\$ -</u>	<u>523</u>	<u>-</u>	<u>2,603</u>

- (k) Lease liabilities

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$ 14,222</u>	<u>34,806</u>	<u>36,010</u>
Non-current	<u>\$ 1,509</u>	<u>4,986</u>	<u>13,535</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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	<u>\$ 320</u>	<u>962</u>	<u>1,407</u>	<u>3,341</u>
Income from sub-leasing right-of-use assets	<u>\$ 2,034</u>	<u>896</u>	<u>4,790</u>	<u>4,017</u>
Expenses relating to short-term leases	<u>\$ 64</u>	<u>5,401</u>	<u>11,884</u>	<u>16,157</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 18</u>	<u>18</u>	<u>53</u>	<u>60</u>

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

	For the nine months ended September 30	
	2023	2022
Total cash outflow for leases	<u>\$ 40,406</u>	<u>53,749</u>

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(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 nine months ended September 30, 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.

(m) Other payables and other current liabilities

The other payables were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Accrued expenses	\$ 109,273	112,855	109,904
Commission payable	96,846	105,292	126,533
Salary and bonus payable	79,702	80,732	107,000
Remuneration payable to employees and directors	25,543	38,590	45,440
Payable for equipment	24,814	22,527	24,842
Other payables	38,509	40,063	55,219
	<u>\$ 374,687</u>	<u>400,059</u>	<u>468,938</u>

The other current liabilities were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Refund liabilities	\$ 126,522	132,847	131,959
Temporary credits	3,217	6,478	5,421
Receipts under custody	1,619	1,546	1,518
Unearned receipts	294	17	147
	<u>\$ 131,652</u>	<u>140,888</u>	<u>139,045</u>

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

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(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 and nine months ended September 30, 2023 and 2022 amounted to \$1,245 thousand, \$1,323 thousand, \$3,856 thousand and \$3,949 thousand, respectively.

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 \$5,075 thousand, \$(373) thousand, \$5,410 thousand and \$(346) thousand for the three months and nine months ended September 30, 2023 and 2022, respectively.

(o) Income taxes

(i) Income tax expenses

The components of income tax for the three months and nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ 17,469	52,798	43,391	97,644
Adjustment for prior years	-	-	(171)	3,356
	<u>17,469</u>	<u>52,798</u>	<u>43,220</u>	<u>101,000</u>
Deferred tax expense (income)				
Origination and reversal of temporary differences	<u>7,093</u>	<u>(19,140)</u>	<u>15,492</u>	<u>(22,704)</u>
Income tax expense	<u>\$ 24,562</u>	<u>33,658</u>	<u>58,712</u>	<u>78,296</u>

There were no income tax expense recognized in equity and other comprehensive income for the nine months ended September 30, 2023 and 2022.

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

(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 nine months ended September 30, 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Additional paid in capital	\$ 325,371	325,371	325,371
Others	23,528	23,528	23,394
	<u>\$ 348,899</u>	<u>348,899</u>	<u>348,765</u>

(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.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on May 30, 2023 and 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	\$ 2.0	174,916	1.5	131,862

(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 September 30, 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.

(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	2,816
Balance as of September 30, 2023	\$ (58,364)
Balance as of January 1, 2022	\$ (85,614)
Exchange differences on translation of net assets of foreign operations	42,134
Balance as of September 30, 2022	\$ (43,480)

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(q) Earnings per share

The basic earnings per share were calculated as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to the Company	\$ <u>85,713</u>	<u>79,962</u>	<u>176,794</u>	<u>220,679</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>87,458</u>	<u>87,565</u>	<u>87,458</u>	<u>87,792</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>0.98</u>	<u>0.91</u>	<u>2.02</u>	<u>2.51</u>
Diluted earnings per share:				
Profit attributable to the Company	\$ 85,713	79,962	176,794	220,679
Effect of dilutive potential ordinary shares				
Convertible bonds	<u>-</u>	<u>523</u>	<u>-</u>	<u>2,603</u>
Profit attributable to ordinary equity holders of the Company (after adjusting the effect of dilutive potential ordinary share)	<u>\$ 85,713</u>	<u>80,485</u>	<u>176,794</u>	<u>223,282</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	87,458	87,565	87,458	87,792
Effect of dilutive potential ordinary shares				
Effect of issuance of share options (in thousands of shares)	54	171	177	536
Effect of the conversion of convertible bonds (in thousands of shares)	<u>-</u>	<u>1,656</u>	<u>-</u>	<u>2,538</u>
Weighted average number of common shares outstanding (Diluted) (in thousands of shares)	<u>87,512</u>	<u>89,392</u>	<u>87,635</u>	<u>90,866</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>0.98</u>	<u>0.90</u>	<u>2.02</u>	<u>2.46</u>

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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 September 30, 2023					
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Total
Primary geographical markets:					
Asia	\$ 620,578	669	296,941	91,485	1,009,673
America	26,883	-	-	-	26,883
Europe	5,702	-	-	-	5,702
	<u>\$ 653,163</u>	<u>669</u>	<u>296,941</u>	<u>91,485</u>	<u>1,042,258</u>
Merchandise:					
Connector	\$ 182,163	-	2,213	-	184,376
Thermal solutions	471,000	669	294,728	91,485	857,882
	<u>\$ 653,163</u>	<u>669</u>	<u>296,941</u>	<u>91,485</u>	<u>1,042,258</u>
For the three months ended September 30, 2022					
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Total
Primary geographical markets:					
Asia	\$ 738,623	42,457	369,446	20,611	1,171,137
America	46,165	-	-	-	46,165
Europe	3,538	-	-	-	3,538
	<u>\$ 788,326</u>	<u>42,457</u>	<u>369,446</u>	<u>20,611</u>	<u>1,220,840</u>
Merchandise:					
Connector	\$ 207,034	-	5,604	-	212,638
Thermal solutions	581,292	42,457	363,842	20,611	1,008,202
	<u>\$ 788,326</u>	<u>42,457</u>	<u>369,446</u>	<u>20,611</u>	<u>1,220,840</u>
For the nine months ended September 30, 2023					
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Total
Primary geographical markets:					
Asia	\$ 1,579,672	7,529	754,878	278,746	2,620,825
America	84,345	-	-	-	84,345
Europe	21,888	-	-	-	21,888
	<u>\$ 1,685,905</u>	<u>7,529</u>	<u>754,878</u>	<u>278,746</u>	<u>2,727,058</u>
Merchandise:					
Connector	\$ 525,283	-	32,827	-	558,110
Thermal solutions	1,160,622	7,529	722,051	278,746	2,168,948
	<u>\$ 1,685,905</u>	<u>7,529</u>	<u>754,878</u>	<u>278,746</u>	<u>2,727,058</u>

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

	For the nine months ended September 30, 2022				
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Total
Primary geographical markets:					
Asia	\$ 2,256,897	282,484	936,295	23,405	3,499,081
America	126,528	-	-	-	126,528
Europe	23,409	-	-	-	23,409
	\$ 2,406,834	282,484	936,295	23,405	3,649,018
Merchandise:					
Connector	\$ 710,530	-	12,516	-	723,046
Thermal solutions	1,696,304	282,484	923,779	23,405	2,925,972
	\$ 2,406,834	282,484	936,295	23,405	3,649,018

(ii) Contract Balance

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 194,952	293,692	254,507
Accounts receivable	1,416,995	1,333,261	1,850,950
Less: Loss allowance	4,531	4,076	3,759
Total	\$ 1,607,416	1,622,877	2,101,698
Contract liabilities	\$ 126,816	132,864	132,106

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

(s) Employee compensation and directors' 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 September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, the Company estimated its employee remuneration amounting to \$3,392 thousand, \$5,726 thousand, \$7,177 thousand and \$15,744 thousand, and directors' remuneration amounting to \$3,392 thousand, \$4,581 thousand, \$7,177 thousand and \$12,595 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors 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.

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

The Company's employee remuneration in 2022 and 2021 was \$11,189 thousand and \$17,101 thousand respectively, and directors' 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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest income from bank deposits	\$ <u>4,706</u>	<u>1,494</u>	<u>16,272</u>	<u>3,497</u>

(ii) Other income

The Group's other income was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Rental income	\$ 2,034	896	4,790	4,017
Others	<u>6,816</u>	<u>6,045</u>	<u>19,799</u>	<u>10,253</u>
Total other income	\$ <u>8,850</u>	<u>6,941</u>	<u>24,589</u>	<u>14,270</u>

The unconditional government grants were recognized amounting to \$398 thousand, \$59 thousand, \$2,472 thousand and \$339 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively.

(iii) Other gains and losses

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$ 498	-	666	(29)
Gains on modification of leases	-	-	-	13
Foreign exchange gains	18,335	52,406	37,169	101,185
Miscellaneous disbursements	(1,609)	(1,191)	(9,753)	(3,620)
Others	-	-	-	214
Other gains and losses, net	\$ <u>17,224</u>	<u>51,215</u>	<u>28,082</u>	<u>97,763</u>

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

(iv) Finance costs

The Group's finance costs was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
	Interest expense	\$ 362	3,277	1,449

(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 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.

	Carrying amounts	Cash flows	Less than one year	1-2 years	2-5 years	Over 5 years
September 30, 2023						
Non-derivative financial liabilities						
Accounts payable	\$ 1,142,270	1,142,270	1,142,270	-	-	-
Other payables	374,687	374,687	374,687	-	-	-
Lease liabilities	15,731	16,022	14,458	725	839	-
	\$ 1,532,688	1,532,979	1,531,415	725	839	-
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	39,792	41,360	36,328	4,722	310	-
	\$ 1,338,008	1,339,576	1,334,544	4,722	310	-
September 30, 2022						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 22,365	22,770	22,770	-	-	-
Accounts payable	1,123,410	1,123,410	1,123,410	-	-	-
Other payables	468,938	468,938	468,938	-	-	-
Lease liabilities	49,545	51,878	38,145	13,524	209	-
	\$ 1,664,258	1,666,996	1,653,263	13,524	209	-

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

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

(ii) Currency risk

1) Exposure of foreign currency risk

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

	September 30, 2023			December 31, 2022			September 30, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<u>Financial assets</u>										
<u>Monetary items</u>										
CNY	\$	7,791	4.415	34,397	8,293	4.408	36,554	21,182	4.473	94,748
USD		56,577	32.270	1,825,730	56,112	30.710	1,723,207	61,206	31.750	1,943,288
JPY		22,334	0.216	4,829	14,064	0.232	3,268	16,865	0.220	3,712
HKD		27	4.123	112	45	3.938	175	83	4.044	334
<u>Financial liabilities</u>										
<u>Monetary items</u>										
CNY		1,723	4.415	7,607	1,547	4.408	6,820	5,852	4.473	26,178
USD		29,484	32.270	951,446	26,930	30.710	827,032	35,770	31.750	1,135,691
JPY		8,838	0.216	1,911	8,197	0.232	1,905	8,461	0.220	1,862
HKD		55	4.123	225	31	3.938	122	32	4.044	129

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 nine months ended September 30, 2023 and 2022, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to gains of \$37,169 thousand and gains of \$101,185 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 September 30, 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.

	Effect of appreciation on net profit after tax	Effect of depreciation on net profit after tax
September 30, 2023		
CNY (0.25% of appreciation or depreciation)	\$ 54	(54)
USD (0.25% of appreciation or depreciation)	1,749	(1,749)
JPY (0.25% of appreciation or depreciation)	6	(6)
	\$ 1,809	(1,809)

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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
September 30, 2022		
CNY (0.25% of appreciation or depreciation)	\$ 137	(137)
USD (0.25% of appreciation or depreciation)	1,615	(1,615)
JPY (0.25% of appreciation or depreciation)	4	(4)
	\$ 1,756	(1,756)

(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:

	September 30, 2023				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 865,084	-	-	-	-
Notes and accounts receivable	1,607,416	-	-	-	-
Other receivables	5,809	-	-	-	-
Restricted time deposits (recognized as other current assets)	600	-	-	-	-
Time deposits with original maturities exceeding three months (recognized as other current assets)	123,271	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	19,636	-	-	-	-
Restricted deposits (recognized as other non-current assets)	5,334	-	-	-	-
Total	\$ 2,627,150	-	-	-	-
Financial liabilities measured at amortized cost					
Accounts payable	\$ 1,142,270	-	-	-	-
Other payables	374,687	-	-	-	-
Lease liabilities	15,731	-	-	-	-
Total	\$ 1,532,688	-	-	-	-

(Continued)

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

		December 31, 2022				
		Carrying amounts	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	764,603	-	-	-	-
Notes and accounts receivable		1,622,877	-	-	-	-
Other receivables		3,898	-	-	-	-
Restricted time deposits (recognized as other current assets)		600	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)		19,383	-	-	-	-
Total	\$	<u>2,411,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost						
Accounts payable	\$	898,157	-	-	-	-
Other payables		400,059	-	-	-	-
Lease liabilities		39,792	-	-	-	-
Total	\$	<u>1,338,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		September 30, 2022				
		Carrying amounts	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	435,071	-	-	-	-
Notes and accounts receivable		2,101,698	-	-	-	-
Other receivables		10,635	-	-	-	-
Restricted time deposits (recognized as other current assets)		600	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)		19,626	-	-	-	-
Total	\$	<u>2,567,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	22,365	-	-	-	-
Accounts payable		1,123,410	-	-	-	-
Other payables (including related parties)		468,938	-	-	-	-
Lease liabilities		49,545	-	-	-	-
Total	\$	<u>1,664,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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.

3) There was no transfer between the fair value hierarchy levels for the nine months ended September 30, 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 nine months ended September 30	
	2023	2022
Increase in property, plant and equipment	\$ 38,777	19,529
Add: Payable for equipment as of January 1	22,527	28,577
Less: Payable for equipment as of September 30	(24,814)	(24,842)
Effect of exchange rate changes	47	814
Cash paid	\$ 36,537	24,078

(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 nine months ended September 30	
	2023	2022
Increase in right of use assets	\$ 3,081	4,114
Less: Increase in lease liabilities	(3,081)	(4,114)
Cash paid	\$ -	-

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

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

	January 1, 2023	Cash flows	Non-Cash changes			September 30, 2023
			Effect of exchange rate changes	Right-of-use assets increases	Others	
Lease liabilities	\$ 39,792	(27,062)	(80)	3,081	-	15,731

	January 1, 2022	Cash flows	Non-Cash changes			September 30, 2022
			Effect of exchange rate changes	Right-of-use assets increases	Others	
Short-term borrowings	\$ 20,000	2,146	219	-	-	22,365
Lease liabilities	79,880	(34,191)	1,813	4,114	(2,071)	49,545
Bonds payable	210,406	(213,009)	-	-	2,603	-
Total liabilities from financing activities	<u>\$ 310,286</u>	<u>(245,054)</u>	<u>2,032</u>	<u>4,114</u>	<u>532</u>	<u>71,910</u>

(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")	Other related party (from May, 2023 it is no longer to be a related party since the chairman of the Company has not been its principal management)

(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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Other related parties – VSELL	\$ -	-	147	-

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.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(ii) Operating expenses

The amounts of operating expenses of the Group from related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Other related parties – VSELL	\$ -	7	-	37

(c) Key management personnel transactions

Key management personnel compensation includes:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 9,839	12,511	36,691	40,484
Post-employment benefits	5,075	(182)	5,410	266
Other long-term employee benefits	-	68	113	(300)
	<u>\$ 14,914</u>	<u>12,397</u>	<u>42,214</u>	<u>40,450</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Restricted time deposits (recognized as other current asset)	Custom deposits	\$ 600	600	600
Land and buildings (recognized as property, plant and equipment)	Long-term and short-term loans	144,331	145,094	145,388
		<u>\$ 144,931</u>	<u>145,694</u>	<u>145,988</u>

(9) Commitments and contingencies:

- (a) As of September 30, 2023, December 31 and September 30, 2022, the Group had outstanding notes for guarantee of bank loans, credit limit amounting to \$721,510 thousand, \$854,363 thousand and \$955,275 thousand, respectively.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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- (b) On October 23, 2017, the sub-subsidiary, Suzhou TaiSol, signed a lease agreement with the plaintiff. The lease period was from April 1, 2018 to March 31, 2023. Upon the expiration of the lease, the plaintiff, as the lessor, claimed that the leased factory premises returned by Suzhou TaiSol did not meet the normal usable condition. On July 24, 2023, the plaintiff requested the compensation of CNY 4 million for the repair costs of the leased factory premises, overdue rent, and breach of contract penalties. The plaintiff also applied for the freezing of Suzhou TaiSol's bank deposits amounting to CNY 1,208 thousand (recognized as other non-current assets), which has been granted by the Wujiang District People's Court in Suzhou City. This case was still in progress as of the reporting date.

(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 September 30							
	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	72,213	54,806	-	127,019	78,161	66,390	-	144,551
Labor and health insurance	-	2,085	-	2,085	-	2,213	-	2,213
Pension	-	6,320	-	6,320	-	950	-	950
Remuneration of directors	-	3,602	-	3,602	-	4,841	-	4,841
Others	10,629	4,285	-	14,914	11,119	4,774	-	15,893
Depreciation	18,569	6,894	1,407	26,870	31,181	9,418	1,030	41,629
Amortizations	-	133	-	133	-	173	-	173

By function	For the nine months ended September 30							
	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	214,847	157,484	-	372,331	289,986	194,231	-	484,217
Labor and health insurance	-	7,120	-	7,120	-	7,211	-	7,211
Pension	-	9,266	-	9,266	-	(1,124)	-	(1,124)
Remuneration of directors	-	7,950	-	7,950	-	13,419	-	13,419
Others	31,144	13,804	-	44,948	38,011	15,337	-	53,348
Depreciation	63,044	19,850	3,531	86,425	98,740	29,031	3,105	130,876
Amortization	-	441	-	441	-	641	-	641

- (b) Seasonality of operations

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

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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 nine months ended September 30, 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	157,100	-	-	- %	2	-	Operating capital	-		-	371,384	742,768
1	SiYang TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	44,450	44,150	-	- %	2	-	Operating capital	-		-	371,384	742,768
2	DongGuan TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	133,350	132,450	45,033	5.00 %	2	-	Operating capital	-		-	371,384	742,768
2	DongGuan TaiSol Electronics Co., Ltd.	SiYang TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	132,450	132,450	-	- %	2	-	Operating capital	-		-	371,384	742,768

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	557,076	48,405	48,405 (Note 3)	-	-	2.61 %	928,461	Y	N	Y
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	2	557,076	96,810	96,810 (Note 3)	-	-	5.21 %	928,461	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 NTD\$96,810 thousand (USD\$3million), of which the amount spent by SiYang TaiSol did not exceed NTD\$48,405 thousand (USD\$1.5million).

(iii) Securities held as of September 30, 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
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- (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-subsidiary of the Company	Purchase	781,638	55.73 %	O/A 75 days	-	-	(401,932)	51.51%	
The Company	Suzhou TaiSol Electronics Co., Ltd.	Sub-subsidiary of the Company	Purchase	105,382	7.51 %	O/A 45 days	-	-	(14,201)	1.82%	

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	401,932	2.50	-	-	3,550	-

Note 1: The subsequent information is updated up to October 30, 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			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	1	Purchase	105,382	There are no non-related party purchase price for comparison.	3.86%
0	the Company	SiYang TaiSol Electronics Co., Ltd.	1	Purchase	49,369	There are no non-related party purchase price for comparison.	1.81%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Purchase	781,638	There are no non-related party purchase price for comparison.	28.66%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Payables to related parties	401,932	O/A 75 days	10.81%
1	DongGuan TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	3	Receivables from related parties	47,328	According to the contract	1.27%

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.

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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 nine months ended September 30, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance at September 30			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 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 %	915,539	117,701	115,808	Subsidiary
TaiSol Electronics Co., Ltd.	TaiSol Electronics (HONG KONG) Co., Ltd.	Hong Kong	Investment in Mainland China	332,470	332,470	31,056	100 %	(22,152)	(52,899)	(52,475)	Subsidiary
TaiSol Electronics Co., Ltd.	TaiSol Electronics Japan Co., Ltd.	Japan	Trading	2,790	2,790	0.1	100 %	1,785	241	241	Subsidiary
TaiSol Electronics Co., Ltd.	Vietnam TaiSol Electronics Company Limited	Vietnam	Trading	8,307	8,307	-	100 %	7,824	(347)	(347)	Subsidiary

Unit: Thousand shares

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:

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 September 30, 2023	Net income (losses) of investee	Percentage of ownership	Share of profit (losses) of investee	Carrying amount	Accumulated remittance of earnings as of September 30, 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.	195,326 (Note 2)	2	325,927	-	-	325,927	(52,787)	100.00 %	(52,363)	(22,475)	-
DongGuan TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of connectors, electronic computers and components of automobiles.	253,565	2	253,565	-	-	253,565	117,560	100.00 %	115,668	903,053	394,010
SiYang TaiSol Electronics Co., Ltd.	Manufacturing and trading of thermal modules, thermal conduit modules, fiber optic cable connectors, etc.	677,670	1	677,670	-	-	677,670	269	100.00 %	(492)	413,236	-

Unit: thousand dollars

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

Note 2: 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 September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
1,257,161 (Note 2) (USD 31,100 and HKD61,500)	1,257,161 (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\$ = 1:32.270 and HKD\$: NT\$ = 1:4.123 as at the date of the financial report.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the nine months ended September 30, 2023, are disclosed in "Information on significant transactions".

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
SINGATRON ENTERPRISE CO., LTD.		9,265,000	10.53 %

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 September 30, 2023					Reconciliation and elimination	
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Others	Reconciliation and elimination	Total
Revenue:							
Revenue from external customers	\$ 653,163	669	296,941	91,485	-	-	1,042,258
Intersegment revenues	-	53,753	293,357	37,712	473	(385,295)	-
Total revenue	<u>\$ 653,163</u>	<u>54,422</u>	<u>590,298</u>	<u>129,197</u>	<u>473</u>	<u>(385,295)</u>	<u>1,042,258</u>
Reportable segment profit or loss	<u>\$ 40,904</u>	<u>(9,910)</u>	<u>51,114</u>	<u>3,490</u>	<u>115</u>	<u>-</u>	<u>85,713</u>
	For the three months ended September 30, 2022					Reconciliation and elimination	
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Others	Reconciliation and elimination	Total
Revenue:							
Revenue from external customers	\$ 788,326	42,457	369,446	20,611	-	-	1,220,840
Intersegment revenues	-	147,451	291,815	49,760	383	(489,409)	-
Total revenue	<u>\$ 788,326</u>	<u>189,908</u>	<u>661,261</u>	<u>70,371</u>	<u>383</u>	<u>(489,409)</u>	<u>1,220,840</u>
Reportable segment profit or loss	<u>\$ 55,565</u>	<u>(19,895)</u>	<u>65,632</u>	<u>(21,541)</u>	<u>201</u>	<u>-</u>	<u>79,962</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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For the nine months ended September 30, 2023							
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Others	Reconciliation and elimination	Total
Revenue:							
Revenue from external customers	\$ 1,685,905	7,529	754,878	278,746	-	-	2,727,058
Intersegment revenues	-	125,574	781,778	93,461	1,458	(1,002,271)	-
Total revenue	<u>\$ 1,685,905</u>	<u>133,103</u>	<u>1,536,656</u>	<u>372,207</u>	<u>1,458</u>	<u>(1,002,271)</u>	<u>2,727,058</u>
Reportable segment profit or loss	<u>\$ 114,059</u>	<u>(52,363)</u>	<u>115,668</u>	<u>(492)</u>	<u>(78)</u>	<u>-</u>	<u>176,794</u>
For the nine months ended September 30, 2022							
	The Company	Suzhou TaiSol	DongGuan TaiSol	SiYang TaiSol	Others	Reconciliation and elimination	Total
Revenue:							
Revenue from external customers	\$ 2,406,834	282,484	936,295	23,405	-	-	3,649,018
Intersegment revenues	-	422,129	930,208	214,857	1,388	(1,568,582)	-
Total revenue	<u>\$ 2,406,834</u>	<u>704,613</u>	<u>1,866,503</u>	<u>238,262</u>	<u>1,388</u>	<u>(1,568,582)</u>	<u>3,649,018</u>
Reportable segment profit or loss	<u>\$ 190,274</u>	<u>(31,992)</u>	<u>112,985</u>	<u>(50,184)</u>	<u>(404)</u>	<u>-</u>	<u>220,679</u>

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