

ABC Taiwan Electronics Corp  
and Subsidiaries  
Consolidated Financial Statements  
and Independent Auditors'  
Review Report  
Quarter 2, 2023 and 2022

Address: No. 422, Section 1, Yanghu Road, Yangmei  
District, Taoyuan City  
Tel: (03)478-8105

## §Table of Contents§

Items	Page	Financial Statements Serial number for notes
I. Cover page	1	-
II. Table of Contents	2	-
III. Independent Auditors' Review Report	3	-
IV. Consolidated Statements Of Balance Sheet	4	-
V. Consolidated Statements Of Comprehensive Income	5	-
VI. Consolidated Statements Of Changes In Equity	6	-
VII. Consolidated Statements Of Cash Flows	7~ 8	-
VIII. Notes to Consolidated Financial Statements		
(I) Company history	9	I
(II) Financial Statement Approval Date and Procedures	9	II
(III) Application of new and revised standards and interpretation	9~ 11	III
(IV) Summary of significant accounting policies	11~ 12	IV
(V) Major sources of significant accounting judgments, estimates, and assumptions uncertainty	12	V
(VI) Description of important accounting titles	13~ 34	VI~ XXVI
(VII) Related party transactions	34~ 35	XXVII
(VIII) Assets pledged as collateral	35	XXVIII
(IX) Significant Contingent Liabilities and Unrecognized Commitments	35	XXIX
(X) Other matters	35	XXX
(XI) Significant financial assets and liabilities denominated in foreign currencies	36~38	XXXI
(XII) Disclosures in notes		
1. Information about significant transactions	38~ 40	XXXII
2. Related information about reinvestment business	40	XXXII
3. Investment in Mainland China	41	XXXII
4. Information of major shareholders	41	XXXII
(XIII) Departmental information	41~ 42	XXXIII

## Independent Auditors' Review Report

To: ABC Taiwan Electronics Corp

### Introduction

We have audited the accompanying Consolidated Balance Sheet of ABC Taiwan Electronics Corp and subsidiaries for June 30, 2023 and 2022, and the consolidated statements of comprehensive income for April 1 to June 30 of 2023 and 2022, and January 1 to June 30 of 2023 and 2022, changes in equity and cash flows for January 1 to June 30 of 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 Interim Financial Reporting (IAS 34) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The Independent Auditors are responsible to form a conclusion on the consolidated Financial Statements based on the review outcomes.

### Scope

The review work is performed by independent auditors in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information." The procedures for the review of the Consolidated Financial Statements include inquiries (mainly inquiries with the personnel of finance and accounting), analytical procedures and other review procedures. The scope of the review work is distinctly smaller than the scope of the audit work. Hence, the independent auditors were unable to express an audit opinion as it was not possible to detect all of the material matters identified by the audit work.

### Conclusion

Based on the review results of the independent auditors, all material aspects of the abovementioned Consolidated Financial Statements were prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 Interim Financial Reporting (IAS 34) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The accompanying consolidated financial statements present fairly, in all material respects, the financial position of ABC Taiwan Electronics Corporation and subsidiaries as of June 30, 2023 and 2022, the consolidated financial performance as of April 1 to June 30 of 2023 and 2022, and the consolidated financial performance and consolidated cash flow from January 1 to June 30 of 2023 and 2022.

Deloitte & Touche  
Ya-Yun Chang, CPA

Tung-Hui Yeh, CPA

FSC approval reference number  
Jin-Guan-Zheng-Shen-Zi No.  
1110348898

FSC approval reference number  
Jin-Guan-Zheng-Shen-Zi No.  
0980032818

August 9, 2023

ABC Taiwan Electronics Corporation and Subsidiaries  
Consolidated Statements Of Balance Sheet  
June 30, 2023, and December 31 and June 30 of 2022

Unit: NT\$ thousand

Code	Assets	June 30, 2023		December 31, 2022		June 30, 2022		Code	Liabilities and equity	June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
	<b>Current assets</b>								<b>Current liabilities</b>						
1100	Cash and cash equivalents (Note VI)	\$ 829,874	26	\$ 617,299	19	\$ 587,164	19	2100	Short-term borrowings (Note XVI)	\$ 284,876	9	\$ 243,350	8	\$ 260,645	8
1110	Financial assets measured at fair value through profit or loss - current (See Note VII)	21,601	-	22,000	1	33,233	1	2110	Short-term notes payable (Note XVI and XXVIII)	29,971	1	-	-	120,000	4
1170	Notes and accounts receivable, net (Note IX)	181,915	6	226,622	7	247,445	8	2170	Notes and accounts payable	200,020	6	315,363	10	432,432	14
1180	Accounts receivable - related parties (Notes IX and XXVII)	127,136	4	199,441	6	253,613	8	2206	Employees' compensation and remuneration of directors payable (Note XXI)	69,338	2	56,202	2	46,201	1
1200	Other receivables	24,268	1	30,122	1	40,355	1	2219	Other payables (Note XVII)	139,705	4	141,483	4	177,323	6
1220	Current income tax assets (Note XXII)	6,014	-	6,028	-	-	-	2230	Current income tax liabilities (Note XXII)	22,526	1	47,148	1	24,032	1
130X	Inventories (Note X)	292,246	9	391,104	12	444,043	14	2280	Lease liabilities - current (Note XIII)	3,229	-	2,629	-	2,529	-
1410	Prepayments	22,853	1	17,935	1	39,243	1	2322	Long-term loans with maturity within one year (Notes XVI and XXVIII)	180,857	6	159,120	5	104,638	3
1470	Other current assets (Note XV)	4	-	4	-	1,095	-	2399	Other current liabilities (Notes XVII and XX)	2,573	-	2,973	-	3,376	-
11XX	Total current assets	<u>1,505,911</u>	<u>47</u>	<u>1,510,555</u>	<u>47</u>	<u>1,646,191</u>	<u>52</u>	21XX	Total of current liabilities	<u>933,095</u>	<u>29</u>	<u>968,268</u>	<u>30</u>	<u>1,171,176</u>	<u>37</u>
	<b>Non-current assets</b>								<b>Non-current liabilities</b>						
1517	Financial assets at fair value through other comprehensive profit or loss - Non-current (Note VIII)	34,727	1	27,412	1	31,914	1	2540	Long-term loans (Notes XVI and XXVIII)	669,232	21	626,870	20	552,031	17
1600	Property, plant and equipment (Notes XII, XXVIII and XXIX)	1,502,411	47	1,497,874	47	1,346,782	42	2570	Deferred income tax liabilities (Note XXII)	103,143	3	105,337	3	99,664	3
1755	Right-of-use assets (Note XIII)	25,031	1	22,793	1	21,801	1	2580	Lease liabilities - non-current (Note XIII)	3,669	-	983	-	257	-
1780	Intangible assets (Note XIV)	33,688	1	37,627	1	38,241	1	2630	Long-term deferred revenue (Note XXIV)	7,973	1	-	-	-	-
1915	Prepayment for equipment purchase	97,304	3	98,445	3	94,790	3	2640	Net defined benefit liabilities - non-current (Note XVIII)	1,273	-	1,273	-	15,666	1
1990	Other non-current assets (Note XV)	5,806	-	5,965	-	5,981	-	2670	Other non-current liabilities (Notes XVII)	1,816	-	1,732	-	966	-
15XX	Total non-current assets	<u>1,698,967</u>	<u>53</u>	<u>1,690,116</u>	<u>53</u>	<u>1,539,509</u>	<u>48</u>	25XX	Total non-current liabilities	<u>787,106</u>	<u>25</u>	<u>736,195</u>	<u>23</u>	<u>668,584</u>	<u>21</u>
								2XXX	Total liabilities	<u>1,720,201</u>	<u>54</u>	<u>1,704,463</u>	<u>53</u>	<u>1,839,760</u>	<u>58</u>
									<b>Equity attributable to shareholders of the Company (Note XIX)</b>						
									Share capital						
								3110	Common stock share capital	929,209	29	929,209	29	929,209	29
								3150	Stock dividends to be distributed	120,797	4	-	-	-	-
								3100	Total share capital	<u>1,050,006</u>	<u>33</u>	<u>929,209</u>	<u>29</u>	<u>929,209</u>	<u>29</u>
								3200	Additional paid-in capital	181,063	5	181,063	6	181,063	6
									Retained earnings						
								3310	Legal reserve	148,446	5	126,229	4	126,229	4
								3320	Special reserves	128,123	4	134,226	4	134,226	4
								3350	Undistributed earnings	138,665	4	253,605	8	105,617	3
								3300	Total retained earnings	<u>415,234</u>	<u>13</u>	<u>514,060</u>	<u>16</u>	<u>366,072</u>	<u>11</u>
								3400	Other equity items	(161,626)	(5)	(128,124)	(4)	(130,404)	(4)
								31XX	Total equity attributable to the Company's shareholders	<u>1,484,677</u>	<u>46</u>	<u>1,496,208</u>	<u>47</u>	<u>1,345,940</u>	<u>42</u>
1XXX	Total assets	<u>\$ 3,204,878</u>	<u>100</u>	<u>\$ 3,200,671</u>	<u>100</u>	<u>\$ 3,185,700</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,204,878</u>	<u>100</u>	<u>\$ 3,200,671</u>	<u>100</u>	<u>\$ 3,185,700</u>	<u>100</u>

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries  
Consolidated Statements Of Comprehensive Income  
April 1 to June 30 of 2023 and 2022, and January 1 to June 30 of 2023 and 2022

Unit: NTD thousand, except  
Earnings Per Share at NTD

Code		April 1 to June 30, 2023		April 1 to June 30, 2022		January 1 to June 30, 2023		January 1 to June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net operating revenue (Notes XX and XXVII)	\$ 478,110	100	\$ 764,159	100	\$ 1,108,936	100	\$ 1,471,990	100
5000	Operating cost (Notes X and XXI)	<u>368,446</u>	<u>77</u>	<u>602,511</u>	<u>79</u>	<u>852,110</u>	<u>77</u>	<u>1,183,654</u>	<u>81</u>
5900	Gross profit	<u>109,664</u>	<u>23</u>	<u>161,648</u>	<u>21</u>	<u>256,826</u>	<u>23</u>	<u>288,336</u>	<u>19</u>
	Operating expenses (Notes XXI and XXVII)								
6100	Sales and marketing expenses	12,814	3	22,098	3	32,486	3	42,153	3
6200	Management expenses	69,075	14	62,205	8	128,750	12	119,237	8
6300	R&D expenses	24,178	5	27,563	3	48,618	4	51,333	3
6450	Reversal of expected credit losses	( 145 )	-	( 398 )	-	( 816 )	-	( 825 )	-
6000	Total operating expenses	<u>105,922</u>	<u>22</u>	<u>111,468</u>	<u>14</u>	<u>209,038</u>	<u>19</u>	<u>211,898</u>	<u>14</u>
6900	Operating profit	<u>3,742</u>	<u>1</u>	<u>50,180</u>	<u>7</u>	<u>47,788</u>	<u>4</u>	<u>76,438</u>	<u>5</u>
	Non-operating income and expenses								
7010	Other income (Note IV, XXI, and XXIV)	337	-	-	-	1,980	-	-	-
7100	Interest revenue (Note XXI)	2,372	-	235	-	2,496	1	524	-
7020	Other gains and losses (Notes XXI)	18,662	4	17,228	2	19,097	2	36,676	2
7050	Financial costs (Note XXI)	( 4,811 )	( 1 )	( 2,404 )	-	( 8,745 )	( 1 )	( 4,363 )	-
7000	Total non-operating income and expenses	<u>16,560</u>	<u>3</u>	<u>15,059</u>	<u>2</u>	<u>14,828</u>	<u>2</u>	<u>32,837</u>	<u>2</u>
7900	Pre-tax profit	20,302	4	65,239	9	62,616	6	109,275	7
7950	Income tax expenses (Note XXII)	( 8,845 )	( 2 )	( 20,439 )	( 3 )	( 18,344 )	( 2 )	( 35,097 )	( 2 )
8200	Net income	<u>11,457</u>	<u>2</u>	<u>44,800</u>	<u>6</u>	<u>44,272</u>	<u>4</u>	<u>74,178</u>	<u>5</u>
	Other comprehensive income								
8310	Items not reclassified to profit or loss:								
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income (Note XIX)	3,014	1	( 12,701 )	( 2 )	7,315	1	( 16,881 )	( 1 )
8360	Items that may be reclassified subsequently as profit or loss:								
8361	Exchange difference on translation of financial statements of foreign operations (Note XIX)	( 40,760 )	( 9 )	( 16,620 )	( 2 )	( 40,817 )	( 4 )	20,704	1
8300	Total other comprehensive income	<u>( 37,746 )</u>	<u>( 8 )</u>	<u>( 29,321 )</u>	<u>( 4 )</u>	<u>( 33,502 )</u>	<u>( 3 )</u>	<u>3,823</u>	<u>-</u>
8500	Total comprehensive income (loss)	<u>( \$ 26,289 )</u>	<u>( 6 )</u>	<u>\$ 15,479</u>	<u>2</u>	<u>\$ 10,770</u>	<u>1</u>	<u>\$ 78,001</u>	<u>5</u>
	Earnings per share (Note XXIII)								
9750	Basic	<u>\$ 0.12</u>		<u>\$ 0.48</u>		<u>\$ 0.48</u>		<u>\$ 0.80</u>	
9850	Diluted	<u>\$ 0.12</u>		<u>\$ 0.48</u>		<u>\$ 0.47</u>		<u>\$ 0.79</u>	

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries  
Consolidated Statements Of Changes In Equity  
January 1 to June 30, 2023 and 2022

Unit: NT\$ thousand

		Equity attributable to the Company's shareholders						Other equity			
		Share capital			Retained earnings			Exchange differences on the translation of financial statements of foreign operations	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	Total equity	
Code		Shares (in thousand)	Amount	Stock dividends to be distributed	Additional paid-in capital	Legal reserve	Special reserves	Undistributed earnings			
A1	Balance as of January 1, 2022	92,921	\$ 929,209	\$ -	\$ 181,063	\$ 116,997	\$ 104,989	\$ 125,661	( \$ 170,224 )	\$ 35,997	\$ 1,323,692
	Distribution of earnings for 2021										
B1	Legal reserve	-	-	-	-	9,232	-	( 9,232 )	-	-	-
B3	Special reserves	-	-	-	-	-	29,237	( 29,237 )	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	( 55,753 )	-	-	( 55,753 )
D1	Net income for January 1 to June 30, 2022	-	-	-	-	-	-	74,178	-	-	74,178
D3	Total other comprehensive income for January 1 to June 30, 2022	-	-	-	-	-	-	-	20,704	( 16,881 )	3,823
D5	Total comprehensive income for January 1 to June 30, 2022	-	-	-	-	-	-	74,178	20,704	( 16,881 )	78,001
Z1	Balance as of June 30, 2022	<u>92,921</u>	<u>\$ 929,209</u>	<u>\$ -</u>	<u>\$ 181,063</u>	<u>\$ 126,229</u>	<u>\$ 134,226</u>	<u>\$ 105,617</u>	<u>( \$ 149,520 )</u>	<u>\$ 19,116</u>	<u>\$ 1,345,940</u>
A1	Balance as of January 1, 2023	92,921	\$ 929,209	\$ -	\$ 181,063	\$ 126,229	\$ 134,226	\$ 253,605	( \$ 142,738 )	\$ 14,614	\$ 1,496,208
	Distribution of earnings for 2022										
B1	Legal reserve	-	-	-	-	22,217	-	( 22,217 )	-	-	-
B17	Reversal of special reserves	-	-	-	-	-	( 6,103 )	6,103	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	( 22,301 )	-	-	( 22,301 )
B9	Shareholder stock dividends	-	-	120,797	-	-	-	( 120,797 )	-	-	-
D1	Net income for January 1 to June 30, 2023	-	-	-	-	-	-	44,272	-	-	44,272
D3	Total other comprehensive income for January 1 to June 30, 2023	-	-	-	-	-	-	-	( 40,817 )	7,315	( 33,502 )
D5	Total comprehensive income for January 1 to June 30, 2023	-	-	-	-	-	-	44,272	( 40,817 )	7,315	10,770
Z1	Balance as of June 30, 2023	<u>92,921</u>	<u>\$ 929,209</u>	<u>\$ 120,797</u>	<u>\$ 181,063</u>	<u>\$ 148,446</u>	<u>\$ 128,123</u>	<u>\$ 138,665</u>	<u>( \$ 183,555 )</u>	<u>\$ 21,929</u>	<u>\$ 1,484,677</u>

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries  
Consolidated Statements Of Cash Flows  
January 1 to June 30, 2023 and 2022

Unit: NT\$ thousand

Code		January 1 to June 30, 2023	January 1 to June 30, 2022
	Cash flow from operating activities		
A10000	Pre-tax profit for the current period	\$ 62,616	\$ 109,275
A20010	Income/expenses that do not affect cash flow:		
A20100	Depreciation expense	80,366	69,696
A20200	Amortized expenses	6,056	5,359
A20300	Reversal of expected credit losses	( 816 )	( 825 )
A20400	Net gains on financial assets measured at fair value through profit or loss	( 238 )	( 322 )
A20900	Financial cost	8,745	4,363
A21200	Income from interest	( 2,496 )	( 524 )
A22500	Net loss from disposal of property, plant and equipment	159	44
A23700	Loss on inventory devaluation (gain on recovery)	1,862	( 330 )
A24100	Net gains on foreign currency exchange	( 20,964 )	( 11,555 )
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	51,399	( 1,785 )
A31160	Accounts receivable - related parties	72,305	( 77,661 )
A31180	Other receivables	5,854	572
A31200	Inventory	97,612	( 19,759 )
A31230	Prepayments	( 4,978 )	( 19,802 )
A31240	Other current assets	-	594
A31990	Other assets	62	( 380 )
A32130	Notes and accounts payable	( 111,419 )	58,753
A32180	Other payables	( 27,086 )	( 6,519 )
A32200	Liability reserve	( 42 )	32
A32230	Other current liabilities	( 400 )	899
A32240	Net defined benefit liability	-	( 246 )
A32250	Long-term deferred revenue	8,207	-
A32990	Employees' compensation and remuneration of directors payable	<u>13,136</u>	<u>20,627</u>
A33000	Cash inflow from operations	239,940	130,506
A33100	Interest received	2,496	846
A33300	Interest paid	( 8,745 )	( 4,363 )
A33500	Income tax paid	<u>( 45,224 )</u>	<u>( 10,528 )</u>
AAAA	Net cash inflow from operating activities	<u>188,467</u>	<u>116,461</u>

(Continue to next page)

(Continued from previous page)

Code		January 1 to June 30, 2023	January 1 to June 30, 2022
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(\$ 108,985)	(\$ 175,239)
B02800	Proceeds from disposal of property, plant and equipment	2,442	-
B03700	Increase in refundable deposits	-	( 53)
B03800	Decrease in refundable deposits	97	-
B04500	Acquisition of intangible assets	( 2,129)	( 5,446)
B07200	Decrease in prepaid equipment purchase	<u>1,141</u>	<u>28,886</u>
BBBB	Net cash outflow from investing activities	( <u>107,434</u> )	( <u>151,852</u> )
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	770,000	561,271
C00200	Decrease in short-term borrowings	( 730,000)	( 620,000)
C00500	Increase in short-term notes payable	29,971	20,000
C01600	Proceeds from long-term debt	193,740	197,144
C01700	Repayments of long-term debt	( 129,657)	( 75,370)
C03100	Decrease in guarantee deposits received	-	( 83)
C04020	Repayment of lease liability principal	( <u>1,918</u> )	( <u>1,754</u> )
CCCC	Net cash inflow from financing activities	<u>132,136</u>	<u>81,208</u>
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	( <u>594</u> )	<u>6,723</u>
EEEE	Net increase of cash and cash equivalents for the current period	212,575	52,540
E00100	Cash and cash equivalents, beginning of the year	<u>617,299</u>	<u>534,624</u>
E00200	Cash and cash equivalents, end of the year	<u>\$ 829,874</u>	<u>\$ 587,164</u>

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu  
Accounting supervisor: Ya-Yun Cheng

Managerial Officer: Francis Fan



ABC Taiwan Electronics Corporation and Subsidiaries  
Notes to Consolidated Financial Statements  
January 1 to June 30, 2023 and 2022  
(Amounts in NTD thousand unless stated otherwise)

I. Company history

ABC Taiwan Electronics Corp (hereinafter referred to as "ABC Taiwan") was approved for establishment by the Ministry of Economic Affairs (MOEA) on May 25, 1979. Its principal business is providing chip inductors, power inductors, filter inductive components, transformers, micro-porous ceramic (MPC) heat sinks, various precision metal stamping parts, LED lighting fixtures, and other related products and their raw materials that are used in various electronic products, communication electronic products, computer and peripheral equipment, industrial electronic equipment, automotive electronic equipment and other circuits, various product molds and production equipment, their manufacturing, processing and trading, as well as the import and export business for each of the aforementioned items.

The ABC Taiwan's shares have been listed for trading on the Taipei Exchange since December 2, 2004.

The Consolidated Financial Statements of ABC Taiwan are presented in the Company's functional currency, the New Taiwan dollar.

II. Financial Statement Approval Date and Procedures

The Consolidated Financial Statements were approved by the Board of Directors on August 9, 2023.

III. Application of new and revised standards and interpretation

- (I) Initial adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") that have been endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The adoption of the amended IFRSs endorsed and issued into effect by the FSC does not have a material impact on the accounting policies of ABC Taiwan Electronics and subsidiaries (hereinafter referred to as the "consolidated company").

- (II) IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

<u>New / Revised / Amended Standards and Interpretation</u>	<u>Effective date announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Lease Liabilities under Sale and Leaseback"	January 1, 2024 (Note 2)

(Continue to next page)

(Continued from previous page)

<u>New / Revised / Amended Standards and Interpretation</u>	<u>Effective date announced by IASB (Note 1)</u>
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contractual Clauses"	January 1, 2024
Amendments to IAS7 and IFRS7 "Supplier Finance Arrangements"	January 1, 2024
Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"	Note 3

Note 1: Unless stated otherwise, the above New / Revised / Amended Standards and Interpretation are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall make retrospective adoption of the amended IFRS 16 for all sales and leaseback transactions signed after the initial adoption of IFRS 16.

Note 3: After the publication of this amendment, the facts of exceptions and disclosures will be applied immediately, and will be replied retrospectively according to IAS 8. The amendment is applicable to other disclosures starting from January 1, 2023. These other disclosure requirements are not applicable to the former interim financial report before December 31, 2023.

1. Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (Revision in 2020) and "Non-current Liabilities with Contractual Clauses" (Revision in 2022)

Amended in 2020 to clarify that when determining whether a liability is classified as non-current, it is necessary to assess whether the consolidated company has the right to defer the settlement period to at least 12 months after the reporting period at the end of the reporting period. If the consolidated company has the right at the end of the reporting period, regardless of whether the consolidated company expects to exercise the right, the liabilities are classified as non-current.

The 2020 amendments further stipulate that if the consolidated company must comply with certain conditions before it has the right to defer payment of its liabilities, the consolidated company must have complied with certain conditions at the end of the reporting period, even if the lender is testing whether the Company has complied with the requirements at a later date. The 2022 amendments further clarified that only the contractual terms that must be followed before the end of the reporting period will affect the classification of liabilities. Although the terms of the contract that the consolidated company shall comply follow within 12 months after the reporting period does not affect the classification of liabilities, relevant information must be disclosed to enable users of the financial statements to understand that the consolidated company may not be able to comply with the contractual terms and the risk that the

consolidated company will have to pay the liability within 12 months after the reporting period.

The 2020 amendments provide that, for the purpose of liability classification, the aforementioned pay-off refers to the elimination of liabilities due to the transfer of cash, other economic resources, or equity instruments of the consolidated company to the counterparty. However, if the terms of the liability may be based on the choice of the counterparty, and the transfer of the equity instruments of the Company may result in its settlement of the liability, and if the choice is recognized in equity separately according to IAS 32 "Financial Instruments: Presentation", then the aforementioned clauses do not affect the classification of liabilities.

In addition to the impact referred to above, the consolidated company will continue to evaluate the impacts of amendments of other standards and interpretations on the financial position and financial performance as of the release date of these Consolidated Financial Statements, and will disclose the relevant impact when the evaluation is completed.

#### IV. Summary of significant accounting policies

##### (I) Compliance statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed and issued into effect by the FSC. The consolidated financial statements do not include all IFRSs information disclosures required for the full annual financial report.

##### (II) Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and the net defined liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The measurement of fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

1. Level 1 input value: Refers to the quotation (unadjusted) of the same asset or liability in an active market on the measurement date.
2. Level 2 input value: Refers to inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 input value: Refers to unobservable inputs for the asset or liability.

##### (III) Basis for consolidation

The consolidated financial statements include ABC Taiwan Electronics and the financial statements of its controlling entities (subsidiaries). Adjustments have been made to the financial statements of the subsidiaries to enable consistency in the accounting policies of the parent company and the subsidiaries. All of the transactions, account balances, income and expense losses between the entities were eliminated during the preparation of the consolidated financial statements.

Please refer to Note XI and XXXII (II) for the statements, shareholding and operation items of the subsidiaries.

(IV) Other significant accounting policies

Please refer to the 2022 significant accounting policies compilation and explanation in addition to the below explanation.

1. Government subsidies

Government subsidies can be recognized upon receiving when there is reasonable assurance that the consolidated company will adhere to the terms attached to the government subsidies.

Government subsidies-related income are recognized under other income on a systematic basis over the periods in which the consolidated company recognizes expenses for the related costs for which the subsidies are intended to compensate. Government subsidies that are given on the condition that they will be used to purchase or construct non-current assets or to acquire them by other methods are recognized as deferred revenue, and will be recognized in profit or loss during the estimated useful life of associated assets on a reasonable and systematic basis.

If the government subsidies are used to compensate the expenses or losses incurred or are used for purposes of immediate financial support to the consolidated company and not future costs, they can be recognized in profit or loss during the period in which they can be received.

2. Defined benefit - Benefits after retirement

The pension cost in the interim period adopts the pension cost rate determined by actuarial calculation at the end of the previous year. The period from the beginning to the end of the current year is taken as the basis for calculation. Adjustments are made based on the major market fluctuations and major plan revisions, liquidations or other one time matters.

3. Income tax expenses

Income tax expenses are the aggregate of the income taxes and deferred taxes during the period. Income tax for the interim period is evaluated using the fiscal year as the basis. Calculations for income before tax of the midterm period are made taking the applicable tax rates of the expected total annual earnings. The accounting principles for tax changes during the interim period due to amendments of the tax laws are consistent with the accounting principles for the transactions arising from the tax effect. It will be recognized as profit or loss once during the period of occurrence.

V. Major sources of significant accounting judgments, estimates, and assumptions uncertainty

With regard to the adoption of accounting policies by the consolidated company, management must make judgments, estimates and assumptions based on historical experience and other relevant factors if relevant information is not readily available from other sources. The actual outcome may be different from the estimates.

When the consolidated company develops significant accounting estimates, it incorporates the potential near-term influence of COVID-19 on national development and economic environment, and inflation and market interest rate fluctuations into the significant estimates such as cash flows, growth, discount rates and profitability. Management will continue to review these estimates and assumptions.

Significant accounting judgments, estimates and assumptions adopted by these consolidated financial statements mainly derive from similar sources to that of the 2022 consolidated financial statements.

VI. Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Bank checks and demand deposits	\$ 797,548	\$ 616,230	\$ 585,972
Cash on hand and petty cash	1,186	1,069	1,192
Equivalent cash			
Bank time deposits with original maturity date within 3 months	<u>31,140</u>	<u>-</u>	<u>-</u>
	<u>\$ 829,874</u>	<u>\$ 617,299</u>	<u>\$ 587,164</u>

The market interest rate intervals of bank deposits on the balance sheet date were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Deposits in banks	0.001%~1.05%	0.001%~1.05%	0.001%~0.3%

VII. Financial instruments measured at fair value through profit or loss

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets - Current</u>			
Mandatorily measured at fair value through profit or loss			
Financial products	<u>\$ 21,601</u>	<u>\$ 22,000</u>	<u>\$ 33,233</u>

VIII. Financial assets at fair value through other comprehensive profit or loss  
Investment in equity instruments

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Non-current</u>			
Domestic investment			
TWSE/TPEX listed stock	<u>\$ 34,727</u>	<u>\$ 27,412</u>	<u>\$ 31,914</u>

The consolidated company invested in the common shares of the domestic companies in line with its long-term investment strategic objective with the anticipation of return from long-term investment. The consolidated company's management does not recognize the short-term fair value volatility of such investments as profit or loss aligned with the abovementioned long-term investment planning. Therefore, management decided to designate such investments measured at fair value through other comprehensive incomes.

IX. Notes and accounts receivable, net amount

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Notes and accounts receivable</u>			
Measured at amortized cost			
Total book value	\$ 187,912	\$ 233,537	\$ 256,357
Less: Allowance for losses	( 5,997 )	( 6,915 )	( 8,912 )
	<u>\$ 181,915</u>	<u>\$ 226,622</u>	<u>\$ 247,445</u>
<u>Accounts receivable - related parties</u>			
Measured at amortized cost			
Total book value	\$ 127,136	\$ 199,441	\$ 253,613
Less: Allowance for losses	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 127,136</u>	<u>\$ 199,441</u>	<u>\$ 253,613</u>

### Accounts receivable at amortized cost

The average credit period for the consolidated company's sales of goods on a monthly basis is 30 to 150 days, and the accounts receivable do not accrue interest. To mitigate the credit risk, the consolidated company's management has designated a team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedures, through which to ascertain if adequate action has been taken on recalling overdue receivables. Meanwhile, the consolidated company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the consolidated company's management believes that the consolidated company's credit risks have been significantly reduced.

The consolidated company adopts the simplified method in IFRS 9 to recognize the allowance for loss of the accounts receivable according to the expected credit losses throughout the duration. Expected credit losses throughout the duration are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions. As indicated by the consolidated company's historical experience in credit loss, the loss patterns among varied customer bases show no significant difference at all. In the preparation matrix, therefore, the customer bases were not further classified. Instead, we fixed the anticipated rate of credit loss only based on the number of days overdue in the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount back, the consolidated company will directly write off the relevant accounts receivable, but will continue its recourses, and the amount recovered will be recognized in profit or loss.

The consolidated company uses a provision matrix to measure the allowance for losses of receivables as follows:

#### June 30, 2023

	<u>Not overdue</u>	<u>Overdue 1~60 days</u>	<u>Overdue 61~90 days</u>	<u>Overdue 91~120 days</u>	<u>Overdue Over 120 days</u>	<u>Total</u>
Total book value	\$ 177,861	\$ 3,577	\$ 1,073	\$ 70	\$ 5,331	\$ 187,912
Loss allowance (expected credit losses throughout the duration)	-	( 299 )	( 352 )	( 30 )	( 5,316 )	( 5,997 )
Cost after amortization	<u>\$ 177,861</u>	<u>\$ 3,278</u>	<u>\$ 721</u>	<u>\$ 40</u>	<u>\$ 15</u>	<u>\$ 181,915</u>

#### December 31, 2022

	<u>Not overdue</u>	<u>Overdue 1~60 days</u>	<u>Overdue 61~90 days</u>	<u>Overdue 91~120 days</u>	<u>Overdue Over 120 days</u>	<u>Total</u>
Total book value	\$ 220,281	\$ 6,756	\$ 354	\$ 125	\$ 6,021	\$ 233,537
Loss allowance (expected credit losses throughout the duration)	-	( 415 )	( 354 )	( 125 )	( 6,021 )	( 6,915 )
Cost after amortization	<u>\$ 220,281</u>	<u>\$ 6,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,622</u>

#### June 30, 2022

	<u>Not overdue</u>	<u>Overdue 1~60 days</u>	<u>Overdue 61~90 days</u>	<u>Overdue 91~120 days</u>	<u>Overdue Over 120 days</u>	<u>Total</u>
Total book value	\$ 242,017	\$ 5,671	\$ 121	\$ 52	\$ 8,496	\$ 256,357
Loss allowance (expected credit losses throughout the duration)	-	( 683 )	( 121 )	( 52 )	( 8,056 )	( 8,912 )
Cost after amortization	<u>\$ 242,017</u>	<u>\$ 4,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440</u>	<u>\$ 247,445</u>

Accounts receivable - related parties are non-overdue accounts.

The information about changes in the allowance for loss on accounts receivable is as follows:

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance at the beginning of the period	\$ 6,915	\$ 9,596
Less: Reversal of impairment loss for the current period	( 816 )	( 825 )
Foreign currency exchange difference	( 102 )	141
Balance at end of period	<u>\$ 5,997</u>	<u>\$ 8,912</u>

#### X. Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Commodities	\$ 2,116	\$ 2,899	\$ 6,187
Finished goods	146,241	199,513	214,741
Work-in-progress	13,170	20,115	26,782
Raw materials and supplies	130,719	168,577	194,507
In-transit inventory	-	-	1,826
	<u>\$ 292,246</u>	<u>\$ 391,104</u>	<u>\$ 444,043</u>

The nature of the cost of goods sold is as follows:

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Cost of inventories sold	\$ 366,898	\$ 603,454	\$ 850,248	\$ 1,183,984
Loss on inventory devaluation (gain on recovery)	1,548	( 943 )	1,862	( 330 )
	<u>\$ 368,446</u>	<u>\$ 602,511</u>	<u>\$ 852,110</u>	<u>\$ 1,183,654</u>

#### XI. Subsidiaries

##### (I) Subsidiaries listed in the consolidated financial statements

The entities included in the preparation of this consolidated financial statements:

Name of investment company	Name of subsidiary	Type of business	Shareholding ratio			Explanation
			2023 June 30	2022 December 31	2022 June 30	
ABC Taiwan Electronics	A TEC HOLDING COMPANY (AHC)	Reinvestment of the holding company in Mainland China	100%	100%	100%	Subsidiaries
	ABC AMERICA ELECTRONICS CORP. (AAE)	Trading of electronic components	100%	100%	100%	Subsidiaries
	A TEC UNIVERSAL COMPANY (AUC)	Reinvestment of the holding company in Mainland China	100%	100%	100%	Second-tier subsidiary
	A-TEC INTERNATIONAL COMPANY (AIC)	Reinvestment of the holding company in Mainland China	100%	100%	100%	Second-tier subsidiary
	AOBA Technology (M) SDN. BHD. BHD. (AOBA)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	100%	Second-tier subsidiary
	Guangzhou ABC Electronics Corp. (Guangzhou ABC Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	100%	Third-tier subsidiary
	ABC Electronics (Shanghai) Corp. (ABC (Shanghai) Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	100%	Third-tier subsidiary

For the subsidiaries listed in the consolidated financial statements for the period between January 1 to June 30, 2023 and 2022, the financial

statements of important subsidiaries have been reviewed by independent auditors with exception of insignificant subsidiary AAE. The management of the consolidated company thinks that the financial statements of AAE that are not reviewed by the independent auditors will not result in material impact.

## XII. Property, plant and equipment

Own use	June 30, 2023		December 31, 2022		June 30, 2022				
	<u>\$ 1,502,411</u>		<u>\$ 1,497,874</u>		<u>\$ 1,346,782</u>				
	Land	Housing and construction	Machinery and equipment	Research and development equipment	Transportation equipment	Income-producing equipment	Miscellaneous equipment	Property under construction	Total
<b>Cost</b>									
Balance as of January 1, 2023	\$ 348,832	\$ 458,914	\$ 1,070,246	\$ 156,414	\$ 16,011	\$ 24,196	\$ 69,117	\$ 134,029	\$ 2,277,759
Increase	-	2,914	48,183	6,800	-	1,448	11,296	41,229	111,870
Disposal	-	-	( 18,349)	-	-	( 3,390)	( 1,661)	-	( 23,400)
Net exchange difference	( 2,305)	( 10,766)	( 35,957)	-	( 151)	( 633)	( 1,204)	( 12)	( 51,028)
Balance as of June 30, 2023	<u>\$ 346,527</u>	<u>\$ 451,062</u>	<u>\$ 1,064,123</u>	<u>\$ 163,214</u>	<u>\$ 15,860</u>	<u>\$ 21,621</u>	<u>\$ 77,548</u>	<u>\$ 175,246</u>	<u>\$ 2,315,201</u>
<b>Accumulated depreciation</b>									
Balance as of January 1, 2023	\$ -	\$ 155,356	\$ 516,049	\$ 52,069	\$ 10,615	\$ 14,125	\$ 31,671	\$ -	\$ 779,885
Depreciation expense	-	7,371	52,378	10,624	784	2,043	5,141	-	78,341
Disposal	-	-	( 15,834)	-	-	( 3,390)	( 1,575)	-	( 20,799)
Reclassification	-	( 60)	-	-	-	-	-	-	( 60)
Net exchange difference	-	( 4,065)	( 19,265)	-	( 133)	( 362)	( 752)	-	( 24,577)
Balance as of June 30, 2023	<u>\$ -</u>	<u>\$ 158,602</u>	<u>\$ 533,328</u>	<u>\$ 62,693</u>	<u>\$ 11,266</u>	<u>\$ 12,416</u>	<u>\$ 34,485</u>	<u>\$ -</u>	<u>\$ 812,790</u>
Net amount as of June 30, 2023	<u>\$ 346,527</u>	<u>\$ 292,460</u>	<u>\$ 530,795</u>	<u>\$ 100,521</u>	<u>\$ 4,594</u>	<u>\$ 9,205</u>	<u>\$ 43,063</u>	<u>\$ 175,246</u>	<u>\$ 1,502,411</u>
Net amount as of December 31, 2022 and January 1, 2023	<u>\$ 348,832</u>	<u>\$ 303,558</u>	<u>\$ 554,197</u>	<u>\$ 104,345</u>	<u>\$ 5,396</u>	<u>\$ 10,071</u>	<u>\$ 37,446</u>	<u>\$ 134,029</u>	<u>\$ 1,497,874</u>
<b>Cost</b>									
Balance as of January 1, 2022	\$ 346,315	\$ 367,400	\$ 842,133	\$ 129,234	\$ 12,434	\$ 21,874	\$ 59,207	\$ 116,817	\$ 1,895,414
Increase	-	229	102,194	5,937	3,459	1,526	3,238	51,556	168,139
Disposal	-	( 245)	( 3,157)	( 1,236)	-	( 67)	( 664)	-	( 5,369)
Net exchange difference	863	5,588	16,552	-	89	342	869	90	24,393
Balance as of June 30, 2022	<u>\$ 347,178</u>	<u>\$ 372,972</u>	<u>\$ 957,722</u>	<u>\$ 133,935</u>	<u>\$ 15,982</u>	<u>\$ 23,675</u>	<u>\$ 62,650</u>	<u>\$ 168,463</u>	<u>\$ 2,082,577</u>
<b>Accumulated depreciation</b>									
Balance as of January 1, 2022	\$ -	\$ 142,406	\$ 439,271	\$ 36,301	\$ 9,088	\$ 9,622	\$ 25,388	\$ -	\$ 662,076
Depreciation expense	-	7,005	44,777	9,192	644	2,200	4,014	-	67,832
Disposal	-	( 245)	( 3,127)	( 1,236)	-	( 53)	( 664)	-	( 5,325)
Reclassification	-	( 718)	-	-	-	-	-	-	( 718)
Net exchange difference	-	2,568	8,692	-	72	128	470	-	11,930
Balance as of June 30, 2022	<u>\$ -</u>	<u>\$ 151,016</u>	<u>\$ 489,613</u>	<u>\$ 44,257</u>	<u>\$ 9,804</u>	<u>\$ 11,897</u>	<u>\$ 29,208</u>	<u>\$ -</u>	<u>\$ 735,795</u>
Net amount as of June 30, 2022	<u>\$ 347,178</u>	<u>\$ 221,956</u>	<u>\$ 468,109</u>	<u>\$ 89,678</u>	<u>\$ 6,178</u>	<u>\$ 11,778</u>	<u>\$ 33,442</u>	<u>\$ 168,463</u>	<u>\$ 1,346,782</u>

Unrecognized or reversed impairment losses for January 1 to June 30, 2023 and 2022

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Housing and construction	
Plant and main building	3 to 50 years
Engineering system	2 to 10 years
Machinery and equipment	2 to 10 years
Research and development equipment	2 to 10 years
Transportation equipment	5 to 10 years
Income-producing equipment	1 to 10 years
Miscellaneous equipment	2 to 20 years



Please refer to Note XXVIII for the amount of property, plant and equipment pledged as collateral for borrowings.

XIII. Lease agreement

(I) Right-of-use assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Book value of right-of-use assets			
Land	\$ 18,173	\$ 19,235	\$ 19,062
Building	6,330	2,729	2,060
Transportation equipment	<u>528</u>	<u>829</u>	<u>679</u>
	<u>\$ 25,031</u>	<u>\$ 22,793</u>	<u>\$ 21,801</u>
	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>
			<u>January 1 to June 30, 2022</u>
Increase in right-of-use assets			<u>\$ 5,430</u>
Depreciation expense for right-of-use assets			<u>\$ -</u>
Land	\$ 59	\$ 61	\$ 120
Building	786	759	1,604
Transportation equipment	<u>151</u>	<u>113</u>	<u>301</u>
	<u>\$ 996</u>	<u>\$ 933</u>	<u>\$ 1,864</u>

(II) Lease liabilities

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Book value of lease liabilities			
Current	<u>\$ 3,229</u>	<u>\$ 2,629</u>	<u>\$ 2,529</u>
Non-current	<u>\$ 3,669</u>	<u>\$ 983</u>	<u>\$ 257</u>

The range of the discount rate for lease liabilities is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Building	5%~6.5%	5%~6.5%	5%~6.5%
Transportation equipment	1.35%~1.56%	1.35%~1.56%	1.35%

(III) Important lease activities and terms

The lands and buildings that the consolidated company leases are used as factories and employee dormitories with a lease period of 1~2 years. The lease payment is agreed for adjustments based on the market lease rate for every 3 years for the land leases in China. At the end of the lease period, there were no preferential purchase rights for the lands and buildings leased by the consolidated company.

(IV) Other lease information

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Expenses of short-term leases	<u>\$ 627</u>	<u>\$ 474</u>	<u>\$ 1,196</u>	<u>\$ 1,094</u>
Expenses for lease of low-value assets	<u>\$ 239</u>	<u>\$ 157</u>	<u>\$ 403</u>	<u>\$ 308</u>
Total cash (outflow) for leases			<u>( \$ 3,574 )</u>	<u>( \$ 3,193 )</u>

The consolidated company chooses to apply the exemption to the recognition of office equipment that meets the criteria of short-term lease and low-value asset lease, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

XIV. Intangible assets

	<u>Computer software</u>	<u>Technology authorization</u>	<u>Technology</u>	<u>Customer relationship</u>	<u>Trademark rights</u>	<u>Goodwill</u>	<u>Total</u>
<u>Cost</u>							
Balance as of							
January 1, 2023	\$ 12,034	\$ 4,542	\$ 20,204	\$ 29,031	\$ 3,524	\$ 5,340	\$ 74,675
Increase	1,189	940	-	-	-	-	2,129
Disposal	( 1,541)	-	-	-	-	-	( 1,541)
Net exchange difference	-	-	( 441)	( 242)	( 166)	-	( 849)
Balance as of June 30, 2023	<u>\$ 11,682</u>	<u>\$ 5,482</u>	<u>\$ 19,763</u>	<u>\$ 28,789</u>	<u>\$ 3,358</u>	<u>\$ 5,340</u>	<u>\$ 74,414</u>
<u>Accumulated amortization</u>							
Balance as of							
January 1, 2023	\$ 4,532	\$ 1,199	\$ 13,631	\$ 14,536	\$ 3,150	\$ -	\$ 37,048
Amortized expenses	2,419	986	773	1,705	173	-	6,056
Disposal	( 1,541)	-	-	-	-	-	( 1,541)
Net exchange difference	-	-	( 441)	( 242)	( 154)	-	( 837)
Balance as of June 30, 2023	<u>\$ 5,410</u>	<u>\$ 2,185</u>	<u>\$ 13,963</u>	<u>\$ 15,999</u>	<u>\$ 3,169</u>	<u>\$ -</u>	<u>\$ 40,726</u>
Net amount as of June 30, 2023	<u>\$ 6,272</u>	<u>\$ 3,297</u>	<u>\$ 5,800</u>	<u>\$ 12,790</u>	<u>\$ 189</u>	<u>\$ 5,340</u>	<u>\$ 33,688</u>
<u>Cost</u>							
Balance as of							
January 1, 2022	\$ 10,983	\$ 800	\$ 19,722	\$ 28,766	\$ 3,343	\$ 5,340	\$ 68,954
Increase	3,754	1,692	-	-	-	-	5,446
Disposal	( 3,583)	-	-	-	-	-	( 3,583)
Net exchange difference	-	-	165	91	62	-	318
Balance as of June 30, 2022	<u>\$ 11,154</u>	<u>\$ 2,492</u>	<u>\$ 19,887</u>	<u>\$ 28,857</u>	<u>\$ 3,405</u>	<u>\$ 5,340</u>	<u>\$ 71,135</u>
<u>Accumulated amortization</u>							
Balance as of							
January 1, 2022	\$ 5,628	\$ 67	\$ 11,603	\$ 10,861	\$ 2,654	\$ -	\$ 30,813
Amortized expenses	2,303	408	773	1,705	170	-	5,359
Disposal	( 3,583)	-	-	-	-	-	( 3,583)
Net exchange difference	-	-	165	91	49	-	305
Balance as of June 30, 2022	<u>\$ 4,348</u>	<u>\$ 475</u>	<u>\$ 12,541</u>	<u>\$ 12,657</u>	<u>\$ 2,873</u>	<u>\$ -</u>	<u>\$ 32,894</u>
Net amount as of June 30, 2022	<u>\$ 6,806</u>	<u>\$ 2,017</u>	<u>\$ 7,346</u>	<u>\$ 16,200</u>	<u>\$ 532</u>	<u>\$ 5,340</u>	<u>\$ 38,241</u>

The above intangible assets with limited durability are amortized on a straight-line basis based on the following durability years:

Computer software	1 to 5 years
Technology authorization	2 to 5 years
Technology	7 years
Customer relationship	7 years
Trademark rights	10 years

XV. Other assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Retained tax credit	\$ 4	\$ 4	\$ 4
Others	<u>-</u>	<u>-</u>	<u>1,091</u>
	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 1,095</u>
<u>Non-current</u>			
Refundable deposits	\$ 2,914	\$ 3,011	\$ 2,842
Others	<u>2,892</u>	<u>2,954</u>	<u>3,139</u>
	<u>\$ 5,806</u>	<u>\$ 5,965</u>	<u>\$ 5,981</u>

XVI. Borrowings

(I) Short-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Unsecured borrowings</u>			
- Borrowings of working capital fund	<u>\$ 284,876</u>	<u>\$ 243,350</u>	<u>\$ 260,645</u>

The interest rates of working capital borrowings as of June 30, 2023 and December 31 and June 30, 2022 were 0.425% ~ 1.9531%, 0.425% ~ 1.6521% and 1.00% ~ 1.1519%, respectively.

(II) Short-term notes payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Commercial paper payable	<u>\$ 29,971</u>	<u>\$ -</u>	<u>\$ 120,000</u>

Outstanding short-term notes payable are as follows:

June 30, 2023

<u>Guarantee/ Acceptance Agency</u>	<u>Par value</u>	<u>Discount amount</u>	<u>Book value</u>	<u>Interest rate range</u>	<u>Name of collateral</u>	<u>Collateral Book value</u>
<u>Commercial paper payable</u>						
China Bills Finance Corporation (CBF)	<u>\$ 30,000</u>	<u>\$ 29</u>	<u>\$ 29,971</u>	1.85%	Unsecured	<u>\$ -</u>

June 30, 2022

<u>Guarantee/ Acceptance Agency</u>	<u>Par value</u>	<u>Discount amount</u>	<u>Book value</u>	<u>Interest rate range</u>	<u>Name of collateral</u>	<u>Collateral Book value</u>
<u>Commercial paper payable</u>						
Mega Bank	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	1.18%	Unsecured	<u>\$ -</u>
China Bills Finance Corporation (CBF)	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	1.17%	Unsecured	<u>\$ -</u>

(III) Long-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Secured borrowings (Note XXVIII)</u>			
Mid and long-term bank borrowings (1)	\$ 155,077	\$ 167,410	\$ 179,734
<u>Unsecured borrowings</u>			
Mid and long-term bank borrowings (2)	<u>695,012</u>	<u>618,580</u>	<u>476,935</u>
Sub-total	850,089	785,990	656,669
Due within one year	( <u>180,857</u> )	( <u>159,120</u> )	( <u>104,638</u> )
	<u>\$ 669,232</u>	<u>\$ 626,870</u>	<u>\$ 552,031</u>

1. Bank borrowings with maturity dates falling on June 30, 2023 and December 31 and June 30, 2022, will be subsequently cleared of payments by the end of July 2037. As of June 30, 2023 and December 31 and June 30, 2022, the interests rates are 1.80% ~ 1.98%, 1.55% ~ 1.73% and 1.45% ~ 1.48%, respectively.
2. Bank credit borrowings with maturity dates falling on June 30, 2023 and December 31 and June 30, 2022, will be subsequently cleared of payments by the end of February 2030. As of June 30, 2023 and December 31 and June 30, 2022, the interests rates are 0.43% ~ 2.26%, 0.32% ~ 1.83% and 0.01% ~ 1.56%, respectively.

Long-term bank borrowings

The consolidated company has made commitments for some of its long-term borrowings and so must maintain the financial ratio and regulations in its end-of-year consolidated financial statements each year for the duration of the credit extension, as shown below:

Starting from the date of the fund transfer, the annual consolidated financial statements shall be reviewed at the end of July each year. Among these, (1) the financial liabilities must not be over 60%, and (2) the interest earned must not be lower than 10 times. If this standard is not met the first time for any of the items, a review will be made for the next half of the annual report. If the standard is still not met, an interest rate of 0.25% will be added to the originally approved interest rate. The originally approved interest rate can be resumed once the standard has been met during the next review. If the standard is not met for two consecutive annual consolidated financial statements, the bank will deem all or part of the interests of the credit amount used as matured.

Each of the financial rates in the consolidated financial statements of the consolidated company for June 30, 2023 and December 31 and June 30, 2022 satisfies the limitations of the aforementioned financial rates.

XVII. Other liabilities

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Other payables			
Salary	\$ 34,989	\$ 39,680	\$ 46,192
Cash dividends	22,301	-	55,753
Provision for equipment	18,472	15,587	1,687
Bonus	18,432	38,617	20,162
Payable leave benefit	5,224	5,266	5,277
Freight and import/export expenses	2,172	3,176	4,451
Labor service expenses	1,741	1,910	2,041
Commission	1,197	1,611	1,547
Others	<u>35,177</u>	<u>35,636</u>	<u>40,213</u>
	<u>\$ 139,705</u>	<u>\$ 141,483</u>	<u>\$ 177,323</u>

(Continue to next page)

(Continued from previous page)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other liabilities			
Collection of funds on behalf of others	\$ 1,876	\$ 1,768	\$ 1,807
Temporary receipts	375	387	389
Contract liabilities	103	577	1,180
Others	<u>219</u>	<u>241</u>	<u>-</u>
	<u>\$ 2,573</u>	<u>\$ 2,973</u>	<u>\$ 3,376</u>

Non-current

Other liabilities			
Deferred credits	\$ 1,816	\$ 1,732	\$ 918
Guarantee deposits received	<u>-</u>	<u>-</u>	<u>48</u>
	<u>\$ 1,816</u>	<u>\$ 1,732</u>	<u>\$ 966</u>

XVIII. Retirement benefit plan

The related pension fees of the defined benefit plan recognized for April 1 to June 30, 2023 and 2022, and January 1 to June 30, 2023 and 2022 are calculated based on the pension cost rate determined by actuarial calculation for December 31, 2022 and 2021. The amounts are NTD 143 thousand and NTD 151 thousand and NTD 285 thousand and NTD 306 thousand, respectively.

XIX. Equity

(I) Share capital

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Authorized shares (in thousand)	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Authorized shares	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousand)	<u>92,921</u>	<u>92,921</u>	<u>92,921</u>
Issued capital stock	\$ 929,209	\$ 929,209	\$ 929,209
Stock dividends to be distributed	<u>120,797</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,050,006</u>	<u>\$ 929,209</u>	<u>\$ 929,209</u>

The shares issued were common shares with a par value of NT\$10 per share, and each share was entitled to one voting right and the right to receive dividends.

(II) Additional paid-in capital

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Can be used to offset losses, distribute cash, or capitalize on shares (Note)</u>			
Premium from stock issuance	\$ 169,469	\$ 169,469	\$ 169,469
Transaction of treasury stock	10,819	10,819	10,819
The difference between the equity actually acquired or disposed of subsidiary and the book value	<u>775</u>	<u>775</u>	<u>775</u>
	<u>\$ 181,063</u>	<u>\$ 181,063</u>	<u>\$ 181,063</u>

Note: Such additional paid-in capital may be used to offset a deficit, or, when the Company has no deficit, to distribute cash or stock capital, provided that the capital reserve shall be no more than a certain percentage of the Company's share capital each year.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the consolidated company, any earnings at the end of the year are subject to tax, and reversal of accumulated losses according to laws, followed by setting aside 10% of the earnings as legal reserve, and the remainder as provision or reverse of special reserves. If there are still earnings remaining, together with the undistributed earnings, the board of directors is to draft a motion for earnings distribution and submit to the shareholders' meeting for resolution and distribution of dividends to shareholders. Please refer to Note XXI (VII) regarding the policy for remuneration to the employees and the directors as stipulated in the ABC Taiwan's Articles of Incorporation.

The ABC Taiwan's shareholders' meeting, on June 9, 2023, passed amendments of the Articles of Incorporation. According to the revised version, ABC Taiwan's dividend policy will accommodate current and future development plans, consider the investment environment, fund requirements and domestic and external competition, and shareholders' interest to provide appropriation of earnings of at least 20% as the shareholders' dividends each year. However, when the accumulated earnings available for distribution falls below 2% of the share capital, the distribution may not be proceeded with. Any shareholders dividends are paid in the form of cash or shares, of which the cash dividends shall not be less than 10% of the total dividends.

According to the Articles of Incorporation before the amendment, ABC Taiwan's dividend policy would accommodate current and future development plans, consider the investment environment, fund requirements and domestic and external competition, and shareholders' interest to provide appropriation of earnings of at least 60% as the shareholders' dividends each year. However, when the accumulated earnings available for distribution fell below 2% of the share capital, the distribution would not be proceeded with. Any shareholders dividends were paid in the form of cash or shares, of which the cash dividends were not less than 10% of the total dividends.

Appropriation of legal reserve shall be made until the balance is equivalent to the amount of the Company's share capital. Legal reserve may be used to offset a deficit. If the Company has no deficit, the portion of legal reserve that exceeds 25% of the share capital may be capitalized or distributed in cash.

ABC Taiwan held shareholders' annual general meetings on June 9, 2023 and June 9, 2022. Earnings distribution proposals for 2022 and 2021 have been resolved and passed as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 22,217	\$ 9,232
(Reverse) Provision of special reserves	(\$ 6,103)	\$ 29,237
Cash dividends	\$ 22,301	\$ 55,753
Stock dividends	\$ 120,797	\$ -
Cash dividend per share (NTD)	\$ 0.24	\$ 0.60
Dividend per share (NTD)	\$ 1.30	\$ -

(IV) Special reserves

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance at the beginning of the period	\$ 134,226	\$ 104,989
(Reverse) Provision of special reserves	( <u>6,103</u> )	<u>29,237</u>
Balance at end of period	<u>\$ 128,123</u>	<u>\$ 134,226</u>

Of which, NT\$39,767 thousand came from the recognition of the accumulated translation adjustments presented to ABC Taiwan into retained earnings upon initial adoption of the IFRSs.

(V) Other equity items

1. Exchange difference on translation of financial statements of foreign operations

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance at the beginning of the period	( \$ 142,738 )	( \$ 170,224 )
Exchange differences arising from the translation of the net assets of foreign operations	( <u>40,817</u> )	<u>20,704</u>
Balance at end of period	( <u>\$ 183,555</u> )	( <u>\$ 149,520</u> )

2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance at the beginning of the period	\$ 14,614	\$ 35,997
Incurred in the current period		
Unrealized gain or loss Equity instruments	<u>7,315</u>	( <u>16,881</u> )
Balance at end of period	<u>\$ 21,929</u>	<u>\$ 19,116</u>

XX. Income

(I) Revenue from contracts

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 478,110</u>	<u>\$ 764,159</u>	<u>\$ 1,108,936</u>	<u>\$ 1,471,990</u>

(II) Balance of contract

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Contract liabilities				
Revenue from sale of goods	<u>\$ 103</u>	<u>\$ 577</u>	<u>\$ 1,180</u>	<u>\$ 733</u>

## (III) Breakdown of revenue from contracts with customers

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
<u>Main regional markets</u>				
USA	\$ 207,220	\$ 385,357	\$ 498,567	\$ 748,560
Germany	106,066	202,330	267,989	359,934
China	57,398	84,003	123,275	157,819
Taiwan	21,731	25,275	42,318	54,533
Others	85,695	67,194	176,787	151,144
	<u>\$ 478,110</u>	<u>\$ 764,159</u>	<u>\$ 1,108,936</u>	<u>\$ 1,471,990</u>

XXI. Net income and other comprehensive income

## (I) Income from interest

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Income from interest				
Deposits in banks	<u>\$ 2,372</u>	<u>\$ 235</u>	<u>\$ 2,496</u>	<u>\$ 524</u>

## (II) Other income

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Deferred government subsidies income	<u>\$ 337</u>	<u>\$ -</u>	<u>\$ 1,980</u>	<u>\$ -</u>

## (III) Other gains and losses

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Net gains on foreign exchange	\$ 16,357	\$ 16,276	\$ 15,089	\$ 35,472
Net gains on financial assets measured at fair value through profit or loss	91	159	238	322
Net loss from disposal of property, plant and equipment	( 97 )	( 13 )	( 159 )	( 44 )
Others	2,311	806	3,929	926
	<u>\$ 18,662</u>	<u>\$ 17,228</u>	<u>\$ 19,097</u>	<u>\$ 36,676</u>

## (IV) Financial cost

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Interest of bank loans	\$ 4,786	\$ 2,387	\$ 8,688	\$ 4,326
Interest on lease liabilities	25	17	57	37
	<u>\$ 4,811</u>	<u>\$ 2,404</u>	<u>\$ 8,745</u>	<u>\$ 4,363</u>

## (V) Depreciation and amortization

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Depreciation expense summarized by function				
Operating cost	\$ 30,931	\$ 28,174	\$ 62,412	\$ 54,134
Operating expenses	9,092	7,493	17,954	15,562
	<u>\$ 40,023</u>	<u>\$ 35,667</u>	<u>\$ 80,366</u>	<u>\$ 69,696</u>
Amortization expense summarized by function				
Operating cost	\$ 86	\$ 86	\$ 173	\$ 170
Management expenses	1,885	2,002	3,687	4,052
R&D expenses	1,095	635	2,196	1,137
	<u>\$ 3,066</u>	<u>\$ 2,723</u>	<u>\$ 6,056</u>	<u>\$ 5,359</u>



The amortized expenses of intangible assets are amortized to the item information for each unit. Please refer to Note XIV.

(VI) Employee benefit expenses

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
<u>Benefits after retirement</u>				
Defined contribution plan	\$ 1,637	\$ 1,737	\$ 3,321	\$ 3,334
Defined benefit plan (Note XVIII)	<u>143</u>	<u>151</u>	<u>285</u>	<u>306</u>
	1,780	1,888	3,606	3,640
Other employee benefits	<u>121,044</u>	<u>171,439</u>	<u>260,200</u>	<u>329,207</u>
Total employee benefit expenses	<u>\$ 122,824</u>	<u>\$ 173,327</u>	<u>\$ 263,806</u>	<u>\$ 332,847</u>
	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
<u>Summarized by function</u>				
Operating cost	\$ 69,060	\$ 113,351	\$ 152,546	\$ 216,907
Operating expenses	<u>53,764</u>	<u>59,976</u>	<u>111,260</u>	<u>115,940</u>
	<u>\$ 122,824</u>	<u>\$ 173,327</u>	<u>\$ 263,806</u>	<u>\$ 332,847</u>

(VII) Employees' compensation and directors' remuneration

According to the ABC Taiwan's Articles of Incorporation, the employees' remuneration allocation is 12%~16% and the remuneration of directors is no more than 6% of the pre-tax income before deduction of the employees' and directors' remuneration. Estimation for the remuneration of employees and directors from April 1 to June 30, 2023 and 2022 and January 1 to June 30, 2023 and 2022 is as below:

Estimated ratio

	January 1 to June 30, 2023	January 1 to June 30, 2022
Compensation to employees	13%	13%
Remuneration to directors	4%	4%

Amount

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Compensation to employees	\$ <u>3,656</u>	\$ <u>9,036</u>	\$ <u>10,045</u>	\$ <u>15,774</u>
Remuneration to directors	\$ <u>1,125</u>	\$ <u>2,780</u>	\$ <u>3,091</u>	\$ <u>4,853</u>

If there is a change in the actual amount of remuneration after the Consolidated Financial Statements were authorized for issue, the difference is treated as a change in accounting estimate and adjusted into the books in the following year.

The remuneration to employees and directors for 2022 and 2021 was approved by the board of directors on March 9, 2023 and March 10, 2022, respectively, as follows:

	2022		2021	
	Cash	Shares of stock	Cash	Shares of stock
Compensation to employees	\$ 42,978	\$ -	\$ 19,557	\$ -
Remuneration to directors	13,224	-	6,017	-

There is no difference between the actual amounts of employees' compensation and directors' remuneration paid for 2022 and 2021 and the

amounts recognized in the Consolidated Financial Statements for 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the ABC Taiwan's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(VIII) Net (loss) gain on foreign currency exchange

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Total foreign exchange gains	\$ 19,999	\$ 23,425	\$ 29,426	\$ 49,214
Total loss on foreign currency exchange	( <u>3,642</u> )	( <u>7,149</u> )	( <u>14,337</u> )	( <u>13,742</u> )
Net gains on foreign currency exchange	<u>\$ 16,357</u>	<u>\$ 16,276</u>	<u>\$ 15,089</u>	<u>\$ 35,472</u>

XXII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Income tax for the current period				
Incurred in the current period	\$ 6,920	\$ 14,438	\$ 16,218	\$ 18,899
Surtax on undistributed retained earnings	3,148	-	3,148	-
Adjustments for previous year	<u>1,016</u>	<u>2,998</u>	<u>1,172</u>	<u>8,098</u>
	11,084	17,436	20,538	26,997
Deferred income tax				
Incurred in the current period	( <u>2,239</u> )	<u>3,003</u>	( <u>2,194</u> )	<u>8,100</u>
Income tax expenses recognized in profit or loss	<u>\$ 8,845</u>	<u>\$ 20,439</u>	<u>\$ 18,344</u>	<u>\$ 35,097</u>

(II) Authorization of income tax

The ABC Taiwan's profit-seeking enterprise income tax returns up to 2021 have been approved by the tax collection authority.

XXIII. Earnings per share

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	Unit: NTD per share January 1 to June 30, 2022
Basic earnings per share	<u>\$ 0.12</u>	<u>\$ 0.48</u>	<u>\$ 0.48</u>	<u>\$ 0.80</u>
Bonus distribution base date (Month Day, 2023), retrospective adjustments is made to the earnings per share after the date of approval for the financial report	<u>\$ 0.11</u>	<u>\$ 0.43</u>	<u>\$ 0.42</u>	<u>\$ 0.71</u>
Diluted earnings per share	<u>\$ 0.12</u>	<u>\$ 0.48</u>	<u>\$ 0.47</u>	<u>\$ 0.79</u>
Bonus distribution base date, retrospective adjustments is made to the earnings per share after the date of approval for the financial report	<u>\$ 0.11</u>	<u>\$ 0.42</u>	<u>\$ 0.42</u>	<u>\$ 0.70</u>

The net income and the weighted average number of common shares issued for the calculation of earnings per share are as follows:

## Net income

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Net income attributable to the Company's shareholders	<u>\$ 11,457</u>	<u>\$ 44,800</u>	<u>\$ 44,272</u>	<u>\$ 74,178</u>
Net profit used in the calculation of basic and diluted earnings per share	<u>\$ 11,457</u>	<u>\$ 44,800</u>	<u>\$ 44,272</u>	<u>\$ 74,178</u>

## Number of shares

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Weighted average common stock shares used to calculate basic earnings per share	92,921	92,921	92,921	92,921
Effect of potentially dilutive ordinary shares:				
Compensation to employees	<u>369</u>	<u>807</u>	<u>924</u>	<u>1,126</u>
Weighted average common stock shares used to calculate diluted earnings per share	<u>93,290</u>	<u>93,728</u>	<u>93,845</u>	<u>94,047</u>

Unit: Thousand shares

The consolidated company can elect to distribute employees' compensation by stock or by cash. If compensation is in the form of shares, the Company should presume that the entire amount of compensation will be settled in shares, and the resulting potential shares should be included in the weighted-average number of shares outstanding to be used in calculating diluted EPS if the shares have a dilutive effect. The dilutive effects of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees' in the following year.

### XXIV. Government subsidies

Guangzhou ABC Company has acquired the "Special Fund for Advanced Manufacturing Development" government subsidy of RMB 2,315 thousand. It is recognized as deferred revenue. The deferred revenue is transferred to profit and loss within the limited durability of the related assets. As of June 30, 2023, a total of RMB 450 thousand is recognized as subsidy income.

### XXV. Capital risk management

The consolidated company manages capital to ensure the Group's enterprises to maximize shareholder's returns by optimizing the balance of debt and equity under the precondition of continuing operation. The capital structure of the consolidated company is composed of the consolidated company's equity (i.e. share capital, additional paid-in capital, retained earnings, and other equity items).

### XXVI. Financial Instruments

- (I) Fair value information - Financial instruments that are not measured at fair value

The financial assets not at fair value and the book value of financial liabilities were considered by the consolidated company's management to be close to their fair value and have no reliable, fair value measurement.

- (II) Fair value - financial instruments at fair value on a recurring basis

1. Fair value hierarchy

#### June 30, 2023

	Class 1	Class 2	Class 3	Total
Financial assets measured at fair value through profit or loss				
Financial products	<u>\$ -</u>	<u>\$ 21,601</u>	<u>\$ -</u>	<u>\$ 21,601</u>

Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	\$ 34,727	\$ -	\$ -	\$ 34,727

December 31, 2022

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
Financial assets measured at fair value through profit or loss				
Financial products	\$ -	\$ 22,000	\$ -	\$ 22,000

Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	\$ 27,412	\$ -	\$ -	\$ 27,412

June 30, 2022

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
Financial assets measured at fair value through profit or loss				
Financial products	\$ -	\$ 33,233	\$ -	\$ 33,233

Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	\$ 31,914	\$ -	\$ -	\$ 31,914

There were no transfers between Class 1 and Class 2 fair value measurements in January 1 to June 30 of 2023 and 2022.

(III) Type of financial instrument

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Measured at fair value through profit or loss	\$ 21,601	\$ 22,000	\$ 33,233
Measured at fair value through other comprehensive income	34,727	27,412	31,914
Measured at amortized cost (Note 1)	1,139,937	1,043,643	1,093,578
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,411,146	1,388,934	1,505,350

Note 1: The balances include cash and equivalent cash, notes and accounts receivable, accounts receivable - related parties and other receivables and other financial assets measured at amortized cost.

Note 2: The balances of financial liabilities measured at amortized cost comprising short-term borrowings, short-term bill payables, notes and accounts payable, other payables, and long-term borrowings (including long-term borrowings due within a year).

(IV) Financial risk management objective and policies

The consolidated company's primary financial instruments include equity investment, accounts receivable, accounts payable, borrowings, and lease liabilities. The consolidated company's financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic financial markets, and to monitor and manage the consolidated company's operation-related financial risks through the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. These risks include market risk ( including currency risk, interest rate risk and other price risk ), credit risk and liquidity risk.

The financial management department is an independent organization dedicated exclusively to monitoring risks and implementing policies to mitigate risk exposure and it reports to ABC Taiwan's Board of Directors quarterly.

## 1. Market risk

The main financial risks for the consolidated company's operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

The exposure of the market risk of the financial instruments of the consolidated company and the management and measurement of such exposure risk remain unchanged.

### (1) Currency risk

Part of the consolidated company's cash inflows and outflows are denominated in foreign currencies, and therefore part of them have a natural hedging effect. The consolidated company's management of currency risk is for hedging and not for profit seeking.

For the book values of monetary assets and monetary liabilities denominated in non-functional currencies of the consolidated company as at the balance sheet date, please refer to Note XXXI for details.

#### Sensitivity analysis

The consolidated company is mainly affected by fluctuations in the exchange rates of USD, CNY, and JPY.

The following table details the consolidated company's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 5% against each relevant foreign currency. The sensitivity analysis included only the outstanding foreign currency monetary items and foreign exchange forward contracts designated as cash flow hedges, and the conversion at the end of the period was adjusted based on a 5% change in exchange rates. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable (including related parties), other receivables, accounts payable, and other payables. The positive numbers in the table below indicate the amount by which the net profit before tax will increase when NTD depreciates by 5% against the relevant foreign currencies. When NTD appreciates by 5% against the relevant foreign currencies, the effect on net profit before tax will be the negative number of the same amount.

	Effect of US Dollars		Effect of Renminbi		Effect of Japanese Yen	
	January 1 to June 30, 2023	January 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Income (loss)	\$ 20,264	\$ 26,345	(\$ 1,532)	(\$ 12,875)	\$ 649	\$ 1,046

The management believes that the sensitivity analysis cannot represent the inherent risk of exchange rate, as foreign currency risk exposure at the balance sheet date cannot reflect the risk exposure at mid-year.

### (2) Interest rate risks

Because individual entities within the consolidated company borrow funds at fixed and floating interest rates at the same time, interest rate risks can arise.

The book value of financial assets and liabilities of the consolidated company with interest rate exposure on the balance sheet date is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fair value interest rate risk			
- Financial assets	\$ 31,140	\$ -	\$ -
- Financial liabilities	156,869	63,612	383,431
Cash flow interest rate risk			
- Financial assets	797,530	616,213	585,953
- Financial liabilities	1,014,965	969,340	656,669

#### Sensitivity analysis

The following sensitivity analysis are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. The analysis of floating rate liabilities is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period.

If the interest rate decreased/increased by 0.1%, with all other variables remaining unchanged, the consolidated company's net income before tax in January 1 to June 30 of 2023 and 2022 would increase/decrease by NT\$109 thousand and NT\$35 thousand, respectively, mainly due to the consolidated company's variable interest rate/net asset interest rate exposure.

#### (3) Other price risk

The consolidated company's exposure to the equity price risk is due to the investment in the TWSE/TPEX listed equity securities. The equity investment was not held for trading but was classified as a strategic investment. The consolidated company does not trade such investments actively. The consolidated company's equity price risk is mainly concentrated on equity instruments in the electronics industry, which are traded on Taiwan Stock Exchanges and TPEX.

#### Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure at the balance sheet date.

If the equity price increased/decreased by 5%, other comprehensive income before tax in January 1 to June 30 of 2023 and 2022 would have increased/decreased by NT\$1,736 thousand and NT\$1,596 thousand, respectively, due to changes in the fair value of financial assets through other comprehensive income.

## 2. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss for the consolidated company. As of the balance sheet date, the consolidated company's maximum credit risk of financial losses may be caused by counterparties' failure to fulfill obligations. The risk exposure mainly comes from the book value of financial assets recognized in the Consolidated Statements Of Balance Sheets.

To mitigate the credit risk, the consolidated company's management has designated a team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedures, through which to ascertain if adequate action has been taken on recalling overdue receivables. Meanwhile, the consolidated company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the consolidated company's management believes that the consolidated company's credit risks have been significantly reduced.

In addition, because the counterparty of the current fund is a reputable bank, the credit risk is limited.

The consolidated company's credit risk is mainly concentrated in the top ten consolidated customers. As of June 30, 2023, December 31, 2022 and June 30 2022, the ratio of the total accounts receivable from the aforementioned customers was 61%, 63% and 63%, respectively.

## 3. Liquidity risk

The consolidated company manages and maintains sufficient positions of cash and cash equivalents to pay for the Group's operations and mitigate the impact of fluctuating cash flows. The management of the consolidated company supervises the utilization of the banking facilities and ensures compliance with the terms of the loan contract.

Bank borrowings were an important source of liquidity for the consolidated company. For the bank financing facilities not drawn down by the consolidated company, please refer to the description of (2) financing facilities below.

### (1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the consolidated company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings that the consolidated company could be demanded to repay immediately were listed in the earliest time period of the below table, regardless of the probability of the bank executing the right. Maturity analysis of other non-derivative financial liabilities was compiled based on the agreed repayment date.



### June 30, 2023

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	-	\$ 191,905	\$ 122,338	\$ 90,883	\$ -	\$ -
Lease liabilities	1.35~6.50	308	616	2,368	3,714	-
Floating interest rate instruments	0.425~2.62	149,002	61,426	147,752	540,724	160,083
Fixed interest rate instruments	1.65~1.95	<u>100,179</u>	<u>50,163</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 441,394</u>	<u>\$ 234,543</u>	<u>\$ 241,003</u>	<u>\$ 544,438</u>	<u>\$ 160,083</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 3,292</u>	<u>\$ 3,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### December 31, 2022

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	-	\$ 306,044	\$ 97,041	\$ 105,925	\$ -	\$ -
Lease liabilities	1.35~6.50	343	670	1,697	997	-
Floating interest rate instruments	0.32~1.83	101,896	120,789	129,047	479,063	176,566
Fixed interest rate instruments	1.38	<u>60,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 468,352</u>	<u>\$ 218,500</u>	<u>\$ 236,669</u>	<u>\$ 480,060</u>	<u>\$ 176,566</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 2,710</u>	<u>\$ 997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### June 30, 2022

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	-	\$ 366,462	\$ 190,136	\$ 95,276	\$ -	\$ -
Lease liabilities	1.35~6.50	282	516	1,764	259	-
Floating interest rate instruments	0.01~1.52	87,395	44,441	79,725	392,668	182,765
Fixed interest rate instruments	1.00~1.178	<u>150,260</u>	<u>130,115</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 604,399</u>	<u>\$ 365,208</u>	<u>\$ 176,765</u>	<u>\$ 392,927</u>	<u>\$ 182,765</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 2,562</u>	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing amount

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
The secured bank loan facility may be extended upon mutual consent of both parties.			
- Amount used	\$ 216,834	\$ 229,667	\$ 251,244
- Unutilized amount	<u>72,193</u>	<u>70,652</u>	<u>67,221</u>
	<u>\$ 289,027</u>	<u>\$ 300,319</u>	<u>\$ 318,465</u>
The unsecured bank loan facility may be extended upon mutual consent of both parties.			
- Amount used	\$ 953,908	\$ 805,363	\$ 792,007
- Unutilized amount	<u>569,023</u>	<u>744,616</u>	<u>254,437</u>
	<u>\$ 1,522,931</u>	<u>\$ 1,549,979</u>	<u>\$ 1,046,444</u>

XXVII. Related party transactions

All of the transactions, account balances, income and expense losses between the ABC Taiwan Electronics and subsidiaries (refer to as the related party) were eliminated. Thus, it is not disclosed in this Note. The transactions between the consolidated company and other related party are as below.

(I) Names of related parties and their relationships

<u>Name of Related Party</u>	<u>Relationship with the consolidated company</u>
Bourns, Inc.	Substantive related party

(II) Operating revenues

<u>Account items</u>	<u>Category/name of related party</u>	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Sales revenues	Substantive related party				
	Bourns, Inc.	<u>\$ 198,295</u>	<u>\$ 358,944</u>	<u>\$ 475,896</u>	<u>\$ 696,447</u>

The sales of goods between the consolidated company and related parties are performed based on general transaction rules.

(III) Receivables from related parties (not including loans to the related party)

<u>Account items</u>	<u>Category/name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable - related parties	Substantive related party			
	Bourns, Inc.	<u>\$ 127,136</u>	<u>\$ 199,441</u>	<u>\$ 253,613</u>

No guarantee is collected for outstanding receivables from related parties. Receivables from related parties for January 1 to June 30, 2023 and 2022 are not yet listed as provision for allowance for losses. The collection period is open 60 to 120 days on a monthly basis.

(IV) Remuneration to the management

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Short-term employee benefits	\$ 8,961	\$ 7,094	\$ 17,576	\$ 14,945
Benefits after retirement	<u>198</u>	<u>147</u>	<u>376</u>	<u>294</u>
	<u>\$ 9,159</u>	<u>\$ 7,241</u>	<u>\$ 17,952</u>	<u>\$ 15,239</u>

The remuneration to directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXVIII. Assets pledged as collateral

In addition to those disclosed in other notes, the following assets have been provided as collateral for bankers' acceptances and long-term bank borrowings:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 299,830	\$ 299,830	\$ 299,830
Housing and construction	<u>141,989</u>	<u>144,171</u>	<u>66,997</u>
	<u>\$ 441,819</u>	<u>\$ 444,001</u>	<u>\$ 366,827</u>

XXIX. Significant Contingent Liabilities and Unrecognized Commitments

Except for those already mentioned in other notes, the consolidated company's significant commitments and contingencies as of the balance sheet date are as follows:

Significant commitments

The consolidated company's unrecognized contractual commitments are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Acquisition of property, plant and equipment	<u>\$ 13,738</u>	<u>\$ 21,852</u>	<u>\$ 58,364</u>

XXX. Other matters

Due to the impact of the COVID-19 pandemic, the consolidated company cooperated with the lockdown restrictions imposed by the local government in the first half of 2022 due to the severity of the pandemic in Shanghai, and the Company has now fully resumed work. In response to the pandemic, the consolidated company takes the following actions:

- (I) The company implements and cooperates with local government policies, and closely observes the subsequent development of the pandemic to ensure the health of employees.
- (II) Adjusted the production ratio and shipment, and initiated the production support and shipment of the Guangzhou subsidiary.
- (III) Inform customers and suppliers of the adjustments to the shipping method and schedule.

According to the consolidated company's assessment, the overall business and financial position are not significantly affected by the above-mentioned pandemic. However, the impact of the pandemic is still uncertain, and the consolidated company will continue to pay attention to developments.

XXXI. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated by foreign currencies other than the functional currency of each entity of the consolidated company. The disclosed exchange rates refer to the exchange rates at which the foreign currencies were converted into functional currencies. Significant assets and liabilities denominated in foreign currencies are as follows:

June 30, 2023

	Foreign currency	Exchange rate	Book value
<u>Assets denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	\$ 13,467	31.1400 (USD: NTD)	\$ 419,371
US Dollars	551	4.8778 (USD: MYR)	17,155
US Dollars	39	7.2859 (USD: RMB)	1,228
Euros	4,086	33.8100 (EUR: NTD)	138,144
Euros	510	5.2961 (EUR: MYR)	17,254
Japanese Yen	160,148	0.2150 (JPY: NTD)	34,432
Hong Kong Dollars	88	3.9740 (HKD: NTD)	351
Renminbi	26,563	4.2740 (RMB: NTD)	113,532
NTD	12,169	0.1566 (NTD: MYR)	<u>12,169</u>
			<u>\$ 753,636</u>
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	229	31.140 (USD: NTD)	\$ 7,116
US Dollars	677	4.8778 (USD: MYR)	21,069
US Dollars	136	7.2859 (USD: RMB)	4,239
Euros	1,734	5.2961 (EUR: MYR)	58,633
Japanese Yen	99,600	0.2150 (JPY: NTD)	21,414
Japanese Yen	175	0.0337 (JPY: MYR)	38
Hong Kong Dollars	224	3.9740 (HKD: NTD)	890
Renminbi	33,733	4.2740 (RMB: NTD)	144,173
NTD	1,009	0.1566 (NTD: MYR)	1,009
Singapore Dollar	1	3.5965 (NTD: MYR)	<u>34</u>
			<u>\$ 258,615</u>

December 31, 2022

	Foreign currency	Exchange rate	Book value
<u>Assets denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	\$ 15,873	30.7100 (USD: NTD)	\$ 487,460
US Dollars	949	4.5843 (USD: MYR)	29,142
US Dollars	33	6.9795 (USD: RMB)	1,012
Euros	3,964	32.7200 (EUR: NTD)	129,714
Euros	307	4.8843 (EUR: MYR)	10,059
Japanese Yen	22,050	0.2324 (JPY: NTD)	5,124
Hong Kong Dollars	551	3.9380 (HKD: NTD)	2,170
Renminbi	28,342	4.4000 (RMB: NTD)	124,704
NTD	14,669	0.1493 (NTD: MYR)	<u>14,669</u>
			<u>\$ 804,054</u>
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	331	30.7100 (USD: NTD)	\$ 10,166
US Dollars	617	4.5843 (USD: MYR)	18,947
US Dollars	141	6.9795 (USD: RMB)	4,329
Euros	1,803	4.8843 (EUR: MYR)	58,979
Japanese Yen	39	0.0347 (JPY: MYR)	9
Hong Kong Dollars	293	3.9380 (HKD: NTD)	1,152
Renminbi	59,188	4.4000 (RMB: NTD)	260,425
NTD	2,086	0.1493 (NTD: MYR)	2,086
Singapore Dollar	3	3.4154 (NTD: MYR)	<u>68</u>
			<u>\$ 356,161</u>

June 30, 2022

	Foreign currency	Exchange rate	Book value
<u>Assets denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	\$ 15,198	29.7200 (USD: NTD)	\$ 451,674
US Dollars	3,183	4.5914 (USD: MYR)	94,604
US Dollars	22	6.7073 (USD: RMB)	649
Euros	7,544	31.0500 (EUR: NTD)	234,234
Euros	441	4.7968 (EUR: MYR)	13,708
Japanese Yen	96,006	0.2182 (JPY: NTD)	20,949
Hong Kong Dollars	43	3.7880 (HKD: NTD)	162
Renminbi	3,697	4.4310 (RMB: NTD)	16,382
NTD	7,470	0.1545 (NTD: MYR)	<u>7,470</u>
			<u>\$ 839,832</u>

(Continue to next page)

(Continued from previous page)

Liabilities denominated in foreign currencies	Foreign currency	Exchange rate	Book value
<u>Monetary items</u>			
US Dollars	\$	179	29.7200 (USD: NTD)
			\$ 5,327
US Dollars		333	4.5914 (USD: MYR)
			9,906
US Dollars		161	6.7073 (USD: RMB)
			4,788
Euros	2,201	4.7968 (EUR: MYR)	68,343
Hong Kong Dollars	379	3.7880 (HKD: NTD)	1,437
NTD	1,901	0.1545 (NTD: MYR)	1,901
NTD	80	0.2257 (NTD: RMB)	80
Renminbi	61,809	4.4310 (RMB: NTD)	273,877
Japanese Yen	130	0.0337 (JPY: MYR)	28
Singapore Dollar	7	3.3014 (NTD: MYR)	143
			<u>\$ 365,830</u>

For the months ended April 1 to June 30, 2023 and 2022, and January 1 to June 30, 2023 and 2022, the consolidated company's net profit on foreign currency exchanged (realized and unrealized) were NT\$16,357 thousand, NT\$16,276 thousand, NT\$15,089 thousand and NT\$35,472 thousand, respectively. It is impossible to disclose exchange gains and losses by different currencies based on the significant impacts due to the variety of functional currencies used by the Group.

### XXXII. Disclosures in notes

#### (I) Information about significant transactions:

1. Loans to others: None.
2. Making endorsements and guarantees for others:

Unit: NTD thousand, unless stated otherwise

Serial number	The company of the endorsement and guarantee Name	Counterparty of endorsements and guarantees		The limit of endorsements and guarantees provided to a single enterprise (Note 2)	Maximum endorsement and guarantee Balance for the Period	Endorsements for end of the period Guarantee balance	Actual Examinations The amount disbursed	Endorsement and guarantee amount with properties	Ratio of Accumulated Endorsement and Guarantee to Net Value in the Most Recent Financial Statements (%)	Endorsement and guarantee The maximum amount (Note II)	Provided by parent to subsidiaries on the Endorsement and guarantee	Provided by subsidiaries to parent company on the Endorsement and guarantee	Endorsement and guarantee for Mainland China	Remarks
		Company name	Relationship (Note I)											
0	ABC Taiwan Electronics	AOBA	3	\$ 371,169	EUR 103 NT\$ Thousand (\$ 3,355)	\$ 1,156	\$ 1,156	\$ -	0.08	\$ 742,339	Yes	No	No	-
		AOBA	3	371,169	EUR3,550 NT\$ Thousand (\$ 120,132)	120,026	57,477	-	8.08	742,339	Yes	No	No	-

Note 1: 3. An investee company in which the parent company and its subsidiaries hold more than 50% of the common stock shares combined.

Note 2: According to ABC Taiwan's "Procedures for Guarantee and Endorsement", the total endorsement and guarantee amount shall not exceed 50% of ABC Taiwan's net worth, and the limit for any single endorsed entity may not exceed 25% of ABC Taiwan's net worth in the most recent financial statements.

3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures):

Unit: NTD thousand, unless stated otherwise

Company held	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	Accounting titles in book	End of period				Remarks
					Number of shares	Book value	Percentage of Ownership (%)	Fair value/book value	
ABC Taiwan Electronics	Shares of stock	PROSPERITY DIELECTRICS CO., LTD.	-	Financial assets at fair value through other comprehensive profit or loss	803,880	\$ 34,727	0.47	\$ 34,727(Note)	-
ABC (Shanghai) Company	Financial products	Bank of Shanghai - Bank of Shanghai Winner RMB Financial Products	-	Financial assets measured at fair value through profit or loss	-	21,601	-	21,601	-

Note: Calculated based on the stock closing price on June 30, 2023.

4. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of the paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of the paid-in capital or more: None.
7. Amount on purchase from and sale to related parties reaching NT\$100 million or more than 20% of the Paid-in capital:

Unit: NTD thousand, unless stated otherwise

Purchasing (selling) goods company	Counterparty	Relationship	Status of transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchasing (selling) goods	Amount	Percentage of total purchase (sale)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
ABC Taiwan Electronics	Guangzhou ABC Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	\$ 465,388	66%	Monthly settlement of 60 days	Same as Note XXXII (I).10.	Same as Note XXXII (I).10.	( \$ 96,926 )	( 56% )	—
	ABC (Shanghai) Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	162,445	23%	Monthly settlement of 60 days	Same as Note XXXII (I).10.	Same as Note XXXII (I).10.	( 46,552 )	( 27% )	—
	Bourns, Inc.	Substantive related party of the Company	Sales of goods	475,896	47%	Monthly settlement of 60 days	Same as Note XXVII (II)	Same as Note XXVII (II)	127,136	49%	—

8. Accounts receivable from related parties reaching NT\$ 100 million or more than 20% of the paid-in capital:

Unit: NTD thousand, unless stated otherwise

The company that accounts for the accounts receivable company	Counterparty Name	Relationship	Balance for receivables from related parties	Turnover	Overdue accounts receivable from related parties		Receivables from related parties Withdrawn amount after the period	Allowance for Doubtful Accounts
					Amount	Disposal method		
ABC Taiwan Electronics	Bourns Inc	Substantive related party	\$ 127,136	5.83	\$ -	—	\$ 44,939	\$ -

9. Trading of derivatives: None.
10. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

Unit: NTD thousand, unless stated otherwise

Name	Counterparty	Relation with the transaction party issuer (Note I)	Status of transaction		Trading terms and conditions (Note II)	Percentage of the consolidated total revenue or total assets Percentage	
			Accounting titles	Amount			
<u>January 1 to June 30, 2023</u>							
ABC Taiwan Electronics	ABC (Shanghai) Company	1	Operating revenues	\$ 1,795	-	-	
		1	Purchase goods	162,445	-	15%	
		1	Accounts payable to related parties	46,552	-	1%	
		1	Other payables - related parties	365	-	-	
		1	Operating revenues	12	-	-	
	Guangzhou ABC Company	1	Purchase goods	465,388	-	42%	
		1	Other receivables - related parties	32	-	-	
		1	Accounts payable to related parties	96,926	-	3%	
		AOBA	1	Operating revenues	4,064	-	-
			1	Purchase goods	38,384	-	3%
		1	Accounts payable to related parties	11,235	-	-	

(Continue to next page)

(Continued from previous page)

Name	Counterparty	Relation with the transaction party issuer (Note I)	Status of transaction			Percentage of the consolidated total revenue or total assets Percentage
			Accounting titles	Amount	Trading terms and conditions (Note II)	
		1	Other receivables - related parties	324	-	-
AHC	AAE	1	Labor service expenses	7,412	-	1%
	Guangzhou ABC Company	3	Other receivables - related parties	1,900	-	-
ABC (Shanghai) Company	ABC (Shanghai) Company	3	Other receivables - related parties	2,125	-	-
	Guangzhou ABC Company	3	Purchase goods	\$ 27,353	-	2%
CO., LTD.		3	Sales of goods	3,975	-	-
		3	Accounts payable to related parties	7,841	-	-
Guangzhou ABC Company	AOBA	3	Purchase goods	370	-	-
		3	Accounts payable to related parties	80	-	-
	AOBA	3	Purchase goods	135	-	-
		3	Sales of goods	175	-	-
		3	Accounts payable to related parties	76	-	-

Note 1: 1 Refers to transactions by parent company to subsidiary.

3 Refers to transactions between subsidiaries.

Note 2: The sales and purchases of goods between ABC Taiwan Electronics and related parties are performed based on general transaction rules and there are no other related product prices available for comparison. The payment period is from 30 to 60 days on a monthly basis while the collection period is from 60 to 120 days on a monthly basis. In order to cooperate with the operations of subsidiaries, ABC Taiwan Electronics temporarily collects and pays accounts based on its funding status.

(II) Information about reinvestment business:

Unit: NTD thousand, unless stated otherwise

Name of investment company	Name of investee company	Location of the Company	Main business items	Initial investment amount		Held at the end of period			Investee company Income (loss) for the current period	Investment income (loss) recognized by the Company	Remark
				End of current period	End of last year	Number of shares	Percentage (%)	Book value			
ABC Taiwan Electronics	AHC	Mauritius	Reinvestment of the holding company in Mainland China	US Dollars 29,254 NT\$ Thousand (\$ 910,970)	US Dollars 29,254 NT\$ Thousand (\$ 898,390)	29,434,161	100	\$ 1,154,669	(\$ 28,084)	(\$ 24,782)	Subsidiary of the Company
	AAE	USA	Trading of electronic components	US Dollars 100 NT\$ Thousand (\$ 3,114)	US Dollars 100 NT\$ Thousand (\$ 3,071)	220,000	100	2,119	1,073	1,073	Subsidiary of the Company
AHC	A-TEC UNIVERSAL COMPANY	Mauritius	Reinvestment of the holding company in Mainland China	US Dollars 6,274 NT\$ Thousand (\$ 195,372)	US Dollars 6,274 NT\$ Thousand (\$ 192,675)	6,274,457	100	521,097	( 201)	( 201)	Subsidiaries of the Company
	A-TEC International Company	Mauritius	Reinvestment of the holding company in Mainland China	US Dollars 5,691 NT\$ Thousand (\$ 177,218)	US Dollars 5,691 NT\$ Thousand (\$ 174,771)	5,690,923	100	289,024	( 8,332)	( 8,332)	Subsidiaries of the Company
	AOBA	Malaysia	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars 17,328 NT\$ Thousand (\$ 539,594)	US Dollars 17,328 NT\$ Thousand (\$ 532,143)	49,242,980	100	340,823	( 19,312)	( 19,625)	Subsidiaries of the Company
A-TEC UNIVERSAL COMPANY	Guangzhou ABC Company	Guangzhou City, China	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars 6,274 NT\$ Thousand (\$ 195,372)	US Dollars 6,274 NT\$ Thousand (\$ 192,675)	-	100	521,097	( 201)	( 201)	Third-tier subsidiary of the Company
A-TEC International Company	ABC (Shanghai) Company	Shanghai City, China	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars 5,691 NT\$ Thousand (\$ 177,218)	US Dollars 5,691 NT\$ Thousand (\$ 174,771)	-	100	289,024	( 8,332)	( 8,332)	Third-tier subsidiary of the Company



(III) Investment in Mainland China:

- The name of the investee company in Mainland China, the main businesses and products, its paid-in capital, method of investment, information on inflow and outflow of capital, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area.

Unit: NTD thousand, unless stated otherwise

Mainland China's investee company name	Main business items	Paid-in capital	Method of investment	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment amount for outward remittance or recovered in the current period		Accumulated Investment Amount from Taiwan at End of Period	Investee company Income (loss) for the current period	The Company's shareholding percentage by direct or indirect investment (Note II)	Recognition of investment gain (loss) in the current period (Note II) by the Company (Note II)	End of Period Investment Book value (Note II)	Investment income remitted back of the current period
					Outward remittance	Withdraw						
Guangzhou ABC Company	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars 6,274 NT\$ Thousand (\$ 195,372)	Note 1	US Dollars 3,479 NT\$ Thousand (\$ 108,336)	\$ -	\$ -	US Dollars 3,479 NT\$ Thousand (\$ 108,336)	(\$ 201)	100%	(\$ 201)	\$ 521,097	\$ -
ABC (Shanghai) Company	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars 5,691 NT\$ Thousand (\$ 177,218)	Note 1	US Dollars 5,691 NT\$ Thousand (\$ 177,218)	-	-	US Dollars 5,691 NT\$ Thousand (\$ 177,218)	( 8,332)	100%	( 8,332)	289,024	-

Accumulated investment from Taiwan to Mainland China at end of period	Investment Amount Approved by Investment Commission, Ministry of Economic Affairs (MOEA), R.O.C.	In accordance with the regulations of the Investment Review Committee, Ministry of Economic Affairs Limited investment amount in Mainland China at end of period
US\$9,170 thousand (\$285,554)	US\$9,637 thousand (\$300,096)	\$890,806

Note 1: Investing in companies in Mainland China through companies invested and incorporated in a third region.

Note 2: Calculated based on the financial statements reviewed by the independent auditors of the parent company in Taiwan and the consolidated shareholding ratio.

Note 3: Figures in this table that involve foreign currencies are converted into NTD at the exchange rate on the date of the financial reporting.

- Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Please refer to Note XXXII (I) 10.

(IV) Information on major shareholders: Name of shareholders with an ownership of 5% or more, number of shares held, and percentage:

Name of major shareholder	Shares	
	Number of shares held (shares)	Shareholding ratio
CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc.	8,068,793	8.68%
Joseph M. E. Hsu	5,442,512	5.85%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and special shares with dematerialized registration and delivery completed (including treasury shares) on the last business day of the quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

Note 2: The above information will be disclosed based on the trust accounts opened by the trustees for each trustor, if any. As for the insider declaration of more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding includes the shares placed in a trust and has the right to decide the utilization of the trust assets. For the information on the insider declaration of shareholding, please refer to the MOPS.

XXXIII. Departmental information

This information is provided to the chief operating decision-maker for the purpose of allocating resources to the departments and to measure performances with a focus on the type of product or labor work delivered or

provided. Departments of the consolidated company to be reported are as follows:

Inductor Business Unit

Other departments

(I) Department revenue and operating results

The revenue and operating results of the continuing business unit of the consolidated company are based on the analysis for the departments to be reported as follows:

	Departmental revenue		Departmental profit and loss	
	January 1 to June 30, 2023	January 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Inductor Business Unit	\$ 1,064,591	\$ 1,428,582	\$ 252,540	\$ 283,272
Other departments	<u>44,345</u>	<u>43,408</u>	<u>4,286</u>	<u>5,064</u>
Total amount for continuing operations	<u>\$ 1,108,936</u>	<u>\$ 1,471,990</u>	256,826	288,336
Amount not yet amortized:				
Operating expenses			( 209,038 )	( 211,898 )
Non-operating income and expenses			<u>14,828</u>	<u>32,837</u>
Pre-tax profit			<u>\$ 62,616</u>	<u>\$ 109,275</u>

The revenues reported above are generated from external customer transactions. There have been no sales among departments for 2023 and January 1 to June 30, 2022.

Departmental profit and loss refers to the profits made by each of the departments, not including operating expenses to be amortized and non-operating income and expenses. This measurement is provided to the chief operating decision-maker for the purpose of allocating resources to the departments and to measure performance.

(II) Departmental assets

The measurement of the consolidated company assets have not been provided to the operating chief decision-maker. Hence, there is no disclosure of asset measurement amount.