



# 2023 ANNUAL REPORT

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# I. Letter to Shareholders

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Annual General Meeting of Shareholders 2024

Dear Shareholders, Ladies and Gentlemen,

Three years ago, I stepped down as the CEO of Powertech Technology Group to focus on integrating the resources of the Group's subsidiaries and strengthening cooperation among teams so that we can build a complete and competitive supply chain for semiconductor packaging and testing service. Training and succession planning for middle and high-level management was also initiated at the same time. Significant manpower and resources were invested in the research, development and manufacturing of advanced packaging and testing technology in particular to realize a total transformation of the team that we built up over many years.

## **“Operating results for the previous fiscal year” and “Analysis of receipts, expenditures, and profitability; and examine research and development work”**

Under the leadership of CEO Boris Hsieh, PTI President J.S. Leu, Greatek President Louis Ning, Tera Probe (Japanese subsidiary) President Tsuyoshi Yokohama, and President C.H. Lin all worked together to weather the COVID-19 pandemic, the US-China technology trade-war, and the impact of geopolitics. Both revenue and profits would hit record highs in 2021 and 2022:

Revenue in 2021 reached NT\$83.794 billion and earnings per share (EPS) was NT\$11.54; revenue in 2022 reached NT\$83.927 billion and earnings per share (EPS) was NT\$11.60.

2023 proved a very challenging year for the global economy. The semiconductor industry experienced its most serious recession in more than 20 years and the PTI Group did not escape unscathed with turnover falling by about 16%. Turnover in 2023 was therefore NT\$70.441 billion with an EPS of NT\$10.72. For the management team, I offered the following words of encouragement: "When it's all smooth sailing, business and profit growth does not equate to first-class management, because most of that is due to opportunistic wealth; A first-class management team overcomes obstacles in times of adversity and creates opportunities for future sales and profitable growth."

## **“The effect of external competition, the legal environment, and the overall business environment.”**

Our management team and employees achieved this in 2023. Despite the decline in turnover, disposing most of our equity in the Suzhou factory meant our profits and EPS for the year still amounted to more than our net worth. More importantly, significant progress was made in advanced packaging technologies, such as:

1. Large-size FCBGA successfully obtained certification from major customers and started mass production;
2. CIS and CSP based on TSV connections started mass production. Our yield and product performance are the best in the industry;
3. SIP/SIM technology has been recognized and verified by major customers and will enter mass production;
4. In FOPLP, high-end product customers used to lack confidence in the quality of large-panel FO. More customers are now turning to FOPLP however due to the limited volume and high cost of wafers for multi-chip FO integration.

### **“Future development strategy”**

2024/2025 will be a critical period for PTI. We must concentrate resources on mass production of the packaging and testing technologies developed over the last few years, with a particular emphasis on the development of advanced process technologies as well as yield stability and improvement. We will therefore:

1. Leverage our technology to grow the TSV CIS CPS customer base;
2. Become the only OSAT capable of mass producing Via Middle HBM;
3. Challenge 2.5D and 3D packaging and testing technologies to provide customers with another competitive "CoWoS-like" solution;
4. Work with strategic suppliers to develop more flexible and competitive equipment for FOPLP.

We have now restarted capital expenditures to actively prepare for opportunities in 2025 and 2026. We wish everyone a prosperous Year of Dragon! May you all enjoy health and safety!

Sincerely,  
D.K. Tsai

PTI Chairman

# **Powertech Technology Inc.**

## **2023 Business Report**

### **I. 2023 Business Report**

According to the World Economic Outlook published by the International Monetary Fund (IMF) in January 2024, global growth was about 3.1% in 2023 and is projected at 3.1% in 2024 and rise modestly to 3.2% in 2025 which below the historical (2000–2019) average of 3.8%. The global inflation rate reached 6.8% in 2023, and IMF predicts that it will fall to 5.8% in 2024 and 4.4% in 2025. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy, and risks to global growth are broadly balanced.

Affected by multiple uncertain factors, such as global geopolitics and technological competition, the pressure of the ongoing war, the election year of advanced countries, and the reorganization of global supply chains, global economic activities are still showing a continuous slowdown. However, driven by high-speed computing and generative AI, electronic products such as servers, automobiles and industrial applications will evolve towards more automatic and smarter processes, bringing growth momentum to the semiconductor industry. The semiconductor boom is expected to rebound in 2024.

According to the research by Gartner, a technological research and consulting firm, global semiconductor market revenue declined by nearly 11% in 2023, falling to US\$533 billion. In view of the development of AI chips, global revenue is expected to surge by nearly 17% in 2024, reaching US\$624 billion, and the overall market size will even exceed that of 2021 and 2022. Based on a study of Industrial Economics and Knowledge (IEK) published in February 2024: expected that Revenue of Taiwan semiconductor industry was NT\$ 4,343 billion which was 10.2% decreased from 2022. Revenue of Taiwan IC packaging sector was NT\$ 393 billion which was 15.6% decreased from 2022, and revenue of Taiwan IC testing sector was NT\$ 191 billion which was 12.8% decreased from 2022.

In the face of the global economic market recession in 2023, with the demand for automotive electronics, servers, high-speed computing, artificial intelligence(AI) and other clients continuing to grow, and benefiting from urgent orders from customers, PTI's performance this year is better than expected. In the future, PTI will continue to deepen our research and development technology, provide excellent quality and services, and continue to invest in 2.5D and 3D packaging to meet customer and market needs.

Details of 2023 revenue and profitability are reported as follow:

#### **1. 2023 Operations Results**

PTI Consolidated revenue of 2023 was NT\$ 70.441 billion, which was 16% decrease from 2022 consolidated revenue of NT\$ 83.927 billion. 2023 net income belonged to parent company was NT\$ 8.008 billion which was 7.8% decrease from 2022 NT\$ 8.687 billion.

## 2. Financial Status

2023 Consolidated Statement of Cash Flow		(in NT thousand)
a. Net cash inflow from operating activities		19,681,581
b. Net cash outflow from investing activities		5,302,594
(Changes mainly from acquisition of machinery and equipment)		
c. Net cash outflow from financing activities		13,529,971
(Mainly for repayment of loans)		

## 3. Profitability Analysis

Analysis Items		2023	2022
Profitability	Operating Income / Capital Ratio	107.40%	163.97%
	Pre-tax Net Income / Capital Ratio	158.64%	179.67%
	Return on Assets	8.49%	9.22%
	Return on Equity	14.04%	16.59%
	Net Income (Loss) Ratio	11.37%	10.35%
	Net Income(Loss) Per Share	\$10.72	\$11.60

## 4. R&D Updates

PTI has been constantly devoted to new technologies and production technologies development to meet industry standards and customers' demand. 2023 R&D expenses were NT\$2.458 billion which was about 3.49% of consolidated revenue. In addition to DRAM and NAND Flash products, PTI has been developing advanced packaging & testing and heterogeneous integration, such as Copper Pillar Bump (CPB), Flip Chip CSP (FCCSP), Large Flip Chip Multi-Chip Module Ball Grid Array (Large MCM FCBGA), Chiplet FCBGA, System in Package (SiP/SiM), Antenna in Package / Antenna in Module (AiP/AiM), High Band Package on Package (HBPoP), Embedded Heat Sink Flip Chip CSP (Embedded H/S FCCSP), Wafer Level Package (WLP), CMOS Image Sensor Chip Scale Package (CIS CSP), 2.5D/3D Through Silicon Via (TSV), and Fan-Out Wafer/Panel Level Package (FOPLP). With the lab for Antenna in Package (AiP) and Radio Frequency (RF), PTI provides certify services of 5G products. Apply TSV technologies on CIS CSP products to enhance performance of health care, surveillance, and automotive devices.

In High Bandwidth Memory (HBM), also apply TSV technologies to improve the bandwidth memory and speed of High Performance Computing (HPC) and cloud servers. Coping with the difficulties of post-Moore's Law applying on Chip Scaling, FOWLP/FOPLP has been engaged with customers in development and certification to provide comprehensive solutions.

## II.2024 Annual Operating Plan Summary

### 1. Business Policy:

- (1) Keeping “Promise,” creating innovative “Technology” and providing “Integration” services are our core company values.
- (2) Focus on the semiconductor assembly and test services; and collaborate with customers and vendors for mutual benefits.
- (3) Commit to developing advanced technologies and timely launching new products to enhance growth momentum.
- (4) Provide the turnkey solutions with reliable quality and cutting-edge technologies.
- (5) Consolidate resources and strengthen operational efficiency to ensure business profits and sustainability.
- (6) Develop talents; and create a winning joint value between employee benefits and shareholders’ interests.

### 2. Sales Volume Projection:

According to the 2024 semiconductor sales forecast released by the World Semiconductor Trade Statistics (WSTS) in November 2023, the global semiconductor market will grow by 13.1% annually in 2024, with sales reaching US\$588 billion. Memory will be the most important part of growth with YoY 44.8%. WSTS expects that all markets are expected to grow. The European and Japanese markets will grow by 4.3% and 4.4% respectively, the American market will grow by 22.3%, and the Asia-Pacific region will grow by 12%.

Regarding the semiconductor industry in Taiwan, ITRI expects that as the inventory adjustment comes to an end, the end consumer market demand recovers, and the demand for applications such as AI and HPC continues to increase, IC design, manufacturing, packaging and testing industries are expected to get rid of the poor market conditions and gradually return to positive growth. It is estimated that the output value of the IC industry will reach NT\$4.9 trillion, an increase of 14.1% compared with 2023. It shows the strong global competitiveness of Taiwan’s semiconductor industry.

Looking forward to 2024, with the rise of various types of emerging applications, including AI, EV and self-driving cars, data centers, low-orbit satellites, electronic medical care, home electronics, and innovative functions of various mobile devices, semiconductors will remain the leader in the ICT industry, and growth is still expected.

It is worth noting that the global supply chain reorganization trend is moving towards regionalization and short-chain, and the uncertainty of global trade prospects is increasing. In addition, geopolitical concerns and regional wars are not easy to resolve in the short term, which will impact energy supply and affect industries and people's livelihood. Although inflationary pressure in major European and American countries has cooled down slightly, it is still relatively high, affecting the economic and financial situation. In mainland China, the economy continues to stagnate and deflation is worsening, which affects global economic recovery and requires further close observation.

It is estimated that the production volume of various products in 2024 will continue to grow significantly for logic chip packaging and testing, while memory chip packaging and testing will see opportunities for recovery amid steady growth. The production volume of various products in 2024 is as follows:

Item	Sales Forecast Volume
Assembly	12 B packages
Final Test	6.5 B packages
Wafer Level Package	800 K wafers
Chip Probing	1.75 M wafers
SSD + SiP	126 M PCS

### 3. Key Production & Marketing Policies:

- (1) Provide one-stop turnkey solution to reduce cycle time and logistics costs.
- (2) Maintain the leading position in memory assembly and testing service market.
- (3) Keep developing Logic business and increasing sales in Flip-Chip, SSD, Wafer Level Package, Chip Probing, TSV CIS, 3D-IC memory stacking (HBM), System in Package (SiP), and Fan-Out Package business.
- (4) Strengthen the long-term collaboration relationship with existing customers, and expand business through the development of new markets, applications, customer base and products.
- (5) Enhance competitiveness through effective production cost control and PTI Group's overall competitive advantage.

Chairman: D.K. Tsai

President: J.S. Leu

Head of Accounting: Evan Tseng

## II. Company Introduction

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I. Date Established: May 15, 1997

### II. Company History

<b>1997</b>	May	--	Powertech Technology Inc. established, with paid-in Capital of NT\$ 600 million.
	Aug	--	Received Powerchip's DRAM and Macronix's FLASH testing order and started memory IC testing services.
<b>1998</b>	Feb	--	Received Securities and Futures Commission, Ministry of Finance approval for public offering.
	May	--	Passed ISO 9002 Quality Management System Certification (Testing).
<b>1999</b>	Jan	--	Mr. Duh Kung Tsai from the Kingston Group joined as Chairman.
<b>2000</b>	Oct	--	Purchase backend equipment from Powerchip's Chubei Branch and added packaging business. Then obtained Powerchip's DRAM packaging orders and started to provide customers turnkey packaging and testing services.
<b>2001</b>	Jan	--	Become listed as bonded factory.
	May	--	Received ISO 9002 : 1994 Quality Management System Certification (Packaging, Testing).
<b>2002</b>	Jan	--	Received quality certification from Hitachi.
	Oct	--	Company Shares listed for trading as Emerging Stock of Greta Securities Market.
<b>2003</b>	Jan	--	Certified for ISO 14001:1996 Environmental Management Systems Certification.
	Apr	--	Company Shares listed for trading on Greta Securities Market.
	Aug	--	Received ISO 9002 : 2000 Quality Management System Certification
<b>2004</b>	Sep	--	Received OHSAS 18001: 1999 Occupational Health and Safety Management certification.
	Nov	--	Company Shares listed for trading on the Taiwan Stock Exchange. -- Foundry grade testing formally into mass production.
<b>2005</b>	Feb	--	Implemented Green Product (GP) Management System.
	May	--	Received quality certification from Sony Green Partner.
	Dec	--	Use the "Purchase Method" for simplified merger of 100% owned company, Lijia Investment Ltd.
		--	Started production of MicroSD Card. -- Received ISO 14001: 2004 Environmental Management System Certification.
<b>2006</b>	Jan	--	R&D Technology Center Established.
		--	First time issuance of Global Depository Receipts (old shares), listed for trading on the Bourse de Luxembourg.
	Aug	--	Received ISO/TS 16949: 2002 Certification.
	Dec	--	Received the "2006 Industrial Innovation Outcome Commendation" from the Ministry of Economic Affairs Department of Industrial Technology (MOEA DOIT).

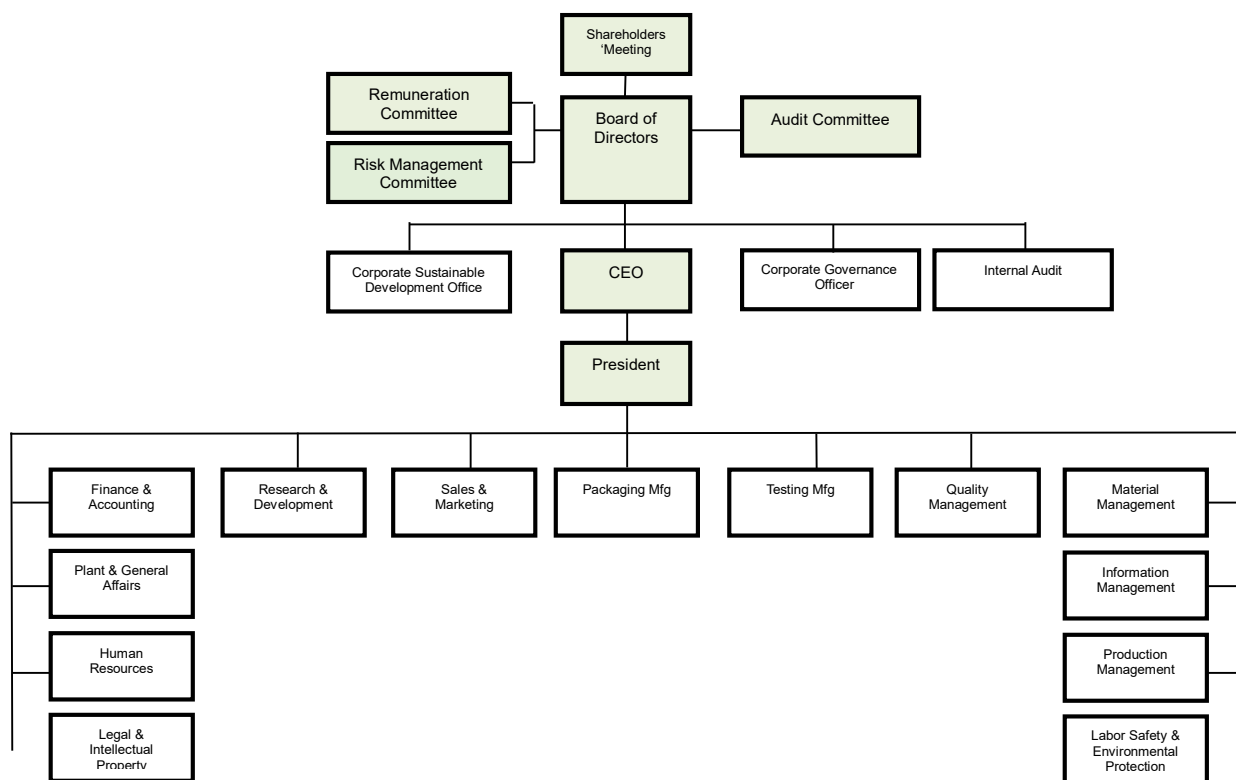
<b>2007</b>	March	--	Issued for the first time the private placement domestic unsecured convertible bonds, with amount issued of NT\$ 3.412 billion.
	Aug	--	Received the “2006 Golden Commerce Award” from the MOEA Bureau of Foreign Trade (BFT) for Being Tenth in Actual Import/Export.
	Nov	--	Received the “Eight Industrial Elite Award” from the MOEA BFT.
<b>2008</b>	March	--	Started to provide packaging services for Logic IC.
	Sep	--	Received the “2007 Golden Commerce Award” from the MOEA Bureau of Foreign Trade (BFT) for Being Ninth in Actual Import/Export.
<b>2009</b>	Aug	--	Received the “2008 Golden Commerce Award” from the MOEA Bureau of Foreign Trade (BFT) for Being Fifth in Actual Import/Export.
	Sep	--	Acquired Spansion Holdings (Singapore) Pte. Ltd. (name changed to PTI Technology (Singapore) Pte. Ltd.) through Powertech Holding(B.V.I.) Inc., and indirectly obtaining Spansion’s MCP packaging and testing plant in Suzhou, China. The China plant was renamed Powertech Technology (Suzhou) Ltd., and the Company formally entered China as a packaging and testing company.
<b>2010</b>	Mar	--	Established US subsidiary Powertech Technology (USA), Inc through overseas subsidiary Powertech Holding (B.V.I.) Inc. to serve as overseas sales and service center.
	Sep	--	Received the “2009 Golden Commerce Award” from the MOEA Bureau of Foreign Trade (BFT) for Being Fifth in Actual Import/Export.
		--	Received the “Outstanding Innovation Company Award” portion of the 18 <sup>th</sup> Industry Technology Development Award from the MOEA DOIT.
<b>2011</b>	Aug	--	Received the “Creating Employment Contribution Award” from the Executive Yuan.
	Sep	--	Received the “2010 Golden Commerce Award” from the MOEA Bureau of Foreign Trade (BFT) for Being Sixth in Actual Import/Export.
<b>2012</b>	Feb	--	Acquired 44% of Greatek Electronics through public tender offer.
	Apr	--	During re-election at the extraordinary shareholders’ meeting, PTI formally become part of the Greatek Electronics’ management.
<b>2013</b>	Jul	--	Elpdia Memory Inc. acquired by Micron Technology Inc. and changed the trading entity to Micron Japan.
	Sep	--	Received 2012 Golden Trade Award for 10 <sup>th</sup> place.
	Nov	--	Grand Opening for plant 3C, and relocated HQ to the new plant.
<b>2014</b>	Feb	--	Legal settlement reached with Tessera Inc. to early terminate product license agreement which help reducing future services costs.
	Jul	--	Acquired 100% shares of Nepes Pte. Ltd. Singapore and changed name to Powertech Technology (Singapore) Pte. Ltd.
	Dec	--	Signed investment agreements with Micron Inc. for providing package services in Xian, China.

		-- Merged Macrotech Technology Inc. and established Hsinchu Science Park branch on the site.
<b>2015</b>	Apr	-- Became a member of Electronic Industry Citizenship Coalition (EICC).
	May	-- Established Powertech Semiconductor (Xian) Co., Ltd.
<b>2016</b>	Apr	-- Received 2015 Golden Trade Award for 4 <sup>th</sup> place.
	Nov	-- Received 2016 Taiwan Top 50 Corporate Sustainability Report Golden Award in Electronic Information Category.
		-- Certified for ISO 27001 Data Security Management System.
	Dec	-- Certified for SA8000 Social Responsibility Management System.
<b>2017</b>	Jan	-- Established Powertech Technology Japan Ltd.
	Jun	-- Tera Probe, Inc. became a PTI subsidiary after completed acquisition of Tera Probe, Inc. with 59.44% consolidated holding.
	Aug	-- Completed the acquisition of 100% Micron Akita Inc. and name changed to Powertech Technology Akita Inc.
	Nov	-- Received 2017 Taiwan Top 50 Corporate Sustainability Report Golden Award in Electronic Information Category.
<b>2018</b>	Jan	-- Named Top 100 Global Technology Leader by Thomson Reuters.
	Sep	-- Groundbreaking for Hsin Chu Science Park Plant III as the Fan-Out Panel-Level Packaging (FOPLP) facility.
	Nov	-- Received 11 <sup>th</sup> Annual Taiwan Institute for Sustainable Energy Top 50 Corporate Sustainability Report Platinum and Top 50 Corporate Sustainability.
<b>2019</b>	May	-- Received “Preferred Quality Supplier Award” and “Good Partner Award” from key customer.
	Nov	-- Received 2019 Annual Taiwan Institute for Sustainable Energy Top 50 Corporate Sustainability Report Platinum and Top 50 Corporate Sustainability.
	Dec	-- Certified ISO 5001 Energy Management System
<b>2020</b>	Aug	-- Ranked 45th in the Large Enterprises category of the 2020 “Common Wealth Excellence in Corporate Social Responsibility Awards”.
	Sep	-- The Singapore subsidiary Powertech Technology (Singapore) Pte. Ltd. Was consolidated to a holding company.
	Oct	-- Presented with four awards at the 2020 Taiwan Corporate Sustainability Awards (TCSA) hosted by the Taiwan Institute for Sustainable Energy including “The Most Prestigious Sustainability Awards. Top Ten Domestic Enterprises (Manufacturing)”, “Corporate Sustainability Report Platinum Award”, “Growth through Innovation Award” and “Gender Equality Award.”
<b>2021</b>	Oct	-- Completion and commissioning of Hsinchu Science Park Fab 3.
	Nov	-- Presented with six awards at the 2021 Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy, including "Top 50 Taiwan Corporate Sustainability Award", "Corporate Sustainability Report Platinum Award", as well as the Best Performance in a Specific Category awards for "Human Rights Leadership", "Gender Equality Leadership", "Growth through Innovation", and "People Development".

		-- Presented with the “Awards for Outstanding Trade Contributions and Emerging Markets Sales Promotion” at the 2021 International Trade Awards by the Bureau of Foreign Trade, MOEA.
	Dec	-- Certification for ISO 37001 anti-bribery management systems completed.
<b>2022</b>	Sep	-- Winner of the 2022 “CommonWealth Magazine Sustainability Citizen Award Top 100.”
	Nov	-- Presented with six awards at the 2022 Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy, including "Taiwan Top 100 Sustainable Enterprise Award", "Corporate Sustainability Report Platinum Award", as well as the Best Performance in a Specific Category awards for "Cyber Security", "Growth through Innovation", "Transparency and Integrity", and "People Development".
		-- Recognized as "Occupational Safety and Health (OSH) Excellent Manufacturer" by the Occupational Safety and Health Administration, Ministry of Labor.
<b>2023</b>		-- Named a "Taiwan Top 2000" enterprise by Commonwealth magazine.
		-- Received certificate of compliance on “Paris Agreement Temperature Goal” from CSR@CommonWealth.
		-- 70% equity of Powertech Technology (Suzhou) Ltd. sold to Shenzhen Longsys Electronics Co Ltd. and the company name changed to Longforce (Suzhou) Co., Ltd.
		-- Winner of the 2023 GCSA “Global Corporate Sustainability Award”
		Presented with the awards at the 2023 Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy, including “Taiwan Top 100 Sustainable Enterprise Award”, “People Development”, “Leader of human right practice and development” and “Leader of workplace well-being”

### III. Corporate Governance

#### 1. Company Organization



Responsibilities of Major Sections:

Major Section	Responsibilities
Chairman	Leading corporate strategies and objectives. Execute and monitor for continuing improvement.
CEO	Supervises of corporate strategies, objectives, execution of overall business and operations.
President	Management of corporate strategies, objectives, execution of overall business and operations.
Corporate Governance Officer	Responsible for regulation compliance for board and shareholders' meeting.
Corporate Suitable Development Office	Responsible for corporate social responsibility regulation and execution. Risk management and emergency handling.
Internal Audit Office	Responsible for reviewing and assessing the effectiveness of the implementation of the Company's internal control system.
Accounting & Finance	Responsible for finance, accounting and shareholder services.
Labor Safety & Environmental Protection	Responsible for factory safety and labor's occupational health and hazard.
Human Resources	Responsible for Human Resources regulation creation and execution. Employee welfares and relationships.
Legal & Intellectual Property	Responsible for contract review, legal matters, and intellectual property management.
Research & Development	Responsible for development of new products.
Sales & Marketing	Responsible for market survey, development, and customer contact and coordination.
Packaging Manufacturing	Responsible for product packaging production and related process analysis, equipment maintenance.
Testing Manufacturing	Responsible for the production and related product testing process analysis, equipment maintenance.
Quality Management	Responsible for quality management policies, the design and implementation of quality indicators, customer complaints, reliability testing and equipment calibration.
Materials Management	Responsible for production scheduling, raw material procurement, warehousing and transportation management.
Information Management	Responsible for setting up and maintaining the information system.
Industrial Engineering	Responsible for facility layout planning and efficiency enhancement.
Production Management	Responsible for production capacity planning and scheduling.

## 2. Board of Directors, Independent Directors, CEO, Vice Presidents, Assistant Vice Presidents, Head of Each Department and Subsidiaries

### (1) Information Regarding Board of Directors and Independent Directors

#### Information Regarding Directors and Independent Directors (I)

April 2, 2024

Title	Name	Nationality	Date On-Board	Gender	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Directors or Independent Directors Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers (Note 2)		
							Shareholding	%	Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Chairman	D.K. Tsai	ROC	5/31/2023	Male 71-80 yrs old	3 years	6/23/1999	4,440,000	0.58%	3,730,000	0.49%	-	0.00%	-	0.00%	Industrial Engineering from Taipei Institute of Technology General Manager, Kingston Technology Far East Corp. Chairman, Kingston Technology Far East Corp.	CSO of Powertech Technology Inc. Legal Representative Director of Greatek Electronics Inc. Director of Powertech Holding (B.V.I.) Inc. Director of PTI Technology (Singapore) Pte. Ltd. Director of Powertech Technology (Singapore) Pte. Ltd. Executive Director of Powertech Technology Japan Ltd. Director of Tera Probe, Inc. Director of Powertech Technology Akita Inc. Independent Director of Chicony Power Technology Co. Ltd. Chairman of PTI Education Foundation	-	-	-

Title	Name	Nationality	Date On-Board	Gender	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Directors or Independent Directors Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers (Note 2)		
							Shareholding	%	Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Director	J.S. Leu	ROC	5/31/2023	Male 61-70 yrs old	3 years	5/28/2020	62,356	0.01%	62,356	0.01%	0	0.00%	0	0.00%	Bachelor of Mechanical Engineering from Feng Chia University Deputy Director, Packaging Manufacturing, Powerchip Technology Corp.	President of Powertech Technology Inc. Chairman of Longforce Technology (Suzhou) Ltd. Chairman of Powertech Semiconductor (Xi'an) Co., Ltd Legal Representative Director of Greatek Electronics Inc. Director of PTI Technology (Singapore) Pte. Ltd Director of Powertech Technology (Singapore) Pte. Ltd.	-	-	-
Director	Kingston Technology Corp. Investment Account Rep: Shigeo Koguchi	USA.	5/31/2023	Male 71-80 yrs old	3 years	5/26/2017	29,875,000 0	3.94% 0.00%	29,875,000 0	3.94% 0.00%	0	- 0.00%	0	- 0.00%	Master of Engineering from University of Florida Master of Engineering from Hokkaido University Sr. Executive VP. Of Toshiba Corp. Director and Senior Advisor of Toshiba Corp.	None	-	-	-
Director	Kingston Technology Corp. Investment Account Rep: Daphne Wu	USA.	5/31/2023	Female 51-60 yrs old	3 years	5/26/2017	29,875,000 22,000	3.94% 0.00%	29,875,000 15,000	3.94% 0.00%	0	- 0.00%	0	- 0.00%	Bachelor of Accountancy from National Chengchi University CFO of Kingston Technology Far East Corp.	CFO of Kingston Technology Far East Corp. Supervisor of Kingston Solution Inc.	-	-	-

Title	Name	Nationality	Date On-Board	Gender	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Directors or Independent Directors Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers (Note 2)		
							Shareholding	%	Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Director	Greatek Electronic Inc. Rep: Boris Hsieh	ROC	5/31/2023	Male 61-70 yrs old	3 years	5/28/2020	11,800,000 48,000	1.55% 0.00%	11,800,000 18,000	1.55% 0.00%	2,000	— 0.00%	— 0	— 0.00%	Executive Master Degree in Business Administration from National ChiaoTung University General Manager of Kingston Technology Far East Corp. VP of Hon Hai Precision Industry Co Ltd Sr. VP of Powertech Technology Inc President of Microtech Technology Inc. CEO of Greatek Electronics Inc.	CEO of Powertech Technology Inc. Chairman and Legal Representative Director of Greatek Electronics Inc. Chairman of Get-Team Tech Corporation Director of Tera Probe, Inc. Director of PTI Education Foundation	-	-	-
Director	Toshiba Memory Semiconductor Taiwan Corp. Rep: Kenjiro Hara	ROC	5/31/2023	Male 61-70 yrs old	3 years	6/14/2005	3,655,309 0	0.48% 0.00%	3,655,309 0	0.48% 0.00%	0	— 0.00%	— 0	— 0.00%	Master of Mechanical Engineering from Tokyo University of Science Director of Procurement of Toshiba Memory Corporation	Chairman & President of Koxia Memory Semiconductor Taiwan Corp. President of Microtops Design Corp.	-	-	-
Independent Director	Morgan Chang	ROC	5/31/2023	Male 71-80 yrs old	3 years	5/28/2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor Degree in Computer and Control Engineering from National ChiaoTung University Manager of Acer Inc. Chairman of Kuang Chien Computer Co. Ltd. Deputy Mayor of Taichung City	Taiwan National Policy Advisor to the President CEO of Kuang Chien Computer Co. Ltd. Director of Eastern Resins Industrial Co. Ltd. Independent Director of Max Echo Technology Corp.	-	-	-

Title	Name	Nationality	Date On-Board	Gender	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Directors or Independent Directors Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers (Note 2)		
							Shareholding	%	Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Independent Director	Pei-Ing Lee	ROC	5/31/2023	Male 61-70 yrs old	3 years	5/26/2017	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Chemical Engineering from Syracuse University, New York Sr. Research Supervisor from IBM USA Chairman of Inotera Memories, Inc.	Director & President of Nanya Technology Corp. Chairman of Formosa Advanced Technologies Co. Ltd.	-	-	-
Independent Director	Jui-Tsung Chen	ROC	5/31/2023	Male 71-80 yrs old	3 years	5/28/2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Honorary Doctorate from National Cheng Kung University Chairman of Compal Communications, Inc. President of Compal Electronics, Inc.	Vice Chairman & CSO of Compal Electronics, Inc. (Note 1)	-	-	-
Independent Director	Chao-Chin Tung	ROC	5/31/2023	Male 71-80 yrs old	3 years	5/31/2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master Degree in Material Science, University of Rochester Chairman of China Development Industrial Bank Chairman of CTBC Bank Co., Ltd. Director of Taiwan Institute of Economic Research Vice Chairman of Resonac HD Taiwan Co., Ltd.	Director of Homeplus Digital Co., Ltd.	-	-	-

Note 1: Independent director Jui-Tsung Chen currently holding the following position:

Chairman for: Arcadyan Technology Corporation 、Compal Ruifang Health Assets Development Corporation 、Ripal Optotronics Co., Ltd. 、UniCore Biomedical Co., Ltd. 、Aco Healthcare Co., Ltd. 、ARCE Therapeutics, Inc. Kinpo&Compal Group Assets Development Corporation 、Palcom International Corporation 、General Life Biotechnology Co., Ltd. 、Ray-Kwong Medical Management Consulting Co., Ltd. 、River Regeneration and Rejuvenation Biotechnology Co. Ltd. 、Raypal Biomedical Co., Ltd. 、Compal System Trading (Kunshan) Co., Ltd. 、Compal Smart Device (Chongqing) Co., Ltd. 、COMPAL SMART DEVICE INDIA PRIVATE LIMITED 、

Board of Director for: HengHao Technology Co. Ltd. 、Mactech Co., Ltd. 、Phoenix Innovation Venture Capital Co., Ltd. 、Compal Broadband Networks, Inc. 、UNICOM GLOBAL, INC. 、Compal (Vietnam) Co., Ltd. 、Compal Management (Chengdu) Co., Ltd. 、Compal Optoelectronics (Kunshan) Co., Ltd. 、Compal Investment (Sichuan) Co., Ltd. 、Compal Investment (Jiangsu) Co., Ltd. 、Compal Information Technology (Kunshan) Co., Ltd. 、Compal Display Electronics (Kunshan) Co., Ltd. 、Compal Development & Management (Vietnam) Co., Ltd. 、Compal Information (Kunshan) Co., Ltd. 、Compal Electronics Technology (Kunshan) Co., Ltd. 、Compal Electronics (Chengdu) Co., Ltd. 、Compal Electronics (ChongQing) Co., Ltd. 、Compal Electronics, (China) Co., Ltd. 、Compal Networking (Kunshan) Co., Ltd. 、Compal Digital Technology (Kunshan) Co., Ltd. 、Kunshan Botai Electronics Co., Ltd. 、Kinpo Group Management Consultant Company 、NCKUEE ALUMNI ASSOCIATION 、Arcadyan Holding (BVI) Corp. 、Arch Holding (BVI) Corp. 、Ascendant Private Equity Investment Ltd. 、Big Chance International Co., Ltd. 、Billion Sea Holdings Ltd. 、Bizcom Electronics, Inc. 、Center Mind International Co., Ltd. 、Compal Americas (US) Inc. 、Compal Display Holding (HK) Limited 、Compal Electronics (Holding) Ltd. 、Compal Electronics (Vietnam) Co., Ltd. 、Compal Electronics International Ltd. 、Compal Electronics N.A. Inc. 、Compal International Holding Co., Ltd. 、Compal International Holding (HK) Limited 、Compal International Ltd. 、Compal Rayonnant Holdings Ltd. 、Compal USA (Indiana), Inc. 、Compal Wise Electronic (Vietnam) Co., Ltd. 、Compalead Electronics B.V. 、Core Profit Holdings Limited 、Etrade Management Co., Ltd. 、Flight Global Holding Inc. 、Forever Young Technology Inc. 、Fortune Way Technology Corp. 、Giant Rank Trading Limited 、Goal Reach Enterprises Ltd. 、High Shine Industrial Corp. 、Intelligent Universal Enterprise Ltd. 、Jenpal international Ltd. 、Just International Ltd. 、Prisco International Co., Ltd. 、Prospect Fortune Group Ltd. 、Sinoprime Global Inc. 、Smart International Trading Ltd. 、Wah Yuen Technology Holding Ltd. 、Webtek Technology Co., Ltd

Note 2: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): Not applicable.

Note 3: Not including information of directors whose terms were expired.

For Directors or Committee Members that are representatives of Institutional Shareholders, the main shareholders of the Institutional Shareholders (the Top Ten Shareholders)

Apr 1, 2024

Name of Institutional Shareholder	Main Shareholders of the Institutional Shareholders
Kingston Technology Corporation Investment Account	John Tu (50%), David Sun (50%)
Greatek Electronic Inc.	Powertech Technology Inc. (42.91%), Chang Gung Medical Foundation (2.21%), Su-yu Wu (1.14%), Chang Wah Electromaterials Inc. (1.07%), Hung-Wei Venture Capital Co., Ltd (1.02%), Chiu-shia Yang (1.01%), CitiBank Taiwan in custody for Norges Bank (0.94%), Chuang-Hsien Chueh (0.78%), Weltrend Semiconductor, Inc.(0.77%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.72%)
Kioxia Memory Semiconductor Taiwan Corp.	Kioxia Corporation (100%)

The main shareholders of the Institutional Shareholders in Table above whose main shareholders are Institutional Shareholders:

Apr 1, 2024

Name of Institution	Main Shareholders of the Institution
Powertech Technology Inc.	Capital Tip Customized Taiwan Select High Dividend ETF(5.98%), Yuanta Taiwan Dividend Plus ETF(4.73%), Fuh Hwa Taiwan Technology Dividend Highlight ETF(4.28%), Investment Account of Kingston Technology Corporation(3.94%), UPAMC Taiwan High Dividend Momentum ETF(2.02%), Chunghwa Post Co., Ltd.(1.94%), KTC-SUN Corp.(1.81%), Hermes Investment Funds Public Limited Company(1.81%), KGI Life Insurance Co., Ltd.(1.77%), Labor Pension Fund(1.70%)
Chang Gung Medical Foundation	Nan Ya Plastics Corp(18.20%), Formosa Chemicals & Fiber Corp (14.01%),Formosa Plastics Corp(13.44%), Wang Yong Zai (deceased, 11.38%), Wang Yong Ching (deceased, 7.44%)
Chang Wah Electro-materials Inc..	Wah Lee Industrial Corp. (28.70%), Shin-shin Investment Inc. (8.29%), Fubon Life Assurance Co. Ltd .(6.53%), Yuan-yao Energy Inc.(6.25%), Citibank Custodianship of Singapore Government Funds Dedicated Account (4.24%), Chang Wah Technology Co., Ltd. (3.97%), Bei Sih Jie Investment Co., Ltd. (3.15%), JMC Electronics Co., Ltd. (2.08%), Chase hosts the Van Garde Group Emerging Markets Fund (0.84%), JPMorgan Chase Bank N.A. in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.79%)
Hung-Wei Venture Capital Co., Ltd.	Realtek Semiconductor Corp.(100%)
Weltrend Semiconductor, Inc.	Fufeng Investment Co., Ltd. (2.69%), Sam Lin (2.50%), James Chou (1.37%), JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds (1.23%), JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.11%), Chongyou Investment Co., Ltd. (1.08%), JC Liu (1.02%), Cindy Guo (0.71%), JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the special investment accounts of J.P. Morgan Asset Management (0.71%), Paul Liao (0.61%)
Kioxia Corporation	Kioxia Holdings Corporation (100%)

## (1) Information Regarding Board of Directors

Apr 1, 2024

Qualification Name	Specialty Field and Experiences	Independence	Independent Director of Public listed Company
DK Tsai	Business strategy and operational experiences CSO of Powertech Technology Inc. President of Kingston Far East Group and Chairman of Kingston Technology Corp. Not been a person of any conditions defined by Article 30 of the Company Law	NA	Chicony Power Technology Co. Ltd.
JS Leu	Business strategy and mfg operation experiences. President of Powertech Technology Inc. Deputy Director of Packaging Manufacturing in Powerchip Technology Corp. Not been a person of any conditions defined by Article 30 of the Company Law	NA	None
Kingston Technology Corp. Investment Account Rep: Shigeo Koguchi	Business strategy and mfg operation experiences. Sr. Executive VP. Of Toshiba Corp. Director and Senior Advisor of Toshiba Corp. Not been a person of any conditions defined by Article 30 of the Company Law	NA	None
Kingston Technology Corp. Investment Account Rep: Daphne Wu	Business strategy and finance & accounting experiences. CFO of Kingston Technology Far East Corp. CFO of Kingston Technology Far East Corp. Supervisor of Kingston Solution Inc. Not been a person of any conditions defined by Article 30 of the Company Law	NA	None
Greatek Electronic Inc. Rep: Boris Hsieh	Business strategy and mfg operation experiences. CEO of Powertech Technology Inc. Chairman of Greatek Electronics Inc. General Manager of Kingston Technology Far East Corp. VP of Hon Hai Precision Industry Co Ltd Sr. VP of Powertech Technology Inc President of Microtech Technology Inc Not been a person of any conditions defined by Article 30 of the Company Law	NA	None
Toshiba Memory Semiconductor Taiwan Corp. Rep: Kenjiro Hara	Business strategy and supply management experiences. Chairman & President of Kioxia Memory Semiconductor Taiwan Corp. President of Microtops Design Corp. Director of Procurement of Toshiba Memory Corporation Not been a person of any conditions defined by Article 30 of the Company Law	NA	None

Qualification Name	Specialty Field and Experiences	Independence	Independent Director of Public listed Company
Morgan Chang	Business strategy and manufacturing operation experiences. Taiwan National Policy Advisor to the President CEO of Kuang Chien Computer Co. Ltd. Supervisor of Eastern Resins Industrial Co. Ltd. Independent Director of Max Echo Technology Corp. Manager of Acer Inc. Chairman of Kuang Chien Computer Co. Ltd. Deputy Mayor of Taichung City Not been a person of any conditions defined by Article 30 of the Company Law	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer, or of any of the above persons.	None
Pei-Ing Lee	Business strategy and manufacturing operation experiences. Over 39 years' experiences in Semiconductor and DRAM industry. Director & President of Nanya Technology Corp. Legal Representative Director of Formosa Advanced Technologies Co. Ltd. Not been a person of any conditions defined by Article 30 of the Company Law	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer, or of any of the above persons.	Max Echo Technology Corp.
Jui-Tsung Chen	Business strategy and manufacturing operation experiences. Vice Chairman & CSO of Compal Electronics, Inc Chairman of Compal Communications, Inc. President of Compal Electronics, Inc. Not been a person of any conditions defined by Article 30 of the Company Law	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer, or of any of the above persons.	None
Chao-Chin Tung	Business strategy and manufacturing operation experiences. Chairman of The Allied Association for Science Park Industries Chairman of CTBC Bank Co., Ltd. Not been a person of any conditions defined by Article 30 of the Company Law	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer, or of any of the above persons.	None

## Director Diversity and Independence:

1. 10th Term Board of Director are composed by of 10 directors with diverse profession skills including: (1) visionary and execution ability from DK Tsai, JS Leu, Boris Hsieh, Jui-Tsung Chen, and Morgan Chang (2) accounting & finance specialty from Daphne Wu and Chao-Chin Tung (3) Technology expertise from Shigeo Koguchi and Pei-Ing Lee (4) supply management specialty from Kenjiro Hara; and currently serving as national policy advisor to the Presidential Office is Morgan Chang.
2. Director diversification: (1) Nationality: 8 from Taiwan and 2 from Japan (2) 40% (4 person) as independent director higher than Taiwan Securities and Exchange Act requirement (3) Age distribution: 1 at 51-60, 4 at 61-70, and 5 at 71-80 (4) Gender distribution: 1 female director.
3. Board composition has surpassed the requirement of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies Article 20. Future implementation and improvement will be focus on but not limited to fundamental and professional skills to ensure board directors are up-to-date with regulation and industry trends.
4. Independence: 4 independent directors served under 9 years. None of the directors are spouses or relatives within the second degree, and the circumstances are in compliance with the provisions of paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act

(2) Information Regarding President, Vice Presidents, Assistant Vice Presidents, and Department Managers

Apr 1, 2024 / Unit: share

Title	Name	Nationality	Gender	Date On-Board	Shareholding		Shareholding Under Spouse and Minor Children		Shareholding Under 3 <sup>rd</sup> Party Name		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Managers Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers		
					Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
CSO	D.K. Tsai	ROC	Male	11/02/2018	3,730,000	0.49%	-	-	-	-	Industrial Engineering from Taipei Institute of Technology General Manager of Kingston Technology Far East Corp. Chairman of Kingston Technology Far East Corp.	Chairman of Powertech Technology Inc. Legal Representative Director of Greatek Electronics Inc. Director of Powertech Holding (B.V.I.) Inc. Director of PTI Technology (Singapore) Pte. Ltd. Director of Powertech Technology (Singapore) Pte. Ltd. Executive Director of Powertech Technology Japan Ltd. Director of Tera Probe, Inc. Director of Powertech Technology Akita Inc. Independent Director of Chicony Power Technology Co. Ltd. Chairman of PTI Education Foundation	-	-	-
CEO	Boris Hsieh	ROC	Male	10/01/2020	18,000	0.00%	2,000	0.00%	-	-	Executive Master Degree in Business Administration from National Chiao Tung University General Manager of Kingston Technology Far East Corp. VP of Hon Hai Precision Industry Co Ltd Sr. VP of Powertech Technology Inc. President of Microtech Technology Inc.	CEO of Powertech Technology Inc. Chairman and Legal Representative Director of Greatek Electronics Inc. Chairman of Get-Team Tech Corporation Director of Tera Probe, Inc Director of PTI Education Foundation			
President	J.S. Leu	ROC	Male	10/01/2020	62,356	0.01%	-	-	-	-	Bachelor of Mechanical Engineering from Feng Chia University Deputy Director of Packaging Manufacturing, Powerchip Technology Corp.	Director of Powertech Technology Inc. Director of Longforce Technology (Suzhou) Ltd. Chairman of Powertech Semiconductor (Xian) Co., Ltd. Legal Representative Director of Greatek Electronics Inc. Director of PTI Technology (Singapore) Pte. Ltd. Director of Powertech Technology (Singapore) Pte. Ltd.	-	-	-

Title	Name	Nationality	Gender	Date On-Board	Shareholding		Shareholding Under Spouse and Minor Children		Shareholding Under 3 <sup>rd</sup> Party Name		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Managers Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers		
					Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
COO & Sr. VP	Y. C. Chen	ROC	Male	11/05/2021	0	0.00%	-	-	-	-	Bachelor of Industrial Engineering from Chung Yuan Christian University Mfg Manager of PowerChip Technology Corp.	Director of Powertech Technology (Suzhou) Ltd Legal Representative Director of Gretek Electronics Inc. Director of PTI Education Foundation	-	-	-
COO of Testing Operations Sr. VP	Wilber Wu	ROC	Male	08/10/2013	10,786	0.00%	-	-	-	-	Master of Industrial Engineering from Chung Yuan Christian University Department Manager of PowerChip Technology Corp.	Legal Representative Director of TeraPower Technology Inc. Director of PTI Education Foundation	-	-	-
CFO & Sr. VP	Evan Tseng	ROC	Male	05/01/2015	0	0.00%	-	-	-	-	Master of Accountancy from Soochow University Sr. AVP of Systex Corp.	Chairman and Legal Representative Director of TeraPower Technology Inc. Director of Powertech Technology (Singapore) Pte. Ltd. Supervisor of Powertech Technology (Suzhou) Ltd. Director of Powertech Semiconductor (Xian) Co., Ltd. Director of Tera Probe, Inc. Legal Representative Director of Powertech Technology Akita Inc. Supervisor of Tsai Lin Pu Social Welfare Foundation	-	-	-
Quality Assurance Sr. VP	John Wang (Note 1)	ROC	Male	12/12/2002	20,056	0.00%	-	-	-	-	MBA from National Chia Tung University Assistant VP of R&D, Kingpak Technology Inc.	None	-	-	-
Sales VP	Kevin Chiao	ROC	Male	10/01/2020	0	0.00%	-	-	-	-	Master of Industrial Engineering and Management from National Chiao Tung University Manager of Motorola, Inc. Manager of Macronix International Co., Ltd	None	-	-	-

Title	Name	Nationality	Gender	Date On-Board	Shareholding		Shareholding Under Spouse and Minor Children		Shareholding Under 3 <sup>rd</sup> Party Name		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Managers Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers		
					Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Corporate Executives Sr. VP	Paul Wu	ROC	Male	03/09/2010	0	0.00%	-	-	-	-	Bachelor of Mechanical Engineering from Tamkang University Director of Amkor Taiwan	None	-	-	-
Corporate Executives Sr. VP	Y.C. Chi (Note 2)	ROC	Male	05/10/2012	0	0.00%	14,000	0.00%	-	-	EMBA from National Central University Department Manager of PowerChip Technology Corp.	None	-	-	-
Plant Affairs VP	Perry Lin	ROC	Male	01/11/2019	20,715	0.00%	-	-	-	-	Associate degree of Mechanical Engineering from Minghsin Institute of Science & Technology Manager of Kingston Technology Far East Corp.	None	-	-	-
Human Resources & Legal Affairs VP.	Yohan Lin	ROC	Male	01/11/2019	166,000	0.02%	-	-	-	-	J.D from Law School of Golden Gate University Attorney of PricewaterhouseCoopers Taiwan	Supervisor of Powertech Semiconductor (Xian) Co., Ltd Supervisor of Powertech Technology Akita Inc. Supervisor of TeraPower Technology Inc. Director of PTI Education Foundation	-	-	-
Logic Testing R&D AVP	Vic Chen	ROC	Male	05/10/2012	78,000	0.01%	-	-	-	-	Master of Electrical Engineering from National Taiwan Science & Technology University AVP of Verigy Ltd. AVP of Agilent Technology Taiwan Ltd.	None	-	-	-
WLP AVP	Victor Tung	ROC	Male	03/01/2016	0	0.00%	3,000	0.00%	-	-	Master of Industrial Engineering from Yuan Ze University Sr. Director of Amkor Taiwan	None	-	-	-

Title	Name	Nationality	Gender	Date On-Board	Shareholding		Shareholding Under Spouse and Minor Children		Shareholding Under 3 <sup>rd</sup> Party Name		Education & Selected Past Positions	Selected Current Positions at PTI & Other Companies	Managers Whose Spouses or within Second-degree Relative of Consanguinity to Each Other or other Managers		
					Shareholding	%	Shareholding	%	Shareholding	%			Title	Name	Relation
Production Planning AVP	Jonny Chu (Note 3)	ROC	Male	11/06/2020	0	0.00%	-	-	-	-	Bachelor of Business Administration from Feng Chia University Manager of Amkor Taiwan	None	-	-	-
Logic Packaging RD AVP	Michael Hsu	ROC	Male	01/01/2023	0	0.00%	-	-	-	-	Master of Nuclear Science from National Tsing Hua University Department Manager of Amkor Taiwan	Board Director of PTI Education Foundation	-	-	-
Advanced & Memory Package RD AVP	Jim Lin	ROC	Male	01/01/2023	5,000	0.000 %	-	-	-	-	Ph. D of Power Mechanical Engineering from National Tsing Hua University RD Manager of TSMC	None	-	-	-

Note 1: Mr. John Wang retired on February 29, 2024. The number of shares he held was disclosed until the date of his retirement.

Note 2: Mr. Y.C. Chi retired on August 31, 2023. The number of shares his spouse and minor children held was disclosed until the date of his retirement.

Note 3: Mr. Jonny Chu retired on February 29, 2024. The number of shares he held was disclosed until the date of his retirement.

Note 4: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer):Not applicable.

### 3 Remuneration Paid to Directors, CEO, and Vice Presidents

#### (1) Remuneration Paid to Directors

Unit : NT\$ Thousands

Job title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (Note 10)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D +E+F+G and ratio to net income (Note 10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base Compensation (A) (Note 2)		Retirement pay and pensions (B)		Director profit sharing compensation (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pensions (F)		Employee profit-sharing compensation (G) (Note 6)						
		The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company		All Consolidated Entities (Note 7)		The Company	All Consolidated Entities (Note 7)	
																Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
Chairman	D.K. Tsai	0	0	0	0	108,115	145,093	770	1,202	108,885 1.36%	146,295 1.83%	34,667	34,667	4,868	4,868	16,217	0	16,217	0	164,637 2.06%	202,047 2.52%	NA
Director	J.Y. Hung (Note 12)																					
Director	JS Leu																					
Director	Kingston Technology Corporation Rep: Shigeo Koguchi																					
Director	Rep: Daphne Wu																					
Director	Greatek Electronic Inc. Rep: Boris Hsieh																					
Director	Kioxia Memory Semiconductors Taiwan Corp. Rep: Kenjiro Hara																					
Independent Director	Jim W.L Cheng (Note 12)	9,120	9,120	0	0	0	0	480	480	9,600 0.12%	9,600 0.12%	0	0	0	0	0	0	0	0	9,600 0.12%	9,600 0.12%	NA
Independent Director	Pei-Ing Lee																					
Independent Director	Morgan Chang																					
Independent Director	Jui-Tsung Chen																					
Independent Director	Chao-Chin Tung (Note 13)																					
1.Independent director's compensation policy, procedure, standard and structure are dependent on liability, risk, and time involved: Base on the Article of Incorporation, independent director compensation will be distributed monthly exclude from annual board compensation. Independent director compensation will be dependent on contribution and involvement of operations and approved by board. The approved compensation should also be reasonable with domestic and international peers. 2.Additional compensation for services for company disclosed in the annual report(such as outside consultant): NA																						

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Name of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All Consolidated Entities (Note 9)	From PTI (Note 8)	From All Consolidated Entities (Note 9)
Less than NT\$1,000,000	—	—	—	—
NT\$1,000,000 (incl.)~ NT\$2,000,000 (excl.)	Jim WL Cheng, Chao-Chin Tung	Jim WL Cheng, Chao-Chin Tung	Jim WL Cheng, Chao-Chin Tung	Jim WL Cheng, Chao-Chin Tung
NT\$2,000,000 (incl.)~ NT\$3,500,000 (excl.)	Pei-Ing Lee, Morgan Chang, Jui-Tsung Chen, JY Hung	Pei-Ing Lee, Morgan Chang, Jui-Tsung Chen, JY Hung	Pei-Ing Lee, Morgan Chang, Jui-Tsung Chen, JY Hung	Pei-Ing Lee, Morgan Chang, Jui-Tsung Chen, JY Hung
NT\$3,500,000 (incl.)~ NT\$5,000,000 (excl.)	—	—	—	—
NT\$5,000,000 (incl.)~ NT\$10,000,000 (excl.)	—	—	—	—
NT\$10,000,000 (incl.)~ NT\$15,000,000 (excl.)	Kingston Technology Corporation Investment Account (Rep: Shigeo Koguchi, Daphne Wu) Kioxia Memory Semiconductor Taiwan Corp (Rep: Kenjiro Hara)	Kingston Technology Corporation Investment Account (Rep: Shigeo Koguchi, Daphne Wu) Kioxia Memory Semiconductor Taiwan Corp (Rep: Kenjiro Hara)	Kingston Technology Corporation Investment Account (Rep: Shigeo Koguchi, Daphne Wu) Kioxia Memory Semiconductor Taiwan Corp (Rep: Kenjiro Hara)	Kingston Technology Corporation Investment Account (Rep: Shigeo Koguchi, Daphne Wu) Kioxia Memory Semiconductor Taiwan Corp (Rep: Kenjiro Hara)
NT\$15,000,000 (incl.)~ NT\$30,000,000 (excl.)	JS Leu Greatek Electronic Inc. (Rep: Boris Hsieh)	JS Leu Greatek Electronic Inc. (Rep: Boris Hsieh)	—	—
NT\$30,000,000 (incl.)~ NT\$50,000,000 (excl.)	D.K. Tsai	D.K. Tsai	JS Leu Greatek Electronic Inc. (Rep: Boris Hsieh)	JS Leu Greatek Electronic Inc. (Rep: Boris Hsieh)
NT\$50,000,000 (incl.)~ NT\$100,000,000 (excl.)	—	—	D.K. Tsai	D.K. Tsai
NT\$100,000,000 or above	—	—	—	—
Total Director Count	12	12	12	12

Note 1: The names of all directors are listed individually (institutional shareholders by the name of institutional shareholders and its representatives). The remuneration is disclosed by summary for each item. Because two directors or representatives serve as CEO and president, they are excluded from this table and will be listed in Table 3 below.

Note 2: Remuneration paid for 2023. According to the latest Article of Incorporation, independent directors' compensation will be paid monthly and no longer in title to annual profits sharing plan.

Note 3: Remuneration paid for 2023 profit sharing plan before the amendment of Board remuneration plan.

Note 4: Compensation for traveling.

Note 5: Includes 2023 salaries, wages, allowances, pensions, severance pay, bonuses, incentives, traveling expenses, special expenses, allowances, dormitories, vehicles and other offers received as both employees and directors.

Note 6: The amount was employees served as Board members and received employee's profit sharing. The amount was estimated by ratio of year of 2023 actual amount multiple by year of 2023 distribution rate because the actual amount was pending for shareholders meeting approval.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

Note 12: Removed since the election of directors on May 31, 2023, and the remuneration is disclosed till the removal date.

Note 13: Elected since the election of directors on May 31, 2023, and the remuneration is disclosed from the elected date.

## (2) Remuneration Paid to President and Vice President

Unit: NT\$ Thousands

Title	Name (Note1)	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Consolidat ed Entities	The Company	All Consolidat ed Entities	The Company	All Consolidat ed Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
CSO	D.K. Tsai	42,459	42,459	24,138	24,138	50,479	51,055	28,250	0	28,250	0	145,326 1.81%	145,902 1.82%	NA
CEO	Boris Hsieh													
President	J.S. Leu													
COO & Sr. VP.	Y.C. Chen													
COO of Testing Operations Sr. VP.	Wilber Wu													
CQO & Sr. VP.	John Wang													
CFO & Sr. VP.	Evan Tseng													
Sales VP	Kevin Chiao													
Corporate Executives Sr. VP	Paul Wu													
Corporate Executives Sr. VP	Y.C. Chi (Note 1)													
Plant Affairs VP	Perry Lin													
Human Resources & Legal Affairs VP	Yohan Lin													

## Remuneration Paid to President and Vice President Grade Table

Ranges of remuneration paid to each of the Company's general manager(s) and assistant general manager(s)	Name	
	The Company	All Consolidated Entities
Less than NT\$1,000,000	—	—
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)	—	—
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	—	—
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)	—	—
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)	John Wang, Evan Tseng, Kevin Chiao, Y.C. Chi (Note 1), Perry Lin, Yohan Lin	John Wang, Evan Tseng, Kevin Chiao, Y.C. Chi (Note 1), Perry Lin, Yohan Lin
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)	YC Chen, Wilber Wu, Paul Wu ,	YC Chen, Wilber Wu, Paul Wu ,
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)	D.K. Tsai, Boris Hsieh, J.S. Leu	D.K. Tsai, Boris Hsieh, J.S. Leu
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)	—	—
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)	—	—
NT\$100,000,000 or above	—	—
Total Number of Executives	12	12

Note 1: Mr. Y.C. Chi retired on August 31, 2023, and his remuneration was disclosed until the date of his retirement.

Note 2: The amount was employees served as Board members and received employee's profit sharing. The amount was estimated by ratio of year of 2023 actual amount multiple by year of 2023 distribution rate because the actual amount was pending for shareholders meeting approval.

\*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

### (3) Bonuses Paid to Management

Date: Dec 31 2023

	Job title	Name	Amount in stock (NTD K)	Amount in Cash (NTD K)	Total (NTD K)	As a % of net profit
Management	CSO	D.K. Tsai	0	33,221	33,221	0.41%
	CEO	Boris Hsieh				
	President	J.S. Leu				
	COO & Sr. VP	Y.C. Chen				
	Testing COO Sr. VP.	Wilber Wu				
	CQO & Sr. VP	John Wang (Note 1)				
	CFO & Sr. VP.	Evan Tseng				
	Sales VP	Kevin Chiao				
	Packaging Operations II. Sr. VP.	Paul Wu				
	Operations Sr. VP.	Y.C. Chi (Note 1)				
	Plant Affairs VP.	Perry Lin				
	Human Resources & Legal Affairs VP.	Yohan Lin				
	Testing RD AVP.	Vic Chen				
	Wafer Level Packaging AVP.	Victor Dong				
	Production Planning AVP	Jonny Chu (Note 1)				
	Advanced & Memory Package RD AVP	Jim Lin				
	Logic Packaging RD AVP	Michael Hsu				

Note 1: Mr. John Wang, Mr. Y.C. Chi and Mr. Jonny Chu retired before the Company distributed the employee compensation for 2023, so they did not participate in the distribution of employee compensation for 2023.

Note 2: The 2023 profit sharing amount was approved by Board of Directors but pending for Shareholders' Meeting approval. The estimation was based on 2023 actual amount multiple by proposed ratio for 2023. Net income after tax for 2023 was referred to 2023 PTI financial statement net income after tax.

Note 3: Applicable grades for management are based on ruling of FSC Letter No. 0920001301 MOF March 27, 2003. The grades are listed below:

- 1) President or equivalent grade
- 2) Vice Presidents or equivalent grade
- 3) Assistant Vice President or equivalent grades
- 4) Head of Finance Department
- 5) Head of Accounting Department
- 6) Other Corporate management affairs or have signing authority

- (4) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.:

Title	2023 Compensation Percentage of Net Income after Tax		2022 Compensation Percentage of Net Income after Tax	
	PTI Alone	Consolidated	PTI Alone	Consolidated
Board of Director (Including Independent Director)	1.48%	1.95%	1.47%	1.99%
President and Vice President	1.81%	1.82%	1.50%	1.85%

- (1) Compensation for Board of Directors were based on the percentage defined in Article of Incorporation. 2023 compensation was based on revised Article of Incorporation which was less than 1.5% of before tax income deducted annual board and employee compensation. Independent Directors were paid monthly and not entitled to board compensation.
- (2) Compensation for President and vice President were based on corporate payroll policy and employee profit sharing policy considering individual seniority, experiences, performance, and contribution. Compensation proposal will be reviewed by Remunerations Committee and approved by Board.
- (3) Weight of 2023 Board compensation over net income were similar with 2022 due to including salary compensation of one employee who served as additional Legal Representative Director. Weight of 2023 management compensation over net income were higher than 2022 due to 2023 management personnel headcount increased.

#### 4. Corporate Governance Status

##### (I) Board of Directors Meeting Status:

The Company held a comprehensive re-election of directors at the annual general shareholders' meeting on May 31, 2023. 7 Board Meetings took place during 2023.

Before the re-election, the ninth board of directors held a total of 3 meetings in 2023 (A). The attendance status as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【 B/A 】	Remarks
Chairman	D.K. Tsai	3	0	100%	-
Director	JY Hung	3	0	100%	-
Director	JS Leu	3	0	100%	-
Director	Kingston Technology Corp. Rep: Shigeo Koguchi	3	0	100%	-
Director	Kingston Technology Corp. Rep: Daphne Wu	3	0	100%	-
Director	Greatek Electronic Inc. Rep: Boris Hsieh	3	1	80%	-
Director	Kioxia Memory Semiconductors Taiwan Rep : Kenjiro Hara	3	0	100%	-
Independent Director	Jim W.L. Cheng	3	0	100%	-

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Independent Director	Pei-Ing Lee	3	0	100%	-
Independent Director	Morgan Chang	3	0	100%	-
Independent Director	Jui-Tsung Chen	2	1	67%	-
Accumulated Average Attendance		32	1	97%	-

After the re-election, the tenth board of directors held a total of 4 meetings in 2023 (A). The attendance status as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Chairman	D.K. Tsai	4	0	100%	-
Director	JS Leu	4	0	100%	-
Director	Kingston Technology Corp. Rep: Shigeo Koguchi	4	0	100%	-
Director	Kingston Technology Corp. Rep: Daphne Wu	4	0	100%	-
Director	Greatek Electronic Inc. Rep: Boris Hsieh	4	0	100%	-
Director	Kioxia Memory Semiconductors Taiwan Rep : Kenjiro Hara	4	0	100%	-
Independent Director	Pei-Ing Lee	4	0	100%	-
Independent Director	Morgan Chang	4	0	100%	-
Independent Director	Jui-Tsung Chen	3	1	75%	-
Independent Director	Chao-Chin Tung	4	0	100%	-
Accumulated Average Attendance		39	1	98%	-

Other Remark:

- Any of the following situation should be clearly stated board meeting date, term, proposal details, all opinions from independent directors, and responses from the Company reading Independent Director opinion:

(1) Items listed by Article 14-3 of Securities and Exchange Act:

Audit Committee has been set up complied with Article 14-3 of Securities and Exchange Act and approved by Board. Details operations of Audit Committee can be found in Audit Committee Meeting Status in next section.

(2) Other written opinion or objection from Independent Directors regarding Board approval items: None.

2. Independent Directors should leave during discussion for matters with conflict of interest. Name of directors, proposal details, reason of conflicts and voting results:

(1) Board Meeting on Mar 10, 2024

Item 4: Proposal of 2023 Board and employee compensation

DK Tsai, Boris Hsieh, and JS Leu were excused from the meeting due to conflict of interests. Remaining participated directors approved the proposal.

Item 5: Management compensation adjustment

DK Tsai, Boris Hsieh, and JS Leu were excused from the meeting due to conflict of interests. Remaining participated directors approved the proposal.

3. Self-professional targets set up for the Board (ex, set up of Audit Committee, improve corporation transparency) and keep track of progress:

Review Frequency	Once a year
Review Period	Jan 1 2023 to Dec 31 2023
Scope	Individual performance evaluation for director of board, audit and remuneration committee.
Evaluation Method	Each director will be reviewed by internal and self-evaluations. Or any other proper performance evaluation method.
Review Key Items	1. Board Operation Efficiency: Evaluation should include board's dedication, quality of decision making, quality of elected member, commitment of continuing education, and quality of internal control.
	2. Individual Director Performance : Realization of director responsibility, Awareness of corporate goals and progresses, involvement of operations, establishment of corporate communication, and improvement on professional learning and internal control.
	3. Functional Director Performance : Involvement of corporate operation, realization of director responsibility, quality of decision-making and elected members, and quality of internal control.

A performance category is rated as "exceptional" if the total completion rate was 90% or higher in the survey; A performance category is rated as "acceptable" if the total completion rate was between 80% (inclusive) and 90% in the survey; A performance category is rated as "improvement needed" if the total completion rate was less than 80% in the survey;

Whole board of directors				
Indicators	Number of indicators	Total score	Score	Achievement rate
A. Participation in the operation of the company	7	21	21	100.00%
B. Improvement of quality of decisions made by the board of directors	11	33	32.4	98.18%

C. Composition and structure of the board of directors	6	18	18	100.00%
D. Election and continuing education of the directors	6	18	17.4	96.67%
E. Internal control	5	10	9.2	92.00%
Total	35	100	98	98.00%
General comments	After evaluating the questionnaire, the total achievement rate was 98.00%, and the evaluation result was higher than the standard.			

Board members				
Indicators	Number of indicators	Total score	Average score	Achievement rate
A. Understanding of company goals and missions	3	15	14.10	94.00%
B. Director's understanding of their duties and responsibilities	3	15	14.20	94.67%
C. Participation in the company's operation	6	30	26.30	87.67%
D. Internal relation maintenance and communications	3	15	13.10	87.33%
E. Director's professional and continuing education	2	10	8.80	88.00%
F. Internal control	3	15	13.40	89.33%
Total	20	100	89.90	89.90%
General comments	After evaluating the questionnaire, the total achievement rate was 89.90%, and the evaluation result was standard compliant.			

Audit committee				
Indicators	Number of indicators	Total score	Average score	Achievement rate
A. Participation in the operation of the company	4	20	19.25	96.25%
B. Member's understanding of their duties and responsibilities	5	25	24.25	87.00%
C. Improvement of quality of decisions made by the audit committee	5	25	24.50	98.00%
D. Makeup of the audit committee and election of its members	3	15	14.75	98.33%
E. Internal control	3	15	15.00	100.00%
Total	20	100	97.75	97.75%
General comments	After evaluating the questionnaire, the total achievement rate was 97.75%, and the evaluation result was higher than the standard.			

Remuneration committee				
Indicators	Number of indicators	Total score	Average score	Achievement rate
A. Participation in the operation of the company	4	20	18.67	93.35%
B. Member's understanding of their duties and responsibilities	4	20	19.67	98.35%
C. Improvement of quality of decisions made by the	7	35	33.67	96.20%

remuneration committee				
D. Makeup of the remuneration committee and election of its members	4	20	20.00	100.00%
E. Internal control	1	5	5.00	100.00%
Total	20	100	97.01	97.01%
General comments	After evaluating the questionnaire, the total achievement rate was 97.01%, and the evaluation result was higher than the standard.			

Risk management committee				
Indicators	Number of indicators	Total score	Average score	Achievement rate
A. Participation in the operation of the company	4	20	18.67	93.35%
B. Member's understanding of their duties and responsibilities	4	20	19.00	95.00%
C. Improvement of quality of decisions made by the risk management	7	35	34.67	99.06%
D. Makeup of the risk management and election of its members	3	15	15.00	100.00%
E. Internal control	2	10	9.67	96.70%
Total	20	100	97.01	97.01%
General comments	After evaluating the questionnaire, the total achievement rate was 97.01%, and the evaluation result was higher than the standard.			

Method of improvement:

- (1) In response to the opinions raised by directors and as required by board resolutions, arrange multiple communication channels outside the board of directors to facilitate directors to understand relevant opinions and the handling of resolutions, so as to enhance directors' participation in the company's operations.
- (2) Opinions raised by board members before the meeting will be forwarded to relevant departments for processing in a timely manner and used as a reference for future relevant decision-making evaluations.
4. An evaluation of the goals set for strengthening the functions of the Board (e.g. Establishment of Audit Committee, enhancing information transparency) and implementation status during the current and immediately preceding fiscal years:

The Company convened 7 meetings of the Board of Directors during 2023. An abstract of material resolutions passed by the Board were posted on the Market Observation Post System website in both English and Chinese on the same day immediately after each meeting in accordance with the principle of enhancing information transparency. Investor and press conferences were also held based on statutory or practical requirements to explain and answer questions about material information.

The “Rules for Performance Evaluation of Board of Directors” were passed by the 16th meeting of the 8th Board of Directors on March 10, 2020, to strengthen corporate governance and enhance Board functions, as well as improve the Board efficiency through the setting of performance targets. Under the Rules, an international evaluation of Board performance must be conducted annually and completed by the first quarter of the following year.

5. Succession planning for the Chairperson (or Board members) and Management including related training, development and timetables:

Under the Company's succession plan, a successor must not only possess exceptional strategic business planning, logical analysis and management skills but also demonstrate that their values are aligned with our corporate culture of humanism, honesty and integrity. They must strive to realize the goal of "Global No.1 in Technology, Quality and Service" to ensure the sustainable development of the company. Succession planning is now being carried out in the following areas:

1. Organizational adjustments and rotation

- (1) Change of CEO and President:

Through a change of President and COO and the adjustment of organizational role served to refine our succession planning. The passing of the baton on the Chairperson's business philosophy and management strategy will help pave the way for the President to take over the reins of the Company and its future direction of development.

- (2) Rotation of senior managers:

Senior managers were appointed as the Chairperson or Board directors at subsidiaries while vice presidents of manufacturing operations were made managers at overseas subsidiaries. The rotation of assignments enhanced the business planning skills of senior managers and helped them build up experience in business administration.

- (3) Appointment of factory directors:

The position of factory director was appointed for manufacturing operations to hone their management skills and build up their hands-on experience with all aspects of manufacturing operations. The assignment is used to cultivate successors for senior managers in manufacturing units.

2. Passing on of ideals and experience

- (1) Institutionalization of business philosophy and management experience:

Business philosophy and management experience are institutionalized and documented by current senior management. The continuation of this legacy is assured through the definition of the Company's core and management competencies as well as the restructuring of roles and responsibilities.

- (2) Establishment and participation in important Company meetings:

Middle and senior management's participation in Company meetings such as business meetings, production and sales meetings, and information sessions by R&D units introduced them to core management operations, carry on the Company's business management philosophy, understand industry trends, and become familiar with the company's development strategy.

3. Successor nomination and development at all levels of management

- (1) Successor nomination at all levels of management

Once a suitability assessment is conducted through annual performance management, managers can nominate personnel as potential successors.

- (2) Development of potential successors

Managers at all levels are cultivated through a series of internal and external training programs to equip them with the necessary professional knowledge, skills, management ability, and ethics. Familiarization with the Company's corporate culture and business philosophy also prepare them for a future role in each level of management.

(II) Audit Committee Meeting Status:

The third term of Audit Committee held a total of 2 meetings in 2023 (A).

The attendance status as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Independent Director	Jim W.L. Cheng	2	0	100%	
Independent Director	Pei-Ing Lee	2	0	100%	
Independent Director	Morgan Chang	2	0	100%	
Independent Director	Jui-Tsung Chen	1	1	50%	

The fourth term of Audit Committee held a total of 4 meetings in 2023 (A).

The attendance status as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Independent Director	Morgan Chang	4	0	100%	
Independent Director	Pei-Ing Lee	4	0	100%	
Independent Director	Jui-Tsung Chen	3	1	75%	
Independent Director	Chao-Chin Tung	4	0	100%	

**Other matters that require reporting:**

i. Summary of the Audit Committee's operations during the year

The Audit Committee of the Company is made up of 4 independent directors. The purpose of the Committee is to ensure the quality and integrity of the Board of Directors during its execution of the accounting, auditing, and financial reporting processes as well as financial controls.

Key matters reviewed by the Audit Committee included:

- (1) Financial report as well as accounting policy and procedure
- (2) Internal audit plan and the effectiveness of the internal control system
- (3) Distribution of earnings
- (4) Transaction of derivative financial products
- (5) Private placement of securities
- (6) Company risk control
- (7) Evaluation of CPA independence and competence.
- (8) Transaction with related parties

▲ Review of financial report

The 2023 business report, financial statements, and earnings distribution proposal were issued by the Board of Directors. The financial statements were audited by the accounting firm Deloitte Taiwan and an auditor's report issued. The business report, financial statements and earnings distribution proposal mentioned above were reviewed by the Audit Committee and no discrepancies found.

▲ Evaluation of effectiveness for internal control system

The Audit Committee reviewed periodic reports from the Company's audit department, CPA and management to evaluate the effectiveness of the Company's internal control policy and procedure (including controls for finance, operations, risk management, information security, and compliance). The Audit Committee concluded that the Company's risk management and internal control systems were effective, and that the Company has already adopted the necessary measures to supervise and rectify violations.

ii. The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

(1) Items specified in Article 14-5 of the Securities and Exchange Act:

Contents of Agenda	Objections, Reservations or Major Advice	Contents of Resolutions	The Company's Response to the Audit Committee's Opinion
<b>The 11th of the 3rd term Audit Committee Meeting (2023.03.08)</b>			
1. Review the Report of Business and the Financial Reports of year 2022.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
2. Review the Earnings Distribution Plan for year 2022.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
3. Authorized 2023 Internal Audit Report Declaration.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
4. Amendments to the Internal Control System.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
5. Review the evaluation of the independence and suitability of the CPAs and audit fee.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
6. In order to reduce currency exchange risks, proposed to extend trade long term forward exchange term with existing US\$260M credit-lines.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
7. Review the proposal of private placement approved in 2023.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
8. Review the Waiver of the Non-competition Clause imposed on new Directors.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
<b>The 12th of the 3rd term Audit Committee Meeting (2023.05.05)</b>			
Review and approve the Consolidated Financial Report of Q1/2023.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
<b>The 1st of the 4th term Audit Committee Meeting (2023.06.08)</b>			
To elect the convener of the 4th term Audit Committee.	None	All committee members jointly recommended Mr. Morgan Chang as the convener and meeting chair of the 4th term Audit Committee.	The proposal was passed by all directors of board.
<b>The 2nd of the 4th term Audit Committee Meeting (2023.06.27)</b>			
1. To review and approve the proposed disposal the assets of overseas subsidiary.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
2. To review and approve the proposed disposal the equity of overseas subsidiary.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.

Contents of Agenda	Objections, Reservations or Major Advice	Contents of Resolutions	The Company's Response to the Audit Committee's Opinion
<b>The 3rd of the 4th term Audit Committee Meeting (2023.08.04)</b>			
1. Review and approve the Consolidated Financial Report of Q2/2023.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
2. In order to reduce currency exchange risks, proposed to extend trade long term forward exchange term with existing US\$90M credit-lines.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
<b>The 4th of the 4th term Audit Committee Meeting (2023.10.31)</b>			
1. Review and approve the Consolidated Financial Report of Q3/2023.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
2. To review and approve the internal audit plan for the year of 2024.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
3. To review and approve the proposal to request credit-lines increase from bank institutions.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
4. In order to reduce currency exchange risks, proposed to extend trade long term forward exchange term with existing US\$100M credit-lines.	None	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.

(2) Proposal Approved by more than 2/3 of Board Members without Audit Committee Approval: **None**.

iii. Independent Directors should leave during discussion for matters with conflict of interest.

Name of directors, proposal details, reason of conflicts and voting results: **None**.

iv. Communication between Independent Directors and CPA (ex. Issues regarding corporate financial, business operations, methods, results, and etc.):

(1) Internal audit department email audit reports to independent directors in a monthly basis. The head of internal audit should have specified major findings during Audit Committee meetings.

(2) Summarized quarterly consolidated and standalone financial statements information should be delivered and communicated with independent directors during Audit Committee meetings in order to comply with regulations defined in No 39 Statements of Auditing Standards and No.0930105373 of Securities and Futures Bureau.

(3) No less than 1 Audit Committee meeting per quarter. Summarized communication among independent directors, head of internal audit, and CPA:

Date	Communication Summary	Action Item
2023/03/10	Matters communicated at the 11th of the 3rd term Audit Committee were as follow: 1. Report on the results of the internal audit for Q4/2022. 2. To review and approve year 2022 annual efficacy of the internal control system and to produce Internal Control System Statements of year 2022. 3. To review and approve the proposed amendments to the Internal Control System. 4. Review the proposal of private placement approved in 2023.	There were no other recommendations than the items communicated on the left. The results from the internal audit for 2022 Q4 were reported to the Board of Directors; Statement on the effective design and execution of internal

Date	Communication Summary	Action Item
	<p>5. Accountant's report on the content and outcomes from their audit of the 2022 separate and consolidated financial statements. (including explanation of key audit matters in the audit report). Discussion and communication of major accounting estimate issues as well as recent amendments to tax and securities management regulations. In addition, review/audit planning for 2023 were also presented by the accountant. There was also discussion and communication over major audit risk items already identified by PTI.</p> <p>Communication with independent directors and recommendations: None.</p>	controls for 2022, as well as the 2022 separate and consolidated financial statements were submitted to the Board of Directors for approval. Once approved, they were published and filed with the competent authorities on time.
2023/05/05	<p>Matters communicated at the 12th of the 3rd term Audit Committee were as follow:</p> <ol style="list-style-type: none"> <li>1. Report on the results of the internal audit for Q1/2023.</li> <li>2. Accountant's report on the content and outcomes from their audit of the Q1/2023 consolidated financial report. Discussion and communication of major accounting estimate issues.</li> </ol> <p>Communication with independent directors and recommendations:</p> <p>An independent director asked about the ownership of patents that employees applied for while they were with the company, current company regulations and preservations measures, and whether the patents are owned by the Company, with a report to be made at the next meeting.</p>	<p>There were no other recommendations than the items communicated on the left.</p> <p>The results from the internal audit for Q1/2023 were reported to the Board of Directors; Once approved, they were published and filed with the competent authorities on time.</p>
2023/06/27	<p>Matters communicated at the 2nd of the 4th term Audit Committee were as follow:</p> <ol style="list-style-type: none"> <li>1. To review and approve the proposed disposal the assets of overseas subsidiary.</li> <li>2. To review and approve the proposed disposal the equity of overseas subsidiary.</li> </ol> <p>Communication with independent directors and recommendations:</p> <p>An independent director asked about the transaction amount, related contract issues, and if there are accounts receivable that have not been received after the transaction is completed, is the Company responsible for this? As well as industrial and commercial registration and SAFE operating procedures. The CFO and the Chief Audit Officer responded and explained the relevant circumstances of the transaction.</p>	There were no other recommendations than the items communicated on the left.
2023/08/04	<p>Matters communicated at the 3rd of the 4th term Audit Committee were as follow:</p> <ol style="list-style-type: none"> <li>1. Report on the results of the internal audit for Q2/2023.</li> <li>2. Accountant's report on the content and outcomes from their audit of the Q2/2023 consolidated financial report. Discussion and communication of major accounting estimate issues.</li> </ol> <p>Communication with independent directors and recommendations:</p> <ol style="list-style-type: none"> <li>1. An independent director asked about the current audit format of the subsidiaries. The Chief Audit Officer responded that they are currently in accordance with the audit plan approved in 2023. On-site audits of subsidiaries in China will be arranged in a timely manner based on the actual situation and mission requirements.</li> <li>2. An independent director inquired about the company's policy on derivatives trading. The CFO responded that</li> </ol>	<p>There were no other recommendations than the items communicated on the left.</p> <p>The results from the internal audit for Q2/2023 were reported to the Board of Directors; Once approved, they were published and filed with the competent authorities on time.</p>

Date	Communication Summary	Action Item
	the company adjusts operations within the scope of the net US dollar asset position for hedging purposes based on trends and market movements in exchange rates.	
2023/10/31	<p>Matters communicated at the 2nd of the 4th term Audit Committee were as follow:</p> <ol style="list-style-type: none"> <li>1. Report on the results of the internal audit for Q3/2023.</li> <li>2. Formulation of the 2024 internal audit plan</li> <li>3. Evaluate investment in Southeast Asia.</li> <li>4. Accountant's report on the content and outcomes from their audit of the Q3/2023 consolidated financial statements. Discussion and communication of major accounting estimate issues as well as recent amendments to tax and securities management regulations. The accountant also outlined and discussed the key audit matters for PTI.</li> <li>5. Separate meeting was hold for communication among attended directors, CPAs, and internal audit officer regarding financial reports and operations status.</li> </ol> <p>Communication with independent directors and recommendations:</p> <p>An independent director inquired about Company compliance on information security staffing and data backup plan. The Chief Audit Officer responded that the company complies with the regulations of the competent authority. An independent director suggested that the head of information security should brief the Risk Management Committee on current implementation.</p>	<p>There were no other recommendations than the items communicated on the left.</p> <p>The results from the internal audit for Q3/2023 were reported to the Board of Directors; Once approved, they were published and filed with the competent authorities on time.</p> <p>The internal audit plan was submitted to the board of directors for approval and announced as scheduled.</p>

(III) Variances and Reasons between PTI Corporate Governance Practices and Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies:

Assessment Item	Implementation Status			Non-impleme ntation and Its Reason(s)
	Yes	No	Explanation	
1.Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	√		PTI Corporate Governance Best Practice Principles has followed "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and approved by Board of Directors on Nov 5 2014 and amended many times by board meeting. The document was disclosed in PTI company website and MOPS.	Complied with Regulation.
2.Shareholding Structure & Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	√		(1.) PTI has dedicated spokesman and shareholders' affairs department to handle inquiries for shareholders. Contact information is available on company website. Legal inquiries will be handling by legal department.	Complied with Regulation.
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	√		(2.) Regular reports and shareholder lists will be provided by stock transfer agent. PTI has disclosed information required by authority and kept good communication with major shareholders.	
(3) Has the Company built and implemented a risk management system and a	√		(3.) Procedures for activities with related parties has been established and followed.	

Assessment Item	Implementation Status			Non-impleme ntation and Its Reason(s)
	Yes	No	Explanation	
firewall between the Company and its affiliates?  (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	√		(4.) “Prohibition against Insider Trading” policy has been established to educate and prevent insiders trading for who has access to significant internal information.	
3. Composition and Responsibilities of the Board of Directors: (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?  (2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?  (3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?  (4) Does the Company regularly evaluate its external auditors’ independence?	√   √   √   √		(1.) The diversity policy and specific management objectives of the Company, please refer to Explanation 1 below the table for detail.  (2.) The Company has set up the Remuneration Committee and Audit Committee as directed by law, and voluntarily established “Risk Management Committee”. The Company also set up “Information Security Committee”, “Environment, Safety and Health Committee”, “Total Quality Management Committee”, “Sustainable Development Committee” and “Training Committee” directly report to the President.  (3.) Board performance evaluation method has been approved in Mar 10, 2020 board meeting. Annual review will be performed and take into consideration for individual director compensation and future nomination. Current board of directors have been performed at the highest standards for shareholders’ interests. 2023 evaluations were done by Feb 2024 and results has discussed in Mar 8, 2024 board meeting. Please see the “Board of Directors Meeting Status” of the Annual Report for the details.  (4.) Starting from 2015, annual independence review of CAP will be performed and major items are: a. Review CPA qualification and experiences. b. Declaration of Independence from CPA including audit team members and their spouses and dependents don’t have conflict of interests to influence their independency. c. Search on internet for records of employed CPA breach of independence. d. Evaluate employed CPA independency using check list defined by No. 10 Article 23 of Certified Public Accountant Act. Please refer to Explanation 2 below the table for detail. e. In 2023, an amendment to the "Corporate Governance Best Practice Principles" was passed by the Board of Directors stipulating that the Audit Quality Indicators (AQIs) should be regularly used (at least once a year) to evaluate the independence, professionalism and competency of accountants retained by the Company. The results were to be submitted to the Audit Committee and the Board of	Complied with Regulation.

Assessment Item	Implementation Status			Non-impleme ntation and Its Reason(s)								
	Yes	No	Explanation									
			Directors for review and approval. In 2023, the AQI assessment confirmed that the number of training and audit hours invested by the accountants and their firm as well as their quality control capabilities were all better than the industry average. Innovative auditing tools were also introduced by the accounting firm in the past three years to improve audit quality so it was qualified to serve as the certified public accountant of the Company.  f.Present the evaluation for Board of Directors on Mar 8, 2023.									
4.Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	√		The Finance Department is in charge of corporate governance related issues and major tasks were listed in below. CFO was appointed as Corporate Governance Officer on Nov 6, 2020 Board meeting. a. Plan annual shareholder and board meetings agenda and schedule. b. Planning for board meetings details and notify attendance directors board meeting agenda 7 days before the meeting. c. Remind conflict of interests’ attendance to leave when necessary. d. Meeting minutes recording. Copy directors and file the meeting minute document within 20 days of meeting. e. Register for annual shareholder meeting with authorization with completed meeting notice, meeting agenda, annual report and meeting minutes within required period. File for amendment within 15 days after annual shareholder meeting. f. Public announcement of board and shareholder meeting conclusions comply with regulation and investor interests. g. Assist Directors for continue education programs.									
5.Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a shareholder section on its company website? Does the Company appropriately respond to stakeholders’ questions and concerns on important corporate social responsibility issues?	√		<div>Stakeholders communication methods as below:</div> <table><tr><th>Related Party/Major Topics</th><th>Communication Method</th></tr><tr><td><u>Shareholders/Investors</u> Operations performance, Code of business conduct &amp; ethics, work environment healthy and safety, Labor-management communication, Talent recruitment and retainment</td><td>Shareholders’ Meeting Financial Reports Host Quarterly Institutional Investor Conference Established spokesman and Investor Relations Department Company Website</td></tr><tr><td><u>Employees</u> Communication between employer and employees, work environment healthy and safety, labor-management communication, human rights of employees, compensation, talent recruitment and retainment, and career path development</td><td>Employees Benefits Committee Electronic Platform &amp; Announcement Procedures for Improvement Proposal Reviewing Employee and Employer Meeting Suggestion Box Psychological Consultant and Aids</td></tr><tr><td><u>Customers</u> Services, code of business conduct and ethics, work environment healthy and safety, human rights of</td><td>Sales Meetings Customer Satisfaction Survey Customer Service Annual Customer Audit</td></tr></table>	Related Party/Major Topics	Communication Method	<u>Shareholders/Investors</u> Operations performance, Code of business conduct & ethics, work environment healthy and safety, Labor-management communication, Talent recruitment and retainment	Shareholders’ Meeting Financial Reports Host Quarterly Institutional Investor Conference Established spokesman and Investor Relations Department Company Website	<u>Employees</u> Communication between employer and employees, work environment healthy and safety, labor-management communication, human rights of employees, compensation, talent recruitment and retainment, and career path development	Employees Benefits Committee Electronic Platform & Announcement Procedures for Improvement Proposal Reviewing Employee and Employer Meeting Suggestion Box Psychological Consultant and Aids	<u>Customers</u> Services, code of business conduct and ethics, work environment healthy and safety, human rights of	Sales Meetings Customer Satisfaction Survey Customer Service Annual Customer Audit	Complied with Regulation.
Related Party/Major Topics	Communication Method											
<u>Shareholders/Investors</u> Operations performance, Code of business conduct & ethics, work environment healthy and safety, Labor-management communication, Talent recruitment and retainment	Shareholders’ Meeting Financial Reports Host Quarterly Institutional Investor Conference Established spokesman and Investor Relations Department Company Website											
<u>Employees</u> Communication between employer and employees, work environment healthy and safety, labor-management communication, human rights of employees, compensation, talent recruitment and retainment, and career path development	Employees Benefits Committee Electronic Platform & Announcement Procedures for Improvement Proposal Reviewing Employee and Employer Meeting Suggestion Box Psychological Consultant and Aids											
<u>Customers</u> Services, code of business conduct and ethics, work environment healthy and safety, human rights of	Sales Meetings Customer Satisfaction Survey Customer Service Annual Customer Audit											

Assessment Item	Implementation Status			Non-impleme ntation and Its Reason(s)
	Yes	No	Explanation	
			<p>employees, compensation, talent recruitment and retention</p> <p><u>Suppliers</u> Code of business conduct and ethics, technology and service, sustainable supply chain, compliance regulations, work environment healthy and safety, human rights of employees, operating performance, customer service</p> <p><u>Government</u> Corporate governance, risk management, intellectual property rights protection, compliance regulations, work environment healthy and safety, human rights of employees, human rights of employees, compensation</p> <p><u>Community</u> Climate change, water resource management, green products, labor-management communication, development of employees, community involvement</p> <p>PTI has set up a section for stakeholders on the company website to disclose corporate social responsibilities, and CSR hotline and email account. Dedicated staff will take care of reported problems.</p>	
6.Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	√		Concord Securities Co. Ltd assisted PTI for shareholder affairs.	Complied with Regulation.
7.Information Disclosure (1)Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	√		(1.) Company website has been set up and well maintained. Financial and Corporate Governance information will be disclose on the website upon occurrence.	Complied with Regulation.
(2)Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	√		(2.)The Company has dedicated personnel in charge of disclosure on MOPS following authority regulations. Investor Relations section under company website discloses information in both Chinese and English. Spokesman and deputy spokesman are in place. The Company has been hosting physical quarterly Institutional Investor Conference. Live webcasting and replay of conference available on company website for investors.	

Assessment Item	Implementation Status			Non-impleme ntation and Its Reason(s)
	Yes	No	Explanation	
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		√	(3.) PTI complied with Security and Exchange Act Article 36 filing date.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	√		<p>a. Employee rights, interests and wellbeing: Please refer to Paragraph 4, Items (1) ~ (4) in (5) Implementation of Sustainable Development.</p> <p>b. Directors and managerial officers are reminded by the Company to engage in continuing education each year in accordance with the rules. Please refer to Explanation 3 below the table for detail.</p> <p>c. The "Risk Management Committee" and "Business Continuity Management Task Force" have already been established by the Company to identify risks to business operations from environment, social, and governance issues in accordance with the principles of materiality. Potential emergencies or impacts on business continuity are also examined to strengthen our risk management and response capabilities. Please refer to Explanation 4 in the table below for an overview of Risk Management Committee's composition, roles and responsibilities, and operations.</p> <p>d. The Company began purchasing liability insurance for directors (including independent directors) and managerial officers in 2008. The most recent insurance policy expired on August 26, 2023. Stacked insurance policies were renewed through Chubb (basic insurance) and Fubon Insurance Co., Ltd. (excess insurance) for the period running from August 26, 2023, through to August 26, 2024. Insurance coverage was US\$30,000,000. The scope of insurance and contents were reported at the 14th session of the 9th Board of Directors on October 31, 2023.</p> <p>e. The "Organic Charter of the Corporate Sustainability Committee" was formulated by the Company to establish the "Sustainable Development Committee." The Committee is convened once each quarter to improve and discuss the implementation of corporate sustainability and related topics.</p> <p>f. Annual reports, financial statements and sustainability reports are published every year for the disclosure of corporate governance information.</p> <p>g. PTI has been working actively to build to a secure and reliable information security management system to effectively protect the intellectual property and assets of our company and customers. ISO 27001 information security management system certification was obtained in October 2016, and renewed for a further 3-year period on October 21, 2022, to maintain the validity of our ISO 27001 certification.</p>	Complied with Regulation.
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.</p> <p>PTI did not receive points for certain items in 9th Corporate Governance Evaluation (for 2022). Improvements made for the 10th Corporate Governance Evaluation (for 2023) are outlined below:</p>				

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

Type of Indicator	Indicator Description		Improvement Status	Explanation for non-improvement or improvement
Protecting Shareholder Rights and Interests, and Treating Shareholders Equitably	1.1	Did the Company report the remuneration received by the directors at the annual general shareholders' meeting, including the remuneration policy, individual remuneration content and amount?	No.	Pending for board director approval.
	1.3	Did more than half of the directors (including at least one independent director) and the audit committee convener (or at least one supervisor) attend the AGM in person, and did the company disclose in the minutes the names of those who attended?	No.	The convener of the Audit Committee was unable to attend in person due to other commitments.
	1.15	Did more than half of the directors (including at least one independent director) and the audit committee convener (or at least one supervisor) attend the AGM in person, and did the company disclose in the minutes the names of those who attended?	No.	Publicity and reminders will be strengthened in the future.
Enhance Board Structure and Operations	2.11	Did the company's interim financial report approve by the Audit Committee and submitted to the Board of directors for discussion and resolution?	Yes	Relevant information has been disclosed on the MOPS.
	2.14	Has the Company established non-statutory functional committees such as a nomination committee, risk management committee or sustainable development committee, with no less than three members, more than half of the members being independent directors, and at least one member having the professional capabilities required by the committee, and disclose its composition, responsibilities and operations?	Yes	The composition, responsibilities and operations of the functional committees have been disclosed on the company's website.
	2.23	Have the rules adopted by the company for assessing the performance of the board of directors been passed by the board, with the express requirement that an external assessment be carried out at least once every three years, and has it furthermore carried out the assessment during the year being evaluated by the specified deadline, and disclosed the implementation status and assessment results on its website or in its annual report?	No	The existing Board evaluation excluded this item. Amendment of evaluation maybe needed.
	2.30	Did at least one of the company's internal auditors possess a certificate of qualification as a Certified Internal Auditor, Certified Information Systems Auditor, or Certified Public Accountant?	No	Encouraging existing staff to obtain the certificate.
Improving Transparency	3.4	Did the company file the audited annual financial reports within 60 days of accounting year end?	No	CPA cannot completed the audited report within the time frame.
	3.8	Did the company voluntarily disclose its financial forecast quarterly, without having any corrections ordered by the competent authority or having any demerits imposed by the TWSE or TPEX?	No	The Company provides voluntary disclosure of financial forecasts. A institutional investor conference is convened quarterly to brief investors on current business operations.

Assessment Item		Implementation Status			Non-implementation and Its Reason(s)
		Yes	No	Explanation	
Type of Indicator	Indicator Description			Improvement Status	Explanation for non-improvement or improvement
Improving Transparency	3.13	Did the annual report voluntarily disclose individual compensation for board director and supervisor?		No	Pending for board director approval.
	3.21	Did the annual report voluntarily disclose individual compensation for President and Vice President?		No	Pending for President approval.
Practices on Corporate Social Responsibility	4.1	Did the Company establish an exclusively (or concurrently) dedicated unit, and in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy, as well as to be supervised by Board and disclose the implementation to the website and annual report?		Yes	The operation and implement of risk management has been disclosed on website and annual report.

**Explanation 1:** The diversity policy and specific management objectives of the Company:

(1) The diversity policy of the Board

Article of Incorporation 20-3 stated: board members should not be discriminated against gender; all members should be capable in knowledge, skills, and mind set. All board of directors should be capable in:

- |                           |                                |
|---------------------------|--------------------------------|
| a. Operational judgments; | e. Industry knowledge;         |
| b. Financial analysis;    | f. International perspectives; |
| c. Management skills;     | g. Leadership skills;          |
| d. Crisis management;     | h. Decision Making.            |

(2) Target and Progress:

Target	Progress Status
No less than 4 independent directors	Completed
Independent directors accounted for no less than 1/3 of board	Completed
No less than one female board director	Completed
Employees accounted for less than 1/3 of directors	Completed

(3) Execution Status:

Name	Nationality	Gender	Employee of PTI	Age Range			Independence Director Seniority (Terms)		Operational Judgment	Financial Analysis	Management Skills	Crisis Management	Industry Knowledge	International Perspectives	Decision Making
				51 - 60	61 - 70	71 - 80	<3	>3							
DK Tsai	ROC	Male	√			√			√		√	√	√	√	√
J. S. Leu	ROC	Male	√		√				√		√	√	√	√	√
Shigeo Koguchi	Japan	Male				√			√		√	√	√	√	√
Daphne Wu	ROC	Female		√					√	√	√	√	√	√	√
Boris Hsieh	ROC	Male	√		√				√		√	√	√	√	√

Name	Nationality	Gender	Employee of PTI	Age Range			Independence Director Seniority (Terms)		Operational Judgment	Financial Analysis	Management Skills	Crisis Management	Industry Knowledge	International Perspectives	Decision Making
				51 - 60	61 - 70	71 - 80	<3	> 3							
Kenjiro Hara	Japan	Male			√				√		√	√	√	√	√
Morgan Chang	ROC	Male				√	√		√		√	√	√	√	√
Pei-Ing Lee	ROC	Male			√		√		√		√	√	√	√	√
Jui-Tsung Chen	ROC	Male				√	√		√		√	√	√	√	√
Chao-Chin Tung	ROC	Male				√	√		√	√	√	√	√	√	√

Remark: Not including information of directors whose terms were expired.

**Explanation 2:** Evaluation of independency of CPA Cheng-Chih Lin and Su-Li Fang:

Events Influence CPA Independency:	Yes	No
1. Do the CPAs have direct and major financial relationship with the Company?		√
2. Do the Company or any board member lend or endorsement guarantee to CPAs?		√
3. Do the CPAs lend or endorsement guarantee to the Company?		√
4. Do the CPAs have frequent business relationship with the Company?		√
5. Do the CPAs have frequent business relationship with any board or management members?		√
6. Do the CPAs employee by the Company as board of director, management, or any position could significantly impact on audit now or last 2 years?		√
7. Are the CPAs going to be employed by the Company as board of director, management, or any position could significantly impact on audit in the future?		√
8. Do the CPAs as family members of board of director, management, or any position could significantly impact on audit?		√
9. Do the CPAs receive any significant valuables or gifts from board of director or management?		√
10. Do the CPAs employed by the Company for consecutive 7 years?		√

**Explanation 3: Status of 2023 Continue Education for Board of Directors and Management:**

Title	Name	Date	Host By	Course	Duration (Hours)
Chairman	DK Tsai	2023/10/31	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technology	3
		2023/11/03		New version of the corporate governance roadmap and ESG(I)	3
		2023/11/03		New version of the corporate governance roadmap and ESG(II)	3
Director	JS Leu	2023/10/31	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technology	3
Director	Boris Hsieh	2023/10/31	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technology	3
Director	Shigeo Koguchi	2023/10/31	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technology	3
Director	Daphne Wu	2023/10/31	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technology	3
Director	Kenjiro Hara	2023/10/31	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technology	3
Independent Director	Morgan Chang	2023/10/31	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technology	3
		2023/11/24	Securities & Futures Institute	Challenges and responsibilities of the board of directors under the corporate governance and sustainability development.	3
Independent Director	Pei-Ing Lee	2023/10/03	Securities & Futures Institute	Introduction to the Dispute over the Company's Management Rights and the Law on the Trial of Commercial Cases	3
				How directors should supervise enterprise risk and crisis management	3
Independent Director	Jui-Tsung Chen	2024/09/08	Taiwan Institute of Directors	The business implications of ESG rating analysis and sustainability evaluation in the capital market	3
		2024/10/12	Taiwan Institute of Directors	Legal risks of corporate investment and financing	3
		2024/11/10	Taiwan Corporate Governance Association	2023 Global Trends and Business Opportunities of Low-Carbon Economy and Innovation	3
Independent Director	Chao-Chin Tung	2023/10/31	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technology	3
		2024/11/15	Securities & Futures Institute	【2030/2050 Green Industrial Revolution】	3
CFO & Sr. VP	Evan Tseng	2023/11/28 – 2023/11/29	Accounting Research and Development Foundation	Continuing education class for principal accounting officers of issuers, securities firms and securities exchanges	12
		2023/09/12	Taiwan Corporate Governance Association	Corporate Growth Strategy and Open Innovation	3
		2023/10/21	Accounting Research and Development Foundation	Legal liabilities and case analysis related to the company's management right competition	3
		2023/10/29		ESG information disclosure trends and norms related to the sustainable development action plan of listed companies	3
		2023/10/31	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technology	3
Internal Audit	Huck Shen	2023/09/01	Accounting Research and Development Foundation	How to apply Robotic Process Automation (RPA) to improve the effectiveness of internal control	6
		2023/12/01	The Institute of Internal Auditors-Chinese Taiwan	Self-assessment of practice	6

**Explanation 4:** The Risk Management Committee was composed by 2 independent directors and one board director. The purpose of the committee was to supervise and enhance management operations whose responsibilities include:

- Review overall corporate risk management, establish risk management policy, structure, organization, and matrix.
- Execute risk management plans approved by board.
- Supervise the operation of the risk management procedures.
- Review and consolidated risk management finding and report to board timely.

Attendance Status of Risk Management Committee:

Title	Name	Specialty	2023 Attendance
Independent Director /Chair	Jim W.L. Cheng	Note 1	100%
Independent Director	Morgan Chang	Note 1	100%
Director	JS Leu	Note 1	100%

The members of 1st term Risk Management Committee were expired, and the 2nd term has been appointed by Board of directors, and commences from June 8, 2023 until May 30, 2026.

Title	Name	Specialty	2023 Attendance
Independent Director /Chair	JS Leu	Note 1	100%
Independent Director	Morgan Chang	Note 1	100%
Director	Chao-Chin Tung	Note 1	100%

Note 1: Please refer to Board of Director page 16 ~ 24 for details.

Note 2: The 2nd term of Risk Management Committee did not hold meeting in 2023

Risk Management Committee meeting minutes' summary:

Risk Management Committee	Agenda and follow-up	Contents of Resolutions	The Company's response to Risk Management Committee opinions
1st term 2nd meeting (2023/05/05)	1.Report the implementation of risk management operations by the Company in 2022. 2.Report the proposed risk management plan in 2023.	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.

(IV) If the company has a remuneration committee or nomination committee in place, the composition and operation of such committee shall be disclosed:

1. Information Regarding Remuneration Committee Members

Title	Criteria Name	More than 5 years of working experiences and professional filed	Test for Independent	Number of Remuneration Committee of other Public Listed Company	Note
Independent Director/Chair	Morgan Chang	Note 1	Note 1		

Independent Director	Pei-Ing Lee	Note 1	Note 1		
Independent Director	Chao-Chin Tung	Note 1	Note 1		

Note 1: Refer to Board of director table page 16~24 for details.

Note 2: Not including information of members whose terms were expired.

## 2. Attendance of Remuneration Committee Members

(1) Total 3 members of Remuneration Committee.

(2) Service Period:

The 4th term of Remuneration Committee commences from Jun 5 2020 to May 27 2023.

The 5th term of Remuneration Committee commences from Jun 8 2023 to May 31 2026.

1 (A) meeting (4th term) took place during 2023, and attendance status as below:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Independent director/ Chair	Jim W.L. Cheng	1	0	100%	2023/05/27 expired
Independent director	Pei-Ing Lee	1	0	100%	
Independent director	Morgan Chang	1	0	100%	

1 (A) meeting (5th term) took place during 2023, and attendance status as below:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Independent director/ Chair	Morgan Chang	1	0	100%	
Independent director	Pei-Ing Lee	1	0	100%	
Independent director	Chao-Chin Tung	1	0	100%	2023/06/08 take office

Other information required to be disclosed:

- i. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
- ii. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

Date of Meeting	Meeting Summary	Contents of Resolutions	The Company's response to Risk Management Committee opinions
2023/03/10	1. Review the appointment of newly managerial personnel. 2. Review the promotion of managerial personnel. 3. Review the compensation distribution plan for directors of the Board and employees for year 2022. 4. Review 2023 proposed salary adjustment plan for managerial personnel.	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.
2023/10/31	1. Review the salary remuneration policy of managerial personnel and system. 2. Report the implementation of 2022 director's remuneration. 3. Report the comparison of director's remuneration for the Company and the industry. 4. Report the implementation of 2022 managerial personnel's remuneration. 5. Report the comparison of managerial personnel's remuneration for the Company and the industry.	All committee members unanimously passed this motion.	The proposal was passed by all directors of board.

iii. Regular review of directors'/managerial officers' performance evaluation and other information such as salary policy, system, standard and structure.

- (1) Information from PTI's review and assessment of remuneration in 2023 is as shown in the above table.
- (2) The Remuneration Committee shall exercise the care of a prudent manager to fulfill the following duties, and submit recommendations to the board of directors for discussion.
  - A. PTI remuneration rules are regularly reviewed and amendments proposed.
  - B. Establish and regularly review the annual and long-term performance targets for directors and managerial officers, as well as the policies, systems, standards, and structure for their remuneration.
  - C. PTI directors and managerial officers are regularly assessed on their ability to meet performance targets. The content and amount of their individual remuneration are set accordingly.
- (3) The PTI Remuneration Committee shall carry out its duties in accordance with the following principles:
  - A. Ensure that the remuneration arrangements of the Company conform to the law and are sufficient to attract quality talent.
  - B. The performance evaluation and remuneration of directors, supervisors and executives should take prevailing industry standards into account and take into consideration the amount of personal time invested, responsibilities, personal target completion, performance in other roles and company compensation for other people in equivalent roles in recent years. The achievement of the company's short-term and long-term business objectives as well as the company's finances are used to evaluate the correlation between personal performance, company business performance and future risks.
  - C. The remuneration plan should not entice directors and managers into exceeding the Company's capacity for risk in pursuit of personal remuneration.
  - D. Short-term performance bonuses for directors and senior managerial officers, and the timing of variable salary payments/remunerations shall be set with reference to the particular industry characteristics and the nature of the Company's business.
  - E. Whether the content and amount of director and managerial officers' remuneration is reasonable should be taken into account. It is inadvisable for the remuneration decided for directors and managerial officers to diverge excessively from financial performance.
  - F. Members of the Committee may not participate in the discussion and voting on their personal remuneration.

(V) Fulfillment of Corporate Sustainable Development as well as deviations from Corporate Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and their reasons:

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		<p>a. A dedicated "CSR Office" was established by the Company on August 1, 2014, ensure proper CSR management, and was approved by the Board of Directors on February 9, 2015. The CSR Office was changed to the "Sustainable Development Management Office" in March 2022, and is responsible for the development and execution of corporate sustainability policies, systems, as well as related management strategies and action plans. A "Corporate Sustainability Committee" is also convened quarterly to brief senior managerial officers on current progress. Regular schedule annual reporting to Board of Directors regarding the progress. Latest reporting to board was on Aug 4 2023.</p> <p>b. To effectively conduct risk identification, response, monitoring and reporting, as well as to implement the risk management of uncertain factors that may threaten business operations, PTI's Board of Directors approved the establishment of the "Risk Management Committee" in May 2021 under the Board, which consists of 2 independent directors and one director, and at least one meeting is convened annually. The committee's responsibilities include assisting in the review of the risk management policy and risk tolerance and supervising the implementation of various risk management protocol in a bid to realize corporate sustainable development. To advance relevant services, the "Risk Management Task Force" was created under the Risk Management Committee, where a task group was formed with the President acting as the group leader supported by an assistant group leader; other members of the group include a secretary (Corporate Governance Officer) and several executive officers. Quarterly meetings are convened to discuss risk topics, and the relevant contents are presented to the Risk Management Committee annually to materialize executive risk management.</p>	None.
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		<p>a. The Company practices strict risk management to ensure the continuity of our operations. We confront risks and have established a "Risk Management Committee" under the Board of Directors to monitor risks and make annual reports to the Board. We turn risks into opportunities by adopting a</p>	None.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
			<p>proactive mentality. Risk reduction is accomplished through regular risk monitoring, identification, impact assessment and formulation of response strategies.</p> <p>b. In 2023, the following environmental, social, and corporate governance (ESG) risks relating to Company operations were identified in accordance with the principles of materiality and business continuity management objectives. Environmental category: "Disruption of public services", "Environment and climate change"; Social category: "Talent attraction and retention": Governance category: "Information security management and network security", "Regulatory changes" and "Supply chain management." The six issues above were reported to the Board of Directors and responsibility for each type of risk's management methods and crisis response procedures assigned to dedicated personnel. A business continuity and sustainability safety net was constructed through early warning, response, crisis management and business continuity plans as well as recovery actions as part of our efforts to create sustainable value for stakeholders. Relevant risk content will also be reported and explained to the Board of Directors.</p>	
<p>3. Environmental Issues</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p>	✓		<p>(1) PTI has established an environmental management system based on the characteristics of our industry to fulfill our corporate responsibility on environmental protection as well as look after the safety and health of our employees. Certification for ISO 14001 environmental management system was obtained in 2003, followed by OHSAS 18001 (now ISO 45001) occupational safety and health management system in 2004. All factories also progressively obtained ISO 50001 energy management system certification from 2019 onwards. Environmental, safety and health management activities are now conducted in accordance with these standards. Environmental, safety and sustainability goals are now set and reviewed on a regular basis. The operation of the international standard management systems enables PTI to effectively control emissions, water pollution and waste from the production process. In addition, IECQ QC08000 hazardous substance management system certification was obtained in 2008. The certification</p>	None.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
			ensured that PTI products do not contain substances harmful to human health or the environment, and complied with international regulations and customer requirements, reducing the environmental impact of our products and increasing their competitiveness.	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(2) Refer to Explanation 1.	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		(3) Refer to Explanation 2.	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		(4) Refer to Explanation 3.	
4. Social issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		<p>(1) The Company follows international standards and norms such as the "Responsible Business Alliance (RBA) Code of Conduct", "SA8000 International Standard on Social Responsibility", "United Nations Guiding Principles on Business and Human Rights (UNGPs)" and International Labor Organization Conventions (ILO Conventions) to enforce the protection of human rights.</p> <p>a. A human rights policy has been formulated to realize a friendly workplace that embraces diversity, equality and inclusion (DEI).</p> <p>b. The "Responsible Business Alliance" (RBA) is committed to supporting the rights and well-being of workers and communities worldwide affected by the global supply chain. The "RBA Code of Conduct" is a set of standards on social, environmental and ethical issues in the global industry supply chain that references key international human rights standards including the "United Nations Guiding Principles on Business and Human Rights", the "Declaration of Fundamental Principles and Rights at Work" of International Labor Organization (ILO),</p>	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
			<p>and “Universal Declaration of Human Rights.” The “RBA Code of Conduct” introduced by PTI in 2009 covers labor, health and safety, environment, ethics and management systems. PTI became a formal member of RBA on April 20, 2015.</p> <p>c. The Social Accountability 8000 International Standard (SA8000) was formulated with reference to International Labor Organization ILO, UN Convention on the Rights of the Child, and Universal Declaration of Human Rights. It is a management standards system for the protection of labor rights, occupational environments and labor conditions. Workplace PTI has been working actively to introduce the SA8000 social responsibility management system. Certification was achieved in 2016 and all subsequent annual audits passed successfully.</p> <p>d. Human rights risk assessments and due diligence investigations are conducted by the Company every year to monitor and mitigate human rights risks. A Human Rights Due Diligence (HRDD) report is also issued and published on the corporate website.</p> <p>e. Training on labor rights, RBA and SA 8000 social responsibility management systems are conducted every year for all employees to enhance employee awareness on human rights protection.</p> <p>The Company is committed to providing a safe and healthy working environment where employees can develop their talents to the full. To implement this commitment, we comply with local laws and regulations, and formulate management policies and procedures based on the international labor and human rights standards mentioned above.</p>	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		(2) Refer to Explanation 4.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		(3) Refer to Explanation 5.	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
(4)Has the Company established effective career development training programs for employees?	✓		(4) PTI's planning of the education and training system ensures our training investment is aligned with business philosophy. The interaction between different training mechanisms provide employees with a complete blueprint for training and career development. Training tailored to each role and grade ensure that our talent cultivation and development will meet PTI's needs for business growth.	
(5)Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		(5) The PTI "Code of Business Conduct and Ethics" required relevant policies to be formulated for all company R&D, purchasing, production, operation and service processes, such as: Policies for preventing stakeholders from being harmed by products or services, prohibition against leaking of confidential information, prohibition against violation of intellectual property rights, or engaging in unfair competition. PTI management of intellectual property is explained in item 6 of the following table. The relevant complaints procedure has been established by PTI. In addition to internal announcements, complaints channels are also disclosed on our corporate website to safeguard the interests and rights of both internal and external stakeholders.	
(6)Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		(6) PTI considers suppliers/contractors to be our partners. Our supply chain management strives for steady development and sustainability through mutual cooperation. Targets and assessments are continuously set for quality, delivery time, cost and technology. Planned visits and on-site audits of business systems are conducted every year as well. The audit systems include: a. Quality management system b. Green product management system for non-use of hazardous substances in raw materials c. RBA Code of Conduct management system on labor and human rights, the environment and ethics d. Environmental, safety and health risk management e. Operation Sustainable Management Our "Code of Business Conduct and Ethics" require potential suppliers to undergo an assessment of their past business associations. A suitable screening process is used to examine their business dealings and determine whether they have a past record on environmental and social impact. PTI's supply chain management practices	

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary Explanation	
			are explained in item 7 of the following table.	
5. Does the company refer to international reporting standards or guidelines for the preparation of corporate social responsibility reports and other reports that disclose non-financial information? Does the company obtain third-party verification or assurance for the reports above?	✓		The compilation and drafting of the Company's 2021 Sustainability Report adhered to the "Core" option of the GRI Standards published by the Global Reporting Initiative (GRI), the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and the Semiconductor Sustainability Accounting Standard 2018 issued by the Sustainability Accounting Standards Board. Independent third-party verification was also conducted by the British Standards Institution (BSI) against the AA1000 AS Type II high-level assurance. Limited assurance was also conducted by the accounting firm PwC based on the ISAE 3000 standard. The information for "salary of permanent employees in non-management positions" was verified by the accounting firm Deloitte.	None.
6. If the Company has established corporate sustainable development principles based on "Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any difference between the principles and their implementation: PTI referred to the "Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and other relevant laws and regulations in formulating our own "Corporate Sustainable Development Best Practice Principles." The Corporate Sustainable Development Best Practice Principles were approved for implementation by the Board of Directors on November 8, 2013. Amendments were passed by the Board on November 4, 2016, to improve Corporate Sustainable Development performance, promote better corporate governance, develop a sustainable environment, protect social welfare and strengthen the disclosure of Corporate Sustainable Development information. There is no difference between the defined principles and their implementation. These principles apply to the overall business activities of PTI and all subsidiaries.				
7. Other supplement information: Referred to Explanation 8.				

**Explanation 1:** Performance management targets for energy/resource recovery were set by PTI to improve resource utilization and reduce the environmental impact of production activities.

1. Establish energy and resource performance management goals:

The results are reviewed on a regular basis; We also assessed and advocated the use of reclaimed materials with low environmental burden/impact where it does not affect product quality. To protect the environment as well as cope with the effects of climate change and water resource depletion, we are gradually increasing our waste recycling and energy savings every year. Reclamation of process water has also been increased as an alternative to tap water use.

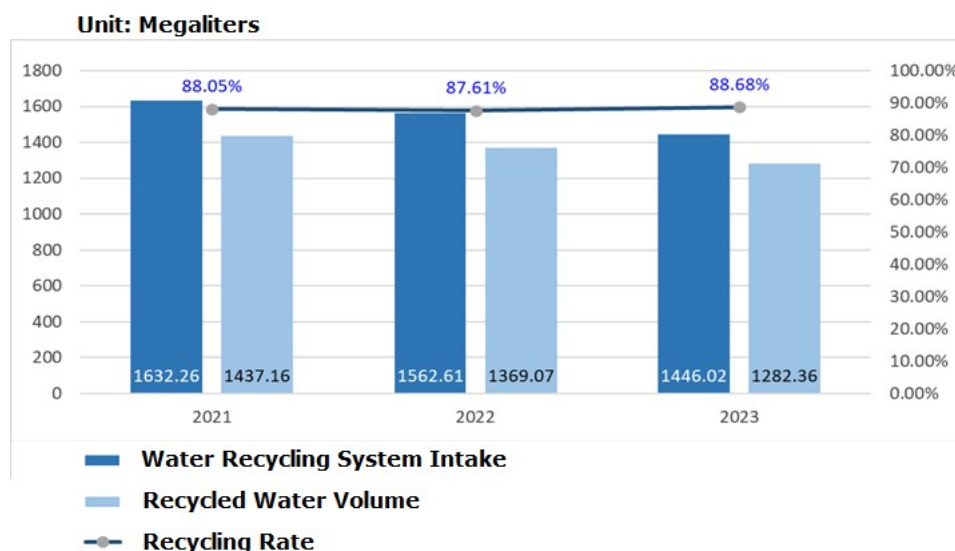
1. 2023 energy concentration status:

Item	2022	2023	YoY
Power Concentration (kWh/NT\$K)	14.47	15.84	Rose 9.47%
Water Concentration (Usage)/Revenue(NT\$M)	56.30	65.77	Rose 16.82%
Waste Concentration (Volume)/Revenue(NT\$M)	0.15	0.15	-

Item	2021	2022	2023
Waste Recycle (Tone)	1,034.64	1,066.00	3,758.59(Note)
Electronic Saving (kWh)	13,036,365	11,435,224	17,240,951
Waste Water Recycle (Tone)	1,437,157	1,369,070	1,282,359

Note: Waste recovery projects have been expanded to include resource recovery, recycling, energy recovery, etc.

2.2023 PTI recycled 88.68% waste water during dicing and grinding process.



Note: 1. Facility process dicing and grinding including: Plant 2A/B, 3A, 3C, and 8.

2.  $\text{Recycle rate \%} = \left\{ \frac{\text{Recycle water volume (m3)}}{\text{Recycle Equipment Water input (m3)}} \right\} \times 100\%$

3. 2022 target water for dicing and grinding recycle rate was 85%.

## 2. Renewable energy consumption targets

Two plans will be progressively rolled out between 2022 and 2023 on renewable energy use. These were:

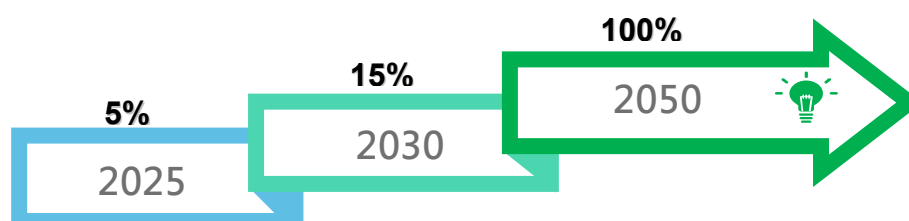
### 1. Implement renewal energy project

- Installation of solar power equipment on the roof of the planet in 2022 with power generation to commence in 2023.
- Purchase of green energy from renewable energy providers and engage in green energy wheeling from 2023 onwards.

The two projects are expected to supply around 7.5 MWh of renewable energy (green energy 1%) each year and reduce carbon emissions from electricity consumption; it will also meet two years early the requirement for major electricity consumers to use renewable energy for 10% of their contract capacity by 2025 set by the government.

### 2. Med-to-Long term target: Net zero schedule in line with international standard.

- Green entry reached 3% by 2025 and 15% by 2030.
- 100% Renewal energy by 2050 in line with RE100 standard.



**Explanation 2:**

PTI is actively responding to the potential business impacts of climate change and is committed to the continued reduction of greenhouse gases, waste, and wastewater discharge. We are actively working on plans and configurations that optimize our energy efficiency, conducting R&D on low-carbon or energy-efficient processes and services, continuing to review our risks and opportunities under the Task Force on Climate related Financial Disclosures, (TCFD) framework every year, and conducting trans-organizational assessments on climate change risks and response measures. The management team takes the findings into account in their business decisions to turn crisis into opportunity. These positive changes are also being pushed out to our suppliers to build a resilient climate change culture so that we can realize our goals and responsibilities on sustainability. The outcomes of PTI's 2023 TCFD assessment were as follow:

1. Risk factors: Increase in demand for use of green electricity, increase in carbon prices (carbon taxes), and increase in demand for alternative low-carbon products and services.
2. Opportunities: Development of low-carbon or energy-efficient products, upgrading of green production, distribution and logistics processes, improvements to energy efficiency.
3. Response: The four core elements of governance, strategy, risk management, and metrics and targets in the TCFD framework were used to identify climate change risks and opportunities. The results were then used to formulate response measures and business continuity plans that help mitigate the impact of climate risks. PTI can then take advantage of climate opportunities to the resilience of our business operations.

**Explanation 3:**

Measures such as energy conservation, carbon reduction, greenhouse gas reduction, reduced water consumption and waste management were promoted by PTI through the internal management system and various pollution control facilities to fulfill our corporate social responsibility. Our goal is to promote sustainable environment. An explanation of the statistics from the past two years is provided below:

1. GHG emissions, water consumption and total amount of waste
  - (1) Greenhouse gas emissions

A voluntary GHG inventory has been conducted by PTI every year since 2007. The inventory outcome serves as the basis for reduction efforts. The 2023 GHG emission statistics for PTI were based on data from actual inventories conducted at each production site that were verified by an independent third-party (BSI). Direct GHG emissions (Scope 1) accounted for 3.13 % of total emissions. The main source of indirect GHG emissions (Scope 2) was electricity consumption and accounted for 96.87% of total emissions. The GHG reduction strategy implemented by PTI focused therefore on electricity management and reduction of electricity use. GHG emissions over the past two years are shown in the table below:

Emissions of greenhouse gases by PTI in the last two years are as follow:

<b>Greenhouse Gas Emission (Unit: ton CO2e/ year)</b>		
<b>Item</b>	<b>2022</b>	<b>2023</b>
Category 1	14,452.87	18,777.99
Category 2	377,208.72	331,455.96
Total Emission	391,661.59	350,233.95

Remark: The GHG data of 2023 is the result of self-inventory, and third-party verification is expected to be completed before the end of July 2024.

(2) Water Usage

Extreme weather caused by climate change significantly impacted the water resources. PTI has been taking proactive actions for usage reduction, recycle and re-use. Table summarized the water usage for 2022 and 2023:

Item	2022	2023	Percentage
Tap Water (Tons)	2,904,510	2,734,971	Decrease 5.8%
Unground Water (Tons)	62,747	45,573	Decrease 27.4%

(3) Waste Material

2023 PTI generated 6,367.41 tons of hazard wasted material during the cleaning wafer process. PTI generated 2,275.92 tons of wasted material from waste water process which were handled by qualified vendors. In 2023, PTI Taiwan recycled total 4,091.49 tons of recyclable waste which was mainly sludge produced during wastewater treatment.

The amount of non-hazardous waste recycled (including energy recovery) totaled 3,743.48 metric tons. Through measures such as recycling and reuse, the 2023 non-hazardous waste recycling rate (including energy recovery) reaches 91.5%. And through the implementation of resource classification and circular economy in the factory, resources are recycled and reused to reduce the impact on the environment.

2. Promote energy saving, greenhouse gas reduction, water usage reduction, waste management and other measures in responds to climate change, PTI has annual goals and manage the results of our environmental protection outcome via data management. This includes:

(1) 2023 Annual Goals

- A. Non-hazardous waste recycling rate (including energy recovery) reaches 91.5%
- B. Efficiency of water reclamation system for cutting, trimming, and polishing processes reached 88.68%.
- C. Realized the target of a 1% saving in electricity consumption. Electricity consumption was reduced by 17,240,951 kWh, equivalent to the reduction of 8,535 tones CO<sub>2</sub>e in carbon emissions.
- D. Realized the target of 1% carbon reduction; Reduce GHG emissions by 15% between 2015 and 2030
- E. A total of 117 energy conservation and carbon reduction measures were proactively executed for factory facilities and production processes.
- F. Climate change performance from the Carbon Disclosure Project (CDP): The 2023 CDP rating of B placed us in the Management grade.
- G. Water Questionnaire (WQ) performance: The B- rating from Water Questionnaire in 2023 placed us in the Management grade.
- H. In response to the impact of climate change on corporate operations and to provide disclosure of concrete climate change information, the Company conducted business inventory and risk identification on climate change in 2023 based on the TCFD management mechanism. The direct or indirect impacts of extreme weather, the effects of transformation from regulatory, technical or market requirements, as well as the risks and opportunities for the Company's business activities from other cultural and social dimensions were analyzed. A TCFD thematic report was then issued and disclosed on the corporate website.

(2) Environmental Management Plan

To fulfill company's corporate social responsibility and through the correct use of pollution monitor system, PTI has a long-term plans and measures for environmental management:

- A. Air Emission: PTI Taiwan installed air pollution prevention equipment especially designed for reducing Volatile Organic Compound (VOCs) emissions. They are tested regularly to comply with the treatment efficiency tests.
- B. Wastewater Recycle: Recycle and reuse the wastewater from the dicing and grinding process in order to reduce the use and protection of water resource.
- C. Waste Removal: PTI complies with the law in regard to the treatment of generated waste. We implement a proper recycling program at the source of the waste to improve the recycling efficiency. By collecting, classifying, reducing, and recycling, our major strategy focuses on "recycling" instead of "dumping." Transforming waste to resources will not only reduce impact on environment, but also increase the value generated by recycling.
- D. Audition and Coaching the Contractor: PTI audit our supplier and outsourcer with environmental pollution risks regularly. We also coach our contractor to carry out environmental protection duties; altogether we fulfill our responsibility of environmental protection as enterprise, and the goal of sustainable supply chain.
- E. Energy Saving and Carbon Reduction: An energy-saving cross-department task force to monitor energy saving project and the reduction of energy and greenhouse gas emission. PTI voluntarily provide carbon emission information in order to correspond with global trend.
- F. Autonomous Environmental Monitoring: Consist of wastewater properties, noise, air quality and waste monitoring in order to control the effective and impact of enterprise activities.
- G. Alternation of Environmental Permit: Update our environment permits to corporate with our enterprise activities and allow our activities and emissions in accordance to the law

### (3) Environmental Protection Department

The company has Occupational Safety and Environmental Protection Section, specific in the management and promotion of occupational Safety and environmental protection, also, supervise pollution prevention facilities are function normally. Furthermore, the occupational safety and environmental protection committee consists of high ranking supervisors and selected departmental representative, which, in charge of drafting, responding to, and executing topics related to sustainable environment.

### (4) Environmental Safety and Health Policy

To implement environmental safety and health protection values into business operations and every employee, the company has established "Environmental, Health and Safety Policy" and put actions on our employees, customers and other interest groups. Detailed illustrations are as follow:

- A. Convey our environmental, health and safety policy to our employee, customers and other interest groups.
- B. Comply with policies which demand for environmental protection, health and safety and the demand of the customers.
- C. Participation of damage, disease and accident prevention and damage control from all employees.
- D. Compliance with international environmental protection tendency, promote energy saving and reduce waste.
- E. Continuously review and improve to improve safety, health, environment and energy management goals and overall performance.
- F. Support the procurement of products and services that impact energy performance

**Explanation 4:**

To accomplish long-term developments of the Company while at the same time maintaining the living standards of our employees, the overall remuneration of PTI employees is based on professional knowledge and skills, work duties, performance, and long-term contributions as well as the Company's business targets to ensure the competitiveness of the Company's overall compensation. Adequate adjustments are made to their salaries on a yearly basis through the salary survey and by taking the market salary standards as well as the overall economic index and commodity price index into consideration. By continuing to optimize the competitiveness of our remuneration, PTI can attract more outstanding talents and attain a win-win outcome. Also, PTI complies with the relevant labor laws and regulations to hire employees at a salary level higher than the local minimum wage, whether in Taiwan or overseas. In addition to the above-mentioned quality compensation system, PTI also offers comprehensive benefits: from work to life, from everyday life to festivals, we offer a comprehensive benefits system that is better than the legal requirement to encourage and inspire every employee. Rewards and benefits of PTI Taiwan are as follows: Benefit subsidies in 2023 totaled NT\$281,974,631. Details in below:

Category	Details
Other Incentives	<ul style="list-style-type: none"> <li>• Annual Incentives : distributed in Jun and Dec</li> <li>• Quarterly Incentives : base on company financial performance target</li> <li>• Compensation/Encouragement Incentives : base on company financial performance target, individual employee job performance and contribution</li> <li>• Pay Raise : annual adjustment</li> </ul>
Fringe Benefits	<ul style="list-style-type: none"> <li>• Special Events (Weeding 、Childbirth 、Hospitalization 、Funeral)</li> <li>• Birthday gifts</li> <li>• New Year Festival 、Dragon Boat Festival 、Mid-Autumn Festival</li> <li>• Movie Tickets</li> <li>• Travel Vouchers</li> <li>• Meals discounts</li> <li>• Free group insurance coverage( Life insurance for spouse &amp; dependent 、accident insurance 、medical insurance 、cancer insurance, etc.)</li> <li>• Free annual physical check-ups</li> <li>• Club Activities</li> <li>• Other Events (Physical or on-line activities depends on plans.)</li> <li>• Discounted Stores (over 700 discounted stores)</li> <li>• Children day care (Contracted with multiples day care facilities to provide various supports).</li> </ul>

**Explanation 5:**

Given the consideration of the working environment and the importance of personal protective equipment, PTI is to provide a safe and healthy working environment. The protection of employee's safety measures is as follow:

**1. Implementation of "Environmental Safety and Health Policy"**

To prevent occupational injuries and accidents and ensure the safety and health of our workplace, we implemented our "Environmental Safety and Health Policy."

**2. Follows the Health and Safety Management System**

Based on ISO 14001 and ISO 45001 systems to manage.

**3. Measurement of Operating Environments**

PTI conducts measurements of operating environments every six month to understand the hazard exposure in workplace environments. If the measurements return abnormal readings, we perform monitoring and improvement on the affected areas.

**4. Personal Protective Equipment**

To ensure the safety and health of employees and minimize exposure to harmful factors, PTI has implemented its personal protective equipment management regulations and required that employees wear appropriate personal protective equipment when handling hazardous operations.

**5. Health Care**

We provide comprehensive employee care and health care system to ensure every employee's mental and physical health. Including comprehensive channels for open communication, psychological counseling system, manage and follow up on health conditions with regular and special health examinations and medical counseling service. We value the health of working mothers and manage the prevention of disease triggered by abnormal workload toward employees, thus, creating an excellent work environment and a healthy corporate culture.

**6. Training & Development**

To raise the awareness of environmental safety and health, beside from training for new employees, PTI organize various training courses annually. Such as, waste management, greenhouse gas inspection, hazardousness identifies, risk and environmental assessment, personal protective equipment management, automatic check, emergency response and health seminars.

**7. Health promotion and management**

A number of health promoting activities were held in 2021, including: Flu vaccination, employee health exam, blood donation and bone density testing. On-site physician services were provided 289 times in 2021.

**8. Occupational Injury Management**

In 2023, there were no cases of occupational disease among PTI employees and 16 cases of injuries. Analysis found that "crushing/clamping injuries" and "other" were the most common with each accounting for 43.75% of all injuries. In addition to maintaining a safe environment and facilities, training for new or re-assigned employees were strengthened with regular awareness education. Departmental safety SOPs and operating environment information were drawn up with input from department supervisors to raise the safety awareness of employees and enforce safety management initiatives.

**9. Industrial safety inspections**

A comprehensive inspection system was established to ensure that health and safety personnel can use the corrective and preventive actions of the management system to identify problems areas and prevent accidents in the factory and its surrounding area. They are also expected to cooperate with the site manager on self-inspections or joint inspections. Identified deficiencies and their correction rate are analyzed by department and type then submitted to the monthly industrial safety meeting and the quarterly meeting of the Occupational Health and Safety Committee for review.

	Responsible Personnel/Content	Frequency
1	Site inspections by industrial safety personnel	No less than once a day
2	Environmental safety inspections by industrial safety personnel	No less than once a week
3	Special environmental inspections by industrial safety personnel	No less than once a month
4	Topical inspections by industrial safety personnel (In response to regulatory changes, incidents, and after internal/external audits)	Random
5	Cross-audit of industrial safety performance management	Once a quarter
6	Industrial safety inspection of production sites	No less than once a week
7	Walk-about management by site management	Random
8	Internal joint inspections by factory director/department heads	Once a month

10. There is no fire incidents in the Company in 2023.

#### **Explanation 6:**

The Intellectual Property Management Department is the designated company unit for intellectual property (IP) management. The relevant plans and management activities are as shown below. The status of planning and execution was reported during the 14th meeting of the 9th Board of Directors on November 4, 2022. The details were as follow:

##### **1. Intellectual property strategy**

PTI initially focused on boosting our “patent count” to protect our business freedom and strengthen our competitive advantage. Our patent strategy began shifting towards “patent quality” in 2012. We have been integrating our patents with products and technologies over the past years to create value and revenue. We also developed an IP management plan based on the patent strategy of our R&D department, continued to make improvements of the IP management system, and engaged in the production, management and application of IP to maintain our technical leadership.

##### **2. Intellectual property management system**

Regulates the acquisition, protection, evaluation, maintenance and use of intellectual property and other related matters, with the Intellectual Property Department being responsible for managing patents and trademarks. The “Guidelines for Patent/Trademark Application and Management” and “Patent Proposal/Application Management System” were formulated and introduced by PTI to encourage the conversion of R&D outcomes into patent proposals by research personnel. These streamlined the process for researchers to submit proposals and allow members of the review committee to determine the value of proposals from all aspects. Patent engineers can also track the progress of patent applications and ensure the quality of execution. For patent rights and trademark rights owned by the Company, establish a management registry that is regularly inventoried and updated.

PTI also formally applied for Taiwan Intellectual Property Management System (TIPS) certification in 2020 and certified in Dec 2020. Certificate was renewal and good through 2023. Random audit will be performed by TIPS to ensure the quality of execution. The certificate is valid until December 31, 2025

##### **3. Potential IP risks and responses**

(1) Implementation of regulatory compliance: In the future, business strategy must be connected to IP management and meet the requirements set by IP indicators newly added to the “Corporate Governance Evaluation “in order to achieve regulatory compliance. IP management must therefore be linked to our business strategy to maximize the returns from IP created by PTI and continue improving our ranking in the Corporate Governance Evaluation. The IP management system will be expanded to all local and overseas subsidiaries of PTI Group as well to secure customer recognition of our IP management capability.

- (2) Implementation of IP management: PTI is required by customers to engage in data loss prevention. We have strengthened our management of information security and trade secrets but more work needs to be done to prevent risks from inadequate control of intellectual property rights as a whole. IP audits, IP management documentation and standardized management must be implemented to ensure that PTI and customers' interests are not harmed.
- (3) Protection and application of R&D accomplishments: It is essential for PTI to establish a long-term technological advantage due to the trend towards diversification and high-technology in the packaging & testing industry. We our own in-house R&D capability and the ability to cultivate customers that provide a stable source of orders but there is a risk that competitors may develop similar products. A sound IP management system must be established for preemptive protection and application R&D outcomes to prevent the development of similar products by competitors that impact on our competitiveness in the industry.

#### 4. Future planning

Continue to strengthen the intellectual property management regime and system, and to continue making improvements to IP management to ensure that R&D results are converted into IP and given effective protection; we will continue to implement measures such as R&D management, personnel management, and confidential information management to ensure alignment with industry trends and the Company's operational goals. Intellectual property rights such as patents, trademarks, and trade secrets will continue to be accumulated as well to enhance the company's competitive advantages as well as strengthen our defensive and response capabilities.

#### 5. PTI IP awarded as of end of Dec 2023:

IP Case Number	■ Innovation Patten	Domestic	<b>24 cases</b>	Approved : <b>268 cases</b>	International	Applied : <b>54 cases</b>	Approved : <b>186 cases</b>
	■ New Patten	Domestic	Applied : 0 cases	Approved : <b>5 cases</b>	International	Applied : 0 cases	Approved : <b>3 cases</b>
	■ Logo	Domestic	Applied : 0 cases	Approved : <b>18 cases</b>	International	Applied : 0 cases	Approved : <b>23 cases</b>
IP Category	Copyrights	International : <b>2</b>		Trade Secrets	Listed in index		

#### Explanation 7: Supplier Management Guidance:

PTI has established effective and comprehensive supplier management guidance to secure suppliers and company sustainability.

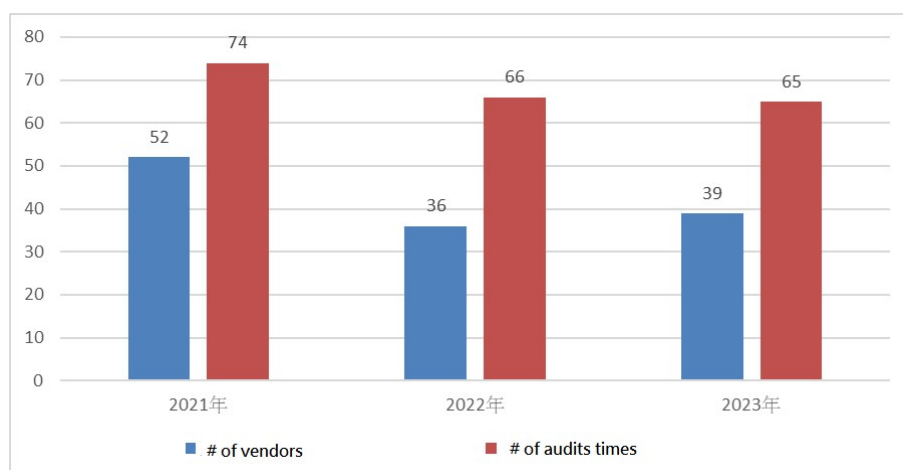
<b>New Supplier Evaluation</b>	<ul style="list-style-type: none"> <li>Assess new suppliers, including paper, plant and sample evaluations.</li> <li>Supplier candidates must sign the "Business Integrity Commitment" and abide by the RBA Code of Conduct.</li> <li>Complete the supplier bribery risk and due diligence procedures to implement anti-bribery and anti-corruption.</li> <li>Those who meet PTI's requirements are eligible suppliers.</li> </ul>
<b>Supplier Assessment</b>	<ul style="list-style-type: none"> <li>Assess supplier of raw materials every season / 6 months.</li> <li>Assessment criteria include quality, delivery date, cost, and technology.</li> <li>Suppliers that fail the assessment are required to improve within a time limit and provide evidence of improvement or arrange for an on-site inspection.</li> </ul>
<b>Supplier Audit</b>	<ul style="list-style-type: none"> <li>Major raw material suppliers are audited annually.</li> <li>Auditing categories include quality management system, green product system, environment, safety, health system and RBA system (Labor Rights).</li> <li>When shortcomings are identified, suppliers are required to submit appropriate improvement plans with specific goals and time limits. Those who fail to achieve the goals within the time limit are disqualified as suppliers.</li> </ul>
<b>Supplier Consultation and Training</b>	<ul style="list-style-type: none"> <li>Conduct regular on-site consultation and training including RBA Code of Conduct, human rights issues, etc. to suppliers.</li> <li>"Supplier Social Responsibility Forum" is held annually to promote the green policy, quality policies, business integrity and ethics, CSR, etc.</li> <li>Direct materials suppliers must have international certifications such as the ISO 9001 Quality Management System. Those without certification must provide plans to obtain such international certification.</li> <li>Encourage suppliers to use electronic receipts to reduce the consumption of natural resources.</li> </ul>

## 1. Supplier evaluation

Key raw material suppliers must pass supplier evaluation and undergo regular audits to ensure that they comply with PTI requirements on sustainability management and partner quality. All of PTI's raw material suppliers are evaluated quarterly against quality, delivery, cost, and technology targets. If any quality or delivery issues are identified during the evaluation, the supplier will be required to carry out immediate corrective action. They must then also provide supporting documentation on their corrective actions or undergo an on-site audit. All raw material suppliers evaluated in 2023 reached the standard for supplier eligibility.

## 2. Supplier audits

Key raw material suppliers are screened by PTI and evaluated on the basis of quality of process requirements. The evaluation outcome is then used to organize the audit plan. A total of 39 domestic suppliers were audited in 2023. These included key suppliers of raw materials and labor services. In 2023, audits were conducted at 41 suppliers including major raw material suppliers and labor suppliers. We audited the Responsible Business Alliance Code of Conduct systems and business continuity management systems of suppliers scheduled for annual audits or classified as high-risk. The audit controls served to prevent or reduce negative impacts on society. A total of 65 audits were conducted. The majority of non-conformities identified during on-site supplier audits in 2023 related to process control, occupational health and safety management, fire safety, SOP implementation and 6S management on the production line. Suppliers were asked to implement corrective action by the given deadline. Follow-up inspections found that corrective action was carried out for all non-conformities and no supplier were disqualified as a result of audits.



## 3. Hosting of “Supplier Social Responsibility Conference”

A supplier conference is held by PTI every year to establish a sustainable supply chain and effectively convey the concepts of corporate social responsibility. In addition to promoting joint growth and positive relations with suppliers, the conference is also used to share trends in sustainable development and the social responsibility activities on each side. By working together to promote the ideals of social responsibility, PTI and its suppliers can have realized the shared values of sustainable development and mutual success.

A total of 149 vendors and more than 177 representatives of chemical, material and human resources companies took part in the 2022 “Supplier Social Responsibility Conference.” The conference agenda encompassed developments and requirements of international GP regulations, information security awareness, environmental health and safety reviews, and creating sustainable new value together through CSR. These topics helped suppliers understand the direction that PTI is taking on sustainability so that everyone can work together towards the common goal of a sustainable future.

## **Explanation 8: Status and Results of the Practice of Sustainability:**

### **《Social Aspects》**

#### **1. Talent Recruitment**

PTI continues to provide job opportunities by employing over 730 employees in 2023. At the same time, we hire from the minority groups which helps resolve their economic pressure. In 2023, we have 39 employees from minority group.

#### **2. Employment for Disabled People**

To attend the needs of disable people and improve our work environment, we welcome physically or mentally disadvantaged persons to work at PTI. PTI continues to hire disabled people in accordance to the law, as of Dec. 2023, PTI have 111 employees from disadvantaged group and we have hired 25 persons in 2023.

Year	2019	2020	2021	2022	2023
Number of Employee with Disability	112	116	116	123	111

#### **3. Establishment of “PTI Education Foundation”**

PTI has established the "PTI Educational Foundation" (the Foundation) in 2017, to promote technology education, culture education, and talent development, as well as to be responsible corporate citizens. The foundation has been actively involved in community services to make the world a better place to live in.

2023 community give back NT\$3,380,647 activities included:

##### **✧ Bridging the education gap to create endless possibilities for children:**

The PTI Education Foundation sponsors the club activities held every Wednesday afternoon at Danan Elementary School in Miaoli County and the local Ching Shuei Elementary School, a rural school. In 2022 we began sponsoring the Little League baseball team at Taoyuan Elementary School to help the children realize their baseball dream. We have invested educational resources in multiple areas in the hopes of improving the quality of education and reducing the resource gap for children. We aim to give every child an equal opportunity for high-quality education and self-development.

##### **✧ Technology and cultural education activities:**

No matter how bad the pandemic became, talent development continued without pause. The 2023 PTI Future Star Summer Internship Program was launched on schedule and a variety of highly focused, content-rich online courses were also designed. We provided a comprehensive training mechanism led students on an exploration of the semiconductor packaging and testing industry that inspire their creative thinking skills and encouraged them to put what they learned to good use.

##### **✧ Taking over the future:**

PTI's support for the baseball and softball teams of Wufeng Elementary School and Shangguan Elementary School benefited about 50 students of remote rural schools. Providing a better environment for young players will help them focus on growing through baseballs so they can pursue their dreams and shine in the future.

##### **✧ PTI XMAS Camp Day:**

“PTI XMAS Camp Day” invited Green Light children and their families to family day activities in the serene surroundings of Shuizen Forest Park. Meticulous planning by the Employee Welfare Committee left the children with many fun memories.

✧ Technology education promotion:

In 2023, PTI was invited by the GOLF alliance to serve as the keynote enterprise speaker at the National Taipei University of Technology to introduce students on campus to the world of semiconductor packaging and testing. Industry, company, in-service and internship training programs were used to invite the next generation of talent to join PTI. Over the last few years, PTI has actively invested in youth empowerment building links between businesses and campuses. We also practiced CSR and boosted exposure for PTI in order to satisfy our internal demand for talent and build on the value of talent cultivation.

✧ Migrant workers' language education:

Migrant workers who come to work in Taiwan often face difficulties in everyday life and at work due to poor language skills and cultural differences. To improve the language skills of migrant workers, PTI partnered with "Chinese Language Teaching Center of Minhsin University of Science and Technology" to help migrant workers improve their Chinese proficiency so they can better adapt to living and working in Taiwan.

4. Volunteers Activity

PTI founded the volunteering club and with the resource from PTI Education Foundation. We were able to actively promote community service and care, also, be responsible corporate citizens. The company events invite charity groups to setup stalls to increase fundraising for the minority children, elderly living alone, and charity groups.

5. Industrial-Academy Collaboration

PTI has dedicated to the cultivation of students, enthusiastically working with nearby schools to create more job opportunities. PTI promotes industry-academy collaboration to ensure talents are properly developed and willing to stay with the company, thereby creating a win-win collaboration between corporate and sociality.

## 《Employee Aspects》

1. Policy for Positions Retained without Pay

Following government regulations, PTI (Taiwan) allows applications for positions retained without pay from any gender to encourage childbirth. As for 2023, there are a total of 331 childbirths under this policy. Number of childbirths in the past three years is 1,026.

2. Positions Retained without Pay:

✧ In 2023, 192 employees applied for maternity/ paternity leave without pay, and 37 male employees which accounts 18.75%. Among those who applied for position retained without pay for maternity or paternity, 79% of employee returned to their positions. After returning to their positions for one year, retention rates were 84%.

✧ Breastfeeding Room: We encourage postnatal employees to feed and collect breast milk. All plants are equipped with breastfeeding rooms with refrigerators installed for breastfeeding mothers to use.

✧ Reserved Parking Spots for Pregnant Women: To allow pregnant women and postnatal mothers to have more convenient workplace, we have reserved parking spots for pregnant women for their priority parking.

✧ Partner maternal and child institutions: The Company has contracted with 15 institutions in employee neighborhoods such as hospitals, clinics, post-natal care centers, quality kindergartens and childcare centers to provide employees with high-quality services from pregnancy, post-natal care to childcare and child development.

## Implementation of Climate-Related Information

Item	Implementation status														
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p><b>Board of Directors</b></p> <p>PTI attaches great importance to shareholders' rights and interests, and the Board of Directors form the core of our business operations. The Board of Directors plays a supervisory and commanding role in the promotion of climate change and sustainability management strategies as well. Its subordinate Risk Management Committee, Remuneration Committee and Audit Committee assist the Board with oversight of corporate sustainability and climate change-related management actions. Each committee also briefs the Board of Directors on a regular basis.</p> <table border="1"> <thead> <tr> <th>Organization</th><th>Job</th></tr> </thead> <tbody> <tr> <td>Risk Management Committee</td><td>Assist in reviewing risk management policies, identifying and adapting to climate change risks, risk tolerance, and supervising the implementation of various risk management systems.</td></tr> <tr> <td>Remuneration Committee</td><td>Evaluate and ensure that individual compensation is linked to the Company's operating and ESG performance.</td></tr> <tr> <td>Audit Committee</td><td>Supervise the company's overall business risks.</td></tr> </tbody> </table> <p><b>Management</b></p> <p>- In addition to the support of senior managers, the promotion of carbon reduction, environmental sustainability, and other issues also requires the participation and cooperation of all units. PTI uses sustainability goals as the vertical axis and cross-functional organizations as the horizontal axis to outline all the areas of interest in each dimension of environmental sustainability. Providing senior executives and management with the big picture facilitates effective support and assistance.</p> <p>- We have established climate risk identification and response procedures for "top-down command and supervision, bottom-up response and feedback" that are implemented by TCFD Promotion Team and Energy Conservation Team. The outcomes are reported to the Industrial Safety and Environmental Protection Committee, ESG Committee and Risk Management Promotion Team. Impact analysis and risk identification for climate change are conducted and the results compiled by the Risk Management Committee.</p> <table border="1"> <thead> <tr> <th>Organization</th><th>Job</th></tr> </thead> <tbody> <tr> <td>Risk Management Promotion Team</td><td>The "Risk Management Promotion Team" was also set up under the Risk Management Committee to support the practice of climate governance. The team is organized as a task force headed by the President who also appoints a deputy team leader while the Chief Governance Officer serves as the executive secretary. The task force meets periodically to discuss risk topics including the effect and threat of extreme weather to company operations. An annual report is also made to the Risk Management Committee for discussion to ensure effective risk management.</td></tr> <tr> <td>ESG Committee</td><td>When matters relating to corporate sustainability management are discussed, the President serves as the convener while the Sustainable Development Management Office serves as the executive secretary to assist with the implementation of activities relating to sustainable development policy goals. Issues of</td></tr> </tbody> </table>	Organization	Job	Risk Management Committee	Assist in reviewing risk management policies, identifying and adapting to climate change risks, risk tolerance, and supervising the implementation of various risk management systems.	Remuneration Committee	Evaluate and ensure that individual compensation is linked to the Company's operating and ESG performance.	Audit Committee	Supervise the company's overall business risks.	Organization	Job	Risk Management Promotion Team	The "Risk Management Promotion Team" was also set up under the Risk Management Committee to support the practice of climate governance. The team is organized as a task force headed by the President who also appoints a deputy team leader while the Chief Governance Officer serves as the executive secretary. The task force meets periodically to discuss risk topics including the effect and threat of extreme weather to company operations. An annual report is also made to the Risk Management Committee for discussion to ensure effective risk management.	ESG Committee	When matters relating to corporate sustainability management are discussed, the President serves as the convener while the Sustainable Development Management Office serves as the executive secretary to assist with the implementation of activities relating to sustainable development policy goals. Issues of
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Item	Implementation status	
		<p>stakeholder concern are also discussed.</p> <ul style="list-style-type: none"> <li>• TCFD Promotion Team: The Sustainable Development Management Office serves as the convener and carries out the identification of TCFD climate-related risks and opportunities every year. The TCFD climate-related risks and opportunities identified each year are reported to and discussed by the ESG Committee” to provide the management team with a reference for its decision-making.</li> </ul>
	Industrial Safety and Environmental Protection Committee	<p>The President serves as the convener and is responsible for the study and discussion of matters relating to industrial safety and environmental protection. The goals are prevention of occupational injuries and pollution, improvement of environment, safety, and health (ESH) in the workplace, and enhancing ESH management. Quarterly meetings are convened to discuss issues such as climate change and environmental protection. For example: Development of environmental and energy-saving performance indicators, as well as the tracking and improvement greenhouse gas inventory results.</p> <ul style="list-style-type: none"> <li>• Energy Conservation Team: The Factory Affairs Department serves as the convener for annual forums on energy conservation issues and energy management at each factory. Annual energy conservation statistics are also compiled and reported to the Industrial Safety and Environmental Protection Committee.</li> </ul>
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The analysis of climate risks and opportunities please refer to 2023 ESG Report “7.1 Climate Change and Energy Management.”	
3. Describe the financial impact of extreme weather events and transformative actions.	The analysis of financial impact to climate changes please refer to 2023 ESG Report “7.1 Climate Change and Energy Management.”	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Identification and monitoring of risks please refer to 2023 ESG Report “2.3 Risk Management” and “7.1 Climate Change and Energy Management.”	
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Climate-related risks and opportunities impact on PTI's strategy and financial planning. We use quantitative and qualitative analysis of climate-related scenarios so that appropriate response strategies can be adopted. Discussions are held by PTI on the Concentration Pathway Scenario (RCP) 2°C Scenario (2DS), and 1.5°C Scenario during the project meetings. Issues such as climate change risks and opportunities are assessed on the physical risks, transition risks, opportunity sources and so on in these scenarios.	
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	PTI Formulate related management indicators in response to the impact of climate change, including improving energy-saving efficiency, saving 1% electricity consumption, setting up a project for renewable energy vouchers in the roof frame of the plant, renewable energy use of 3%, execution of ISO 14064 greenhouse gas inventory, ISO 14067 product carbon footprint, etc. And understand carbon exhaust hot spots and implement reducing carbon emissions by 3%, actively practice carbon reduction paths, and move towards 2050 net zero targets.	

Item	Implementation status
	PTI develop carbon reduction measures based on customer, product characteristics, and comprehensive implementation of environmental management plans, including planning to obtain the “Cleaner Production Assessment System” certificate, improving resource use efficiency and goals, and expanding water resource and waste recycling, as well as investing in the development of low-carbon and environmentally friendly products or processes, working together with the supply chain on low-carbon transformation projects, etc., to practice responsible production and concrete actions, and strive for a better society and environmental sustainability.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Assessing factors such as international trends and regulatory requirements, PTI is still studying internal carbon pricing management measures, which are expected to be implemented in 2026.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	For the various goals and implementation progress, please refer to 2023 ESG Report “1.6 2023 Performance Summary and 2024 Goal Setting” and “Chapter 7 Implementing Green Sustainability.”
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	Greenhouse gas inventory data please refer to 2023 ESG Report “7.1 Climate Change and Energy Management.”

**(VI) Ethical Corporate Management – Implementation Status and Deviations  
from the Ethical Corporate Management Best Practice Principles for  
TWSE/TPEX Listed Companies and the Reasons**

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Establishment of ethical corporate management policies and programs				Comply with regulations.
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	√		The Company's Board of Director has approved "Corporate Conduct and Ethics Policy" base on the guidance of "Public Company Conduct and Ethics Practice Principles" on April 30 2013, and approved the 1st amendment on Feb 9 2015. 2nd amendment approved on Nov 2 2018. 3rd amendment approved on Mar 10 2020. 4th amendment approved on Mar 10 2022.	
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	√		The Company has established the following guidance: 1. Prohibition against Providing or Accepting Improper Benefits 2. Prohibition against and Handling Procedure for Facilitating Payments 3. Avoidance of Conflict of Interest 4. Procedures for Making Political Contributions, Charitable Donations or Sponsorships 5. Procedures for Developing & Establishing Business Relationship 6. Disclosure of Ethical Management Policy to the Public 7. Prohibition against Insider Trading 8. Prohibition against Disclosure of Confidential Information 9. Prohibition against Infringement of Intellectual Property Rights 10. Prohibition against Acts of Unfair Competition 11. Preventing Products or Services from Damaging the Stakeholders 12. Report system, dishonesty behavior disposal, reward and punishment and appeal system	
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	√		Please refer to Explanation 1.	
2. Ethic Management Practice				Comply with regulations.
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	√		Please refer to Explanation 2.	
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors,	√		The Company has set up a CSR Office on Aug 1, 2014 and renamed as Corporate Sustainability Development Office and approved on Mar 10 2022 board meeting. The office is dedicated to promote and enforce ethical	Comply with regulations.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?			practices and reported directly to the Board of Directors. No less than once per year report to board. (Oct 31 2023 10th term 4th board meeting reported Status of practice of business conduct and ethics.)	
(3)(Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	√		Employment contract stated all employees should avoid conflict of interests. Every employee every year signs "Agreement of Avoidance of Conflicts of Interest." starting from 2015. 2016 implement online training course for Code of Ethic and weighted in training scores with annual evaluation.	
(4)Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	√		The Company has established comprehensive accounting and internal control procedures and reporting system.	
(5)Does the company provide internal and external ethical corporate management training programs on a regular basis?	√		Please refer to Explanation 3.	
3.Implementation of Complaint Procedures				Comply with regulations.
(1)Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle blowers?	√		The Company has established communication channels and complaint reporting system. Dedicated personnel handle complaints and make sure whistleblower identity will remain anonymous.	
(2)Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	√		Please refer to Explanation 4.	
(3)Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	√		The Company has established proper procedure to keep whistle-blower identity anonymous and away from wrongful conducts.	
4.Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website	√		The information and results of Code of Business Conducts and Ethics were available on MOPS and company website. <a href="https://www.pti.com.tw/zh/ir/corporate/majorinternalpolicies">https://www.pti.com.tw/zh/ir/corporate/majorinternalpolicies</a>	Comply with regulations.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
and the Market Observation Post System (MOPS)?				
5.If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: Compliant with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.				
6.Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): PTI has been regularly reviewed the conduct and ethics compliance practices. 4th amendment was approved by Board on Mar 10 2022. Amendment was intended to improve the performance of the practice. Corporate Sustainability Development office was in charge of the implementation and directly report to the Board.				

### Explanation 1:

The Company has placed the flowing procedures in place for business activities with higher risk of ethical conducts defined by Article 7 Item 2 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies:

- 1.Assist to incorporate the business integrity and ethics into the business strategy of the Company, and to establish the preventive measures in accordance with the laws and regulations to ensure the business integrity.
- 2.Regularly analyze and evaluate the risk of dishonesty in the business scope, and according the plans to prevent unethical business conduct, and to set forth the related work scope, standard procedures and guidelines for each plan.
- 3.Propose internal organizations and job functions, and cross-checking monitoring systems for those business activities within operation scope that may involve high unethical business conduct.
- 4.Hold the business ethics education training courses to let the employees understand the determination, policy and preventive action of the business ethics and the consequences of involving unethical conduct.
- 5.Set up the channels to report unethical conducts, and the categories and investigation procedures for each type of unethical conducts, and ensure the effective implementation.
- 6.Assist the Board of Directors and the managerial personnel to examine and evaluate the effectiveness of the preventive action for unethical conducts, and evaluate and report the relevant compliance procedures on a regular basis.
- 7.Establish the data related to the implementation of business integrity, and analyze and evaluate the effectiveness of such ethics implementation, and disclose such ethics policy, implementation status and evaluation result in the website and annual report of the Company, and disclose the Guidelines in the Market Observation Post System
- 8.Certified for ISO 37001 Anti-Bribery Management System as a guide for corporate governance enhancement

### Explanation 2:

Evaluation for risk of ethic conducts before engaged with suppliers. Evaluation items included:

- 1.Operation locations, organization structure, operation policy, and payment location.
- 2.Ethical conduct status and practice.
- 3.Located in high risk of countries.
- 4.Industry belongs to high risk category.
- 5.Long term profitability and reputation.
- 6.Consult other vendors.
- 7.History of bribery or misconduct.

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and may make the observance of ethical management as a part of the terms and conditions of the contract, stipulating at the least the following matters:

- (1) When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of commissions, rebates, or other benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim damage from the breaching party.
- (2) Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- (3) Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

### Explanation 3:

#### (1) 2023 Internal Training Details:

No.	Course	Hours per person	Number of Employees	Total hours
1	TIPS IP Management	1.00	3,906	3,906.0
2	Individual Identity Security.	1.00	10,667	10,667.0
3	Aware of Energy Management and Saving	1.00	10,667	10,667.0
4	Training for new hire employees.(Including data security, and code of ethics)	0.45	416	187.2
5	Corporate Ethics Conduct.	1.00	10,667	10,667.0
6	Cyber Security focus on Fishing email	1.00	76	76.0
7	Cyber Security	1.00	20,787	20,787.0
8	Law of Trade Secret	1.00	10,667	10,667.0
9	Work Place Sexual Harassment Prevention	1.00	10,667	10,667.0
10	General safety and health training	1.00	10,067	10,067.0
11	Hazardous chemical generals training	1.00	10,667	10,667.0
Total		-	99,254	99,025.2

#### (2) Supplier and contractor training:

1. Perform 2023 "Supplier's Social Responsibility Propaganda", with a total of 156 manufacturers and 184 participants; the agenda content covers integrity operations and anti-bribery.
2. All contractors and factory manufacturers will complete the relevant training of the factory before entering the factory, including integrity operations and anti-bribery.

#### (3) Standard flow of investigation and procedure:



(VII) Posting of Code of Business Conduct and Ethics:

Information for Code of Business Conduct and Ethics can be found on:

MOPS website: <http://mops.twse.com.tw>

Company website: <http://www.pti.com.tw>

(VIII) Other Significant Information Regarding Code of Business Conduct and Ethics:

None.

#### (IV) Internal Control System Execution Status

##### 1. Statement of Internal Control System

Powertech Technology Inc.

Statement of Internal Control System

Mar 8, 2024

Based on the findings of a self-assessment, Powertech Technology Inc. (PTI) states the following with regard to its internal control system during the year 2023:

1. PTI's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability of our financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and PTI takes immediate remedial actions in response to any identified deficiencies.
3. PTI evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.
4. PTI has evaluated the design and operating effectiveness of its internal control system according to the aforesaid regulations.
5. Based on the findings of such evaluation, PTI believes that, on December 31, 2022, we have maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations.
6. This Statement will be an integral part of PTI's Annual Report for the year 2023 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on Mar 8, 2024, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Powertech Technology Inc.

Chairman: D.K. Tsai

CEO: Boris Hsieh

President: J.S. Leu

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

- (X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement.: None.
- (XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Shareholder Meeting Major Conclusion and Execution

Date	Type of Meeting	Major Conclusion
May 31, 2023	Annual General Shareholders Meeting	<p>1. Approved 2022 Business Report and Financial Reports.</p> <p>2. Approved and distributed 2022 profit sharing distribution. Implementation status: NT\$7.00 cash distribution on Sep 5, 2023 for shareholders holding position on Aug 7, 2023.</p> <p>3. Approved the issuance of new common shares for cash to sponsor the issuance of the overseas depositary shares (“DR Offering”) and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement (“Private Placement Shares”) and/or issuance of overseas or domestic convertible bonds in private placement (“Private Placement CB”) and/or issuance of overseas or domestic convertible bonds (“CB”).</p> <p>4. Approved the Reelection of Directors of the Board. Elected Director lists: D.K. Tsai, J.S. Leu, Kingston Corp. (Rep: Shigeo Koguchi, Daphne Wu) GREATEK ELECTRONICS INC. (Rep : Boris Hsieh) Kioxia Semiconductor Taiwan Corporation (Rep: Kenjiro Hara) Elected Independent Director lists: Morgan Chang, Pei-Ing Lee, Jui-Tsung Chen, Chao-Chin Tung Implementation status: Information posted on MOPS on the same day of AGM. Approved by the Ministry of Economic Affairs to change registration on June 16, 2023 and posted on MOPS on the same day.</p> <p>5. Approved waiver of the Non-Competition Clause for director. Implementation status: Information posted on MOPS on the same day of AGM.</p>

2. Board Meeting Major Conclusion and Execution

Date	Type of Meeting	Major Conclusion
Mar 10, 2023	Board Meeting (9th term 15th meeting)	<p>1. Approved the business plan of year 2023.</p> <p>2. Approved the Report of Business and the Financial Reports of year 2022.</p> <p>3. Approved the Earnings Distribution Plan for year 2022.</p> <p>4. Approved the compensation distribution plan for directors of the Board and employees for year 2022.</p> <p>5. Approved the proposed salary adjustment plan for managerial personnel.</p> <p>6. Approved the promotion of managerial personnel.</p> <p>7. Approved 2022 Internal Control Declaration and reviewed the results of 2022 Internal Control execution.</p> <p>8. Approved the proposed amendments to the Internal Control System.</p> <p>9. Approved the proposed amendments to the “Corporate Governance Best Practice Principles.”</p>

Date	Type of Meeting	Major Conclusion
		10. Approved the evaluation of the independence and suitability of the CPAs and audit fee. 11. Approved the proposal to request credit-lines increase from the bank institutions. 12. Approved the proposed credit-lines for trading of forward foreign exchange. 13. Approved the issuance of new common shares for cash to sponsor the issuance of the overseas depositary shares (“DR Offering”) and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement (“Private Placement Shares”) and/or issuance of overseas or domestic corporate bonds (straight corporate bonds, convertible corporate bonds) in private placement and/or issuance of overseas or domestic corporate bonds (straight corporate bonds, convertible corporate bonds). 14. Approved the Reelection of Board of Directors. 15. Approved the Waiver of the Non-competition Clause imposed on new Directors. 16. Approved the Convening of Annual General Shareholders’ Meeting for the year of 2023.
Apr 14, 2023	Board Meeting (9th term 16th meeting)	1. Reviewed the qualification of candidates for directors of the Board nominated by PTT's shareholder (including independent directors.).
May 5, 2023	Board Meeting (9th term 17th meeting)	1. Approved the Consolidated Financial Report of Q1/2023.
Jun 8, 2023	Board Meeting (10th term 1st meeting)	1. Elected the Chairman. 2. Approved the appointment of members of the fourth term for the Audit Committee. 3. Approved the appointment of members of the fifth term for the Remuneration Committee. 4. Approved the appointment of members of the second term for the Risk Management Committee. 5. Approved the ex-dividend date for distribution of cash dividend for the year of 2022.
Jun 27, 2023	Board Meeting (10th term 2nd meeting)	1. Approved the proposed disposal the assets of overseas subsidiary. 2. Approved the proposed disposal the equity of overseas subsidiary.
Aug 4, 2023	Board Meeting (10th term 3rd meeting)	1. Approved the Consolidated Financial Report of Q2/2023. 2. Approved the retirement of the managerial personnel. 3. Approved the proposal to request credit-lines increase from bank institutions. 4. Approved the proposed credit-lines for trading of forward foreign exchange.
Oct 31, 2023	Board Meeting (10th term 4th meeting)	1. Approved the Consolidated Financial Report of Q3/2023. 2. Approved the internal audit plan for the year of 2024. 3. Approved the proposed plans to evaluate investment in Southeast Asia. 4. Approved the proposal to request credit-lines increase from bank institutions. 5. Approved the proposed credit-lines for trading of forward foreign exchange.

(XII) Different opinions from board or supervisor regarding major decision of board: None.

(XIII) Termination of chairman, president, head of accounting, head of finance, head of internal control, or head of R&D as the date of report printing: None.

## 5. Information on the professional fees of the attesting CPAs

- (1) The company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services

Unit: NT\$ K

Name of accounting firm	Name of CPAs	Period covered by the CPA audit	Audit Fees	Non-Audit Fees	Total Fees	Remarks
Deloitte & Touche LLP	Cheng-Chih Lin, Su-Li Fang	Jan 1 ~ Dec 31, 2023	9,790	1,341	11,131	Details of non-audit fees 1.Design of control system \$280 2.Transfer Pricing report \$350 3.Audit and compensable fees \$115 4.Sales tax filing \$160 5.Audit on Investment tax credit for Undistribution tax \$200 6.XBRL \$217 7.Audit for Payroll disclosure on MOPS \$20

- (2) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
- (3) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed:

Audit fee was reduced by NT\$1.43 million after negotiating with the accounting firm in accordance with the prescribed procedures.

## 6. Information on Replacement of CPAs

- (1) Former CPAs

Date of replacement	Mar 10 2022		
Reason for replacement and explanation	In compliance with regulatory requirements on rotation.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Status/Client	CPA	Consignor
	Terminated the engagement	Not Applicable	Not Applicable
	No longer accepted (discontinued) the engagement	Not Applicable	Not Applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes	-	Accounting principle or practice
		-	Disclosure of financial statements
		-	Auditing scope or steps
		-	Other
	No	√	
Note	-		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

(2) Successor CPAs

Name of accounting firm	Deloitte & Touche
Names of CPAs	Cheng-Chih Lin, Su-Li Fang (note)
Date of engagement	Mar 10, 2022
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

NOTE: In compliance with CPA firm regulatory rotation requirements, Cheng-Chih Lin and Su-Li Fang appointed as CAPs to replace Yu-Feng Huang and Cheng-Chih Lin.

- (3) The company shall mail to the former certified public accountant a copy of the disclosures it is making pursuant to item A and to (c) of the here preceding item, and advise the accountant of the need to respond by mail within 10 days should the accountant disagree. The company shall disclose the content of the reply letter from the former certified public accountant: None.

**7. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant: None.**

**8. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged:**

(1) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: Shares

Title	Name	2023		As of Mar 31, 2024	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	D.K. Tsai	(400,000)	—	(290,000)	—
Director	JY Hung (Note 1)	0	—	0	—
Director	Kingston Technology Corp. Investment Account Rep: Shigeo Koguchim, Daphne Wu	0	—	0	—
Director	Greatek Electronic Inc. Rep: Boris Hsieh	0	—	0	—
Director	Kioxia Semiconductors Taiwan Corp. Rep: Kenjiro Kara	0	—	0	—
Independent Director	Jim W.L. Cheng (Note 1)	0	—	0	—
Independent Director	Pei-Ing Lee	0	—	0	—
Independent Director	Morgan Chang	0	—	0	—
Independent Director	Jui-Tsung Chen	0	—	0	—
Independent Director	Chao-Chin Tung (Note 2)	0	—	0	—
CEO	Boris Hsieh	0	—	(130,000)	—
Director & President	J.S. Leu	0	—	0	—
Manager	John Wang (Note 3)	(18,000)	—	(53,000)	—
Manager	Y.C. Chen	0	—	0	—
Manager	Paul Wu	0	—	0	—
Manager	Wilber Wu	0	—	0	—
Manager	Y.C. Chi (Note 4)	0	—	0	—
Manager	Kevin Chiao	0	—	0	—
Manager	Perry Lin	0	—	0	—
Manager	Yohan Lin	0	—	0	—
Manager	Vic Chen	0	—	(87,000)	—
Manager	Victor Tung	0	—	0	—
Manager	Jonny Chu (Note 5)	0	—	0	—
Manager	Michael Hsu	0	—	0	—
Manager	Jim Lin	0	—	0	—
Finance & Accounting Manager	Evan Tseng	(2,000)	—	(2,000)	—

Note 1: Removed since the election of directors on May 31, 2023, and the number of shares he held is disclosed till the removal date.

Note 2: Elected since the election of directors on May 31, 2023, and the number of shares he held is disclosed from the elected date.

Note 3: Mr. John Wang retired on February 29, 2024. The number of shares he held was disclosed until the date of his retirement.

Note 4: Mr. Y.C. Chi retired on August 31, 2023. The number of shares his spouse and minor children held was disclosed until the date of his retirement.

Note 5: Mr. Jonny Chu retired on February 29, 2024. The number of shares he held was disclosed until the date of his retirement.

(2) Stock Transfer with Related Party: None.

(3) Stock Pledge with Related Party: None.

**9. Information on Top 10 Shareholders of company shares who are spouses or within Second-degree Relative of Consanguinity to Each Other:**

Apr 1, 2024

Name	Shareholding		Spouse & Minor Children		PTI Shareholding by Nominee Arrangement		Name and Relationship Between PTI's Top 10 Shareholders as Defined in the Statement of Financial Accounting Standards No. 6		Note
	Shareholding	%	Shareholding	%	Shareholding	%	Title (or Name)	Relationship	
Capital Tip Customized Taiwan Select High Dividend ETF	45,363,000	5.98%	—	—	—	—	None	—	—
Yuanta Taiwan Dividend Plus ETF	35,882,970	4.73%	—	—	—	—	None	—	—
Fuh Hwa Taiwan Technology Dividend Highlight ETF	32,523,000	4.28%	—	—	—	—	None	—	—
Investment Account of Kingston Technology Corporation	29,875,000	3.94%	—	—	—	—	KTC-SUN Corp.	The CEO of that company and the rep. of that shareholder is the same person	—
UPAMC Taiwan High Dividend Momentum ETF	15,345,000	2.02%	—	—	—	—	None	—	—
Chunghwa Post Co., Ltd. Rep: Hong-Mo Wu	14,706,900 0	1.94% 0.00%	—	—	—	—	None	—	—
KTC-SUN Corp. Rep: David Sun	13,765,362 0	1.81% 0.00%	—	—	—	—	Investment Account of Kingston Technology Company	The CEO of that company and the rep. of that shareholder is the same person	—
Hermes Investment Funds Public Limited Company	13,702,990	1.81%	—	—	—	—	None	—	—
KGI Life Insurance Co., Ltd. Rep: Su-Kuo Huang	13,427,000 0	1.77% 0.00%	—	—	—	—	None	—	—
Labor Pension Fund	12,877,500	1.70%	—	—	—	—	None	—	—

**10. Shareholding Information Regarding the Same Invested Company of Company, Company's Board of Directors, Committee Members, Managers, and Businesses That Are Directly or Indirectly Controlled by Company**

Units: Shares; %

Invested Company (Note 1)	Investment by Powertech Technology Inc.		Investments directly or indirectly controlled by Directors, Committee members, managers, and company		Combined Investments	
	Shareholding	%	Shareholding	%	Shareholding	%
TeraPower Technology Inc.	73,385,830	49.00%	76,381,170	51%	149,767,000	100.00%
Powertech Holding (BVI) Inc.	50,000	100.00%	0	0%	50,000	100.00%
Greatek Electronics Inc.	244,064,379	42.91%	0	0%	244,064,379	42.91%
Powertech Technology (Singapore) Pte. Ltd.	69,000,000	100.00%	0	0%	69,000,000	100.00%
Powertech Technology Japan Ltd.	(Note 2)	100.00%	0	0%	(Note 2)	100.00%
Get-Team Tech Corp.	—	—	7,796,498	97.46%	7,796,498	97.46%

Note 1: Investment using Equity Method Evaluation.

Note 2: No share issued.

## IV. Capital and Shares

### 1. Capital and Shares

#### (1) Sources of Capital

##### 1. Capitalization

Month / Year	Issue Price Per Share (NT\$)	Authorized Share Capital		Capital Stock		Remark		
		Shares (thousand shares)	Amount (NT\$ thousands)	Shares (thousand shares)	Amount (NT\$ thousands)	Sources of Capital	Capital Increase by Assets Other than Cash	Others
5/1997	10	200,000	2,000,000	60,000.0	600,000	Company established, with paid-in Capital of NT\$ 600 million	None	None
4/1998	12	200,000	2,000,000	120,000.0	1,200,000	Cash Injection of NT\$ 600 million	None	Note1
5/1999	11	200,000	2,000,000	200,000.0	2,000,000	Cash Injection of NT\$ 800 million	None	Note2
8/2001	10	280,000	2,800,000	221,800.0	2,218,000	Surplus and Capital Reserve Capital Increase of NT\$ 218 million	None	Note3
9/2002	10	280,000	2,800,000	235,222.9	2,352,229	Capitalization of retained earnings of NT\$ 134.229 million	None	Note4
9/2002	11.5	280,000	2,800,000	246,312.9	2,463,129	Cash Injection of NT\$ 110.9 million	None	Note5
9/2003	10	280,000	2,800,000	261,250.0	2,612,500	Capitalization of retained earnings of NT\$ 149.371 million	None	Note6
9/2004	10	440,000	4,400,000	308,000.0	3,080,000	Capitalization of retained earnings of NT\$ 467.5 million	None	Note7
9/2004	43	440,000	4,400,000	338,000.0	3,380,000	Cash Injection of NT\$ 300 million,	None	Note8
6/2005	10	580,000	5,800,000	400,500.0	4,005,000	Capitalization of retained earnings of NT\$ 625 million	None	Note9
6/2006	10	580,000	5,800,000	471,000.0	4,710,000	Capitalization of retained earnings of NT\$ 705 million	None	Note10
6/2007	10	580,000	5,800,000	556,300.0	5,563,000	Capitalization of retained earnings of NT\$ 853 million	None	Note11
6/2008	10	750,000	7,500,000	630,800.0	6,308,000	Capitalization of retained earnings of NT\$ 745 million	None	Note12
7/2009	10	750,000	7,500,000	669,385.2	6,693,852	Capitalization of retained earnings of NT\$ 385.852 million	None	Note13
5/2010	60.6	750,000	7,500,000	704,236.7	7,042,367	Conversion into common shares by convertible bonds of NT\$ 348.515 million	None	Note14
9/2010	58.4	750,000	7,500,000	715,366.8	7,153,668	Conversion into common shares by convertible bonds of NT\$ 111.301 million	None	Note15
12/2010	58.4	750,000	7,500,000	726,496.9	7,264,969	Conversion into common shares by convertible bonds of NT\$ 111.301 million	None	Note16
8/2011	10	1,000,000	10,000,000	799,146.6	7,991,466	Capitalization of retained earnings of NT\$ 726.497 million	None	Note17
8/2012	10	1,000,000	10,000,000	779,146.6	7,791,466	Note Purchased of company's treasury stocks, with a capital reduction of NT\$ 200 million	None	Note18
4/2022	10	1,000,000	10,000,000	759,146.6	7,591,466	Note Purchased of company's treasury stocks, with a capital reduction of NT\$ 200 million	None	Note19

Note1: 2/17/1998 MOF (1) No. 18910

Note2: 3/2/1999 MOF (1) No. 22357

Note3: 6/21/2001 MOF (1) No.139798

Note4: 7/10/2002 MOF (1) No.0910137911

Note5: 7/10/2002 MOF (1) No.0910137913

Note6: 7/8/2003 MOF (1) No.0920130303

Note7: 6/25/2004 MOF (1) No.0930128233

Note8: 7/6/2004 SEC (1) No. 0930128234

Note9: 6/24/2005 FSC (1) No. 0940125391

Note10: 6/27/2006 FSC (1) No.0950126720

Note11: 6/28/2007 FSC (1) No.0960032903

Note12: 6/25/2008 FSC (1) No.0970031487

Note13: 7/2/2009 FSC (1) No.0980032960

Note14: 5/5/2010 YST No.09901091340

Note15: 9/21/2010 YST No.09901214270

Note16: 12/31/2010 YST No.09901291530

Note17: 8/31/2011 YST No.10001183300

Note18: 8/27/2012 YST No.10101177670

Note19: 4/15/2022 YST No.10101177670

## 2.Capital and Shares

Unit: Shares

Type of Stock	Authorized Share Capital			Note
	Shares Outstanding	Unissued Shares	Total	
Common Stock	759,146,634	240,853,366	1,000,000,000	TWSE Listed

## 3.Total reporting and filing related information: Not applicable

### (2) Composition of Shareholders

Apr 1, 2024

Shareholder Composition Amount	Government Agencies	Financial Institution Investor	Other Institutional Investor	Domestic Individual Investor	Foreign Institution & Individual Investor	Total
Number of Shareholders	5	22	480	51,232	660	52,399
Shareholding	22,523,100	55,640,000	240,303,011	73,307,972	367,372,551	759,146,634
Holding (%)	2.97%	7.33%	31.65%	9.66%	48.39%	100.00%

### (3) Distribution Profile of Share Ownership

Apr 1, 2024; Unit: Shares

Shareholder Ownership (Unit: Share)	Number of Shareholders	Shares Owned	Ownership (%)
1 ~ 999	35,135	1,699,879	0.22%
1,000 ~ 5,000	14,178	25,799,996	3.40%
5,001 ~ 10,000	1,348	10,318,412	1.36%
10,001 ~ 15,000	425	5,405,357	0.71%
15,001 ~ 20,000	239	4,364,413	0.57%
20,001 ~ 30,000	236	5,904,741	0.78%
30,001 ~ 40,000	114	4,086,159	0.54%
40,001 ~ 50,000	83	3,822,027	0.50%
50,001 ~ 100,000	173	12,256,514	1.61%
100,001 ~ 200,000	166	23,695,149	3.12%
200,001 ~ 400,000	90	26,562,910	3.50%
400,001 ~ 600,000	46	22,079,132	2.91%
600,001 ~ 800,000	23	15,685,918	2.07%
800,001 ~ 1,000,000	17	15,432,951	2.03%
1,000,001 or more	126	582,033,076	76.67%
Total	52,399	759,146,634	100.00%

Note: The Company did not issue Preferred Stock.

(4) Major Shareholders

Apr 1, 2024

<b>Name of Shareholders</b>	<b>Shareholding</b>	<b>Total Shares Owned</b>	<b>Ownership (%)</b>
Capital Tip Customized Taiwan Select High Dividend ETF		45,363,000	5.16%
Yuanta Taiwan Dividend Plus ETF		35,882,970	4.55%
Fuh Hwa Taiwan Technology Dividend Highlight ETF		32,523,000	4.28%
Investment Account of Kingston Technology Corporation		29,875,000	3.94%
UPAMC Taiwan High Dividend Momentum ETF		15,345,000	2.02%
Chunghwa Post Co., Ltd.		14,706,900	1.94%
KTC-SUN Corp.		13,765,362	1.81%
Hermes Investment Funds Public Limited Company		13,702,990	1.81%
KGI Life Insurance Co., Ltd.		13,427,000	1.77%
Labor Pension Fund		12,877,500	1.70%

(5) Net Worth, Earnings, Dividends, Market Price per Common Share, and Related Information Over the Last Two Years:

Unit: Thousand Shares/NT\$

Year Item		2022	2023	As of Mar 31, 2024 (Note 8)
Market Price Per Share	Highest Market Price	100.50	154.00	209.50
	Lowest Market Price	68.40	78.70	126.00
	Average Market Price	88.56	101.18	156.90
Net Worth Per Share (Note2)	Before Distribution	68.88	72.28	-
	After Distribution	61.88	-	-
Earnings Per Share	Weighted Average Shares	748,748	747,347	-
	Earnings Per Share (Note3)	11.60	10.72	-
Dividends Per Share	Cash Dividends	7.0	7.0 (Note1)	-
	Stock grants	-	-	-
		-	-	-
	Accumulated Undistributed Dividend (Note4)	-	-	-
Return on Investment	Price/Earnings Ratio (Note5)	7.63	9.44	-
	Price/Dividend Ratio (Note6)	12.65	14.45 (Note1)	-
	Cash Dividend Yield (Note7)	7.90%	6.92% (Note1)	-

Note 1: Pending on shareholders' approval.

Note 2: Based on shares issued at yearend and completed after resolution by shareholders' meeting the following year.

Note 3: If there are stock grants that must be adjusted retroactively, should list the EPS before and after adjustment.

Note 4: if the terms of issuance of securities have accumulated dividends that are not paid until there are earnings, must disclose separately the accumulated dividends that are unpaid for current year.

Note 5: Price/Earnings Ratio = Average Market Price/ Earnings per Share

Note 6: Price/Dividend Ratio = Average Market Price/Cash Dividends per Share

Note 7: Cash Dividend Yield = Cash Dividends per Share/Average Market Price

Note 8: The net worth per share and earnings per share should be provided based on the last quarter audited by CPA as of printing of annual report; information for other items should be provided based on information from current year up till the printing of annual report.

(6) Company's Dividend Policy and Implementation Status

1. Stock Dividend Policy:

Powertech Technology Inc. belongs to a capital intense industry. Thus, the stock dividend payout policy must consider the factors such as company's current and future investment environment, capital needs, market competition, and capital expenditures, etc. Under the consideration of balancing shareholders' & committee members' benefits, dividends paid, and the long term financial planning of the company, the payment of dividends will be in the form of cash and/or stock with cash dividends greater than 20% of total amount of dividends being distributed.

2. The dividend distribution status:

(1) The payout ratios were about 50% (about 80% in cash and 20% in stocks) during year of 2003 to 2010.

(2) The payout ratios were increased to about 60% after year 2011 and going forward. In year 2013, NT\$2 cash dividends were paid from capital reserved with net loss from legislative settlements.

(3) Powertech Technology Inc. proposed to pay \$7.00 cash in per share which was about 61% of 2023 profit earning.

3. 2023 dividend distribution status:

PTI proposed to pay NT\$5,314,026,438 (NT\$7.0 per share) in cash from 2023 earnings Actual distribution subject to shareholders' approval.

(7) The impact of the proposed stock grants at this shareholders' meeting on the Company's operating performance and earnings per share:

There is no stock grant proposals for the earnings distribution for 2023.

(8) Employee Profit Sharing and Directors' & committee members' compensation

1. The Company's Article of Incorporation states information regarding the amount and scope of employee profit sharing and Directors' & committee members' compensation.

The principal of distribution from the Company's annual net income are:

(1) Make up for losses from previous years at top of priority.

(2) 5.0%-7.5% employee compensation and less than 1.5% for Board compensation should be reserved from operating income before tax.

(3) Employee compensation could be in cash or stock and employees included all subsidiaries defined by Board. Board compensation can only be in cash. Independent directors were paid monthly and were excluded from the annual board compensation plan.

2. This period's basis of estimating the employee profit sharing and Directors' & committee members' compensation distribution of stock grants' share calculation basis and the accounting handling of the actual distributed amount being different from estimated amount.

The basis for estimating the employee profit sharing and Directors' & committee members' compensation was based on the annual net income. If the actual resolution for distribution by the shareholders' meeting is different from the estimated amount, then it will be viewed as changes in estimation and accounted into annual profit or losses of the distribution year.

3. The board meeting on Mar 8, 2024 approved the 2023 distribution of employee profit sharing and directors' compensation proposal and details in below:

(1) 5.47% of operating income before tax for employees' profit sharing (NT\$540,574,520) and 1.09% of operating income before tax for directors' compensation (NT\$108,114,904) distributed in cash and no discrepancy with estimation made in 2024.

(2) The ratio of employees' profit sharing distributed in stock: Not Applicable.

4. Actual distribution of previous year employees profit sharing and directors' compensation:

	Amount (NT\$)
Employee profit sharing — in cash	586,354,242
Directors' compensation — in cash	117,270,848
Total	\$ 703,625,090

No discrepancy with board approval.

(9) Buyback of Common Stock: None.

**2. Issuance of Corporate Bonds:** None.

**3. Issuance of Preferred Shares:** None.

#### 4. Issuance of Global Depositary Receipts

Mar 31, 2024

Date Issued		Jan 23, 2006	Feb 10, 2006
Item			
Issuance & Listing		Bourse de Luxembourg	
Total Amount (US\$)		103,650,000	12,092,500
Offering Price Per DR (US\$)		6.91	
Units Issued		15,000,000 at first issuance	1,750,000 units at follow-up issuance
Underlying Securities		No more than 33,500,000 PTI common shares held by selling shareholders to serve as underlying securities of the overseas depository receipts.	
Common Shares Represented		30,000,000 shares	3,500,000 shares
Rights & Obligations of DR Holders		The rights and obligations of the overseas depository receipt holders, such as voting rights, dividends, shares preferential subscription rights and other rights and interests, are based on the applicable laws of the Republic of China and the relevant provisions of the Depositary Agreement.	
Trustee		None	
Depository Bank		JP Morgan Chase Bank	
Custodian Bank		JP Morgan Chase Bank, Taipei Branch	
DR Outstanding		44 DR units	
Apportionment of Expenses for Issuance & Maintenance		<p>Issuance: including but not limited to, underwriting fees, legal fees, listing fees, accountant fees, financial advisory fees and any other related costs. Unless otherwise specified by law, and other regulations by the issuer, the underwriter, the selling shareholder and the depository institution, the obligation to include the annual listing fees, information disclosure and other expenses rests with the selling shareholder(s).</p> <p>Maintenance: Unless otherwise specified by law, and other regulations by the issuer, the underwriter, the selling shareholder and the depository institution, the obligation to include the annual listing fees, information disclosure and other expenses rests with the Company.</p>	
Terms and Conditions in the Deposit Agreement & Custody Agreement		<p>Depository Agreement: 1. Sale / delivery 2. Information available 3. Depository Receipts original issue, redeem and re-issue 4. Dividends, other distributions and stock options 5. Registration reference date 6. Voting rights 7. Transfer 8. Original changes securities 9 Taxes 10. Amendments and Termination</p> <p>Custodian Agreement: 1. Deliver securities to the original issuance of DR 2. Notify depository institution issuing depository receipts 3. DR against the securities back to the time of the original delivery 4. Monthly billing to confirm the number of shares 5. the Number of shares registered confirmed on base date.</p>	
Market Price Per Share	2023	Highest Market Price	US \$ 9.75
		Lowest Market Price	US \$ 5.15
		Average Market Price	US \$ 6.46
	As of Mar 31 2024	Highest Market Price	US \$ 12.60
		Lowest Market Price	US \$ 8.20
		Average Market Price	US \$ 9.93

**5. Status of Employee Stock Option Plans and Employee Restricted Stocks:** None.

**6. Status of New Share Issuance in Connection with Merger and Acquisitions:** None.

#### 7. Financing Plans and Implementation

As of Mar 31, 2024, there are no situation of incomplete previous issuances and private placement of securities or complete plans whose benefits are not realized.

## V. Operational Highlights

### 1. Business Activities

#### 1. Business Scope

##### 1. Main Business Scope:

- (1) CC01080 Electronic Parts and Components Manufacturing
- (2) CC01101 Electronic Parts and Components Manufacturing
- (3) CC01110 Computers and Computing Peripheral Equipment Manufacturing
- (4) CC01120 Data Storage Media Manufacturing and Duplicating
- (5) CC01990 Electrical Machinery, Supplies Manufacturing
- (6) F119010 Wholesale of Electronic Materials
- (7) F219010 Retail Sale of Electronic Materials
- (8) H201010 Investment
- (9) I301010 Software Design Services
- (10) I501010 Product Designing
- (11) JE01010 Rental and Leasing Business

##### 2. Revenue Proportion :

Established in May 1997, the Company's primarily provides Integrated Circuit (IC) packaging and testing services. Revenue proportion as of 2023 was followed :

Unit : NT\$ K

Items	Net Revenue 2023	Revenue Proportion
Packaging Service	45,568,783	64.69%
Testing Service	10,173,572	14.44%
Module Service	5,965,582	8.47%
Wafer Level Packaging	3,047,200	4.33%
Wafer Level Testing	5,657,213	8.03%
Others	28,595	0.04%
Total	70,440,945	100%

##### 3. Current Product/Services :

- (1) High Pin-count Thin Small Outline Package (TSOP) packaging and testing services
- (2) Quad Flat No-leads (QFN) Packaging Services
- (3) Multi-Chip Packaging (MCP, S-MCP) Packaging and Testing Services
- (4) Ball Grid Array (wBGA, FBGA) IC packaging and testing services
- (5) Secured Digital Memory Card (SD, microSD) 、USB packaging and testing services
- (6) Solid State Drive(SSD) 、Embedded Memory (eMMC, eMCP, UFS) packaging and testing services
- (7) DRAM Chip-Stacking packaging and testing services
- (8) Mobile memory packaging and testing services
- (9) Wafer testing services
- (10) Wafer bumping packaging services
- (11) System-in-Package (SiP) packaging services
- (12) Redistribution Layer (RDL) services
- (13) Wafer Level Chip Scale Package (WLCSPP) packaging services
- (14) Package on Package / Package in Package (PoP, PiP) packaging and testing services
- (15) CMOS Image Sensor (CIS) packaging and testing services

- (16) Flip-Chip Packaging Services
- (17) Copper Pillar Bump Flip Chip (Cu Pillar Bump Flip Chip) packaging services
- (18) Electro Magnetic Interference (EMI) shield package packaging services
- (19) Fan-Out Panel Level (FOPLP) packaging and testing services
- (20) Module and System packaging services

#### 4. Product/Service in Development :

- (1) Large-size (>100mm x 100mm) FCBGA.
- (2) Large-size (>70mm x 70mm) MCM FCBGA (logic + memory), applied to automotive.
- (3) Customization of CPO (SiPh chip + SoC) on FCBGA packaging
- (4) Application of new processes and materials such as Cu core solder ball for Package on Package applications.
- (5) Application of advanced node wafers to automotive packaging and assembly.
- (6) High heat dissipation metal conductive adhesive applied to large-size FCBGA and FCLGA.
- (7) BT and ABF substrate applied to FCBGA such as AI, HP and automotive.
- (8) FOPLP method based on RDL with ultra-fine line and pitch was successfully developed to supply high-density heterogeneous IC packaged products for high-speed network and server applications.
- (9) Fan-out on Substrate packaging.
- (10) Fan-out embeds small chips to integrate logic chips or system-on-chip (SoC) and high-bandwidth memory to meet the application of cloud artificial intelligence (Cloud AI) and edge computing (Edge Computing)
- (11) Fan-out integrates logic chips or system-on-a-chip (SoC) and memory chips to be vertically stacked and integrated to meet the needs of wearable devices that are light, thin and compact.
- (12) Chip Last Fan-out architecture based on combination of Flip-Chip Package and Redistribution Layer (RDL) technology.
- (13) Pillars in Fan-Out (PiFO®) process for smart phone, wearable device and other consumer product applications.
- (14) Application of Through Silicon Via (TSV) technology to the packaging of high-frequency, high-capacity memory used in AI and other products.
- (15) FOPLP stacked packaging that combines 8 NAND memory IC with Controller to meet the requirements for ultra-thin, high-density, and high-speed mobile communication applications.
- (16) High heat dissipation memory IC module technology combining NAND memory with micro-controller chip for ultra-thin, high capacity, high heat dissipation and high-performance cloud storage applications.
- (17) High Bandwidth Memory (HBM) stacked IC incorporating TSV and microBump technologies, as well as Chip Fan-out Stack packaging to provide high bandwidth, high memory density, high-performance computing, and high-speed Internet connection applications.
- (18) 8 NAND Flash memory IC was combined with 8 LPDRAM memory IC, micro-controllers, and 6 stacked IC with silicon dielectric layer to provide high-density, high-performance, and ultra-thin packaging for mobile communication applications.
- (19) Highly integrated FO-PoPoP structure to provide enhanced electrical attributes through integration of active IC and spherical devices.

- (20) 3D-FOPoP structure to supply package solutions for high-density, high electrical performance, as well as size shrinkage.
- (21) Ultra-small and ultra-large IC (CIS CSP) packaging to satisfy the requirements of different applications.
- (22) Development of high-speed 3D-NAND testing services and hardware development.
- (23) High-speed Storage Class Memory (SCM) testing services and hardware development.
- (24) Development of Tester IO board hardware.
- (25) Automotive power module testing.
- (26) Power module pre-burning.
- (27) PCIe interface testing
- (28) HBM test develops development

## 2. Industry Summary

### 1. Current Industry Status & Outlook

In 2023, the world faced an economic recession and industrial turmoil was severe. Geopolitics has impacted industrial development, US-China economic sanctions have expanded, regional wars and conflicts continue, coupled with high inflation and interest rates, China's post-pandemic economic performance is not as good as expected, global terminal demand is weak, inventories are rising, and many unfavorable factors are shrouding 2023. The global economic development has been slow in 2023, and data from the International Monetary Fund (IMF) show that the global economic growth rate in 2023 will be only about 3.2%.

Looking forward to 2024, the economic situation still has not rebounded significantly. According to the IMF report in April, the global economic growth rate is expected to be similar to 2023, maintaining 3.2%.

As far as the semiconductor industry is concerned, according to the US Semiconductor Association (SIA), global chip sales in 2023 reached US\$526.8 billion, a decrease of 8.2% compared to 2022.

Based on a study of Industrial Economics and Knowledge (IEK) published in February 2024: expected that Revenue of Taiwan semiconductor industry was NT\$ 4.34 trillion which was 10.2% decreased from 2022. Revenue of Taiwan design sector was NT\$ 1.10 trillion which was 11% decreased from 2022. Revenue of Taiwan IC manufacturing sector was NT\$ 2.66 trillion which was 8.8% decreased from 2022 (Among them, wafer foundry was NT\$ 249 billion which was 7.2% decreased from 2022, memory and others was 170.1 billion which was 27.8% decreased from 2022.) Revenue of Taiwan IC packaging sector was NT\$ 393.1 billion which was 15.6% decreased from 2022, and revenue of Taiwan IC testing sector was NT\$ 191.6 billion which was 12.8% decreased from 2022. Looking forward to 2024, the revenue is expected to be 5.01 trillion

The semiconductor industry will continue to grow in the long-term however. Semiconductors have a wide range of applications including smart phones, computers, cloud servers, AI, AR/VR, 5G, electric and self-driving vehicles, IoT, and e-healthcare. New applications are constantly being developed.

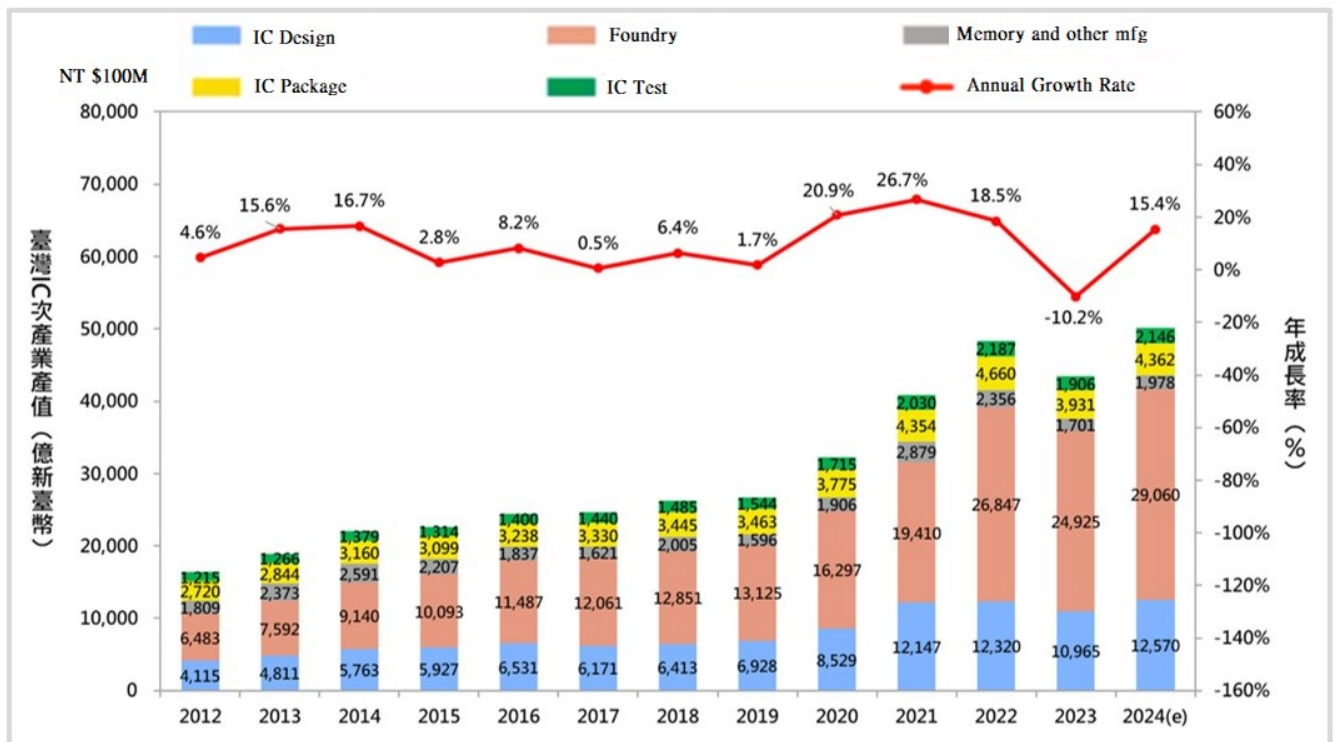
## 2020-2023 Taiwan IC Industry Value

Unit : NT \$billions

In NTD M	2020	YoY	2021	YoY	2022	YoY	2023	YoY
IC Industry value	3,222.2	20.9%	4,082.0	26.7%	4,837.0	18.5%	4,342.8	-10.2%
IC Design	852.9	23.1%	1,214.7	42.4%	1,232.0	1.4%	1,096.5	-11.0%
IC Manufacturing	1,820.3	23.7%	2,228.9	22.4%	2,920.3	31.0%	2,662.6	-8.8%
Wafer Foundries	1,629.7	2.1%	1,941.0	19.1%	2,684.7	38.3%	2,492.5	-7.2%
Memory & Other	190.6	19.4%	287.9	51.0%	235.6	-18.2%	170.1	-27.8%
IC Packaging	377.5	9.0%	435.4	15.3%	466.0	7.0%	393.1	-15.6%
IC Testing	171.5	11.1%	203.0	18.4%	218.7	7.7%	190.6	-12.8%
IC Product Value	1,043.5	22.4%	1,502.6	44.0%	1,467.6	-2.3%	1,266.6	-10.2%
Overall Global Semiconductor Value (US\$ B)/YoY	4,404	6.8%	555.9	26.2%	574.1	3.3%	526.8	-8.2%

Source : Industrial Technology Research Institute

## Taiwan Semiconductor Revenue by Sector



Source: IEK

## 2. Industry Supply Chain

Sectors in IC industry can be categorized according to position in production process, including IC Design at the upstream, IC Manufacturing & Foundries at the mid-stream and IC Assembly & Testing sector at the downstream.

### (1) Upstream IC Design:

IC Design Sector includes companies designing IC products. The sector is knowledge-intensive with high entrance barrier and return on investment. Its main business scope includes designing and sales of own products or customized design for customers.

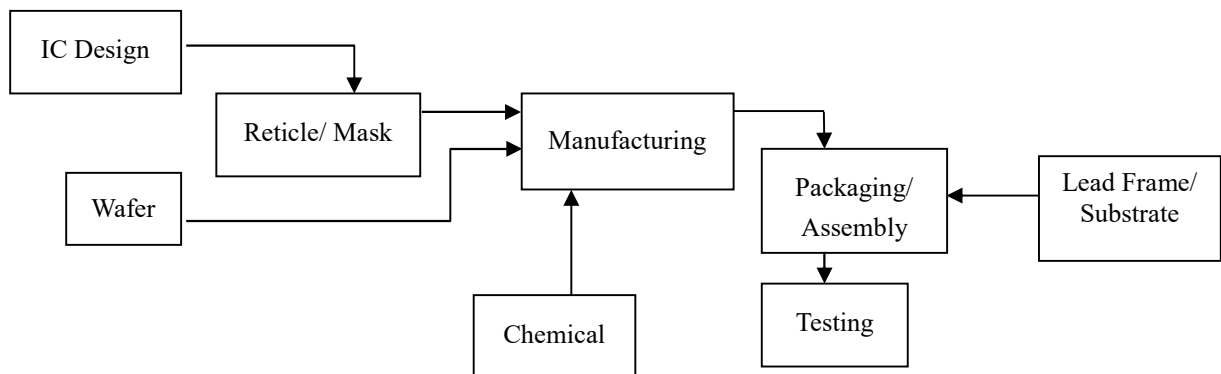
### (2) Mid-stream IC Manufacturing:

Include IC manufacturing sector and related chemical suppliers. Its main business scope involves manufacturing wafer with precision tools according to in IC circuits designed in house or specified by customers. This sector is capital and technology intensive with high entrance barrier

### (3) Downstream Assembly and Testing:

Outsource Assembly and Testing (OSAT) sector provides cutting, packaging, assembly and testing service to manufactured IC wafer for final product application.

IC Industry Supply Chain as illustrated below



In recent years' scope of IC manufacturing as well as assembly and testing continues overlap due to increasing market demand for larger quantity and higher quality IC. In addition to higher performance and smaller profile, IC is also required to satisfy demands for integrated functions. As a result, some wafer foundries begin to develop products and services that extends into scope of IC packaging and assembly. Majority of wafer foundries choose to work closely with cooperating assembly and testing service providers. Integrated Design and Manufacturers (IDM) also collaborate with OSAT service providers in designing and developing product solutions.

## 3. Trend of Product Development and Competition

### (1) Trend of Product Development

Trends in semiconductor development include multi-function, enhanced performance, energy-efficiency, thermal dissipation, and a high level of integration. These are spurring the push towards advanced packaging technologies such as System in Package (SiP) and Heterogeneous Integration. New types of advanced packaging technologies such as Panel Fan-out, TSV, Embedded Package, Thin Wafer, Chip Stacking, Fine Pitch Flipchip, High Density Encapsulation, Antenna in Package (AiP), High Density SMT, as well as the integration of System Assembly and Testing technologies will be the next critical juncture for the semiconductor industry in the post-Moore's Law age.

Future products will inevitably require the integration of different advanced packaging and testing technologies. PTI has for many years focused on continuous R&D of technologies to meet the needs of new product types. Having a detailed of the latest product trends means PTI can launch technologies essential to the market at the optimum point in time.

The semiconductor industry is set for several years of continued growth. PTI will continue to develop innovative packaging and testing technologies to maintain our technological leadership in the global OSAT sector. At the same time, quality and production yields will be emphasized to provide the market and the industry with the different technologies required in each field. We aim to provide customers with the most competitive services in pursuit of joint growth.

## (2) State of Competition :

A comprehensive back-end packaging and testing capability means that PTI is more than capable of providing semiconductor customers with everything from Bumping, Wafer Sort, WLCSP, Wire Bond Package, Flipchip Package, System in Package, Panel Fan-out, 3DIC TSV, System Assembly, to Final Test services.

Once the wafer emerges from the foundry, PTI can provide customers with a one-stop shop for all semiconductor back-end services instead of having to line up different production sites and schedules. The comprehensive semiconductor back-end services offered by PTI encompasses conventional product packaging & testing as well as mass production based on the latest technologies. These are some of the reasons why PTI is so competitive in the semiconductor back-end sector.

In addition, other PTI advantage include technical sophistication, short production cycle, high production yields, and low production costs. PTI is willing to share our strength with the customers. For more than two decades, we have made customers our top priority and shared our strengths with our customers so that we can grow together.

In the future, as the demand for advanced packaging technologies continues to grow, PTI will not only maintain our leadership in memory packaging and testing but also see large, sustained growth in our logic and SiP business. PTI is now a world-leader in total semiconductor packaging and testing services.

## Revenue Annual Growth 2018-2023 of Taiwan OSAT Companies Ranking Among Global Top 10

Unit : NT million

Company/ Revenue	2018	YoY	2019	YoY	2020	YoY	2021	YoY	2022	YoY	2022
ASE Holding	397,261	4.0%	413,182	15.4%	476,979	19.5%	569,997	17.7%	670,872	-13.26%	581,914
<b>Powertech</b>	<b>68,039</b>	<b>-2.2%</b>	<b>66,525</b>	<b>14.5%</b>	<b>76,181</b>	<b>9.99%</b>	<b>83,794</b>	<b>0.16%</b>	<b>83,927</b>	<b>-16.07%</b>	<b>70,441</b>
KYEC	20,816	22.7%	25,539	13.4%	28,959	16.58%	33,759	-17.26%	27,932	-10.21%	33,025
Chipbond	18,725	9.0%	20,419	9.1%	22,275	21.58%	27,082	-11.34%	24,010	-16.47%	20,056
ChipMOS	18,480	10.0%	20,338	13.1%	23,011	19.07%	27,400	-14.17%	23,517	-9.19%	21,356

Source : Market Observation Post System/ Relevant Financial Statements Organized by PTI

Note: ASE Holding consolidated ASE and SPIL started from Apr 2018.

## (3) Summary of Technological Research & Development

### 1. R&D Cost

Latest Annual R&D expenditure as followed

Unit : NT thousands

Item	Year
R&D Expenditure	2,457,741

## 2. Successfully developed technology or product :

### (1) Packaging Solution Achievements:

- A. The method for using RDL first (chip last) for substrate and Fan-Out Panel Level Package (FOPLP) was successfully applied to the development of automotive SiP with embedded passive components and has now been fully validated by the customer.
- B. FOPLP method based on RDL with Line/Space 3/3um RDL was successfully developed, validated and applied to high-performance computing IC.
- C. Utilize the redistribution capability of thin line width of Chips Integration Embedded Fan-out Solution (CHIEFS®) to minimize the size and layer of Substrate and form a Chip First Fan-out on Substrate with size and cost competitiveness
- D. SoC and High Bandwidth Memory HBM were successfully integrated through chip middle process for FOPLP. The technology can be used to meet the data processing and low-latency data transmission requirements of HPC/AI.
- E. LED and control IC were successfully integrated through chip middle process for FOPLP. Applications include AR/VR devices used in entertainment, healthcare, and education.
- F. The Chip Middle FOPoP architecture combines fan-out packaging with Through Silicon Via - Wafer-level CSP (TSV-WLCSP) to meet the requirements of wearable device applications.
- G. FOPLP method based on RDL with ultra-fine line/space was successfully developed, validated and applied to high-performance computing IC.
- H. G. Wafer reconstruction technology can integrate two or more types of IC with different functionalities into a single wafer with TSV-WLCSP. The advantages of small multi-IC modules match the demand for lightweight, thinness, compact size, high transmission rate and lower power consumption in consumer electronic products.
- I. High-density High Bandwidth Memory (HBM) made using TSV and high-precision die stacking processes.
- J. Successful development of TSV CIS CSP process for the mobile device, healthcare, security surveillance and automotive segments.
- K. Successful development of large-size for multi-chips FCBGA (SoC + chiplets) and AI server application.
- L. Successful development of embedded H/S FCCSP and applied to microcontroller and TV chip packaging
- M. Successful development of FCLGA and applied to AI, HPC and automotive.
- N. Successful development of FCCSP products for 5G AP, Modem and RF-related applications.
- O. Successful development of HS-FBGA products for TV Chip and RF-related applications.
- P. Successful development of Wi-Fi-related Hybrid (DB, WB + FC) products.
- Q. Successful development of H/S FCBGA and applied to SOC and MCU for automotive.
- R. Successful development of CIS system-level packaging on substrate.
- S. Successful development of FCBGA products for automotive IC.
- T. Successful development of FCCSP products for high-speed data transfer controller IC (PCIE).
- U. Successful development of FCBGA products for optical network controller IC (OTN).
- V. Successful development of 16 NAND die stacking + 2 Interface Chi for high-capacity SSD products.
- W. Successful development of 8xDRAM + 8xNAND+Controller uMCP Hybrid (WB+FC) product for high-speed, high-capacity mobile communication products.
- X. Successful development of Antenna in Package (AiP) technology. A Radio Frequency (RF) laboratory was also set up to help customers accelerate the development and validation of their 5G high-frequency packaged products.

(2) Testing Solution Achievements:

- A. Testing services for WiFi 6E and BTC.
- B. PCIe Gen4 system-level testing services and hardware development.
- C. Testing and hardware development for High Density 3D-AND.
- D. Testing and development of related hardware for Teradyne IP750 CIS.
- E. Development of high-speed test board for Advantest T5503HS.
- F. Development of Thin package COK.
- G. Development of BI testing solutions and hardware for system-level IC.
- H. Development of anti-adhesion memory test jigs.
- I. Development of large-size packaging and testing.
- J. Development of large-size packaging machines.
- K. Development of UFS 4.0 automotive products and hardware.
- L. Development of AR / VR related application of testing and hardware.

(4) Long-term and Short-term Business Strategy

Our Short-term and Long-term strategic business planning in management, production, sales & marketing and research & Development are outlined below

1. Short-term business planning

- (1) Technological leadership is one of PTI's key business strategies. The diversification of semiconductor product applications is reflected in the packaging technologies they need as well. PTI will continue to develop new processes and technologies aimed at meeting the needs of the industry. An example of this is Through-Silicon Via technology applied to HBM products and accomplish the memory module with high-speed and high-bandwidth. This is one of the products that PTI will be focusing on in the short-term. Panel Level Fan Out packaging applied to HPC/ AR / AI / IoT/ autonomous vehicle will realize the Heterogeneous Integration. And this will help to achieve the high-speed and high-bandwidth requirements of semiconductor chips
- (2) Continue to reduce production lead time in order to provide speedy service for customers.

Our main advantage lies in flexible production process offering high level of mobility. We will continue to reduce production lead time in order to provide speedy service for our customers.

- (3) Continue to provide integrated Turn-Key services  
Due to consideration in cost, up-stream wafer foundries continues to outsource IC assembly, packaging and testing to specialized assembly and testing facilities (OSAT). We are among the few companies capable of providing complete assembly, packaging and testing services in the country. In order to increase our competitive advantage in providing customer with more options and better service, we will continue to offer integrated Turn-Key services.
- (4) Explore foreign and domestic market and increase market share  
In addition to maintaining strong relationship with existing foreign and domestic customers, we will use our competitive advantage in flexible production process, high level of mobility and capability in providing Turn-Key services to develop new customer worldwide.

2. Long-Term Business Planning

- (1) Emphasize long-term partnership with customer and supplier  
Through emphasizing long-term collaboration with up-stream and down-stream partners, we aim to become the trusted OSAT service provider providing our customer reliable quality and service. We will also develop strong collaborative partnership with our suppliers

- (2) Emphasis on long-term cooperation with suppliers  
Suppliers are an extension of PTI's production capabilities. Our suppliers for semiconductor equipment and materials have been crucial to the growth of PTI over the years. PTI will therefore continue to strengthen and expand our cooperation with suppliers so that we can all grow and succeed together on a foundation of mutual trust and benefit.
- (3) Promotion of digitization and digital optimization  
Digitization efforts based on AI/Big data will continue. RPA (process robots) will be introduced to process large quantities of repetitive missions in order to save manpower and improve productivity. Operating reports provided by BI (Business Intelligence) can provide feedback on improvements to routine business processes. EDA (Engineering Data Analysis) not only offers routine project monitoring. The synergies from stacked technology enhance digital automation. Product yields will be increased to boost productivity.
- (4) Continue to development next-generation packaging and testing technologies  
PTI has always been on the cutting-edge of the industry in developing advanced packaging technologies that our customers need. The establishment of the packaging and testing R&D center in 2006 saw PTI become the industry leader in innovative R&D of new technology patents. The new technologies are then introduced into mass product at a suitable time and place. In the future, technology will continue to service as the foundation for sustained innovation. PTI will therefore continue to focus on the development of innovative technologies as well.
- (5) Increase revenue contribution from Logic, Module(SSD) and Micro-electro-mechanical Systems(MEMS)  
Through increasing customer and revenue in areas of Logic, Module (SSD) and (MEMS) we continue to diversify product risk and increase company scale.

## 2. Market and Product Sales Outlook

### (1) Market Analysis

#### 1. Primary area of product/service sales/provision

PTI primary business scope includes providing IC outsourced assembly and testing (OSAT) services in overseas as well as domestic market. As of 2023 revenue from domestic sales account for 25.72% of overall revenue while that of overseas markets account for 74.28%. PTI principle markets are located in Japan, Singapore, and North America.

Unit : NT\$ Thousands

<b>Market \ Year</b>	<b>2022</b>	<b>%</b>	<b>2023</b>	<b>%</b>
Domestic	19,356,303	23.10	18,117,103	25.72
Export	64,437,269	70.07	52,323,842	74.28
Japan	27,189,539		21,514,180	
Singapore	11,349,663		15,689,481	
North America	13,728,399		9,446,028	
Europe	1,930,719		1,689,438	
China and Hong Kong	2,250,357		2,038,684	
Others	2,358,320		1,946,031	
Total	83,793,572	100	70,440,945	100

#### 2. Market Share:

Despite strong growth in 2021, the semiconductor packaging & testing industry saw a reversal in demand in 2022 and the number of orders began to shrink. Despite the slump in the market,

we continued to refine our product technology and production capability. By adopting this strategy of robust development, we hope this will accelerate our growth and boost our market share once the economy recovers. PTI expects little change to the market shares of global professional packaging and testing companies in 2022. The Company will follow a strategy of robust development and continuous growth at all levels with the aim of gradually increasing our market share and maintaining steady growth.

In the second half of 2022, the demand of semiconductor packaging and testing industry decreased, and the reduction of order and business continued to 2023. Although affected by the sluggish market conditions, it is the Company's strategic policy to maintain stable operations by continuing to improve various product technologies and manufacturing capabilities in the hope of accelerating growth and increasing market share when the economy reverses. The market shares of PTI among the world's major professional packaging and testing OEMs can continue to rise.

### 3. Market Supply and Demand Outlook and Growth Potential

In terms of the outlook for 2024, SIA forecast indicated that the global semiconductor may grow up by 13.1% to US\$595.3 billion in 2024. The semiconductor industry will continue to grow in the long-term.

### 4. Competitive Advantages

PTI have grown to become one of the major OSAT service providers, delivering high quality, dedicated service and advanced technology for our customers. We continue to collaborate closely and maintain solid relations with our customers. Our competitive advantages are as followed.

#### (1) Solid Strategic Allies and Globalization

The IC OSAT sector is characterized by high level of collaboration with upstream wafer foundries. Consequently, profitability of assembly, packaging and testing service providers relies on solid relationship with customers. In the meantime, IC manufactures also chose long-term partnership with assembly, packaging and testing service providers due to confidentiality in product technology, product quality and production process. Such strategic alliance with concrete relationship of collaboration is beneficial for long-term development of the company.

#### (2) Turn-key Service

In response to rapid decline in IC sales prices, we offer Turn-key Service to our customers, including both assembly and packaging, as well as testing in order to reducing cost and risk in shipping process.

#### (3) Outstanding capability in development and production

PTI have been committed in developing new technologies while investing heavily in technological research and production process improvement. We have been proudly awarded many domestic and international patents, as well as technology license from multiple major international manufacturers, establishing our solid competitive edge within the industry.

#### (4) Investment in high precision automated equipment

In response to development of IC product towards increasingly higher performance, pin-count and density we continue to invest in high precision automated equipment from well-known Japanese and US vendors in order to satisfy customer needs and continuously improve our quality of service.

#### (5) Online automated customer service system

Our online automated customer service systems enable customer to track closely product status, production progress, and any potential problems. This facilitates swift problem resolution and product improvement while increasing added value for customer.

## 5. Supporting and Hindering Factors and Responding Strategy

### (1) Supporting Factors :

#### 【Industry Background】

##### ① Competitive Advantage of Taiwanese Semiconductor Industry

Taiwan semiconductor industry encompasses a complete semiconductor industry structure from upstream IC Design and wafer foundries to downstream OSAT service providers. This vertically integrated chain of supply, consistent with industry development, contributes to establish the strong competitive position of Taiwanese semiconductor sector in the global market. Booming IC industry facilitated by rapid global development in electronics, information technology, communication technology, consumer electronics, optoelectronic industry, Artificial Intelligence (AI) and Internet of Things (IoT) will continue to support stable growth in OSAT sector.

##### ② OSAT Sector Benefitting from Major Integrated Device Manufacturer (IDM) Outsourcing Trend.

Due to high capital investment of advanced production process, global IDM manufacturers continue to increase its outsourcing of wafer manufacturing, assembly, packaging and testing to Asia region with lower production cost. Taiwan, with its complete industry structure and dynamic vertical supply chain, is the most preferential outsourcing choice for international IDM manufacturers and IC Design Companies. Taiwanese OSAT sector also benefits from OEM orders.

#### 【Competitive Niche】

##### ① Strong Managing Team and Solid Strategic Alliance

Our major share-holders include well-known companies such as Kingston Group and Taiwan Toshiba Semiconductor, facilitating solid reputation and stable customer base. As our revenue continues to grow, support from our shareholders also ensures sufficient capital supply for our future operation and development. Furthermore, our management team is equipped with comprehensive working experience within the semiconductor sector and capability of making appropriate decisions according to market trend.

##### ② Continued Development and Innovation

In response to rapid changes in semiconductor market, PTI is dedicated to technological development. In addition to developing new products, we continue to introduce new technologies through collaboration with our strategic partners. Our research and development team is equipped with capability in independent designing and developing testing software and hardware programs. In addition to continually developing testing program and improving testing equipment in areas of IC testing, we also continue to develop cutting edge technologies and services in respond to future mainstream IC market demand. Our business scope has extended into logic market from assembly, packaging and testing of memory products. Building on our leading advantage in assembly, packaging and testing for both memory and logic IC, PTI continues to expand its scope into 3D IC. In assembly and Packaging we have completed development in IC Chip-Stacking technology, Field Programmable Gate Array (FPGA) and Fan-Out Packaging technology, and have been rewarded many patents. We will also continue our effort in refining in material and production process.

##### ③ Turn-key Service and Flexible Capacity

We able to provide our customer integrated turn-key service of IC assembly, packaging, testing and packing service in a single order, effectively reducing shipping time and cost. In addition, we are able to respond quickly to market and customer demand and swiftly expand and adjust our capacity accordingly through timely investment in advance equipment, providing our customer with most competitive solutions.

## (2)Hindering Factor and Responding strategy

### ① Fluctuation in IC Industry in Connection with Economic Climate

#### Strategic Response :

##### A. Product Diversification

In addition to continually strengthening our memory assembly, packaging and testing quality and technology, also contributed immensely to expansion into Logic market. Our production technologies such as copper pillar bump, Re-distribution Layer (RDL), Wafer Level CSP, Flip Chip, MEMS and system-level packaging continues to achieve customer qualification. Through product diversification we are able to mitigate risk of economic cycle as well as provide our customer greater range of assembly, packaging and testing services

##### B.Strengthening Collaboration with Customers

Establish long-term partnership with existing customers and actively developing new customers to achieve stable and sufficient level of capacity utilization.

##### C.Increase Market Scope

Actively enter the Japanese, European and American markets, and enter into applications such as AI, self-driving cars, electric vehicles, 5G, and industry to expand customer base and product application areas.

### ② Erosion of Gross Profit by Increasing Material Cost

#### Strategic Response :

##### A. Inventory reduction

In response to persistently weak end-user demand and high inventory levels, we will continue to communicate with customers, accelerate the disposal of expired materials, and actively negotiate with suppliers on outstanding orders for raw materials to realize the effective control of inventory and accelerate inventory reduction.

##### B.Lowering of production costs

We will continue to inquire, negotiate and compare prices for raw materials, change our product structure, improve yields, propose alternative materials, and continue refining our production processes to mitigate the impact of higher costs.

##### C.Emphasis on added value

We will continue to put ourselves in the customer's position by providing a service with good quality, short delivery times, and responsive to customer requirements. Efforts will be focused on the development of new packaging, assembly and testing techniques to help customers bring competitive products to the market at the right time.

##### D.Building long term partnership with suppliers

We will continue to build long term partnership with equipment and material suppliers to secure stable supply. Create a win-win for both sides.

### ③Manpower shortage

#### Strategic Response :

A. Increase staff welfare and bonus incentives to attract talent and encourage cohesion among staff members. We also design staff training program according to long-term development strategy to support progress for both company and staff member.

B.We will continue to improve productivity and dependence on manpower through actively introducing advanced automated equipment.

C.Actively engage with universities to expand industry-academia cooperation and promote the industry-academia integration for the cultivation of new talent.

D. To support the middle-level technical talent plan for migrant workers proposed by the

Ministry of Labor, we will provide blue-collar migrant workers with technical training that promotes them to middle-level technical talent. The initiative will stabilize our production workforce to mitigate the effects of an aging population and shortage of semiconductor expertise.

④Intensifying competition in the semiconductor back-end.

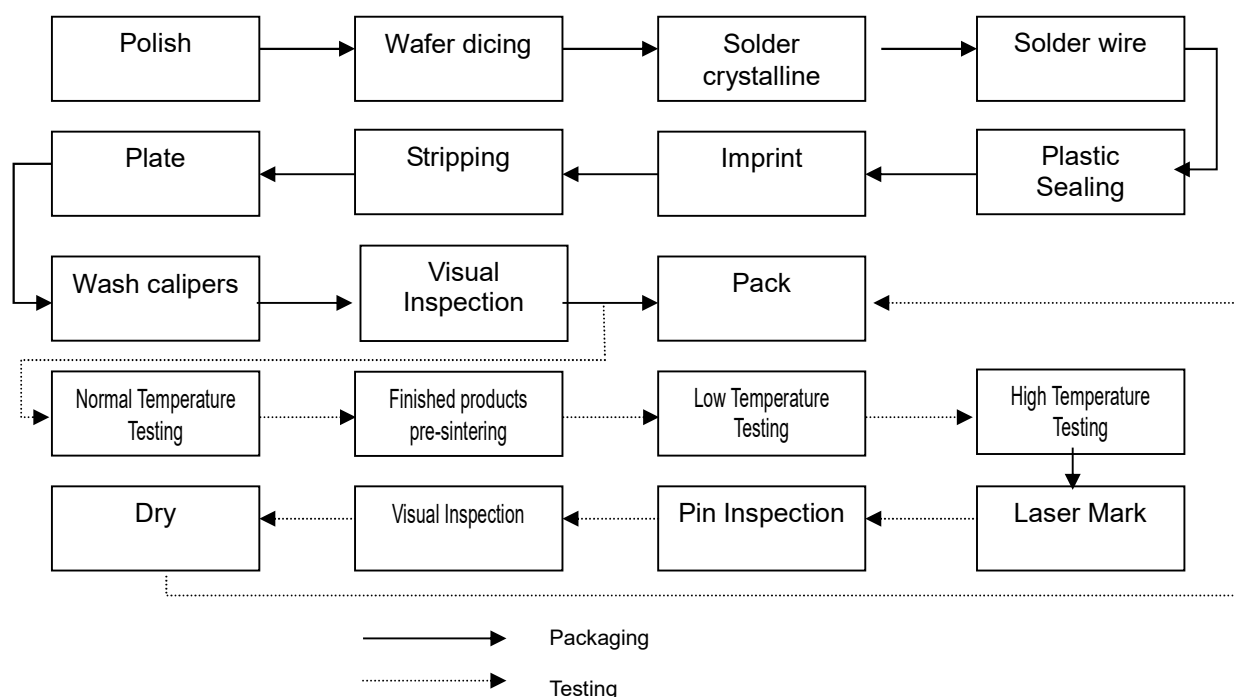
Semiconductor technology plays a critical role in the ever-changing field of advanced technology. In the past, most attention in the semiconductor supply chain was concentrated in the wafer foundry sector. In the post-Moore's Law age, semiconductor wafers produced by advanced processes must be complemented by advanced back-end packaging technology to realize their true performance. Foundries and PCB makers are now making a rush to enter the packaging sector. In response, PTI will continue to strengthen our R&D efforts, carefully assess our investments in new technologies and production capacity, and build solid partnerships with customer and suppliers. We will also strengthen the integration of our services from wafer testing through to the shipping of the final product to maintain our commanding advantage in the semiconductor back-end sector.

## 2. Important Applications and Production Process of Main Products

### 1. Product Applications

Main Products or Services	Important Applications or Functions
IC Assembly	To turn Wafer into complete single product through sawing, mounting, wire bonding, molding, trimming/forming, and other processes of the Integrated Circuit (IC).
Final Test	Placing the IC into different environment such as normal, high, or low temperature to test and classify according to test conditions specified by customers. These steps ensure the product conforms to the quality and stability demanded by customers.
Burn-In	Using Burn-In process forced the IC operate in extreme environments to accelerate aging of the products and screen out the unqualified, to ensure reliability of products.
Laser Mark	Printing the name of company and product details on the IC.

### 2. Production Process



### (3) Suppliers of Major Raw Materials

Our company mainly provides IC processing for our customers. The suppliers of the key raw materials used in packaging operations are listed below:

Main Raw Materials	Main Suppliers
Lead-Frame	Shinko Electric Ind. Co., Ltd. Chang Wah Technology Corp. Nichiden Seimitu Kogyo Co., Ltd.
Substrate	Kinsus Interconnect Technology Corp. Shinko Electric Ind. Co., Ltd. Simmtech Co., Ltd. Samsung Electro-Mechanics Co. Leading Interconnect Semiconductor Technology Co., Ltd. Phoenix Pioneer Technology Inc. GTS

Main Raw Materials	Main Suppliers
Die Attach Film (DAF)	Resonac (HK) Nitto Denko Corp. LINTEC Corp. Henkel Korea
Gold Wire	Nippon Micrometal Corp. TANAKA Kikinzoku Kogyo K.K.
Compound	Chao Young Corp. Resonac Semiconductor Materials (Taiwan) Co., Ltd KYOCERA Asia-Pacific Pte. Ltd. Chang Wah Technology Corp. KYOCERA Corp.

(4) Information of suppliers' who commanding 10% and plus of annual purchasing volume in any year over the last 2 years.

1. List of major supplier accounted for over 10% of total purchase over the last 2 years.

Unit: NT\$ Thousands

Year	2022				2023				As of 2024 Q1			
Rank	Name	Amount	Percent of total amount sold (%)	Relation with Issuer	Name	Amount	Percent of total amount sold (%)	Relation with Issuer	Name	Amount	Percent of total amount sold (%)	Relation with Issuer
1	A	3,685,031	11.04	None	A	2,523,230	12.08	None	A	531,674	8.36	None
	Others	29,691,694	88.96		Others	18,365,439	87.92		Others	5,828,316	91.64	
	Net Amount Sold	33,376,725	100		Net Amount Sold	20,888,669	100		Net Amount Sold	6,359,990	100	

Reason for changes: None.

2. List of Major Customers:

	2022				2023				As of 2024 Q1			
Rank	Name	Amount	Percent of total revenue %	Relation with Issuer	Name	Amount	Percent of total revenue %	Relation with Issuer	Name	Amount	Percent of total revenue %	Relation with Issuer
1	A	18,688,423	22.27	None	A	17,978,222	25.52	None	A	4,083,478	22.28	None
2	B	20,882,528	24.88	Related Party	B	14,717,119	20.89	Related Party	B	4,011,362	21.89	Related Party
3	C	9,651,686	11.50	None	C	6,039,665	8.58	None	C	2,264,600	12.36	None
	Others	34,704,098	41.35		Others	31,705,939	45.01		Others	7,969,441	43.47	
	Net Revenue	83,926,735	100		Net Revenue	70,440,945	100		Net Revenue	18,328,881	100	

Reason for changes: None.

(5) Production Quantity & Value Table 2022-2023

Quantity Unit: 1,000 wafers Amount Unit: NT\$ Thousands

Year Production Units	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
IC Packaging	17,829,582	13,070,734	38,333,692	16,126,972	10,442,126	33,107,908
IC Testing	11,593,541	7,490,729	8,322,870	10,288,650	5,617,597	6,846,461
Module	226,089	140,444	6,857,107	326,152	132,361	4,708,977
Wafer Level Packaging	1,249	1,008	2,928,336	2,361	869	2,296,297
Wafer Level Testing	2,174	1,335	4,626,065	2,130	1,427	3,304,888
Total	29,652,635	20,704,250	61,068,070	26,746,265	16,194,380	50,264,531

(6) Sales Quantity & Value Table 2022-2023

Quantity Unit: 1,000 wafers Amount Unit: NT\$ Thousands

Year Sales Quantity & Value	2022				2023			
	Domestic Sales		Exports		Domestic Sales		Exports	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
IC Packaging	6,628,689	19,808,940	6,286,078	32,700,734	5,388,572	13,773,064	5,170,515	31,795,719
IC Testing	4,235,611	1,948,894	3,157,530	10,895,809	3,454,501	1,754,167	2,300,387	8,419,405
Module	79,764	443,622	35,036	8,012,111	97,201	470,733	21,735	5,494,849
Wafer Level Packaging	400	1,670,245	590	2,460,196	258	1,169,166	434	1,878,034
Wafer Level Testing	661	1,242,326	1,203	4,683,903	439	940,662	1,155	4,716,551
Others	—	5,711	—	54,244	—	9,311	—	19,284
Total	10,945,125	25,119,738	9,480,437	58,806,997	8,940,971	18,117,103	7,494,226	52,323,842

### 3. Employee Status

Table for Employees Number, Average Age, Average Years of Service, and Distribution of Education for Last Two Years

Year		2022	2023	As of Mar 31, 2024
Employees number	Management Staff	1,130	1,113	1,108
	Technical Staff	2,500	2,400	2,428
	Administration Staff	452	437	441
	Operators	7,823	7,048	7,582
	Total	11,905	10,998	11,559
Average Age		36.18	37.06	36.75
Average Years of Service		6.88	7.80	7.50
Education Distribution in %	Doctorates	0.04	0.05	0.04
	Masters	7.74	8.18	7.88
	College and Universities	71.07	71.66	72.78
	High School	20.38	19.39	18.63
	Below High School	0.77	0.72	0.67

#### 4. Environmental Protection Expenditures

The total amount of losses (including reparations) and penalties due to environmental pollution caused in most recent year and as of the publication date of this annual report, and an explanation of future responses (including improvement measures) and possible expenditures.

(1) The total amount of losses (including reparations) and penalties due to environmental pollution caused as of most recent year and publication of annual report.

1. The Environmental Protection Bureau of Hsinchu City Government issued a notice (Fu-So-Huan-Kong Letter No. 1120093211) on June 17, 2023 stating that an on-site audit and found that washing rate of a washing tower(A102) was 1,018 L/min, and reviewed the monitoring data from February 26, 2023 to March 23, 2023 and found that the minimum washing rate were between 309~779.4 L/min which were lower than the lower limit 1,500 L/min regulated by Stationary Pollution Source Installation, Operating and Fuel Use Permit Management Regulations Amended Clauses. This violated Article 24, Paragraph 2, of the Air Pollution Control Act, and a fine of NT\$100,000 was subsequently issued.

Corrective actions: The cause of the incident was an abnormal failure of the check valve in the washing tower pipeline, which caused a decreasing washing rate. Immediately switch to the backup pipeline and perform troubleshooting of the abnormal check valve.

Preventive measures: Alarm call pre-alarm is set to an alarm lower than 1,800 LPM (permissible value >1,500 LPM). Alarm call notifies the factory unit and other relevant personnel to confirm the abnormal situation and handle it immediately.

(2) Expected Environmental Protection Capital Expenditures for Coming Years

Intended purchase of pollution prevention equipment or capital expenditure is listed below:

Unit: NT\$ Thousands

Item/Year	2024	2025	2026
Greenhouse gas examination and consultant fees	1,955	1,820	1,820
Product carbon footprint	1,345	1,203	1,428
Wastewater treatment and emission fees	37,770	38,795	39,816
Wastewater treatment fees	53,469	55,212	56,252
Environmental protection monitor & exam fees	1,934	2,320	2,320
Waste material disposal fees	79,837	9,804	95,804
Expansion of wastewater treatment equipment	62,000	22,000	22,000
Air pollution examination fees	3,262	3,362	3,362
Establish air pollution treatment equipment	12,054	20,454	24,084
Air pollution prevention fees	993	1,192	1,192
Total Expenditure Amount	254,619	242,162	248,078

## 2. Maintenance Measures

### (1) Management Program:

In order to fulfill our corporate social responsibilities, our company has obtained ISO14001 environmental management system certification. The Company conducts the following programs to implement its responsibilities on environmental protection:

- A. Air Pollution Control: Set up air pollution control equipment VOCs. Regularly exam the air quality to meet Environmental Protection Bureau standards. Hsin Chu Science Park Plant I and II both adopted Best Available Control Technology (BACT) to eliminate the impact on the environment.
- B. Recycle Waste Water: Utilize waste water recycle system to reduce waste on resources and re-use the recycle water to save and protect the water resources.
- C. Water Pollution Control: all facilities waste water must be treated and meet official standard before release back to the water system. Internal monitoring system and regular measure & calibration were in place.
- D. Waste Disposal: The entire disposal must meet environmental protection regulations. Enhance the recycle and re-use rate by well-classify materials.
- E. Work with suppliers: Regular inspects suppliers to meet environmental protection regulations.
- F. Climate Change and Energy Control: the company has established Greenhouse Gas Control Procedures followed the guidance of ISO14064-1 and Task Force on Climate-related Financial Disclosures (TCFD) to reduce impacts and financial risks of extreme weather.
- G. Voluntary Environmental Monitor Program: Program including waste water, noise, air quality, waste material impact on environment to effectively control the company operations impact on the environment.
- H. Allowance Permit: Consistently monitor the company operations meet the latest environmental standards.

### (2) Environmental management performance

- A. Air pollution control:
  - a. The Company emitted 73.3 tons of Volatile Organic Compounds (VOCs) in total during 2023. The reporting and payment of pollution control fees for use of VOCs were completed through the EPA Air Pollution Control Fee for Stationary Sources System every quarter as required by law.
  - b. Regular monitoring data provided by qualified external contractors indicated that concentrations of polluting emissions from all factories were lower than the regulatory threshold.
- B. Waste water treatment and process recovery:
  - a. Regular monitoring of discharge water quality indicated that concentrations of all pollutants was lower than the regulatory threshold.
  - b. Total waste water discharge from all PTI sites in amounted to 1,967,811 tons in 2023, an decrease of 148,155 tons compared to 2022.
  - c. PTI Taiwan achieved 88.68% recovery rate for water used in the packaging process in 2023.
- C. Waste disposal:
  - a. The Company generated 6,367.41 tons of waste, which consist of mainly waste fluids generated during the wafer cleaning process, as well as 5,339.83 tons of general waste, which consists mainly of sludge generated in the wastewater treatment process. All such waste was disposed of by qualified waste disposal contractors. The Company actively looking for recycling and reuse flows, non-hazardous waste recycling volume (including energy recovery) 4,091.49

tons, and the non-hazardous waste recycling rate (including energy recovery) reached 91.5% in 2023, to reduce the impact to environment.

- b. Waste disposal/treatment/recycling contractors undergo field/written audits or random tracking of their vehicles every year. A total of 45 regular audits were conducted for waste contractors during 2023.

D. Energy conservation and greenhouse gases

- a. Waste liquid purification and recycling

The Company generated 438.4 tons of waste liquid during the photoresist coating process, and after diversion and collection in the factory, the main recycled materials are purified by distillation to a cooperative manufacturer, and then made into industrial secondary products, which can be used as paint or surface coating diluents.

- b. Waste liquid precious metal recycling

The Company generated 182.5 tons of waste liquid precious metal during the electroplating and etching process, and after diversion and collection in the factory, the precious metals in the waste liquid are precipitated into precious metal ingots or flakes by cooperative manufacturers through extraction, oxidation and reduction, etc., which can be used in metal smelting and product manufacturing.

- c. Recycle empty chemical barrels

In 2023, The Company promote 6 chemical suppliers to implement the recycling of empty barrels. After the use of chemical raw materials, the empty barrels are recycled by the original supplier, refilled with raw materials and sent back to A for reuse.

E. Energy Saving, carbon reduction and greenhouse gases

- a. When purchasing factory equipment, choose high-efficiency models and environmentally friendly refrigerants with low greenhouse effect potential to reduce greenhouse gas emissions.
- b. The Company passed and obtained ISO 50001 (Energy Management Systems-Requirements with guidance for use, EnMS) certification.
- c. Total power savings in 2023 amounted to 17,240,951 kWh, or the equivalent of 62,067.4 GJ, and met the target of reducing energy consumption by 1%.

## 5. Labor Relations

### (1) The Implementation Status for Employee Welfare Policy, Training and Continue Education

PTI values the salary and benefits for its employees and offers lawful benefits. According to the bonus payment specifications, annual earnings minus taxes, surplus and dividends are then appropriate for employee bonuses. Employees can also enjoy benefits provided by the Employee Welfare Committee. With PTI family day, movie screenings and year end banquets to relieve stress from work and bond with coworkers.

1. Insurance: All PTI employees are insured with free general group insurance (including life, accident, medical, cancer, and other insurances). In the spirit of caring for employees as well as their families, the spouse and children of employees also include in the free group insurance.

### 2. Health and Safety:

(1) Through professional medical staff and health management, PTI conducts health promotion and health management for employees. All plants are staffed with professional medical personnel to monitor the health of employees. We collaborate with professional medical organizations to conduct health examinations for employees.

(2) We conduct risk management and assessment for resumption of work for individuals with high health risks. We also offer health information and courses.

(3) PTI prevent the disease triggered by abnormal workload by self-reporting the workload, work in day/ night shift, prolonged abnormal workload, irregular schedule, frequent business trips, or tense working conditions. These employees undergo health risk evaluation, overwork risk evaluation, and Framingham risk evaluation. On-site doctors evaluate the results, talk with the employees, and if necessary, change job positions, decrease working hours, or take other administrative management to maintain employee health.

(4) In 2004, PTI obtained the OHSAS 18001 occupational health and safety management certificate. To prevent occupational injuries and accidents and ensure the safety and health of our workplace, we also devised our "Environmental Safety and Health Policy".

### **Environment, Safety and Health Policy**

- Communicate ESH policy to employees, customers, and related groups.
- Comply with environmental protection, safety and health legislation/regulations and customer requirements.
- Consult and engage with workers and their representatives on the prevention of injuries, diseases, and accidents as well as damage control.
- Actively promote energy efficiency and waste reduction initiatives in response to international trends in environmental protection and the organization's current circumstances.
- Engage in continuous review and improvement to set higher targets for safety, health and environmental management, and improve their overall performance.

### 3. Employee assistance

PTI uses the "Psychological Counseling System" to let employees unload burdens and listened to themselves in this ever changing world of responsibilities. Care-free conversations during the Psychological Counseling System to heal inner wounds, rejuvenate, see a different world, and create a healthy work environment.

### 4. Travel

The pandemic began easing in 2023 so the government started lifting restrictions and encouraging a return to pre-pandemic life. Travel contracts were therefore renewed with well-known travel agencies. Colleagues could now use the entertainment coupons issued by the Welfare Committee to redeem products with travel agencies and decide when to use them once quarantine conditions at the destination permit. Colleagues were encouraged to not only work hard but also given the flexibility of enjoying life with family and friends at a place and time of their own choosing.

#### 5. Family day/ big activity/ leisure activity

The Welfare Committee launched a series of "online" and "small-scale physical events" in 2023 to invite colleagues and their families to venture into the great outdoors for health and leisure. Participation in these events helped to strengthen relationships and promote greater interaction. In addition to continuing to create a friendly workplace based on the three elements of "caring, health, and technology" where colleagues could feel "Promising, Thriving, and Inspiring", we also used elements such as "sustainability, environmental protection, and charity" as the main themes for activity design. Colleagues were invited not only enjoy an exciting life but also join Powertech in energy conservation, carbon reduction, and helping our planet! Activities such as online walking competitions, public beach cleanups, open-air music days, and riverside park jogging were held during 2023.

#### 6. Employee Club Activities

Clubs were one of the channels through which colleagues with the same interests could connect through with each other and relax after work; we continued to support our colleagues in managing and participating in various clubs. As of 2023, there were 407 members in 11 clubs founded by our colleagues themselves at Powertech. In addition to regular club activities, each club also holds company-wide activities every year to provide opportunities for members and non-members as well as colleagues and non-colleagues to connect with each other. For the 2023 Club Carnival, exciting physical activities were painstakingly developed for all colleagues by 8 clubs: Jogging Club, Bowling Club, Badminton Club, Mountaineering Club, Parent-Child Discovery Club, Zen Club, Basketball Club, and Softball Club. A series of club activities were held between July and September. Both dynamic and static activities bore witness to the power of Powertechers! This year's Club Carnival attracted nearly 660 colleagues and their families.

#### 7. Ask for Leave

In accordance with Labor Standard Act, PTI offers holiday and annual leave to employee. Regular reports are provided to supervisors to assist employee has a balanced work and life.

#### 8. Birthday/ Funeral and Other Benefits

- (1) Birthday star is given a coupon equivalent of NTD\$500 to celebrate his/her birthday. Employees with matters of material contingencies are offered a grant from NTD\$1,000 to NTD\$10,000.
- (2) PTI offers NTD\$1,000 value of cash or equivalent coupon, gift on annual Labor's Day.
- (3) PTI offers coupon/ gift equivalent of NTD\$1,000 during Dragon Boat Festival, Mid-autumn Festival etc.
- (4) Gifts are offered to employees with 3, 5, 10, 20 years of seniority.

#### 9. Maternity Subsidies and Other Services

A NTD\$2,000 of subsidies per child birth are provided to employee or its spouse. Also, PTI provides related application services for labor insurance. PTI cares about the employees and their interaction with their families. By having the employee welfare committee signing designated kindergartens and child-care facilities in the areas where employees reside, we offer options of pre-school care for the children of our employees, so that the employees can excel in both their work and their family life without any worries.

#### 10. Food and Housing:

- (1) PTI has outsourced catering services with subsidies for employees. Employee only has to pay a small amount to enjoy lavish meals.
- (2) Catering Committee has been established since 2008 to enhance the quality and welfare of employees.
- (3) PTI offers dormitory option for long distance commute employees.

#### 11. On-Job-Training:

To ensure a diverse talent, we "listen to needs" to consider internal and external issues. PTI has committed to meet the demand of employee learning, organizational development, and company policies, which has led to PTI's unique "need and resolution oriented" operational model and training system, where PTI enhances the managerial abilities of executives, improve employee competence, and ensure the sustainable growth of the company. PTI has been promoting virtual training courses and e-books for continue education especially during the COVID-19 periods.

## (2) The Implementation Status for employee retirement and pension system

### 1. Retirement Condition

Condition	Details
A. Voluntary	A ∙ Individual who served in the company over 15 years and over 55 years old. B ∙ Individual who served in the company over 25 years. C ∙ Individual who served in the company over 10 years and over 60 years old.
B. Mandatory	A ∙ Individual who was over 65 years old. B ∙ Individual who certified by public medical institutes with unfit physical or mental condition to work.

2. PTI Taiwan follows the Labor Standards Law and the Labor Pension Act in implementing employee retirement regulations and established a labor pension supervision committee to appropriate the full amount of pension contribution for employee to apply for pension after retirement. The insurer of Annuity Insurance is an insurance company approved by the central competent authority and the insured of the Annuity Insurance contract is the employer who will insure from the same insurer. The workers are the insured persons and beneficiaries. The Annuity Insurance premium to be paid by the employer each month may not be less than 6% of the monthly wages of the worker. In 2023, the listed total amount contributed to pension was NT\$408,119,483.

## (3) Negotiation between Management and Labor and the Implementation of Employee Rights

### 1. Employee Care:

PTI values the opinion of its employees. We offer various channels to encourage communication between employees and the management, so that we thoroughly understand employees' satisfaction with management and welfare systems and maintain good labor-management relationship. Since our foundation, PTI has enjoyed harmonious labor-management relationship. There has been no occurrence of labor-management disputes that resulted in losses. The possibility of future labor management disputes leading to losses is extremely low. In addition, with quarterly labor management meetings and welfare committee meetings, employees can voice their opinions on specific issues and reach agreement with the company through discussions in the meetings, thus perpetuating effective communication channels. PTI also respect and protect employees' rights of freedom of speech and freedom of assembly and association. The quarterly labor management meetings are negotiated by labor representation voted by employees.

### 2. Comprehensive Communication Channels

We have established comprehensive channels for diverse, two-way, and open communication. By helping employees communicate their opinions to the management, their concerns can be effectively taken care of. Our fair, confidential, and efficient handling procedure resolves employees' concerns while maintaining good labor management relationship. We have also established sexual-harassment prevention measures, employee psychological counseling services, and rewards and discipline regulations. We are always listening to employees' opinions. Anonymous or otherwise, we always exercise confidentiality and fairness in handling such information. All forms of retribution are protected against, so that employees can express their concerns without fear.



#### (4) Status of Violation of Labor Standards Act :

Penalty date	Penalty No.	Violated regulation:	Content of violated regulation	Penalty description
Date received: 2023/8/3	Fu-Lao-Zi No. 1123934360	Article 13 of the <i>Gender Equality in Employment Act</i>	The Gender Equality at Work Act incident led to the Hsinchu County Employment Discrimination Review Committee finding a violation of Paragraph 2, Article 13 of the Gender Equality at Work Act.	Fine of NT\$100,000
Date of inspection: 2023/11/7 Date received: 2024/2/5	Fu-Lao-Zi No. 1133930811	Paragraph 1, Article 24 of the <i>Labor Standards Act</i>	Failure to pay for overtime work requested by the employer at the proper rate violated Paragraph 1, Article 24 of the Labor Standards Act.	Fine of NT\$50,000 (Note)

Note: The violation took place in the 2023 fiscal year and the amount of the fine was issued in the 2024 fiscal year.

## 6. Information and Cyber Security Management

### (I) Information Security Risk Management Structure

A comprehensive information security management regime was established by the Company to ensure our information security. Our organizational structure includes an "Information Security Committee" that reports directly to the President responsible for promoting and coordinating the construction and maintenance of the information security management system. The Committee is composed of heads of each unit. It meets at least once a year and as necessary depending on the needs of information security risk management. The Information Security Committee receives regular briefings on the state of information security governance. A variety of methods including management review, internal audit, risk assessment, corrective and preventive measures were used to establish an information security management mechanism, strengthen information security protections, and enhance the standard of information security. To ensure the proper implementation of cybersecurity management, a dedicated information security department has been set up to assist with the upgrading and enforcement of cybersecurity policy. To ensure the proper implementation of cybersecurity management, a dedicated Information Security Department has been set up to assist with the implementation of information security policy. The department is responsible for ensuring the

information security of the Company through information security awareness, education and training, threat detection, incident handling, etc. Through the above measures, the Company can effectively manage information security risks and protect the confidentiality, integrity, and availability of information assets.

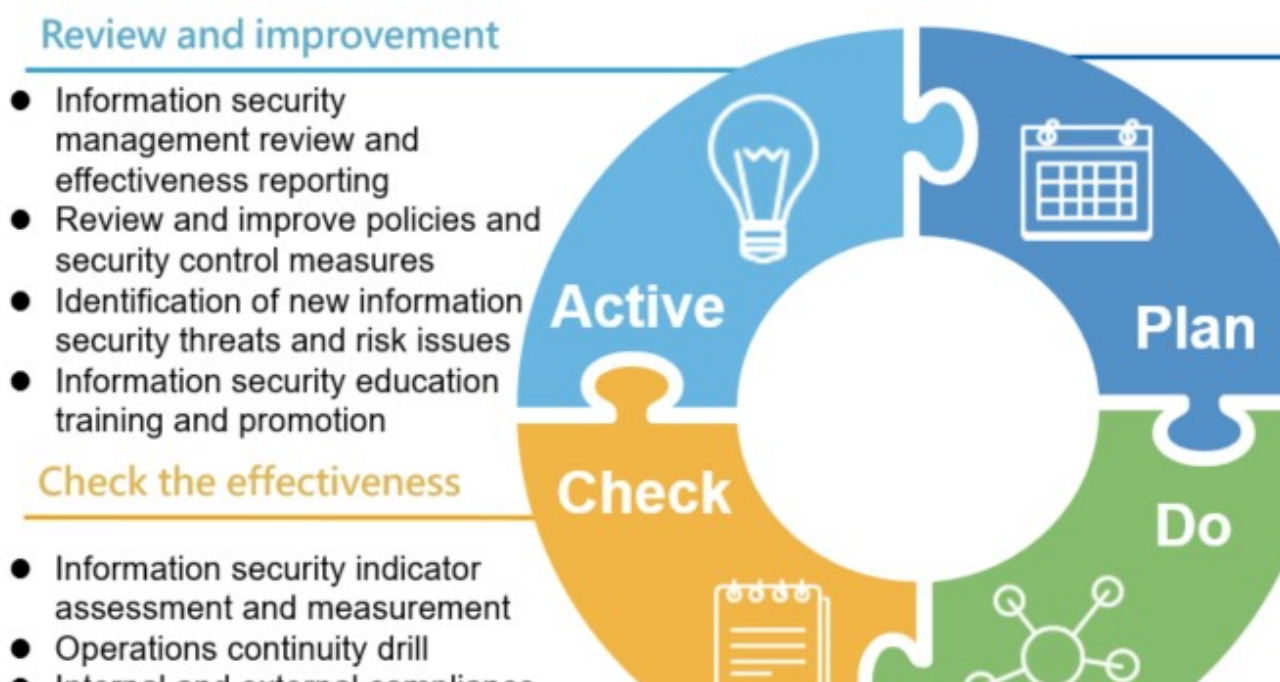
Information Security Committee Organization:



## (II) Cybersecurity Policies

The PTI Cybersecurity Policy is defined as “compliance with the relevant laws and regulations, protection of information assets relating to the Company’s business and information systems, as well as protection of confidential Company and customer information so they are not exposed to the risk of tampering, disclosure, damage or loss due to external threats, or their improper management and use by internal personnel. To enforce effective information security management, the “Plan-Do-Check-Act” (PDCA) model set out in the ISO/IEC 27001:2013 specifications for the development, maintenance, continuous improvement and documentation of an information security management system. This included laying down of principles for the functions of the management organization, document record management, and various information security control measures to ensure the effective protection of information assets on which important company business is conducted.

Information security risk management and continuous improvement structure:



### (III) Specific Management Plans

The following cybersecurity measures have been implemented by PTI to prevent and mitigate damage from cybersecurity attacks:

1. Ensure that the information security management system meets the needs of all parties and engage in regular communication to understand their expectations on information security.
2. Regularly host online information security education and training courses to raise employee awareness on information security.
3. Develop complete information security management specifications and operating procedures to ensure the systematic operation of information security management.
4. Conduct regular risk assessments to identify high-risk items and take measures to reduce or transfer risks.
5. Establish a complete information security protection system to achieve timely and effective identification, protection, detection, response and recovery.
6. Conduct regular drills on information security incident response and recovery procedures to ensure that we can respond quickly and effectively to incidents and reduce the impact.
7. Conduct regular disaster recovery drills for key application systems to ensure their effectiveness.
8. Continue to monitor new information security information and technologies, and incorporate them into the information security management system to provide effective defense against new types of threats.

### (IV) Input of Information Security Management Resources

PTI is continuing to invest in information security related fields. The following key accomplishments were made in the promotion of cybersecurity:

- (1) Information Security Management and Audit System
  1. The ISO27001 international information security certification remains valid and transition should be completed in 2025.
  2. Reviewed information security-related policies and operating specifications. Revisions were made to 31 relevant management requirements based on risk trends.
  3. Third-party threat intelligence is incorporated by PTI into our external information security risk assessments and management. Information security maturity at PTI has been ranked as A for three consecutive years by the information security evaluation management tool Security Score Card and through Bitsight certification.
  4. Suppliers were graded according to the importance of the services they provided, and a total of 25 suppliers were identified as being of top priority. These suppliers were evaluated and asked to conform with the Company's information security assessment standard.
- (2) Information security awareness and network protection detection
  1. All new hires must complete the information security training course before they start work. All employees must complete two online information security training courses and exams each year. Information security training was conducted for 11,070 people and total duration was 3,586.24 person-hours.
  2. No-notice e-mail social engineering exercises and social engineering awareness training is conducted on a quarterly basis. The link in the e-mail was clicked in less than 3% of cases.
  3. There were 47 disciplinary actions recorded for violating information security regulations.
  4. Arranged for information security personnel to participate in relevant information security seminars and training courses. Total participation was 21 people and 84 person-hours.
  5. A total of 76 server and webpage vulnerability scans are carried out each year. BCP drills are also carried out on an ongoing basis to identify system vulnerabilities and strengthen response capabilities.
  6. To prevent major financial loss from information security incidents, "Information Security Risk Management Insurance" was renewed in 2023 to protect the rights and

interests of customers and investors, demonstrate the Company's emphasis on information security, and reduce the financial impact of information security incidents.

(3) Information Security Notification and Incident Management

1. The Information Security Monitoring Center works with external information security expert resources to track the latest security alerts and threat intelligence as well as strengthen detection and response mechanisms.
2. The number of network disruptions experienced by production machinery due to information security threats and system intrusions were both zero, ensuring the stable operation of the production system and prevention of operational losses.
3. Share network threat information with national-level TWCERT, SP-ISAC and other information security information sharing and analysis centers.

(4) Disaster recovery drill

To ensure the sustainable operation of the information system and avoid the risk of disruptions to important information systems due to major disasters, the Company conducts at least one information security incident emergency response plan drill and 12 key production system data recovery drills every year. The drills ensure that the Company can use its disaster response capabilities at critical moments to restore business operations to a normal or acceptable standard, maintaining the continuity of key application systems and business operations

(V) Estimates of any damages or loss as the end of Mar 31, 2024 cause by information security misconducts: None.

## 7. Major Contracts

Contract Classification	Contract Company	Contract Duration	Main Contents	Limitations of Terms
Outsource Services Contract	A Company	Jun 2019 ~	Packaging and testing services	Non-disclosure agreement
	F Company	Dec 2019 ~ Dec 2024	Packaging and testing services	Non-disclosure agreement
	I Company	Dec 2019 ~ Dec 2024	Packaging and testing services	Non-disclosure agreement
	S Company	Mar 2022 ~ Dec 2025	Packaging and testing services	Non-disclosure agreement
Asset Transfer Contract	M Company	Jun 2023 ~ Jun 2024	Asset transfers Norms of rights and obligations	Non-disclosure agreement
Bank Loan	CTBC Bank	Aug 2023 ~ Aug 2026	Medium-term credit loan	Commitment to maintain a certain ratio between the assets & liabilities and net worth
	Mega International Commercial Bank	Sep 2023 ~ Sep 2026	Medium-term credit loan	None
		Oct 2021 ~ Oct 2026	Medium-term credit loan	
	Yuanta Commercial Bank	Nov 2022 ~ Nov 2026	Medium-term credit loan	Commitment to maintain a certain ratio between the assets & liabilities and net worth
	E.Sun Bank	Jul 2021 ~ Jul 2028	Machinery & Equipment Loan	None
		May 2023 ~ May 2026	Medium-term credit loan	
	Hua Nan Bank	Jan 2023 ~ Jan 2026	Medium-term credit loan	None
		Sep 2021 ~ Aug 2028		
	First Bank	Oct 2022 ~ Oct 2026	Building Construction	None
		Dec 2021 ~ Dec 2028	Machinery & Equipment Loan	
	Bank of Taiwan	Nov 2012 ~ Nov 2027	Building Construction Loan	None
		Aug 2021 ~ Aug 2031		
		Aug 2021 ~ Aug 2028	Machinery & Equipment Loan	
	Taiwan Cooperative Bank	Dec 2021 ~ Dec 2028	Machinery & Equipment Loan	None
	Chang Hwa Bank	Mar 2023 ~ Mar 2026	Medium-term credit loan	None
		Dec 2021 ~ Dec 2028	Machinery & Equipment Loan	
	Taishin Bank	Dec 2023 ~ Dec 2026	Medium-term credit loan	Commitment to maintain a certain ratio between the assets & liabilities and net worth
	Land Bank of Taiwan	Feb 2022 ~ Dec 2028	Medium-term credit loan	None
		Jun 2023 ~ Jun 2026		
	HSBC	Sep 2021 ~ Feb 2025	Medium-term credit loan	None
	MUFG Bank	Sep 2023 ~ Aug 2026	Medium-term credit loan	None
	DBS Bank	Dec 2023 ~ Dec 2026	Medium-term credit loan	None

## VI. Financial Highlights

### 1. Summarized Balance Sheets, Income Statements, CPA and Audit Opinions for Last 5 years

#### (1) Summarized Balance Sheets

##### 1. PTI Consolidated Balance Sheets – IFRS

Unit: NT\$ Thousands

Year Item		Financial Information for Last Five Years					3/31/2024
		2019	2020	2021	2022	2023	
Current Assets		\$43,342,833	\$44,590,593	\$51,958,614	\$49,776,657	\$48,194,283	Note 3
Property, Plant, and Equipment		58,779,789	60,111,194	63,236,697	64,818,236	56,923,703	
Intangible Assets		1,059,626	1,002,475	982,640	1,125,632	1,107,074	
Other Assets		3,963,733	3,041,978	2,409,071	3,248,613	4,929,505	
Total Assets		107,145,981	108,746,240	118,587,022	118,969,138	111,154,565	
Current Liabilities	Before Distribution	20,404,401	16,865,006	23,319,131	19,614,752	16,508,127	
	After Distribution	23,910,561	20,760,739	28,481,328	24,928,778	Note 2	
Non-Current Liabilities		31,843,617	33,476,595	31,961,649	33,031,348	25,539,955	
Total Liabilities	Before Distribution	52,248,018	50,341,601	55,280,780	52,646,100	42,048,082	
	After Distribution	55,754,178	54,237,334	60,442,977	57,960,126	Note 2	
Equity Belong to Parent Company		43,027,728	45,988,123	49,507,183	52,288,958	54,869,529	
Capital Stocks		7,791,466	7,791,466	7,791,466	7,591,466	7,591,466	
Capital Surplus		209,852	231,294	270,794	149,540	237,071	
Retained Earnings	Before Distribution	35,447,618	38,561,679	43,573,846	45,551,199	48,242,061	
	After Distribution	31,941,458	34,665,946	38,411,649	40,237,173	Note 2	
Other Equity		(324,741)	(366,982)	(710,623)	(534,445)	(732,267)	
Treasury Stocks		(96,467)	(229,334)	(1,418,300)	(468,802)	(468,802)	
Non-Controlling Interests		11,870,235	12,416,516	13,799,059	14,034,080	14,236,954	
Total Equity	Before Distribution	54,897,963	58,404,639	63,306,242	66,323,038	69,106,483	
	After Distribution	51,391,803	54,508,906	58,144,045	61,009,012	Note 2	

Note 1: The listed numbers were certified by CPA.

Note 2: The earnings distribution for 2023 subject to shareholders' approval.

Note 3: No CPA certified data for 1Q24 as of the date of printing.

## 2. PTI Stand Alone Balance Sheets – IFRS

Year Item		Financial Information for Last Five Years					3/31/2024
		2019	2020	2021	2022	2023	
<b>Current Assets</b>		\$27,056,110	\$27,442,420	\$31,977,573	\$31,124,603	\$27,055,171	Note 3
<b>Property, Plant, and Equipment</b>		35,113,054	36,527,520	36,808,535	37,494,396	32,826,669	
<b>Intangible Assets</b>		6,248	3,471	694	0	0	
<b>Other Assets</b>		18,916,216	19,342,915	21,773,109	23,899,826	27,890,146	
<b>Total Assets</b>		81,091,628	83,316,326	90,559,911	92,518,825	87,771,986	
<b>Current Liabilities</b>	<b>Before Distribution</b>	12,419,225	9,426,004	14,059,405	12,677,806	10,887,337	
	<b>After Distribution</b>	15,925,385	13,321,737	19,221,602	17,991,832	Note 2	
<b>Non-Current Liabilities</b>		25,644,675	27,902,199	26,993,323	27,552,061	22,015,120	
<b>Total Liabilities</b>	<b>Before Distribution</b>	38,063,900	37,328,203	41,052,728	40,229,867	32,902,457	
	<b>After Distribution</b>	41,570,060	41,223,936	46,214,925	45,543,893	Note 2	
<b>Capital Stocks</b>		7,791,466	7,791,466	7,791,466	7,591,466	7,591,466	
<b>Capital Surplus</b>		209,852	231,294	270,794	149,540	237,071	
<b>Retained Earnings</b>	<b>Before Distribution</b>	35,447,618	38,561,679	43,573,846	45,551,199	48,242,061	
	<b>After Distribution</b>	31,941,458	34,665,946	38,411,649	40,237,173	Note 2	
<b>Other Equity</b>		(324,741)	(366,982)	(710,623)	(534,445)	(732,267)	
<b>Treasury Stocks</b>		(96,467)	(229,334)	(1,418,300)	(468,802)	(468,802)	
<b>Total Equity</b>	<b>Before Distribution</b>	43,027,728	45,988,123	49,507,183	52,288,958	54,869,529	
	<b>After Distribution</b>	39,521,568	42,092,390	44,344,986	46,974,932	Note 2	

Note 1: The listed numbers were certified by CPA.

Note 2: The earnings distribution for 2023 subject to shareholders' approval

Note 3: No CPA certified data available for 1Q24 as the day of printing.

## (2) Summarized Income Statements

### 1. PTI Consolidated Income Statements – IFRS

Item \ Year	Financial Information for Last Five Years					3/31/2024
	2019	2020	2021	2022	2023	
Net Sales	\$66,525,144	\$76,180,649	\$83,793,572	\$83,926,735	\$70,440,945	Note 1
Gross Profit	12,676,895	15,028,628	19,294,657	17,376,020	12,608,975	
Operating Income	8,712,240	10,718,170	14,524,946	12,448,017	8,153,566	
Non-Operating Income	(204,722)	(323,219)	180,541	1,191,909	3,889,550	
Income Before Income Tax	8,507,518	10,394,951	14,705,487	13,639,926	12,043,116	
Income from Continuing Operations after Income Taxes	6,879,292	8,178,977	11,725,925	10,751,849	9,509,138	
Income from Discontinued Operations	–	–	–	–	–	
Net Income (Losses)	6,879,292	8,178,977	11,725,925	10,751,849	9,509,138	
Other Consolidated Income (after-tax)	(357,273)	(131,033)	(545,130)	186,233	(145,380)	
Consolidated Net Income	6,522,019	8,047,944	11,180,795	10,938,082	9,363,758	
Net Income Attributable to Shareholders of the Parent Company	5,838,650	6,662,262	8,898,398	8,686,730	8,008,511	
Net Income Attributable to Non-Controlling Interests	1,040,642	1,516,715	2,827,527	2,065,119	1,500,627	
Consolidated Net Income Attributable to Shareholders of the Parent Company	5,696,440	6,577,980	8,564,259	8,880,341	7,807,066	
Consolidated Net Income Attributable to Non-Controlling Interests	825,579	1,469,964	2,616,536	2,057,741	1,556,692	
Earnings Per Share (NT\$)	7.52	8.60	11.54	11.60	10.72	

Note: The listed numbers were certified by CPA.

Note 1: No CPA certified data available for 1Q24 as of the date of printing.

### 2. PTI Stand Alone Income Statements – IFRS

Item \ Year	Financial Information for Last Five Years					3/31/2024
	2019	2020	2021	2022	2023	
Net Sales	\$42,848,591	\$49,987,942	\$51,262,260	\$52,703,009	\$42,277,074	Note 1
Gross Profit	8,849,382	10,083,676	10,038,890	9,855,156	6,707,005	
Operating Income	6,144,161	7,045,198	6,484,293	6,190,358	3,445,435	
Non-Operating Income	695,444	1,073,885	3,878,477	3,924,656	5,792,048	
Income Before Income Tax	6,839,605	8,119,083	10,362,770	10,115,014	9,237,483	
Income from Continuing Operations after Income Taxes	5,838,650	6,662,262	8,898,398	8,686,730	8,008,511	
Income from Discontinued Operations	–	–	–	–	–	
Net Income (Losses)	5,838,650	6,662,262	8,898,398	8,686,730	8,008,511	
Other Consolidated Income (after-tax)	(142,210)	(84,282)	(334,139)	193,611	(201,445)	
Consolidated Net Income	5,696,440	6,577,980	8,564,259	8,880,341	7,807,066	
Earnings Per Share (NT\$)	7.52	8.60	11.54	11.60	10.72	

Note: The listed numbers were certified by CPA.

Note 1: No CPA certified data available for 1Q24 as of the date of printing.

### 3. CPA Opinions for the Last 5 Years

Year	Name of CPA	Opinion
2019	Yu-Feng Huang, Su-Li Fang	Unqualified Audit Report
2020	Yu-Feng Huang, Cheng-Chih Lin	Unqualified Audit Report
2021	Yu-Feng Huang, Cheng-Chih Lin	Unqualified Audit Report
2022	Cheng-Chih Lin, Su-Li Fang	Unqualified Audit Report
2023	Cheng-Chih Lin, Su-Li Fang	Unqualified Audit Report

## 2. Financial Analysis for Last 5 years

### (1) Consolidated Analysis – IFRS

Year Item		Financial Information for Last Five Years (Note)					3/31/2024	
		2019	2020	2021	2022	2023		
Capital Structure Analysis (%)	Debt Ratio	48.76	46.29	46.62	44.25	37.83	Note 1	
	Long-term Fund to Fixed Asset Ratio	147.57	152.85	150.65	153.28	166.27		
Liquidity Analysis %	Current Ratio	212.42	264.40	222.82	253.77	291.94		
	Quick Ratio	192.30	234.00	191.85	196.82	249.83		
	Times Interest Earned (Times)	25.56	38.20	65.45	54.20	37.85		
Operating Performance Analysis	Average Collection Turnover (Times)	5.19	5.34	5.12	5.19	4.54		
	Average Collection Days	70.32	68.35	71.28	70.32	80.40		
	Average Inventory Turnover (Times)	13.98	13.81	10.99	7.60	6.63		
	Average Payment Turnover (Times)	10.01	11.30	10.81	10.65	10.84		
	Days Sales Outstanding	26.10	26.43	33.21	48.02	55.01		
	Fixed Assets Turnover (Times)	1.10	1.28	1.36	1.31	1.16		
	Total Assets Turnover (Times)	0.63	0.71	0.74	0.71	0.61		
Profitability Analysis	Return on Total Assets (%)	6.80	7.78	10.48	9.22	8.49		
	Return on Equity (%)	12.74	14.44	19.27	16.59	14.04		
	Ratio of Pre-Tax Income over Capital stock (%)	109.19	133.41	188.74	179.67	158.64		
	Net Margin(%)	8.78	8.75	10.62	10.35	11.37		
	Earnings per Share(NT) (Note 2)	7.52	8.60	11.54	11.60	10.72		
Cash Flow	Cash Flow Ratio (%)	88.00	114.45	105.70	116.86	119.22		
	Cash Flow Adequacy Ratio (%)	93.51	87.66	98.05	98.92	111.53		
	Cash Flow Reinvestment Ratio (%)	8.53	8.79	10.99	8.97	7.49		
Leverage	Operating Leverage	4.40	4.10	3.46	3.86	4.88		
	Financial Leverage	1.04	1.03	1.02	1.02	1.04		
Reasons for changes in financial ratios (changes less than 20% are excluded from analysis)								
1. The increase in speed ratio is mainly caused by decreased liabilities.								
2. The reduction of interest guarantee multiples is caused by the reduction of the net profit before tax and the increase in interest costs.								
3. The increase in operating leverage is mainly due to the decrease in net operating income.								

Note: The listed numbers were certified by CPA.

Note 1: No CPA certified data available for 1Q24 as of the date of printing.

## (2) PTI Stand Alone Analysis – IFRS

Item \ Year		Financial Information for Last Five Years					3/31/2024	
		2019	2020	2021	2022	2023		
Capital Structure Analysis (%)	Debt Ratio	46.94	44.80	45.33	43.48	37.49	Note 1	
	Long-term Fund to Fixed Asset Ratio	195.58	202.29	207.83	212.94	234.21		
Liquidity Analysis %	Current Ratio	217.86	291.14	227.45	245.50	248.50		
	Quick Ratio	194.87	252.40	192.90	177.86	200.55		
	Times Interest Earned (Times)	28.52	41.79	58.63	50.40	35.39		
Operating Performance Analysis	Average Collection Turnover (Times)	6.19	5.85	5.20	5.29	4.29		
	Average Collection Days	59.00	62.34	70.19	69.02	85.15		
	Average Inventory Turnover (Times)	12.18	12.43	9.81	6.44	5.23		
	Average Payment Turnover (Times)	8.96	10.67	10.44	9.83	9.26		
	Days Sales Outstanding	29.96	29.36	37.20	56.71	69.76		
	Fixed Assets Turnover (Times)	1.20	1.40	1.40	1.42	1.20		
	Total Assets Turnover (Times)	0.54	0.61	0.59	0.58	0.47		
Profitability Analysis	Return on Total Assets (%)	7.68	8.30	10.40	9.67	9.12		
	Return on Equity (%)	13.90	14.97	18.64	17.07	14.95		
	Ratio of Pre-Tax Income over Capital stock (%)	87.78	104.20	133.00	133.24	121.68		
	Net Margin(%)	13.63	13.33	17.36	16.48	18.94		
	Earnings per Share(NT)	7.52	8.60	11.54	11.60	10.72		
Cash Flow	Cash Flow Ratio (%)	91.48	122.82	94.53	90.51	95.54		
	Cash Flow Adequacy Ratio (%)	88.41	79.82	91.42	86.92	95.34		
	Cash Flow Reinvestment Ratio (%)	6.91	6.80	7.50	4.85	3.92		
Leverage	Operating Leverage	3.76	3.74	4.22	4.43	6.20		
	Financial Leverage	1.04	1.03	1.03	1.03	1.08		
Reasons for changes in financial ratios (changes less than 20% are excluded from analysis)								
1. The reduction of interest guarantee multiples is caused by the reduction of the net profit before tax and the increase in interest costs.								
2. The increase in the average number of cash on average is mainly to decrease in net operating income.								
3. The increase in the average sales date is mainly to decrease operating costs.								
4. The increase in operating leverage is mainly due to the decrease in net operating income.								

Note: The listed numbers were certified by CPA

Note 1: No quarterly data available after IFRS adoption.

1. Capital Structure Analysis
  - (1) Debt Ratio = Total Liabilities / Total Assets
  - (2) Long-term Fund to Fixed Asset Ratio = (Shareholders' Equity + Long-term Liabilities) / Net Fixed Assets
2. Liquidity Analysis
  - (1) Current Ratio = Current Assets / Current Liabilities
  - (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
  - (3) Times Interest Earned = Earnings before Interest Expense and Net Income / Interest Expense.
3. Operating Performance Analysis
  - (1) Average Collection Turnover = Net Sales / Average Receivables (including Accounts Receivable arising from Operation Notes Receivables)
  - (2) Average Collection Days = 365 / Receivables Turnover
  - (3) Average Inventory Turnover = Cost of Goods Sold / Average Inventory
  - (4) Average Payment Turnover = Cost of Goods Sold / Average Payables (including Accounts Payable arising from Operation Notes Payables)
  - (5) Days Sales Outstanding = 365 / Inventory Turnover
  - (6) Fixed Assets Turnover = Net Sales / Average Net Fixed Assets
  - (7) Total Assets Turnover = Net sales / Average Total Assets
4. Profitability Analysis
  - (1) Return on Total Assets = [Net Income + Interest Expense  $\times$  (1 - Tax Rate)] / Average Total Assets
  - (2) Return on Equity = Net Income / Average Total Shareholders' Equity
  - (3) Net Margin = Net Income / Net Sales
  - (4) Earnings Per Share = (Net Income - Preferred Stock Dividends) / Weighted Average Number of Shares Outstanding
5. Cash Flow
  - (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities.
  - (2) Cash Flow Adequacy Ratio = Five-year Net Cash Flow from Operating Activities / Most Recent Five Years (Capital Expenditure + Inventory + Cash Dividend).
  - (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividend) / (Gross Fixed Assets + Investments + Other Assets + Working Capital)
6. Leverage
  - (1) Operating leverage = (Net Sales - Variable Operating Costs and Expenses) / Income
  - (2) Financial leverage = Operating income / (Operating Income - Interest Expense)

### **3. Audit Committee's Audit Report on Financial Reports**

#### **Audit Committee's Audit Report**

Mar 8, 2024

Audit Committee had performed an audit for PTI's 2023 financial statements (including parent company and consolidated financial statements) and profit sharing plans. The Audit Committee had concluded the reports conformed to regulations of the Company Act. Our report was presented to conform to Article 14-4 of Security Exchange Act and Article 219 of the Company Act.

Best Regards

2024 Powertech Technology Inc. Shareholders' Meeting

Powertech Technology Inc. Audit Committee

Chair: Morgan Chang

**Powertech Technology Inc. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

POWERTECH TECHNOLOGY INC.

By:

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TSAI DUH-KUNG  
Chairman

March 8, 2024

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Powertech Technology Inc.

### Opinion

We have audited the accompanying consolidated financial statements of Powertech Technology Inc. and its subsidiaries (the "Corporation"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Corporation for the year ended December 31, 2023, are described as follows:

#### Recognition of Contract Assets and Revenue

1. The amount of sales revenue is material to the Corporation. Refer to Note 22 to the accompanying consolidated financial statements for details of sales revenue. The major type of revenue is subcontracting revenue. The types of subcontracting transactions are as follows:
  - 1) Wafer level testing;
  - 2) Wafer level packaging;
  - 3) IC packaging; and
  - 4) IC testing.

2. Packaging services: Since the customers have ownership of the assets, assume significant risks and rewards of ownership of the assets, have the right to dispose of the assets and prevent the Corporation from obtaining the benefits of the assets, revenue should be recognized over time in accordance with the requirements of paragraph 35(b) of International Financial Reporting Standards No. 15.
3. Testing services: In accordance with the requirements of paragraph 35(a) of International Financial Reporting Standards No. 15, the Corporation recognizes revenue over time since the customers simultaneously receive and consume the benefits provided by the Corporation's testing services.
4. The Corporation recognizes the contract assets and revenue of packaging and testing services at the end of each month based on the completion schedule. Since the abovementioned process involves estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly as a result of human error.
5. We reviewed the Corporation's revenue recognition policy, understood the Corporation cost carry-forward process, assessed the reasonableness of its contract assets and revenue recognition, confirmed against relevant supporting documents and accounting records, and verified the accuracy of the monetary amounts of contract assets and revenue recognized.

### **Other Matter**

We have also audited the financial statements of Powertech Technology Inc. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chih Lin and Su Li Fang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2024

#### Notice to Readers

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

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

# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 21,079,749	19	\$ 20,373,424	17
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	28,659	-	66,619	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	210,744	-	94,176	-
Contract assets - current (Notes 4, 22 and 30)	2,363,716	2	2,645,344	2
Notes and accounts receivable (Notes 4, 10 and 22)	11,503,525	10	9,252,417	8
Receivables from related parties (Notes 4, 22 and 30)	5,175,271	5	5,094,481	4
Other receivables (Note 4)	362,471	-	330,849	-
Other receivables from related parties (Notes 4 and 30)	100,338	-	66,111	-
Inventories (Notes 4 and 11)	6,680,554	6	10,752,826	9
Prepaid expenses (Note 17)	272,119	-	417,977	1
Other current assets (Notes 4, 17 and 32)	<u>417,137</u>	<u>1</u>	<u>682,433</u>	<u>1</u>
Total current assets	<u>48,194,283</u>	<u>43</u>	<u>49,776,657</u>	<u>42</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	34,662	-	17,143	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	794,154	1	429,974	-
Investments accounted for using the equity method (Note 13)	1,174,347	1	-	-
Property, plant and equipment (Notes 4, 14, 29, 30 and 31)	56,923,703	51	64,818,236	55
Right-of-use assets (Notes 4, 5 and 15)	1,348,665	1	1,463,013	1
Intangible assets (Notes 4 and 16)	1,107,074	1	1,125,632	1
Deferred income tax assets (Notes 4 and 24)	318,920	1	227,759	-
Net defined benefit assets - non-current (Notes 4 and 20)	2,643	-	2,539	-
Other non-current assets (Notes 4, 17 and 32)	<u>1,256,114</u>	<u>1</u>	<u>1,108,185</u>	<u>1</u>
Total non-current assets	<u>62,960,282</u>	<u>57</u>	<u>69,192,481</u>	<u>58</u>
TOTAL	<u>\$ 111,154,565</u>	<u>100</u>	<u>\$ 118,969,138</u>	<u>100</u>

LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Note 18)	\$ 65,190	-	\$ 69,720	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	504	-	7,446	-
Contract liabilities - current (Note 22)	131,106	-	226,859	-
Notes and accounts payable	4,952,699	5	5,510,927	5
Accounts payable to related parties (Note 30)	124,111	-	82,684	-
Bonus to employees and remuneration to directors (Note 23)	1,189,713	1	1,422,401	1
Payables to equipment suppliers	1,195,261	1	2,536,275	2
Other payables - related parties (Note 30)	126,714	-	32,314	-
Current income tax liabilities (Notes 4 and 24)	1,540,856	1	1,359,309	1
Lease liabilities - current (Notes 4, 5 and 15)	38,005	-	66,715	-
Accrued expenses and other current liabilities (Notes 4 and 19)	6,576,059	6	8,117,668	7
Current portion of long-term debts (Notes 18 and 31)	<u>567,909</u>	<u>1</u>	<u>182,434</u>	<u>-</u>
Total current liabilities	<u>16,508,127</u>	<u>15</u>	<u>19,614,752</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Long-term debt (Notes 18 and 31)	23,197,987	21	30,353,569	26
Deferred income tax liabilities (Notes 4 and 24)	354,366	-	302,326	-
Lease liabilities - non-current (Notes 4, 5 and 15)	1,313,961	1	1,344,749	1
Net defined benefit liability - non-current (Notes 4 and 20)	92,414	-	282,422	-
Other non-current liabilities (Note 19)	<u>581,227</u>	<u>1</u>	<u>748,282</u>	<u>1</u>
Total non-current liabilities	<u>25,539,955</u>	<u>23</u>	<u>33,031,348</u>	<u>28</u>
Total liabilities	<u>42,048,082</u>	<u>38</u>	<u>52,646,100</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4 and 21)				
Capital stock				
Common stock	<u>7,591,466</u>	<u>7</u>	<u>7,591,466</u>	<u>6</u>
Capital surplus	<u>237,071</u>	<u>-</u>	<u>149,540</u>	<u>-</u>
Retained earnings				
Legal reserve	10,051,723	9	9,181,307	8
Special reserve	602,228	-	710,623	-
Unappropriated earnings	<u>37,588,110</u>	<u>34</u>	<u>35,659,269</u>	<u>30</u>
Total retained earnings	<u>48,242,061</u>	<u>43</u>	<u>45,551,199</u>	<u>38</u>
Other equity	<u>(732,267)</u>	<u>(1)</u>	<u>(534,445)</u>	<u>-</u>
Treasury stock	<u>(468,802)</u>	<u>-</u>	<u>(468,802)</u>	<u>-</u>
Equity attributable to shareholders of the Parent	54,869,529	49	52,288,958	44
NON-CONTROLLING INTERESTS (Notes 12 and 21)	<u>14,236,954</u>	<u>13</u>	<u>14,034,080</u>	<u>12</u>
Total equity	<u>69,106,483</u>	<u>62</u>	<u>66,323,038</u>	<u>56</u>
TOTAL	<u>\$ 111,154,565</u>	<u>100</u>	<u>\$ 118,969,138</u>	<u>100</u>

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

# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET SALES (Notes 4, 22 and 30)	\$ 70,440,945	100	\$ 83,926,735	100
COST OF REVENUE (Notes 4, 11, 23 and 30)	<u>57,831,970</u>	<u>82</u>	<u>66,550,715</u>	<u>79</u>
GROSS PROFIT	<u>12,608,975</u>	<u>18</u>	<u>17,376,020</u>	<u>21</u>
OPERATING EXPENSES (Notes 23 and 30)				
Marketing	255,725	-	428,936	1
General and administrative	1,742,471	2	2,035,906	2
Research and development	2,457,741	4	2,462,430	3
Expected credit (gain) loss (Note 10)	<u>(528)</u>	<u>-</u>	<u>731</u>	<u>-</u>
Total operating expenses	<u>4,455,409</u>	<u>6</u>	<u>4,928,003</u>	<u>6</u>
OPERATING INCOME	<u>8,153,566</u>	<u>12</u>	<u>12,448,017</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 23)	342,068	-	109,467	-
Other income (Notes 4 and 23)	13,642	-	71,684	-
Other gains and losses (Notes 4, 23, 27 and 30)	3,770,231	5	(242,861)	-
Financial costs (Notes 4 and 23)	(326,792)	-	(256,368)	(1)
Share of loss of associates for using the equity method	(21,483)	-	-	-
Foreign exchange gains, net (Notes 4 and 23)	<u>111,884</u>	<u>-</u>	<u>1,509,987</u>	<u>2</u>
Total non-operating income and expenses	<u>3,889,550</u>	<u>5</u>	<u>1,191,909</u>	<u>1</u>
INCOME BEFORE INCOME TAX	12,043,116	17	13,639,926	16
INCOME TAX EXPENSE (Notes 4 and 24)	<u>2,533,978</u>	<u>4</u>	<u>2,888,077</u>	<u>3</u>
NET INCOME	<u>9,509,138</u>	<u>13</u>	<u>10,751,849</u>	<u>13</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(2,151)	-	(1,513)	-
Unrealized gain (losses) on investments in equity instruments designated as at fair value through other comprehensive income	17,519	-	(13,001)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(160,748)</u>	<u>-</u>	<u>200,747</u>	<u>-</u>
Total other comprehensive (loss) income	<u>(145,380)</u>	<u>-</u>	<u>186,233</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 9,363,758</u>	<u>13</u>	<u>\$ 10,938,082</u>	<u>13</u>

(Continued)

# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 8,008,511	12	\$ 8,686,730	10
Non-controlling interests	<u>1,500,627</u>	<u>2</u>	<u>2,065,119</u>	<u>3</u>
	<u>\$ 9,509,138</u>	<u>14</u>	<u>\$ 10,751,849</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 7,807,066	11	\$ 8,880,341	11
Non-controlling interests	<u>1,556,692</u>	<u>2</u>	<u>2,057,741</u>	<u>2</u>
	<u>\$ 9,363,758</u>	<u>13</u>	<u>\$ 10,938,082</u>	<u>13</u>
EARNINGS PER SHARE (Note 25)				
Basic	\$ <u>10.72</u>		\$ <u>11.60</u>	
Diluted	\$ <u>10.64</u>		\$ <u>11.47</u>	

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

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Corporation												
							Other Equity		Total	Treasury Share	Total	Noncontrolling Interests	Total Equity
	Capital Stock		Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE, JANUARY 1, 2022	779,147	\$ 7,791,466	\$ 270,794	\$ 8,290,517	\$ 366,982	\$ 34,916,347	\$ (690,969)	\$ (19,654)	\$ (710,623)	\$ (1,418,300)	\$ 49,507,183	\$ 13,799,059	\$ 63,306,242
Appropriation of 2021 earnings													
Legal reserve	-	-	-	890,790	-	(890,790)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	343,641	(343,641)	-	-	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,162,197)	-	-	-	-	(5,162,197)	-	(5,162,197)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,734,690)	(1,734,690)
Net income for the year ended December 31, 2022	-	-	-	-	-	8,686,730	-	-	-	-	8,686,730	2,065,119	10,751,849
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	17,433	189,179	(13,001)	176,178	-	193,611	(7,378)	186,233
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	8,704,163	189,179	(13,001)	176,178	-	8,880,341	2,057,741	10,938,082
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	(943,589)	(943,589)	-	(943,589)
Cancellation of treasury shares	(20,000)	(200,000)	(197,142)	-	-	(1,564,613)	-	-	-	1,961,755	-	-	-
The Parent's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	-	(68,668)	(68,668)	(91,361)	(160,029)
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	75,888	-	-	-	-	-	-	-	75,888	-	75,888
Additional non-controlling interests recognized on the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	3,331	3,331
BALANCE, DECEMBER 31, 2022	759,147	7,591,466	149,540	9,181,307	710,623	35,659,269	(501,790)	(32,655)	(534,445)	(468,802)	52,288,958	14,034,080	66,323,038
Appropriation of 2022 earnings													
Legal reserve	-	-	-	870,416	-	(870,416)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(108,395)	108,395	-	-	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,314,026)	-	-	-	-	(5,314,026)	-	(5,314,026)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,353,965)	(1,353,965)
Net income for the year ended December 31, 2023	-	-	-	-	-	8,008,511	-	-	-	-	8,008,511	1,500,627	9,509,138
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(3,623)	(215,341)	17,519	(197,822)	-	(201,445)	56,065	(145,380)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	8,004,888	(215,341)	17,519	(197,822)	-	7,807,066	1,556,692	9,363,758
Donations from shareholders	-	-	110	-	-	-	-	-	-	-	110	147	257
Unclaimed dividends after effective period	-	-	4,821	-	-	-	-	-	-	-	4,821	-	4,821
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	82,600	-	-	-	-	-	-	-	82,600	-	82,600
BALANCE, DECEMBER 31, 2023	759,147	\$ 7,591,466	\$ 237,071	\$ 10,051,723	\$ 602,228	\$ 37,588,110	\$ (717,131)	\$ (15,136)	\$ (732,267)	\$ (468,802)	\$ 54,869,529	\$ 14,236,954	\$ 69,106,483

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

# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,043,116	\$ 13,639,926
Adjustments for:		
Depreciation	13,584,794	14,818,780
Amortization	29,425	35,855
Expected credit (gain) loss recognized on trade receivables	(528)	731
Net (gain) loss on fair value change of financial assets designated as at fair value through profit or loss	(16,567)	8,503
Financial costs	326,792	256,368
Interest revenue	(342,068)	(109,467)
Share of loss of associate	21,483	-
Net loss on disposal of property, plant and equipment	84,734	417,758
Property, plant and equipment transfer to expenses	9,907	278
Proceeds from disposal of intangible assets	815	-
Impairment loss on financial assets	10,000	-
Impairment loss on non-financial assets	21,490	2,869
Net loss (gain) on foreign currency exchange	465,661	(482,863)
Gain on disposal of subsidiary	(3,574,928)	-
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	54,527	30,415
Contract assets	234,505	(226,479)
Notes and accounts receivable	(2,805,979)	2,225,238
Accounts receivable from related parties	(174,705)	1,274,561
Other receivables	(28,354)	55,638
Other receivables from related parties	(36,334)	(2,472)
Inventories	4,013,635	(3,981,479)
Prepayments	145,858	(61,082)
Net defined benefit assets	(104)	(2,539)
Other current assets	279,592	245,362
Financial liabilities held for trading	(6,942)	1,797
Contract liabilities	(95,753)	62,035
Notes and accounts payable	(428,872)	(1,184,135)
Accounts payable to related parties	45,300	(70,089)
Bonus to employees and remuneration of directors	(232,688)	(181,511)
Other payables to related parties	115,746	26,130
Accrued expenses and other current liabilities	(1,367,929)	(397,229)
Net defined benefit liabilities	(192,159)	(87,747)
Other payables	(5,327)	(9,384)
Cash generated from operations	22,178,143	26,305,768
Interest received	320,758	107,512
Interest paid	(425,351)	(342,776)
Income tax paid	(2,391,969)	(3,147,884)
Net cash generated from operating activities	19,681,581	22,922,620
		(Continued)

# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	\$ (558,091)	\$ (98,410)
Proceeds from sale of financial assets at amortized cost	50,000	502,724
Acquisition of associate	(1,219,308)	-
Net cash outflow on acquisition of subsidiary	-	(127,194)
Net cash inflow on disposal of subsidiary	5,023,547	-
Acquisition of property, plant and equipment	(8,726,916)	(18,581,621)
Disposal of property, plant and equipment	225,137	270,592
Increase in refundable deposits	184,797	(759,843)
Increase in intangible assets	(15,832)	(24,597)
Increase in finance lease receivable	7,616	-
Increase in non-current assets	-	(17,657)
Increase in prepayments for equipment	<u>(273,544)</u>	<u>(91,389)</u>
Net cash used in investing activities	<u>(5,302,594)</u>	<u>(18,927,395)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term bank loans	(4,530)	(2,460)
Increase in long-term debt	6,800,000	31,080,533
Decrease in long-term debt	(13,547,209)	(30,680,545)
(Decrease) increase in guarantee deposits	(125,442)	831,966
Repayment of the principal portion of lease liabilities	(67,656)	(65,831)
Dividends paid to shareholders of the Corporation	(5,231,426)	(5,086,309)
Payments for buy-back of treasury shares	-	(1,103,618)
Dividends paid to non-controlling interests	(1,353,965)	(1,734,690)
Donations from shareholders	<u>257</u>	<u>-</u>
Net cash used in financing activities	<u>(13,529,971)</u>	<u>(6,760,954)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(142,691)</u>	<u>524,920</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	706,325	(2,240,809)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>20,373,424</u>	<u>22,614,233</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 21,079,749</u>	<u>\$ 20,373,424</u>

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

(Concluded)

# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

#### 1. GENERAL INFORMATION

Powertech Technology Inc. (PTI) was incorporated in the Republic of China (ROC) on May 15, 1997 and commenced business on September 3, 1997. PTI is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. PTI also provides semiconductor testing and assembly services on a turnkey basis, in which PTI buys fabricated wafers and sells tested and assembled semiconductors. PTI's registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

PTI's share was initially listed and started trading on the Taipei Exchange ("TPEX") on April 3, 2003, after which PTI's share was transferred for listing and started trading on the Taiwan Stock Exchange ("TWSE") since November 8, 2004. PTI also issued Global Depositary Shares ("GDS"), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS was accepted for quotation on the International Order Book of the London Stock Exchange.

The consolidated financial statements are presented in PTI's functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since PTI's shares are listed on the Taiwan Stock Exchange.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on March 8, 2024.

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

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Corporation's accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

- Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.
- Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025(Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Corporation is continuously assessing the possible impact of the application of other standards and interpretations on the Corporation's consolidated financial position and consolidated financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

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

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of PTI and the entities controlled by PTI (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by PTI.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of PTI and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Notes 12 and 34k for detailed information on subsidiaries (including the percentages of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Corporation's foreign operations (including the subsidiaries and associates in other countries or subsidiaries that use currencies different from PTI) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of PTI and non-controlling interests as appropriate).

In a partial disposal of a subsidiary that results in the Company losing control over the subsidiary, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of

completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the corporation's share of the profit or loss and other comprehensive income of the associate .

Any excess of the cost of acquisition over the corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the corporation's net investment in the associate ), the corporation discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate .

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate . The corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the corporation's consolidated financial statements only to the extent of interests in the associate that are not related to the corporation.

i. Property, plant, and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction for production are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation

method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units (referred to as cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation if corporate assets could be allocated to the individual cash-generating units, otherwise, corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (included related parties), other receivables (included related parties), pledged time deposits and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held

for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, The Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

A financial liability is classified as at FVTPL when such a financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability. Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

n. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the rendering of services

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time. Contract assets are recognized during the process of semiconductor assembling and testing, and are reclassified to accounts receivable at the point the bills were issued. If the payment exceeds the revenue recognized to date, the Corporation recognizes the difference as a contract liability. It is recognized as contract asset before the Corporation satisfies its performance obligations.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

## 2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur, or when the plan amendment, curtailment or settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

## 3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

## r. Treasury shares

When the Corporation buys back the issued shares as treasury shares, the cost paid will be debited to the treasury shares and listed as a deduction of shareholders equity.

The parent company's shares held by its subsidiaries are reclassified to treasury shares from investments accounted for using the equity method and are recognized based on the original investment cost. Cash dividends earned by subsidiaries are written-off from investment income and adjusted to capital surplus - treasury share transactions.

## s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

### Key Sources of Estimation Uncertainty

#### Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Checking accounts and demand deposits	\$ 21,079,526	\$ 20,372,822
Cash on hand	<u>223</u>	<u>602</u>
	<u>\$ 21,079,749</u>	<u>\$ 20,373,424</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	0%-5.72%	0%-4.35%

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ 28,659	\$ 38,410
Non-derivative financial assets		
Mutual funds	<u>-</u>	<u>28,209</u>
	<u>\$ 28,659</u>	<u>\$ 66,619</u>

### Financial liabilities at FVTPL - current

Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 504</u>	<u>\$ 7,446</u>

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

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2023</u>			
Sell forward exchange contracts	USD to NTD	2024.01.02-2024.04.09	USD 33,635
	USD to JPY	2024.01.15-2024.05.07	USD 9,511
	USD to RMB	2024.01.10-2024.01.29	USD 3,369
(Continued)			

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD to NTD	2023.01.03-2023.03.03	USD 111,500
	USD to JPY	2023.01.06-2023.05.08	USD 11,174
	USD to RMB	2023.01.09-2023.01.18	USD 2,734
			(Concluded)

The Corporation entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares		
Common stock - Solid State System Co., Ltd.	\$ 34,662	\$ 17,143

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ 50,000	\$ 50,000
Pledged time deposits	-	13,468
Restricted deposit	<u>160,744</u>	<u>30,708</u>
	<u>\$ 210,744</u>	<u>\$ 94,176</u>
		(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ -	\$ 50,000
Time deposits with original maturities of more than 3 months	586,710	255,640
Pledged time deposits	<u>207,444</u>	<u>124,334</u>
	<u>\$ 794,154</u>	<u>\$ 429,974</u>
		(Concluded)

On September 12, 2019, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.72% at par value of \$100,000 thousand, and maturity dates of September 12, 2023 and 2024, at par value of \$50,000 thousand, respectively.

Refer to Note 29 for information relating to their credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

#### 10. NOTES AND ACCOUNTS RECEIVABLE, NET

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 16,338</u>	<u>\$ 44,579</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	11,552,491	9,273,670
Less: Allowance for impairment loss	<u>(65,304)</u>	<u>(65,832)</u>
	<u>11,487,187</u>	<u>9,207,838</u>
	<u>\$ 11,503,525</u>	<u>\$ 9,252,417</u>
<u>At amortized cost</u>		

The average credit period of sales of goods was 30 days to 150 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

The Corporation writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Corporation's provision matrix.

#### December 31, 2023

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$11,539,253	\$ 7,206	\$ 149	\$ 126	\$ 5,757	\$11,552,491
Loss allowance (Lifetime ECLs)	<u>(52,066)</u>	<u>(7,206)</u>	<u>(149)</u>	<u>(126)</u>	<u>(5,757)</u>	<u>(65,304)</u>
Amortized cost	<u>\$11,487,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,487,187</u>

#### December 31, 2022

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 9,216,754	\$ 49,148	\$ 7,233	\$ 535	\$ -	\$ 9,273,670
Loss allowance (Lifetime ECLs)	<u>(8,926)</u>	<u>(49,138)</u>	<u>(7,233)</u>	<u>(535)</u>	<u>-</u>	<u>(65,832)</u>
Amortized cost	<u>\$ 9,207,828</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,207,838</u>

The movements of the loss allowance of accounts receivable were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 65,832	\$ 64,770
Add: Impairment loss	-	731
Add: Combination of subsidiaries	-	331
Less: Net remeasurement of loss allowance	<u>(528)</u>	<u>-</u>
Balance at December 31	<u>\$ 65,304</u>	<u>\$ 65,832</u>

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Raw materials	\$ 6,158,770	\$ 10,173,117
Supplies	<u>521,784</u>	<u>579,709</u>
	<u>\$ 6,680,554</u>	<u>\$ 10,752,826</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cost of inventories sold	\$ 57,831,970	\$ 66,550,715
Write-downs of inventories	\$ 89,157	\$ 173,869
Unallocated production overhead	\$ 6,529,623	\$ 6,286,636
Sales of scrap	\$ 170,732	\$ 221,483

## 12. SUBSIDIARY

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			2023	2022	
Powertech Technology Inc.	Powertech Holding (BVI) Inc.	Investment business	100	100	-
	Greatek Electronics Inc. (“GEI”)	Semiconductor assembly and testing services	43	43	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Investment business	100	100	-
	Powertech Semiconductor (Xian) Co., Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	36	36	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	-	9	Note 5
	Powertech Technology Japan Ltd.	Investment business	100	100	-
	Tera Probe, Inc.	Wafer probing test services	12	12	Note 2
Powertech Holding (BVI) Inc.	TeraPower Technology Inc.	Wafer probing test services	49	49	-
	PTI Technology (Singapore) Pte. Ltd.	Investment business	100	100	-
PTI Technology (Singapore) Pte. Ltd.	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	30	72	Note 5
Powertech Technology (Singapore) Pte. Ltd.	Powertech Semiconductor (Xian) Co., Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	64	64	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	-	19	Note 5
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Wafer probing test services	49	49	Note 2
	Powertech Technology Akita Inc.	Semiconductor assembly and testing service	100	100	Note 3
Tera Probe, Inc.	TeraPower Technology Inc.	Wafer probing test services	51	51	-
Greatek Electronics Inc. (“GEI”)	Get-Team Tech Corporation	Metal surface treatment semiconductor wire frame	97.46	97.46	Note 4

Note 1: On the reelection of the directors and supervisors of Greatek Electronics Inc., PTI obtained the a majority of the board seats and Greatek Electronics Inc., became a subsidiary of PTI even though PTI has only 43% ownership of Greatek Electronics Inc.

Note 2: Subsidiaries that have material non-controlling interests.

Note 3: Due to the adjustment of operational needs, the Corporation cease the operation of Powertech Technology Akita Inc.

Note 4: On October 5, 2022, Greatek acquired 97.46% ownership of Get-Team Tech Corporation and obtained the majority, Get-Team Tech Corporation became a subsidiary of Greatek.

Note 5: On June 27, 2023, the board of directors of the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. On October 1, 2023, the transfer of shares was completed, and the name of Powertech Technology (Suzhou) Ltd. was changed to Longforce Technology (Suzhou) Ltd. After the disposal, PTI TECHNOLOGY (SINGAPORE) PTE. LTD. held a 30% equity interest in Longforce Technology (Suzhou) Ltd.

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2023	2022
Greatek Electronics Inc.	Zhunan Township, Miaoli County	57%	57%
Tera Probe, Inc.	Japan	39%	39%

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2023	2022	2023	2022
Greatek Electronics Inc. (Excluding non-controlling interests in subsidiary)	\$ 1,132,953	\$ 1,795,849	\$ 11,438,485	\$ 11,472,577
Tera Probe, Inc.	\$ 368,180	\$ 269,456	\$ 2,795,830	\$ 2,558,358

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

Greatek Electronics Inc. and subsidiary

	December 31	
	2023	2022
Current assets	\$ 9,472,652	\$ 8,657,344
Non-current assets	15,040,004	15,774,891
Current liabilities	(2,644,685)	(2,927,106)
Non-current liabilities	(335,166)	(596,235)
Equity	\$ 21,532,805	\$ 20,908,894
Equity attributable to:		
Owners of the Parent	\$ 9,237,557	\$ 8,969,650
Non-controlling interests	12,292,609	11,936,099
Non-controlling interests from subsidiary	2,639	3,145
	\$ 21,532,805	\$ 20,908,894

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating revenue	\$ 13,570,076	\$ 15,950,309
Net income for the year	\$ 1,996,618	\$ 3,157,984
Other comprehensive income (loss) for the year	<u>731,766</u>	<u>(238,096)</u>
Total comprehensive income for the year	\$ <u>2,728,384</u>	\$ <u>2,919,888</u>
Net income attributable to:		
Owners of the Parent	\$ 856,870	\$ 1,355,019
Non-controlling interests	1,140,254	1,803,151
Non-controlling interests from subsidiary	<u>(506)</u>	<u>(186)</u>
	\$ <u>1,996,618</u>	\$ <u>3,157,984</u>
Total comprehensive income (loss) attributable to:		
Owners of the Parent	\$ 1,170,835	\$ 1,252,863
Non-controlling interests	1,558,055	1,667,211
Non-controlling interests from subsidiary	<u>(506)</u>	<u>(186)</u>
	\$ <u>2,728,384</u>	\$ <u>2,919,888</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 4,520,999	\$ 6,387,407
Investing activities	(1,462,093)	(4,225,394)
Financing activities	<u>(2,179,821)</u>	<u>(2,456,890)</u>
Net cash outflow	\$ <u>879,085</u>	\$ <u>(294,877)</u>
Dividends paid to non-controlling interests		
Greatek Electronics Inc.	\$ <u>1,201,405</u>	\$ <u>1,623,908</u>

Tera Probe, Inc.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 1,944,557	\$ 2,502,705
Non-current assets	6,000,288	5,366,521
Current liabilities	(582,159)	(974,592)
Non-current liabilities	<u>(529,027)</u>	<u>(645,023)</u>
Equity	\$ <u>6,833,659</u>	\$ <u>6,249,611</u>
Equity attributable to:		
Owners of the Parent	\$ 4,144,615	\$ 3,790,390
Non-controlling interests	<u>2,689,044</u>	<u>2,459,221</u>
	\$ <u>6,833,659</u>	\$ <u>6,249,611</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating revenue	\$ 2,090,922	\$ 1,691,325
Net income for the year	\$ 908,166	\$ 739,085
Other comprehensive income for the year	<u>206,615</u>	<u>20,184</u>
Total comprehensive income for the year	\$ <u>1,114,781</u>	\$ <u>759,269</u>
Net income attributable to:		
Owners of the Parent	\$ 550,788	\$ 448,243
Non-controlling interests	<u>357,378</u>	<u>290,842</u>
	\$ <u>908,166</u>	\$ <u>739,085</u>
Total comprehensive income attributable to:		
Owners of the Parent	\$ 676,097	\$ 460,484
Non-controlling interests	<u>438,684</u>	<u>298,785</u>
	\$ <u>1,114,781</u>	\$ <u>759,269</u>
Cash flow inflow (outflow) from:		
Operating activities	\$ 2,516,490	\$ 1,385,310
Investing activities	(2,189,916)	(728,013)
Financing activities	<u>(1,728,451)</u>	<u>275,460</u>
Net cash (outflow) inflow	\$ <u>(1,401,877)</u>	\$ <u>932,757</u>

The share of profit or loss and other comprehensive income of those subsidiaries for the years ended December 31, 2023 and 2022 was based on the subsidiaries' financial statements audited by the auditors for the same years.

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>December 31, 2023</b>
Associates that are not individually material	
Longforce Technology (Suzhou) Ltd.	\$ <u>1,174,347</u>
a. Aggregate information of associates that are not individually material	
	<b>For the Year Ended December 31, 2023</b>
The Group's share of:	
Loss from continuing operations	\$ <u>(21,483)</u>

On June 27, 2023, the board of directors of the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. On October 1, 2023, the transfer of shares was completed, and the name of Powertech Technology (Suzhou) Ltd. was changed to Longforce Technology (Suzhou) Ltd. After the disposal, PTI TECHNOLOGY (SINGAPORE) PTE. LTD. held a 30% equity interest in Longforce Technology (Suzhou) Ltd.

Included in the cost of investments in those associates is goodwill of \$333,955 thousand.

## 14. PROPERTY, PLANT AND EQUIPMENT

	December 31									
	2023					2022				
Assets used by the Corporation	\$ 56,923,703					\$ 64,818,236				
	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
<u>Cost</u>										
Balance at January 1, 2023	\$ 4,413,047	\$ 33,893,248	\$ 108,666,245	\$ 2,525,225	\$ 89,217	\$ 3,609,960	\$ 3,029,234	\$ 6,864,129	\$ 334,900	\$ 163,425,205
Additions	-	269,399	297,495	17,125	-	73,142	822,156	5,766,767	337,218	7,583,302
Disposals	(10,951)	(348,738)	(9,717,903)	(92,564)	-	(355,129)	-	(9,077)	(337,861)	(10,872,223)
Reclassified	346,599	3,135,999	8,720,702	46,902	-	122,442	(2,475,611)	(9,907,665)	-	(10,632)
Disposal of subsidiary	-	(2,286,331)	(2,573,155)	(524,720)	-	-	-	(73,513)	-	(5,457,719)
Effect of foreign currency exchange differences	(893)	(46,634)	(351,930)	(30,877)	(5,140)	11	-	(57,549)	-	(463,012)
Balance at December 31, 2023	<u>4,747,802</u>	<u>34,616,943</u>	<u>105,041,454</u>	<u>1,941,091</u>	<u>84,077</u>	<u>3,450,426</u>	<u>1,375,779</u>	<u>2,613,092</u>	<u>334,257</u>	<u>154,204,921</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2023	-	14,718,850	77,437,263	2,019,828	7,528	3,180,834	-	-	-	97,364,303
Depreciation expense	-	1,862,837	10,958,668	171,742	1,421	184,444	-	-	337,861	13,516,973
Disposals	-	(303,848)	(9,338,517)	(89,771)	-	(346,372)	-	-	(337,861)	(10,416,369)
Reclassified	-	-	(85)	-	-	-	-	-	-	(85)
Disposal of subsidiary	-	(1,390,210)	(2,037,237)	(451,819)	-	-	-	-	-	(3,879,266)
Effect of foreign currency exchange differences	-	(16,955)	(271,395)	(25,888)	(1,260)	151	-	-	-	(315,347)
Balance at December 31, 2023	<u>-</u>	<u>14,870,674</u>	<u>76,748,697</u>	<u>1,624,092</u>	<u>7,689</u>	<u>3,019,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,270,209</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2023	1,472	433,962	622,603	87,227	56,195	-	1,965	39,242	-	1,242,666
Recognition (revolution) of impairment losses	-	-	391	-	-	-	-	21,099	-	21,490
Disposals	-	-	(2)	-	-	-	-	-	-	(2)
Reclassified	-	-	-	-	-	-	(1,873)	1,873	-	-
Disposal of subsidiary	-	(200,194)	(22,301)	(46,657)	-	-	-	-	-	(269,152)
Effect of foreign currency exchange differences	(96)	7,055	16,607	(831)	(3,651)	-	(92)	(2,985)	-	16,007
Balance at December 31, 2023	<u>1,376</u>	<u>240,823</u>	<u>617,298</u>	<u>39,739</u>	<u>52,544</u>	<u>-</u>	<u>-</u>	<u>59,229</u>	<u>-</u>	<u>1,011,009</u>
Carrying amount at December 31, 2023	<u>\$ 4,746,426</u>	<u>\$ 19,505,446</u>	<u>\$ 27,675,458</u>	<u>\$ 277,260</u>	<u>\$ 23,844</u>	<u>\$ 431,369</u>	<u>\$ 1,375,779</u>	<u>\$ 2,553,863</u>	<u>\$ 334,257</u>	<u>\$ 56,923,703</u>
<u>Cost</u>										
Balance at January 1, 2022	\$ 4,174,426	\$ 30,352,530	\$ 106,275,541	\$ 2,469,708	\$ 90,885	\$ 3,767,435	\$ 2,623,038	\$ 6,747,669	\$ 277,057	\$ 156,778,289
Additions	94,973	281,535	780,068	28,471	-	102,148	2,038,950	13,167,796	368,939	16,862,880
Acquisitions through business combinations (Note 25)	8,946	9,527	123,965	57	-	16,742	-	10,578	-	169,815
Disposals	-	(399,756)	(9,562,127)	(93,131)	-	(467,282)	-	(36,818)	(369,799)	(10,928,913)
Reclassified	134,168	3,614,987	10,598,135	113,945	156	160,570	(1,647,927)	(13,033,624)	58,703	(887)
Effect of foreign currency exchange differences	534	34,425	450,663	6,175	(1,824)	30,347	15,173	8,528	-	544,021
Balance at December 31, 2022	<u>4,413,047</u>	<u>33,893,248</u>	<u>108,666,245</u>	<u>2,525,225</u>	<u>89,217</u>	<u>3,609,960</u>	<u>3,029,234</u>	<u>6,864,129</u>	<u>334,900</u>	<u>163,425,205</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2022	-	13,413,221	73,643,404	1,873,765	4,280	3,414,665	-	-	-	92,349,335
Depreciation expense	-	1,652,751	12,336,333	203,470	3,248	189,856	-	-	369,799	14,755,457
Acquisitions through business combinations (Note 25)	-	4,512	113,348	48	-	10,439	-	-	-	128,347
Disposals	-	(373,074)	(8,955,859)	(63,314)	-	(462,931)	-	-	(369,799)	(10,224,977)
Reclassified	-	-	264	(39)	-	(184)	-	-	-	41
Effect of foreign currency exchange differences	-	21,440	299,773	5,898	-	28,989	-	-	-	356,100
Balance at December 31, 2022	<u>-</u>	<u>14,718,850</u>	<u>77,437,263</u>	<u>2,019,828</u>	<u>7,528</u>	<u>3,180,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,364,303</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2022	1,523	413,199	581,968	96,761	58,179	-	835	39,792	-	1,192,257
Recognition (revolution) of impairment losses	-	-	841	113	-	-	1,915	-	-	2,869
Disposals	-	-	(3,687)	(11,899)	-	-	-	-	-	(15,586)
Reclassified	-	-	-	-	-	-	(786)	786	-	-
Effect of foreign currency exchange differences	(51)	20,763	43,481	2,252	(1,984)	-	1	(1,336)	-	63,126
Balance at December 31, 2022	<u>1,472</u>	<u>433,962</u>	<u>622,603</u>	<u>87,227</u>	<u>56,195</u>	<u>-</u>	<u>1,965</u>	<u>39,242</u>	<u>-</u>	<u>1,242,666</u>
Carrying amount at December 31, 2022	<u>\$ 4,411,575</u>	<u>\$ 18,740,436</u>	<u>\$ 30,606,379</u>	<u>\$ 418,170</u>	<u>\$ 25,494</u>	<u>\$ 429,126</u>	<u>\$ 3,027,269</u>	<u>\$ 6,824,887</u>	<u>\$ 334,900</u>	<u>\$ 64,818,236</u>

Tera Probe, Inc. expected a decrease in the future cash flows of machinery and equipment, office equipment, construction in progress and advance payments. Therefore, impairment loss of \$21,490 thousand and \$2,869 thousand was recognized in other gains and losses for the years ended December 31, 2023 and 2022, respectively.

Tera Probe, Inc. assessed that the book value of some assets cannot be recovered.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main plants	3-51 years
Mechanical and electrical power equipment	2-26 years
Wafer fab	6-16 years
Fire control equipment	2-26 years
Others	2-51 years
Machinery and equipment	1-15 years
Office equipment	1-15 years
Leasehold improvements	1-50 years
Other equipment	1-16 years
Spare parts	0.5 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 31.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Land	\$ 1,261,971	\$ 1,345,852
Buildings	26,262	33,265
Machinery and equipment	57,924	82,657
Transportation equipment	<u>2,508</u>	<u>1,239</u>
	<u>\$ 1,348,665</u>	<u>\$ 1,463,013</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 8,158</u>	<u>\$ 29,124</u>
Depreciation charge for right-of-use assets		
Land	\$ 38,284	\$ 39,265
Buildings	7,003	1,468
Machinery and equipment	21,168	21,185
Transportation equipment	<u>1,366</u>	<u>1,405</u>
	<u>\$ 67,821</u>	<u>\$ 63,323</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	\$ 38,005	\$ 66,715
Non-current	\$ 1,313,961	\$ 1,344,749

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	0.93%-1.69%	0.93%-1.69%
Buildings	2.53%	2.53%
Machinery and equipment	0.80%-2.30%	0.80%-2.30%
Transportation equipment	0.92-1.59%	0.92%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	\$ 13,690	\$ 22,038
Total cash outflow for leases	\$ (81,346)	\$ (87,869)

The Corporation leases certain office, machines and vehicles which qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 16. INTANGIBLE ASSETS

	<b>Computer Software</b>	<b>Goodwill</b>	<b>Trade Secrets</b>	<b>Core Techniques</b>	<b>Client Relationships</b>	<b>Royalty</b>	<b>Technical Services</b>	<b>Total</b>
<u>Cost</u>								
Balance at January 1, 2023	\$ 694,659	\$ 997,715	\$ 41,383	\$ 249,103	\$ 220,775	\$ 9,386	\$ 88,894	\$ 2,301,915
Additions	15,832	-	-	-	-	-	-	15,832
Disposals	(34,980)	-	-	-	-	-	-	(34,980)
Disposal of subsidiary	(36,484)	-	-	-	-	-	-	(36,484)
Effect of foreign currency exchange differences	(13,312)	-	-	32	-	(69)	-	(13,349)
Balance at December 31, 2023	<u>625,715</u>	<u>997,715</u>	<u>41,383</u>	<u>249,135</u>	<u>220,775</u>	<u>9,317</u>	<u>88,894</u>	<u>2,232,934</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2023	579,874	-	1,035	249,103	220,775	9,338	88,894	1,149,019
Amortization expense	25,284	-	4,139	-	-	2	-	29,425
Disposals	(34,165)	-	-	-	-	-	-	(34,165)
Disposal of subsidiary	(35,367)	-	-	-	-	-	-	(35,367)
Effect of foreign currency exchange differences	(10,406)	-	-	32	-	(65)	-	(10,439)
Balance at December 31, 2023	<u>525,220</u>	<u>-</u>	<u>5,174</u>	<u>249,135</u>	<u>220,775</u>	<u>9,275</u>	<u>88,894</u>	<u>1,098,473</u>
<u>Accumulated impairment</u>								
Balance at January 1, 2023	27,264	-	-	-	-	-	-	27,264
Effect of foreign currency exchange differences	123	-	-	-	-	-	-	123
Balance at December 31, 2023	<u>27,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,387</u>
Carrying amount at December 31, 2023	<u>\$ 73,108</u>	<u>\$ 997,715</u>	<u>\$ 36,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 1,107,074</u>

(Continued)

	Computer Software	Goodwill	Trade Secrets	Core Techniques	Client Relationships	Royalty	Technical Services	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 611,572	\$ 979,819	\$ -	\$ 246,494	\$ 220,775	\$ 9,424	\$ 88,894	\$ 2,156,978
Additions	24,597	-	-	-	-	-	-	24,597
Acquisitions through business combinations (Note 25)	-	17,896	41,383	-	-	-	-	59,279
Disposals	60,690	-	-	-	-	-	-	60,690
Reclassifications	650	-	-	-	-	-	-	650
Effect of foreign currency exchange differences	(2,850)	-	-	2,609	-	(38)	-	(279)
Balance at December 31, 2022	<u>694,659</u>	<u>997,715</u>	<u>41,383</u>	<u>249,103</u>	<u>220,775</u>	<u>9,386</u>	<u>88,894</u>	<u>2,301,915</u>
<u>Accumulated amortization</u>								
Balance at January 1, 2022	583,470	-	-	246,494	220,775	8,664	88,894	1,148,297
Amortization expense	34,112	-	1,035	-	-	708	-	35,855
Disposals	60,690	-	-	-	-	-	-	60,690
Reclassifications	(95,413)	-	-	-	-	-	-	(95,413)
Effect of foreign currency exchange differences	(2,985)	-	-	2,609	-	(34)	-	(410)
Balance at December 31, 2022	<u>579,874</u>	<u>-</u>	<u>1,035</u>	<u>249,103</u>	<u>220,775</u>	<u>9,338</u>	<u>88,894</u>	<u>1,149,019</u>
<u>Accumulated impairment</u>								
Balance at January 1, 2022	\$ 26,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,041
Effect of foreign currency exchange differences	1,223	-	-	-	-	-	-	1,223
Balance at December 31, 2022	<u>27,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,264</u>
Carrying amount at December 31, 2022	<u>\$ 87,521</u>	<u>\$ 997,715</u>	<u>\$ 40,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 1,125,632</u>

(Concluded)

The Group acquired Get-Team in October 2022 and recognized goodwill (see Note 26).

The amortization of the Business secret acquired through a business combination was recognized over its useful life based on the standard appraisal practices.

The above items of intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-10 years
Business Secrets	10 years
Core techniques	5 years
Royalty	3-10 years
Technical services	2-4 years

An analysis of amortization by function

	<u>For the Year Ended December 31</u>	
Cost of revenue	\$ 21,111	\$ 26,881
Selling and marketing expenses	4	1
General and administrative expenses	3,050	2,246
Research and development expenses	<u>5,260</u>	<u>6,727</u>
	<u>\$ 29,425</u>	<u>\$ 35,855</u>

## 17. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Refundable deposits (Note 33)	\$ 221,783	\$ 194,305
Tax refund receivables	88,565	150,500
Payment on behalf of others	87,084	296,153
Others	<u>19,705</u>	<u>41,475</u>
	<u>\$ 417,137</u>	<u>\$ 682,433</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Prepayments</u>		
Excess business tax paid	\$ 62,992	\$ 292,831
Prepayments for insurance premiums	58,375	36,555
Inventory of supplies	38,295	33,187
Prepayments to suppliers	33,671	2,640
Prepayment for electricity	32,595	-
Prepayments for repairs	22,328	21,778
Others	<u>23,863</u>	<u>30,986</u>
	<u>\$ 272,119</u>	<u>\$ 417,977</u>
<u>Non-current</u>		
Refundable deposits (Note 32)	\$ 695,695	\$ 934,365
Prepayments for equipment	428,782	155,238
Financial lease receivable	137,408	18,577
Others	<u>5</u>	<u>5</u>
	<u>\$ 1,261,890</u>	<u>\$ 1,108,185</u>
		(Concluded)

## 18. BORROWINGS

### a. Short-term bank loans

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Unsecured borrowings</u>		
Working capital loan	\$ <u>65,190</u>	\$ <u>69,720</u>

The effective interest rate range on the working capital loan was 0.53% at both of December 31, 2023 and 2022, respectively.

### b. Long-term debt

The long-term debts of the Corporation are all floating rate debt, which include:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
1) Secured borrowings (Note 29)	\$ 18,128,714	\$ 20,414,539
2) Unsecured borrowings	<u>5,637,182</u>	<u>10,121,464</u>
	23,765,896	30,536,003
Less: Current portion	<u>(567,909)</u>	<u>(182,434)</u>
	<u>\$ 23,197,987</u>	<u>\$ 30,353,569</u>

- 1) Repayable continually from February 2025 to December 2038; interest rates at 1.15%-1.60% on December 31, 2023, 1.025%-1.68% on December 31, 2022.
- 2) Repayable continually from January 2024 to December 2028; interest rates at 0.60%-1.575% on December 31, 2023, 0.60%-5.64% on December 31, 2022.

For PTI's long-term debt, the financing banks required PTI to show compliance with requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual consolidated financial statements. As of December 31, 2023, PTI was in compliance with these ratio requirements.

## 19. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
Accrued expenses and other current liabilities		
Salaries and bonus	\$ 2,634,466	\$ 3,541,372
Agency receipts	172,518	405,740
Payable for insurance	251,730	254,753
Payable for utilities	250,290	220,057
Guarantee deposits (a)	162,870	131,934
Indemnification payable (b)	35,664	131,408
Payable for annual leave	15,990	37,502
Others	<u>3,052,531</u>	<u>3,394,902</u>
	<u>\$ 6,576,059</u>	<u>\$ 8,117,668</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits (a)	\$ 573,955	\$ 735,683
Others	<u>7,272</u>	<u>12,599</u>
	<u>\$ 581,227</u>	<u>\$ 748,282</u>

- a. Mainly production capacity guarantee deposits.
- b. Indemnification payables are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## 20. RETIREMENT BENEFIT PLANS

- a. Defined contribution plan

PTI, GEI, TeraPower Technology Inc. and Get-Team Tech Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Corporation's subsidiaries PTI, GEI, TeraPower Technology Inc. and Get-Team Tech Corporation in accordance with the Labor Standards Law belongs to the defined benefit plan administered by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. PTI, GEI and TeraPower Technology Inc. contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

In February 2023, Greatek reached an agreement with part of its employees for terminating their defined benefit pension plans and to settle its defined benefit obligation by relevant regulations.

The amounts included in the consolidated balance sheets in respect of the Corporation's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 422,594	\$ 896,353
Fair value of plan assets	<u>(332,823)</u>	<u>(616,470)</u>
Net defined benefit liabilities	<u>\$ 89,771</u>	<u>\$ 279,883</u>
Net defined benefit assets	\$ (2,643)	\$ (2,539)
Net defined benefit liabilities	<u>92,414</u>	<u>282,422</u>
	<u>\$ 89,771</u>	<u>\$ 279,883</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2022	<u>\$ 874,267</u>	<u>\$ (506,528)</u>	<u>\$ 367,739</u>
Service cost			
Current service cost	5,458	-	5,458
Net interest expense (income)	<u>6,134</u>	<u>(3,731)</u>	<u>2,403</u>
Recognized in profit or loss	<u>11,592</u>	<u>(3,731)</u>	<u>7,861</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(23,537)	(23,537)
Actuarial loss - changes in demographics assumptions	451	-	451
Actuarial gain - changes in financial assumptions	(42,474)	-	(42,474)
			(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Actuarial loss (gain) - experience adjustments	\$ 82,769	\$ (15,914)	\$ 66,855
Others	218	-	218
Recognized in other comprehensive income	40,964	(39,451)	1,513
Contributions from the employer	-	(91,593)	(91,593)
Benefits paid	(28,645)	24,833	(3,812)
Liabilities extinguished on settlement	-	-	-
Effects of foreign currency exchange differences	(1,825)	-	(1,825)
Balance at December 31, 2022	896,353	(616,470)	279,883
Service cost			
Current service cost	5,291	-	5,291
Gain on settlements	(79,598)	-	(79,598)
Net interest expense (income)	12,379	(8,669)	3,710
Recognized in profit or loss	(61,928)	(8,669)	(70,597)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,269)	(2,269)
Actuarial loss - changes in demographics assumptions	29	-	29
Actuarial loss - changes in financial assumptions	5,563	-	5,563
Actuarial loss - experience adjustments	(749)	(683)	(1,432)
Others	260	-	260
Recognized in other comprehensive income	5,103	(2,952)	2,151
Contributions from the employer	-	(15,220)	(15,220)
Benefits paid	(314,095)	310,488	(3,607)
Liabilities extinguished on settlement	(99,652)	-	(99,652)
Effects of foreign currency exchange differences	(3,187)	-	(3,187)
Balance at December 31, 2023	\$ 422,594	\$ (332,823)	\$ 89,771

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rates	1.1%-1.3%	1.206%-1.40%
Expected rates of salary increase	2.05%-4.00%	2.05%-4.00%
Return on plan assets	1.1%-1.25%	1.40%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate		
0.50% increase	<u>\$ (18,882)</u>	<u>\$ (45,192)</u>
0.50% decrease	<u>\$ 20,350</u>	<u>\$ 47,722</u>
Expected rate of salary increase/decrease		
0.50% increase	<u>\$ 19,908</u>	<u>\$ 44,381</u>
0.50% decrease	<u>\$ (18,659)</u>	<u>\$ (42,346)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plan for the next year	<u>\$ 12,267</u>	<u>\$ 20,645</u>
Average duration of the defined benefit obligation	2-14 years	11-15 years

## 21. EQUITY

### a. Capital stock

#### 1) Common stock

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Shares authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>759,147</u>	<u>759,147</u>
Shares issued (in thousands of dollars)	<u>\$ 7,591,466</u>	<u>\$ 7,591,466</u>

Fully paid common stock, which have a par value of \$10, carry 1 vote per share and carry a right to dividends.

Out of the shares authorized, 15,000 thousand shares were reserved for the issuance of employee share options.

As of December 31, 2023, 22 units of GDS of PTI were trading on the Luxembourg Share Exchange. The number of common stock represented by the GDSs was 44 shares (one GDS represents 2 common stock).

b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to capital stock (1)</u>		
Share premium	\$ 1,879	\$ 1,879
From treasury share transactions	158,488	75,888
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	71,883	71,773
Unclaimed dividends after effective period	<u>4,821</u>	<u>-</u>
	<u>\$ 237,071</u>	<u>\$ 149,540</u>

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

c. Retained earnings and dividends policy

Under PTI's dividends policy as set forth in the Articles of Incorporation, PTI should make appropriations from its net income in the following order:

- 1) Offset deficits.
- 2) Set aside as legal reserve 10% of the remaining profit.
- 3) Appropriate as special reserve.
- 4) After the above-mentioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by PTI's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within PTI.

Dividends are distributed in the form of cash, common stock or a combination of cash and common stock. In consideration of PTI being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, PTI's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed.

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

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals PTI's capital surplus. The legal reserve may be used to offset deficit. If PTI has no deficit and the legal reserve has exceeded 25% of PTI's capital surplus, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 were approved in the shareholders' meetings on May 31, 2023 and May 27, 2022, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 870,416	\$ 890,790
Special reserve	\$ (108,395)	\$ 343,641
Cash dividends	\$ 5,314,026	\$ 5,162,197
Cash dividends per share (NT\$)	\$ 7	\$ 6.8

The appropriation of earnings for 2023, which were proposed by PTI's board of directors on March 8, 2024, were as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	\$ 800,489
Special reserve reversed	\$ 130,039
Cash dividends	\$ 5,314,026
Cash dividends per share (NT\$)	\$ 7

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 30, 2024.

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (501,790)	\$ (690,969)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(157,027)	189,179
Reclassification adjustments		
Disposal of subsidiaries accounted for using the equity method	(58,314)	-
Other comprehensive (loss) income recognized for the year	(215,341)	189,179
Balance at December 31	\$ (717,131)	\$ (501,790)

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (32,655)	\$ (19,654)
Recognized for the year		
Unrealized gain (loss) - equity instruments	17,519	(13,001)
Other comprehensive income (loss) recognized for the year	17,519	(13,001)
Balance at December 31	\$ (15,136)	\$ (32,655)

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 14,034,080	\$ 13,799,059
Share in profit for the year	1,500,627	2,065,119
Other comprehensive income (loss) for the year		
Exchange differences on translation of the financial statements of foreign entities	54,593	11,568
Remeasurement on defined benefit plans	1,472	(18,946)
Donations from shareholders	147	-
Cash dividends to shareholders from subsidiaries	(1,353,965)	(1,734,690)
The Parent's shares held by its subsidiaries treated as treasury shares	-	(91,361)
Additional non-controlling interests recognized on acquisition of subsidiary	-	3,331
Balance at December 31	\$ 14,236,954	\$ 14,034,080

f. Treasury shares

<b>Purpose of Buy-Back</b>	<b>Shares Cancelled (In Thousands of Shares)</b>	<b>Shares Held by Subsidiary (In Thousands of Shares)</b>
Number of shares at January 1, 2022	10,412	10,000
Increase during the year	9,588	1,800
Decrease during the year	(20,000)	-
Number of shares at December 31, 2022	-	11,800
Number of shares at December 31, 2023	-	11,800

PTI's shares held by its subsidiaries at the end of the reporting period were as follows:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2023</u>			
Greatek Electronics Inc.	11,800	\$ 1,663,800	\$ 1,663,800
<u>December 31, 2022</u>			
Greatek Electronics Inc	11,800	\$ 934,560	\$ 934,560

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. PTI's shares held by its subsidiary are treated as treasury shares.

## 22. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from packaging services	\$ 48,615,983	\$ 56,640,115
Revenue from testing services	15,830,785	18,770,932
Revenue from module services	5,965,582	8,455,733
Others	<u>28,595</u>	<u>59,955</u>
	<u>\$ 70,440,945</u>	<u>\$ 83,926,735</u>

### a. Contract information

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

### b. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes and accounts receivable (including related parties) (Note 10)	<u>\$ 16,678,796</u>	<u>\$ 14,346,898</u>	<u>\$ 17,975,014</u>
Contract assets			
Revenue from processing services	<u>\$ 2,363,716</u>	<u>\$ 2,645,344</u>	<u>\$ 2,418,865</u>
Contract liabilities			
Revenue from processing services	<u>\$ 131,106</u>	<u>\$ 226,859</u>	<u>\$ 164,824</u>

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year and from the performance obligations which were satisfied in the previous period is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
From the contract liabilities at the beginning of the year		
Revenue from processing services	<u>\$ 139,895</u>	<u>\$ 142,135</u>

c. Disaggregation of revenue from contracts with customers

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Primary geographical markets</u>		
Japan	\$ 21,514,180	\$ 27,189,539
Taiwan (the principal place of business of the Corporation)	18,117,103	25,119,738
America	9,446,028	13,728,399
Singapore	15,689,481	11,349,663
China, Hong Kong and Macao	2,038,684	2,250,357
Europe	1,689,438	1,930,719
Others	<u>1,946,031</u>	<u>2,358,320</u>
	<u>\$ 70,440,945</u>	<u>\$ 83,926,735</u>

**23. NET PROFIT FROM CONTINUING OPERATIONS**

a. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 80,343	\$ 57,316
Financial liabilities classified as held for trading	(280,374)	(641,610)
Impairment loss of non-financial assets	(21,490)	(2,869)
Gain on disposal of subsidiaries	3,574,928	-
Others	<u>416,824</u>	<u>344,302</u>
	<u>\$ 3,770,231</u>	<u>\$ (242,861)</u>

b. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 337,289	\$ 106,507
Net investment in leases presented	4,165	582
Financial assets measured at amortized cost	611	2,377
Others	<u>3</u>	<u>1</u>
	<u>\$ 342,068</u>	<u>\$ 109,467</u>

c. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income		
Operating lease rental income	<u>\$ 13,642</u>	<u>\$ 71,684</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 398,744	\$ 324,544
Interest on lease liabilities	23,523	24,002
Capitalized interest	(95,515)	(92,178)
Other	<u>40</u>	<u>-</u>
	<u>\$ 326,792</u>	<u>\$ 256,368</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest	\$ 95,515	\$ 92,178
Capitalization rate	1.338%-1.471%	0.833%-1.338%

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 13,516,973	\$ 14,755,457
Right-of-use assets	67,820	63,323
Intangible assets	<u>29,425</u>	<u>35,855</u>
Total	<u>\$ 13,614,218</u>	<u>\$ 14,854,635</u>
An analysis of depreciation by function		
Cost of revenue	\$ 12,671,060	\$ 14,143,204
Operating expenses	<u>913,733</u>	<u>675,576</u>
	<u>\$ 13,584,793</u>	<u>\$ 14,818,780</u>
An analysis of amortization by function		
Cost of revenue	\$ 21,111	\$ 26,881
Operating expenses	<u>8,314</u>	<u>8,974</u>
	<u>\$ 29,425</u>	<u>\$ 35,855</u>

Refer to Note 16 for information relating to the line items in which any amortization of intangible assets is included.

f. Employee benefit expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits (Note 20)		
Defined contribution plans	\$ 599,998	\$ 623,222
Defined benefit plans	<u>(70,597)</u>	<u>7,861</u>
	529,401	631,083
Termination benefits	3,287	185
Other employee benefits	<u>15,522,653</u>	<u>17,991,620</u>
Total employee benefit expense	<u>\$ 16,055,341</u>	<u>\$ 18,622,888</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of employee benefits expense by function		
Cost of revenue	\$ 13,671,046	\$ 15,633,112
Operating expenses	<u>2,384,295</u>	<u>2,989,776</u>
	<u>\$ 16,055,341</u>	<u>\$ 18,622,888</u>
		(Concluded)

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of PTI, PTI accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if PTI has accumulated deficits (including adjustment of unappropriated earnings), PTI should retain the net profit in advance for deducting accumulated deficits. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by PTI's board of directors on March 8, 2024 and March 10, 2023, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	5.47%	5.42%
Remuneration of directors	1.09%	1.08%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 540,574	\$ 586,354
Remuneration of directors	108,115	117,271

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

h. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 1,445,673	\$ 2,980,730
Foreign exchange losses	<u>(1,333,789)</u>	<u>(1,470,743)</u>
Net gains	<u>\$ 111,884</u>	<u>\$ 1,509,987</u>

## 24. INCOME TAXES

- a. Major components of tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 2,564,895	\$ 2,848,706
Income tax on unappropriated earnings	66,345	46,552
Adjustments for prior years	<u>(57,724)</u>	<u>24,229</u>
	2,573,516	2,919,487
Deferred tax		
In respect of the current year	<u>(39,538)</u>	<u>(31,410)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,533,978</u>	<u>\$ 2,888,077</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	<u>\$ 12,043,115</u>	<u>\$ 13,639,926</u>
Income tax expense calculated at the statutory rate	\$ 3,140,925	\$ 3,376,444
Items that should be reduce	(617,942)	(663,327)
Nondeductible expenses in determining taxable income	1,581	1,996
Income tax on unappropriated earnings	66,345	46,552
Generation of temporary differences	25,969	94,838
Unrecognized loss carryforwards	(57,391)	(21,381)
Adjustments for prior years' tax	(57,724)	24,229
Others	<u>32,215</u>	<u>28,726</u>
Income tax expense recognized in profit or loss	<u>\$ 2,533,978</u>	<u>\$ 2,888,077</u>

- b. Current tax liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Tax payable	<u>\$ 1,540,856</u>	<u>\$ 1,359,309</u>

- c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were follows:

For the year ended December 31, 2023

	<b>Balance, Beginning of Year</b>	<b>Movements in the Year</b>	<b>Disposal of subsidiaries</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>				
Temporary differences	<u>\$ 227,759</u>	<u>\$ 91,578</u>	<u>\$ (417)</u>	<u>\$ 318,920</u>

(Continued)

	<b>Balance, Beginning of Year</b>	<b>Movements in the Year</b>	<b>Disposal of subsidiaries</b>	<b>Balance, End of Year</b>
<u>Deferred tax liabilities</u>				
Temporary differences	<u>\$ 302,326</u>	<u>\$ 52,040</u>	<u>\$ -</u>	<u>\$ 354,366</u> (Concluded)

For the year ended December 31, 2022

	<b>Balance, Beginning of Year</b>	<b>Movements in the Year</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>			
Temporary differences	<u>\$ 86,079</u>	<u>\$ 141,680</u>	<u>\$ 227,759</u>
<u>Deferred tax liabilities</u>			
Temporary differences	<u>\$ 192,056</u>	<u>\$ 110,270</u>	<u>\$ 302,326</u>

- d. Items for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Loss carryforwards		
Expiry in 2026	\$ -	\$ 75,751
Expiry in 2027	-	202,631
Expiry in 2028	-	83,641
Expiry in 2029	<u>-</u>	<u>17,579</u>
	<u>\$ -</u>	<u>\$ 379,602</u>
Deductible temporary differences	<u>\$ -</u>	<u>\$ 115,150</u>

- e. The Pillar Two income tax legislation

In March 2023, the government of Tera Probe was incorporated and substantively enacted the Pillar Two income tax legislation effective April 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Corporation has no related current tax exposure.

Under the legislation, Tera Probe will be required to pay, in Japan, a top-up tax on the profits if the effective tax rate is less than 15 percent. As of December 31, 2023, there are no country effects for Pillar 2, so there is no major effect that may lead to exposure to this income tax risk. However, the Company continues to evaluate the impact of the Pillar two Income Tax legislation on its future financial performance.

- f. Income tax assessments

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

## 25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share	\$ <u>10.72</u>	\$ <u>11.60</u>
Diluted earnings per share	\$ <u>10.64</u>	\$ <u>11.47</u>

The earnings and weighted average number of common stock outstanding used in the computation of earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit for the year attributable to the owner of the Parent	\$ 8,008,511	\$ 8,686,730
Effect of potentially dilutive common stock:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	\$ <u>8,008,511</u>	\$ <u>8,686,730</u>

Weighted average number of common stock outstanding (in thousands of shares):

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of common stock used in the computation of basic earnings per share	747,347	748,748
Effect of potentially dilutive common stock:		
Compensation of employees	<u>5,065</u>	<u>8,593</u>
Weighted average number of common stock used in the computation of dilutive earnings per share	<u>752,412</u>	<u>757,341</u>

PTI may settle compensation paid to employees in cash or shares; therefore, PTI assumes the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Get-Team Tech Corporation (Get-Team)	Metal plating on semiconductor lead frame	October 5, 2022	97.46	\$ <u>171,523</u>

Get-Team Tech was acquired in order to continue the expansion of assembly service.

b. Consideration transferred

**Get-Team Tech  
Corporation**

Cash	\$ <u>171,523</u>
------	-------------------

The fair value of the common stock of Get-Team, determined by an independent expert on distribution of cash at the date of the acquisition, amounted to \$171,523 thousand.

c. Assets acquired and liabilities assumed at the date of acquisition

**Get-Team Tech  
Corporation**

Current assets	
Cash	\$ 44,329
Accounts receivable	45,692
Inventories	3,353
Other current assets	11,587
Non-current assets	
Property, plant and equipment	41,468
Right-of-use assets	17,997
Intangible assets	41,383
Other non-current assets	1,040
Current liabilities	
Accounts payable	(8,979)
Accrued compensation to employees and remuneration to directors	(160)
Current income tax liabilities	(1,287)
Accrued expenses and other current liabilities	(8,067)
Non-current liabilities	
Deferred income tax liabilities	(11,775)
Lease liabilities	<u>(19,623)</u>
	 \$ <u>156,958</u>

The tax bases of Get-Team's assets were required to be based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have been finalized, and been determined based on the market values of the tax values.

d. Non-controlling interests

The non-controlling interest (a 2.54% ownership interest in Get-Team) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest.

e. Goodwill recognized on acquisitions

**Get-Team Tech  
Corporation**

Consideration transferred	\$ 171,523
Plus: Non-controlling interests (2.54% in Get-Team)	3,331
Less: Fair value of identifiable net assets acquired	<u>(156,958)</u>
	 \$ <u>17,896</u>

The goodwill recognized in the acquisitions of Get-Team mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Get-Team. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

f. Net cash outflow on the acquisition of subsidiaries

	<b>Get-Team Tech Corporation</b>
Consideration paid in cash	\$ 171,523
Less: Cash and cash equivalent balances acquired	<u>(44,329)</u>
	<u>\$ 127,194</u>

## 27. DISPOSAL OF SUBSIDIARIES

On June 27, 2023, the board of directors of the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. On October 1, 2023, the transfer of shares was completed, and control over the subsidiary was lost.

a. Consideration received

	<b>December 31, 2023</b>
Total consideration received	<u>\$ 5,465,777</u>

b. Analysis of assets and liabilities upon losing control

	<b>December 31, 2023</b>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 442,230
Contract assets	47,123
Accounts receivable (including related parties)	365,660
Other receivables from related parties (including related parties)	13,537
Inventories	58,637
Other current assets	13,182
<b>NON-CURRENT ASSETS</b>	
Property, plant and equipment	1,309,301
Right-of-use assets	51,114
Intangible assets	1,117
Deferred income tax assets	417
<b>CURRENT LIABILITIES</b>	
Accounts payable (including related parties)	(88,861)
Payables to equipment suppliers	(72,333)
Other payables - related parties (including related parties)	(21,346)
Accrued expenses and other current liabilities	<u>(287,243)</u>
Net assets disposed of	<u>\$ 1,832,535</u>

c. Gain on disposal of subsidiaries

	<b>December 31, 2023</b>
Consideration received	\$ 5,465,777
Net assets disposed of	(1,832,535)
Reclassification of other comprehensive income in respect of subsidiaries	<u>(58,314)</u>
Gain on disposal of subsidiaries	<u>\$ 3,574,928</u>

d. Net cash inflow from disposal of subsidiaries

	<b>December 31, 2023</b>
Consideration received in cash and cash equivalents	\$ 5,465,777
Less: Cash and cash equivalent balances disposed of	<u>(442,230)</u>
	<u>\$ 5,023,547</u>

## 28. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

## 29. FINANCIAL INSTRUMENTS

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

December 31, 2023

	<b>Carrying Amount</b>	<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 50,000

December 31, 2022

	<b>Carrying Amount</b>	<b>Fair Value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 100,000	\$ -	\$ 100,082	\$ -	\$ 100,082

The above-mentioned level 2 fair value measurement was based on quoted prices from the Taipei Exchange.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 28,659	\$ -	\$ 28,659
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 1,662	\$ 33,000	\$ -	\$ 34,662
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 504	\$ -	\$ 504

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 28,209	\$ -	\$ -	\$ 28,209
Derivative instruments	-	38,410	-	38,410
	\$ 28,209	\$ 38,410	\$ -	\$ 66,619
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 943	\$ 16,200	\$ -	\$ 17,143
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 7,446	\$ -	\$ 7,446

There were no transfers between Levels 1 and 2 in 2023 and 2022.

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 28,659	\$ 66,619
Financial assets at amortized cost (Note 1)	40,137,954	36,770,102
Financial assets at FVTOCI		
Equity instruments	34,662	17,143
<u>Financial liabilities</u>		
FVTPL		
Held for trading	504	7,446
Amortized cost (Note 2)	31,415,378	40,883,693

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable (including related parties), other payables (including related parties), accrued expenses, other current liabilities and long-term debt (including current portion) and guarantee deposit.

d. Financial risk management objectives and policies

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

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

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures reports quarterly to the Corporation's board of directors.

1) Market risk

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

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation's operating activities are partially denominated in foreign currencies and apply natural hedge. The purpose of the Corporation's management of the foreign currency risk is to hedge against the risk instead of making a profit.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure taking into consideration the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 33.

The Corporation uses forward exchange contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and their adjusted translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable (including related parties), other payables (including related parties), short-term bank loans and long-term debt. The number below indicates the decrease/increase in pre-tax profit when the functional currency strengthens 5% against the relevant currency.

	<b>USD Impact</b>		<b>JPY Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ (874,289)	\$ (636,520)	\$ 21,330	\$ 25,342

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect cash flow in the future but will not affect the fair value.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 12,677,621	\$ 7,326,077
Financial liabilities	456,330	670,474
Cash flow interest rate risk		
Financial assets	9,353,831	13,467,495
Financial liabilities	23,374,756	29,935,249

#### Sensitivity analysis

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

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by \$14,021 thousand and \$16,468 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rate risk on its variable-rate net liabilities.

#### c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation's equity price risk was mainly concentrated on equity instruments in the electronics industry sector quoted in the Taipei Exchange.

#### Sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increase/decrease by \$0 thousand and \$1,410 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the year ended December 31, 2023 and 2022 would have increase/decrease by \$1,733 thousand and \$857 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge an obligation arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the Corporation has set up an approach for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Corporation's concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable for the years ended December 31, 2023 and 2022. The three largest customers are creditworthy counterparties; therefore, the Corporation believes the concentration of credit risk is insignificant for the remaining accounts receivable.

#### Credit risk management for investments in debt instruments

The Corporation only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Corporation's exposure and the external credit ratings are continuously monitored. The Corporation reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Corporation considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses. The Corporation's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-

### 3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Corporation had available unutilized overdraft and short-term bank loan facilities of approximately \$3,600,826 thousand and \$4,578,641 thousand, respectively.

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

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 2,356,743	\$ 3,698,173	\$ 792,551	\$ -	\$ -
Lease liabilities	5,098	10,196	45,321	220,958	1,530,201
Fixed interest rate liabilities	-	96,155	92,896	267,279	-
Variable interest rate liabilities	-	-	444,048	20,989,096	1,941,612
Guarantee deposits	<u>25,339</u>	<u>15,367</u>	<u>122,164</u>	<u>572,181</u>	<u>1,774</u>
	<u>\$ 2,387,180</u>	<u>\$ 3,819,891</u>	<u>\$ 1,496,980</u>	<u>\$22,049,514</u>	<u>\$ 3,473,587</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	\$ 60,615	\$ 220,958	\$ 238,532	\$ 235,531	\$ 234,291	\$ 821,847
Variable interest rate	\$ 444,048	\$ 20,989,096	\$ 1,570,885	\$ 370,727	\$ -	\$ -
Guarantee deposits	\$ 162,870	\$ 572,181	\$ 1,758	\$ -	\$ -	\$ 16

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 4,222,227	\$ 4,431,558	\$ 756,568	\$ -	\$ -
Lease liabilities	7,856	15,712	66,467	226,174	1,578,124
Fixed interest rate liabilities	-	118,524	133,630	418,320	-
Variable interest rate liabilities	-	-	-	23,802,779	6,132,470
Guarantee deposits	<u>17,630</u>	<u>-</u>	<u>114,348</u>	<u>650,568</u>	<u>85,071</u>
	<u>\$ 4,247,713</u>	<u>\$ 4,565,794</u>	<u>\$ 1,071,013</u>	<u>\$25,097,841</u>	<u>\$ 7,795,665</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	\$ 90,035	\$ 226,174	\$ 239,117	\$ 236,011	\$ 234,291	\$ 868,705
Variable interest rate	\$ -	\$ 23,802,779	\$ 5,689,903	\$ 366,857	\$ 75,710	\$ -
Guarantee deposits	\$ 131,978	\$ 650,568	\$ 85,055	\$ -	\$ -	\$ 16

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

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 675,241	\$ 635,803	\$ 166,712
Outflows	<u>(662,824)</u>	<u>(624,032)</u>	<u>(162,745)</u>
	<u>\$ 12,417</u>	<u>\$ 11,771</u>	<u>\$ 3,967</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 2,290,374	\$ 1,585,405	\$ 27,408
Outflows	<u>(2,262,019)</u>	<u>(1,583,022)</u>	<u>(27,182)</u>
	<u>\$ 28,355</u>	<u>\$ 2,383</u>	<u>\$ 226</u>

c) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Secured bank loan facilities which may be mutually extended		
Amount used	\$ 18,128,714	\$ 20,414,539
Amount unused	<u>6,500,000</u>	<u>6,900,000</u>
	<u>\$ 24,628,714</u>	<u>\$ 27,314,539</u>

### 30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between PTI and its subsidiaries, which were related parties of PTI, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between PTI and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Corporation
Kioxia Corporation	Substantial related party
Toshiba International Procurement Hong Kong, Ltd.	Substantial related party
Toshiba Information Systems (Japan) Corporation	Substantial related party
Toshiba Trading Inc.	Substantial related party
Toshiba Electronic Devices & Storage Corporation	Substantial related party
Kingston Technology International Ltd.	Substantial related party
Kingston Digital International Ltd.	Substantial related party
Longforce Technology (Suzhou) Ltd. (Note)	Associate
Kingston Solution, Inc.	Substantial related party
Kingston Technology Far East Corp.	Substantial related party
Solid State Storage Technology Corporation	Substantial related party
Realtek Singapore Private Limited	Substantial related party
Realtek Semiconductor Corp.	Substantial related party
Raymx Microelectronic Corp.	Substantial related party
Kingston Technology International Limited (Ireland)	Substantial related party
PTI Education Foundation	Substantial related party
KIOXIA Semiconductor Taiwan Corporation	Substantial related party

Note: Powertech Technology (Suzhou) Ltd. will not be included in consolidated financial statement, as the Company lost its control on October 1, 2023. Therefore, the company's name was changed from Powertech Technology (Suzhou) Ltd. to Longforce Technology (Suzhou) Ltd..

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales of goods	Substantial related parties		
	Kioxia Corporation	\$ 14,717,119	\$ 20,882,528
	Others	<u>2,229,417</u>	<u>1,896,429</u>
		16,946,536	22,778,957
	Associates	<u>2,880</u>	<u>-</u>
		<u>\$ 16,949,416</u>	<u>\$ 22,778,957</u>

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for the sales of the Corporation is from 30 days to 150 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Category	For the Year Ended December 31	
	2023	2022
Substantial related parties	\$ 230,023	\$ 1,192,843
Associates	<u>44</u>	<u>-</u>
	<u>\$ 230,067</u>	<u>\$ 1,192,843</u>

The purchase prices and payment terms were based on negotiations and thus not comparable with those in the market.

d. Cost of revenue

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ 90,179	\$ -
Substantial related parties	<u>-</u>	<u>162</u>
	<u>\$ 90,179</u>	<u>\$ 162</u>

Cost of revenue mainly was subcontract costs and occasional fee.

e. Operation expense

Related Party Category	For the Year Ended December 31	
	2023	2022
Substantial related parties	<u>\$ 3,000</u>	<u>\$ -</u>

Mainly was donation.

f. Other gains and losses

Related Party Category	For the Year Ended December 31	
	2023	2022
Substantial related parties	\$ 22,382	\$ (22,535)
Associates	<u>1,376</u>	<u>-</u>
	<u>\$ 23,758</u>	<u>\$ (22,535)</u>

Other gains and losses mainly include the purchase and sales of raw materials, compensation loss and the difference between collections and payment transfers. The purchase and sales of raw materials were based on conditions agreed by both parties for which there are no comparable transactions in the market.

g. Contract assets

Related Party Category/Name	December 31	
	2023	2022
Substantial related parties		
Kioxia Corporation	\$ 696,550	\$ 829,624
Others	<u>79,121</u>	<u>75,486</u>
	<u>\$ 775,671</u>	<u>\$ 905,110</u>

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for contract assets from related parties.

h. Accounts receivable from related parties (excluding loans to related parties and contract assets)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable from related parties	Substantial related parties		
	Kioxia Corporation	\$ 4,645,748	\$ 4,769,255
	Others	<u>529,523</u>	<u>325,226</u>
		<u>\$ 5,175,271</u>	<u>\$ 5,094,481</u>

The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for accounts receivables from related parties.

i. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable from related parties	Substantial related parties		
	Solid State Storage Technology Corporation	\$ 124,068	\$ 70,748
	Toshiba International Associates	<u>-</u>	<u>11,936</u>
		<u>124,068</u>	<u>82,684</u>
		<u>43</u>	<u>-</u>
		<u>\$ 124,111</u>	<u>\$ 82,684</u>

The outstanding accounts payable from related parties are unsecured.

j. Other receivables from related parties

		December 31	
Related Party Category/Name		2023	2022
Substantial related parties			
Kioxia Corporation		\$ 26,525	\$ 65,783
Others		<u>-</u>	<u>328</u>
		26,525	66,111
Associates			
Longforce Technology (Suzhou) Ltd.		<u>73,813</u>	<u>-</u>
		<u>\$ 100,338</u>	<u>\$ 66,111</u>

k. Other payables from related parties

		December 31	
Related Party Category		2023	2022
Substantial related parties			
Kioxia Corporation		\$ 39,262	\$ 31,758
Other		<u>-</u>	<u>556</u>
		39,262	32,314
Associates			
Longforce Technology (Suzhou) Ltd.		<u>87,452</u>	<u>-</u>
		<u>\$ 126,714</u>	<u>\$ 32,314</u>

l. Acquisition of property, plant and equipment

Related Party Category/Name	Acquisition Price	
	For the Year Ended December 31	
	2023	2022
Substantial related party	\$ 22,078	\$ -

m. Disposal of property, plant and equipment

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Associates	\$ 9,601	\$ -	\$ 9,601	\$ -

The sale of property, plant and equipment to related parties and the purchase of property, plant and equipment from related parties were based on negotiations of cooperation agreements for which there were no comparable transactions in the market. The gain on disposal of property, plant and equipment was deferred.

n. Compensation of key management personnel

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 464,608	\$ 531,118
Post-employment benefits	2,115	2,047
	\$ 466,723	\$ 533,165

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

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

The following assets were mainly provided for long-term bank loans, customs surety bonds, bank guarantees, bonded warehouse guarantee deposits and lease deposits:

Related Party Category/Name	December 31	
	2023	2022
Property, plant and equipment	\$ 20,335,828	\$ 24,918,762
Pledge deposits (classified as financial assets at amortized cost - current)	-	13,468
Restricted deposits (classified as financial assets at amortized cost - current)	160,744	30,708
Pledge deposits (classified as financial assets at amortized cost - non-current)	207,444	124,334
	\$ 20,704,016	\$ 25,087,272

### 32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to the contents disclosed in other notes, the Corporation has the following significant / commitments and contingencies in the balance sheet:

- a. From December 2020 to December 2021, PTI signed purchase agreements for equipment worth \$588,119 thousand with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2023, the Corporation has paid a total of \$570,536 thousand, and the remaining amount of 17,583 thousand was canceled by negotiation.
- b. From December 2021 to August 2022, PTI signed purchase agreements for equipment worth \$523,210 with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2023, the Corporation had paid a total of \$438,168 thousand.
- c. From July 2021 to July 2022, PTI signed a contract worth \$728,248 thousand with Jian Ming Construction Co. Ltd. to set up new plant construction and factory engineering. As of December 31, 2023, PTI had paid a total of \$541,698 thousand.
- d. As of December 31, 2023, PTI unused letters of credit for purchases of machinery and equipment amounted to approximately JPY64,400 thousand and EUR1,568 thousand.
- e. In November 2021, PTI entered into capacity reservation agreements with Zhen Ding Technology Co., Ltd. The deposits in a required aggregate amount of US\$35,000 thousand were paid to suppliers in compliance with the agreements and refunded to PTI when terms set forth in the agreements have been satisfied. According to the agreements, the deposits will be refunded in 58 installments starting from March 2023. As of December 31, 2023, the Corporation has paid a total of US\$35,000 thousand, and recovered US\$6,000 thousand.
- f. From October 2021 to January 2022, January 2022 to April and 2022, May 2022 to July 2022, the TeraPower Technology Inc. signed a purchase agreement of equipment worth \$655,415 thousand, \$505,372 thousand and \$649,333 thousand with Advantest Taiwan Inc., As of December 31, 2023, the TeraPower Technology Inc. has paid a total of \$512,485 thousand, \$381,066 thousand and \$143,596 thousand, respectively, the remaining amount of 142,930 thousand, 124,306 thousand and was 505,737 thousand canceled by negotiation.
- g. From April 2023 to June 2023, the TeraPower Technology Inc. signed a purchase agreement of equipment worth \$ 546,904 thousand with Advantest Taiwan Inc., As of December 31, 2023, the TeraPower Technology Inc. has paid a total of \$215,906 thousand.
- h. From July 2021 to July 2022, Tera Probe, Inc. signed a purchase agreement of equipment worth \$640,534 thousand with Teradyne Inc. As of December 31, 2023, Tera Probe, Inc. has paid \$609,928 thousand.
- i. In April 2022, Greatek Electronics Inc. signed a contract worth \$414,000 thousand with Jian Ming Contractor Co., Ltd. for construction of staff dorm. As of December 31, 2023, Greatek Electronics Inc. has paid a total of \$372,600 thousand.
- j. In July 2022, Greatek Electronics Inc. signed a contract worth \$418,000 thousand with Jiu Han System Technology Co., Ltd. for electromechanical air conditioning and fire engineering for staff dorm. As of December 31, 2023, Greatek Electronics Inc. has paid a total of \$376,200 thousand.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 705,904	30.7350 (USD:NTD)	\$ 21,695,959
USD	6,745	141.4100 (USD:JPY)	207,308
JPY	173,565	0.2173 (JPY:NTD)	37,716
JPY	189,966	0.0071 (JPY:USD)	41,280
SGD	645	0.7584 (SGD:USD)	15,035
RMB	45,094	0.141 (RMB:USD)	195,428
RMB	12,114	4.3338 (RMB:NTD)	52,500
			<u>\$ 22,245,226</u>
Non-monetary items			
USD	607	30.7350 (USD:NTD)	\$ 18,651
JPY	43,219	0.2173 (JPY:NTD)	9,392
RMB	142	4.3338 (RMB:NTD)	616
			<u>\$ 28,659</u>
<u>Financial liabilities</u>			
Monetary items			
USD	143,379	30.3750 (USD:NTD)	\$ 4,406,754
USD	349	141.4100 (USD:JPY)	10,727
EUR	41	34.0114 (EUR:NTD)	1,394
JPY	1,958,664	0.2173 (JPY:NTD)	425,618
JPY	368,038	0.0071 (JPY:USD)	79,975
RMB	12,081	4.3338 (RMB:USD)	52,357
			<u>\$ 4,976,825</u>
Non-monetary items			
USD	16	30.7350 (USD:NTD)	<u>\$ 504</u>

December 31, 2022			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 595,039	30.7080 (USD:NTD)	\$ 18,272,458
USD	9,588	6.9514 (USD:RMB)	294,428
			(Continued)

December 31, 2022			
	Foreign Currency	Exchange Rate	Carrying Amount
USD	\$ 6,558	132.12 (USD:JPY)	\$ 201,383
JPY	883,774	0.2324 (JPY:NTD)	205,389
JPY	3,611	0.0526 (JPY:RMB)	839
JPY	200,090	0.0076 (JPY:USD)	46,501
SGD	642	0.7447 (SGD:USD)	14,681
RMB	33,070	0.1439 (RMB:USD)	146,087
RMB	13,358	4.4175 (RMB:NTD)	<u>59,009</u>
			<u>\$ 19,240,775</u>
Non-monetary items			
USD	904	30.7080 (USD:NTD)	\$ 27,755
JPY	45,846	0.2324 (JPY:NTD)	<u>10,655</u>
			<u>\$ 38,410</u>
<u>Financial liabilities</u>			
Monetary items			
USD	186,628	30.7080 (USD:NTD)	\$ 5,730,973
USD	4,743	6.9514 (USD:RMB)	145,648
USD	5,251	132.12 (USD:JPY)	161,248
EUR	1,134	32.7086 (EUR:NTD)	37,092
JPY	3,001,847	0.2324 (JPY:NTD)	697,629
JPY	96,703	0.0526 (JPY:RMB)	22,474
JPY	169,783	0.0076 (JPY:USD)	39,458
RMB	15,400	0.1439 (RMB:USD)	<u>68,030</u>
			<u>\$ 6,902,552</u>
Non-monetary items			
USD	212	30.7080 (USD:NTD)	\$ 6,508
JPY	3,196	0.2324 (JPY:NTD)	743
RMB	44	4.4175 (RMB:NTD)	<u>195</u>
			<u>\$ 7,446</u>
			(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$111,884 thousand and \$1,509,987 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the entities in the Corporation.

### 34. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

- a. Financing provided to others: None.
- b. Endorsements/guarantees provided: None.
- c. Marketable securities held: Table 1 (attached).
- d. Marketable securities acquired or disposed of at costs or prices amounting to at least NT\$300 million or 20% of the paid-in capital: Table 2 (attached).
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached).
- i. Derivative transactions: Note 7.
- j. Intercompany relationships and significant intercompany transactions: Table 5 (attached).
- k. Information of investees: Table 6 (attached).
- l. Information on investments in mainland China: Table 7 (attached).

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Note 34 (j).

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

### **35. SEGMENT INFORMATION**

- a. The revenue, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenues and operating results for the years ended December 31, 2023 and 2022 are shown in the consolidated income statements for the years ended December 31, 2023 and 2022. The segment assets as of December 31, 2023 and 2022 are shown in the consolidated balance sheets as of December 31, 2023 and 2022.

b. Geographical information

The Corporation's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	<b>Revenue</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Japan	\$ 21,514,180	\$ 27,189,539	\$ 2,662,729	\$ 2,200,264
Taiwan (the principal place of business of PTI)	18,117,103	25,119,738	55,786,228	62,705,877
Singapore	15,689,481	11,349,663	-	27
America	9,446,028	13,728,399	-	-
China, Hong Kong and Macao	2,038,684	2,250,357	930,485	2,500,713
Europe	1,689,438	1,930,719	-	-
Others	<u>1,946,031</u>	<u>2,358,320</u>	<u>-</u>	<u>-</u>
	<u>\$ 70,440,945</u>	<u>\$ 83,926,735</u>	<u>\$ 59,379,442</u>	<u>\$ 67,406,881</u>

Non-current assets exclude financial instruments, deferred tax assets, and other assets.

c. Major customers

Sales to customers amounting to at least 10% of total gross sales:

<b>Customer</b>	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>
A	\$ 17,978,222	26	\$ 18,688,423	22
B	14,717,119	21	20,882,528	25
C	6,039,665	9	9,651,686	12

**TABLE 1****POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Value	% of Ownership	Fair Value	
Powertech Technology Inc.	<u>Stock</u> Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,053	\$ 34,662	3	\$ 34,662	Note 3
Greatek Electronics Inc.	<u>Bond</u> P08 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,000	Note 2
	<u>Stock</u> Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive income - noncurrent	11,800	1,663,800	2	1,663,800	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 4
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 4
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 4

Note 1: The fair value was based on stock closing price as of December 31, 2023.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of December 31, 2023.

Note 3: The fair value of common stock was based on stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of December 31, 2023.

Note 4: The fair value was based on the carrying value as of December 31, 2023.

Note 5: As of December 31, 2023, the above marketable securities had not been pledged or mortgaged.

TABLE 2

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 1)		Acquisition		Disposal				Ending Balance (Note 1)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
POWERTECH TECHNOLOGY INC.	<u>Equity certificate</u> Powertech Technology (Suzhou) Ltd.	Investments accounted or using the equoty method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	\$ 176,964	-	\$ -	-	\$ 566,194	\$ 183,744	\$ 390,434	-	\$ -
PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	<u>Equity certificate</u> Powertech Technology (Suzhou) Ltd. (Note 3)	Investments accounted or using the equoty method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	USD 38,610	-	-	-	USD 78,960	USD 38,365	USD 76,761	-	USD 38,209
Powertech Technology (Singapore) Pte. Ltd.	<u>Equity certificate</u> Powertech Technology (Suzhou) Ltd.	Investments accounted or using the equoty method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	USD 11,532	-	-	-	USD 35,093	USD 11,395	USD 23,236	-	-

Note 1: The opening and closing balances include gains and losses recognized using the equity method.

Note 2: For disposal information, refer to Note 27.

Note 3: Powertech Technology (Suzhou) has been rebranded as Longforce Technology (Suzhou) Ltd. after disposal.

**TABLE 3**

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

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

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	Sale	\$14,435,398	34	Note 1	\$ -	-	\$4,556,629	43	-
	Kingston Solution, Inc.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	438,821	1	Note 1	-	-	87,186	1	-
	Kingston Technology International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	295,052	1	Note 1	-	-	39,277	0.4	-
	Kingston Digital International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	190,205	0.45	Note 1	-	-	14,944	0.14	-
	Solid State Storage Technology Corporation	Corporate director's subsidiaries.	Purchase	189,059	2	Note 1	-	-	(124,068)	(4)	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate director.	Sale	898,007	7	Net 60 days from monthly closing date	Note 2	Equivalent	305,491	11	-
	Realtek Singapore Private Limited	Same parent company with Greatek Electronics Inc.'s corporate director.	Sale	338,857	2	Net 60 days from monthly closing date	Note 2	Equivalent	52,507	2	-
	PowerTech Technology Inc.	Parent company of Greatek Electronics Inc.	Sale	109,643	1	Net 90 days from monthly closing date	Note 2	Equivalent	38,504	1	-
TeraPower Technology Inc.	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company.	Sale	281,721	5	Net 90 days from monthly closing date	-	-	89,119	8	-

Note 1: 35 to 120 days after the end of the month of the invoice date.

Note 2: The sales price of Greatek Electronics Inc. sold to related parties is determined based on general trading practices.

**TABLE 4**

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director’s parent company	\$ 4,556,629	3.15	\$ -	-	\$ 2,163,471	\$ -
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of Greatek Electronics Inc.’s corporate ditector	305,491	4.58	-	-	97,053	-

**TABLE 5**

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Company Name	Counterparty	Transaction Flow	Intercompany Transactions			
			Financial Statement Item	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
Powertech Technology Inc.	Powertech Technology (Suzhou) Ltd.	1	Sales	\$ 62,017	Note 3	-
	TeraPower Technology Inc.	1	Sales	37,438	Note 3	-
	Greatek Electronics Inc.	1	Sales	5,112	Note 3	-
	Tera Probe, Inc.	1	Sales	67	Note 3	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase	2,277	Note 2	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Purchase	271	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Subcontract costs	243,997	Note 2	-
	Greatek Electronics Inc.	1	Subcontract costs	104,877	Note 2	-
	TeraPower Technology Inc.	1	Subcontract costs	267,935	Note 2	-
	Tera Probe, Inc.	1	Production overhead	803	Note 2	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Other gains and losses	16,221	Note 2	-
	TeraPower Technology Inc.	1	Rent income	722	Note 2	-
	TeraPower Technology Inc.	1	Rent	3,838	Note 2	-
	TeraPower Technology Inc.	1	Other gains and losses	218	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other gains and losses	4,736	Note 2	-
	Greatek Electronics Inc.	1	Accounts receivable from related parties	1,729	Note 3	-
	TeraPower Technology Inc.	1	Accounts receivable from related parties	3,949	Note 3	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Other receivables from related parties	2,445	Note 2	-
	TeraPower Technology Inc.	1	Other receivables from related parties	69	Note 2	-
	Greatek Electronics Inc.	1	Other receivables from related parties	5	Note 2	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Disposal of property, plant and equipment	398	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Disposal of property, plant and equipment	59,475	Note 2	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Purchase of property, plant and equipment	92,069	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase of property, plant and equipment	400	Note 2	-
	Greatek Electronics Inc.	1	Purchase of property, plant and equipment	188	Note 2	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Accounts payable	267	Note 2	-
	TeraPower Technology Inc.	1	Other payables to related parties	59,620	Note 2	-
	Greatek Electronics Inc.	1	Other payables to related parties	40,430	Note 2	-
	Powertech Technology (Japan) Ltd.	1	Other payables to related parties	22,849	Note 2	-
	Tera Probe, Inc.	1	Other payables to related parties	155	Note 2	-
Tera Probe, Inc.	TeraPower Technology Inc.	1	Other receivables from related parties	96,041	Note 2	-
	TeraPower Technology Inc.	1	Other payables to related parties	5,851	Note 2	-
	TeraPower Technology Inc.	1	Purchase of property, plant and equipment	170,930	Note 2	-

Note 1: No. 1 - from the parent company to the subsidiary. No. 2 - from the subsidiary to the subsidiary.

Note 2: The transactions for related parties were negotiated and thus not comparable with those in the market.

Note 3: The selling prices with subsidiaries were negotiated and thus not comparable with those in the market, and the collection period with subsidiaries was same as common customer.

TABLE 6

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION OF INVESTEES  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	\$ 1,153,964	\$ 1,153,964	73,386	49	\$ 3,595,367	\$ 1,219,722	\$ 525,415	Notes 1 and 2
	Powertech Holding (BVI) Inc.	British Virgin Islands	Investment business	1,679,370	1,679,370	50	100	3,546,035	2,197,383	2,380,568	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing services	6,169,948	6,169,948	244,064	43	9,530,313	1,997,124	851,111	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 69,000	USD 69,000	69,000	100	2,976,558	1,008,531	1,009,358	Notes 1 and 2
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,759,788	441,304	488,676	Notes 1 and 2
Greatek Electronics Inc.	Tera Probe, Inc.	Japan	Wafer probing test services	230,616	230,616	1,077	12	502,756	908,166	125,443	Notes 1 and 2
	Get-Team Tech Corporation	Hsinchu	Metal plating on semiconductor lead frame	171,523	171,523	7,796	97.46	145,019	(13,486)	(19,367)	Note 1
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 114,157	USD 68,977	USD 68,977	Note 1
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 108,545	USD 29,134	USD 14,220	Note 1
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing services	USD 58,329	USD 58,329	6	100	USD 8,482	USD (216)	USD (216)	Note 1
Tera Probe, Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	JPY 4,348,056	JPY 4,348,056	76,381	51	JPY 4,348,056	JPY 5,442,829	JPY 2,775,843	Notes 1 and 2

Note 1: Amount was recognized on the basis of reviewed financial statements.

Note 2: Including unrealized intercompany gains (losses).

TABLE 7

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Accounted for Using the Equity Method	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Longforce Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	\$ 3,073,500 (US\$ 100,000)	Note 1	\$ 1,567,485 (US\$ 51,000)	\$ -	514,043 (US\$ 16,725)	\$ 1,053,442 (US\$ 34,275)	\$ 63,775 (US\$ (2,013))	30%	\$ 50,448 (US\$ 1,584)	\$ 1,174,347 (US\$ 38,209)	\$ -	Note 4
Powertech Semiconductor (Xian) Co., Ltd.	Semiconductor testing and assembly services	2,151,450 (US\$ 70,000)	Note 1	1,657,907 (US\$ 53,942)	-	205,740 (US\$ 6,694)	1,452,167 (US\$ 47,248)	581,111 (US\$ 18,655)	100%	581,111 (US\$ 18,655)	3,050,223 (US\$ 99,243 )	699,283 (US\$ 22,752)	-

Investee Company Accounted for Using the Equity Method	Accumulated Investment in Mainland China as of December 31, 2023 (In Thousands of USD)	Investment Amounts Authorized by the Investment Commission, MOEA (In Thousands of USD)	Ceiling Amount on of the Corporation’s Investment in Mainland China
Longforce Technology (Suzhou) Ltd Powertech Semiconductor (Xian) Co., Ltd	US\$ 34,275 US\$ 47,248	US\$ 79,000 US\$ 79,000	\$ 32,971,717

Note 1: Indirect investments through Powertech Holding (BVI) Inc., the Corporation’s 100%-owned subsidiary.

Note 2: The amount was recognized on the basis of reviewed financial statements.

Note 3: Based on the exchange rate as of December 31, 2023.

Note 4: On October 1, 2023, the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd., and the name of Powertech Technology (Suzhou) Ltd. was changed to Longforce Technology (Suzhou) Ltd.

**Powertech Technology Inc.**

**Parent Company Only Financial Statements for  
the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Powertech Technology Inc.

### **Opinion**

We have audited the accompanying financial statements of Powertech Technology Inc. (the "Corporation"), which comprise the balance sheets as of December 31, 2023 and 2022, statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, the financial performance and the cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Corporation's financial statements for the year ended December 31, 2023 are described as follows:

#### **Recognition of Contract Assets and Revenue**

1. The amount of sales revenue is material to the Corporation. Refer to Note 21 to the accompanying financial statements for details of sales revenue. The major type of revenue is subcontracting revenue. The types of subcontracting transactions are as follows:
  - 1) Wafer level testing;
  - 2) Wafer level packaging;
  - 3) IC packaging; and
  - 4) IC testing.

2. Packaging services: Since the customers have ownership of the assets, assume significant risks and rewards of ownership of the assets, have the right to dispose of the assets and prevent the Corporation from obtaining the benefits of the assets, revenue should be recognized over time in accordance with the requirements of paragraph 35(b) of International Financial Reporting Standards No. 15.
3. Testing services: In accordance with the requirements of paragraph 35(a) of International Financial Reporting Standards No. 15, the Corporation recognizes revenue over time since the customers simultaneously receive and consume the benefits provided by the Corporation's testing services.
4. The Corporation recognizes the contract assets and revenue of packaging and testing services at the end of each month based on the completion schedule. Since the abovementioned process involves estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly as a result of human error.
5. We reviewed the Corporation's revenue recognition policy, understood the Corporation cost carry-forward process, assessed the reasonableness of its contract assets and revenue recognition, confirmed against relevant supporting documents and accounting records, and verified the accuracy of the monetary amounts of contract assets and revenue recognized.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chih Lin and Su Li Fang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2024

#### Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the*

*interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

# POWERTECH TECHNOLOGY INC.

## PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,255,268	11	\$ 11,406,216	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	24,100	-
Contract assets - current (Notes 21 and 28)	1,395,222	2	1,450,816	2
Accounts receivable (Notes 4, 10 and 21)	5,828,476	7	4,421,782	5
Receivables from related parties (Notes 4, 21 and 28)	4,703,714	5	4,770,538	5
Other receivables (Note 4)	236,345	-	159,252	-
Other receivables from related parties (Notes 4 and 28)	94,201	-	14,971	-
Inventories (Notes 4 and 11)	5,080,832	6	8,515,485	9
Prepaid expenses (Note 16)	139,902	-	60,906	-
Other current assets (Note 16)	<u>321,211</u>	<u>-</u>	<u>300,537</u>	<u>-</u>
Total current assets	<u>27,055,171</u>	<u>31</u>	<u>31,124,603</u>	<u>34</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income- non-current (Notes 4 and 8)	34,662	-	17,143	-
Financial assets at amortized cost - non-current (Notes 4, 9, 27 and 29)	70,234	-	5,634	-
Investments accounted for using the equity method (Notes 4, 12 and 25)	25,183,033	29	21,347,048	23
Property, plant and equipment (Notes 4, 13, 28 and 29)	32,826,669	37	37,494,396	41
Right-of-use assets (Notes 4, 5 and 14)	1,264,479	2	1,294,536	1
Deferred income tax assets (Notes 4 and 23)	225,131	-	161,996	-
Other non-current assets (Note 16)	<u>1,112,607</u>	<u>1</u>	<u>1,073,469</u>	<u>1</u>
Total non-current assets	<u>60,716,815</u>	<u>69</u>	<u>61,394,222</u>	<u>66</u>
TOTAL	<u>\$ 87,771,986</u>	<u>100</u>	<u>\$ 92,518,825</u>	<u>100</u>

LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ -	-	\$ 4,741	-
Accounts payable	3,387,205	4	4,090,816	4
Accounts payable - related parties (Note 28)	124,378	-	82,684	-
Accrued compensation of employees and remuneration of directors (Note 22)	648,689	1	703,625	1
Payables to equipment suppliers (Note 28)	784,021	1	1,898,832	2
Other payables - related parties (Note 28)	249,768	-	287,195	-
Current income tax liabilities (Notes 4 and 23)	1,278,416	1	869,578	1
Lease liabilities - current (Notes 4, 5 and 14)	29,309	-	28,513	-
Current portion of long-term borrowings	444,048	1	-	-
Accrued expenses and other current liabilities (Note 18)	<u>3,941,503</u>	<u>4</u>	<u>4,711,822</u>	<u>5</u>
Total current liabilities	<u>10,887,337</u>	<u>12</u>	<u>12,677,806</u>	<u>13</u>
NON-CURRENT LIABILITIES				
Long-term debt (Notes 17 and 29)	20,326,542	23	25,778,246	28
Deferred income tax liabilities (Notes 4 and 23)	79,680	-	44,352	-
Lease liabilities - non-current (Notes 4, 5 and 14)	1,283,052	2	1,305,109	1
Net defined benefit liabilities - non-current (Notes 4 and 19)	16,738	-	23,692	-
Other non-current liabilities (Note 18)	<u>309,108</u>	<u>-</u>	<u>400,662</u>	<u>1</u>
Total non-current liabilities	<u>22,015,120</u>	<u>25</u>	<u>27,552,061</u>	<u>30</u>
Total liabilities	<u>32,902,457</u>	<u>37</u>	<u>40,229,867</u>	<u>43</u>
EQUITY (Notes 4 and 20)				
Capital stock				
Ordinary shares	<u>7,591,466</u>	<u>9</u>	<u>7,591,466</u>	<u>8</u>
Capital surplus	<u>237,071</u>	<u>-</u>	<u>149,540</u>	<u>-</u>
Retained earnings				
Legal reserve	10,051,723	11	9,181,307	10
Special reserve	602,228	1	710,623	1
Unappropriated earnings	<u>37,588,110</u>	<u>43</u>	<u>35,659,269</u>	<u>38</u>
Total retained earnings	<u>48,242,061</u>	<u>55</u>	<u>45,551,199</u>	<u>49</u>
Other equity	<u>(732,267)</u>	<u>(1)</u>	<u>(534,445)</u>	<u>-</u>
Treasury share	<u>(468,802)</u>	<u>-</u>	<u>(468,802)</u>	<u>-</u>
Total equity	<u>54,869,529</u>	<u>63</u>	<u>52,288,958</u>	<u>57</u>
TOTAL	<u>\$ 87,771,986</u>	<u>100</u>	<u>\$ 92,518,825</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

# POWERTECH TECHNOLOGY INC.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET SALES (Notes 4, 21 and 28)	\$ 42,277,074	100	\$ 52,703,009	100
COST OF REVENUE (Notes 11, 22 and 28)	<u>35,570,069</u>	<u>84</u>	<u>42,847,853</u>	<u>81</u>
GROSS PROFIT	<u>6,707,005</u>	<u>16</u>	<u>9,855,156</u>	<u>19</u>
OPERATING EXPENSES (Notes 22 and 28)				
Marketing	136,978	-	275,044	1
General and administrative	1,060,835	3	1,252,118	2
Research and development	2,064,285	5	2,136,905	4
Expected credit (gain) loss (Note 10)	<u>(528)</u>	<u>-</u>	<u>731</u>	<u>-</u>
Total operating expenses	<u>3,261,570</u>	<u>8</u>	<u>3,664,798</u>	<u>7</u>
OPERATING INCOME	<u>3,445,435</u>	<u>8</u>	<u>6,190,358</u>	<u>12</u>
NONOPERATING INCOME AND EXPENSES (Notes 4, 22 and 28)				
Interest income	156,303	1	55,918	-
Other income	1,891	-	2,497	-
Other gains and losses	486,883	1	(171,622)	-
Finance costs	(268,646)	(1)	(204,780)	(1)
Share of profit of subsidiaries (Note 12)	5,512,190	13	3,136,218	6
Foreign exchange (loss) gain net	<u>(96,573)</u>	<u>-</u>	<u>1,106,425</u>	<u>2</u>
Total nonoperating income	<u>5,792,048</u>	<u>14</u>	<u>3,924,656</u>	<u>7</u>
INCOME BEFORE INCOME TAX	9,237,483	22	10,115,014	19
INCOME TAX EXPENSE (Notes 4 and 23)	<u>1,228,972</u>	<u>3</u>	<u>1,428,284</u>	<u>2</u>
NET INCOME	<u>8,008,511</u>	<u>19</u>	<u>8,686,730</u>	<u>17</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4 and 20)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	(4,761)	-	29,776	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	17,519	-	(13,001)	-
Share of the other comprehensive (loss) income of subsidiaries	<u>1,138</u>	<u>-</u>	<u>(12,343)</u>	<u>-</u>
	13,896	-	4,432	-

(Continued)

# POWERTECH TECHNOLOGY INC.

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (215,341)	(1)	\$ 189,179	-
Total other comprehensive income (loss)	(201,445)	(1)	193,611	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 7,807,066</u>	<u>18</u>	<u>\$ 8,880,341</u>	<u>17</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 10.72</u>		<u>\$ 11.60</u>	
Diluted	<u>\$ 10.64</u>		<u>\$ 11.47</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

**POWERTECH TECHNOLOGY INC.**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Capital Stock		Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income	Total	Treasury Share	Total Stockholders' Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2022	779,147	\$ 7,791,466	\$ 270,794	\$ 8,290,517	\$ 366,982	\$ 34,916,347	\$ (690,969)	\$ (19,654)	\$ (710,623)	\$ (1,418,300)	\$ 49,507,183
Appropriation of the 2021 earnings											
Legal reserve	-	-	-	890,790	-	(890,790)	-	-	-	-	-
Special reserve	-	-	-	-	343,641	(343,641)	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,162,197)	-	-	-	-	(5,162,197)
Net income for the year ended December 31, 2022	-	-	-	-	-	8,686,730	-	-	-	-	8,686,730
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	17,433	189,179	(13,001)	176,178	-	193,611
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	8,704,163	189,179	(13,001)	176,178	-	8,880,341
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	(943,589)	(943,589)
Cancellation of treasury shares	(20,000)	(200,000)	(197,142)	-	-	(1,564,613)	-	-	-	1,961,755	-
The Parent's shares held by its subsidiaries treated as treasury shares	-	-	-	-	-	-	-	-	-	(68,668)	(68,668)
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	75,888	-	-	-	-	-	-	-	75,888
BALANCE, DECEMBER 31, 2022	759,147	7,591,466	149,540	9,181,307	710,623	35,659,269	(501,790)	(32,655)	(534,445)	(468,802)	52,288,958
Appropriation of the 2022 earnings											
Legal reserve	-	-	-	870,416	-	(870,416)	-	-	-	-	-
Special reserve	-	-	-	-	(108,395)	108,395	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,314,026)	-	-	-	-	(5,314,026)
Net income for the year ended December 31, 2023	-	-	-	-	-	8,008,511	-	-	-	-	8,008,511
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(3,623)	(215,341)	17,519	(197,822)	-	(201,445)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	8,004,888	(215,341)	17,519	(197,822)	-	7,807,066
Unclaimed dividends after effective period	-	-	4,821	-	-	-	-	-	-	-	4,821
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	-	110	-	-	-	-	-	-	-	110
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	82,600	-	-	-	-	-	-	-	82,600
BALANCE, DECEMBER 31, 2023	759,147	\$ 7,591,466	\$ 237,071	\$ 10,051,723	\$ 602,228	\$ 37,588,110	\$ (717,131)	\$ (15,136)	\$ (732,267)	\$ (468,802)	\$ 54,869,529

The accompanying notes are an integral part of the parent company only financial statements.

# POWERTECH TECHNOLOGY INC.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 9,237,483	\$ 10,115,014
Adjustments for:		
Depreciation	7,374,841	8,379,207
Amortization	-	694
Expected credit (gain) loss recognized	(528)	731
Finance costs	268,646	204,780
Interest revenue	(156,303)	(55,918)
Share of profit of subsidiaries and associates	(5,512,190)	(3,136,218)
Net loss on disposal of property, plant and equipment	276,330	577,183
Loss (gain) on foreign currency exchange, net	302,737	(93,342)
Loss on disposal of subsidiaries	(390,434)	-
Realized deferred gain	(23,474)	(45,488)
Changes in operating assets and liabilities:		
Financial assets held for trading	24,100	(835)
Contract assets	55,594	(179,405)
Accounts receivable	(1,530,057)	259,821
Accounts receivable from related parties	(25,976)	1,140,806
Other receivables	(97,497)	(376)
Other receivables from related parties	(82,378)	97,062
Inventories	3,434,653	(3,716,158)
Prepayments	(78,996)	(3,358)
Other current assets	6,370	123,329
Financial liabilities held for trading	(4,741)	3,791
Accounts payable	(668,000)	(231,335)
Accounts payable to related parties	43,768	(73,014)
Accrued compensation of employees and remuneration of directors	(54,936)	(17,145)
Other payables to related parties	(46,192)	(92,898)
Accrued expenses and other current liabilities	(871,738)	(267,305)
Net defined benefit liabilities	(11,715)	(11,756)
Cash generated from operations	11,469,367	12,977,867
Interest received	147,483	55,624
Interest paid	(367,205)	(291,188)
Income tax paid	(847,941)	(1,268,240)
Net cash generated from operating activities	<u>10,401,704</u>	<u>11,474,063</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(64,600)	(460)
Net cash inflow on disposal of subsidiary	566,194	-
Acquisition of property, plant and equipment	(4,025,690)	(10,442,549)
Disposal of property, plant and equipment	85,661	36,358
Decrease (increase) in refundable deposits	294,916	(782,104)
Increase in prepayments for equipment	(277,288)	(94,585)
Dividend received from subsidiaries and associates	1,392,426	1,644,738
Return of capital to shareholders due to subsidiary's capital reduction	-	504,917
Net cash used in investing activities	<u>(2,028,381)</u>	<u>(9,133,685)</u>

(Continued)

## POWERTECH TECHNOLOGY INC.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

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	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	\$ 6,700,000	\$ 25,750,000
Repayments of long-term debt	(11,707,656)	(25,562,003)
(Decrease) increase in guarantee deposits	(77,600)	441,800
Repayment of the principal portion of lease liabilities	(29,419)	(28,971)
Cash dividends distributed by the Corporation	(5,314,026)	(5,162,197)
Payment for buy-back of treasury share	<u>-</u>	<u>(943,589)</u>
Net cash used in financing activities	<u>(10,428,701)</u>	<u>(5,504,960)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(95,570)</u>	<u>(2,671)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,150,948)	(3,167,253)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>11,406,216</u>	<u>14,573,469</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 9,255,268</u>	<u>\$ 11,406,216</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

# POWERTECH TECHNOLOGY INC.

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Powertech Technology Corporation (the “Corporation”) was incorporated in the Republic of China (ROC) on May 15, 1997 and commenced business on September 3, 1997. The Corporation is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. The Corporation also provides semiconductor testing and assembly services on a turnkey basis, in which the Corporation buys fabricated wafers and sells tested and assembled semiconductors. The Corporation’s registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

The Corporation’s shares were initially listed and started trading on the Taipei Exchange (TPEX) on April 3, 2003, after which the Corporation’s shares were transferred for listing and started trading on the Taiwan Stock Exchange (TWSE) on November 8, 2004. The Corporation also issued Global Depositary Shares (GDS), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS were accepted for quotation on the International Order Book of the London Stock Exchange.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the financial statements are presented in New Taiwan dollars since the Corporation’s shares are listed on the Taiwan Stock Exchange.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors and issued on March 8, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Corporation’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2023

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

- Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.
- Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

- c. New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on The Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

- a. Statement of compliance

The accompanying parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and defined benefit liabilities.

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

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

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Corporation's foreign operations (including the subsidiaries and associates in other countries or subsidiaries that use currencies different from the Corporation) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

In a partial disposal of a subsidiary that results in the Company losing control over the subsidiary, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction for production are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

- i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation if corporate assets could be allocated to the individual cash-generating units, otherwise, corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

- j. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

#### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

##### a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties) and pledged financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized

in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

#### Financial liabilities at FVTPL

A financial liability is classified as at FVTPL when such a financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability. Fair value is determined in the manner described in Note 27.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 4) Derivative financial instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the rendering of services

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time. Contract assets are recognized during the process of semiconductor assembling and testing, and are reclassified to accounts receivable at the point the bills were issued. If the payment exceeds the revenue recognized to date, the Corporation recognizes the difference as a contract liability. It is recognized as contract asset before the Corporation satisfies its performance obligations.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

m. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur, or when the plan amendment, curtailment or settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

### 3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

#### o. Treasury shares

When the Corporation buys back the issued shares as treasury shares, the cost paid will be debited to the treasury shares and listed as a deduction of shareholders' equity.

The parent company's shares held by its subsidiaries are reclassified to treasury shares from investments accounted for using the equity method, and are recognized based on the original investment cost. Cash dividends earned by subsidiaries are written off from investment income and adjusted to capital surplus - treasury share transactions.

#### p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### 1) Current tax

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

##### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

### Key Sources of Estimation Uncertainty

#### Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Checking accounts and demand deposits	\$ 9,255,145	\$ 11,405,714
Cash on hand	<u>123</u>	<u>502</u>
	<u>\$ 9,255,268</u>	<u>\$ 11,406,216</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	0%-5.72%	0%-3.5%

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 24,100
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 4,741

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

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amounts (In Thousands)</b>
<u>December 31, 2022</u>			
Sell	USD to NTD	2023.01.03-2023.02.24	USD 85,000
	USD to JPY	2023.01.13	USD 5,000

The Corporation entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in equity instruments at FVTOCI

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Solid State System Co., Ltd.	\$ 34,662	\$ 17,143

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Pledged time deposits	\$ 70,234	\$ 5,634

- a. Refer to Note 27 for information relating to their credit risk management and expected credit loss.
- b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2022
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 5,833,280	\$ 4,427,114
Less: Allowance for impairment loss	<u>(4,804)</u>	<u>(5,332)</u>
	<u>\$ 5,828,476</u>	<u>\$ 4,421,782</u>

### At amortized cost

The average credit period of sales of goods was 30 days to 120 days starting from the first day of the month following the invoice date. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

The Corporation writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Corporation's provision matrix:

December 31, 2023

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 5,828,785	\$ -	\$ -	\$ -	\$ 4,495	\$ 5,833,280
Loss allowance (Lifetime ECLs)	<u>(309)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,495)</u>	<u>(4,804)</u>
Amortized cost	<u>\$ 5,828,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,828,476</u>

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 4,392,132	\$ 34,982	\$ -	\$ -	\$ -	\$ 4,427,114
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(5,332)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,332)</u>
Amortized cost	<u>\$ 4,392,132</u>	<u>\$ 29,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,421,782</u>

The movements of the loss allowance of accounts receivable were as follows:

	2023	2022
Balance at January 1	\$ 5,332	\$ 4,601
Add: Impairment loss	-	731
Less: Net remeasurement of loss allowance	<u>(528)</u>	<u>-</u>
Balance at December 31	<u>\$ 4,804</u>	<u>\$ 5,332</u>

## 11. INVENTORIES

	<u>December 31</u>	
	2023	2022
Raw materials	\$ 4,785,745	\$ 8,149,096
Supplies	<u>295,087</u>	<u>366,389</u>
	<u>\$ 5,080,832</u>	<u>\$ 8,515,485</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Cost of revenue	\$ 35,570,069	\$ 42,847,853
Write-downs of inventories	<u>\$ 86,125</u>	<u>\$ 95,981</u>
Unallocated production overhead	<u>\$ 5,435,279</u>	<u>\$ 5,328,734</u>
Sales of scrap	<u>\$ 106,065</u>	<u>\$ 142,449</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		December 31	
		2023	2022
Investments in subsidiaries		\$ 25,183,033	\$ 21,347,048
Listed companies			
Greatek Electronics Inc.		\$ 9,530,313	\$ 9,581,046
Unlisted companies			
Powertech Holding (BVI) Inc.		3,546,035	1,209,428
Powertech Technology (Singapore) Pte. Ltd.		2,976,558	1,990,623
Powertech Semiconductor (Xian) Co., Ltd.		1,272,216	1,271,435
Powertech Technology (Suzhou) Ltd.		-	175,525
Powertech Technology Japan Ltd.		3,759,788	3,374,567
Tera Probe, Inc.		502,756	415,688
TeraPower Technology Inc.		<u>3,595,367</u>	<u>3,328,736</u>
		\$ 25,183,033	\$ 21,347,048
		Proportion of Ownership and Voting Rights	
		December 31	
Name of Subsidiaries		2023	2022
Listed companies			
Greatek Electronics Inc.		43%	43%
Unlisted companies			
Powertech Holding (BVI) Inc.		100%	100%
Powertech Technology (Singapore) Pte. Ltd.		100%	100%
Powertech Semiconductor (Xian) Co., Ltd.		36%	36%
Powertech Technology (Suzhou) Ltd.		-	9%
Powertech Technology Japan Ltd.		100%	100%
Tera Probe, Inc.		12%	12%
TeraPower Technology Inc.		49%	49%

In December 2011, the Corporation's board of directors made a tender offer to acquire the outstanding ordinary shares of Greatek Electronics Inc. ("Greatek") at the price of NT\$25.28 per share. On April 3, 2012, Greatek reelected the directors and supervisors at an interim shareholders' meeting. The Corporation obtained the majority of the directors' seats. Thus, Greatek was deemed a subsidiary of the Corporation and the related investment was accounted for using the equity method. Greatek is mainly engaged in semiconductor assembly and testing services.

The Corporation made an investment to set up Powertech Holding (BVI) Inc. (PH BVI) in the British Virgin Islands on August 18, 2009. PH BVI is mainly engaged in investment. On September 30, 2009, the Corporation obtained approval from the Investments Commission under the Ministry of Economic Affairs to acquire 100% ownership of Spansion (Singapore) Pte. Ltd. (which later became PTI Technology (Singapore) Pte. Ltd.) from Spansion LLC for US\$51,000 thousand. As a result of this acquisition, Spansion (China) Limited (which later became Powertech Technology Suzhou Ltd.) became a subsidiary of the Corporation.

On April 2014, the Corporation entered into an agreement with Nepes Corp., Korea to buy shares from Nepes Pte. Ltd., Singapore. After the transaction, Nepes Pte. Ltd., Singapore (later renamed as Powertech Technology (Singapore) Pte. Ltd.) became an overseas subsidiary of the Corporation. Powertech Technology (Singapore) Pte. Ltd. is mainly engaged in integrated circuit testing and assembly.

In June 2015, the Corporation obtained approval from the Investments Commission under the Ministry of Economic Affairs to acquire 100% ownership of Powertech Technology (Xi'an) Ltd. ("Powertech Xi'an") through Powertech Technology (Singapore) Pte. Ltd. Powertech Xi'an is mainly engaged in the testing, design, manufacturing, assembly and sale of semiconductors.

The Corporation directly invested in Powertech Semiconductor (Xian) Co., Ltd. in January 2017, and obtained 36% ownership of the aforementioned company. As a result, Powertech Technology (Singapore) Pte. Ltd. obtained 64% ownership of Powertech Semiconductor (Xian) Co., Ltd.

The Corporation invested in and established Powertech Technology Japan Ltd. in January 2017. Powertech Technology Japan Ltd. is mainly engaged in investment.

Powertech Technology Japan Ltd. publicly acquired the shares of Tera Probe, Inc. by means of tender offer in April 2017 and completed the acquisition in May 2017. 47% ownership of Tera Probe, Inc. was acquired, and including the 12% ownership which the Corporation originally held, the total ownership after the acquisition was 59%, and therefore the Corporation obtained control of Tera Probe, Inc. As a result of Tera Probe, Inc.'s buy back of treasury shares in 2019, Powertech Technology Japan Ltd.'s ownership of Tera Probe, Inc. changed to 49%, and the total ownership changed to 61%. Tera Probe, Inc. is mainly engaged in wafer probing test services.

The Corporation has 49% ownership of TeraPower Technology Inc. and Tera Probe, Inc. has 51% ownership of TeraPower Technology Inc. Since the Corporation already has control over Tera Probe, Inc. in May 2017, it also has control over TeraPower Technology Inc. TeraPower Technology Inc. is mainly engaged in wafer probing test services.

In June 2020, the Corporation directly invested in Powertech Technology (Suzhou) Ltd. and obtained 9% ownership after the capital increase was completed. Powertech Technology (Singapore) Pte. Ltd. and PTI Technology (Singapore) Pte. Ltd. held 19% and 72% ownership, respectively, of Powertech Technology (Suzhou) Ltd.

Due to the adjustment of operational needs, the Corporation scaled down the business operations of Powertech Technology (Singapore) Pte. Ltd. in January 2021, which is mainly engaged in the reinvestment business. It is also expected to cease the operations of Powertech Technology Akita Inc.

Due to the adjustment of operational needs, the Corporation ceased the operations of Tera Probe Aizu, Inc.. and was merged by Tera Probe, Inc. in July 2022, which is the surviving company.

On June 27, 2023, the board of directors decided to dispose of 70% of the shareholdings of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. The Company completed the procedure on October 1, 2023, and Powertech Technology (Suzhou) Ltd. changed its name to Longforce Ltd. PTI TECHNOLOGY (SINGAPORE) PTE. LTD. held 30% ownership of Longforce Technology (Suzhou) Ltd. after the disposal.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the subsidiaries' financial statements audited by the auditors for the same years.

### 13. PROPERTY, PLANT AND EQUIPMENT

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	\$ 8,158	\$ 6,639
Depreciation charge for right-of-use assets		
Land	\$ 36,849	\$ 36,725
Transportation equipment	<u>1,366</u>	<u>1,405</u>
	<u>\$ 38,215</u>	<u>\$ 38,130</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	\$ 29,309	\$ 28,513
Non-current	<u>\$ 1,283,052</u>	<u>\$ 1,305,109</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	0.93%-1.69%	0.93%-1.69%
Transportation equipment	0.92%-1.59%	0.92%

c. Other lease information

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	\$ 11,879	\$ 12,521
Total cash outflow for leases	<u>\$ (41,298)</u>	<u>\$ (41,492)</u>

The Corporation's leases of certain machines and vehicles qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 15. INTANGIBLE ASSETS

	<b>Computer Software</b>	<b>Technical Services</b>	<b>Royalty</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2023 and December 31, 2023	<u>\$ 67,964</u>	<u>\$ 29,890</u>	<u>\$ 8,331</u>	<u>\$ 106,185</u>

(Continued)

	<b>Computer Software</b>	<b>Technical Services</b>	<b>Royalty</b>	<b>Total</b>
<u>Accumulated amortization</u>				
Balance at January 1, 2023 and December 31, 2023	\$ 67,964	\$ 29,890	\$ 8,331	\$ 106,185
Carrying amount at December 31, 2023	\$ -	\$ -	\$ -	\$ -
<u>Cost</u>				
Balance at January 1, 2022 and December 31, 2022	\$ 67,964	\$ 29,890	\$ 8,331	\$ 106,185
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 67,964	\$ 29,890	\$ 7,637	\$ 105,491
Amortization expense	-	-	694	694
Balance at December 31, 2022	\$ 67,964	\$ 29,890	\$ 8,331	\$ 106,185
Carrying amount at December 31, 2022	\$ -	\$ -	\$ -	\$ -
				(Concluded)

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

Computer software	2-5 years
Technical services	4 years
Royalty	3 years

Aggregate amortization expenses by functions:

	<b>2023</b>	<b>2022</b>
Research and Development expenses	\$ -	\$ 694

## 16. OTHER ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Refundable deposits (Note 30)	\$ 211,292	\$ 184,248
Tax receivables	69,686	81,443
Payment on behalf of others	39,095	32,540
Temporary debits	667	1,843
Others	471	463
	<u>\$ 321,211</u>	<u>\$ 300,537</u>
		(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Prepayment expenses</u>		
Prepayments for insurance premiums	\$ 39,739	\$ 21,720
Prepaid electricity	32,595	-
Prepayments for goods	32,118	-
Prepayments for repairs and maintenance	22,328	21,778
Others	<u>13,122</u>	<u>17,408</u>
	<u>\$ 139,902</u>	<u>\$ 60,906</u>

Non-current

Refundable deposits (Note 30)	\$ 684,214	\$ 922,364
Prepayments for equipment	<u>428,393</u>	<u>151,105</u>
	<u>\$ 1,112,607</u>	<u>\$ 1,073,469</u>

(Concluded)

## 17. BORROWINGS

a. Long-term debt

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
1) Secured borrowings (Note 29)	\$ 17,270,590	\$ 19,278,246
2) Unsecured borrowings	<u>3,500,000</u>	<u>6,500,000</u>
	20,770,590	25,778,246
Less: Current portions	<u>(444,048)</u>	<u>-</u>
	<u>\$ 20,326,542</u>	<u>\$ 25,778,246</u>

1. The principal will be repaid in installments from June 2025 to August 2031. As of December 31, 2023 and 2022, the interest rate range of the loan was 1.15%-1.65% and 1.025%-1.455% per annum, respectively.
2. The principal will be repaid in installments from January 2024 to March 2026. As of December 31, 2023 and 2022, the interest rate range of the loan was 1.51%-1.575% and 1.27%-1.56% per annum, respectively.

For the Corporation's long-term debt, the financing banks required the Corporation to comply with the requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual financial statements. As of December 31, 2023, the Corporation was in compliance with these ratio requirements.

## 18. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Accrued expenses and other current liabilities		
Salaries and bonuses	\$ 1,773,441	\$ 2,470,206
Payables for insurance	187,487	194,259
Payables for utilities	164,644	147,044
Temporary receipts	146,908	330,796
Receipts under custody	98,785	137,374
Guarantee deposits	92,205	61,416
Others	<u>1,478,033</u>	<u>1,370,727</u>
	<u>\$ 3,941,503</u>	<u>\$ 4,711,822</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	<u>\$ 309,108</u>	<u>\$ 400,662</u>

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plan

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act is belongs to the defined benefit plan administered by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the following year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 337,591	\$ 342,619
Fair value of plan assets	<u>(320,853)</u>	<u>(318,927)</u>
Net defined benefit liabilities	<u>\$ 16,738</u>	<u>\$ 23,692</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2022	<u>\$ 355,889</u>	<u>\$ (290,665)</u>	<u>\$ 65,224</u>
Service cost			
Current service cost	359	-	359
Net interest expense (income)	<u>2,660</u>	<u>(2,218)</u>	<u>442</u>
Recognized in profit or loss	<u>3,019</u>	<u>(2,218)</u>	<u>801</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(22,169)	(22,169)
Actuarial (gain) loss			
Changes in financial assumptions	(27,505)	-	(27,505)
Experience adjustments	<u>19,898</u>	<u>-</u>	<u>19,898</u>
Recognized in other comprehensive income	<u>(7,607)</u>	<u>(22,169)</u>	<u>(29,776)</u>
Contributions from the employer	<u>-</u>	<u>(12,557)</u>	<u>(12,557)</u>
Welfare payment	<u>(8,682)</u>	<u>8,682</u>	<u>-</u>
Balance at December 31, 2022	<u>342,619</u>	<u>(318,927)</u>	<u>23,692</u>
Service cost			
Current service cost	206	-	206
Net interest expense (income)	<u>4,748</u>	<u>(4,504)</u>	<u>244</u>
Recognized in profit or loss	<u>4,954</u>	<u>(4,504)</u>	<u>450</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,251)	(2,251)
Actuarial (gain) loss			
Changes in financial assumptions	5,649	-	5,649
Experience adjustments	<u>1,363</u>	<u>-</u>	<u>1,363</u>
Recognized in other comprehensive income	<u>7,012</u>	<u>(2,251)</u>	<u>4,761</u>
Contributions from the employer	<u>-</u>	<u>(12,165)</u>	<u>(12,165)</u>
Welfare payment	<u>(16,994)</u>	<u>16,994</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 337,591</u>	<u>\$ (320,853)</u>	<u>\$ 16,738</u>

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	1.25%	1.40%
Expected rate of salary increase	2.25%	2.25%
Return on plan assets	1.25%	1.40%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate		
0.50% increase	<u>\$ (18,342)</u>	<u>\$ (19,326)</u>
0.50% decrease	<u>\$ 19,794</u>	<u>\$ 20,904</u>
Expected rate of salary increase/decrease		
0.50% increase	<u>\$ 19,494</u>	<u>\$ 20,619</u>
0.50% decrease	<u>\$ (18,255)</u>	<u>\$ (19,262)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plan for the following year	<u>\$ 12,116</u>	<u>\$ 12,482</u>
Average duration of the defined benefit obligation	11 years	11 years

## 20. EQUITY

### a. Capital stock

#### 1) Ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Shares authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>759,147</u>	<u>759,147</u>
Shares issued (in thousands of dollars)	<u>\$ 7,591,466</u>	<u>\$ 7,591,466</u>

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

Out of the shares authorized, 15,000 thousand shares were reserved for the issuance of employee share options.

As of December 31, 2023, 22 units of GDS of the Corporation were trading on the Luxembourg Stock Exchange. The number of ordinary shares represented by the GDS was 44 shares (one GDS represents 2 ordinary shares).

b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to capital stock (1)</u>		
Share premium	\$ 1,879	\$ 1,879
Arising from treasury share transactions	158,488	75,888
<u>May be used to offset a deficit only</u>		
Change in percentage of ownership interests in subsidiaries (2)	71,883	71,773
Unclaimed dividends after effective period	<u>4,821</u>	<u>-</u>
	<u>\$ 237,071</u>	<u>\$ 149,540</u>

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Corporation's Articles of Incorporation, the Corporation should make appropriations from its net income in the following order:

- 1) Offset deficits.
- 2) Set aside as legal reserve 10% of the remaining profit.
- 3) Appropriate as special reserve.
- 4) After the abovementioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within the Corporation.

Dividends are distributed in the form of cash, common share or a combination of cash and common share. In consideration of the Corporation being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, the Corporation's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-(g).

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

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on May 31, 2023 and May 27, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 870,416	\$ 890,790
Special reserve	\$ (108,395)	\$ 343,641
Cash dividends	\$ 5,314,026	\$ 5,162,197
Cash dividends per share (NT\$)	\$ 7	\$ 6.8

The appropriation of earnings for 2023, which had been proposed by the Corporation's board of directors on March 8, 2024, was as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	\$ 800,489
Special reserve reversed	\$ 130,039
Cash dividends	\$ 5,314,026
Cash dividends per share (NT\$)	\$ 7

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 30, 2024.

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (501,790)	\$ (690,969)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(207,357)	189,179
Reclassification adjustments		
Disposal of share from subsidiaries accounted for using the equity method	(7,984)	-
Other comprehensive income (loss) recognized for the year	(215,341)	189,179
Balance at December 31	\$ (717,131)	\$ (501,790)

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (32,655)	\$ (19,654)
Recognized for the year		
Unrealized gain (loss) - equity instruments	17,519	(13,001)
Other comprehensive income (loss) recognized for the year	17,519	(13,001)
Balance at December 31	\$ (15,136)	\$ (32,655)

e. Treasury shares

<b>Purpose of Buy - Back</b>	<b>Shares Cancelled (In Thousands of Shares)</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>
Number of shares at January 1, 2022	10,412	10,000
Increase during the year	9,588	1,800
Decrease during the year	(20,000)	-
Number of shares at December 31, 2023	-	11,800

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

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2023</u>			
Greatek Electronics Inc	11,800	\$ 1,663,800	\$ 1,663,800
<u>December 31, 2022</u>			
Greatek Electronics Inc	11,800	\$ 934,560	\$ 934,560

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The Corporation's shares held by its subsidiary are treated as treasury shares.

## 21. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from packaging services	\$ 30,155,650	\$ 35,429,781
Revenue from testing services	6,131,957	8,737,636
Revenue from module services	5,965,583	8,455,733
Others	23,884	79,859
	<u>\$ 42,277,074</u>	<u>\$ 52,703,009</u>

a. Contract information

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties) (Note 10)	\$ 10,532,190	\$ 9,192,320	\$ 10,740,393
Contract assets - current			
Revenue from processing services	\$ 1,395,222	\$ 1,450,816	\$ 1,271,411

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

c. Disaggregation of contract revenue

	For the Year Ended December 31	
	2023	2022
<u>Primary geographical markets</u>		
Japan	\$ 15,639,076	\$ 21,488,326
Singapore	8,994,764	3,898,971
Taiwan (the principal place of business of the Corporation)	8,930,888	14,379,332
North America	7,022,085	10,787,829
China, Hong Kong and Macao	751,355	845,098
Europe	513,303	362,941
Others	<u>425,603</u>	<u>940,512</u>
	\$ 42,277,074	\$ 52,703,009

## 22. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as FVTPL	\$ 36,673	\$ 58,423
Financial liabilities classified as held for trading	(240,319)	(549,787)
Gain on disposal of subsidiaries (Note 25)	390,434	-
Others	<u>300,095</u>	<u>319,742</u>
	\$ 486,883	\$ (171,622)

b. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 156,300	\$ 53,317
Others	<u>3</u>	<u>2,601</u>
	<u>\$ 156,303</u>	<u>\$ 55,918</u>

c. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income		
Operating lease rental income	<u>\$ 1,891</u>	<u>\$ 2,497</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 341,821	\$ 274,274
Capitalized interest	(95,515)	(92,178)
Interest on lease liabilities	<u>22,340</u>	<u>22,684</u>
	<u>\$ 268,646</u>	<u>\$ 204,780</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest	\$ 95,515	\$ 92,178
Capitalization rate	1.338%-1.471%	0.833%-1.338%

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 7,336,626	\$ 8,341,077
Right-of-use assets	38,215	38,130
Intangible assets	<u>-</u>	<u>694</u>
Total	<u>\$ 7,374,841</u>	<u>\$ 8,379,901</u>
An analysis of depreciation by function		
Costs of revenue	\$ 6,553,999	\$ 7,792,326
Operating expenses	<u>820,842</u>	<u>586,881</u>
	<u>\$ 7,374,841</u>	<u>\$ 8,379,207</u>
An analysis of amortization by function		
Operating expenses	<u>\$ -</u>	<u>\$ 694</u>

Please refer to Note 15 for details on amortization expense of intangible assets.

f. Employee benefit expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 329,365	\$ 349,268
Defined benefit plans	<u>450</u>	<u>801</u>
	329,815	350,069
Termination benefits	3,287	185
Other employee benefits	<u>9,470,741</u>	<u>11,689,461</u>
 Total employee benefit expense	 <u>\$ 9,803,843</u>	 <u>\$ 12,039,715</u>
 An analysis of employee benefit expense by function		
Costs of revenue	\$ 8,207,992	\$ 9,831,252
Operating expense	<u>1,595,851</u>	<u>2,208,463</u>
	<u>\$ 9,803,843</u>	<u>\$ 12,039,715</u>

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if the Corporation has accumulated deficits (including adjustment of unappropriated earnings), the Corporation should retain the net profit in advance for deducting accumulated deficits. The compensations of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by the Corporation's board of directors on March 8, 2024 and March 10, 2023, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	5.47%	5.42%
Remuneration of directors	1.09%	1.08%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 540,574	\$ 586,354
Remuneration of directors	108,115	117,271

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

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

h. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 936,591	\$ 1,972,023
Foreign exchange losses	<u>(1,033,164)</u>	<u>(865,598)</u>
	<u>\$ 96,573</u>	<u>\$ 1,106,425</u>

## 23. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 1,325,411	\$ 1,549,302
Adjustments for prior year	<u>(68,632)</u>	<u>6,060</u>
	1,256,779	1,555,362
Deferred tax		
In respect of the current year	<u>(27,807)</u>	<u>(127,078)</u>
Income tax expenses recognized in profit or loss	<u>\$ 1,228,972</u>	<u>\$ 1,428,284</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	<u>\$ 9,237,483</u>	<u>\$ 10,115,014</u>
Income tax expense calculated at the statutory rate	\$ 1,847,497	\$ 2,023,003
Items that should be reduce	(535,463)	(613,057)
Generation of temporary differences	(14,430)	12,278
Adjustments for prior years' tax	<u>(68,632)</u>	<u>6,060</u>
Income tax expense recognized in profit or loss	<u>\$ 1,228,972</u>	<u>\$ 1,428,284</u>

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Income tax payable	<u>\$ 1,278,416</u>	<u>\$ 869,578</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	<b>Balance, Beginning of Year</b>	<b>Movements in the Year</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>			
Temporary differences	<u>\$ 161,996</u>	<u>\$ 63,135</u>	<u>\$ 225,131</u>
<u>Deferred tax liabilities</u>			
Temporary differences	<u>\$ 44,352</u>	<u>\$ 35,328</u>	<u>\$ 79,680</u>

For the year ended December 31, 2022

	<b>Balance, Beginning of Year</b>	<b>Movements in the Year</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>			
Temporary differences	<u>\$ -</u>	<u>\$ 161,996</u>	<u>\$ 161,996</u>
<u>Deferred tax liabilities</u>			
Temporary differences	<u>\$ 9,434</u>	<u>\$ 34,918</u>	<u>\$ 44,352</u>

d. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Deductible temporary differences	<u>\$ -</u>	<u>\$ 115,150</u>

e. Income tax assessments

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

**Unit: NT\$ Per Share**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share	<u>\$ 10.72</u>	<u>\$ 11.60</u>
Diluted earnings per share	<u>\$ 10.64</u>	<u>\$ 11.47</u>

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

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic earnings per share	\$ 8,008,511	\$ 8,686,730
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 8,008,511</u>	<u>\$ 8,686,730</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	747,347	748,748
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>5,065</u>	<u>8,593</u>
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	<u>752,412</u>	<u>757,341</u>

The Corporation may settle compensation paid to employees in cash or shares; therefore, the Corporation assumes the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of share outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential share is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 25. DISPOSAL OF INVESTMENT IN SUBSIDIARY - LOSS OF CONTROL

On June 27, 2023, the board of directors disposed of 70% of the shareholdings of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. The Corporation completed the disposal of the subsidiary on October 1, 2023, and lost control over the subsidiary. Refer to Note 27 of the consolidated financial statements of the Company as of and for the year ended December 31, 2023 for related information.

## 26. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity).

## 27. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments

#### 1) Fair value of financial instruments that are not measured at fair value

The management of the Corporation considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

#### 2) Fair value of financial instruments that are measured at fair value on a recurring basis

##### a) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 1,662	\$ 33,000	\$ -	\$ 34,662

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 24,100	\$ -	\$ 24,100
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 943	\$ 16,200	\$ -	\$ 17,143
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 4,741	\$ -	\$ 4,741

There were no transfers between Levels 1 and 2 in the current and prior year.

#### b) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurements.

Financial Instrument	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ -	\$ 24,100
Financial assets at amortized cost (Note 1)	21,083,744	21,885,005
Financial assets at FVTOCI		
Equity instruments	34,662	17,143
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	-	4,741
Financial liabilities at amortized cost (Note 2)	26,660,269	33,437,215

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise accounts payable (including related parties), payables to equipment suppliers, other payables (including related parties), accrued expenses and other current liabilities, long-term debt (including current portion of long-term borrowings) and guarantee deposit.

c. Financial risk management objectives and policies

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

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

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures, reports quarterly to the Corporation's board of directors.

1) Market risk

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

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency exchange risk

The Corporation's operating activities are partially denominated in foreign currencies and thus have natural hedging effects. The purpose of the Corporation's management of the foreign currency risk is for risk hedging instead of speculative purposes.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and to manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure by the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the book values of the monetary assets and monetary liabilities denominated in the non-functional currencies of the Corporation on the balance sheet date, refer to Note 31.

The Corporation uses foreign exchange forward contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable (including related parties), other payables (including related parties) and long-term debt. A positive number below indicates a decrease in pre-tax loss/an increase in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax loss/pre-tax profit and the balances below would be negative.

	<b>USD Impact</b>		<b>JPY Impact</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ (717,748)	\$ (494,432)	\$ 18,390	\$ 22,624

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect future cash flow but will not affect the fair value.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 2,414,494	\$ 2,043,954
Cash flow interest rate risk		
Financial assets	6,910,596	9,367,128
Financial liabilities	20,770,590	25,778,246

#### Sensitivity analysis

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

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$13,860 thousand and \$16,411 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rate risk on its variable-rate net liabilities.

#### c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation's equity price risk was mainly concentrated on equity instruments operating in the electronics industry sector listed on the Taipei Exchange.

#### Sensitivity analysis

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

If equity prices had been 5% higher/lower, the post-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,733 thousand and \$857 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge its obligation arises from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Corporation has established rules for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable

amounts. In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Corporation's concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable for the years ended December 31, 2023 and 2022. The three largest customers are creditworthy counterparties; therefore, the Corporation believes the concentration of credit risk is insignificant.

### 3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

The Corporation relies on bank loans as a significant source of liquidity. As of December 31, 2023 and 2022, the Corporation had available unutilized short-term bank loan facilities of approximately \$3,600,826 thousand and \$4,578,641 thousand, respectively.

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

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

#### December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 2,181,347	\$ 2,533,406	\$ 773,613	\$ -	\$ -
Lease liabilities	4,305	8,610	38,322	194,181	1,524,721
Variable interest rate liabilities	-	-	444,048	19,107,433	1,219,109
Guarantee deposits	<u>7,684</u>	<u>15,367</u>	<u>69,154</u>	<u>307,350</u>	<u>1,758</u>
	<u>\$ 2,193,336</u>	<u>\$ 2,557,383</u>	<u>\$ 1,325,137</u>	<u>\$19,608,964</u>	<u>\$ 2,745,588</u>

Further information on the maturity analysis of the above financial liability was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	\$ 51,237	\$ 194,181	\$ 234,291	\$ 234,291	\$ 234,292	\$ 821,847
Variable interest rate liabilities	\$ 444,048	\$19,107,433	\$ 1,219,109	\$ -	\$ -	\$ -
Guarantee deposits	<u>\$ 92,205</u>	<u>\$ 307,350</u>	<u>\$ 1,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Noninterest bearing liabilities	\$ 3,489,112	\$ 3,026,409	\$ 681,370	\$ -	\$ -
Lease liabilities	4,307	8,616	37,871	191,083	1,571,579
Variable interest rate liabilities	-	-	-	20,982,070	4,796,176
Guarantee deposits	<u>-</u>	<u>-</u>	<u>61,416</u>	<u>368,496</u>	<u>32,166</u>
	<u>\$ 3,493,419</u>	<u>\$ 3,035,025</u>	<u>\$ 780,657</u>	<u>\$21,541,649</u>	<u>\$ 6,399,921</u>

Further information on the maturity analysis of the above financial liability was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	\$ 50,794	\$ 191,083	\$ 234,291	\$ 234,291	\$ 234,292	\$ 868,705
Variable interest rate liabilities	<u>\$ -</u>	<u>\$20,982,070</u>	<u>\$ 4,796,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Guarantee deposits	<u>\$ 61,416</u>	<u>\$ 368,496</u>	<u>\$ 32,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,577,409	\$ 1,217,383	\$ -
Outflows	<u>(1,556,108)</u>	<u>(1,219,325)</u>	<u>-</u>
	<u>\$ 21,301</u>	<u>\$ (1,942)</u>	<u>\$ -</u>

c) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Secured bank loan facilities which may be mutually extended:		
Amount used	\$ 17,270,590	\$ 19,278,246
Amount unused	<u>6,500,000</u>	<u>6,500,000</u>
	<u>\$ 23,770,590</u>	<u>\$ 25,778,246</u>

## 28. TRANSACTIONS WITH RELATED PARTIES

As disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties are disclosed below.

### a. Related party name and relationship

<u>Related Party Name</u>	<u>Relationship with the Corporation</u>
Greatek Electronics Inc. ("GEI")	Subsidiary
Powertech Technology (Singapore) Pte. Ltd.	Subsidiary
Powertech Semiconductor (Xian) Co., Ltd.	Subsidiary
Powertech Technology (Suzhou) Ltd. (Note)	Subsidiary
Powertech Technology Japan Ltd.	Subsidiary
Tera Probe, Inc.	Subsidiary
Powertech Technology Akita Inc.	Subsidiary
TeraPower Technology Inc.	Subsidiary
Longforce Technology (Suzhou) Ltd. (Note)	Associate
Kioxia Corporation	Substantial related party
Toshiba International Procurement Hong Kong, Ltd.	Substantial related party
Kingston Technology International Ltd.	Substantial related party
Kingston Digital International Ltd.	Substantial related party
Kingston Solution, Inc.	Substantial related party
Kingston Technology Far East Corp.	Substantial related party
PTI Education Foundation	Substantial related party
Solid State Storage Technology Corporation	Substantial related party
Kingston Technology International Limited (Ireland), Taiwan Branch	Substantial related party
KIOXIA Semiconductor Taiwan Corporation	Substantial related party

Note: On October 1, 2023, the Corporation lost control over Powertech Technology (Suzhou) Ltd., and changed its name to Longforce Technology (Suzhou) Ltd.

### b. Sales of goods

<u>Account</u>	<u>Related Party Type</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales of goods	Substantial related parties		
	Kioxia Corporation	\$ 14,435,398	\$ 20,216,762
	Others	<u>924,078</u>	<u>747,876</u>
		15,359,476	20,964,638
	Subsidiaries	104,634	100,701
	Associate	<u>2,880</u>	<u>-</u>
		<u>\$ 15,466,990</u>	<u>\$ 21,065,339</u>

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for sales of the Corporation are from 30 days to 120 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Type	For the Year Ended December 31	
	2023	2022
Substantial related parties	\$ 230,024	\$ 1,192,843
Subsidiaries	2,548	27,177
Associate	<u>44</u>	<u>-</u>
	<u>\$ 232,616</u>	<u>\$ 1,220,020</u>

The purchase prices and payment terms were based on negotiations for which there are no comparable transactions in the market.

d. Costs of revenue

Related Party Type	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 617,612	\$ 891,522
Associate	90,179	-
Substantial related parties	<u>-</u>	<u>162</u>
	<u>\$ 707,791</u>	<u>\$ 891,684</u>

Costs of revenue from transactions with related parties include subcontracting costs and other costs. The terms of the transactions with related parties were made under a subcontracting cooperation agreement for which there are no comparable transactions in the market.

e. Operating expenses

Related Party Type	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 13,010	\$ 10,135
Substantial related parties	<u>3,000</u>	<u>-</u>
	<u>\$ 16,010</u>	<u>\$ 10,135</u>

Operating expenses include donation, machine, rent expenses and market survey expenses. The rentals with related parties were based on conditions agreed by both parties for which there are no comparable transactions in the market.

f. Miscellaneous income

Related Party Type	For the Year Ended December 31	
	2023	2022
Subsidiaries		
TeraPower Technology Inc.	<u>\$ 722</u>	<u>\$ 2,497</u>

The rental amount and payment terms with related parties were based on conditions agreed by both parties for which there are no comparable transactions in the market.

g. Other gains and losses

Related Party Type	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Greatek Electronics Inc. ("GEI")	\$ 70,622	\$ 111,524
Others	<u>10,912</u>	<u>11,060</u>
	<u>81,534</u>	<u>122,584</u>
Substantial related parties		
Kioxia Corporation	23,471	(22,899)
Others	<u>(1,095)</u>	<u>289</u>
	<u>22,376</u>	<u>(22,610)</u>
Associate	<u>1,376</u>	<u>-</u>
	<u>\$ 105,286</u>	<u>\$ 99,974</u>

Other gains and losses mainly include the director remuneration, purchase and sales of raw materials, compensation and the difference between collections and payment transfers. The purchase and sales of raw materials were based on conditions agreed by both parties for which there are no comparable transactions in the market.

h. Contract assets

Related Party Type	For the Year Ended December 31	
	2023	2022
Substantial related parties		
Kioxia Corporation	\$ 682,318	\$ 787,583
Others	<u>53,171</u>	<u>35,166</u>
	<u>735,489</u>	<u>822,749</u>
Subsidiaries	<u>174</u>	<u>7,076</u>
	<u>\$ 735,663</u>	<u>\$ 829,825</u>

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for contract assets from related parties.

i. Accounts receivable from related parties (excluding loans to related parties and contract assets)

Account	Related Party Type	December 31	
		2023	2022
Accounts receivable from related parties	Substantial related parties		
	Kioxia Corporation	\$ 4,556,629	\$ 4,623,127
	Others	<u>141,407</u>	<u>122,653</u>
		<u>4,698,036</u>	<u>4,745,780</u>
	Subsidiaries	<u>5,678</u>	<u>24,758</u>
		<u>\$ 4,703,714</u>	<u>\$ 4,770,538</u>

The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for accounts receivable from related parties.

j. Payables to related parties (excluding loans from related parties)

Account	Related Party Type	December 31	
		2023	2022
Accounts payable from related parties	Substantial related party		
	Solid State Storage Technology Corporation Hsinchu Science Park Branch	\$ 124,068	\$ 70,748
	Toshiba International Procurement Hong Kong, Ltd.	-	11,936
		124,068	82,684
	Subsidiaries	267	-
	Associate	43	-
		<u>\$ 124,378</u>	<u>\$ 82,684</u>

The outstanding trade payables to related parties are unsecured.

k. Payable to equipment suppliers

Related Party Type	December 31	
	2023	2022
Substantial	\$ -	\$ 123,275

l. Other receivables from related parties (excluding loans to related parties)

Related Party Type	December 31	
	2023	2022
Subsidiaries		
Powertech Semiconductor (Xian) Co., Ltd.	\$ 2,445	\$ 3,128
Powertech (Suzhou) Ltd.	-	3,218
Others	74	692
	<u>2,519</u>	<u>7,038</u>
Substantial related parties		
Kioxia Corporation	17,869	7,933
Associate		
Longforce Technology (Suzhou) Ltd.	<u>73,813</u>	<u>-</u>
	<u>\$ 94,201</u>	<u>\$ 14,971</u>

m. Other payables from related parties (excluding loans from related parties)

Related Party Type	December 31	
	2023	2022
Subsidiaries		
TeraPower Technology Inc.	\$ 59,620	\$ 106,322
Powertech Technology (Suzhou) Ltd.	-	73,699
Powertech Technology Akita Inc.	-	33,402
Greatek Electronics Inc. ("GEI")	40,430	26,624
		(Continued)

Related Party Type	December 31	
	2023	2022
Powertech Technology Japan Ltd.	\$ 22,849	\$ 15,127
Others	<u>155</u>	<u>263</u>
	123,054	255,437
Substantial related parties		
Kioxia Corporation	39,262	31,758
Associate		
Longforce Technology (Suzhou) Ltd.	<u>87,452</u>	<u>-</u>
	<u>\$ 249,768</u>	<u>\$ 287,195</u>
		(Concluded)

n. Acquisitions of property, plant and equipment

Related Party Type	Acquisition Price For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 92,657	\$ 211,513
Substantial related party	<u>22,078</u>	<u>-</u>
	<u>\$ 114,735</u>	<u>\$ 211,513</u>

The purchase of property, plant and equipment from related parties were based on negotiations of cooperation agreements for which there were no comparable transactions in the market.

o. Disposal of property, plant and equipment

Related Party Type	Proceeds For the Year Ended December 31		Gain on Disposal For the Year Ended December 31	
	2023	2022	2023	2022
Subsidiaries	\$ 59,873	\$ 962	\$ 477	\$ 446
Associate	<u>9,601</u>	<u>-</u>	<u>9,601</u>	<u>-</u>
	<u>\$ 69,474</u>	<u>\$ 962</u>	<u>\$ 10,078</u>	<u>\$ 446</u>

The sale of property, plant and equipment to related parties and the purchase of property, plant and equipment from related parties were based on negotiations of cooperation agreements for which there were no comparable transactions in the market. The gain on disposal of property, plant and equipment was deferred.

p. Loans to related parties

Related Party Type	For the Year Ended December 31	
	2023	2022
<u>Interest revenue</u>		
Subsidiaries		
Powertech Technology (Suzhou) Ltd.	<u>\$ -</u>	<u>\$ 2,599</u>

The Corporation provided its subsidiary Powertech Technology (Suzhou) Ltd. with loans at rates negotiated by both parties.

q. Remuneration of key management personnel

Related Party Type	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 366,135	\$ 410,862
Post-employment benefits	<u>1,836</u>	<u>1,836</u>
	<u>\$ 367,971</u>	<u>\$ 412,698</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral mainly for long-term debts and lease deposits:

Related Party Type	December 31	
	2023	2022
Property, plant and equipment	\$ 19,107,680	\$ 23,256,309
Pledged deposits (classified as financial assets at amortized cost - non-current)	<u>70,234</u>	<u>5,634</u>
	<u>\$ 19,177,914</u>	<u>\$ 23,261,943</u>

## 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Corporation as of December 31, 2023 and 2022 were as follows:

- From December 2020 to December 2021, the Corporation signed purchase agreements for equipment worth \$588,119 thousand with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2023, the Corporation has paid a total of \$570,536 thousand, and the remaining amount of 17,583 thousand was canceled by negotiation.
- From December 2021 to August 2022, the Corporation signed purchase agreements for equipment worth \$523,210 thousand with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2023, the Corporation had paid a total of \$438,168 thousand.
- From July 2021 to July 2022, the Corporation signed a contract worth \$728,248 thousand with Jian Ming Construction Co. Ltd. to set up new plant construction and factory engineering. As of December 31, 2023, PTI has paid a total of \$541,698 thousand.
- As of December 31, 2023, the Corporation unused letters of credit for purchasing of machinery and equipment amounted to approximately JPY64,400 thousand and EUR1,568 thousand.
- In November 2021, the Corporation entered into capacity reservation agreements with Zhen Ding Technology Co., Ltd. The deposits in a required aggregate amount of US\$35,000 thousand were paid to suppliers in compliance with the agreements and refunded to the corporation when terms set forth in the agreements have been satisfied. According to the agreements, the deposits will be refunded in 58

installments starting from March 2023. As of December 31, 2023, the Corporation has paid a total of US\$35,000 thousand and recovered US\$6,000 thousand.

### 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

#### December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 591,221	30.735(USD:NTD)	\$ 18,171,167
JPY	139,807	0.2173(JPY:NTD)	30,380
RMB	12,114	4.3338 (RMB:NTD)	<u>52,501</u>
			<u>\$ 18,254,048</u>
Non-monetary items			
USD	375,943	30.735 (USD:NTD)	\$ 11,554,597
JPY	2,313,649	0.2173 (JPY:NTD)	<u>502,756</u>
			<u>\$ 12,057,353</u>

#### Financial liabilities

Monetary items			
USD	124,165	30.735 (USD:NTD)	\$ 3,816,205
JPY	1,832,383	0.2173 (JPY:NTD)	398,177
EUR	40,552	34.0114(EUR:NTD)	<u>1,379</u>
			<u>\$ 4,215,761</u>

#### December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 482,313	30.708(USD:NTD)	\$ 14,810,865
JPY	557,781	0.2324(JPY:NTD)	129,628
RMB	13,358	4.4175 (RMB:NTD)	<u>59,008</u>
			<u>\$ 14,999,501</u>
Non-monetary items			
USD	261,967	30.708 (USD:NTD)	\$ 8,044,477
JPY	1,793,843	0.2324 (JPY:NTD)	<u>416,889</u>
			<u>\$ 8,461,366</u>

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 163,511	30.708 (USD:NTD)	\$ 4,922,234
JPY	2,504,730	0.2324 (JPY:NTD)	582,099
EUR	1,100	32.708(EUR:NTD)	<u>35,967</u>
			<u>\$ 5,540,300</u>
Non-monetary items			
USD	154	30.708 (USD:NTD)	<u>\$ 4,741</u>
			(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were \$(96,573) thousand and \$1,106,425 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the Corporation.

## 32. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

- a. Financing provided to others: None
- b. Endorsements/guarantees provided: None
- c. Marketable securities held (excluding investments in subsidiaries and associates): Table 1 (attached)
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 2 (attached)
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- i. Derivative transactions: Note 7
- j. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 5 (attached)

k. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Table 6 (attached).
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Note 28.

**TABLE 1****POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Value	% of Ownership	Fair Value	
Powertech Technology Inc.	<u>Shares</u> Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,053	\$ 34,662	3	\$ 34,662	Note 3
Greatek Electronics Inc.	<u>Bond</u> P08 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,000	Note 2
	<u>Stock</u> Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive income - noncurrent	11,800	1,663,800	2	1,663,800	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 4
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 4
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 4

Note 1: The fair value was based on the closing price of the shares as of December 31, 2023.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of December 31, 2023.

Note 3: The fair value of ordinary shares was based on the stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of December 31, 2023.

Note 4: The fair value was based on the carrying value as of December 31, 2023.

Note 5: As of December 31, 2023, the above marketable securities had not been pledged or mortgaged.

**TABLE 2**

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 1)		Acquisition		Disposal				Ending Balance (Note 1)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
POWERTECH TECHNOLOGY INC.	<u>Equity certificate</u> Powertech Technology (Suzhou) Ltd.	Investments accounted for using the equity method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	\$ 176,964	-	\$ -	-	\$ 566,194	\$ 183,744	\$ 390,434	-	\$ -
PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	<u>Equity certificate</u> Powertech Technology (Suzhou) Ltd. (Note 3)	Investments accounted for using the equity method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	USD 38,610	-	-	-	USD 78,960	USD 38,365	USD 76,761	-	USD 38,209
Powertech Technology (Singapore) Pte. Ltd.	<u>Equity certificate</u> Powertech Technology (Suzhou) Ltd.	Investments accounted for using the equity method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	USD 11,532	-	-	-	USD 35,093	USD 11,395	USD 23,236	-	-

Note 1: The opening and closing balances include gains and losses recognized using the equity method.

Note 2: For disposal information, refer to Note 25.

Note 3: Powertech Technology (Suzhou) has been rebranded as Longforce Technology (Suzhou) Ltd. after disposal.

**TABLE 3****POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

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

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	Sale	\$14,435,398	34	Note 1	-	-	\$ 4,556,629	43	-
	Kingston Solution, Inc.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	438,821	1	Note 1	-	-	87,186	1	-
	Kingston Technology International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	295,052	1	Note 1	-	-	39,277	0.4	-
	Kingston Digital International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	190,205	0.45	Note 1	-	-	14,944	0.14	-
	Solid State Storage Technology Corporation	Corporate director's subsidiaries.	Purchase	189,059	2	Note 1	-	-	(124,068)	(4)	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate director.	Sale	898,007	7	Net 60 days from monthly closing date	Note 2	Equivalent	305,491	11	-
	Realtek Singapore Private Limited	Same parent company with Greatek Electronics Inc.'s corporate director.	Sale	338,857	2	Net 60 days from monthly closing date	Note 2	Equivalent	52,507	2	-
	PowerTech Technology Inc.	Parent company of Greatek Electronics Inc.	Sale	109,643	1	Net 90 days from monthly closing date	Note 2	Equivalent	38,504	1	-
TeraPower Technology Inc.	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company.	Sale	281,721	5	Net 90 days from monthly closing date	-	-	89,119	8	-

Note 1: 25 to 120 days after the end of the month of the invoice date.

Note 2: The prices of goods Greatek Electronics Inc. sold to related parties is determined based on general transactions.

**TABLE 4**

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director’s parent company	\$ 4,556,629	3.15	\$ -	-	\$ 2,163,471	\$ -
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent Company of Greatek Electronics Ino’s corporate director	305,491	4.58	-	-	97,053	-

**TABLE 5****POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES****NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE  
DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	\$ 1,153,964	\$ 1,153,964	73,386	49	\$ 3,595,367	\$ 1,219,722	\$ 525,415	Notes 1 and 2
	Powertech Holding (BVI) Inc.	British Virgin Islands	Investment business	1,679,370	1,679,370	50	100	3,546,035	2,197,383	2,380,568	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing services	6,169,948	6,169,948	244,064	43	9,530,313	1,997,124	851,111	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 69,000	USD 69,000	69,000	100	2,976,558	1,008,531	1,009,358	Notes 1 and 2
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,759,788	441,304	488,676	Notes 1 and 2
Greatek Electronics Inc.	Tera Probe, Inc.	Japan	Wafer probing test services	\$ 230,616	\$ 230,616	1,077	12	502,756	908,166	125,443	Notes 1 and 2
	Get-Team Tech corporation	Hsinchu	Metal plating on semiconductor lead frame	171,523	171,523	7,796	97.46	145,019	(13,486)	(19,367)	Note 1
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 114,157	USD 68,977	USD 68,977	Note 1
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 108,545	USD 29,134	USD 14,220	Note 1
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing services	USD 58,329	USD 58,329	6	100	USD 8,482	USD (216)	USD (216)	Note 1
Tera Probe, Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	JPY4,348,056	JPY4,348,056	76,381	51	JPY4,348,056	JPY5,442,829	JPY2,775,843	Notes 1 and 2

Note 1: Amount was recognized on the basis of audited financial statements.

Note 2: Excluding unrealized intercompany gains (losses).

**TABLE 6**

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**

**DECEMBER 31, 2023**

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

Equity-method Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Longforce Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	\$ 3,073,500 (US\$100,000)	Note 1	\$ 1,567,485 (US\$51,000)	\$ -	\$ 514,043 (US\$16,725)	\$ 1,053,442 (US\$34,275)	\$ 63,775 (US\$(2,013))	30%	\$ 50,448 (US\$ 1,584)	\$ 1,174,347 (US\$38,209)	\$ -	Note 4
Powertech Semiconductor (Xian) Co., Ltd.	Semiconductor testing and assembly services	2,151,450 (US\$70,000)	Note 1	1,657,907 (US\$53,942)	-	205,740 (US\$ 6,694)	1,452,167 (US\$47,248)	581,111 (US\$18,655)	100%	581,111 (US\$18,655)	3,050,223 (US\$99,243)	699,283 (US\$22,752)	-

Equity-method Investee Company	Accumulated Investments in Mainland China as of December 31, 2023 (In Thousands of USD)	Investment Amounts Authorized by the Investment Commission, MOEA (In Thousands of USD)	Ceiling Amount on of the Corporation's Investments in Mainland China
Longforce Technology (Suzhou) Ltd. Powertech Semiconductor (Xian) Co., Ltd.	US\$ 34,275 US\$ 47,248	US\$ 79,000 US\$ 70,000	\$ 32,921,717

Note 1: Investments in companies in mainland China were made through companies established in a third region.

Note 2: The amount was recognized on the basis of audited financial statements.

Note 3: Based on the exchange rate as of December 31, 2023.

Note 4: On October 1, 2023, the Corporation disposed of 70% of the shareholdings in Powertech Technology (Suzhou) Ltd. and changed its name to Longforce Ltd.

## STATEMENTS OF MAJOR ACCOUNTING ITEMS

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**STATEMENT 1****POWERTECH TECHNOLOGY INC.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash		
Cash in banks		
Demand deposits	Including NT\$3,313,251 thousand, US\$114,347 thousand @30.735, JPY139,807 thousand @0.2173and RMB12,114 thousand @4.3338, interest rate range was 0.01%-5.26%	\$ 6,910,596
Time deposits	Expired in March 2024, interest rate range was 5.05%-5.72%	2,344,260
Checking accounts		<u>289</u>
		9,255,145
Cash on hand		<u>123</u>
Total		<u>\$ 9,255,268</u>

**STATEMENT 2****POWERTECH TECHNOLOGY INC.****STATEMENT OF ACCOUNTS RECEIVABLE, NET  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Amount</b>
Client A	\$ 2,384,968
Client B	1,708,074
Client C	581,620
Others (Note)	<u>1,158,618</u>
	5,833,280
Allowance for impairment loss	<u>(4,804)</u>
Total	<u>\$ 5,828,476</u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

**STATEMENT 3****POWERTECH TECHNOLOGY INC.****STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Market Value</b>
Raw materials	\$ 4,785,745	\$ 5,023,230
Supplies and spare parts	<u>295,087</u>	<u>364,363</u>
Total	<u>\$ 5,080,832</u>	<u>\$ 5,387,593</u>

Note: The amount of inventory insurance was \$96,142,000 thousand (including insurance of OEM by client).

**POWERTECH TECHNOLOGY INC.**
**STATEMENT OF CHANGES IN RIGHTS-OF-USE ASSETS AND ACCUMULATED  
 DEPRECIATION OF RIGHT-OF-USE ASSETS  
 DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)**


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	<b>Land</b>	<b>Transportatio n Equipment</b>	<b>Total</b>
Cost			
January 1, 2023	\$ 1,429,811	\$ 3,957	\$ 1,433,768
Additions	5,523	2,635	8,158
Disposals	<u>(2,164)</u>	<u>(2,284)</u>	<u>(5,012)</u>
December 31, 2023	<u>1,433,170</u>	<u>3,744</u>	<u>1,436,914</u>
Accumulated depreciation and impairment			
January 1, 2023	136,514	2,718	139,232
Depreciation	36,849	1,366	38,215
Disposals	<u>(2,164)</u>	<u>(2,284)</u>	<u>(5,012)</u>
December 31, 2023	<u>171,199</u>	<u>1,236</u>	<u>172,435</u>
Carrying amount at December 31, 2023	<u>\$ 1,261,971</u>	<u>\$ 2,508</u>	<u>\$ 1,264,479</u>

POWERTECH TECHNOLOGY INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2023		Increase		Decrease (Note 1)		Changes in Net value of Investments in Subsidiaries and Associates Accounted for Using the Equity Method	Gains (Losses) on Investments Accounted for Using the Equity Method (Notes 2 and 3)	Remeasurements of Defined Benefit Plans	Exchange Differences on Translating Foreign Operations	Deferred Credit Adjustment	Balance, December 31, 2023			Carrying Value (Note 2)	Pledged or Mortgaged
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount						Number of Shares	%	Amount		
	(In Thousands)		(In Thousands)		(In Thousands)							(In Thousands)				
Greatek Electronics Inc.	244,064	\$ 9,581,046	-	\$ -	-	\$ (903,038)	\$ 110	\$ 851,111	\$ 1,084	\$ -	\$ -	244,064	43	\$ 9,530,313	\$ 9,237,557	-
Powertech Holding (BVI) Inc.	50	1,209,428	-	-	-	-	-	2,380,568	-	(56,269)	12,308	50	100	3,546,035	3,546,035	-
TeraPower Technology Inc.	73,386	3,328,736	-	-	-	(263,455)	-	525,415	33	-	4,638	73,386	49	3,595,367	3,268,035	-
Powertech Technology (Singapore) Pte. Ltd.	69,000	1,990,623	-	-	-	-	-	1,009,358	-	(27,723)	4,300	69,000	100	2,976,558	3,159,700	-
Powertech Semiconductor (Xian) Co., Ltd.	-	1,271,435	-	-	-	(212,497)	-	207,540	-	4,949	789	-	36	1,272,216	1,089,366	-
Powertech Technology (Suzhou) Ltd.	-	175,525	-	-	-	(183,744)	-	6,679	-	101	1,439	-	-	-	-	-
Powertech Technology Japan Ltd.	-	3,374,567	-	-	-	-	-	488,676	17	(103,472)	-	-	100	3,759,788	2,447,676	-
Tera Probe, Inc.	1,077	415,688	-	-	-	(13,436)	-	125,443	4	(24,943)	-	1,077	12	502,756	809,085	-
		<u>\$ 21,347,048</u>		<u>\$ -</u>		<u>\$ (1,576,170)</u>	<u>\$ 110</u>	<u>\$ 5,594,790</u>	<u>\$ 1,138</u>	<u>\$ (207,357)</u>	<u>\$ 23,474</u>			<u>\$ 25,183,033</u>	<u>\$ 23,557,454</u>	

Note 1: The decrease was due to cash dividends from investees and disposed by the investees.

Note 2: Investment (loss) gain and carrying value were based on the associates' financial statements audited by the auditors for the same years.

Note 3: Gains (loss) on investments accounted for using the equity method did not include the adjustment of capital surplus due to the distribution of dividends to subsidiaries in the amount of \$82,600 thousand.

POWERTECH TECHNOLOGY INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2023		Increase		Decrease		Unrealized Gain or Loss On Financial Instrument Amount	Balance, December 31, 2023			Fair Value (Note)	Collateral
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount		Number of Shares (In Thousands)	%	Amount		
<u>Shares</u>												
Solid State System Co., Ltd.	2,053	<u>\$ 17,143</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ 17,519</u>	2,053	3	<u>\$ 34,662</u>	<u>\$ 34,662</u>	-

Note: The fair value of Solid State System Co., Ltd.’s private equity as of December 31, 2023 was determined using valuation techniques.

**POWERTECH TECHNOLOGY INC.****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
SIMMTECH INTERNATIONAL PTE. LTD.	\$ 576,279
Shinko Electric Industries Co., LTD.	263,752
KINSUS INTERCONNECT TECHNOLOGY CORP.	198,302
Avnet Technology Hong Kong Limited.	182,091
Others (Note)	<u>2,166,781</u>
Total	<u>\$ 3,387,205</u>

Note: The amount payable to each individual vendor under others does not exceed 5% of the account balance.

**POWERTECH TECHNOLOGY INC.****STATEMENT OF PAYABLES TO CONTRACTORS AND EQUIPMENT SUPPLIERS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Hitachi Power Solutions Co., Ltd.	\$ 48,795
TWIN SYSTEM INC.	43,811
Jetinn Global Equipment Ltd. Taiwan Branch, Samoa	40,702
Others (Note)	<u>650,713</u>
Total	<u>\$ 784,021</u>

Note: The amount payable to each individual vendor under others does not exceed 5% of the account balance.

POWERTECH TECHNOLOGY INC.

STATEMENT OF LONG-TERM BANK LOANS  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Bank Name	Trustee	Amount at Year End	Interest Payment Date	Coupon Rate (%)	Financing Facility	Note	Pledged or Mortgaged
Taiwan Cooperative Bank	Guaranteed loan	\$ 2,000,000	2021.12.15-2028.12.15	1.35	\$ 2,000,000		Machinery and equipment of \$1,300,789 thousand
Yuanta Commercial Bank	Credit loan	1,000,000	2023.10.17-2026.11.04	1.55	2,500,000	Note 1	-
Yuanta Commercial Bank	Credit loan	1,000,000	2023.12.04-2026.11.04	1.575	2,500,000	Note 1	-
Bank of Taiwan	Guaranteed loan	52,615	2012.11.26-2027.11.26	1.58	228,000		Land of \$228,000 thousand
Bank of Taiwan	Guaranteed loan	125,000	2019.10.25-2025.06.19	1.58	2,000,000		Machinery and equipment of \$399,981 thousand
Bank of Taiwan	Guaranteed loan	502,652	2014.08.25-2027.11.26	1.58	2,380,000		Buildings of \$1,747,989 thousand
Bank of Taiwan	Guaranteed loan	2,000,000	2021.09.01-2031.08.15	1.15	3,200,000	Note 2	-
Bank of Taiwan	Guaranteed loan	1,200,000	2021.09.01-2031.08.15	1.35	3,200,000	Note 2	Buildings of \$1,964,891 thousand
Bank of Taiwan	Guaranteed loan	500,000	2021.09.01-2028.08.15	1.35	2,000,000		Machinery and equipment of \$234,448 thousand
Mega International Commercial Bank Co., Ltd.	Guaranteed loan	906,977	2022.02.15-2027.02.15	1.56	1,500,000		Machinery and equipment of \$1,132,908 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	100,000	2021.12.27-2028.12.15	1.58	2,000,000	Note 3	Machinery and equipment of \$106,501 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	100,000	2021.12.27-2028.12.15	1.58	2,000,000	Note 3	
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	1,000,000	2022.06.15-2028.12.15	1.53	2,000,000	Note 3	Machinery and equipment of \$571,194 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	800,000	2022.09.01-2028.12.15	1.55	2,000,000	Note 3	Machinery and equipment of \$1,320,225 thousand
Hua Nan Bank	Guaranteed loan	1,983,333	2021.09.01-2028.08.15	1.65	2,000,000		Machinery and equipment of \$1,004,302 thousand
Shin Kong Bank	Credit loan	500,000	2023.12.28-2024.01.11	1.51	1,200,000		-
E-SUN Commercial Bank	Credit loan	1,000,000	2023.03.22-2026.03.22	1.57	2,000,000		-
E-SUN Commercial Bank	Guaranteed loan	2,400,000	2021.10.25-2028.10.15	1.4	2,400,000		Machinery and equipment of \$1,802,437 thousand
First Bank	Guaranteed loan	1,300,000	2021.12.15-2028.12.15	1.55	2,000,000	Note 4	Machinery and equipment of \$543,461 thousand
First Bank	Guaranteed loan	700,000	2022.07.25-2028.12.15	1.35	2,000,000	Note 4	Machinery and equipment of \$538,703 thousand
Land Bank of Taiwan	Guaranteed loan	<u>1,600,013</u>	2022.02.15-2028.12.15	1.59	2,000,000		Machinery and equipment of \$2,179,106 thousand
Current portion		20,770,590					
		<u>(444,048)</u>					
		<u>\$ 20,326,542</u>					

Note 1: Joint financing facility of \$2,500,000 thousand.

Note 2: Joint financing facility of \$3,200,000 thousand.

Note 3: Joint financing facility of \$2,000,000 thousand.

Note 4: Joint financing facility of \$2,000,000 thousand.

**POWERTECH TECHNOLOGY INC.****STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Discount Rate</b>	<b>Amount</b>
Land	0.93%-1.69%	\$ 1,309,847
Transportation equipment	0.92%-1.59%	2,514
Less: Lease liabilities - current		<u>(29,309)</u>
Lease liabilities - non-current		<u>\$ 1,283,052</u>

**POWERTECH TECHNOLOGY INC.****STATEMENT OF NET REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Subcontracting revenue	\$ 42,261,567
Others	23,884
Sales discounts and allowances	<u>(8,377)</u>
Net revenue	<u>\$ 42,277,074</u>

**POWERTECH TECHNOLOGY INC.****STATEMENT OF COST OF REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Raw materials used	
Balance, beginning of year	\$ 8,149,096
Raw materials purchased	12,308,827
Raw materials, end of year	(4,785,745)
Others	<u>(1,896,826)</u>
Subtotal	13,775,352
Direct labor	3,422,770
Manufacturing expenses	<u>13,050,339</u>
Manufacturing cost	30,248,461
Transferred to manufacturing or operating expenses	(7,606)
Scrap revenue	(106,065)
Unallocated overhead	<u>5,435,279</u>
Total	<u>\$ 35,570,069</u>

**POWERTECH TECHNOLOGY INC.**
**STATEMENT OF OPERATING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars)**


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Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll expense	\$ 60,155	\$ 445,594	\$ 814,623
Export expense	49,436	24	183
Depreciation expense	2,419	64,833	753,590
Taxation and levies	13	87,982	6,955
Utilities	-	72,984	-
software maintenance service	-	64,516	10,551
Remuneration of directors	-	118,485	-
Others (Note)	<u>24,955</u>	<u>206,417</u>	<u>478,383</u>
Total	<u>\$ 136,978</u>	<u>\$ 1,060,835</u>	<u>\$ 2,064,285</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

## POWERTECH TECHNOLOGY INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2023			2022		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 6,813,129	\$ 1,320,372	\$ 8,133,501	\$ 8,295,548	\$ 1,917,548	\$10,213,096
Labor and health insurance	731,483	86,294	817,777	784,222	83,992	868,214
Pension	283,116	46,699	329,815	305,079	44,990	350,069
Remuneration of directors	-	118,485	118,485	-	127,711	127,711
Others	<u>380,264</u>	<u>24,001</u>	<u>404,265</u>	<u>446,403</u>	<u>34,222</u>	<u>480,625</u>
	<u>\$ 8,207,992</u>	<u>\$ 1,595,851</u>	<u>\$ 9,803,843</u>	<u>\$ 9,831,252</u>	<u>\$ 2,208,463</u>	<u>\$12,039,715</u>
Depreciation	<u>\$ 6,553,999</u>	<u>\$ 820,842</u>	<u>\$ 7,374,841</u>	<u>\$ 7,792,326</u>	<u>\$ 586,881</u>	<u>\$ 8,379,207</u>
Amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 694</u>	<u>\$ 694</u>

Note 1: As of December 31, 2023 and 2022, the Corporation had 11,276 and 11,963 employees, respectively. There were 8 non-employee directors for 2023 and 2022.

Note 2: Companies whose shares are listed on the Taiwan Stock Exchange or the Taipei Exchange should disclose the following additional information:

- 1) The average employee welfare expense for the current year is \$860 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration”/“Number of employees for the current year-Number of directors who are not concurrent employees”). The average employee welfare expense for the current year is \$996 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration”/“Number of employees for the current year-Number of directors who are not concurrent employees”).
- 2) The average employee salary expenses for the current year is \$722 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees”). The average employee salary expenses for the current year is \$854 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees”).
- 3) Average employee salary expense reduced by (15)% (“Average employee salary expense for the current year-Average employee salary expense for the previous year”/Average employee salary expense for the previous year).
- 4) The Corporation had established an audit committee on June 26, 2014, so there was no supervisor in 2023 and 2022.
- 5) The Corporation’s salary and remuneration policy (including directors, managers and employees):

The Corporation’s salary and remuneration policies are prepared and implemented with reference to the Corporation’s policy, salary management measures, annual bonus regulations, assessment management measures, quarterly bonus regulations, compensation of employees, labor incentive bonuses, employee stock ownership trust implementation measures and welfare management measures, etc.

## 6. Risk analysis and assessment in the recent year and as of publication date of annual report.

If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

## VII. Discussion and Analysis of Financial Status and Operating Results and Risk Management

### 1. Financial Status

#### Nonconsolidated Financial Statements

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	\$ 48,194,283	\$ 49,776,657	(\$ 1,582,374)	(3.18)
Investment	2,003,163	447,117	1,556,046	348.02
Real estate, Plant & Equipment	56,923,703	64,818,236	(7,894,533)	(12.18)
Intangible Assets	1,107,074	1,125,632	(18,558)	(1.65)
Other Assets	2,926,342	2,801,496	124,846	4.46
Total Assets	111,154,565	118,969,138	(7,814,573)	(6.57)
Current Liabilities	16,508,127	19,614,752	(3,106,625)	(15.84)
Long-term Liabilities	25,539,955	33,031,348	(7,491,393)	(22.68)
Total Liabilities	42,048,082	52,646,100	(10,598,018)	(20.13)
Capital Stock	7,591,466	7,591,466	0	0
Capital Surplus	237,071	149,540	87,531	58.53
Retained Earnings	48,242,061	45,551,199	2,690,862	5.91
Other shareholders' Equity	(732,267)	(534,445)	(197,822)	(37.01)
Treasury Stock	(468,802)	(468,802)	0	0
Equity Belong to Parent Company	54,869,529	52,288,958	2,580,571	4.94
Non-Controlling Interests	14,236,954	14,034,080	202,874	1.45
Total Shareholders' Equity	69,106,483	66,323,038	2,783,445	4.2
Reason for Major Difference:				
1. Increased investment: It is mainly caused by the new equity method of new equity laws and interests. It has not had a significant impact on the company.				
2. Non -liabilities decrease: It is mainly due to the reduction of long -term loans and has no significant impact on the company.				
3. Increased capital reserve: The main department of the main department was caused by the cancellation of stocks in 2022, which had no significant impact on the company.				
4. The reduction of other rights and interests: It is mainly due to the reduction of the redeem benefits of the converts of financial statements in foreign operating institutions in 2023, which has not had a significant impact on the company.				

Note: The listed numbers were from consolidated report and audited by CPA using IFRS.

## 2. Operating Results

### (1) Comparison and Analysis Table for Operating Results for Last Two Years

#### Nonconsolidated Financial Statements

Unit: NT\$ Thousands

Item	Year	2023	2022	Increase (Decrease)	Difference (%)	Analysis
Net Sales		\$ 70,440,945	\$ 83,926,735	(\$ 13,485,790)	(16.07)	
Cost of Sales		57,831,970	66,550,715	(8,718,745)	(13.10)	
Gross Profit		12,608,975	17,376,020	(4,767,045)	(27.43)	1
Operating Expenses		4,455,409	4,928,003	(472,594)	(9.59)	
Operating Income		8,153,566	12,448,017	(4,294,451)	(34.50)	2
Non-Operating Income/Expenses		3,889,550	1,191,909	2,697,641	226.33	3
Net Income Before Tax		12,043,116	13,639,926	(1,596,810)	(11.71)	4
Income Tax Expense		2,533,978	2,888,077	(354,099)	(12.26)	
Net Income		9,509,138	10,751,849	(1,242,711)	(11.56)	4
Analysis of Difference over 20%						
1. Decreased operating gross profit: It is mainly factors such as decreased market demand, customer adjustment in inventory, reduced customer orders, and the overall capacity utilization rate.						
2. Decrease in net profit business: It is mainly caused by the decrease in business gross profit.						
3. Increase in business income and expenditure: It is mainly due to the interests of the subsidiary of the subsidiary.						
4. Pure profit of pre -tax and decrease in this period of net profit: It is mainly due to the reduction of operating net profit.						

Note: The listed numbers were from consolidated report and audited by CPA.

### (2) Revenue Forecast and Financial Impact:

Please see 2023 Operation Report for details.

### 3. Cash Flow

#### (1) Cash Flow Analysis for 2023

Unit: NT\$ Thousand

Beginning Cash Balance 1/1/2023	2023 Cash Flow from Operating Activities	2023 Cash Flow from Investing Activities	2023 Cash Flow from Financing Activities	Currency Exchange for Cash and Cash Equivalent	Ending Cash Balance 12/31/2023
20,373,424	19,681,581	(5,302,594)	(13,529,971)	(142,691)	21,079,749
<b>2023 Cash Flow Analysis :</b> (1) Operating Activities: Increase cash inflow from change in 2023 depreciation and profit. (2) Investing Activities: Increase of cash outflow was due to acquisition of real estate, property and equipment in 2023. (3) Financing Activities: The increase of cash outflow was due to change in cash dividends payout and bank loan payment in 2023.					

#### (2) Cash Flow Improvement Plan

Not applicable.

#### (3) Cash Flow Estimation for 2024:

Unit: NT\$ Thousand

Beginning Cash Balance 1/1/2024	Estimated 2024 Cash Flow from Operating Activities	Estimated 2024 Cash Outflow	Estimated Ending Cash Balance 12/31/2024	Funding for Cash Flow Shortage	
				Investing Activities	Finance Activities
21,079,749	20,000,000	(22,000,000)	19,079,749	—	—
<b>1. 2024 Cash Flow Analysis:</b> (1) Operating Activities: The cash inflow is from 2024 estimated net income and depreciation. (2) Investing Activities: The cash flow is for acquisition of real estate, property, and equipment in 2024. (3) Financing Activities: The cash flow is for 2024 cash dividends payout and payback bank loan. <b>2. Funding for Cash Flow Shortage: Not Applicable.</b>					

#### **4. Effects of Major Capital Expenditures on Financial Status in Most Recent Year**

Majority of 2023 PTI capital expenditures were for acquiring real estate, property and equipment. The sources of capital were from the Company's own funds and bank loans. In order to stay competitive, PTI has constantly devoted on production efficiency modification, new technology research, upgrade equipment, and capacity expansion to meet customer satisfaction.

#### **5. Investment Policy in Recent Years, Main Causes for Profits or Losses, Improvement Plans, and Investment Plans for the Coming Year**

PTI's investment policies conform with its strategies of deep cultivation of core business, strengthening of strategic alliance relationships with major clients and expansion of related industries, excepting to increase return on equity through the investment gains.

Investment Commission had approved no more than US\$51 million investment through Powertech Holding (BVI) Inc. for subsidiary Powertech Technology (Suzhou) Ltd. (PTI-Suz) for further expansion in China in 2009. Total investment for PTI-Suz was US\$216 million and register capital was US\$72 million. PTI HQ continued funding by increase capital of US\$ 28 million, and the capital increased was approved by Apr 2020 board meeting. In 2021, the register capital of PTI-Suz was US\$100 million. Because the tension of US-China trade war has intensified, which has seriously impacted the global semiconductor industries, PTI proposed to dispose 70% equity of PTI-Suz based that to utilize resources of PTI Group and implement our overall business strategy. This was approved by Board meeting on June 27, 2023. This transaction contributed NT\$3.5 EPS and was recognized in Year 2023.

Powertech Technology Akita Inc. was bought from Micron Technology in Japan. Board meeting in Aug 2020 concluded to end the operations of Powertech Technology Akita Inc. due to its poor financial performance and limited foreseeable opportunity. It is expected to complete the liquidation process in 2024.

Board meeting in Aug 2020 concluded to end the operations of Powertech Technology (Singapore) Pte. Ltd. due to its poor financial performance and transformed to holding function of Powertech Semiconductor (Xian) Co. Ltd. and Powertech Technology (Suzhou) Ltd. In Jul 2022 Board meeting had concluded for capital reduction. Filing of reduction was completed in Aug 2022. Powertech Technology Inc. had received returned capital US\$16 m in Sep 2022

Future investment plan will justify with industry condition and potential growing opportunities. Under the direction of strengthen the relationship of alliance and supply chain networking, the Board of Directors will carefully consider all the investment proposals.

## **6. Risk Analysis and Assessment in the Recent Year and as of Publication Date of Annual Report**

### **(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:**

#### **1. Interest Rate**

The semiconductor packaging and testing industry where our company is in is capital intensive therefore large fund is required for the Company to invest into fixed assets. Besides the Company's own funds, the sources of the Company's funding are primarily bank loans, thus the Company's profitability is affected by interest rate movement. To minimize this risk, PTI compares the level of interest rates of its bank loans on a regular basis with market average rate and negotiate timely with the correspondent banks to obtain better interest rates to ensure the financing costs are at comparatively low level.

#### **2. Foreign Exchange Rate:**

##### **(1) Effects**

Exportation account for 74.28% of 2023 PTI's net sales, so the majority of trade were conducted in foreign currency and US dollars is the most common currency used. Majority of equipment and raw materials were mainly trade in US dollars and Japanese yen as well. Both import and export were affected by currency exchange rate fluctuate. 2023 net foreign exchange lost were about NT\$ 111,884 thousand.

##### **(2) Future Response Measures**

- Foreign currencies from exporting income balance out with importing expenses which creates mutual hedging effects to eliminate exchange rate risks.
- Finance staff collected information regarding changes of foreign exchange rates, including supply and demand of foreign currencies, monetary tightness condition of the correspondent banks, and trend analysis of exchange rates, which will then serve as reference information to respond to future exchange rate movements.
- To timely purchase foreign currencies based on the Company's future foreign currency requirements, in order to determine the cost and reduce the impact of movements in exchange rates.
- To use the bank credit at the right time to convert foreign currency loans to NT dollars borrowing.
- To apply financial instruments such as derivatives of forward exchange to avoid the risks of changes in exchange rates leading to exchange loss on assets, liabilities and future transactions denominated by foreign currencies.

#### **3. Inflation:**

No significant impact of inflation on the PTI's profitability and business operations in 2023.

### **(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:**

#### **1. PTI has not engaged in any high-risk or high-leveraged investments.**

#### **2. According to the "Procedures for Endorsement & Guarantee", PTI may provide endorsement or guarantee for subsidiaries whose voting shares are more than 50% owned in limits. As of the end of 2023 and the date of printing, PTI did not provide endorsement or guarantee to other parties.**

3. According to the “Procedures for Lending Funds to Others”, the accumulated balance of loans and total amount of loans lent to a company or business for companies or other businesses in need of funds for a short-term period shall not exceed five percent (5%) and ten percent (10%) of the net worth of the Company separately. As of the end of 2023 and the date of printing, PTI did not lend funds to other parties.
4. No major currency exchange gain or loss from currency investment as of the date of printing.

(3) Future Research and Development Plans and R&D Expenses from Expected Investments

The Company has put much emphasis on the development of talents since its establishment. Setting up a R&D department in 1998 and the R&D technology center in 2006, PTI has continually introduced new processes and technologies of packaging and testing. To adapt to the future semiconductor memory device trend towards being versatile, high-speed, highly reliable and high density and the development of new products of our customers, PTI will proactively develop and introduce new technologies in the future. PTI R&D budget is about NT\$2.57 billion for 2024.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales.

PTI has always pay close attention to any international and domestic policies changes, and PTI will make appropriate modifications to the operating systems when necessary. As of the publication date of this annual report, there is no significant change or impact of law on PTI’s operations.

(5) Effects of and Response to Changes in Technology and in Industry Relating to Corporate Finance and Sales:

The semiconductor industry, where PTI belongs to, is under rapid changes in products and technology. To adapt to these rapid changes, PTI needs to upgrade its processes and develop new technologies constantly, upgrade its equipment, and expand its capacities in a timely manner. To reduce the risks of overexpansion at the same time keep up with the product development trend, PTI has established collaborative relationships and co-op with strategic alliances with major customers to develop advanced technology capabilities. In addition, PTI has invested in related industries to form a complete supply chain network and diversify the risks caused by market changes. PTI also strengthen its cost control and cash management skills to maintain competitiveness and eliminate the impacts of changes in technology and in industry relating to corporate finance and sales.

PTI has implemented measures to protect the information security of our networks and computers. There are also established rules and procedures for information security risk management.

1. Different assets may face different risks. Methods for assessing or calculating asset value were adjusted to make them more appropriate to the nature of the unit.
2. The basic information security requirements are data confidentiality, integrity and usability. These ensure the appropriateness and effectiveness of related regulations and processes.
3. Information security insurance is an emerging risk type that involves information security rating organizations, claim assessment organizations, and no-compensation clauses. To mitigate potential losses due to information security incidents, information security insurance policy with up to US\$5 million in coverage was purchased by PTI in 2023.

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

Since the establishment of the Company, PTI has consistently maintained an ethical business practices, and has actively strengthened its internal and quality management to build up customer trusts. PTI has a good corporate image and there has been no corporate crisis in recent years caused by changes in corporate image.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

No plan of merger and acquisition as of the date of printing.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

No significant plan of factory expansion as of the date of printing.

(9) Risks Relating to and Response to Excessive Concentration on Supply Sources and Customer

The supply sources and major customers of the Company have been disclosed in related sections of this report. As the concentration level of the upper stream memory IC markets gets intense, sales of the downstream packaging and testing providers will get more concentrated. PTI has proactively developed new customers, collaborative relationships, and strategic alliances with existing customers to eliminate the highly customer concentrated risks. PTI has also actively reached out to non-memory IC packaging and testing business. The results are noticeable. In terms of supply sources, PTI has been actively seeking qualified alternative suppliers to reduce the risks of excessive concentration.

(10) Effects, Risks, and Solution for Share Transfers of Shareholders with 10% Or More Shares:

None

(11) Effects, Risks, and Solution of Changes in Control over the Company: None.

(12) For litigation or non-litigious matters, clearly state if the Company or the Company's directors, supervisors, president, actual person in charge, shareholders with 10% shareholdings or more, and affiliated companies that have been concluded or pending major litigations, non-litigation or administrative litigation matters, whose outcome may have major impact on shareholders' equity or securities prices:

1. The Company's major litigations, non-litigation or administrative litigation matters:

None.

2. Major litigations, non-litigation or administrative litigation matters of the Company's directors, supervisors, president, actual person in charge, shareholders with 10% shareholdings or more and affiliated companies: None.

(13) Other Important Risks and Remedies: None.

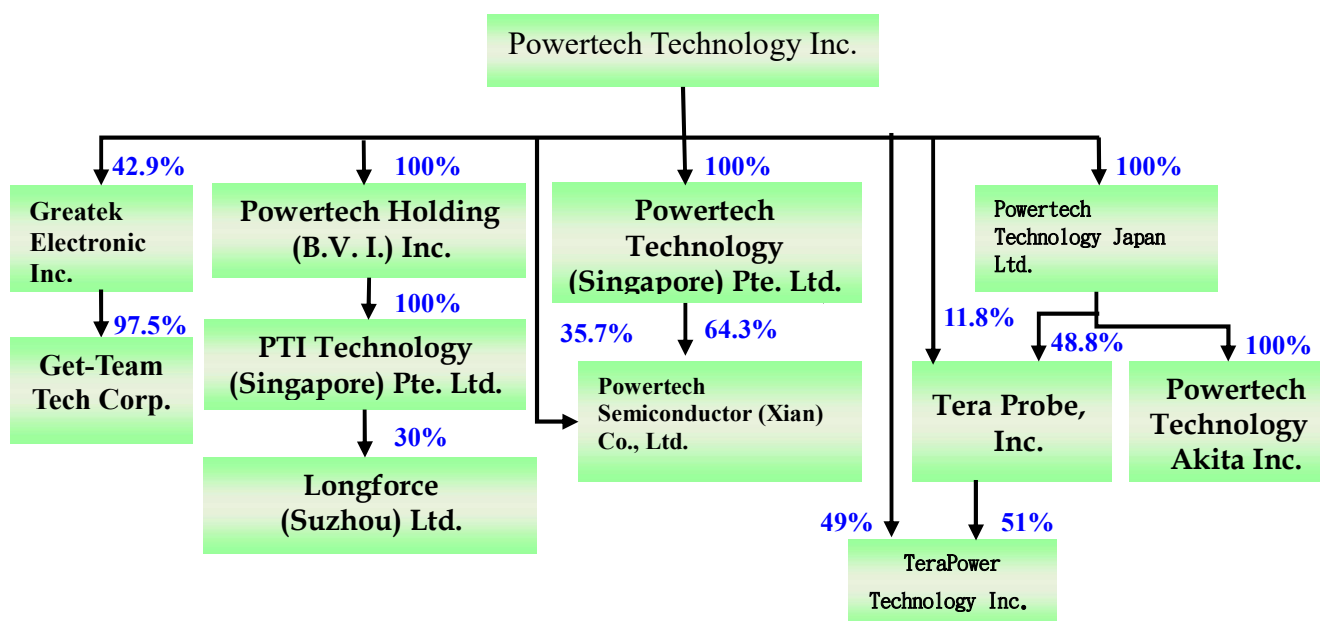
**7. Other Important Matters: None.**

## VIII. Special Notes

### 1. Summary of Affiliated Companies

#### (1) Profile of Affiliated Companies

##### 1. Company Structure



#### 2. Names, Date of Establishment, Address, Paid-in Capital and Major Business Items of Consolidated Subsidiaries :

Dec 31 2023 ; Unit : thousands

Entity Name	Date of Establishment	Address	Paid-In Capital Amount	Major Services
Powertech Holding (B.V.I.) Inc.	Aug 2009	Portcullis Chambers 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, B.V.I., VG1110	US\$52,000	Investment
PTI Technology (Singapore) Pte. Ltd.	Nov 1994	8 Marina Boulevard #05-02 Marina Bay Financial Centre Tower 1 Singapore 018981	US\$72,102	Investment
Longforce (Suzhou) Ltd.	Aug 1995	No. 33, Xinghai Street, Suzhou Industrial Park, Suzhou, China	US\$100,000	Packaging and Final Testing Services
Greatek Electronics Inc.	Mar 1983	No. 136, Gung-Yi Rd., Chunan Town, Miaoli, Taiwan.	NT\$5,688,459	Packaging and Final Testing Services
Powertech Technology (Singapore) Pte. Ltd.	Dec 2005	112 Robinson Road #05-01 Singapore 068902	US\$69,000	Investment
Powertech Semiconductor (Xian) Co., Ltd.	May 2015	Building I Room 10000, Shaanxi Xi'an Export Processing Zone, No. 28-2, Xinxu Avenue, Xi'an, Shaanxi 710119, China	US\$70,000	Packaging and Final Testing Services
Get-Team Tech Corp.	Dec 1994	122-8 Chung-Hwa Road Huko, Hsin-Chu, Taiwan	NT\$80,000	Semiconductor lead frame and plating services

Entity Name	Date of Establishment	Address	Paid-In Capital Amount	Major Services
Powertech Technology Japan Ltd.	Jan 2017	KAKiYA Bldg., 2-7-17 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa, Japan	JPY 100,000	Investment & Packaging and Testing Services
Tera Probe, Inc.	Aug 2005	KAKiYA Bldg., 2-7-17 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa, Japan	JPY 11,823,312	Chip Probing Services
TeraPower Technology Inc.	Aug 2008	No.20, Wenhua Road, Hsinchu Industrial Park. Hukou , Hsinchu 303, Taiwan	NT\$1,497,600	Chip Probing Services
Powertech Technology Akita Inc.	Apr 1969	89-2 Yamada, Yuwaishida, Akita-shi Akita 010-1222 Japan	JPY 100,000	Packaging and Final Testing Services

3. Presumed to Have Control and Affiliation Relationship: None.

4. Business Items of Affiliated Companies:

The business items of PTI and its affiliated companies cover manufacturing, marketing & sales and investments of electronics.

5. The Names and the Shareholding or Funding Status of the Directors, Committee Members, and President of Each Affiliated Company:

March 31, 2024

Name of Company	Title	Name or Representative	Shareholding	
			Number of shares (capital contribution)	%
Powertech Holding (B.V.I.) Inc.	Director	Powertech Technology Inc. Representative: D.K. Tsai	US\$ 52,000,000	100%
PTI Technology (Singapore) Pte. Ltd.	Director	Powertech Holding (B.V.I.) Inc. Representative: D. K. Tsai, J.S. Leu, Jeswant Singh S/O Darshan Singh	US\$ 51,000,000	100%
Longforce (Suzhou) Ltd.	Director	PTI Technology (Singapore) Pte. Ltd. Representative: J.S. Leu	US\$ 62,169,756	30%
Greatek Electronics Inc	Chairman	Powertech Technology Inc. Legal Rep Director: Boris Hsieh	NT\$ 244,064,379	42.91%
	Director	Powertech Technology Inc. Legal Rep Director: DK Tsai, J.S. Leu, Chien-Chao Ning, YC Chen		
	Director	Hung-Wei Venture Capital Company: Eric Chang	5,823,602	1.02%
	Independent Director	Chi-Yung Wu	0	0%
	Independent Director	Chu-Chien Feng	0	0%
	Independent Director	M.J. Chuang	0	0%
	President	Chien-Chao Ning	2,124,224	0.38%
Get-Team Tech Corp.	Chairman	Boris Hsieh	0	0%
	Supervisor	Greateh Electronic Inc. Legal Rep Director: Zuo-Xiang Ho	7,796,498	97.46%
Powertech Technology	Director	Powertech Technology Inc.	US\$ 69,000,000	100%

Name of Company	Title	Name or Representative	Shareholding	
			Number of shares (capital contribution)	%
(Singapore) Pte. Ltd.		Representative: DK Tsai, J.S Leu, Evan Tseng, Tay Hua Nguan		
Powertech Semiconductor (Xian) Pte. Ltd.	Chairman	Powertech Technology (Singapore) Pte. Ltd Representative: J.S. Leu	US\$ 45,000,000	64.3%
	Director	Powertech Technology (Singapore) Pte. Ltd. Representative: Chris Yeh		
	Supervisor	Powertech Technology (Singapore) Pte. Ltd. Representative: Yohan Lin		
	Director	Powertech Technology Inc. Representative: Evan Tseng	US\$ 25,000,000	35.7%
	President	Chris Yeh	-	-
Powertech Technology Japan Ltd.	Executive Director	DK Tsai	0  (Powertech Technology Inc. JPY 100,000,000)	0%  100%
Tera Probe, Inc.	Director & Representative Statutory Executive Officer	Tsuyoshi Yokoyama (Powertech Technology Japan Ltd)	500  (Powertech Technology Japan Ltd. 4,440,300 shares Powertech Technology Inc 1,077,100 shares)	0.00%  48.81% 11.84%
	Director	DK Tsai, Boris Hsieh, Evan Tseng, Yoichi Kuroki (Powertech Technology Inc.)	-	0.00%
	Outside Director	Koji Iwama	-	0.00%
	Outside Director	Naoki Mori	-	0.00%
	Outside Director	Michinari Kawano	-	0.00%
TeraPower Technology Inc.	Chairman	Evan Tseng (Tera Probe, Inc.)	76,381,170	51.0%
	Director	Tera Probe, Inc. Tsuyoshi Yokoyama, Naokazu Jinushi		
	Director	Powertech Technology Inc. Legal Rep Director: Wilber Wu, Noty Lin	73,385,830	49.0%
	Supervisor	Michinari Kawano Yohan Lin	-	-
	President	Noty Lin	-	-
Powertech Technology Akita Inc.	Representative Director	Evan Tseng (Powertech Technology Japan Ltd)	0	0.00%
			(Powertech Technology Japan Ltd. 6,203 shares)	100%
	Director	DK Tsai	0	0.00%
	Supervisor	Yohan Lin	0	0.00%

## 6. Operations of Affiliated Companies

Unit: NT\$ Thousands

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Equity	Revenues	Operating Income	Net income (loss) (after tax)	Earnings Per Share (NT\$) (After tax) Note
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Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Equity	Revenues	Operating Income	Net income (loss) (after tax)	Earnings Per Share (NT\$) (After tax) Note
Powertech Holding (B.V.I.) Inc.	1,679,370	3,546,035	-	3,546,035	-	-	2,197,383	NA
PTI Technology (Singapore) Pte. Ltd.	1,567,485	3,508,609	-	3,508,609	-	-	2,150,579	NA
Lonforce (Suzhou) Ltd.	3,073,500	2,146,068	353,986	1,792,082	1,181,743	(94,420)	(63,669)	NA
Greatek Electronics Inc	5,688,459	24,474,903	2,944,737	21,530,166	13,570,076	2,306,625	1,997,124	3.51
Get-Team Tech Corp.	80,000	144,752	57,588	87,164	21,590	(14,823)	(13,486)	(1.6875)
Powertech Technology (Singapore) Pte. Ltd.	2,118,852	3,324,917	12,367	3,312,550	-	(416)	1,008,531	NA
Powertech Semiconductor (Xian) Pte. Ltd.	2,151,450	4,385,524	1,335,300	3,050,224	6,324,955	660,885	581,622	NA
Powertech Technology Japan Ltd.	23,263	3,610,389	1,162,713	2,447,676	-	9,000	441,186	NA
Powertech Technology Akita Inc.	114,963	170,383	3,286	167,097	-	(21,369)	(6,734)	NA
Tera Probe Inc.	2,569,206	7,944,844	1,111,186	6,873,258	2,079,691	257,371	908,166	99.83
TeraPower Technology Inc.	1,497,670	10,086,853	3,417,394	6,669,459	5,730,472	1,258,437	1,219,722	8.14

Note: No need to calculate EPS for limited companies

**Affiliated Companies Overview:**

REPRESENTATION LETTER

Mar 8, 2024

The entities that are required to be included in the combined financial statements of Powertech Technology Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Powertech Technology Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Sincerely,

Duh-Kung Tsai

Chairman  
Powertech Technology Inc.

Affiliated Companies Report: None.

**2. Private Placement Securities as of the Date of Annual Report Printing: None.**

**3. Status of PTI Common Shares and GDR Acquired, Disposed of, and Held by Subsidiaries in 2022 and as of the Publication Date of this Annual Report:**

Unit: NTD K; Shares; %

Name of Subsidiary	Capital Received	Source of Fund	% Holding by PTI	Date	Acquired Shares and Amount	Sold Shares and Amount	Investment Gain/Loss	As of Printing Date	
								Holding Shares	Amount
Greatek Electronic Inc.	5,688,459	Self Funding	42.91%	2017	1,800,000 shares NT\$158,719,000	-	-	11,800,000	1,092,544
				2018	400,000 shares NT\$33,130,000				
				2019	450,000 shares NT\$32,981,000				
				2020	3,520,000 shares NT\$309,641,000				
				2021	3,830,000 shares NT\$398,044,000				
				2022	1,800,000 shares NT\$160,028,000				
				2023	0 shares NT\$0				
				2024 as of Report date	0 shares NT\$0				

Note:

No creation of pledge by the above subsidiary.

PTI did not endorse and guarantee for the above subsidiary.

No fund lent by PTI to the above subsidiary.

**4. Other Necessary Supplement: None.**

**5. Any Events in 2023 and as of the Publication Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.**