

**Powertech Technology Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Powertech Technology Inc. and its subsidiaries (the "Corporation") as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed, as of and for the nine months ended September 30, 2021 and 2020, which represented total assets of 5.00% \$5,674,084 thousand and 6.87% \$7,460,515 thousand of the consolidated assets, respectively; and total liabilities of 5.05% \$2,637,323 thousand and 8.20% \$4,277,795 thousand of the consolidated liabilities, respectively. These statements also reflected these subsidiaries' comprehensive income of (1.48)% \$(47,802) thousand, (7.09)% \$(146,053) thousand, 2.85% \$229,716 thousand and (10.04)% \$(605,562) thousand of the consolidated comprehensive income for the three months ended September 30, 2021 and 2020 and nine months ended September 30, 2021 and 2020, respectively. These investment amounts, as well as related information disclosed in Note 31 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries.

Qualified Conclusion

Based on our reviews, except for the consolidated financial statements of subsidiaries as well as related information disclosed referred to in preceding paragraph, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries, if those consolidated financial statements had been reviewed and any adjustments were determined to be necessary, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of the Corporation as of September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yu-Feng Huang and Cheng Chih Lin.



Deloitte & Touche
Taipei, Taiwan
Republic of China

November 5, 2021

Notice to Readers

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

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

| ASSETS | September 30, 2021 (Reviewed) | | December 31, 2020 (Audited) | | September 30, 2020 (Reviewed) | | LIABILITIES AND EQUITY | September 30, 2021 (Reviewed) | | December 31, 2020 (Audited) | | September 30, 2020 (Reviewed) | |
|--|----------------------------------|------------|--------------------------------|------------|----------------------------------|------------|---|----------------------------------|------------|--------------------------------|------------|----------------------------------|------------|
| | Amount | % | Amount | % | Amount | % | | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | | CURRENT LIABILITIES | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 21,107,195 | 19 | \$ 21,019,812 | 19 | \$ 18,323,911 | 17 | Short-term bank loans (Note 17) | \$ 208,148 | - | \$ 196,982 | - | \$ 1,607,477 | 1 |
| Financial assets at fair value through profit or loss - current (Note 7) | 79,379 | - | 169,467 | - | 147,404 | - | Financial liabilities at fair value through profit or loss - current (Note 7) | 18,735 | - | 5,435 | - | 980 | - |
| Financial assets at amortized cost - current (Notes 9 and 28) | 425,298 | - | 463,275 | 1 | 515,850 | 1 | Contract liabilities - current (Note 21) | 149,211 | - | 56,676 | - | 54,192 | - |
| Contract assets - current (Notes 21 and 27) | 2,323,327 | 2 | 2,211,796 | 2 | 2,328,667 | 2 | Notes and accounts payable | 6,254,803 | 6 | 5,037,670 | 5 | 4,891,840 | 5 |
| Notes and accounts receivable (Notes 10 and 21) | 11,487,171 | 10 | 8,482,217 | 8 | 9,327,808 | 9 | Accounts payable to related parties (Note 27) | 166,641 | - | 134,111 | - | 124,451 | - |
| Receivables from related parties (Notes 21 and 27) | 6,572,245 | 6 | 6,284,453 | 6 | 5,719,606 | 5 | Bonus to employees and remuneration to directors (Note 22) | 1,934,043 | 2 | 1,002,684 | 1 | 862,701 | 1 |
| Other receivables | 380,665 | - | 362,733 | - | 475,301 | - | Payables to equipment suppliers | 2,667,027 | 2 | 1,651,834 | 1 | 2,044,712 | 2 |
| Other receivables from related parties (Note 27) | 48,018 | - | 48,854 | - | 140,682 | - | Other payables - related parties (Note 27) | 2,278 | - | - | - | 873 | - |
| Inventories (Note 11) | 5,731,422 | 5 | 4,974,736 | 5 | 5,194,450 | 5 | Current income tax liabilities (Notes 4 and 23) | 816,653 | 1 | 1,304,992 | 1 | 762,086 | 1 |
| Prepaid expenses | 537,059 | 1 | 151,852 | - | 247,150 | - | Lease liabilities - current (Note 14) | 66,514 | - | 106,102 | - | 139,042 | - |
| Other current assets (Note 16) | 534,133 | - | 421,398 | - | 547,937 | 1 | Accrued expenses and other current liabilities (Note 18) | 7,009,187 | 6 | 6,346,355 | 6 | 6,821,268 | 6 |
| | | | | | | | Current portion of long-term debts (Notes 17 and 28) | 165,555 | - | 1,022,165 | 1 | 1,059,879 | 1 |
| Total current assets | 49,225,912 | 43 | 44,590,593 | 41 | 42,968,766 | 40 | Total current liabilities | 19,458,795 | 17 | 16,865,006 | 15 | 18,369,501 | 17 |
| NON-CURRENT ASSETS | | | | | | | NON-CURRENT LIABILITIES | | | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Note 8) | 35,001 | - | 35,288 | - | 15,771 | - | Long-term debt (Notes 17 and 28) | 30,827,393 | 27 | 31,351,658 | 29 | 31,647,524 | 29 |
| Financial assets at amortized cost - noncurrent (Notes 9 and 28) | 537,885 | 1 | 893,025 | 1 | 942,256 | 1 | Deferred income tax liabilities (Notes 4 and 23) | 132,192 | - | 131,491 | - | 125,034 | - |
| Property, plant and equipment (Notes 13 and 28) | 60,899,876 | 54 | 60,111,194 | 55 | 61,436,290 | 56 | Lease liabilities - non-current (Note 14) | 1,382,115 | 1 | 1,430,937 | 1 | 1,449,289 | 2 |
| Right-of-use assets (Note 14) | 1,501,967 | 1 | 1,710,792 | 2 | 1,751,698 | 2 | Net defined benefit liability - noncurrent (Notes 4 and 19) | 386,359 | 1 | 401,784 | 1 | 356,450 | - |
| Intangible assets (Note 15) | 985,835 | 1 | 1,002,475 | 1 | 991,036 | 1 | Other noncurrent liabilities (Note 18) | 31,380 | - | 160,725 | - | 193,023 | - |
| Deferred income tax assets (Notes 4 and 23) | 126,147 | - | 305,185 | - | 326,438 | - | Total non-current liabilities | 32,759,439 | 29 | 33,476,595 | 31 | 33,771,320 | 31 |
| Other noncurrent assets (Note 16) | 122,908 | - | 97,688 | - | 108,461 | - | Total liabilities | 52,218,234 | 46 | 50,341,601 | 46 | 52,140,821 | 48 |
| Total non-current assets | 64,209,619 | 57 | 64,155,647 | 59 | 65,571,950 | 60 | EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20) | | | | | | |
| | | | | | | | Capital stock | | | | | | |
| | | | | | | | Common stock | 7,791,466 | 7 | 7,791,466 | 7 | 7,791,466 | 7 |
| | | | | | | | Capital surplus | 270,739 | - | 231,294 | - | 231,227 | - |
| | | | | | | | Retained earnings | | | | | | |
| | | | | | | | Legal reserve | 8,290,517 | 7 | 7,628,495 | 7 | 7,628,495 | 7 |
| | | | | | | | Special reserve | 366,982 | - | 324,741 | - | 324,741 | - |
| | | | | | | | Unappropriated earnings | 32,410,386 | 29 | 30,608,443 | 28 | 28,989,246 | 27 |
| | | | | | | | Total retained earnings | 41,067,885 | 36 | 38,561,679 | 35 | 36,942,482 | 34 |
| | | | | | | | Other equity | (638,385) | (1) | (366,982) | - | (398,581) | - |
| | | | | | | | Treasury stock | (400,134) | - | (229,334) | - | (223,182) | - |
| | | | | | | | Total equity attributable to shareholders of the Parent | 48,091,571 | 42 | 45,988,123 | 42 | 44,343,412 | 41 |
| | | | | | | | NON-CONTROLLING INTERESTS (Notes 12 and 20) | | | | | | |
| | | | | | | | | 13,125,726 | 12 | 12,416,516 | 12 | 12,056,483 | 11 |
| | | | | | | | Total equity | 61,217,297 | 54 | 58,404,639 | 54 | 56,399,895 | 52 |
| TOTAL | \$ 113,435,531 | 100 | \$ 108,746,240 | 100 | \$ 108,540,716 | 100 | TOTAL | \$ 113,435,531 | 100 | \$ 108,746,240 | 100 | \$ 108,540,716 | 100 |

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

(With Deloitte & Touche review report dated November 5, 2021)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|---|---|-----------|-------------------|------------|--|-----------|-------------------|-----------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| NET SALES (Notes 21 and 27) | \$ 22,320,480 | 100 | \$ 18,935,701 | 100 | \$ 61,370,567 | 100 | \$ 57,157,505 | 100 |
| OPERATING COSTS (Notes 11, 22 and 27) | <u>17,001,182</u> | <u>76</u> | <u>15,266,825</u> | <u>81</u> | <u>47,330,442</u> | <u>77</u> | <u>45,993,487</u> | <u>80</u> |
| GROSS PROFIT | <u>5,319,298</u> | <u>24</u> | <u>3,668,876</u> | <u>19</u> | <u>14,040,125</u> | <u>23</u> | <u>11,164,018</u> | <u>20</u> |
| OPERATING EXPENSES (Notes 22 and 27) | | | | | | | | |
| Marketing | 98,159 | - | 83,488 | - | 279,725 | - | 266,038 | 1 |
| General and administrative | 573,025 | 3 | 447,262 | 2 | 1,459,512 | 2 | 1,284,864 | 2 |
| Research and development | 547,769 | 2 | 510,237 | 3 | 1,739,886 | 3 | 1,653,441 | 3 |
| Expected credit (gain) loss (Note 10) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(51,037)</u> | <u>-</u> | <u>10,722</u> | <u>-</u> |
| Total operating expenses | <u>1,218,953</u> | <u>5</u> | <u>1,040,987</u> | <u>5</u> | <u>3,428,086</u> | <u>5</u> | <u>3,215,065</u> | <u>6</u> |
| OPERATING INCOME | <u>4,100,345</u> | <u>19</u> | <u>2,627,889</u> | <u>14</u> | <u>10,612,039</u> | <u>18</u> | <u>7,948,953</u> | <u>14</u> |
| NONOPERATING INCOME AND EXPENSES | | | | | | | | |
| Interest income (Note 22) | 10,252 | - | 10,658 | - | 34,133 | - | 54,354 | - |
| Other gains and losses (Notes 22 and 27) | 62,457 | - | 196,379 | 1 | 383,835 | - | 204,181 | - |
| Other income (Note 22) | 20,778 | - | 21,676 | - | 67,444 | - | 69,011 | - |
| Financial costs (Note 22) | (54,348) | - | (64,380) | - | (171,977) | - | (211,183) | - |
| Foreign exchange gains and (losses), net (Notes 22 and 30) | <u>29,438</u> | <u>-</u> | <u>(205,395)</u> | <u>(1)</u> | <u>(224,911)</u> | <u>-</u> | <u>(260,741)</u> | <u>-</u> |
| Total nonoperating income and expenses | <u>68,577</u> | <u>-</u> | <u>(41,062)</u> | <u>-</u> | <u>88,524</u> | <u>-</u> | <u>(144,378)</u> | <u>-</u> |
| INCOME BEFORE INCOME TAX | 4,168,922 | 19 | 2,586,827 | 14 | 10,700,563 | 18 | 7,804,575 | 14 |
| INCOME TAX EXPENSE (Notes 4 and 23) | <u>857,483</u> | <u>4</u> | <u>545,186</u> | <u>3</u> | <u>2,203,382</u> | <u>4</u> | <u>1,679,882</u> | <u>3</u> |
| NET INCOME | <u>3,311,439</u> | <u>15</u> | <u>2,041,641</u> | <u>11</u> | <u>8,497,181</u> | <u>14</u> | <u>6,124,693</u> | <u>11</u> |
| OTHER COMPREHENSIVE INCOME (Note 20) | | | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | | |
| Unrealized gain (loss) on investment in equity instruments designated as at fair value through other comprehensive income | (335) | - | 828 | - | (287) | - | (10,322) | - |

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|--|---|-----|--------------|----|--|-----|--------------|----|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | | |
| Exchange differences on translating foreign operations | \$ (91,737) | (1) | \$ 16,651 | - | \$ (423,082) | (1) | \$ (85,351) | - |
| Total other comprehensive income (loss) | (92,072) | (1) | 17,479 | - | (423,369) | (1) | (95,673) | - |
| TOTAL COMPREHENSIVE INCOME | \$ 3,219,367 | 14 | \$ 2,059,120 | 11 | \$ 8,073,812 | 13 | \$ 6,029,020 | 11 |
| NET INCOME | | | | | | | | |
| ATTRIBUTABLE TO | | | | | | | | |
| Shareholders of the Parent | \$ 2,470,652 | 11 | \$ 1,621,804 | 9 | \$ 6,401,939 | 11 | \$ 5,001,024 | 9 |
| Non-controlling interests | 840,787 | 4 | 419,837 | 2 | 2,095,242 | 3 | 1,123,669 | 2 |
| | \$ 3,311,439 | 15 | \$ 2,041,641 | 11 | \$ 8,497,181 | 14 | \$ 6,124,693 | 11 |
| TOTAL COMPREHENSIVE INCOME | | | | | | | | |
| ATTRIBUTABLE TO | | | | | | | | |
| Shareholders of the Parent | \$ 2,445,958 | 11 | \$ 1,636,439 | 9 | \$ 6,130,536 | 10 | \$ 4,927,184 | 9 |
| Non-controlling interests | 773,409 | 3 | 422,681 | 2 | 1,943,276 | 3 | 1,101,836 | 2 |
| | \$ 3,219,367 | 14 | \$ 2,059,120 | 11 | \$ 8,073,812 | 13 | \$ 6,029,020 | 11 |
| EARNINGS PER SHARE | | | | | | | | |
| (Note 24) | | | | | | | | |
| Basic | \$ 3.20 | | \$ 2.10 | | \$ 8.29 | | \$ 6.46 | |
| Diluted | \$ 3.19 | | \$ 2.08 | | \$ 8.24 | | \$ 6.41 | |

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

(With Deloitte & Touche review report dated November 5, 2021)

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POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

| | Equity Attributable to Shareholders of the Corporation | | | | | | | | | | | |
|--|--|--------------|-----------------|-------------------|-----------------|-------------------------|--|---|----------------|---------------|---------------------------|---------------|
| | Share Capital Issued and Outstanding | | Capital Surplus | Retained Earnings | | | Other Equity | | Treasury Share | Total | Non-controlling Interests | Total Equity |
| | Share (In Thousands) | Amount | | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Investments in Equity Instruments Designated Through Other Comprehensive Income | | | | |
| BALANCE, JANUARY 1, 2020 | 779,147 | \$ 7,791,466 | \$ 209,852 | \$ 7,045,884 | \$ 195,070 | \$ 28,206,664 | \$ (299,686) | \$ (25,055) | \$ (96,467) | \$ 43,027,728 | \$ 11,870,235 | \$ 54,897,963 |
| Appropriation of 2019 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | - | 582,611 | - | (582,611) | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 129,671 | (129,671) | - | - | - | - | - | - |
| Cash dividends distributed by the Corporation | - | - | - | - | - | (3,506,160) | - | - | - | (3,506,160) | - | (3,506,160) |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | (746,998) | (746,998) |
| Net income for the nine months ended September 30, 2020 | - | - | - | - | - | 5,001,024 | - | - | - | 5,001,024 | 1,123,669 | 6,124,693 |
| Other comprehensive income for the nine months ended September 30, 2020 | - | - | - | - | - | - | (63,518) | (10,322) | - | (73,840) | (21,833) | (95,673) |
| Total comprehensive income for the nine months ended September 30, 2020 | - | - | - | - | - | 5,001,024 | (63,518) | (10,322) | - | 4,927,184 | 1,101,836 | 6,029,020 |
| The Corporation's share held by its subsidiary treated as treasury share | - | - | - | - | - | - | - | - | (126,715) | (126,715) | (168,590) | (295,305) |
| Adjustment of capital surplus due to dividends distributed to subsidiaries | - | - | 21,375 | - | - | - | - | - | - | 21,375 | - | 21,375 |
| BALANCE, SEPTEMBER 30, 2020 | 779,147 | \$ 7,791,466 | \$ 231,227 | \$ 7,628,495 | \$ 324,741 | \$ 28,989,246 | \$ (363,204) | \$ (35,377) | \$ (223,182) | \$ 44,343,412 | \$ 12,056,483 | \$ 56,399,895 |
| BALANCE, JANUARY 1, 2021 | 779,147 | \$ 7,791,466 | \$ 231,294 | \$ 7,628,495 | \$ 324,741 | \$ 30,608,443 | \$ (352,472) | \$ (14,510) | \$ (229,334) | \$ 45,988,123 | \$ 12,416,516 | \$ 58,404,639 |
| Appropriation of 2020 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | - | 662,022 | - | (662,022) | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 42,241 | (42,241) | - | - | - | - | - | - |
| Cash dividends distributed by the Corporation | - | - | - | - | - | (3,895,733) | - | - | - | (3,895,733) | - | (3,895,733) |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | (1,006,823) | (1,006,823) |
| Net income for the nine months ended September 30, 2021 | - | - | - | - | - | 6,401,939 | - | - | - | 6,401,939 | 2,095,242 | 8,497,181 |
| Other comprehensive income for the nine months ended September 30, 2021 | - | - | - | - | - | - | (271,116) | (287) | - | (271,403) | (151,966) | (423,369) |
| Total comprehensive income for the nine months ended September 30, 2021 | - | - | - | - | - | 6,401,939 | (271,116) | (287) | - | 6,130,536 | 1,943,276 | 8,073,812 |
| The Corporation's share held by its subsidiary treated as treasury share | - | - | - | - | - | - | - | - | (170,800) | (170,800) | (227,243) | (398,043) |
| Adjustment of capital surplus due to dividends distributed to subsidiaries | - | - | 39,445 | - | - | - | - | - | - | 39,445 | - | 39,445 |
| BALANCE, SEPTEMBER 30, 2021 | 779,147 | \$ 7,791,466 | \$ 270,739 | \$ 8,290,517 | \$ 366,982 | \$ 32,410,386 | \$ (623,588) | \$ (14,797) | \$ (400,134) | \$ 48,091,571 | \$ 13,125,726 | \$ 61,217,297 |

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

(With Deloitte & Touche review report dated November 5, 2021)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | Nine Months Ended September 30 | |
|--|---------------------------------------|-------------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Current income before income tax | \$ 10,700,563 | \$ 7,804,575 |
| Adjustments for: | | |
| Depreciation | 10,379,285 | 10,098,976 |
| Amortization | 30,217 | 78,585 |
| Expected credit (gain) loss recognized on accounts receivable | (51,037) | 10,722 |
| Net gain on fair value change of financial assets designated as at fair value through profit | (2,776) | (26,908) |
| Financial costs | 171,977 | 211,183 |
| Premium amortization of financial assets at amortized cost | - | 389 |
| Interest revenue | (34,133) | (54,354) |
| Gain on disposal of property, plant and equipment | (400,152) | (247,856) |
| Loss on disposal of intangible assets | - | 2,595 |
| Property, plant and equipment transfer to expenses | 13,487 | 2,362 |
| Loss of foreign currency exchange, net | 85,665 | 288,935 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss | 92,864 | (49,289) |
| Increase in contract assets | (111,531) | (158,211) |
| (Increase) decrease in notes and accounts receivable | (2,931,262) | 107,541 |
| Increase in accounts receivable from related parties | (271,652) | (1,527,615) |
| Increase in other receivables | (26,272) | (175,317) |
| Decrease (increase) in other receivables from related parties | 856 | (141,294) |
| Increase in inventories | (756,686) | (1,315,425) |
| Increase in prepayments | (385,207) | (20,068) |
| (Increase) decrease other current assets | (112,735) | 6,853 |
| Increase (decrease) in financial liabilities held for trading | 13,300 | (2,973) |
| Increase (decrease) in contract liabilities | 92,535 | (8,266) |
| Increase (decrease) in notes and accounts payable | 1,217,885 | (855,282) |
| Increase in accounts payable to related parties | 32,480 | 5,566 |
| Increase in bonus to employees and remuneration of directors | 931,359 | 70,580 |
| Increase (decrease) in other payables to related parties | 2,278 | (16,574) |
| Increase (decrease) in accrued expenses and other current liabilities | 667,998 | (189,729) |
| Decrease in net defined benefit liabilities | (15,425) | (39,335) |
| Decrease in other payables | (129,344) | (138,121) |
| Cash generated from operations | 19,204,537 | 13,722,245 |
| Interest received | 33,968 | 57,215 |
| Interest paid | (226,912) | (270,923) |
| Income tax paid | (2,511,982) | (1,627,664) |
| Net cash generated from operating activities | <u>16,499,611</u> | <u>11,880,873</u> |

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POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | Nine Months Ended September 30 | |
|---|---------------------------------------|-----------------------------|
| | 2021 | 2020 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at amortized cost | \$ (50,881) | \$ (5,038) |
| Proceeds from sale of financial assets at amortized cost | 411,484 | 590,855 |
| Acquisition of property, plant and equipment | (10,821,060) | (14,929,701) |
| Disposal of property, plant and equipment | 1,060,931 | 359,479 |
| (Increase) decrease in refundable deposits | (10,416) | 10,788 |
| Increase in intangible assets | (18,110) | (8,245) |
| (Increase) decrease in prepayments for equipment | <u>(14,693)</u> | <u>7,075</u> |
| Net cash used in investing activities | <u>(9,442,745)</u> | <u>(13,974,787)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term bank loans | 11,166 | 429,132 |
| Increase in long-term debts | 16,485,494 | 10,407,863 |
| Decrease in long-term debts | (17,837,496) | (7,334,112) |
| Decrease in guarantee deposits | (1) | (4) |
| Repayment of the principal portion of lease liabilities | (86,463) | (169,314) |
| Dividends paid to shareholders of the Corporation | (3,856,288) | (3,484,785) |
| Payment for buy-back of treasury share | (398,043) | (295,305) |
| Dividends paid to non-controlling interests | <u>(1,006,823)</u> | <u>(746,998)</u> |
| Net cash used in financing activities | <u>(6,688,454)</u> | <u>(1,193,523)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | | |
| | <u>(281,029)</u> | <u>(188,700)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 87,383 | (3,476,137) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | <u>21,019,812</u> | <u>21,800,048</u> |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u>\$ 21,107,195</u> | <u>\$ 18,323,911</u> |

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

(With Deloitte & Touche review report dated November 5, 2021)

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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") since 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 Depository 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 share is listed on the Taiwan Share Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on November 5, 2021.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation's accounting policies.

- b. The IFRSs endorsed by the FSC for application issued starting from 2022

| <u>New IFRSs</u> | <u>Effective Date Announced by International Accounting Standards Board (IASB)</u> |
|---|--|
| "Annual Improvements to IFRS Standards 2018–2020" | January 1, 2022 (Note 1) |
| Amendments to IFRS 3 "Reference to the Conceptual Framework" | January 1, 2022 (Note 2) |
| Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use" | January 1, 2022 (Note 3) |
| Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract" | January 1, 2022 (Note 4) |

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated 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.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|---|
| 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 IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2023 |
| Amendments to IAS 1 “Disclosure of Accounting Policies” | January 1, 2023 (Note 2) |
| Amendments to IAS 8 “Definition of Accounting Estimates” | January 1, 2023 (Note 3) |
| Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” | January 1, 2023 (Note 4) |

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: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated 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 SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of 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 date of acquisition up to the effective date of disposal, 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 interest 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 31k for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Corporation considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

The critical accounting judgments and key sources of estimation uncertainty followed in these consolidated financial statements refer to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|------------------------------|------------------------------|--------------------------|
| Checking accounts and demand deposits | \$ 21,106,993 | \$ 21,019,281 | \$ 18,146,413 |
| Cash on hand | 202 | 531 | 498 |
| Cash equivalents | | | |
| Repurchase agreements collateralized by bonds | <u> -</u> | <u> -</u> | <u> 177,000</u> |
| | <u>\$ 21,107,195</u> | <u>\$ 21,019,812</u> | <u>\$ 18,323,911</u> |

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

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------|----------------------|-----------------------|
| Bank deposits | 0%-2.03% | 0%-2.30% | 0%-2.30% |
| Repurchase agreements collateralized by bonds | - | - | 0.42% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------|----------------------|-----------------------|
| <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 | \$ 8,729 | \$ 43,567 | \$ 36,004 |
| Non-derivative financial assets | | | |
| Mutual funds | <u>70,650</u> | <u>125,900</u> | <u>111,400</u> |
| | <u>\$ 79,379</u> | <u>\$ 169,467</u> | <u>\$ 147,404</u> |
| <u>Financial liabilities at FVTPL - current</u> | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities (not under hedge accounting) | | | |
| Foreign exchange forward contracts | <u>\$ 18,735</u> | <u>\$ 5,435</u> | <u>\$ 980</u> |

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

| | Currency | Maturity Date | Contract Amounts (In Thousands) |
|---------------------------------|------------|-----------------------|---------------------------------------|
| <u>September 30, 2021</u> | | | |
| Sell forward exchange contracts | USD to NTD | 2021.10.01-2021.12.30 | USD 144,320 |
| | USD to JPY | 2021.10.08-2022.01.25 | USD 29,501 |
| | USD to CNY | 2021.10.15-2021.12.15 | USD 9,258 |
| <u>December 31, 2020</u> | | | |
| Sell forward exchange contracts | USD to NTD | 2021.01.04-2021.03.31 | USD 149,637 |
| | USD to JPY | 2021.01.08-2021.04.19 | USD 9,052 |
| | USD to CNY | 2021.01.14-2021.03.22 | USD 7,417 |
| <u>September 30, 2020</u> | | | |
| Sell forward exchange contracts | USD to NTD | 2020.10.05-2021.01.04 | USD 126,863 |
| | USD to JPY | 2020.10.05-2021.01.15 | USD 17,184 |
| | USD to CNY | 2020.10.12 | USD 8,526 |

The Corporation entered into foreign exchange forward contracts to manage exposures due 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 by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-----------------------|----------------------|-----------------------|
| <u>Non-current</u> | | | |
| Domestic investments | | | |
| Listed shares | | | |
| Ordinary shares - Solid State System Co., Ltd. | \$ 35,001 | \$ 35,288 | \$ 15,771 |

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

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-----------------------|----------------------|-----------------------|
| <u>Current</u> | | | |
| Domestic investments | | | |
| Corporate bonds - P06 Taiwan Power Company 1A Bond | \$ 300,000 | \$ - | \$ - |
| Corporate bonds - P06 FPC 1A Bond | 50,000 | 50,000 | 50,000 |
| Corporate bonds - P06 Taiwan Power Company 3A Bond | 50,000 | 50,000 | - |
| Corporate bonds - P07 Taiwan Power Company 1A Bond | - | 200,000 | 200,000 |
| Corporate bonds - P04 FENC 4 Bond | - | - | 100,000 |
| Time deposits with original maturities of more than 3 months | - | 7,982 | 8,155 |
| Pledged time deposits | 25,298 | 26,200 | 25,803 |
| Restricted deposit | - | 129,093 | 131,892 |
| | <u>\$ 425,298</u> | <u>\$ 463,275</u> | <u>\$ 515,850</u> |
| <u>Non-current</u> | | | |
| Domestic investments | | | |
| Corporate bonds - P08 Taiwan Power Company 3A Bond | \$ 100,001 | \$ 100,001 | \$ 100,001 |
| Corporate bonds - P06 Taiwan Power Company 3A Bond | 50,000 | 50,000 | 100,000 |
| Corporate bonds - P06 Taiwan Power Company 1A Bond | - | 300,000 | 300,001 |
| Corporate bonds - P06 FPC 1A Bond | - | 50,000 | 50,000 |
| Time deposits with original maturities of more than 3 months | 274,010 | 304,150 | 303,380 |
| Pledged time deposits | 113,874 | 88,874 | 88,874 |
| | <u>\$ 537,885</u> | <u>\$ 893,025</u> | <u>\$ 942,256</u> |

On November 16, 2015, the Corporation bought corporate bonds issued by Far Eastern New Century Corporation, which have an effective interest rate of 1.25%; a premium value of \$100,001 thousand (par value \$100,000 thousand); and maturity date on November 16, 2020.

On April 21, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 1.13% at premium value \$300,002 thousand (par value \$300,000 thousand), and a maturity date of April 21, 2022.

On May 19, 2017, the Corporation bought corporate bonds issued by Formosa Plastics Corporation with an effective interest rate of 1.09% at par value \$100,000 thousand, and maturity dates of May 19, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On December 15, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.88% at par value \$100,000 thousand, and maturity dates of December 15, 2021 and 2022, at par value of \$50,000 thousand, respectively.

On May 14, 2018, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.70% at premium value \$200,001 thousand (par value \$200,000 thousand), and a maturity date of May 14, 2021.

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 \$100,000 thousand, and maturity dates of September 12, 2023 and 2024, at par value of \$50,000 thousand, respectively.

The ranges of interest rates for time deposits with original maturities of more than 6 months were approximately 0.001%-0.002%, 0.001%-0.46% and 0.001%-0.46% per annum as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

Refer to Note 26 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-------------------------------------|-----------------------|----------------------|-----------------------|
| <u>Notes receivable</u> | | | |
| Notes receivable - operating | \$ 174,029 | \$ 119,529 | \$ 106,564 |
| <u>Accounts receivable</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | 11,377,912 | 8,393,214 | 9,291,447 |
| Less: Allowance for impairment loss | <u>(64,770)</u> | <u>(30,526)</u> | <u>(70,203)</u> |
| | <u>11,313,142</u> | <u>8,362,688</u> | <u>9,221,244</u> |
| | <u>\$ 11,487,171</u> | <u>\$ 8,482,217</u> | <u>\$ 9,327,808</u> |

At amortized cost

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.

September 30, 2021

| | Not Past Due | Less than 60 Days | 61 to 90 Days | 91 to 120 Days | Over 120 Days | Total |
|--------------------------------|---------------------|------------------------------|--------------------------|---------------------------|--------------------------|---------------------|
| Gross carrying amount | \$11,350,996 | \$ 22,263 | \$ 2,678 | \$ 1,793 | \$ 182 | \$11,377,912 |
| Loss allowance (Lifetime ECLs) | <u>(37,854)</u> | <u>(22,263)</u> | <u>(2,678)</u> | <u>(1,793)</u> | <u>(182)</u> | <u>(64,770)</u> |
| Amortized cost | <u>\$11,313,142</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$11,313,142</u> |

December 31, 2020

| | Not Past Due | Less than 60 Days | 61 to 90 Days | 91 to 120 Days | Over 120 Days | Total |
|--------------------------------|---------------------|------------------------------|--------------------------|---------------------------|--------------------------|---------------------|
| Gross carrying amount | \$ 8,333,131 | \$ 47,206 | \$ 7,167 | \$ 4,657 | \$ 1,053 | \$ 8,393,214 |
| Loss allowance (Lifetime ECLs) | <u>(8,462)</u> | <u>(14,602)</u> | <u>(4,499)</u> | <u>(2,941)</u> | <u>(22)</u> | <u>(30,526)</u> |
| Amortized cost | <u>\$ 8,324,669</u> | <u>\$ 32,604</u> | <u>\$ 2,668</u> | <u>\$ 1,716</u> | <u>\$ 1,031</u> | <u>\$ 8,362,688</u> |

September 30, 2020

| | Not Past Due | Less than 60 Days | 61 to 90 Days | 91 to 120 Days | Over 120 Days | Total |
|--------------------------------|---------------------|------------------------------|--------------------------|---------------------------|--------------------------|---------------------|
| Gross carrying amount | \$ 9,136,904 | \$ 35,103 | \$ 5,794 | \$ 2,790 | \$ 110,856 | \$ 9,291,447 |
| Loss allowance (Lifetime ECLs) | <u>(3,796)</u> | <u>(7,831)</u> | <u>(2,663)</u> | <u>(1,929)</u> | <u>(53,984)</u> | <u>(70,203)</u> |
| Amortized cost | <u>\$ 9,133,108</u> | <u>\$ 27,272</u> | <u>\$ 3,131</u> | <u>\$ 861</u> | <u>\$ 56,872</u> | <u>\$ 9,221,244</u> |

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

| | For the Nine Months Ended September 30 | |
|---|---|------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ 30,526 | \$ 59,481 |
| Add: Impairment loss | - | 10,722 |
| Add: Amounts recovered | 85,281 | - |
| Less: Net remeasurement of loss allowance | <u>(51,037)</u> | <u>-</u> |
| Balance at September 30 | <u>\$ 64,770</u> | <u>\$ 70,203</u> |

11. INVENTORIES

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---------------|-------------------------------|------------------------------|-------------------------------|
| Raw materials | \$ 5,171,497 | \$ 4,445,489 | \$ 4,675,393 |
| Supplies | <u>559,925</u> | <u>529,247</u> | <u>519,057</u> |
| | <u>\$ 5,731,422</u> | <u>\$ 4,974,736</u> | <u>\$ 5,194,450</u> |

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

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------------------|--|----------------------|---|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Cost of inventories sold | <u>\$ 17,001,182</u> | <u>\$ 15,266,825</u> | <u>\$ 47,330,442</u> | <u>\$ 45,993,487</u> |
| (Reversal) write-downs of inventories | <u>\$ (2,533)</u> | <u>\$ 51,280</u> | <u>\$ 57,713</u> | <u>\$ 74,160</u> |
| Unallocated production overhead | <u>\$ 836,142</u> | <u>\$ 951,072</u> | <u>\$ 2,471,925</u> | <u>\$ 2,730,545</u> |
| Sales of scrap | <u>\$ 46,697</u> | <u>\$ 39,308</u> | <u>\$ 132,645</u> | <u>\$ 114,955</u> |

12. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

| Investor | Investee | Main Business | Proportion of Ownership (%) | | | Remark |
|---------------------------|--|---|------------------------------------|------------------------------|-------------------------------|---------------|
| | | | September 30, 2021 | December 31, 2020 | September 30, 2020 | |
| Powertech Technology Inc. | POWERTECH HOLDING (BVI) INC. | Investment business | 100 | 100 | 100 | Note 2 |
| | Greatek Electronics Inc. ("GEL") | Semiconductor assembly and testing service | 43 | 43 | 43 | Notes 1 and 3 |
| | Powertech Technology (Singapore) Pte. Ltd. | Investment business | 100 | 100 | 100 | Notes 2 and 4 |
| | Powertech Technology (Xian) Ltd. | Semiconductor testing design, manufacturing, sales business and assembly services | 36 | 36 | 36 | - |
| | Powertech Technology (Suzhou) Ltd. | Semiconductor testing design, manufacturing, sales business and assembly services | 9 | 9 | 9 | - |
| | Powertech Technology Japan Ltd. | Investment business | 100 | 100 | 100 | Note 2 |
| | Tera Probe, Inc. | Wafer probing test services | 12 | 12 | 12 | Notes 2 and 3 |
| | TeraPower Technology Inc. | Wafer probing test services | 49 | 49 | 49 | - |

(Continued)

| Investor | Investee | Main Business | Proportion of Ownership (%) | | | Remark |
|--|--------------------------------------|---|-----------------------------|-------------------|--------------------|---------------|
| | | | September 30, 2021 | December 31, 2020 | September 30, 2020 | |
| POWERTECH HOLDING (BVI) INC. | PTI TECHNOLOGY (SINGAPORE) PTE. LTD. | Investment business | 100 | 100 | 100 | Note 2 |
| PTI TECHNOLOGY (SINGAPORE) PTE. LTD. | Powertech Technology (Suzhou) Ltd. | Semiconductor testing design, manufacturing, sales business and assembly services | 72 | 72 | 72 | - |
| Powertech Technology (Singapore) Pte. Ltd. | Powertech Technology (Xian) Ltd. | Semiconductor testing design, manufacturing, sales business and assembly services | 64 | 64 | 64 | - |
| | Powertech Technology (Suzhou) Ltd. | Semiconductor testing design, manufacturing, sales business and assembly services | 19 | 19 | 19 | - |
| Powertech Technology Japan Ltd. | Tera Probe, Inc. | Wafer probing test services | 49 | 49 | 49 | Notes 2 and 3 |
| | Powertech Technology Akita Inc. | Semiconductor assembly and testing service | 100 | 100 | 100 | Notes 2 and 4 |
| Tera Probe, Inc. | TeraPower Technology Inc. | Wafer probing test services | 51 | 51 | 51 | - |
| | Tera Probe Aizu, Inc. | Wafer probing test services | 100 | 100 | 100 | Note 2 |

(Concluded)

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: It is a non-significant subsidiary, its financial statements for nine months ended September 30, 2021 and 2020 have not been reviewed.

Note 3: Subsidiaries that have material non-controlling interests.

Note 4: Due to the adjustment of operating requirements, the Corporation ceased the operation of Powertech Technology Akita Inc. and scaled down the operation of Powertech Technology (Singapore) Pte. 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 | | |
|--------------------------|--------------------------------|---|-------------------|--------------------|
| | | September 30, 2021 | December 31, 2020 | September 30, 2020 |
| Greatek Electronics Inc. | Zhunan Township, Miaoli County | 57% | 57% | 57% |
| Tera Probe, Inc. | Japan | 39% | 39% | 39% |

| Name of Subsidiary | Profit or Loss Allocated to Non-controlling Interests | | | | Accumulated Non-controlling Interests | | |
|--------------------------|---|------------|--|--------------|---------------------------------------|-------------------|--------------------|
| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | | September 30, 2021 | December 31, 2020 | September 30, 2020 |
| | 2021 | 2020 | 2021 | 2020 | | | |
| Greatek Electronics Inc. | \$ 777,099 | \$ 404,211 | \$ 1,953,936 | \$ 1,080,198 | \$ 10,767,299 | \$ 10,047,430 | \$ 9,650,480 |
| Tera Probe, Inc. | \$ 63,688 | \$ 15,626 | \$ 141,306 | \$ 43,471 | \$ 2,358,427 | \$ 2,369,086 | \$ 2,406,003 |

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.

| | September 30, 2021 | December 31, 2020 | September 30, 2020 | |
|--|--|---|-------------------------------|---------------------|
| Current assets | \$ 9,899,521 | \$ 9,444,467 | \$ 8,612,947 | |
| Non-current assets | 14,404,298 | 12,087,657 | 11,737,589 | |
| Current liabilities | (4,311,816) | (3,262,656) | (2,878,334) | |
| Non-current liabilities | <u>(265,427)</u> | <u>(272,749)</u> | <u>(247,834)</u> | |
| Equity | <u>\$ 19,726,576</u> | <u>\$ 17,996,719</u> | <u>\$ 17,224,368</u> | |
| Equity attributable to: | | | | |
| Owners of the Parent | \$ 8,463,723 | \$ 7,722,605 | \$ 7,390,146 | |
| Non-controlling interests | <u>11,262,853</u> | <u>10,274,114</u> | <u>9,834,222</u> | |
| | <u>\$ 19,726,576</u> | <u>\$ 17,996,719</u> | <u>\$ 17,224,368</u> | |
| | For the Three Months Ended September 30 | For the Nine Months Ended September 30 | | |
| | 2021 | 2020 | 2021 | |
| | 2020 | 2021 | 2020 | |
| Operating revenue | <u>\$ 5,327,044</u> | <u>\$ 3,780,032</u> | <u>\$14,356,240</u> | <u>\$10,641,584</u> |
| Net income for the period | \$ 1,364,264 | \$ 717,338 | \$ 3,431,856 | \$ 1,920,059 |
| Other comprehensive income for the period | <u>(29,346)</u> | <u>(100,455)</u> | <u>61,423</u> | <u>(41,975)</u> |
| Total comprehensive income for the period | <u>\$ 1,334,918</u> | <u>\$ 616,883</u> | <u>\$ 3,493,279</u> | <u>\$ 1,878,084</u> |
| Net income attributable to: | | | | |
| Owners of the Parent | \$ 585,341 | \$ 307,776 | \$ 1,472,444 | \$ 823,805 |
| Non-controlling interests | <u>778,923</u> | <u>409,562</u> | <u>1,959,412</u> | <u>1,096,254</u> |
| | <u>\$ 1,364,264</u> | <u>\$ 717,338</u> | <u>\$ 3,431,856</u> | <u>\$ 1,920,059</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the Parent | \$ 572,751 | \$ 264,676 | \$ 1,498,799 | \$ 805,796 |
| Non-controlling interests | <u>762,167</u> | <u>352,207</u> | <u>1,994,480</u> | <u>1,072,288</u> |
| | <u>\$ 1,334,918</u> | <u>\$ 616,883</u> | <u>\$ 3,493,279</u> | <u>\$ 1,878,084</u> |
| Net cash inflow (outflow) from: | | | | |
| Operating activities | \$ 1,861,536 | \$ 1,233,580 | \$ 5,221,367 | \$ 3,515,140 |
| Investing activities | (1,843,950) | (935,644) | (4,472,206) | (2,618,188) |
| financing activities | <u>(1,763,730)</u> | <u>(1,308,649)</u> | <u>(1,764,342)</u> | <u>(1,309,250)</u> |
| Net cash outflow | <u>\$(1,746,144)</u> | <u>\$(1,010,713)</u> | <u>\$(1,015,181)</u> | <u>\$ (412,298)</u> |

Tera Probe, Inc.

| | September 30, 2021 | December 31, 2020 | September 30, 2020 | |
|---|--|------------------------------|---|---------------------|
| Current assets | \$ 2,494,138 | \$ 2,768,527 | \$ 2,743,554 | |
| Non-current assets | 4,306,945 | 4,317,275 | 4,426,885 | |
| Current liabilities | (753,528) | (817,436) | (772,023) | |
| Non-current liabilities | <u>(392,297)</u> | <u>(565,964)</u> | <u>(620,476)</u> | |
| Equity | <u>\$ 5,655,258</u> | <u>\$ 5,702,402</u> | <u>\$ 5,777,940</u> | |
| Equity attributable to: | | | | |
| Owners of the Parent | \$ 3,429,914 | \$ 3,458,507 | \$ 3,504,321 | |
| Non-controlling interests | <u>2,225,344</u> | <u>2,243,895</u> | <u>2,273,619</u> | |
| | <u>\$ 5,655,258</u> | <u>\$ 5,702,402</u> | <u>\$ 5,777,940</u> | |
| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
| | 2021 | 2020 | 2021 | 2020 |
| Operating revenue for the period | <u>\$ 416,668</u> | <u>\$ 318,612</u> | <u>\$ 1,180,110</u> | <u>\$ 1,078,546</u> |
| Net income | \$ 142,576 | \$ 20,442 | \$ 301,285 | \$ 52,667 |
| Other comprehensive income for the period | <u>27,599</u> | <u>(3,840)</u> | <u>226,384</u> | <u>19,948</u> |
| Total comprehensive income for the period | <u>\$ 170,175</u> | <u>\$ 16,602</u> | <u>\$ 527,669</u> | <u>\$ 72,615</u> |
| Net income (loss) attributable to: | | | | |
| Owners of the Parent | \$ 86,470 | \$ 12,398 | \$ 182,725 | \$ 31,942 |
| Non-controlling interests | <u>56,106</u> | <u>8,044</u> | <u>118,560</u> | <u>20,725</u> |
| | <u>\$ 142,576</u> | <u>\$ 20,442</u> | <u>\$ 301,285</u> | <u>\$ 52,667</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the Parent | \$ 103,208 | \$ 10,069 | \$ 320,022 | \$ 44,006 |
| Non-controlling interests | <u>66,967</u> | <u>6,533</u> | <u>207,647</u> | <u>28,609</u> |
| | <u>\$ 170,175</u> | <u>\$ 16,602</u> | <u>\$ 527,669</u> | <u>\$ 72,615</u> |
| Net cash inflow (outflow) from: | | | | |
| Operating activities | \$ (136,392) | \$ 63,095 | \$ (376,169) | \$ (509,707) |
| Investing activities | (316,406) | 187,402 | 129,756 | 1,803,784 |
| financing activities | <u>316,918</u> | <u>(328,063)</u> | <u>65,980</u> | <u>(1,273,571)</u> |
| Net cash (outflow) inflow | <u>\$ (135,880)</u> | <u>\$ (77,566)</u> | <u>\$ (180,433)</u> | <u>\$ 20,506</u> |

13. PROPERTY, PLANT AND EQUIPMENT

| | | | September 30, 2021 | December 31, 2020 | September 30, 2020 | | | | | |
|---|---------------------|----------------------|----------------------------|----------------------|---------------------------|--------------------|-----------------------------|---------------------|-------------------|----------------------|
| Assets used by the Corporation | | | <u>\$ 60,899,876</u> | <u>\$ 60,111,194</u> | <u>\$ 61,436,290</u> | | | | | |
| | Land | Building | Machinery and Equipment | Office Equipment | Leasehold Improvements | Other Equipment | Construction in Progress | Advance Payments | Spare parts | Total |
| Cost | | | | | | | | | | |
| Balance at January 1, 2021 | \$ 3,442,706 | \$ 27,495,212 | \$103,858,997 | \$ 2,514,788 | \$ 413,336 | \$ 3,722,627 | \$ 2,294,972 | \$ 3,952,441 | \$ 203,042 | \$147,898,121 |
| Additions | 559,301 | 28,028 | 1,258,590 | 21,035 | - | 34,155 | 2,144,553 | 7,447,163 | 428,780 | 11,921,605 |
| Disposals | - | (187,314) | (3,029,031) | (153,657) | (310,727) | (90,570) | (535) | - | (395,965) | (4,167,799) |
| Reclassified | 173,806 | 1,055,814 | 6,065,074 | 163,797 | 5,241 | 102,349 | (755,662) | (6,341,526) | - | 468,893 |
| Effects of foreign currency exchange differences | (2,007) | (110,136) | (852,759) | (68,298) | (14,271) | (6,527) | (3,865) | (42,278) | (208) | (1,100,349) |
| Balance at September 30, 2021 | <u>4,173,806</u> | <u>28,281,604</u> | <u>107,300,871</u> | <u>2,477,665</u> | <u>93,579</u> | <u>3,762,034</u> | <u>3,679,463</u> | <u>5,015,800</u> | <u>235,649</u> | <u>155,020,471</u> |
| Accumulated depreciation | | | | | | | | | | |
| Balance at January 1, 2021 | - | 12,275,248 | 68,685,966 | 1,878,378 | 236,089 | 3,342,692 | - | - | 13,651 | 86,432,024 |
| Depreciation expenses | - | 1,103,834 | 8,524,027 | 151,120 | 1,485 | 151,317 | - | - | 382,523 | 10,314,306 |
| Disposals | - | (170,209) | (2,401,718) | (130,724) | (220,780) | (89,454) | - | - | (395,965) | (3,408,850) |
| Reclassified | - | 19 | 365,357 | - | - | - | - | - | - | 365,376 |
| Effects of foreign currency exchange differences | - | (50,986) | (674,520) | (49,762) | (5,706) | (5,972) | - | - | (209) | (787,155) |
| Balance at September 30, 2021 | <u>-</u> | <u>13,157,906</u> | <u>74,499,112</u> | <u>1,849,012</u> | <u>11,088</u> | <u>3,398,583</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>92,915,701</u> |
| Accumulated impairment | | | | | | | | | | |
| Balance at January 1, 2021 | 1,749 | 425,731 | 639,988 | 100,528 | 141,178 | - | - | 45,729 | - | 1,354,903 |
| Disposals | - | - | (24,986) | - | (73,184) | - | - | - | - | (98,170) |
| Effects of foreign currency exchange differences | (174) | (11,174) | (24,732) | (3,468) | (7,759) | - | - | (4,532) | - | (51,839) |
| Balance at September 30, 2021 | <u>1,575</u> | <u>414,557</u> | <u>590,270</u> | <u>97,060</u> | <u>60,235</u> | <u>-</u> | <u>-</u> | <u>41,197</u> | <u>-</u> | <u>1,204,894</u> |
| Carrying amount at September 30, 2021 | <u>\$ 4,172,231</u> | <u>\$ 14,709,141</u> | <u>\$ 32,211,489</u> | <u>\$ 531,593</u> | <u>\$ 22,256</u> | <u>\$ 363,451</u> | <u>\$ 3,679,463</u> | <u>\$ 4,974,603</u> | <u>\$ 235,649</u> | <u>\$ 60,899,876</u> |
| Carrying amount at December 31, 2020 and January 1, 2021 | <u>\$ 3,440,957</u> | <u>\$ 14,794,233</u> | <u>\$ 34,533,043</u> | <u>\$ 535,882</u> | <u>\$ 36,069</u> | <u>\$ 379,935</u> | <u>\$ 2,294,972</u> | <u>\$ 3,906,712</u> | <u>\$ 189,391</u> | <u>\$ 60,111,194</u> |
| Cost | | | | | | | | | | |
| Balance at January 1, 2020 | \$ 3,443,310 | \$ 27,220,089 | \$ 96,574,165 | \$ 2,365,767 | \$ 426,189 | \$ 3,705,720 | \$ 1,413,214 | \$ 5,274,732 | \$ 161,417 | \$140,584,603 |
| Additions | - | 16,049 | 1,316,813 | 18,102 | 899 | 10,855 | 1,022,080 | 10,046,837 | 369,922 | 12,801,557 |
| Disposals | - | (52,327) | (1,703,717) | (11,832) | - | (53,913) | - | (22,336) | (337,776) | (2,181,901) |
| Reclassified | - | 401,617 | 10,236,905 | 111,305 | 928 | 73,059 | (449,332) | (10,381,524) | - | (7,042) |
| Effect of foreign currency exchange differences | (431) | (32,745) | (273,116) | (15,474) | (11,382) | (9,440) | (608) | (9,512) | (489) | (353,197) |
| Balance at September 30, 2020 | <u>3,442,879</u> | <u>27,552,683</u> | <u>106,151,050</u> | <u>2,467,868</u> | <u>416,634</u> | <u>3,726,281</u> | <u>1,985,354</u> | <u>4,908,197</u> | <u>193,074</u> | <u>150,844,020</u> |
| Accumulated depreciation | | | | | | | | | | |
| Balance at January 1, 2020 | - | 11,052,939 | 64,195,405 | 1,728,157 | 238,577 | 3,246,752 | - | - | 15,589 | 80,477,419 |
| Depreciation expense | - | 1,125,563 | 8,117,117 | 187,445 | 15,288 | 154,439 | - | - | 336,763 | 9,936,675 |
| Disposals | - | (49,323) | (1,626,156) | (3,406) | - | (51,925) | - | - | (337,737) | (2,068,547) |
| Reclassified | - | 6,841 | 19 | - | (6,841) | - | - | - | - | - |
| Effect of foreign currency exchange differences | - | (15,817) | (189,582) | (11,838) | (7,737) | (8,360) | - | - | (484) | (233,818) |
| Balance at September 30, 2020 | <u>-</u> | <u>12,120,203</u> | <u>70,496,863</u> | <u>1,900,358</u> | <u>239,287</u> | <u>3,340,887</u> | <u>-</u> | <u>-</u> | <u>14,131</u> | <u>88,111,729</u> |
| Accumulated impairment | | | | | | | | | | |
| Balance at January 1, 2020 | 1,753 | 434,093 | 666,461 | 101,000 | 78,663 | - | 45,425 | - | - | 1,327,395 |
| Disposals | - | - | (1,731) | - | - | - | - | - | - | (1,731) |
| Reclassified | - | - | - | - | - | - | (45,523) | 45,523 | - | - |
| Effect of foreign currency exchange differences | (8) | (8,384) | (17,161) | (1,341) | (2,556) | - | 98 | (311) | - | (29,663) |
| Balance at September 30, 2020 | <u>1,745</u> | <u>425,709</u> | <u>647,569</u> | <u>99,659</u> | <u>76,107</u> | <u>-</u> | <u>-</u> | <u>45,212</u> | <u>-</u> | <u>1,296,001</u> |
| Carrying amounts at September 30, 2020 | <u>\$ 3,441,134</u> | <u>\$ 15,006,771</u> | <u>\$ 35,006,618</u> | <u>\$ 467,851</u> | <u>\$ 101,240</u> | <u>\$ 385,394</u> | <u>\$ 1,985,354</u> | <u>\$ 4,862,985</u> | <u>\$ 178,943</u> | <u>\$ 61,436,290</u> |

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 | 1-26 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 | 2-50 years |
| Other equipment | 1-16 years |
| Spare parts | 0.5-2 years |

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|--|------------------------------|---|
| <u>Carrying amount</u> | | | |
| Land | \$ 1,386,826 | \$ 1,410,566 | \$ 1,418,853 |
| Buildings | 1,280 | 28,682 | 50,093 |
| Machinery and equipment | 110,866 | 271,518 | 282,649 |
| Transportation equipment | <u>2,995</u> | <u>26</u> | <u>103</u> |
| | <u>\$ 1,501,967</u> | <u>\$ 1,710,792</u> | <u>\$ 1,751,698</u> |
| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 |
| | 2021 | 2020 | 2021 |
| | 2020 | 2020 | 2020 |
| Additions to right-of-use assets | | | <u>\$ 10,260</u> |
| | | | <u>\$ -</u> |
| Depreciation charge for right-of-use assets | | | |
| Land | \$ 9,176 | \$ 9,029 | \$ 27,459 |
| Buildings | 1,857 | 17,742 | 14,074 |
| Machinery and equipment | 5,783 | 24,141 | 70,491 |
| Transportation equipment | <u>352</u> | <u>78</u> | <u>988</u> |
| | <u>\$ 17,168</u> | <u>\$ 50,990</u> | <u>\$ 64,979</u> |
| | | | <u>\$ 162,301</u> |

Except for the aforementioned addition and recognized depreciation, the Corporation did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2021 and 2020.

b. Lease liabilities

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|------------------------|-------------------------------|------------------------------|-------------------------------|
| <u>Carrying amount</u> | | | |
| Current | <u>\$ 66,514</u> | <u>\$ 106,102</u> | <u>\$ 139,042</u> |
| Non-current | <u>\$ 1,382,115</u> | <u>\$ 1,430,937</u> | <u>\$ 1,449,289</u> |

Range of discount rate for lease liabilities was as follows:

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--------------------------|-------------------------------|------------------------------|-------------------------------|
| Land | 0.93%-1.69% | 1.10%-1.69% | 1.10%-1.69% |
| Buildings | 0.77% | 0.69%-3.77% | 0.69%-3.77% |
| Machinery and equipment | 0.80%-1.70% | 0.80%-1.70% | 0.80%-2.32% |
| Transportation equipment | 0.92% | 1.13% | 1.13% |

c. Other lease information

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|----------|---|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Expenses relating to short-term leases | \$ 3,314 | \$ 6,396 | \$ 11,184 | \$ 14,635 |
| Total cash outflow for leases | | | \$ (97,647) | \$ (183,949) |

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.

15. INTANGIBLE ASSETS

| | Computer Software | Goodwill | Core Techniques | Client Relationships | Royalty | Technique Services | Total |
|--|-------------------|----------------|-----------------|----------------------|--------------|--------------------|------------------|
| <u>Cost</u> | | | | | | | |
| Balance at January 1, 2021 | \$ 632,953 | \$ 979,819 | \$ 247,464 | \$ 220,775 | \$ 9,587 | \$ 88,894 | \$ 2,179,492 |
| Additions | 18,110 | - | - | - | - | - | 18,110 |
| Disposals | (1,454) | - | - | - | - | - | (1,454) |
| Reclassified | 260 | - | - | - | - | - | 260 |
| Effect of foreign currency exchange differences | (27,271) | - | (761) | - | (124) | - | (28,156) |
| Balance at September 30, 2021 | <u>622,598</u> | <u>979,819</u> | <u>246,703</u> | <u>220,775</u> | <u>9,463</u> | <u>88,894</u> | <u>2,168,252</u> |
| <u>Accumulated amortization</u> | | | | | | | |
| Balance at January 1, 2021 | 585,776 | - | 247,464 | 220,775 | 5,947 | 88,894 | 1,148,856 |
| Amortization expenses | 28,069 | - | - | - | 2,148 | - | 30,217 |
| Disposals | (1,454) | - | - | - | - | - | (1,454) |
| Effect of foreign currency exchange differences | (20,864) | - | (761) | - | (110) | - | (21,735) |
| Balance at September 30, 2021 | <u>591,527</u> | <u>-</u> | <u>246,703</u> | <u>220,775</u> | <u>7,985</u> | <u>88,894</u> | <u>1,155,884</u> |
| <u>Accumulated impairment</u> | | | | | | | |
| Balance at January 1, 2021 | 28,161 | - | - | - | - | - | 28,161 |
| Effect of foreign currency exchange differences | (1,628) | - | - | - | - | - | (1,628) |
| Balance at September 30, 2021 | <u>26,533</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>26,533</u> |
| Carrying amount at September 30, 2021 | \$ 4,538 | \$ 979,819 | \$ - | \$ - | \$ 1,478 | \$ - | \$ 985,835 |
| Carrying amount at December 31, 2020 and January 1, 2021 | \$ 19,016 | \$ 979,819 | \$ - | \$ - | \$ 3,640 | \$ - | \$ 1,002,475 |
| <u>Cost</u> | | | | | | | |
| Balance at January 1, 2020 | \$ 637,338 | \$ 979,819 | \$ 249,359 | \$ 220,775 | \$ 10,088 | \$ 88,894 | \$ 2,186,273 |
| Additions | 8,245 | - | - | - | - | - | 8,245 |
| Disposals | (15,636) | - | - | - | (500) | - | (16,136) |
| Reclassified | 4,680 | - | - | - | - | - | 4,680 |
| Effect of foreign currency exchange differences | (2,948) | - | (1,162) | - | (5) | - | (4,115) |
| Balance at September 30, 2020 | <u>631,679</u> | <u>979,819</u> | <u>248,197</u> | <u>220,775</u> | <u>9,583</u> | <u>88,894</u> | <u>2,178,947</u> |
| <u>Accumulated amortization</u> | | | | | | | |
| Balance at January 1, 2020 | 562,741 | - | 249,359 | 197,396 | 3,551 | 88,894 | 1,101,941 |
| Amortization expense | 57,488 | - | - | 18,924 | 2,173 | - | 78,585 |
| Disposals | (13,015) | - | - | - | (500) | - | (13,515) |
| Effect of foreign currency exchange differences | (2,051) | - | (1,162) | - | (4) | - | (3,217) |
| Balance at September 30, 2020 | <u>605,163</u> | <u>-</u> | <u>248,197</u> | <u>216,320</u> | <u>5,220</u> | <u>88,894</u> | <u>1,163,794</u> |
| <u>Accumulated impairment</u> | | | | | | | |
| Balance at January 1, 2020 | 24,706 | - | - | - | - | - | 24,706 |
| Disposals | (26) | - | - | - | - | - | (26) |
| Effect of foreign currency exchange differences | (563) | - | - | - | - | - | (563) |
| Balance at September 30, 2020 | <u>24,117</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,117</u> |
| Carrying amounts at September 30, 2020 | \$ 2,399 | \$ 979,819 | \$ - | \$ 4,455 | \$ 4,363 | \$ - | \$ 991,036 |

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 |
| Core techniques | 5 years |
| Client relationships | 9 years |
| Royalty | 1-10 years |
| Technique services | 2-4 years |

16. OTHER ASSETS

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-----------------------------|-----------------------|----------------------|-----------------------|
| <u>Current</u> | | | |
| Tax refund receivables | \$ 253,288 | \$ 262,927 | \$ 407,352 |
| Payment on behalf of others | 225,203 | 105,165 | 104,519 |
| Others | <u>55,642</u> | <u>53,306</u> | <u>36,066</u> |
| | <u>\$ 534,133</u> | <u>\$ 421,398</u> | <u>\$ 547,937</u> |
| <u>Non-current</u> | | | |
| Refundable deposits | \$ 60,699 | \$ 50,283 | \$ 54,307 |
| Prepayment for equipment | 61,247 | 46,554 | 52,768 |
| Others | <u>962</u> | <u>851</u> | <u>1,386</u> |
| | <u>\$ 122,908</u> | <u>\$ 97,688</u> | <u>\$ 108,461</u> |

17. BORROWINGS

a. Short-term bank loans

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-----------------------------|-----------------------|----------------------|-----------------------|
| <u>Unsecured borrowings</u> | | | |
| Working capital loan | <u>\$ 208,148</u> | <u>\$ 196,982</u> | <u>\$ 1,607,477</u> |

The effective interest rate ranges on the working capital loan was 0.53%-1.57%, 0.68%-1.61% and 0.60%-1.50% as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

b. Long-term debts

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---------------------------------|-----------------------|----------------------|-----------------------|
| 1) Secured Borrowings (Note 28) | \$ 13,305,831 | \$ 12,107,715 | \$ 12,561,586 |
| 2) Unsecured Borrowings | <u>17,687,117</u> | <u>20,266,108</u> | <u>20,145,817</u> |
| | 30,992,948 | 32,373,823 | 32,707,403 |
| Current portion | <u>(165,555)</u> | <u>(1,022,165)</u> | <u>(1,059,879)</u> |
| | <u>\$ 30,827,393</u> | <u>\$ 31,351,658</u> | <u>\$ 31,647,524</u> |

1. Repayable continually from September 2022 to December 2038; interest rates at 0.40%-1.01% on September 30, 2021, 0.835%-1.05% on December 31, 2020 and 0.83%-1.05% on September 30, 2020.
2. Repayable continually from March 2022 to June 2025; interest rates at 0.60%-1.00% on September 30, 2021, 0.69%-1.38% on December 31, 2020 and 0.69%-3.05% on September 30, 2020.

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.

18. OTHER LIABILITIES

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-----------------------|----------------------|-----------------------|
| <u>Current</u> | | | |
| Accrued expenses and other current liabilities | | | |
| Payable salaries and bonus | \$ 2,303,963 | \$ 2,148,090 | \$ 2,022,769 |
| Payable for utilities | 251,776 | 194,655 | 259,746 |
| Agency receipts | 248,254 | 212,353 | 194,793 |
| Payable for insurance | 211,723 | 208,838 | 209,751 |
| Indemnification payable (a) | 153,987 | 111,883 | 112,743 |
| Payable for annual leave | 150,023 | 72,539 | 151,432 |
| Others | <u>3,689,461</u> | <u>3,397,997</u> | <u>3,870,034</u> |
| | <u>\$ 7,009,187</u> | <u>\$ 6,346,355</u> | <u>\$ 6,821,268</u> |
| <u>Non-current</u> | | | |
| Other liabilities | | | |
| Guarantee deposits | \$ 1,344 | \$ 1,345 | \$ 1,343 |
| Others | <u>30,036</u> | <u>159,380</u> | <u>191,680</u> |
| | <u>\$ 31,380</u> | <u>\$ 160,725</u> | <u>\$ 193,023</u> |

- a. Indemnification payable 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.

19. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation's defined benefit retirement plans were \$2,259 thousand, \$3,736 thousand, \$6,881 thousand and \$11,216 thousand for the three months and nine months ended September 30, 2021 and 2020, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019.

20. EQUITY

a. Capital stock

1) Ordinary shares

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-----------------------|----------------------|-----------------------|
| Share authorized (in thousands of shares) | <u>1,500,000</u> | <u>1,500,000</u> | <u>1,500,000</u> |
| Share authorized (in thousands of dollars) | <u>\$ 15,000,000</u> | <u>\$ 15,000,000</u> | <u>\$ 15,000,000</u> |
| Share issued and fully paid (in thousands of shares) | <u>779,147</u> | <u>779,147</u> | <u>779,147</u> |
| Share issued (in thousands of dollars) | <u>\$ 7,791,466</u> | <u>\$ 7,791,466</u> | <u>\$ 7,791,466</u> |

Fully paid ordinary shares, 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 September 30, 2021, 3 thousand units of GDSs of PTI were trading on the Luxembourg Share Exchange. The number of ordinary shares represented by the GDSs was 5 thousand shares (one GDS represents 2 ordinary shares).

b. Capital surplus

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-----------------------|----------------------|-----------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (1) | | | |
| Share premium | \$ 1,929 | \$ 1,929 | \$ 1,929 |
| <u>May be used to offset a deficit only</u> | | | |
| Arising from treasury share transactions | 197,092 | 157,647 | 157,647 |
| Changes in percentage of ownership interests in subsidiaries (2) | <u>71,718</u> | <u>71,718</u> | <u>71,651</u> |
| | <u>\$ 270,739</u> | <u>\$ 231,294</u> | <u>\$ 231,227</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 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, ordinary shares or a combination of cash and ordinary shares. 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 22(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.

The appropriations of earnings for 2020 and 2019 that were approved in the shareholders' meeting on July 29, 2021 and May 28, 2020, respectively. The appropriations and dividends per share were as follows:

| | For the Year Ended December 31 | |
|---------------------------------|---|---------------------|
| | 2020 | 2019 |
| Legal reserve | <u>\$ 662,022</u> | <u>\$ 582,611</u> |
| Special reserve | <u>\$ 42,241</u> | <u>\$ 129,671</u> |
| Cash dividends | <u>\$ 3,895,733</u> | <u>\$ 3,506,160</u> |
| Cash dividends per share (NT\$) | \$ 5 | \$ 4.5 |

d. Others equity items

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

| | For the Nine Months Ended September 30 | |
|--|---|---------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ (352,472) | \$ (299,686) |
| Recognized for the period | | |
| Exchange differences on translation of the financial statements of foreign operations | <u>(271,116)</u> | <u>(63,518)</u> |
| Other comprehensive loss recognized for the period | <u>(271,116)</u> | <u>(63,518)</u> |
| Balance at September 30 | <u>\$ (623,588)</u> | <u>\$ (363,204)</u> |

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

| | For the Nine Months Ended September 30 | |
|--|---|--------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ (14,510) | \$ (25,055) |
| Recognized for the period | | |
| Unrealized gain (loss) - equity instruments | <u>(287)</u> | <u>(10,322)</u> |
| Other comprehensive income recognized for the period | <u>(287)</u> | <u>(10,322)</u> |
| Balance at September 30 | <u>\$ (14,797)</u> | <u>\$ (35,377)</u> |

e. Non-controlling interests

| | For the Nine Months Ended September 30 | |
|--|---|----------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ 12,416,516 | \$ 11,870,235 |
| Share in profit for the period | 2,095,242 | 1,123,669 |
| Other comprehensive loss for the period | | |
| Exchange differences on translation of the financial statements of foreign entities | (151,966) | (21,833) |
| The Parent's shares held by its subsidiaries treated as treasury shares | (227,243) | (168,590) |
| Cash dividends distributed by subsidiaries | <u>(1,006,823)</u> | <u>(746,998)</u> |
| Balance at September 30 | <u>\$ 13,125,726</u> | <u>\$ 12,056,483</u> |

f. Treasury share

| Purpose of Buy-Back | Share Held by Subsidiary (In Thousands of Shares) |
|--|--|
| Number of shares at January 1, 2020 | 2,650 |
| Increase during the period | <u>3,350</u> |
| Number of shares at September 30, 2020 | <u>6,000</u> |
| Number of shares at January 1, 2021 | 6,170 |
| Increase during the period | <u>3,830</u> |
| Number of shares at September 30, 2021 | <u>10,000</u> |

PTI's shares held by its subsidiary at the end of the reporting periods were as follows :

| Name of Subsidiary | Number of Share Held (In Thousands of Shares) | Carrying Amount | Market Price |
|---------------------------|--|----------------------------|---------------------|
| <u>September 30, 2021</u> | | | |
| Greatek Electronics Inc. | 10,000 | \$ 1,045,000 | \$ 1,045,000 |
| <u>December 31, 2020</u> | | | |
| Greatek Electronics Inc. | 6,170 | \$ 585,533 | \$ 585,533 |
| <u>September 30, 2020</u> | | | |
| Greatek Electronics Inc. | 6,000 | \$ 517,800 | \$ 517,800 |

PTI's shares held by its subsidiary are treated as treasury share.

21. REVENUE

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------------------|--|----------------------|---|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue from contracts with customers | | | | |
| Revenue from packaging services | \$ 15,527,201 | \$ 12,681,204 | \$ 42,124,976 | \$ 37,369,765 |
| Revenue from testing services | 4,929,308 | 4,181,517 | 13,553,622 | 12,760,260 |
| Revenue from module services | 1,842,342 | 2,066,986 | 5,642,869 | 6,871,068 |
| Others | <u>21,629</u> | <u>5,994</u> | <u>49,100</u> | <u>156,412</u> |
| | <u>\$ 22,320,480</u> | <u>\$ 18,935,701</u> | <u>\$ 61,370,567</u> | <u>\$ 57,157,505</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

| | September 30, 2021 | December 31, 2020 | September 30, 2020 | January 1, 2020 |
|---|-------------------------------|------------------------------|-------------------------------|----------------------------|
| Notes and accounts receivable (including related parties) (Note 10) | <u>\$ 18,059,416</u> | <u>\$ 14,766,670</u> | <u>\$ 15,047,414</u> | <u>\$ 13,771,460</u> |
| Contract assets | | | | |
| Revenue from services | <u>\$ 2,323,327</u> | <u>\$ 2,211,796</u> | <u>\$ 2,328,667</u> | <u>\$ 2,170,456</u> |
| Contract liabilities | | | | |
| Revenue from services | <u>\$ 149,211</u> | <u>\$ 56,676</u> | <u>\$ 54,192</u> | <u>\$ 62,458</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 of the reporting period recognized from the beginning contract liabilities is as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-----------------|---|------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| From the contract liabilities at the beginning of the year | | | | |
| Revenue from services | <u>\$ 3,864</u> | <u>\$ 4,674</u> | <u>\$ 41,592</u> | <u>\$ 43,176</u> |

c. Disaggregation of revenue

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|----------------------|---|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| <u>Primary geographical markets</u> | | | | |
| Japan | \$ 7,056,662 | \$ 6,904,751 | \$ 18,883,351 | \$ 20,244,145 |
| America | 3,214,444 | 3,113,068 | 9,120,635 | 10,330,771 |
| Singapore | 5,073,417 | 3,648,703 | 13,686,855 | 10,998,233 |
| Taiwan (The principal place of business of the Corporation) | 5,113,646 | 3,851,544 | 14,508,760 | 11,297,280 |
| Europe | 616,672 | 601,420 | 1,707,045 | 1,709,565 |
| China, Hong Kong and Macao | 526,116 | 253,957 | 1,443,046 | 759,822 |
| Others | <u>719,523</u> | <u>562,258</u> | <u>2,020,875</u> | <u>1,817,689</u> |
| | <u>\$ 22,320,480</u> | <u>\$ 18,935,701</u> | <u>\$ 61,370,567</u> | <u>\$ 57,157,505</u> |

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-------------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Fair value changes of financial assets and financial liabilities | | | | |
| Financial assets mandatorily classified as at FVTPL | \$ 14,592 | \$ 82,254 | \$ 127,419 | \$ 149,572 |
| Financial liabilities classified as held for trading | (9,081) | (1,141) | (64,473) | (21,718) |
| Others | <u>56,946</u> | <u>115,266</u> | <u>320,889</u> | <u>76,327</u> |
| | <u>\$ 62,457</u> | <u>\$ 196,379</u> | <u>\$ 383,835</u> | <u>\$ 204,181</u> |

b. Interest income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|------------------|---|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Bank deposits | \$ 8,857 | \$ 8,054 | \$ 29,274 | \$ 47,095 |
| Financial assets measured at amortized cost | 1,395 | 2,200 | 4,859 | 6,855 |
| Repurchase agreements collateralized by bonds | <u>-</u> | <u>404</u> | <u>-</u> | <u>404</u> |
| | <u>\$ 10,252</u> | <u>\$ 10,658</u> | <u>\$ 34,133</u> | <u>\$ 54,354</u> |

c. Other income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-------------------------------|--|------------------|---|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Rental income | | | | |
| Operating lease rental income | <u>\$ 20,778</u> | <u>\$ 21,676</u> | <u>\$ 67,444</u> | <u>\$ 69,011</u> |

d. Finance costs

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-------------------------------|--|------------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Interest on bank loans | \$ 66,925 | \$ 77,245 | \$ 207,194 | \$ 251,552 |
| Interest on lease liabilities | 6,028 | 6,595 | 18,278 | 20,288 |
| Capitalized interest | <u>(18,605)</u> | <u>(19,460)</u> | <u>(53,495)</u> | <u>(60,657)</u> |
| | <u>\$ 54,348</u> | <u>\$ 64,380</u> | <u>\$ 171,977</u> | <u>\$ 211,183</u> |

Information about capitalized interest was as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|----------------------|--|-------------|---|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Capitalized interest | \$ 18,605 | \$ 19,460 | \$ 53,495 | \$ 60,657 |
| Capitalization rate | 0.86%-0.93% | 0.94%-1.14% | 0.86%-0.93% | 0.94%-1.14% |

e. Depreciation and amortization

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|---------------------|---|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Property, plant and equipment | \$ 3,539,670 | \$ 3,460,719 | \$ 10,314,306 | \$ 9,936,675 |
| Right-of-use assets | 17,168 | 50,990 | 64,979 | 162,301 |
| Intangible assets | <u>10,155</u> | <u>10,552</u> | <u>30,217</u> | <u>78,585</u> |
| | <u>\$ 3,566,993</u> | <u>\$ 3,522,261</u> | <u>\$ 10,409,502</u> | <u>\$ 10,177,561</u> |
| An analysis of depreciation by function | | | | |
| Operating costs | \$ 3,435,603 | \$ 3,328,421 | \$ 9,980,032 | \$ 9,577,780 |
| Operating expenses | <u>121,235</u> | <u>183,288</u> | <u>399,253</u> | <u>521,196</u> |
| | <u>\$ 3,556,838</u> | <u>\$ 3,511,709</u> | <u>\$ 10,379,285</u> | <u>\$ 10,098,976</u> |
| An analysis of amortization by function | | | | |
| Operating costs | \$ 6,767 | \$ 6,742 | \$ 19,895 | \$ 67,033 |
| Marketing | 21 | 13 | 24 | 41 |
| General and administrative | 1,282 | 1,544 | 3,939 | 4,747 |
| Research and development | <u>2,085</u> | <u>2,253</u> | <u>6,359</u> | <u>6,764</u> |
| | <u>\$ 10,155</u> | <u>\$ 10,552</u> | <u>\$ 30,217</u> | <u>\$ 78,585</u> |

f. Employee benefits expense

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------------|--|---------------------|---|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Post-employment benefits | | | | |
| Defined contribution plans | \$ 144,954 | \$ 135,642 | \$ 430,250 | \$ 398,795 |
| Defined benefit plans (Note 19) | <u>2,259</u> | <u>3,736</u> | <u>6,881</u> | <u>11,216</u> |
| | 147,213 | 139,378 | 437,131 | 410,011 |
| Termination benefits | 364 | 404 | 1,079 | 3,336 |
| Other employee benefits | <u>5,105,592</u> | <u>4,157,567</u> | <u>14,222,324</u> | <u>12,935,928</u> |
| Total employee benefits expense | <u>\$ 5,253,169</u> | <u>\$ 4,297,349</u> | <u>\$ 14,660,534</u> | <u>\$ 13,349,275</u> |

(Continued)

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|---------------------|---|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| An analysis of employee benefits expense by function | | | | |
| Operating costs | \$ 4,402,977 | \$ 3,703,772 | \$ 12,371,615 | \$ 11,414,377 |
| Operating expenses | <u>850,192</u> | <u>593,577</u> | <u>2,288,919</u> | <u>1,934,898</u> |
| | <u>\$ 5,253,169</u> | <u>\$ 4,297,349</u> | <u>\$ 14,660,534</u> | <u>\$ 13,349,275</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. For the nine months ended September 30, 2021 and 2020, respectively, the compensation of employees and the remuneration of directors were as follows:

Accrual rate

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|-------------|---|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Compensation of employees | 5.40% | 5.18% | 5.40% | 5.18% |
| Remuneration of directors | 1.08% | 1.04% | 1.08% | 1.04% |

Amount

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|-------------|---|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | Cash | Cash | Cash | Cash |
| Compensation of employees | \$ 166,769 | \$ 109,472 | \$ 432,131 | \$ 337,569 |
| Remuneration of directors | 33,354 | 21,895 | 86,426 | 67,514 |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for 2020 and 2019 that were resolved by the board of directors on March 12, 2021 and March 10, 2020, respectively, are as shown below:

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|-------------|
| | 2020 | 2019 |
| | Cash | Cash |
| Compensation of employees | \$ 449,703 | \$ 394,109 |
| Remuneration of directors | 89,940 | 78,822 |

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, 2020 and 2019.

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

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-------------------------|--|---------------------|---|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Foreign exchange gains | \$ 154,711 | \$ 128,150 | \$ 434,061 | \$ 402,043 |
| Foreign exchange losses | <u>(125,273)</u> | <u>(333,545)</u> | <u>(658,972)</u> | <u>(662,784)</u> |
| Net losses | <u>\$ 29,438</u> | <u>\$ (205,395)</u> | <u>\$ (224,911)</u> | <u>\$ (260,741)</u> |

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-------------------|---|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Current tax | | | | |
| In respect of the current period | \$ 807,366 | \$ 528,466 | \$ 2,020,566 | \$ 1,654,975 |
| Income tax on unappropriated earnings | - | - | - | 587 |
| Adjustments for prior periods | <u>-</u> | <u>-</u> | <u>3,077</u> | <u>(44,307)</u> |
| | 807,366 | 528,466 | 2,023,643 | 1,611,255 |
| Deferred tax | | | | |
| In respect of the current period | <u>50,117</u> | <u>16,720</u> | <u>179,739</u> | <u>68,627</u> |
| Income tax expense recognized in profit or loss | <u>\$ 857,483</u> | <u>\$ 545,186</u> | <u>\$ 2,203,382</u> | <u>\$ 1,679,882</u> |

b. Income tax assessments

Income tax returns through 2019 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|----------------------------|--|---------|---|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Basic earnings per share | \$ 3.20 | \$ 2.10 | \$ 8.29 | \$ 6.46 |
| Diluted earnings per share | \$ 3.19 | \$ 2.08 | \$ 8.24 | \$ 6.41 |

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Periods

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|--------------|---|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Profit of the period attributable to owner of the Parent | \$ 2,470,652 | \$ 1,621,804 | \$ 6,401,939 | \$ 5,001,024 |
| Effect of potentially dilutive ordinary shares: | | | | |
| Compensation of employees | _____ - | _____ - | _____ - | _____ - |
| Earnings used in the computation of diluted earnings per share | \$ 2,470,652 | \$ 1,621,804 | \$ 6,401,939 | \$ 5,001,024 |

Weighted average number of ordinary shares outstanding (in thousands of shares):

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|---------------|---|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 770,969 | 774,031 | 772,010 | 774,751 |
| Effect of potentially dilutive ordinary shares: | | | | |
| Compensation of employees | _____ 3,986 | _____ 3,912 | _____ 5,139 | _____ 4,933 |
| Weighted average number of ordinary shares used in the computation of dilutive earnings per share | _____ 774,955 | _____ 777,943 | _____ 777,149 | _____ 779,684 |

If PTI offered to settle compensation paid to employees in cash or shares, PTI assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. 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).

26. FINANCIAL INSTRUMENTS

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

September 30, 2021

| | Carrying Amount | Fair Value | | | Total |
|------------------------------------|--------------------|------------|------------|---------|------------|
| | | Level 1 | Level 2 | Level 3 | |
| <u>Financial assets</u> | | | | | |
| Financial assets at amortized cost | | | | | |
| Domestic corporate bonds | \$ 550,001 | \$ - | \$ 552,462 | \$ - | \$ 552,462 |

December 31, 2020

| | Carrying Amount | Fair Value | | | Total |
|------------------------------------|--------------------|------------|------------|---------|------------|
| | | Level 1 | Level 2 | Level 3 | |
| <u>Financial assets</u> | | | | | |
| Financial assets at amortized cost | | | | | |
| Domestic corporate bonds | \$ 800,001 | \$ - | \$ 804,895 | \$ - | \$ 804,895 |

September 30, 2020

| | Carrying Amount | Fair Value | | | Total |
|------------------------------------|--------------------|------------|------------|---------|------------|
| | | Level 1 | Level 2 | Level 3 | |
| <u>Financial assets</u> | | | | | |
| Financial assets at amortized cost | | | | | |
| Domestic corporate bonds | \$ 900,002 | \$ - | \$ 905,424 | \$ - | \$ 905,424 |

The above-mentioned level 2 fair value measurement was based on the quoted price from the Taipei Exchange.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|------------------|-------------|------------------|
| Financial assets at FVTPL | | | | |
| Mutual funds | \$ 70,650 | \$ - | \$ - | \$ 70,650 |
| Derivative instruments | <u>-</u> | <u>8,729</u> | <u>-</u> | <u>8,729</u> |
| | <u>\$ 70,650</u> | <u>\$ 8,729</u> | <u>\$ -</u> | <u>\$ 79,379</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic listed shares and emerging market shares | <u>\$ 1,801</u> | <u>\$ 33,200</u> | <u>\$ -</u> | <u>\$ 35,001</u> |
| Financial liabilities at FVTPL | | | | |
| Derivative instruments | <u>\$ -</u> | <u>\$ 18,735</u> | <u>\$ -</u> | <u>\$ 18,735</u> |

December 31, 2020

| | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|------------------|-------------|-------------------|
| Financial assets at FVTPL | | | | |
| Mutual funds | \$ 125,900 | \$ - | \$ - | \$ 125,900 |
| Derivative instruments | <u>-</u> | <u>43,567</u> | <u>-</u> | <u>43,567</u> |
| | <u>\$ 125,900</u> | <u>\$ 43,567</u> | <u>\$ -</u> | <u>\$ 169,467</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic listed shares and emerging market shares | <u>\$ 2,488</u> | <u>\$ 32,800</u> | <u>\$ -</u> | <u>\$ 35,288</u> |
| Financial liabilities at FVTPL | | | | |
| Derivative instruments | <u>\$ -</u> | <u>\$ 5,435</u> | <u>\$ -</u> | <u>\$ 5,435</u> |

September 30, 2020

| | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|------------------|-------------|-------------------|
| Financial assets at FVTPL | | | | |
| Mutual funds | \$ 111,400 | \$ - | \$ - | \$ 111,400 |
| Derivative instruments | <u>-</u> | <u>36,004</u> | <u>-</u> | <u>36,004</u> |
| | <u>\$ 111,400</u> | <u>\$ 36,004</u> | <u>\$ -</u> | <u>\$ 147,404</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic listed shares and emerging market shares | <u>\$ 2,396</u> | <u>\$ 13,375</u> | <u>\$ -</u> | <u>\$ 15,771</u> |
| Financial liabilities at FVTPL | | | | |
| Derivative instruments | <u>\$ -</u> | <u>\$ 980</u> | <u>\$ -</u> | <u>\$ 980</u> |

There were no transfers between Level 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

| <u>Financial Instruments</u> | <u>Valuation Techniques and Inputs</u> |
|--|---|
| 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

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|---|-------------------------------|------------------------------|-------------------------------|
| <u>Financial assets</u> | | | |
| FVTPL | | | |
| Mandatorily classified as at FVTPL | \$ 79,379 | \$ 169,467 | \$ 147,404 |
| Financial assets at amortized cost (Note 1) | 40,619,176 | 37,604,652 | 35,499,721 |
| Financial assets at FVTOCI | | | |
| Equity instruments | 35,001 | 35,288 | 15,771 |
| <u>Financial liabilities</u> | | | |
| FVTPL | | | |
| Held for trading | 18,735 | 5,435 | 980 |
| Amortized cost (Note 2) | 42,230,008 | 40,243,413 | 41,859,717 |

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 and other current liabilities and long-term debt (including current portion).

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 30.

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 adjusted 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), 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.

| | USD Impact | | JPY Impact | |
|----------------|---|--------------|---|-------------|
| | For the Nine Months Ended September 30 | | For the Nine Months Ended September 30 | |
| | 2021 | 2020 | 2021 | 2020 |
| Profit or loss | \$ (595,441) | \$ (530,823) | \$ 30,289 | \$ 26,182 |

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.

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| Fair value interest rate risk | | | |
| Financial assets | \$ 5,809,885 | \$ 8,191,331 | \$ 7,504,550 |
| Financial liabilities | 496,482 | 539,175 | 779,471 |
| Cash flow interest rate risk | | | |
| Financial assets | 15,710,093 | 13,384,037 | 11,376,835 |
| Financial liabilities | 30,704,614 | 32,031,630 | 33,535,409 |

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 nine months ended September 30, 2021 and 2020 would decrease/increase by \$11,246 thousand and \$16,619 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 nine months ended September 30, 2021 and 2020 would have increased/decreased by \$3,533 thousand and \$5,570 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 nine months ended September 30, 2021 and 2020 would have increased/decreased by \$1,750 thousand and \$789 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 at any time during the period. The three largest customers are creditworthy counterparts, 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 tables include both interest and principal cash flows.

The Corporation relies on bank borrowings as a significant source of liquidity. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Corporation had available unutilized overdraft and short-term bank loan facilities of approximately \$7,200,797 thousand, \$7,247,360 thousand and \$5,606,588 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 upon repayment periods. The table has been drawn up based on the 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.

September 30, 2021

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|------------------------------------|---|---------------------|-------------------------------|----------------------|---------------------|
| Noninterest bearing | \$ 3,977,650 | \$ 5,683,640 | \$ 1,367,622 | \$ - | \$ - |
| Lease liabilities | 8,329 | 15,380 | 66,295 | 237,577 | 1,629,527 |
| Fixed interest rate liabilities | 132,646 | 26,156 | 178,879 | 158,801 | - |
| Variable interest rate liabilities | - | - | 36,022 | 25,817,581 | 4,851,011 |
| | <u>\$ 4,118,625</u> | <u>\$ 5,725,176</u> | <u>\$ 1,648,818</u> | <u>\$ 26,213,959</u> | <u>\$ 6,480,538</u> |

Further information on the maturity analysis of the above financial liabilities was as follows:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|------------------------------------|-----------------------------|----------------------|---------------------|---------------------|--------------------|-------------------|
| Lease liabilities | <u>\$ 90,004</u> | <u>\$ 237,577</u> | <u>\$ 236,665</u> | <u>\$ 234,208</u> | <u>\$ 233,688</u> | <u>\$ 924,966</u> |
| Variable interest rate liabilities | <u>\$ 36,022</u> | <u>\$ 25,817,581</u> | <u>\$ 2,051,456</u> | <u>\$ 1,496,984</u> | <u>\$ 835,904</u> | <u>\$ 466,667</u> |

December 31, 2020

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|------------------------------------|---|---------------------|-------------------------------|----------------------|---------------------|
| Non-interest bearing liabilities | \$ 2,806,529 | \$ 4,237,591 | \$ 628,488 | \$ - | \$ - |
| Lease liabilities | 16,990 | 30,381 | 82,976 | 268,032 | 1,665,038 |
| Fixed interest rate liabilities | - | 129,264 | 127,881 | 282,030 | - |
| Variable interest rate liabilities | <u>676,922</u> | <u>-</u> | <u>285,080</u> | <u>28,866,456</u> | <u>2,203,172</u> |
| | <u>\$ 3,500,441</u> | <u>\$ 4,397,236</u> | <u>\$ 1,124,425</u> | <u>\$ 29,416,518</u> | <u>\$ 3,868,210</u> |

Further information on the maturity analysis of the above financial liabilities was as follows:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|------------------------------------|-----------------------------|----------------------|---------------------|--------------------|--------------------|-------------------|
| Lease liabilities | <u>\$ 130,347</u> | <u>\$ 268,032</u> | <u>\$ 236,763</u> | <u>\$ 234,568</u> | <u>\$ 233,688</u> | <u>\$ 960,019</u> |
| Variable interest rate liabilities | <u>\$ 962,002</u> | <u>\$ 28,866,456</u> | <u>\$ 1,358,852</u> | <u>\$ 619,541</u> | <u>\$ 224,779</u> | <u>\$ -</u> |

September 30, 2020

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|------------------------------------|---|---------------------|-------------------------------|----------------------|---------------------|
| Non-interest bearing | \$ 3,164,114 | \$ 4,058,525 | \$ 322,198 | \$ - | \$ - |
| Lease liabilities | 17,603 | 35,450 | 110,733 | 281,214 | 1,676,932 |
| Fixed interest rate liabilities | 192,705 | 131,695 | 135,832 | 319,239 | - |
| Variable interest rate liabilities | <u>640,772</u> | <u>108,740</u> | <u>1,457,612</u> | <u>28,664,396</u> | <u>2,663,889</u> |
| | <u>\$ 4,015,194</u> | <u>\$ 4,334,410</u> | <u>\$ 2,026,375</u> | <u>\$ 29,264,849</u> | <u>\$ 4,340,821</u> |

Further information on the maturity analysis of the above financial liabilities was as follows:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|---------------------------------------|-----------------------------|----------------------|---------------------|--------------------|--------------------|-------------------|
| Lease liabilities | <u>\$ 163,786</u> | <u>\$ 281,214</u> | <u>\$ 236,853</u> | <u>\$ 234,688</u> | <u>\$ 233,688</u> | <u>\$ 971,703</u> |
| Variable interest rate liabilities | <u>\$ 2,207,124</u> | <u>\$ 28,664,396</u> | <u>\$ 1,543,048</u> | <u>\$ 873,158</u> | <u>\$ 247,683</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.

September 30, 2021

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year |
|------------------------------------|---|--------------------|-------------------------------|
| <u>Gross settled</u> | | | |
| Foreign exchange forward contracts | | | |
| Inflows | \$ 2,152,166 | \$ 3,185,718 | \$ 47,774 |
| Outflows | <u>(2,149,270)</u> | <u>(3,197,716)</u> | <u>(48,678)</u> |
| | <u>\$ 2,896</u> | <u>\$ (11,998)</u> | <u>\$ (904)</u> |

December 31, 2020

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year |
|------------------------------------|---|--------------------|-------------------------------|
| <u>Gross settled</u> | | | |
| Foreign exchange forward contracts | | | |
| Inflows | \$ 1,514,693 | \$ 2,564,140 | \$ 36,957 |
| Outflows | <u>(1,487,180)</u> | <u>(2,553,570)</u> | <u>(36,908)</u> |
| | <u>\$ 27,513</u> | <u>\$ 10,570</u> | <u>\$ 49</u> |

September 30, 2020

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year |
|--|---|------------------------------|-------------------------------|
| <u>Gross settled</u> | | | |
| Foreign exchange forward contracts | | | |
| Inflows | \$ 1,479,778 | \$ 2,332,585 | \$ 34,899 |
| Outflows | <u>(1,461,849)</u> | <u>(2,315,422)</u> | <u>(34,967)</u> |
| | <u>\$ 17,929</u> | <u>\$ 17,163</u> | <u>\$ (68)</u> |
| c) Financing facilities | | | |
| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
| Secured bank loan facilities which may be mutually extended | | | |
| Amount used | \$ 13,305,831 | \$ 12,107,715 | \$ 12,561,586 |
| Amount unused | <u>5,681,250</u> | <u>2,000,000</u> | <u>15,847,600</u> |
| | <u>\$ 18,987,081</u> | <u>\$ 14,107,715</u> | <u>\$ 28,409,186</u> |

27. 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

| <u>Related Party Name</u> | <u>Relationship with the Corporation</u> |
|---|--|
| Kioxia Corporation | Substantial related parties |
| Toshiba International Procurement Hong Kong, Ltd. | Substantial related parties |
| Toshiba Information Systems (Japan) Corporation | Substantial related parties |
| Toshiba Trading Inc. | Substantial related parties |
| Toshiba Corporation | Substantial related parties |
| Kingston Technology International Ltd. | Substantial related parties |
| Kingston Digital International Ltd. | Substantial related parties |
| Kingston Solution, Inc. | Substantial related parties |
| Kingston Technology Far East Corp. | Substantial related parties |
| Realtek Singapore Private Limited | Substantial related parties |
| Realtek Semiconductor Corp. | Substantial related parties |
| Raymx Microelectronics Corp. | Substantial related parties |

b. Sales of goods

| Line Items | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|----------------|-----------------------------|--|---------------------|---|---------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Sales of goods | Substantial related parties | | | | |
| | Kioxia Corporation | \$ 5,984,246 | \$ 5,516,708 | \$16,105,797 | \$15,877,647 |
| | Others | <u>506,708</u> | <u>628,343</u> | <u>1,676,620</u> | <u>1,822,302</u> |
| | | <u>\$ 6,490,954</u> | <u>\$ 6,145,051</u> | <u>\$17,782,417</u> | <u>\$17,699,949</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/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------------------|--|-------------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Substantial related parties | <u>\$ 246,212</u> | <u>\$ 213,105</u> | <u>\$ 758,728</u> | <u>\$ 597,737</u> |

The purchase prices and payment terms were based on negotiations and thus not comparable with those in the market.

d. Operating expenses

| Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------------------|--|-------------|---|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Substantial related parties | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 198</u> | <u>\$ -</u> |

e. Other gains and losses

| Related Party Category | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------------------|--|------------------|---|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Substantial related parties | | | | |
| Kioxia Corporation | \$ 9,347 | \$ 20,205 | \$ 14,047 | \$ 20,858 |
| Others | <u>344</u> | <u>-</u> | <u>1,367</u> | <u>32</u> |
| | <u>\$ 9,691</u> | <u>\$ 20,205</u> | <u>\$ 15,414</u> | <u>\$ 20,890</u> |

f. Contract assets

| Related Party Category/Name | September 30, | December 31, | September 30, |
|-----------------------------|-------------------|-------------------|---------------------|
| | 2021 | 2020 | 2020 |
| Substantial related parties | | | |
| Kioxia Corporation | \$ 851,010 | \$ 858,969 | \$ 976,433 |
| Others | <u>60,772</u> | <u>68,879</u> | <u>77,933</u> |
| | <u>\$ 911,782</u> | <u>\$ 927,848</u> | <u>\$ 1,054,366</u> |

For the nine months ended September 30, 2021 and 2020, no impairment loss was recognized for contract assets from related parties.

g. Accounts receivables from related parties (excluding loans to related parties and contract assets)

| Line Items | Related Party Category/Name | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|------------------------------------|---------------------------|--------------------------|---------------------------|
| Accounts receivable from related parties | Substantial related parties | | | |
| | Kioxia Corporation | \$ 6,145,207 | \$ 5,783,595 | \$ 5,159,407 |
| | Others | <u>427,038</u> | <u>500,858</u> | <u>560,199</u> |
| | | <u>\$ 6,572,245</u> | <u>\$ 6,284,453</u> | <u>\$ 5,719,606</u> |

The outstanding accounts receivable from related parties are unsecured. For the nine months ended September 30, 2021 and 2020, no impairment loss was recognized for accounts receivables from related parties.

h. Payables to related parties (excluding loans from related parties)

| Line Items | Related Party Category/Name | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|---|---------------------------|--------------------------|---------------------------|
| Accounts payables from related parties | Substantial related parties | | | |
| | Toshiba International Procurement Hong Kong, Ltd. | \$ 165,019 | \$ 134,111 | \$ 123,154 |
| | Others | <u>1,622</u> | <u>-</u> | <u>1,297</u> |
| | | <u>\$ 166,641</u> | <u>\$ 134,111</u> | <u>\$ 124,451</u> |
| Payables to equipment suppliers | Substantial related parties | <u>\$ 5,634</u> | <u>\$ -</u> | <u>\$ -</u> |

The outstanding accounts payable from related parties are unsecured.

i. Acquisition of property, plant and equipment

| | Purchase Price | |
|-----------------------------|---|-------------|
| | For the Nine Months Ended September 30 | |
| | 2021 | 2020 |
| Substantial related parties | | |
| Kioxia Corporation | <u>\$ 5,606</u> | <u>\$ -</u> |

j. Other receivables from related parties

| Related Party Category/Name | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|------------------------------------|-------------------------------|------------------------------|-------------------------------|
| Substantial related parties | | | |
| Kioxia Corporation | \$ 34,965 | \$ 34,534 | \$ 140,675 |
| Kingston Solution, Inc. | 10,960 | 10,609 | - |
| Others | <u>2,093</u> | <u>3,711</u> | <u>7</u> |
| | <u>\$ 48,018</u> | <u>\$ 48,854</u> | <u>\$ 140,682</u> |

k. Other payables from related parties

| Related Party Category/Name | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|------------------------------------|-------------------------------|------------------------------|-------------------------------|
| Substantial related parties | | | |
| Toshiba Trading Inc. | \$ 1,759 | \$ - | \$ 873 |
| Kioxia Corporation | <u>519</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 2,278</u> | <u>\$ -</u> | <u>\$ 873</u> |

l. Compensation of key management personnel

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--------------------------|--|-------------------|---|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Short-term benefits | \$ 142,766 | \$ 103,121 | \$ 373,032 | \$ 289,494 |
| Post-employment benefits | <u>541</u> | <u>459</u> | <u>1,595</u> | <u>1,377</u> |
| | <u>\$ 143,307</u> | <u>\$ 103,580</u> | <u>\$ 374,627</u> | <u>\$ 290,871</u> |

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral mainly for long-term debt, guarantee deposits for exports, L/C and bonded inventories.

| | September 30, 2021 | December 31, 2020 | September 30, 2020 |
|--|-------------------------------|------------------------------|-------------------------------|
| Property, plant and equipment | \$ 17,414,650 | \$ 15,405,024 | \$ 16,271,614 |
| Pledge deposits (classified as financial assets at amortized cost - current) | 25,298 | 26,200 | 25,803 |
| Restricted deposits (classified as financial assets at amortized cost - current) | - | 129,093 | 131,892 |
| Pledge deposits (classified as financial assets at amortized cost - non-current) | <u>113,874</u> | <u>88,874</u> | <u>88,874</u> |
| | <u>\$ 17,553,822</u> | <u>\$ 15,649,191</u> | <u>\$ 16,518,183</u> |

29. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Corporation's significant commitments and contingencies as of September 30, 2021 were as following:

- a. From September 2017 to September 2018, PTI signed a contract worth \$1,811,372 thousand with Jian Ming Contractor Co., Ltd. for factory engineering. As of September 30, 2021, PTI has paid a total of \$1,637,922 thousand.
- b. From November 2019 to December 2020 and February 2021 to October 2021, PTI signed a purchase agreement of equipment worth \$1,047,751 thousand and \$646,433 thousand with Kulicke & Soffa Pte. Ltd., respectively. As of September 30, 2021, PTI has paid \$957,351 thousand and \$39,376 thousand, respectively.
- c. From August 2020 to July 2021, PTI signed a contract worth \$595,845 thousand with Yi-Sheng Systems Integration Co., Ltd. for factory engineering. As of September 30, 2021, PTI has paid a total of \$92,116 thousand.
- d. From June 2021 to August 2021, PTI signed a purchase agreement of equipment worth \$534,275 thousand with Applied Materials South East Asia Pte. Ltd. As of September 30, 2021, PTI has not paid.
- e. As of September 30, 2021, unused letters of credit for purchases of machinery and equipment amounted to approximately USD \$15,300 thousand and EUR \$3,830 thousand.
- f. From January 2020 to July 2020, August 2020 to June 2021 and June 2021 to October 2021, TeraPower Technology Inc. signed the purchase agreements of equipment worth \$501,092 thousand, \$703,687 thousand and \$501,272 with Advantest Corporation, respectively. As of September 30, 2021, TeraPower Technology Inc. has paid \$465,022 thousand, \$295,326 thousand and \$1,319 thousand, respectively.
- g. From December 2020 to September 2021, TeraPower Technology Inc. signed a purchase agreement of equipment worth \$521,506 thousand with Accretech Taiwan Co., Ltd. As of September 30, 2021, TeraPower Technology Inc. has paid a total of \$200,339 thousand.
- h. In March 2021, Greatek Electronics Inc. signed a contract worth \$510,000 thousand with Jian Ming Contractor Co., Ltd. to setup a new plant. As of September 30, 2021, Greatek Electronics Inc. has paid a total of \$255,000 thousand.
- i. In June 2021, Greatek Electronics Inc. signed a contract worth \$980,000 thousand with Jiu Han Engineering Co., Ltd. to setup a MEP systems. As of September 30, 2021, Greatek Electronics Inc. has paid a total of \$294,000 thousand.
- j. In July 2021, Greatek Electronics Inc. signed a contract worth \$360,000 thousand with Jiu Han Engineering Co., Ltd. to set up clean rooms and plumbing systems. As of September 30, 2021, Greatek Electronics Inc. has paid a total of \$108,000 thousand.
- k. In September 2021, Greatek Electronics Inc. signed a contract worth \$378,000 thousand with Jiu Han Engineering Co., Ltd. to set up MEP systems. As of September 30, 2021, Greatek Electronics Inc. has not paid.

30. 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:

| | September 30, 2021 | | |
|------------------------------|-----------------------|--------------------|----------------------|
| | Foreign Currencies | Exchange Rate | Carrying Amount |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 596,153 | 27.8660 (USD:NTD) | \$ 16,612,399 |
| USD | 10,418 | 6.4626 (USD:RMB) | 290,308 |
| USD | 9,243 | 111.8700 (USD:JPY) | 257,565 |
| JPY | 697,466 | 0.2491 (JPY:NTD) | 173,739 |
| JPY | 2,722 | 0.0578 (JPY:RMB) | 678 |
| JPY | 294,253 | 0.0089 (JPY:USD) | 73,298 |
| SGD | 1,410 | 0.7348 (SGD:USD) | 28,872 |
| RMB | 12,077 | 0.1547 (RMB:USD) | 52,075 |
| RMB | 7,895 | 4.3119 (RMB:NTD) | <u>34,042</u> |
| | | | <u>\$ 17,522,976</u> |
| Non-monetary items | | | |
| USD | 302 | 27.8660 (USD:NTD) | \$ 8,406 |
| JYP | - | 0.2491 (JPY:NTD) | - |
| RMB | 75 | 4.3119 (RMB:NTD) | <u>323</u> |
| | | | <u>\$ 8,729</u> |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 176,980 | 27.8660 (USD:NTD) | \$ 4,931,725 |
| USD | 7,633 | 6.4626 (USD:RMB) | 212,701 |
| USD | 3,841 | 111.8700 (USD:JPY) | 107,033 |
| EUR | 1,254 | 32.3371 (EUR:NTD) | 40,551 |
| JPY | 3,201,865 | 0.2491 (JPY:NTD) | 797,585 |
| JPY | 15,653 | 0.0578 (JPY:RMB) | 3,899 |
| JPY | 208,761 | 0.0089 (JPY:USD) | 52,002 |
| SGD | 71 | 0.7348 (SGD:USD) | 1,454 |
| RMB | 17,031 | 0.1547 (RMB:USD) | <u>73,436</u> |
| | | | <u>\$ 6,220,386</u> |
| Non-monetary items | | | |
| USD | 306 | 27.8660 (USD:NTD) | \$ 8,530 |
| JPY | 38,981 | 0.2491 (JPY:NTD) | 9,710 |
| RMB | 115 | 4.3119 (RMB:NTD) | <u>495</u> |
| | | | <u>\$ 18,735</u> |

| | December 31, 2020 | | |
|------------------------------|-----------------------------|--------------------------|----------------------------|
| | Foreign Currency | Exchange Rate | Carrying Amount |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 487,991 | 28.5080 (USD:NTD) | \$ 13,911,647 |
| USD | 10,100 | 6.5398 (USD:RMB) | 287,931 |
| USD | 10,348 | 103.1050 (USD:JPY) | 295,001 |
| JPY | 657,911 | 0.2765 (JPY:NTD) | 181,912 |
| JPY | 23,395 | 0.0634 (JPY:RMB) | 6,469 |
| JPY | 304,417 | 0.0097 (JPY:USD) | 84,171 |
| SGD | 2,044 | 0.7843 (SGD:USD) | 45,702 |
| RMB | 42,033 | 0.1529 (RMB:USD) | 183,230 |
| RMB | 9,885 | 4.3592 (RMB:NTD) | <u>43,091</u> |
| | | | <u>\$ 15,039,154</u> |
| Non-monetary items | | | |
| USD | 1,320 | 28.5080 (USD:NTD) | \$ 37,621 |
| JPY | 7,310 | 0.2765 (JPY:NTD) | 2,021 |
| RMB | 900 | 4.3592 (RMB:NTD) | <u>3,925</u> |
| | | | <u>\$ 43,567</u> |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 126,956 | 28.5080 (USD:NTD) | \$ 3,619,262 |
| USD | 2,304 | 6.5398 (USD:RMB) | 65,682 |
| USD | 4,726 | 103.1050 (USD:JPY) | 134,729 |
| EUR | 871 | 35.0563 (EUR:NTD) | 30,534 |
| JPY | 2,024,221 | 0.2765 (JPY:NTD) | 559,697 |
| JPY | 28,912 | 0.0634 (JPY:RMB) | 7,994 |
| JPY | 232,296 | 0.0097 (JPY:USD) | 64,230 |
| RMB | 19,818 | 0.1529 (RMB:USD) | 86,391 |
| SGD | 1,478 | 0.7843 (SGD:USD) | <u>33,047</u> |
| | | | <u>\$ 4,601,566</u> |
| Non-monetary items | | | |
| USD | 188 | 28.5080 (USD:NTD) | \$ 5,369 |
| JPY | 239 | 0.2765 (JPY:NTD) | <u>66</u> |
| | | | <u>\$ 5,435</u> |

| | September 30, 2020 | | |
|------------------------------|---------------------------|----------------------|------------------------|
| | Foreign Currencies | Exchange Rate | Carrying Amount |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 502,815 | 29.126 (USD:NTD) | \$ 14,644,990 |
| USD | 12,667 | 6.8106 (USD:RMB) | 368,939 |
| USD | 11,867 | 105.61 (USD:JPY) | 345,638 |
| JPY | 653,053 | 0.2758 (JPY:NTD) | 180,112 |
| JPY | 26,111 | 0.0645 (JPY:RMB) | 7,201 |
| JPY | 1,667,926 | 0.0095 (JPY:USD) | 460,014 |
| SGD | 2,552 | 0.7303 (SGD:USD) | 54,285 |
| RMB | 22,326 | 0.1468 (RMB:USD) | 95,479 |
| RMB | 14,147 | 4.2766 (RMB:NTD) | <u>60,501</u> |
| | | | <u>\$ 16,217,159</u> |
| Non-monetary items | | | |
| USD | 1,081 | 29.126 (USD:NTD) | \$ 31,488 |
| JPY | 11,542 | 0.2758 (JPY:NTD) | 3,183 |
| RMB | 312 | 4.2766 (RMB:NTD) | <u>1,333</u> |
| | | | <u>\$ 36,004</u> |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 155,038 | 29.126 (USD:NTD) | \$ 4,515,637 |
| USD | 1,459 | 6.8106 (USD:RMB) | 42,495 |
| USD | 6,351 | 105.61 (USD:JPY) | 184,979 |
| EUR | 3,316 | 34.1706 (EUR:NTD) | 113,310 |
| JPY | 3,002,090 | 0.2758 (JPY:NTD) | 827,976 |
| JPY | 14,932 | 0.0645 (JPY:RMB) | 4,118 |
| JPY | 1,228,709 | 0.0095 (JPY:USD) | 338,878 |
| SGD | 2,411 | 0.7303 (SGD:USD) | 51,286 |
| RMB | 19,949 | 0.1468 (RMB:USD) | <u>85,314</u> |
| | | | <u>\$ 6,163,993</u> |
| Non-monetary items | | | |
| USD | 24 | 29.126 (USD:NTD) | \$ 703 |
| JPY | 1,003 | 0.2758 (JPY:NTD) | <u>277</u> |
| | | | <u>\$ 980</u> |

For the three and nine months ended September 30, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were \$29,438 thousand, \$(205,395) thousand, \$(224,911) thousand and \$(260,741) 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 entities in the Corporation.

31. 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: Table 1 (attached).
- b. Endorsements/guarantees provided: Table 2 (attached).
- c. Marketable securities held: Table 3 (attached).
- d. Marketable securities acquired and disposed of at costs or prices amounting to at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached).
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 5 (attached).
- 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 6 (attached).
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 7 (attached).
- i. Derivative transactions: Note 7.
- j. Intercompany relationships and significant intercompany transactions: Table 8 (attached).
- k. Information of investees: Table 9 (attached).
- l. Information on investment in mainland China: Table 10 (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 31 (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.

32. SEGMENT INFORMATION

The revenues, 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 nine months ended September 30, 2021 and 2020 are shown in the consolidated income statements for the nine months ended September 30, 2021 and 2020. The segment assets as of September 30, 2021, December 31, 2020 and September 30, 2020 are shown in the consolidated balance sheets as of September 30, 2021, December 31, 2020 and September 30, 2020.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Note 2) | Aggregate Financing Limits (Note 2) | Note |
|-----|------------------|-----------------------|-----------------------------|---------------|--------------------------------|----------------|------------------------|---------------|--------------------------|------------------------------|----------------------------------|-------------------------------|------------|-------|--|-------------------------------------|------|
| | | | | | | | | | | | | | Item | Value | | | |
| 1 | Tera Probe, Inc. | Tera Probe Aizu, Inc. | Other receivables | Note 1 | \$ 189,316 | \$ 189,316 | \$ 164,406 | 1.0% | For short term financing | \$ - | Working capital | \$ - | - | \$ - | \$ 282,762 | \$ 565,525 | - |

Note 1: Direct investments, the Corporation's wholly-owned subsidiaries.

Note 2: The amount of financing provided by Tera Probe, Inc. to any individual shall not exceed five percent of Tera Probe, Inc.'s net worth. The aggregate amount of financing available shall not exceed ten percent of Tera Probe, Inc.'s net worth.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES GIVEN TO OTHER PARTIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

| Endorser/Guarantor | Endorsee/Guarantee | | Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2) | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 2) | Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement /Guarantee Given on Behalf of Companies in Mainland China | Note |
|---------------------------|--|--------------|--|--|---|-------------------------------|---|--|---|---|---|---|------|
| | Name | Relationship | | | | | | | | | | | |
| Powertech Technology Inc. | Powertech Technology (Singapore) Pte. Ltd. | Note 1 | \$ 4,809,157 | \$ 835,980 | \$ 835,980 | \$ - | \$ - | 1.74 | \$ 24,045,785 | Yes | - | - | - |

Note 1: Direct investments; the Corporation's 100% owned subsidiary.

Note 2: The amount of guarantees provided by PTI to any individual entity shall not exceed ten percent of PTI's net worth. The aggregate guarantee amount shall not exceed fifty percent of PTI's net worth.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
 SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2021 | | | | Note |
|---------------------------|--|---|---|------------------------------------|----------------|----------------|------------|--------|
| | | | | Number of Shares (In Thousands) | Carrying Value | % of Ownership | Fair Value | |
| Powertech Technology Inc. | <u>Share</u> Solid state system Co., Ltd. | - | Financial assets at fair value through other comprehensive profit or loss - non-current | 2,053 | \$ 35,001 | 3 | \$ 35,001 | Note 3 |
| Greatek Electronics Inc. | <u>Fund</u> Yuanta Taiwan High-yield Leading Company Fund A | - | Financial assets at fair value through profit or loss - current | 5,000 | 70,650 | - | 70,650 | Note 4 |
| | <u>Bond</u> P06 Taipower 1A | - | Financial assets at amortized cost. - current | 300 | 300,000 | - | 301,329 | Note 2 |
| | P06 Taipower 3A | - | Financial assets at amortized cost. - current | 50 | 50,000 | - | 50,186 | Note 2 |
| | P06 FPC 1A | - | Financial assets at amortized cost. - current | 50 | 50,000 | - | 50,215 | Note 2 |
| | P08 Taipower 3A | - | Financial assets at amortized cost. - non-current | 100 | 100,001 | - | 100,546 | Note 2 |
| | P06 Taipower 3A | - | Financial assets at amortized cost. - non-current | 50 | 50,000 | - | 50,186 | Note 2 |
| | <u>Share</u> Powertech Technology Inc. | Greatek Electronics Inc.'s parent company | Financial assets at fair value through other comprehensive profit or loss - non-current | 10,000 | 1,045,000 | 1 | 1,045,000 | Note 1 |
| | SAMHOP Microelectronics Corp. | - | Financial assets at fair value through profit or loss - non-current | 268 | - | 3 | - | Note 5 |
| | Terawins Inc. | - | Financial assets at fair value through profit or loss - non-current | 643 | - | 2 | - | Note 5 |
| | Airwave Technologies Inc. | - | Financial assets at fair value through profit or loss - non-current | 93 | - | 1 | - | Note 5 |

Note 1: The fair value was based on stock closing price as of September 30, 2021.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of September 30, 2021.

Note 3: The fair value of ordinary shares was based on stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of September 30, 2021.

Note 4: The fair value was based on the net asset value of the fund as of September 30, 2021.

Note 5: The fair value was based on the carrying value as of September 30, 2021.

Note 6: As of September 30, 2021, the above marketable securities had not been pledged or mortgaged.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(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) | | Acquisition | | Disposal | | | | Ending Balance (Note) | |
|--------------------------|--|--|--------------|--------------|--------------------------|------------|-------------|------------|----------|--------|-----------------|-------------------------|-----------------------|--------------|
| | | | | | Shares | Amount | Shares | Amount | Shares | Amount | Carrying Amount | Gain (Loss) on Disposal | Shares | Amount |
| Greatek Electronics Inc. | Stock Powertech Technology Inc. | Financial assets at fair value through other comprehensive profit or loss - noncurrent | - | - | 6,170 | \$ 585,533 | 3,830 | \$ 398,044 | - | \$ - | \$ - | \$ - | 10,000 | \$ 1,045,000 |

Note: Beginning balance and ending balance include premium value.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

| Buyer | Property | Transaction Date | Transaction Amount | Payment Status | Counterparty | Relationship | Information on Previous Title Transfer If Counterparty is a Related Party | | | | Pricing Reference | Purpose of Acquisition | Other Terms |
|--------------------------|----------------------------------|------------------|--------------------|----------------|--------------------------------|--------------|---|----------------|------------------|----------------|---------------------------|------------------------|-------------|
| | | | | | | | Property Owner | Relationship | Transaction Date | Amount | | | |
| Greatek Electronics Inc. | Building | 2021.03.10 | \$ 510,000 | \$ 255,000 | Jian Ming Contractor Co., Ltd. | None | Not applicable | Not applicable | Not applicable | Not applicable | Self-built not applicable | Plant expansion | None |
| | Land | 2021.05.12 | 330,802 | 330,802 | Orgchen Technologies, Inc. | None | Not applicable | Not applicable | Not applicable | Not applicable | The two sides agreed | Plant expansion | None |
| | MEP system | 2021.06.17 | 980,000 | 294,000 | Jiu Han Engineering Co., Ltd. | None | Not applicable | Not applicable | Not applicable | Not applicable | The two sides agreed | Plant expansion | None |
| | Clean rooms and plumbing systems | 2021.07.06 | 360,000 | 108,000 | Jiu Han Engineering Co., Ltd. | None | Not applicable | Not applicable | Not applicable | Not applicable | The two sides agreed | Plant expansion | None |
| | MEP system | 2021.09.27 | 378,000 | - | Jiu Han Engineering Co., Ltd. | None | Not applicable | Not applicable | Not applicable | Not applicable | The two sides agreed | Plant expansion | None |

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(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 | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| Powertech Technology Inc. | Kioxia Corporation Kingston Technology International Ltd. | Corporate director's parent company The ultimate parent company of the related party is the juristic-person director of the Corporation. | Sale | \$ 15,847,433 | 42 | Note 1 | \$ - | - | \$ 6,047,410 | 56 | - |
| | | | Sale | 538,279 | 1 | Note 1 | - | - | 87,619 | 1 | - |
| Greatek Electronics Inc. | Toshiba International Procurement Hong Kong Ltd. | Corporate director's sister company | Purchase | 757,051 | 6 | Note 1 | - | - | (165,019) | (4) | - |
| | Realtek Semiconductor Corp. | Parent company of Greatek Electronics Inc.'s corporate supervisor. | Sale | 791,281 | 6 | Net 60 days from monthly closing date | Note 2 | Quite | 266,906 | 6 | - |
| | Realtek Singapore Private Limited | Same parent company of Greatek Electronic Inc.'s corporate supervisor. | Sale | 211,815 | 1 | Net 60 days from monthly closing date | Note 2 | Quite | 54,944 | 1 | - |
| | Powertech Technology Inc. | Parent company of Greatek Electronics Inc. | Sale | 224,684 | 2 | Net 90 days from monthly closing date | Note 2 | Quite | 127,675 | 3 | - |
| TeraPower Technology Inc. | Kioxia Corporation | Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company | Sale | 258,364 | 7 | Net 90 days from monthly closing date | - | - | 97,797 | 8 | - |
| | Powertech Technology Inc. | Parent company of TeraPower Technology Inc. | Sale | 102,915 | 3 | Net 60 days from monthly closing date | - | - | 46,413 | 4 | - |

Note 1: 30th to 90th days after the end of the month of the invoice date.

Note 2: The sales price of goods Greatek Electronics Inc. sold to related parties is determined based on general trading practices.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2021

(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 Debts |
|---------------------------|-----------------------------|--|----------------|---------------|---------|--------------|---------------------------------------|-------------------------|
| | | | | | Amount | Action Taken | | |
| Powertech Technology Inc. | Kioxia Corporation | Corporate director's parent company | \$ 6,047,410 | 3.6 | \$ - | - | \$ 1,968,631 | \$ - |
| Greatek Electronics Inc. | Realtek Semiconductor corp. | Parent company of Greatek Electronics Inc.'s corporate supervisor. | 266,906 | 4.15 | - | - | 87,284 | - |
| | Powertech Technology Inc. | Parent company of Greatek Electronics Inc. | 127,675 | 3.75 | - | - | 27,559 | - |

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars)

| No. | Company Name | Counterparty | Transaction Flow | Intercompany Transactions | | | |
|-----------------------------------|---------------------------|--|------------------|---|-----------|--------|--|
| | | | | Financial Statement Item | Amount | Terms | Percentage to Consolidated Total Gross Sales or Total Assets |
| 0 | Powertech Technology Inc. | Greatek Electronics Inc. | 1 | Sales | \$ 19,885 | Note 3 | - |
| | | TeraPower Technology Inc. | 1 | Sales | 10,650 | Note 3 | - |
| | | Powertech Technology (Suzhou) Ltd. | 1 | Sales | 26,784 | Note 3 | - |
| | | Powertech Technology (Suzhou) Ltd. | 1 | Purchase | 7,281 | Note 2 | - |
| | | Powertech Technology (Suzhou) Ltd. | 1 | Subcontract costs | 518,234 | Note 2 | 1% |
| | | Greatek Electronics Inc. | 1 | Subcontract costs | 213,272 | Note 2 | - |
| | | TeraPower Technology Inc. | 1 | Subcontract costs | 64,337 | Note 2 | - |
| | | TeraPower Technology Inc. | 1 | Accounts receivable from related parties | 789 | Note 3 | - |
| | | Greatek Electronics Inc. | 1 | Accounts receivable from related parties | 16,638 | Note 3 | - |
| | | Powertech Technology (Xian) Ltd. | 1 | Other receivables from related parties | 80,639 | Note 2 | - |
| | | Greatek Electronics Inc. | 1 | Other receivables from related parties | 18,614 | Note 2 | - |
| | | Powertech Technology (Suzhou) Ltd. | 1 | Other receivables from related parties | 129,062 | Note 2 | - |
| | | Powertech Technology Akita Inc. | 1 | Other receivables from related parties | 322 | Note 2 | - |
| | | TeraPower Technology Inc. | 1 | Other receivables from related parties | 535 | Note 2 | - |
| | | Powertech Technology (Suzhou) Ltd. | 1 | Disposal of property, plant and equipment | 89,755 | Note 2 | - |
| | | Powertech Technology Akita Inc. | 1 | Purchase of property, plant and equipment | 31,631 | Note 2 | - |
| | | Powertech Technology (Suzhou) Ltd. | 1 | Purchase of property, plant and equipment | 59,903 | Note 2 | - |
| | | Powertech Technology (Singapore) Pte. Ltd. | 1 | Purchase of property, plant and equipment | 134,987 | Note 2 | - |
| | | Powertech Technology (Suzhou) Ltd. | 1 | Other payables to related parties | 47,863 | Note 2 | - |
| | | Greatek Electronics Inc. | 1 | Other payables to related parties | 130,442 | Note 2 | - |
| TeraPower Technology Inc. | 1 | Other payables to related parties | 56,972 | Note 2 | - | | |
| Powertech Technology (Japan) Ltd. | 1 | Other payables to related parties | 10,320 | Note 2 | - | | |
| Powertech Technology Akita Inc. | 1 | Other payables to related parties | 33,402 | Note 2 | - | | |
| Tera Probe, Inc. | 1 | Other payables to related parties | 568 | Note 2 | - | | |
| 1 | Tera Probe, Inc. | TeraPower Technology Inc. | 1 | Other receivables from related parties | 3,350 | 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 based on negotiations 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.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION OF INVESTEEES
 SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars)

| Investor | Investee | Location | Main Businesses and Products | Investment Amount | | Balance as of September 30, 2021 | | | Net Income (Loss) of the Investee | Investment Gain (Loss) | Note |
|----------------------------|--|-----------|--|--------------------|-------------------|----------------------------------|----------------|----------------|-----------------------------------|------------------------|---------------|
| | | | | September 30, 2021 | December 31, 2020 | Number of Shares (In Thousands) | % of Ownership | Carrying Value | | | |
| Powertech Technology Inc. | TeraPower Technology Inc. | Hsin-chu | Wafer probing test services | \$ 1,153,964 | \$ 1,153,964 | 73,386 | 49 | \$ 2,714,208 | \$ 535,962 | \$ 332,126 | Notes 1 and 2 |
| | POWERTECH HOLDING(BVI) INC. | BVI | Investment business | 1,679,370 | 1,679,370 | 50 | 100 | 1,139,189 | 32,208 | 23,539 | Notes 1 and 2 |
| | Greatek Electronics Inc. | Miaoli | Semiconductor assembly and testing service | 6,169,948 | 6,169,948 | 244,064 | 43 | 9,023,999 | 3,431,856 | 1,468,126 | Notes 1 and 2 |
| | Powertech Technology (Singapore) Pte. Ltd. | Singapore | Investment business | USD 85,000 | USD 85,000 | 85,000 | 100 | 1,704,568 | 633,408 | 631,160 | Notes 2 and 3 |
| | Powertech Technology Japan Ltd. | Japan | Investment business | USD 103,052 | USD 103,052 | - | 100 | 2,963,845 | 136,774 | 249,829 | Note 3 |
| POWERTECH HOLDING(BVI)INC. | Tera Probe, Inc. | Japan | Wafer probing test services | \$ 230,616 | \$ 230,616 | 1,077 | 12 | 371,889 | 301,285 | 42,432 | Note 3 |
| | PTI TECHNOLOGY (SINGAPORE)PTE. LTD. | Singapore | Investment business | USD 51,000 | USD 51,000 | 103 | 100 | USD 40,502 | USD 1,148 | USD 1,148 | Note 3 |
| | Powertech Technology Japan Ltd. | Japan | Wafer probing test services | USD 43,963 | USD 43,963 | 4,440 | 49 | USD 99,052 | USD 10,748 | USD 5,246 | Note 3 |
| Tera Probe, Inc. | Powertech Technology Akita Inc. | Japan | Semiconductor assembly and testing service | USD 58,329 | USD 58,329 | 6 | 100 | USD 10,305 | USD (120) | USD (120) | Note 3 |
| | TeraPower Technology Inc. | Hsin-chu | Wafer probing test services | JPY4,348,056 | JPY4,348,056 | 76,381 | 51 | JPY4,348,056 | JPY2,081,086 | JPY1,061,354 | Note 1 |
| | Tera Probe Aizu, Inc. | Japan | Wafer probing test services | JPY 221,616 | JPY 221,616 | 180 | 100 | JPY 221,616 | JPY (185,849) | JPY (185,849) | Note 3 |

Note 1: Amount was recognized on the basis of reviewed financial statements.

Note 2: Including unrealized intercompany gains (losses).

Note 3: Amount was recognized on the basis of unreviewed financial statements.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
SEPTEMBER 30, 2021

(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 Investment from Taiwan as of January 1, 2021 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of September 30, 2021 | Net Income (Loss) of the Investee | Percentage of Ownership in Investment | Investment Gain (Loss) (Note 2) | Carrying Value as of September 30, 2021 (Note 2) | Accumulated Inward Remittance of Earnings as of September 30, 2021 | Note |
|--|---|---------------------------------|-----------------|---|------------------|-------------------------|--|-----------------------------------|---------------------------------------|---------------------------------|--|--|------|
| | | | | | Outflow | Inflow | | | | | | | |
| Powertech Technology (Suzhou) Ltd. | Semiconductor testing and assembly services | \$ 2,786,600 (US\$ 100,000) | Note 1 | \$ 1,421,166 (US\$ 51,000) | \$ - | \$ - | \$ 1,421,166 (US\$ 51,000) | \$ 45,223 (US\$ 1,595) | 100% | \$ 44,100 (US\$ 1,555) | \$ 1,636,138 (US\$ 58,715) | \$ - | - |
| Powertech Technology (Xian) Ltd. | Semiconductor testing and assembly services | 1,950,620 (US\$ 70,000) | Note 1 | 1,845,147 (US\$ 66,215) | - | 156,328 (US\$ 5,610) | 1,688,819 (US\$ 60,605) | 406,042 (US\$ 14,463) | 100% | 406,042 (US\$ 14,463) | 2,536,535 (US\$ 91,026) | 261,801 (US\$ 9,395) | - |

| Investee Company Accounted for Using the Equity Method | Accumulated Investment in Mainland China as of September 30, 2021 (US\$ in Thousands) | Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands) | Ceiling Amount on of the Corporation's Investment in Mainland China |
|--|---|--|---|
| Powertech Technology (Suzhou) Ltd. | US\$ 51,000 | US\$ 79,000 | \$28,854,942 |
| Powertech Technology (Xian) Ltd. | US\$ 60,605 | US\$ 70,000 | |

Note 1: Indirect investments through Powertech Holding (BVI) Inc., the Corporation's 100%-owned subsidiaries.

Note 2: Amount was recognized on the basis of reviewed financial statements.

Note 3: Based on the exchange rate as of September 30, 2021.