

**Powertech Technology Inc. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2024 and 2023 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 (collectively, the "Corporation"), as of March 31, 2024 and 2023 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three-months periods then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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 the Standards on Review Engagement of the Republic of China 2410 "Review of Interim 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 disclosed 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 March 31, 2024 and 2023, combined total assets of these non-significant subsidiaries were NT\$6,770,023 thousand and NT\$5,318,351 thousand, representing 6.20% and 4.63%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$2,489,466 thousand and NT\$2,075,098 thousand, respectively, representing 6.57% and 4.40%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income of these subsidiaries were NT\$37,544 thousand and NT\$88,690 thousand, respectively, representing 1.64% and 6.33%, respectively, of the consolidated total comprehensive income. And as disclosed in Note 13 to the consolidated financial statements, the investments accounted for using equity method as of March 31, 2024 were NT\$1,192,210 thousand, and the share of loss of associates for using the equity method, for the three months ended March 31, 2024 were NT\$(7,792) thousand, was recognition and disclosure based on the investments financial statements for the same period that have not been reviewed by Accountant, 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 and Investment 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cheng-Chih Lin and Su-Li Fang.

 

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 10, 2024

### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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	March 31, 2024		December 31, 2023		March 31, 2023		LIABILITIES AND EQUITY	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash and cash equivalents (Note 6)	\$ 20,485,994	19	\$ 21,079,749	19	\$ 18,491,971	16	Short-term bank loans (Note 18)	\$ 63,420	-	\$ 65,190	-	\$ 135,121	-
Financial assets at fair value through profit or loss - current (Note 7)	1,382	-	28,659	-	36,183	-	Financial liabilities at fair value through profit or loss - current (Note 7)	55,107	-	504	-	44,888	-
Financial assets at amortized cost - current (Notes 9 and 29)	217,307	-	210,744	-	93,944	-	Contract liabilities - current (Note 22)	124,419	-	131,106	-	189,744	-
Contract assets - current (Notes 22 and 28)	2,501,177	2	2,363,716	2	2,482,930	2	Notes and accounts payable	5,450,637	5	4,952,699	5	4,132,692	4
Notes and accounts receivable (Notes 10 and 22)	11,352,532	11	11,503,525	10	9,306,156	8	Accounts payable to related parties (Note 28)	129,219	-	124,111	-	17,641	-
Receivables from related parties (Notes 22 and 28)	5,713,482	5	5,175,271	5	5,675,923	5	Bonus to employees and remuneration to directors (Note 23)	1,457,013	1	1,189,713	1	1,619,340	2
Other receivables	304,950	-	362,471	-	414,674	-	Payables to equipment suppliers (Note 28)	1,634,029	2	1,195,261	1	2,175,587	2
Other receivables from related parties (Note 28)	57,445	-	100,338	-	27,083	-	Other payables - related parties (Note 28)	93,701	-	126,714	-	31,357	-
Inventories (Note 11)	6,272,636	6	6,680,554	6	9,779,584	9	Current income tax liabilities (Notes 4 and 24)	1,827,168	2	1,540,856	1	1,554,211	1
Prepaid expenses (Note 17)	186,468	-	272,119	-	389,882	-	Lease liabilities - current (Note 15)	37,577	-	38,005	-	57,934	-
Other current assets (Notes 17 and 30)	554,056	1	417,137	1	666,124	1	Accrued expenses and other current liabilities (Note 19)	6,461,990	6	6,576,059	6	6,033,448	5
Total current assets	47,647,429	44	48,194,283	43	47,364,454	41	Current portion of long-term debts (Notes 18 and 29)	120,498	-	567,909	1	195,010	-
							Total current liabilities	17,454,778	16	16,508,127	15	16,186,973	14
<b>NON-CURRENT ASSETS</b>							<b>NON-CURRENT LIABILITIES</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	34,364	-	34,662	-	20,274	-	Long-term debt (Notes 18 and 29)	18,048,954	17	23,197,987	21	28,378,884	25
Financial assets at amortized cost - non-current (Notes 9 and 29)	717,551	1	794,154	1	426,014	1	Deferred income tax liabilities (Notes 4 and 24)	462,665	-	354,366	-	367,568	-
Investments accounted for using the equity method (Note 13)	1,192,210	1	1,174,347	1	-	-	Lease liabilities - non-current (Note 15)	1,304,848	1	1,313,961	1	1,335,807	1
Property, plant and equipment (Notes 14, 28 and 29)	56,186,225	51	56,923,703	51	63,180,358	55	Net defined benefit liability - non-current (Notes 4 and 20)	73,417	-	92,414	-	182,367	-
Right-of-use assets (Note 15)	1,290,295	1	1,348,665	1	1,451,445	1	Other non-current liabilities (Note 19)	574,755	1	581,227	1	702,283	1
Intangible assets (Note 16)	1,104,407	1	1,107,074	1	1,119,773	1	Total non-current liabilities	20,464,639	19	25,539,955	23	30,966,909	27
Deferred income tax assets (Notes 4 and 24)	198,468	-	318,920	1	224,515	-	Total liabilities	37,919,417	35	42,048,082	38	47,153,882	41
Net defined benefit assets - non-current (Notes 4 and 20)	2,643	-	2,643	-	2,539	-							
Other non-current assets (Notes 17 and 30)	854,348	1	1,256,114	1	1,043,625	1	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 21)</b>						
Total non-current assets	61,580,511	56	62,960,282	57	67,468,543	59	Capital stock						
							Common stock	7,591,466	7	7,591,466	7	7,591,466	7
							Capital surplus	237,196	-	237,071	-	149,596	-
							Retained earnings						
							Legal reserve	10,051,723	9	10,051,723	9	9,181,307	8
							Special reserve	602,228	1	602,228	-	710,623	1
							Unappropriated earnings	39,324,746	36	37,588,110	34	36,786,740	32
							Total retained earnings	49,978,697	46	48,242,061	43	46,678,670	41
							Other equity	(521,350)	(1)	(732,267)	(1)	(573,766)	(1)
							Treasury stock	(468,802)	-	(468,802)	-	(468,802)	-
							Equity attributable to shareholders of the Parent	56,817,207	52	54,869,529	49	53,377,164	47
							<b>NON-CONTROLLING INTERESTS (Notes 12 and 21)</b>						
								14,491,316	13	14,236,954	13	14,301,951	12
							Total equity	71,308,523	65	69,106,483	62	67,679,115	59
<b>TOTAL</b>	<b>\$ 109,227,940</b>	<b>100</b>	<b>\$ 111,154,565</b>	<b>100</b>	<b>\$ 114,832,997</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 109,227,940</b>	<b>100</b>	<b>\$ 111,154,565</b>	<b>100</b>	<b>\$ 114,832,997</b>	<b>100</b>

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

(With Deloitte & Touche review report dated May 10, 2024)

# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET SALES (Notes 22 and 28)	\$ 18,328,881	100	\$ 15,740,524	100
COST OF REVENUE (Notes 11, 23 and 28)	<u>15,121,828</u>	<u>83</u>	<u>13,206,670</u>	<u>84</u>
GROSS PROFIT	<u>3,207,053</u>	<u>17</u>	<u>2,533,854</u>	<u>16</u>
OPERATING EXPENSES (Note 23)				
Marketing	48,976	-	57,254	-
General and administrative	445,510	2	310,573	2
Research and development	668,002	4	455,040	3
Expected credit gain (Note 10)	<u>-</u>	<u>-</u>	<u>(528)</u>	<u>-</u>
Total operating expenses	<u>1,162,488</u>	<u>6</u>	<u>822,339</u>	<u>5</u>
OPERATING INCOME	<u>2,044,565</u>	<u>11</u>	<u>1,711,515</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	111,885	1	47,577	-
Other gains and losses (Notes 23 and 28)	37,799	-	171,972	1
Other income (Note 23)	2,904	-	2,701	-
Financial costs (Note 23)	(72,619)	-	(78,527)	-
Share of loss of associates for using the equity method (Note 13)	(7,792)	-	-	-
Foreign exchange gain (loss), net (Notes 23 and 31)	<u>602,705</u>	<u>3</u>	<u>(112,218)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>674,882</u>	<u>4</u>	<u>31,505</u>	<u>-</u>
INCOME BEFORE INCOME TAX	2,719,447	15	1,743,020	11
INCOME TAX EXPENSE (Notes 4 and 24)	<u>612,727</u>	<u>4</u>	<u>319,484</u>	<u>2</u>
NET INCOME	<u>2,106,720</u>	<u>11</u>	<u>1,423,536</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized (losses) gain on investments in equity instruments designated as at fair value through other comprehensive income	(298)	-	3,131	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	<u>178,175</u>	<u>1</u>	<u>(26,065)</u>	<u>-</u>
Total other comprehensive income (loss)	<u>177,877</u>	<u>1</u>	<u>(22,934)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,284,597</u>	<u>12</u>	<u>\$ 1,400,602</u>	<u>9</u>

(Continued)

## POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 1,736,636	9	\$ 1,127,471	7
Non-controlling interests	<u>370,084</u>	<u>2</u>	<u>296,065</u>	<u>2</u>
	<u>\$ 2,106,720</u>	<u>11</u>	<u>\$ 1,423,536</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 1,947,553	10	\$ 1,088,150	7
Non-controlling interests	<u>337,044</u>	<u>2</u>	<u>312,452</u>	<u>2</u>
	<u>\$ 2,284,597</u>	<u>12</u>	<u>\$ 1,400,602</u>	<u>9</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 2.32</u>		<u>\$ 1.51</u>	
Diluted	<u>\$ 2.31</u>		<u>\$ 1.50</u>	

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

(With Deloitte & Touche review report dated May 10, 2024)

(Concluded)

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Corporations											Noncontrolling Interests	Total Equity
	Capital Stock		Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Share	Total		
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE, JANUARY 1, 2023	759,147	\$ 7,591,466	\$ 149,540	\$ 9,181,307	\$ 710,623	\$ 35,659,269	\$ (501,790)	\$ (32,655)	\$ (534,445)	\$ (468,802)	\$ 52,288,958	\$ 14,034,080	\$ 66,323,038
Appropriation of 2022 earnings													
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(44,655)	(44,655)
Net income for the three months ended March 31, 2023	-	-	-	-	-	1,127,471	-	-	-	-	1,127,471	296,065	1,423,536
Other comprehensive (loss) income for the three months ended March 31, 2023	-	-	-	-	-	-	(42,452)	3,131	(39,321)	-	(39,321)	16,387	(22,934)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	1,127,471	(42,452)	3,131	(39,321)	-	1,088,150	312,452	1,400,602
Donations from shareholders	-	-	56	-	-	-	-	-	-	-	56	74	130
BALANCE, MARCH 31, 2023	759,147	\$ 7,591,466	\$ 149,596	\$ 9,181,307	\$ 710,623	\$ 36,786,740	\$ (544,242)	\$ (29,524)	\$ (573,766)	\$ (468,802)	\$ 53,377,164	\$ 14,301,951	\$ 67,679,115
BALANCE, JANUARY 1, 2024	759,147	\$ 7,591,466	\$ 237,071	\$ 10,051,723	\$ 602,228	\$ 37,588,110	\$ (717,131)	\$ (15,136)	\$ (732,267)	\$ (468,802)	\$ 54,869,529	\$ 14,236,954	\$ 69,106,483
Appropriation of 2023 earnings													
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(82,494)	(82,494)
Net income for the three months ended March 31, 2024	-	-	-	-	-	1,736,636	-	-	-	-	1,736,636	370,084	2,106,720
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	211,215	(298)	210,917	-	210,917	(33,040)	177,877
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	1,736,636	211,215	(298)	210,917	-	1,947,553	337,044	2,284,597
Changes in percentage of ownership interests in subsidiaries	-	-	125	-	-	-	-	-	-	-	125	(188)	(63)
BALANCE, MARCH 31, 2024	759,147	\$ 7,591,466	\$ 237,196	\$ 10,051,723	\$ 602,228	\$ 39,324,746	\$ (505,916)	\$ (15,434)	\$ (521,350)	\$ (468,802)	\$ 56,817,207	\$ 14,491,316	\$ 71,308,523

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

(With Deloitte & Touche audit report dated May 10, 2024)

# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Current income before income tax	\$ 2,719,447	\$ 1,743,020
Adjustments for:		
Depreciation	3,196,357	3,375,819
Amortization	6,315	7,883
Expected credit gain recognized on trade receivables	-	(528)
Net loss on fair value change of financial assets designated as at fair value through profit or loss	27,277	10,796
Financial costs	72,619	78,527
Interest revenue	(111,885)	(47,577)
Share of loss of associate	7,792	-
Net gain on disposal of property, plant and equipment	(108,781)	(88,855)
Property, plant and equipment transfer to expenses	-	247
Net gain on foreign currency exchange, net	(897,780)	(4,193)
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	-	19,640
Contract assets	(137,461)	162,414
Notes and accounts receivable	584,819	59,164
Accounts receivable from related parties	(251,266)	(499,562)
Other receivables	109,472	(68,165)
Other receivables from related parties	47,809	40,794
Inventories	407,918	973,242
Prepayments	85,651	28,095
Other current assets	(127,646)	51,595
Financial liability held for trading	54,603	37,442
Contract liabilities	(6,687)	(36,943)
Notes and accounts payable	343,471	(1,438,181)
Accounts payable to related parties	(377)	(66,606)
Bonus to employees and remuneration of directors	267,300	196,939
Other payables to related parties	(33,013)	(957)
Accrued expenses and other current liabilities	(138,065)	(2,207,768)
Net defined benefit liabilities	(18,997)	(100,055)
Other payables	<u>8,521</u>	<u>464</u>
Cash generated from operations	6,107,413	2,226,691
Interest received	98,910	34,319
Interest paid	(76,657)	(107,821)
Income tax paid	<u>(97,664)</u>	<u>(56,096)</u>
Net cash generated from operating activities	<u>6,032,002</u>	<u>2,097,093</u>

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# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	\$ -	\$ (22)
Proceeds from sale of financial assets at amortized cost	61,023	-
Acquisition of property, plant and equipment	(2,024,181)	(2,197,817)
Disposal of property, plant and equipment	103,530	197,591
Decrease in refundable deposits	51,520	28,770
Increase in intangible assets	(585)	(2,735)
Decrease in finance lease receivable	7,255	-
Decrease (increase) in prepayments for equipment	<u>382,671</u>	<u>(1,109)</u>
Net cash used in investing activities	<u>(1,418,767)</u>	<u>(1,975,322)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term bank loans	(1,770)	65,401
Increase in long-term debt	-	3,600,000
Decrease in long-term debt	(5,589,287)	(5,557,403)
Decrease in guarantee deposits	(35,522)	(16,715)
Repayment of the principal portion of lease liabilities	(9,594)	(17,998)
Purchase of treasury shares by subsidiary	(63)	-
Dividends paid to non-controlling interests	(82,494)	(44,655)
Donations from shareholders	<u>-</u>	<u>130</u>
Net cash used in financing activities	<u>(5,718,730)</u>	<u>(1,971,240)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>511,740</u>	<u>(31,984)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(593,755)</b>	<b>(1,881,453)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u><b>21,079,749</b></u>	<u><b>20,373,424</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u><b>\$ 20,485,994</b></u>	<u><b>\$ 18,491,971</b></u>

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

(With Deloitte & Touche review report dated May 10, 2024)

(Concluded)

# POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 Depositary Shares ("GDS"), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS was accepted for quotation on the International Order Book of the London Stock Exchange.

The consolidated financial statements are presented in PTI's functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since PTI's 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 May 10, 2024.

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

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

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

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

<b>New IFRS Accounting Standards</b>	<b>Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023

(Continued)

<b>New IFRS Accounting Standards</b>	<b>Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)</b>
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2) (Concluded)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

1) IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

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

##### a. Statement of compliance

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 assets (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 dates of acquisitions up to the effective dates of disposals, as appropriate.

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

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

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

See Notes 12 and 32k for the detailed information of subsidiaries (including the percentages 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, 2023.

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) Income tax expense

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The material 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, 2023.

## 6. CASH AND CASH EQUIVALENTS

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Checking accounts and demand deposits	\$ 19,185,047	\$ 21,079,526	\$ 18,491,391
Cash on hand	752	223	580
Cash equivalents (investments with original maturities of 3 months or less)			
Commercial paper	<u>1,300,195</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,485,994</u>	<u>\$ 21,079,749</u>	<u>\$ 18,491,971</u>

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Bank deposits	0%-5.72%	0%-5.72%	0%-4.85%
Commercial paper	1.25%-1.28%	-	-

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

	March 31, 2024	December 31, 2023	March 31, 2023
<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	\$ 1,382	\$ 28,659	\$ 6,325
Non-derivative financial assets			
Mutual funds	-	-	29,858
	<u>\$ 1,382</u>	<u>\$ 28,659</u>	<u>\$ 36,183</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	\$ 55,107	\$ 504	\$ 44,888

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2024</u>			
Sell forward exchange contracts	USD to NTD	2024.04.02-2024.06.04	USD 90,154
	USD to JPY	2024.04.15-2024.07.31	USD 8,368
	USD to RMB	2024.04.10-2024.04.12	USD 2,777
<u>December 31, 2023</u>			
Sell forward exchange contracts	USD to NTD	2024.01.02-2024.04.09	USD 33,635
	USD to JPY	2024.01.15-2024.05.07	USD 9,511
	USD to RMB	2024.01.10-2024.01.29	USD 3,369
<u>March 31, 2023</u>			
Sell forward exchange contracts	USD to NTD	2023.04.07-2023.07.28	USD 142,620
	USD to JPY	2023.04.14-2023.07.31	USD 8,162
	USD to RMB	2023.04.10-2023.05.15	USD 5,076

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

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

### Investments in equity instruments at FVTOCI

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investments			
Listed shares			
Common stock - Solid State System Co., Ltd.	\$ 34,364	\$ 34,662	\$ 20,274

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investments			
Corporate bonds -P08 Taiwan Power Company 3A Bond	\$ 50,000	\$ 50,000	\$ 50,000
Time deposits with original maturities of more than 3 months	135,317	-	-
Pledged time deposits	-	-	13,490
Restricted deposit	<u>31,990</u>	<u>160,744</u>	<u>30,454</u>
	<u>\$ 217,307</u>	<u>\$ 210,744</u>	<u>\$ 93,944</u>
<u>Non-current</u>			
Domestic investments			
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ -	\$ -	\$ 50,000
Time deposits with original maturities of more than 3 months	465,080	586,710	251,680
Pledged time deposits	<u>252,471</u>	<u>207,444</u>	<u>124,334</u>
	<u>\$ 717,551</u>	<u>\$ 794,154</u>	<u>\$ 426,014</u>

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

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.001%-1.95%, 0.001%-0.035% and 0.001%-0.002% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

Refer to Note 27 for information relating to their credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
Notes receivable - operating	\$ 24,774	\$ 16,338	\$ 28,975
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	11,393,062	11,552,491	9,342,485
Less: Allowance for impairment loss	<u>(65,304)</u>	<u>(65,304)</u>	<u>(65,304)</u>
	<u>11,327,758</u>	<u>11,487,187</u>	<u>9,277,181</u>
	<u>\$ 11,352,532</u>	<u>\$ 11,503,525</u>	<u>\$ 9,306,156</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.

March 31, 2024

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$11,359,749	\$ 28,076	\$ 533	\$ 170	\$ 4,534	\$11,393,062
Loss allowance (Lifetime ECLs)	<u>(31,991)</u>	<u>(28,076)</u>	<u>(533)</u>	<u>(170)</u>	<u>(4,534)</u>	<u>(65,304)</u>
Amortized cost	<u>\$11,327,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,327,758</u>

December 31, 2023

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

March 31, 2023

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 9,307,768	\$ 26,759	\$ 2,581	\$ 3,559	\$ 1,818	\$ 9,342,485
Loss allowance (Lifetime ECLs)	<u>(30,587)</u>	<u>(26,759)</u>	<u>(2,581)</u>	<u>(3,559)</u>	<u>(1,818)</u>	<u>(65,304)</u>
Amortized cost	<u>\$ 9,277,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,277,181</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 65,304	\$ 65,832
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(528)</u>
Balance at March 31	<u>\$ 65,304</u>	<u>\$ 65,304</u>

**11. INVENTORIES**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Raw materials	\$ 5,703,773	\$ 6,158,770	\$ 9,219,570
Supplies	<u>568,863</u>	<u>521,784</u>	<u>560,014</u>
	<u>\$ 6,272,636</u>	<u>\$ 6,680,554</u>	<u>\$ 9,779,584</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Cost of inventories sold	<u>\$ 15,121,828</u>	<u>\$ 13,206,670</u>
Write-downs of inventories	<u>22,257</u>	<u>20,990</u>
Unallocated production overhead	<u>1,234,474</u>	<u>1,760,486</u>
Sales of scrap	<u>51,973</u>	<u>36,451</u>

## 12. SUBSIDIARY

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Powertech Technology Inc.	Powertech Holding (BVI) Inc.	Investment business	100	100	100	Note 2
	Greatek Electronics Inc. ("GEI")	Semiconductor assembly and testing services	43	43	43	Notes 1 and 3
	Powertech Technology (Singapore) Pte. Ltd.	Investment business	100	100	100	Note 2
	Powertech Semiconductor (Xian) Co., 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	Note 6
	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	-
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	30	30	72	Note 6
Powertech Technology (Singapore) Pte. Ltd.	Powertech Semiconductor (Xian) Co., Ltd. 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	Note 6
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	-
Greatek Electronics Inc. ("GEI")	Get-Team Tech Corporation	Metal surface treatment of semiconductor wire frame	97.46	97.46	97.46	Notes 2 and 5

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 three months ended March 31, 2024 and 2023 have not been reviewed.

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

Note 4: Due to the adjustment of operational needs, the Corporation cease the operation of Powertech Technology Akita Inc.

Note 5: On October 5, 2022, Greatek acquired 97.46% ownership of Get-Team Tech Corporation and obtained the majority, Get-Team Tech Corporation became a subsidiary of Greatek.

Note 6: On June 27, 2023, the board of directors of the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. On October 1, 2023, the transfer of shares was completed, and the name of Powertech Technology (Suzhou) Ltd. was changed to Longforce Technology (Suzhou) Ltd. After the disposal, PTI TECHNOLOGY (SINGAPORE) PTE. LTD. held a 30% equity interest in Longforce Technology (Suzhou) Ltd.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2024	December 31, 2023	March 31, 2023
Greatek Electronics Inc.	Zhunan Township, Miaoli County	57%	57%	57%
Tera Probe, Inc.	Japan	39%	39%	39%

  

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Three Months Ended March 31		Accumulated Non-controlling Interests		
	2024	2023	March 31, 2024	December 31, 2023	March 31, 2023
	Greatek Electronics Inc. (Excluding non-controlling interests in subsidiary)	\$ 296,980	\$ 201,433	\$ 11,740,378	\$ 11,438,485
Tera Probe, Inc.	\$ 73,210	\$ 94,743	\$ 2,748,405	\$ 2,795,830	\$ 2,595,352

Summarized financial information in respect of each of the Corporation's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Greatek Electronics Inc. and subsidiary

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 10,299,882	\$ 9,472,652	\$ 9,255,391
Non-current assets	15,314,311	15,040,004	15,630,688
Current liabilities	(2,539,477)	(2,644,685)	(3,004,438)
Non-current liabilities	<u>(316,568)</u>	<u>(335,166)</u>	<u>(477,486)</u>
Equity	<u>\$ 22,758,148</u>	<u>\$ 21,532,805</u>	<u>\$ 21,404,155</u>
Equity attributable to:			
Owners of the Parent	\$ 9,763,338	\$ 9,237,557	\$ 9,182,190
Non-controlling interests	12,992,277	12,292,609	12,218,931
Non-controlling interests from subsidiary	<u>2,533</u>	<u>2,639</u>	<u>3,034</u>
	<u>\$ 22,758,148</u>	<u>\$ 21,532,805</u>	<u>\$ 21,404,155</u>
		For the Three Months Ended March 31	
		2024	2023
Operating revenue		<u>\$ 3,479,721</u>	<u>\$ 3,016,735</u>
Net income for the period		\$ 523,243	\$ 355,891
Other comprehensive income (loss) for the period		<u>702,100</u>	<u>139,240</u>
Total comprehensive income for the period		<u>\$ 1,225,343</u>	<u>\$ 495,131</u>

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Net income attributable to:		
Owners of the Parent	\$ 224,544	\$ 152,743
Non-controlling interests	298,805	203,259
Non-controlling interests from subsidiary	<u>(106)</u>	<u>(111)</u>
	<u>\$ 523,243</u>	<u>\$ 355,891</u>
Total comprehensive income attributable to:		
Owners of the Parent	\$ 525,781	\$ 212,484
Non-controlling interests	699,668	282,758
Non-controlling interests from subsidiary	<u>(106)</u>	<u>(111)</u>
	<u>\$ 1,225,343</u>	<u>\$ 495,131</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 1,193,975	\$ 900,978
Investing activities	(408,874)	(294,503)
Financing activities	<u>(15,597)</u>	<u>(18,688)</u>
Net cash inflow	<u>\$ 769,504</u>	<u>\$ 587,787</u> (Concluded)

Tera Probe, Inc.

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current assets	\$ 1,816,362	\$ 1,944,557	\$ 2,131,637
Non-current assets	6,298,554	6,000,288	5,486,761
Current liabilities	(902,308)	(585,856)	(652,368)
Non-current liabilities	<u>(510,467)</u>	<u>(525,330)</u>	<u>(621,410)</u>
Equity	<u>\$ 6,702,141</u>	<u>\$ 6,833,659</u>	<u>\$ 6,344,620</u>
Equity attributable to:			
Owners of the Parent	\$ 4,064,860	\$ 4,144,615	\$ 3,848,013
Non-controlling interests	<u>2,637,281</u>	<u>2,689,044</u>	<u>2,496,607</u>
	<u>\$ 6,702,141</u>	<u>\$ 6,833,659</u>	<u>\$ 6,344,620</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Operating revenue for the period	<u>\$ 475,482</u>	<u>\$ 498,542</u>
Net income	\$ 173,391	\$ 257,260
Other comprehensive income (loss) for the period	<u>92,812</u>	<u>47,852</u>
Total comprehensive income for the period	<u>\$ 266,203</u>	<u>\$ 305,112</u> (Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Net income attributable to:		
Owners of the Parent	\$ 105,162	\$ 156,024
Non-controlling interests	<u>68,229</u>	<u>101,236</u>
	<u>\$ 173,391</u>	<u>\$ 257,260</u>
Total comprehensive income attributable to:		
Owners of the Parent	\$ 161,453	\$ 185,045
Non-controlling interests	<u>104,750</u>	<u>120,067</u>
	<u>\$ 266,203</u>	<u>\$ 305,112</u>
Cash inflow (outflow) from:		
Operating activities	\$ 217,686	\$ 292,183
Investing activities	13,111	(177,098)
Financing activities	<u>(254,107)</u>	<u>6,023</u>
Net cash (outflow) inflow	<u>\$ (23,310)</u>	<u>\$ 121,108</u> (Concluded)

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Associates that are not individually material		
Longforce Technology (Suzhou) Ltd.	<u>\$ 1,192,210</u>	<u>\$ 1,174,347</u>

- a. Aggregate information of associates that are not individually material

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
The Group's share of:		
Loss from continuing operations	<u>\$ (7,792)</u>	<u>\$ -</u>

On June 27, 2023, the board of directors of the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. On October 1, 2023, the transfer of shares was completed, and the name of Powertech Technology (Suzhou) Ltd. was changed to Longforce Technology (Suzhou) Ltd. After the disposal, PTI TECHNOLOGY (SINGAPORE) PTE. LTD. held a 30% equity interest in Longforce Technology (Suzhou) Ltd.

Included in the cost of investments in those associates is goodwill of \$333,955 thousand.

## 14. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2024						December 31, 2023		March 31, 2023	
Assets used by the Corporation	<u>\$ 56,186,225</u>						<u>\$ 56,923,703</u>		<u>\$ 63,180,358</u>	
	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
<b>Cost</b>										
Balance at January 1, 2024	\$ 4,747,802	\$ 34,616,943	\$105,041,454	\$ 1,941,091	\$ 84,077	\$ 3,450,426	\$ 1,375,779	\$ 2,613,092	\$ 334,257	\$154,204,921
Additions	-	32,222	126,710	2,738	-	17,303	299,933	1,888,263	88,467	2,455,636
Disposals	-	(311,528)	(2,255,369)	(38,989)	-	-	-	(215)	(98,114)	(2,704,215)
Reclassified	371,101	464,171	1,584,472	4,874	-	93,897	(309,824)	2,081,185	-	127,506
Effect of foreign currency exchange differences	(383)	(38,686)	(59,570)	(9,530)	(1,604)	13,166	-	(4,633)	-	(101,240)
Balance at March 31, 2024	<u>5,118,520</u>	<u>34,763,122</u>	<u>104,437,697</u>	<u>1,900,184</u>	<u>82,473</u>	<u>3,574,792</u>	<u>1,365,888</u>	<u>2,415,322</u>	<u>324,610</u>	<u>153,982,608</u>
<b>Accumulated depreciation</b>										
Balance at January 1, 2024	-	14,870,674	76,748,697	1,624,092	7,689	3,019,057	-	-	-	96,270,209
Depreciation expenses	-	434,691	2,571,820	33,441	66	46,494	-	-	98,114	3,184,626
Disposals	-	(118,825)	(1,755,429)	(29,227)	-	-	-	-	(98,114)	(2,001,595)
Reclassified	-	-	89,340	-	-	-	-	-	-	89,340
Effect of foreign currency exchange differences	-	(15,337)	(23,123)	(7,758)	(86)	12,181	-	-	-	(34,123)
Balance at March 31, 2024	<u>-</u>	<u>15,171,203</u>	<u>77,631,305</u>	<u>1,620,548</u>	<u>7,669</u>	<u>3,077,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,508,457</u>
<b>Accumulated impairment</b>										
Balance at January 1, 2024	1,376	240,823	617,298	39,739	52,544	-	-	59,229	-	1,011,009
Recognition of impairment losses	-	-	-	-	-	-	-	-	-	-
Disposals	-	(192,703)	(484,146)	(9,763)	-	-	-	-	-	(686,612)
Reclassified	-	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	(37)	(9,262)	(23,601)	(536)	(1,427)	-	-	(1,608)	-	(36,471)
Balance at March 31, 2024	<u>1,339</u>	<u>38,858</u>	<u>109,551</u>	<u>29,440</u>	<u>51,117</u>	<u>-</u>	<u>-</u>	<u>57,621</u>	<u>-</u>	<u>287,926</u>
Carrying amount at March 31, 2024	<u>\$ 5,117,181</u>	<u>\$ 19,553,061</u>	<u>\$ 26,696,841</u>	<u>\$ 250,196</u>	<u>\$ 23,687</u>	<u>\$ 497,060</u>	<u>\$ 1,365,888</u>	<u>\$ 2,357,701</u>	<u>\$ 324,610</u>	<u>\$ 56,186,225</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 4,746,426</u>	<u>\$ 19,505,446</u>	<u>\$ 27,675,459</u>	<u>\$ 277,260</u>	<u>\$ 23,844</u>	<u>\$ 431,369</u>	<u>\$ 1,375,779</u>	<u>\$ 2,553,863</u>	<u>\$ 334,257</u>	<u>\$ 56,923,703</u>
<b>Cost</b>										
Balance at January 1, 2023	\$ 4,413,047	\$ 33,893,248	\$108,666,245	\$ 2,525,225	\$ 89,217	\$ 3,609,960	\$ 3,029,234	\$ 6,864,129	\$ 334,900	\$163,425,205
Additions	-	161,178	17,394	1,716	-	30,177	310,079	1,290,898	68,531	1,879,973
Disposals	-	(8,533)	(456,009)	-	-	(6,999)	-	(8,461)	(72,596)	(552,598)
Reclassified	-	1,356,993	2,235,431	5,040	-	33,536	(1,229,733)	(2,408,093)	-	(6,826)
Effect of foreign currency exchange differences	(324)	(10,683)	(147,608)	(7,293)	(1,310)	(2,601)	-	(7,105)	-	(176,924)
Balance at March 31, 2023	<u>4,412,723</u>	<u>35,392,203</u>	<u>110,315,453</u>	<u>2,524,688</u>	<u>87,907</u>	<u>3,664,073</u>	<u>2,109,580</u>	<u>5,731,368</u>	<u>330,835</u>	<u>164,568,830</u>
<b>Accumulated depreciation</b>										
Balance at January 1, 2023	-	14,718,850	77,437,263	2,019,828	7,528	3,180,834	-	-	-	97,364,303
Depreciation expenses	-	422,592	2,772,138	44,912	814	45,351	-	-	72,596	3,358,403
Disposals	-	(8,533)	(355,734)	-	-	(6,999)	-	-	(72,596)	(443,862)
Reclassified	-	-	(88)	-	-	-	-	-	-	(88)
Effect of foreign currency exchange differences	-	(2,382)	(112,546)	(5,993)	(372)	(2,448)	-	-	-	(123,741)
Balance at March 31, 2023	<u>-</u>	<u>15,130,527</u>	<u>79,741,033</u>	<u>2,058,747</u>	<u>7,970</u>	<u>3,216,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,155,015</u>
<b>Accumulated impairment</b>										
Balance at January 1, 2023	1,472	433,962	622,603	87,227	56,195	-	1,965	39,242	-	1,242,666
Recognition of impairment losses	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Reclassified	-	-	-	-	-	-	(1,941)	1,941	-	-
Effect of foreign currency exchange differences	(23)	(1,585)	(5,759)	(333)	(870)	-	(24)	(615)	-	(9,209)
Balance at March 31, 2023	<u>1,449</u>	<u>432,377</u>	<u>616,844</u>	<u>86,894</u>	<u>55,325</u>	<u>-</u>	<u>-</u>	<u>40,568</u>	<u>-</u>	<u>1,233,457</u>
Carrying amount at March 31, 2023	<u>\$ 4,411,274</u>	<u>\$ 19,829,299</u>	<u>\$ 29,957,576</u>	<u>\$ 379,047</u>	<u>\$ 24,612</u>	<u>\$ 447,335</u>	<u>\$ 2,109,580</u>	<u>\$ 5,690,800</u>	<u>\$ 330,835</u>	<u>\$ 63,180,358</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	2-20 years
Wafer fab	2-16 years
Fire control equipment	2-20 years
Others	2-51 years
Machinery and equipment	1-15 years
Office equipment	1-15 years
Leasehold improvements	1-50 years
Other equipment	1-16 years
Spare parts	0.5 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 29.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Land	\$ 1,252,812	\$ 1,261,971	\$ 1,336,459
Buildings	24,511	26,262	31,514
Machinery and equipment	10,339	57,924	82,585
Transportation equipment	<u>2,633</u>	<u>2,508</u>	<u>887</u>
	<u>\$ 1,290,295</u>	<u>\$ 1,348,665</u>	<u>\$ 1,451,445</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Additions to right-of-use assets		<u>\$ 53</u>	<u>\$ 275</u>
Depreciation charge for right-of-use assets			
Land		\$ 9,212	\$ 9,844
Buildings		1,751	1,751
Machinery and equipment		421	5,470
Transportation equipment		<u>347</u>	<u>351</u>
		<u>\$ 11,731</u>	<u>\$ 17,416</u>

Except for the additions listed above and recognized depreciation, the Corporation did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2024 and 2023.

### b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	<u>\$ 37,577</u>	<u>\$ 38,005</u>	<u>\$ 57,934</u>
Non-current	<u>\$ 1,304,848</u>	<u>\$ 1,313,961</u>	<u>\$ 1,335,807</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	0.93%-1.69%	0.93%-1.69%	0.93%-1.69%
Buildings	2.53%	2.53%	2.53%
Machinery and equipment	1.70%-2.30%	0.80%-2.30%	0.80%-2.30%
Transportation equipment	1.59%	0.92%-1.59%	0.92%

c. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	<u>\$ 2,387</u>	<u>\$ 4,048</u>
Total cash outflow for leases	<u>\$ (11,981)</u>	<u>\$ (22,046)</u>

The Corporation leases certain office, machines and vehicles which qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

**16. INTANGIBLE ASSETS**

	<b>Computer Software</b>	<b>Goodwill</b>	<b>Business Secrets</b>	<b>Core Techniques</b>	<b>Client Relationships</b>	<b>Royalty</b>	<b>Technique Services</b>	<b>Total</b>
<b>Cost</b>								
Balance at January 1, 2024	\$ 625,715	\$ 997,715	\$ 41,383	\$ 249,135	\$ 220,775	\$ 9,317	\$ 88,894	\$ 2,232,934
Additions	585	-	-	-	-	-	-	585
Disposals	(42,465)	-	-	(37,294)	-	-	-	(79,759)
Reclassified	4,307	-	-	-	-	-	-	4,307
Effect of foreign currency exchange differences	(6,245)	-	-	843	-	(27)	-	(5,429)
Balance at March 31, 2024	<u>581,897</u>	<u>997,715</u>	<u>41,383</u>	<u>212,684</u>	<u>220,775</u>	<u>9,290</u>	<u>88,894</u>	<u>2,152,638</u>
<b>Accumulated amortization</b>								
Balance at January 1, 2024	525,220	-	5,174	249,135	220,775	9,275	88,894	1,098,473
Amortization expenses	5,280	-	1,035	-	-	-	-	6,315
Disposals	(25,274)	-	-	(37,294)	-	-	-	(62,568)
Effect of foreign currency exchange differences	(4,725)	-	-	843	-	(26)	-	(3,908)
Balance at March 31, 2024	<u>500,501</u>	<u>-</u>	<u>6,209</u>	<u>212,684</u>	<u>220,775</u>	<u>9,249</u>	<u>88,894</u>	<u>1,038,312</u>
<b>Accumulated impairment</b>								
Balance at January 1, 2024	27,387	-	-	-	-	-	-	27,387
Disposals	(17,191)	-	-	-	-	-	-	(17,191)
Effect of foreign currency exchange differences	(277)	-	-	-	-	-	-	(277)
Balance at March 31, 2024	<u>9,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,919</u>
Carrying amount at March 31, 2024	<u>\$ 71,477</u>	<u>\$ 997,715</u>	<u>\$ 35,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 1,104,407</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 73,108</u>	<u>\$ 997,715</u>	<u>\$ 36,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 1,107,074</u>
<b>Cost</b>								
Balance at January 1, 2023	\$ 694,659	\$ 997,715	\$ 41,383	\$ 249,103	\$ 220,775	\$ 9,386	\$ 88,894	\$ 2,301,915
Additions	2,735	-	-	-	-	-	-	2,735
Disposals	-	-	-	-	-	-	-	-
Reclassified	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	(3,864)	-	-	(301)	-	(16)	-	(4,181)
Balance at March 31, 2023	<u>693,530</u>	<u>997,715</u>	<u>41,383</u>	<u>248,802</u>	<u>220,775</u>	<u>9,370</u>	<u>88,894</u>	<u>2,300,469</u>
<b>Accumulated amortization</b>								
Balance at January 1, 2023	579,874	-	1,035	249,103	220,775	9,338	88,894	1,149,019
Amortization expense	6,848	-	1,035	-	-	-	-	7,883
Disposals	-	-	-	-	-	-	-	-
Reclassified	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	(2,849)	-	-	(301)	-	(16)	-	(3,166)
Balance at March 31, 2023	<u>583,873</u>	<u>-</u>	<u>2,070</u>	<u>248,802</u>	<u>220,775</u>	<u>9,322</u>	<u>88,894</u>	<u>1,153,736</u>
<b>Accumulated impairment</b>								
Balance at January 1, 2023	27,264	-	-	-	-	-	-	27,264
Effect of foreign currency exchange differences	(304)	-	-	-	-	-	-	(304)
Balance at March 31, 2023	<u>26,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,960</u>
Carrying amount at March 31, 2023	<u>\$ 82,697</u>	<u>\$ 997,715</u>	<u>\$ 39,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 1,119,773</u>

The amortization of the Business secret acquired through a business combination was recognized over its useful life based on the standard appraisal practices.



The above items of intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-10 years
Core techniques	5 years
Client relationships	9 years
Royalty	3-10 years
Technical services	2-4 years
Business Secrets	10 years

**For the Three Months Ended  
March 31**

An analysis of amortization by function

Cost of revenue	\$ 5,072	\$ 5,582
Selling and marketing expenses	4	1
General and administrative expenses	645	745
Research and development expenses	<u>594</u>	<u>1,555</u>
	<u>\$ 6,315</u>	<u>\$ 7,883</u>

**17. OTHER ASSETS**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Current</u>			
Refundable deposits (Note 30)	\$ 231,056	\$ 221,783	\$ 229,591
Tax refund receivables	202,790	88,565	192,410
Payment on behalf of others	73,258	87,084	189,254
Others	<u>46,952</u>	<u>19,705</u>	<u>54,869</u>
	<u>\$ 554,056</u>	<u>\$ 417,137</u>	<u>\$ 666,124</u>
<u>Prepayments</u>			
Excess business tax paid	\$ 37,166	\$ 62,992	\$ 281,659
Inventory of supplies	35,300	38,295	32,875
Prepayments for insurance premiums	34,322	58,375	25,118
Prepayments for electricity	31,781	32,595	-
Prepayments for repairs	17,621	22,328	16,911
Prepayments for purchase	1,549	33,671	2,995
Others	<u>28,729</u>	<u>23,863</u>	<u>30,324</u>
	<u>\$ 186,468</u>	<u>\$ 272,119</u>	<u>\$ 389,882</u>
<u>Non-current</u>			
Refundable deposits (Note 30)	\$ 663,836	\$ 695,695	\$ 859,854
Financial lease receivables	144,390	131,632	-
Prepayment for land and equipment	46,111	428,782	156,347
Others	<u>11</u>	<u>5</u>	<u>27,424</u>
	<u>\$ 854,348</u>	<u>\$ 1,256,114</u>	<u>\$ 1,043,625</u>

## 18. BORROWINGS

### a. Short-term bank loans

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured borrowings</u>			
Working capital loan	\$ 63,420	\$ 65,190	\$ 135,121

The effective interest rate ranges on the working capital loan were 0.69%, 0.53% and 0.53%-3.20% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

### b. Long-term debt

	March 31, 2024	December 31, 2023	March 31, 2023
1) Secured Borrowings (Note 29)	\$ 15,573,015	\$ 18,128,714	\$ 20,040,494
2) Unsecured Borrowings	<u>2,596,437</u>	<u>5,637,182</u>	<u>8,533,400</u>
	18,169,452	23,765,896	28,573,894
Less: Current portion	<u>(120,498)</u>	<u>(567,909)</u>	<u>(195,010)</u>
	<u>\$ 18,048,954</u>	<u>\$ 23,197,987</u>	<u>\$ 28,378,884</u>

1. Repayable continually from June 2025 to December 2038; interest rates at 1.28%-1.725% on March 31, 2024, 1.15%-1.60% on December 31, 2023 and 1.15%-1.80% on March 31, 2023.

2. Repayable continually from April 2024 to December 2028; interest rates at 0.60%-1.57% on March 31, 2024, 0.53%-1.65% on December 31, 2023 and 0.60%-1.67% on March 31, 2023.

## 19. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Accrued expenses and other current liabilities			
Salaries and bonus	\$ 2,273,132	\$ 2,634,466	\$ 2,041,099
Provisional receipts	463,650	162,343	23,260
Payable for utilities	262,646	250,290	216,003
Payable for insurance	242,352	251,730	198,873
Guarantee deposits (a)	169,615	162,870	153,669
Agency receipts	148,717	172,518	239,419
Indemnification payable (b)	35,664	35,664	131,408
Payable for annual leave	32,490	15,990	37,426
Others	<u>2,833,724</u>	<u>2,890,188</u>	<u>2,992,291</u>
	<u>\$ 6,461,990</u>	<u>\$ 6,576,059</u>	<u>\$ 6,033,448</u>

(Continued)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits (a)	\$ 558,962	\$ 573,955	\$ 689,220
Others	<u>15,793</u>	<u>7,272</u>	<u>13,063</u>
	<u>\$ 574,755</u>	<u>\$ 581,227</u>	<u>\$ 702,283</u> (Concluded)

- a. Mainly production capacity guarantee deposits.
- b. Indemnification payables are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## 20. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation's defined benefit retirement plans were \$1,850 thousand and \$2,525 thousand for the three months ended March 31, 2024 and 2023, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022.

## 21. EQUITY

- a. Capital stock

- 1) Common stock

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Shares authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>759,147</u>	<u>759,147</u>	<u>759,147</u>
Shares issued (in thousands of dollars)	<u>\$ 7,591,466</u>	<u>\$ 7,591,466</u>	<u>\$ 7,591,466</u>

Fully paid common stock, which have a par value of \$10, carry 1 vote per share and carry a right to dividends.

Out of the shares authorized, 15,000 thousand shares were reserved for the issuance of employee share options.

As of March 31, 2024, 22 units of GDS of PTI were trading on the Luxembourg Share Exchange. The number of common stock represented by the GDSs was 44 shares (one GDS represents 2 common stock).

b. Capital surplus

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (1)			
Share premium	\$ 1,879	\$ 1,879	\$ 1,879
From treasury share transactions	158,488	158,488	75,888
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interests in subsidiaries (2)	72,008	71,883	71,829
Unclaimed dividends after effective period	<u>4,821</u>	<u>4,821</u>	<u>-</u>
	<u>\$ 237,196</u>	<u>\$ 237,071</u>	<u>\$ 149,596</u>

- 1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under PTI's dividends policy as set forth in the Articles of Incorporation, PTI should make appropriations from its net income in the following order:

- 1) Offset deficits.
- 2) Set aside as legal reserve 10% of the remaining profit.
- 3) Appropriate as special reserve.
- 4) After the above-mentioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by PTI's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within PTI.

Dividends are distributed in the form of cash, common stock or a combination of cash and common stock. In consideration of PTI being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, PTI's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 23(g).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals PTI's capital surplus. The legal reserve may be used to offset deficit. If PTI has no deficit and the legal reserve has exceeded 25% of PTI's capital surplus, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2023 and 2022 were approved in the board of director on March 8, 2024 and in the shareholders' meeting May 31, 2023, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	<u>\$ 800,489</u>	<u>\$ 870,416</u>
Special reserve	<u>\$ 130,039</u>	<u>\$ (108,395)</u>
Cash dividends	<u>\$ 5,314,026</u>	<u>\$ 5,314,026</u>
Cash dividends per share (NT\$)	<u>\$ 7</u>	<u>\$ 7</u>

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in the shareholders' meeting to be held on May 30, 2024.

d. Others equity items

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

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	<u>\$ (717,131)</u>	<u>\$ (501,790)</u>
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	<u>211,215</u>	<u>(42,452)</u>
Other comprehensive (loss) income recognized for the period	<u>211,215</u>	<u>(42,452)</u>
Balance at March 31	<u>\$ (505,916)</u>	<u>\$ (544,242)</u>

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

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	<u>\$ (15,136)</u>	<u>\$ (32,655)</u>
Recognized for the period		
Unrealized (loss) gain - equity instruments	<u>(298)</u>	<u>3,131</u>
Other comprehensive income recognized for the period	<u>(298)</u>	<u>3,131</u>
Balance at March 31	<u>\$ (15,434)</u>	<u>\$ (29,524)</u>

e. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 14,236,954	\$ 14,034,080
Share in profit for the period	370,084	296,065
Other comprehensive income (loss) for the period		
Exchange differences on translation of the financial statements of foreign entities	(33,040)	16,387
Donations from shareholders	-	74
The Parent's shares held by its subsidiaries treated as treasury shares	(188)	-
Cash dividends to shareholders from subsidiaries	<u>(82,494)</u>	<u>(44,655)</u>
Balance at March 31	<u>\$ 14,491,316</u>	<u>\$ 14,301,951</u>

f. Treasury shares

<b>Purpose of Buy-Back</b>	<b>Share Held by Subsidiary (In Thousands of Shares)</b>
Number of shares at January 1, 2023 and March 31, 2023	<u>11,800</u>
Number of shares at January 1, 2024 and March 31, 2024	<u>11,800</u>

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

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>March 31, 2024</u>			
Greatek Electronics Inc.	11,800	\$ 2,365,900	\$ 2,365,900
<u>December 31, 2023</u>			
Greatek Electronics Inc.	11,800	\$ 1,663,800	\$ 1,663,800
<u>March 31, 2023</u>			
Greatek Electronics Inc.	11,800	\$ 1,073,800	\$ 1,073,800

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

## 22. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers		
Revenue from packaging services	\$ 12,390,068	\$ 10,920,634
Revenue from testing services	3,889,227	3,776,547
Revenue from module services	2,047,065	1,032,346
Others	<u>2,521</u>	<u>10,997</u>
	<u>\$ 18,328,881</u>	<u>\$ 15,740,524</u>

### a. Contract information

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

### b. Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>	<b>January 1, 2023</b>
Notes and accounts receivable (including related parties) (Note 10)	<u>\$ 17,066,014</u>	<u>\$ 16,678,796</u>	<u>\$ 14,982,079</u>	<u>\$ 14,346,898</u>
Contract assets				
Revenue from processing services	<u>\$ 2,501,177</u>	<u>\$ 2,363,716</u>	<u>\$ 2,482,930</u>	<u>\$ 2,645,344</u>
Contract liabilities				
Revenue from processing services	<u>\$ 124,419</u>	<u>\$ 131,106</u>	<u>\$ 189,744</u>	<u>\$ 226,859</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:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
From the contract liabilities at the beginning of the year		
Revenue from processing services	<u>\$ 24,551</u>	<u>\$ 88,536</u>

c. Disaggregation of revenue from contracts with customers

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Primary geographical markets</u>		
Japan	\$ 5,458,504	\$ 5,642,090
Singapore	4,816,684	2,250,268
Taiwan (the principal place of business of the Corporation)	3,517,556	4,846,137
America	3,348,274	1,610,614
Europe	426,067	435,680
China, Hong Kong and Macao	357,902	481,231
Others	<u>403,894</u>	<u>474,504</u>
	<u>\$ 18,328,881</u>	<u>\$ 15,740,524</u>

**23. NET PROFIT FROM CONTINUING OPERATIONS**

a. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (10,339)	\$ 44,043
Financial liabilities classified as held for trading	(102,156)	(52,658)
Others	<u>150,294</u>	<u>180,586</u>
	<u>\$ 37,799</u>	<u>\$ 171,971</u>

b. Interest income

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Bank deposits	\$ 108,326	\$ 47,399
Net investment in leases presented	2,383	-
Commercial paper	1,088	-
Financial assets measured at amortized cost	<u>88</u>	<u>178</u>
	<u>\$ 111,885</u>	<u>\$ 47,577</u>

c. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Rental income		
Operating lease rental income	<u>\$ 2,904</u>	<u>\$ 2,701</u>



d. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 73,184	\$ 100,607
Interest on lease liabilities	5,752	6,062
Capitalized interest	<u>(6,317)</u>	<u>(28,142)</u>
	<u>\$ 72,619</u>	<u>\$ 78,527</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Capitalized interest	\$ 6,317	\$ 28,142
Capitalization rate	1.43%-1.545%	1.34%-1.45%

e. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 3,184,626	\$ 3,358,403
Right-of-use assets	11,731	17,416
Intangible assets	<u>6,315</u>	<u>7,883</u>
	<u>\$ 3,202,672</u>	<u>\$ 3,383,702</u>
An analysis of depreciation by function		
Cost of revenue	\$ 2,957,147	\$ 3,169,698
Operating expenses	<u>239,210</u>	<u>206,121</u>
	<u>\$ 3,196,357</u>	<u>\$ 3,375,819</u>
An analysis of amortization by function		
Cost of revenue	\$ 5,072	\$ 5,582
Operating expenses	<u>1,243</u>	<u>2,301</u>
	<u>\$ 6,315</u>	<u>\$ 7,883</u>

Refer to Note 16 for information relating to the line items in which any amortization of intangible assets is included.

f. Employee benefit expense

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Post-employment benefits		
Defined contribution plans	\$ 143,989	\$ 157,932
Defined benefit plans (Note 20)	<u>1,850</u>	<u>2,525</u>
	145,839	160,457

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Termination benefits	\$ 168	\$ 1,886
Other employee benefits	<u>4,422,857</u>	<u>3,542,583</u>
Total employee benefit expense	<u>\$ 4,568,864</u>	<u>\$ 3,704,926</u>
An analysis of employee benefits expense by function		
Cost of revenue	\$ 3,888,612	\$ 3,327,709
Operating expenses	<u>680,252</u>	<u>377,217</u>
	<u>\$ 4,568,864</u>	<u>\$ 3,704,926</u>

(Concluded)

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of PTI, PTI accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if PTI has accumulated deficits (including adjustment of unappropriated earnings), PTI should retain the net profit in advance for deducting accumulated deficits. The compensation of employees and remuneration of directors for the three months ended March 31, 2024 and 2023, respectively, were as follows:

Accrual rate

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Compensation of employees	5.29%	5.79%
Remuneration of directors	1.06%	1.16%

Amount

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 117,223	\$ 76,104
Remuneration of directors	23,444	15,221

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 2023 and 2022 that were resolved by the board of directors on March 8, 2024 and March 10, 2023, respectively, are as shown below:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 540,574	\$ 586,354
Remuneration of directors	108,115	117,271

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, 2023 and 2022.

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

h. Gains or losses on foreign currency exchange

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 637,128	\$ 231,421
Foreign exchange losses	<u>(34,423)</u>	<u>(343,639)</u>
Net gains (losses)	<u>\$ 602,705</u>	<u>\$ (112,218)</u>

## 24. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
In respect of the current period	\$ 383,976	\$ 250,998
Adjustments for prior years	-	-
Deferred tax		
In respect of the current period	<u>228,751</u>	<u>68,486</u>
Income tax expense recognized in profit or loss	<u>\$ 612,727</u>	<u>\$ 319,484</u>

b. Income tax assessments

The Corporation's income tax returns through 2022 have been assessed by the tax authorities.

c. The Pillar Two income tax legislation

In March 2023, the government of Tera Probe was incorporated and substantively enacted the Pillar Two income tax legislation effective April 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Corporation has no related current tax exposure.

Under the legislation, Tera Probe will be required to pay, in Japan, a top-up tax on the profits if the effective tax rate is less than 15 percent. As of December 31, 2023, there are no country effects for Pillar 2, so there is no major effect that may lead to exposure to this income tax risk. However, the Company continues to evaluate the impact of the Pillar two Income Tax legislation on its future financial performance.

## 25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2024	2023
Basic earnings per share	<u>\$ 2.32</u>	<u>\$ 1.51</u>
Diluted earnings per share	<u>\$ 2.31</u>	<u>\$ 1.50</u>

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 March 31	
	2024	2023
Profit for the period attributable to owner of the Parent	\$ 1,736,636	\$ 1,127,471
Effect of potentially dilutive common stock:		
Compensation of employees	<u>          -</u>	<u>          -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,736,636</u>	<u>\$ 1,127,471</u>

Weighted average number of common stock outstanding (in thousands of shares):

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	747,347	747,347
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>    2,947</u>	<u>    5,831</u>
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	<u>    750,294</u>	<u>    753,178</u>

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

## 26. 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).

## 27. FINANCIAL INSTRUMENTS

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

March 31, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 50,000

December 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 50,000

March 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 100,000	\$ -	\$ 100,064	\$ -	\$ 100,064

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

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

#### 1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	\$ -	\$ 1,382	\$ -	\$ 1,382
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 1,364	\$ 33,000	\$ -	\$ 34,364
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 55,107	\$ -	\$ 55,107

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 28,659</u>	<u>\$ -</u>	<u>\$ 28,659</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 1,662</u>	<u>\$ 33,000</u>	<u>\$ -</u>	<u>\$ 34,662</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 504</u>	<u>\$ -</u>	<u>\$ 504</u>

March 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 29,858	\$ -	\$ -	\$ 29,858
Derivative instruments	<u>-</u>	<u>6,325</u>	<u>-</u>	<u>6,325</u>
	<u>\$ 29,858</u>	<u>\$ 6,325</u>	<u>\$ -</u>	<u>\$ 36,183</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 1,074</u>	<u>\$ 19,200</u>	<u>\$ -</u>	<u>\$ 20,274</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 44,888</u>	<u>\$ -</u>	<u>\$ 44,888</u>

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

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

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 1,382	\$ 28,659	\$ 36,183
Financial assets at amortized cost (Note 1)	39,888,543	40,275,362	35,525,210
Financial assets at FVTOCI			
Equity instruments	34,364	34,662	20,274
<u>Financial liabilities</u>			
FVTPL			
Held for trading	55,107	504	44,888
Amortized cost (Note 2)	30,740,326	31,415,378	37,489,339

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable (including related parties), other payables (including related parties), accrued expenses, other current liabilities and long-term debt (including current portion) and guarantee deposit.

d. Financial risk management objectives and policies

The Corporation's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures reports quarterly to the Corporation's board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Corporation entered into a variety of derivative financial instruments (included forward exchange contracts) to manage its exposure to foreign currency risk.

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation's operating activities are partially denominated in foreign currencies and apply natural hedge. The purpose of the Corporation's management of the foreign currency risk is to hedge against the risk instead of making a profit.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure taking into consideration the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 31.

The Corporation uses forward exchange contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and their adjusted 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.

	<b>USD Impact</b>		<b>JPY Impact</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Profit or loss	\$ (472,558)	\$ (616,292)	\$ 1,275	\$ 21,163

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect cash flow in the future but will not affect the fair value.



The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows.

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Fair value interest rate risk			
Financial assets	\$ 9,906,177	\$ 12,677,621	\$ 7,035,757
Financial liabilities	413,815	456,330	612,040
Cash flow interest rate risk			
Financial assets	11,461,129	9,353,831	11,872,286
Financial liabilities	17,819,057	23,374,756	28,096,975

#### 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 three months ended March 31, 2024 and 2023 would decrease/increase by \$1,589 thousand and \$4,056 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 three months ended March 31, 2024 and 2023 would have increase/decrease by \$0 thousand and \$1,493 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 three months ended March 31, 2024 and 2023 would have increase/decrease by \$1,718 thousand and \$1,014 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 counterparties, therefore, the Corporation believes the concentration of credit risk is insignificant for the remaining accounts receivable.

#### Credit risk management for investments in debt instruments

The Corporation only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Corporation's exposure and the external credit ratings are continuously monitored. The Corporation reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Corporation considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses. The Corporation's current credit risk grading framework comprises the following categories:

<b>Category</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses</b>	<b>Expected Loss Rate</b>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-

### 3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

The Corporation relies on bank borrowings as a significant source of liquidity. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Corporation had available unutilized overdraft and short-term bank loan facilities of approximately \$3,488,216 thousand, \$3,600,826 thousand and \$4,591,958 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 tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on

which the Corporation can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

### March 31, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 2,970,346	\$ 5,819,994	\$ 2,816,360	\$ 172,177	\$ -
Lease liabilities	5,053	10,106	44,862	218,263	1,518,246
Fixed interest rate liabilities	-	93,545	90,373	229,897	-
Variable interest rate liabilities	-	-	-	16,458,866	1,360,191
Guarantee deposits	<u>26,398</u>	<u>15,995</u>	<u>127,223</u>	<u>557,187</u>	<u>1,774</u>
	<u>\$ 3,001,797</u>	<u>\$ 5,939,640</u>	<u>\$ 3,078,818</u>	<u>\$ 17,636,390</u>	<u>\$ 2,880,211</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 60,021</u>	<u>\$ 218,263</u>	<u>\$ 238,412</u>	<u>\$ 235,411</u>	<u>\$ 234,291</u>	<u>\$ 810,132</u>
Variable interest rate liabilities	<u>\$ -</u>	<u>\$ 16,458,866</u>	<u>\$ 1,104,762</u>	<u>\$ 255,429</u>	<u>\$ -</u>	<u>\$ -</u>
Guarantee deposits	<u>\$ 169,616</u>	<u>\$ 557,187</u>	<u>\$ 1,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>

### December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 2,356,743	\$ 3,698,173	\$ 792,551	\$ -	\$ -
Lease liabilities	5,098	10,196	45,321	220,958	1,530,201
Fixed interest rate liabilities	-	96,155	92,896	267,279	-
Variable interest rate liabilities	-	-	444,048	20,989,096	1,941,612
Guarantee deposits	<u>25,339</u>	<u>15,367</u>	<u>122,164</u>	<u>572,181</u>	<u>1,774</u>
	<u>\$ 2,387,180</u>	<u>\$ 3,819,891</u>	<u>\$ 1,496,980</u>	<u>\$ 22,049,514</u>	<u>\$ 3,473,587</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 60,615</u>	<u>\$ 220,958</u>	<u>\$ 238,532</u>	<u>\$ 235,531</u>	<u>\$ 234,291</u>	<u>\$ 821,847</u>
Variable interest rate liabilities	<u>\$ 444,048</u>	<u>\$ 20,989,096</u>	<u>\$ 1,570,885</u>	<u>\$ 370,727</u>	<u>\$ -</u>	<u>\$ -</u>
Guarantee deposits	<u>\$ 162,870</u>	<u>\$ 572,181</u>	<u>\$ 1,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>

### March 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 3,187,776	\$ 3,560,892	\$ 1,168,204	\$ 20,563	\$ -
Lease liabilities	7,823	15,555	57,640	223,555	1,566,124
Fixed interest rate liabilities	86,372	28,028	118,404	379,236	-
Variable interest rate liabilities	-	-	97,328	22,951,271	5,048,376
Guarantee deposits	<u>17,480</u>	<u>15,227</u>	<u>121,006</u>	<u>645,128</u>	<u>44,048</u>
	<u>\$ 3,299,451</u>	<u>\$ 3,619,702</u>	<u>\$ 1,562,582</u>	<u>\$ 24,219,753</u>	<u>\$ 6,658,548</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	\$ 81,018	\$ 223,555	\$ 238,952	\$ 235,891	\$ 234,291	\$ 856,990
Variable interest rate liabilities	\$ 97,328	\$ 22,951,271	\$ 4,623,698	\$ 367,821	\$ 56,857	\$ -
Guarantee deposits	\$ 153,713	\$ 645,128	\$ 44,032	\$ -	\$ -	\$ 16

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 2,575,212	\$ 439,625	\$ 106,429
Outflows	(2,616,427)	(450,295)	(108,269)
	\$ (41,215)	\$ (10,670)	\$ (1,840)

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 675,241	\$ 635,803	\$ 166,712
Outflows	(662,824)	(624,032)	(162,745)
	\$ 12,417	\$ 11,771	\$ 3,967

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,485,179	\$ 2,640,047	\$ 504,863
Outflows	(1,495,555)	(2,669,319)	(503,778)
	\$ (10,376)	\$ (29,272)	\$ 1,085

c) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank loan facilities which may be mutually extended			
Amount used	\$ 15,573,015	\$ 18,128,714	\$ 20,040,494
Amount unused	<u>6,812,500</u>	<u>6,500,000</u>	<u>6,599,997</u>
	<u>\$ 22,385,515</u>	<u>\$ 24,628,714</u>	<u>\$ 26,640,491</u>

## 28. 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 Electronic Devices & Storage Corporation	Substantial related parties
Kingston Technology International Ltd.	Substantial related parties
Kingston Digital International Ltd.	Substantial related parties
Longforce Technology (Suzhou) Ltd. (Note)	Associate
Kingston Solution, Inc.	Substantial related parties
Solid State Storage Technology Corporation	Substantial related parties
Realtek Singapore Private Limited	Substantial related parties
Realtek Semiconductor Corp.	Substantial related parties
Raymx Microelectronic Corp.	Substantial related parties

Note: Powertech Technology (Suzhou) Ltd. will not be included in consolidated financial statement, as the Company lost its control on October 1, 2023. Therefore, the company's name was changed from Powertech Technology (Suzhou) Ltd. to Longforce Technology (Suzhou) Ltd..

b. Sales of goods

Line Item	Related Party Category/Name	<u>For the Three Months Ended March 31</u>	
		2024	2023
Sales of goods	Substantial related parties		
	Kioxia Corporation	\$ 4,011,362	\$ 3,756,362
	Others	<u>532,087</u>	<u>438,551</u>
		4,543,449	4,194,913
	Associates	<u>342</u>	<u>-</u>
		<u>\$ 4,543,791</u>	<u>\$ 4,194,912</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

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Substantial related parties	\$ 182,146	\$ 23,206
Associates	<u>141</u>	<u>-</u>
	<u>\$ 182,287</u>	<u>\$ 23,206</u>

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

d. Cost of revenue

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Associates	<u>\$ 56,341</u>	<u>\$ -</u>

Operating costs mainly was subcontract costs.

e. Other gains and losses

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Substantial related parties		
Kioxia Corporation	\$ 9,992	\$ 7,854
Others	<u>-</u>	<u>12</u>
	9,992	7,866
Associates	<u>9</u>	<u>-</u>
	<u>\$ 10,001</u>	<u>\$ 7,866</u>

Other gains and losses mainly include the purchase and sales of raw materials and the difference between collections and payment transfers. The purchase and sales of raw materials were based on conditions agreed by both parties for which there are no comparable transactions in the market.

f. Contract assets

<b>Related Party Category/Name</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Substantial related parties			
Kioxia Corporation	\$ 903,850	\$ 696,550	\$ 806,435
Others	<u>82,066</u>	<u>79,121</u>	<u>89,586</u>
	<u>\$ 985,916</u>	<u>\$ 775,671</u>	<u>\$ 896,021</u>

For the three months ended March 31, 2024 and 2023, no impairment loss was recognized for contract assets from related parties.

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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts receivable from related parties	Substantial related parties			
	Kioxia Corporation	\$ 5,241,267	\$ 4,645,748	\$ 5,343,019
	Others	<u>472,215</u>	<u>529,523</u>	<u>332,904</u>
		<u>\$ 5,713,482</u>	<u>\$ 5,175,271</u>	<u>\$ 5,675,923</u>

The outstanding accounts receivable from related parties are unsecured. For the three months ended March 31, 2024 and 2023, no impairment loss was recognized for accounts receivables from related parties.

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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts payable from related parties	Substantial related parties			
	Solid State Storage Technology Corporation	\$ 129,111	\$ 124,068	\$ 13,880
	Toshiba International Procurement Hong Kong, Ltd.	<u>-</u>	<u>-</u>	<u>3,761</u>
		129,111	124,068	17,641
	Associates	<u>108</u>	<u>43</u>	<u>-</u>
		<u>\$ 129,219</u>	<u>\$ 124,111</u>	<u>\$ 17,641</u>

The outstanding accounts payable from related parties are unsecured.

i. Payables to equipment suppliers

<b>Related Party Category</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Substantial related party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,181</u>

j. Other receivables from related parties

<b>Related Party Category/Name</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Substantial related parties			
Kioxia Corporation	\$ 40,052	\$ 26,525	\$ 27,079
Others	<u>978</u>	<u>-</u>	<u>4</u>
	41,030	26,525	27,083
Associates			
Longforce Technology (Suzhou) Ltd.	<u>16,415</u>	<u>73,813</u>	<u>-</u>
	<u>\$ 57,445</u>	<u>\$ 100,338</u>	<u>\$ 27,083</u>

k. Other payables from related parties

<b>Related Party Category/Name</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Substantial related parties			
Kioxia Corporation	\$ 36,260	\$ 39,262	\$ 31,357
Associates			
Longforce Technology (Suzhou) Ltd.	<u>57,441</u>	<u>87,452</u>	<u>-</u>
	<u>\$ 93,701</u>	<u>\$ 126,714</u>	<u>\$ 31,357</u>

l. Acquisition of property, plant and equipment

<b>Related Party Type</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Substantial related party	<u>\$ 16</u>	<u>\$ 21,313</u>

m. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term benefits	\$ 100,229	\$ 57,126
Post-employment benefits	<u>635</u>	<u>507</u>
	<u>\$ 100,864</u>	<u>\$ 57,633</u>

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

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were mainly provided for long-term bank loans, customs surety bonds, bank guarantees, bonded warehouse guarantee deposits and lease deposits:

<b>Related Party Category/Name</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Property, plant and equipment	\$ 19,339,981	\$ 20,335,828	\$ 23,959,894
Pledge deposits (classified as financial assets at amortized cost - current)	-	-	13,490
Restricted deposits (classified as financial assets at amortized cost - current)	31,990	160,744	30,454
Pledge deposits (classified as financial assets at amortized cost - non-current)	<u>252,471</u>	<u>207,444</u>	<u>124,334</u>
	<u>\$ 19,624,442</u>	<u>\$ 20,704,016</u>	<u>\$ 24,128,172</u>



### 30. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to the contents disclosed in other notes, the Corporation has the following significant commitments and contingencies in the balance sheet:

a. Significant commitments

- 1) From December 2021 to August, 2022, PTI signed purchase agreements for equipment worth \$523,210 with Disco Hi-Tec Taiwan Co., Ltd. As of March 31, 2024, the Corporation has paid a total of \$446,382 thousand, and the remaining amount of \$76,828 thousand was canceled by negotiations.
- 2) From March 2023 to February 2024, PTI signed a purchase agreements for equipment worth \$560,735 thousand with Disco Hi-Tec Taiwan Co., Ltd. As of March 31, 2024, the Corporation had paid a total of \$58,097 thousand.
- 3) From July, 2021 to July, 2022, PTI signed a contract worth \$728,248 thousand with Jian Ming Construction Co. Ltd. to set up new plant construction and factory engineering. As of March 31, 2024, PTI has paid a total of \$621,648 thousand.
- 4) From December 2024 to April, 2024, PTI signed purchase agreements for equipment worth \$547,973 with Applirf Materials South East Asia. As of March 31, 2024, no payment had been made.
- 5) As of March 31, 2024, PTI unused letters of credit for purchases of machinery and equipment amounted to approximately JPY64,400 thousand, US\$4,913 thousand and EUR1,568 thousand.
- 6) In November 2021, PTI entered into capacity reservation agreements with Zhen Ding Technology Co., Ltd. The deposits in a required aggregate amount of US\$35,000 thousand were paid to suppliers in compliance with the agreements and refunded to PTI when terms set forth in the agreements have been satisfied. According to the agreements, the deposits will be refunded in 58 installments starting from March 2023. As of March 31, 2024, the Corporation has paid a total of US\$35,000 thousand., and recovered US\$7,800 thousand.
- 7) From April 2023 to June 2023, the TeraPower Technology Inc. signed a purchase agreement of equipment worth \$546,904 thousand with Advantest Taiwan Inc., As of March 31, 2024, the TeraPower Technology Inc. has paid a total of \$390,232 thousand.
- 8) From July 2021 to July, 2022, Tera Probe, Inc. signed a purchase agreement of equipment worth \$640,534 thousand with Teradyne Inc. As of March 31, 2024, Tera Probe, Inc. has paid \$609,928 thousand.
- 9) From April 2023 to March, 2024, Tera Probe, Inc. signed a purchase agreement of equipment worth \$558,325 thousand with Advantest Corporation As of March 31, 2024, Tera Probe, Inc. has paid \$10,949 thousand.
- 10) In April 2022, Greatek Electronics Inc. signed a contract worth \$414,000 thousand with Jian Ming Contractor Co., Ltd. for construction of staff dorm. As of March 31, 2024, Greatek Electronics Inc. has paid a total of \$414,000 thousand.
- 11) In July 2022, Greatek Electronics Inc. signed a contract worth \$418,000 thousand with Jiu Han System Technology Co., Ltd. for electromechanical air conditioning and fire engineering for staff dorm. As of March 31, 2024, Greatek Electronics Inc. has paid a total of \$376,200 thousand.

b. Contingencies

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, on April 29, 2024, the Ministry of Environment announced the draft “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees”. According to the draft “Regulations Governing the Collection of Carbon Fees”, companies belonging to the power generation industry and large-scale operators in the manufacturing industry, with total annual greenhouse gas emissions generated by direct emissions and indirect emissions that occur through the use of purchased electricity exceeding 25,000 metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e), shall pay carbon fees if their plants are the emission sources subject to inventory, registration and inspection as announced by the Ministry of Environment.

Based on the emissions of the Group in 2023, PTI, Greatek Electronics Inc. and TeraPower Technology Inc. expects that the aforementioned threshold will be reached in 2024. However, because the aforementioned drafts are still in the stage of draft preview and the rates of the carbon fee have not yet been announced, the Group is not able to reasonably estimate the impact of carbon fees.

### 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and respective functional currencies were as follows:

	<b>March 31, 2024</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 558,229	31.9900 (USD:NTD)	\$ 17,857,746
USD	5,591	151.3400 (USD:JPY)	178,856
JPY	2,262,936	0.2114 (JPY:NTD)	478,385
JPY	127,934	0.0066 (JPY:USD)	27,045
SGD	780	0.7411 (SGD:USD)	18,491
RMB	41,315	0.1384 (RMB:USD)	<u>182,976</u>
			<u>\$ 18,743,499</u>
Non-monetary items			
USD	1	31.9900 (USD:NTD)	\$ 22
JPY	100	0.2114 (JPY:NTD)	21
RMB	302	4.4288 (RMB:NTD)	<u>1,339</u>
			<u>\$ 1,382</u>
<u>Financial liabilities</u>			
Monetary items			
USD	268,231	31.9900 (USD:NTD)	\$ 8,580,710
USD	148	151.3400 (USD:JPY)	4,735
EUR	113	34.4500 (EUR:NTD)	3,893
JPY	2,319,601	0.2114 (JPY:NTD)	490,364
JPY	191,916	0.0066 (JPY:USD)	40,571

(Continued)

<b>March 31, 2024</b>			
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
RMB	\$ 15,932	0.1384 (RMB:USD)	\$ 70,560
RMB	10	4.4288 (RMB:NTD)	<u>44</u>
			<u>\$ 9,190,877</u>
Non-monetary items			
USD	1,452	31.9900 (USD:NTD)	\$ 46,457
JPY	40,919	0.2114 (JPY:NTD)	<u>8,650</u>
			<u>\$ 55,107</u>
			(Concluded)

<b>December 31, 2023</b>			
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 705,904	30.7350 (USD:NTD)	\$ 21,695,959
USD	6,745	141.400 (USD:RMB)	207,308
JPY	173,565	0.2173 (JPY:NTD)	37,716
JPY	189,966	0.0071 (JPY:USD)	41,280
SGD	645	0.7584 (SGD:USD)	15,035
RMB	45,094	0.141 (RMB:USD)	195,428
RMB	12,114	4.3338 (RMB:NTD)	<u>52,500</u>
			<u>\$ 22,245,226</u>
Non-monetary items			
USD	607	30.7350 (USD:NTD)	\$ 18,651
JPY	43,219	0.2173 (JPY:NTD)	9,392
RMB	142	4.3338 (RMB:NTD)	<u>616</u>
			<u>\$ 28,659</u>

<u>Financial liabilities</u>			
Monetary items			
USD	143,379	30.7350 (USD:NTD)	\$ 4,406,754
USD	349	141.410 (USD:JPY)	10,727
EUR	41	34.0114 (EUR:NTD)	1,394
JPY	1,958,664	0.2173 (JPY:NTD)	425,618
JPY	368,038	0.0071 (JPY:USD)	79,975
RMB	12,081	4.3338 (RMB:USD)	<u>52,357</u>
			<u>\$ 4,976,825</u>
Non-monetary items			
USD	16	30.7350 (USD:NTD)	<u>\$ 504</u>

	<b>March 31, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 523,948	30.4540 (USD:NTD)	\$ 15,956,312
USD	4,717	6.8712 (USD:RMB)	143,652
USD	7,009	133.1300 (USD:JPY)	213,452
JPY	2,251,684	0.2288 (JPY:NTD)	515,185
JPY	1,697	0.0516 (JPY:RMB)	388
JPY	182,779	0.0075 (JPY:USD)	41,820
SGD	636	0.7523 (SGD:USD)	14,572
RMB	45,799	0.1455 (RMB:USD)	202,986
RMB	8,059	4.4321 (RMB:NTD)	<u>35,718</u>
			<u>\$ 17,124,085</u>
Non-monetary items			
USD	181	30.4540 (USD:NTD)	\$ 5,502
JPY	3,561	0.2288 (JPY:NTD)	815
RMB	2	4.4321 (RMB:NTD)	<u>8</u>
			<u>\$ 6,325</u>
<u>Financial liabilities</u>			
Monetary items			
USD	128,871	30.4540 (USD:NTD)	\$ 3,924,637
USD	1,361	6.8712 (USD:RMB)	41,448
USD	706	133.1300 (USD:JPY)	21,501
EUR	448	33.1492 (EUR:NTD)	14,851
JPY	3,890,156	0.2288 (JPY:NTD)	890,068
JPY	25,777	0.0516 (JPY:RMB)	5,898
JPY	370,119	0.0075 (JPY:USD)	84,683
RMB	12,697	0.1455 (RMB:USD)	56,274
RMB	11	4.4321 (RMB:NTD)	<u>49</u>
			<u>\$ 5,039,409</u>
Non-monetary items			
USD	1,300	30.4540 (USD:NTD)	\$ 39,579
JPY	19,473	0.2288 (JPY:NTD)	4,456
RMB	192	4.4321 (RMB:NTD)	<u>853</u>
			<u>\$ 44,888</u>

For the three months ended March 31, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$602,705 thousand and \$(112,218) 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.

### 32. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

- a. Financing provided to others: Table 1 (attached).
- b. Endorsements/guarantees provided: None.
- c. Marketable securities held: Table 2 (attached).
- d. Marketable securities acquired or disposed of at costs or prices amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached).
- i. Derivative transactions: Note 7.
- j. Intercompany relationships and significant intercompany transactions: Table 5 (attached).
- k. Information of investees: Table 6 (attached).
- l. Information on investments in mainland China: Table 7 (attached)

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Note 32 (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:

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Capital Tip Customized Taiwan Select High Dividend ETF	45,363,000	5.97

Note: The information on major shareholders in this table is calculated by CHEP on the last business day at the end of the quarter as the total number of ordinary shares and special shares held by shareholders who have completed the non-physical registration delivery (including treasury shares) of the company with a total of more than 5% of shares held. The share capital recorded in the Corporation's consolidated financial reports and the number of shares that had actually

completed non-physical registration may differ depending on the basis of preparation and calculation.

### **32. SEGMENT INFORMATION**

The revenue, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenues and operating results for the three months ended March 31, 2024 and 2023 are shown in the consolidated income statements for the three months ended March 31, 2024 and 2023. The segment assets as of March 31, 2024, December 31, 2023 and March 31, 2023 are shown in the consolidated balance sheets as of March 31, 2024, December 31, 2023 and March 31, 2023.

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**LOAN OF FUNDS TO OTHERS**

**MARCH 31, 2024**

**(In Thousands of New Taiwan Dollars)**

Lending Company	Loan Recipients	Items	Relationship with the Holding Company	Maximum Balance for the Period	Closing Balance	Closing Balan Actual Expenditurece	Interest Rate (%)	Types of Funding	Amount of Transactions	Reasons for Short-term Funding	Allowance for Doubtful Accounts	Guarantees		Limit on Funding for Individual Targets (Notes 1 and 2)	Capital Loan and Aggregate Limit (Notes 1 and 2)	Notes
												Name	Value			
Powertech Technology (Singapore) Pte. Ltd.	Powertech Technology Inc.	Other trade receivables	Parent company	\$ 1,375,570	\$ 1,375,570	\$ 1,375,570	2.5	Short-term financing	\$ -	Operating turnover	\$ -	-	\$ -	\$ 3,551,409	\$ 3,398,559	1
PTI Technology (Singapore) Pte. Ltd.	Powertech Technology Inc.	Other trade receivables	Ultimate parent company	2,399,250	2,399,250	2,399,250	2.5	Short-term financing	-	Operating turnover	-	-	-	3,651,337	3,651,337	2

Note 1: Powertech Technology (Singapore) Pte. Ltd.'s limit on counterparty financing and the aggregate limit on counterparty financing shall not exceed 100% of the net worth of Powertech Technology (Singapore) Pte. Ltd.

Note 2: PTI Technology (Singapore) Pte. Ltd.'s limit on counterparty financing and the aggregate amount of financing is limited to not more than 100% of the net worth of PTI Technology (Singapore) Pte. Ltd.

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**MARCH 31, 2024**

**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Value	% of Ownership	Fair Value	
Powertech Technology Inc.	<u>Stock</u> Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,053	\$ 34,364	3	\$ 34,364	Note 3
Greatek Electronics Inc.	<u>Bond</u> P08 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,000	Note 2
	<u>Stock</u> Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive income - noncurrent	11,800	1,663,800	2	1,663,800	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 4
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 4
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 4

Note 1: The fair value was based on stock closing price as of March 31, 2024.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of March 31, 2024.

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 March 31, 2024.

Note 4: The fair value was based on the carrying value as of March 31, 2024.

Note 5: As of March 31, 2024, the above marketable securities had not been pledged or mortgaged.



**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2024**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Powertech Technology Inc.	Kioxia Corporation Kingston Solution, Inc.	Corporate director's parent company The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	\$ 3,894,910	34	Note 1	\$ -	-	\$ 5,136,274	48	-
			Sale	118,398	1	Note 1	-	-	91,478	1	-
	Solid State Storage Technology Corporation	Corporate director's subsidiaries.	Purchase	182,146	0.45	Note 1	-	-	129,111	3.5	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate director.	Sale	205,758	6	Net 60 days from monthly closing date	Note 2	quite	211,126	7	-

Note 1: 35 to 120 days after the end of the month of the invoice date.

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

**POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**MARCH 31, 2024**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	\$ 5,136,274	3.21	\$ -	-	\$ 1,184,890	\$ -
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of Greatek Electronics Inc.'s corporate director	211,126	3.19	-	-	72,350	-

## POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Transaction Flow	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
			Financial Statement Item	Amount	Terms	
Powertech Technology Inc.	TeraPower Technology Inc.	1	Sales	\$ 7,399	Note 3	-
	Greatek Electronics Inc.	1	Sales	616	Note 3	-
	Tera Probe, Inc.	1	Sales	256	Note 3	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Purchase	9,580	Note 2	-
	Greatek Electronics Inc.	1	Subcontract costs	21,188	Note 2	-
	TeraPower Technology Inc.	1	Subcontract costs	49,345	Note 2	-
	TeraPower Technology Inc.	1	Production overhead	450	Note 2	-
	TeraPower Technology Inc.	1	Rent	863	Note 2	-
	TeraPower Technology Inc.	1	Other gains	121	Note 2	-
	Greatek Electronics Inc.	1	Accounts receivable from related parties	449	Note 3	-
	TeraPower Technology Inc.	1	Accounts receivable from related parties	4,131	Note 3	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Other receivables from related parties	6,385	Note 2	-
	TeraPower Technology Inc.	1	Other receivables from related parties	2,378	Note 2	-
	Tera Probe, Inc.	1	Other receivables from related parties	256	Note 2	-
	Greatek Electronics Inc.	1	Other receivables from related parties	12,927	Note 2	-
	Powertech Technology (Singapore) Pte. Ltd.	1	Short-term borrowings	1,375,570	Note 2	1%
	PTI Technology (Singapore) Pte. Ltd.	1	Short-term borrowings	2,399,250	Note 2	2%
	Powertech Technology (Singapore) Pte. Ltd.	1	Interest expense	3,000	Note 2	-
	PTI Technology (Singapore) Pte. Ltd.	1	Interest expense	2,399	Note 2	-
	TeraPower Technology Inc.	1	Other payables to related parties	54,213	Note 2	-
	Tera Probe, Inc.	1	Other payables to related parties	294	Note 2	-
	Greatek Electronics Inc.	1	Other payables to related parties	28,942	Note 2	-
	Powertech Technology (Japan) Ltd.	1	Other payables to related parties	23,423	Note 2	-
Tera Probe, Inc.	TeraPower Technology Inc.	1	Other receivables from related parties	104,584	Note 2	-

Note 1: No. 1 - from the parent company to the subsidiary. No. 2 - from the subsidiary to the subsidiary.

Note 2: The transactions for related parties were negotiated and thus not comparable with those in the market.

Note 3: The selling prices with subsidiaries were negotiated and thus not comparable with those in the market, and the collection period with subsidiaries was same as common customer.

## POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## INFORMATION OF INVESTEES

MARCH 31, 2024

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2024			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares (In Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	\$ 1,153,964	\$ 1,153,964	73,386	49	\$ 3,734,711	\$ 272,612	\$ 139,405	Notes 1 and 2
	Powertech Holding (BVI) Inc.	British Virgin Islands	Investment business	1,679,370	1,679,370	50	100	3,690,182	21,149	21,149	Note 3
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing services	6,169,948	6,169,948	244,064	43	9,753,418	523,349	223,104	Note 1
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 69,000	USD 69,000	69,000	100	3,215,448	101,837	101,837	Note 3
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,757,359	82,663	80,401	Notes 2 and 3
	Tera Probe, Inc.	Japan	Wafer probing test services	\$ 230,616	\$ 230,616	1,077	12	498,327	173,391	31,650	Notes 2 and 3
Greatek Electronics Inc.	Get-Team Tech Corporation	Hsinchu	Metal plating on semiconductor lead frame	171,523	171,523	7,796	97.46	140,957	(2,597)	(4,062)	Note 3
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 114,140	USD 676	USD 676	Note 3
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 102,250	USD 5,513	USD 2,691	Notes 2 and 3
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing services	USD 58,329	USD 58,329	6	100	USD 8,401	USD (81)	USD (81)	Note 1
Tera Probe, Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	JPY4,348,056	JPY4,348,056	76,381	51	JPY4,348,056	JPY1,288,693	JPY 657,234	Notes 1 and 2

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

Note 2: Including unrealized intercompany gains (losses).

Note 3: Amount was not recognized on the basis of reviewed financial statements.

## POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

MARCH 31, 2024

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

Investee Company Accounted for Using the Equity Method	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investments from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of March 31, 2024 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2024	Note
					Outflow	Inflow							
Longforce Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	\$ 3,199,000 (USD 100,000)	Note 1	\$ 1,096,457 (USD 34,275)	\$ -	\$ -	\$ 1,096,457 (USD 34,275)	\$ (5,127) (USD (163))	30%	\$ (7,792) (USD (248))	\$ 1,192,210 (USD 37,268)	\$ -	-
Powertech Semiconductor (Xian) Ltd.	Semiconductor testing and assembly services	2,239,300 (USD 70,000)	Note 1	1,511,464 (USD 47,248)	-	-	1,511,464 (USD 47,248)	149,779 (USD 4,763)	100%	149,779 (USD 4,762)	3,327,142 (USD 104,006)	727,836 (USD 22,752)	-

Investee Company Accounted for Using the Equity Method	Accumulated Investment in Mainland China as of March 31, 2024 (In Thousands of USD)	Investment Amounts Authorized by the Investment Commission, MOEA (In Thousands of USD)	Ceiling Amount on of the Corporation's Investment in Mainland China
Powertech Technology (Suzhou) Ltd. Powertech Semiconductor (Xian) Ltd.	USD 34,275 USD 47,248	USD 79,000 USD 79,000	\$34,090,324

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

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

Note 3: Based on the exchange rate as of March 31, 2024.