

**Powertech Technology Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Powertech Technology Inc. and its subsidiaries (the "Corporation"), as of March 31, 2022 and 2021 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 a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, we did not review the financial statements of some immaterial subsidiaries, which included in the consolidated financial statements, as of and for the three months ended March 31, 2022 and 2021, which represented total assets of 4.22% \$5,088,641 thousand and 5.26% \$5,746,613 thousand of the consolidated assets; and total liabilities of 3.42% \$1,889,850 thousand and 5.57% \$2,722,857 thousand of the consolidated liabilities. These statements also reflected these subsidiaries' comprehensive income of (1.61)% \$(48,269) thousand and 14.69% \$297,456 thousand of the consolidated comprehensive income for the three months ended March 31, 2022 and 2021, respectively. These investment amounts, as well as related information disclosed in Note 31 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries.

Qualified Conclusion

Based on our reviews, except for the consolidated financial statements of subsidiaries as well as related information disclosed referred to in preceding paragraph, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries, if those consolidated financial statements had been reviewed and any adjustments were determined to be necessary, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of the Corporation as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended March 31, 2022 and 2021 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.

Lin cheng chih Fang Su Li

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 6, 2022

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, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)		LIABILITIES AND EQUITY	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 22,161,240	18	\$ 22,614,233	19	\$ 22,467,343	21	Short-term bank loans (Note 17)	\$ 70,590	-	\$ 72,180	-	\$ 77,280	-
Financial assets at fair value through profit or loss - current (Note 7)	73,156	-	105,537	-	104,647	-	Financial liabilities at fair value through profit or loss - current (Note 7)	131,116	-	5,649	-	87,654	-
Financial assets at amortized cost - current (Notes 9 and 28)	456,519	-	455,091	-	454,761	-	Contract liabilities - current (Note 21)	187,356	-	164,824	-	51,770	-
Contract assets - current (Notes 21 and 27)	2,388,748	2	2,418,865	2	2,088,039	2	Notes and accounts payable	6,519,620	5	6,744,452	6	5,158,632	5
Notes and accounts receivable (Notes 10 and 21)	11,472,392	10	11,519,708	10	9,967,095	9	Accounts payable to related parties (Note 27)	207,846	-	154,391	-	168,687	-
Receivables from related parties (Notes 21 and 27)	5,798,874	5	6,455,306	6	5,252,616	5	Bonus to employees and remuneration to directors (Note 22)	2,014,905	2	1,603,752	2	1,323,946	1
Other receivables	196,217	-	382,322	-	243,587	-	Payables to equipment suppliers (Note 27)	3,676,699	3	4,337,945	4	1,968,129	2
Other receivables from related parties (Note 27)	70,095	-	65,347	-	25,587	-	Other payables - related parties (Note 27)	2,052	-	6,184	-	1,056	-
Inventories (Note 11)	7,997,165	7	6,767,994	6	5,050,196	5	Current income tax liabilities (Notes 4 and 23)	2,191,316	2	1,570,467	1	1,684,805	2
Prepaid expenses	523,198	-	452,308	-	144,282	-	Lease liabilities - current (Note 14)	62,785	-	63,724	-	74,673	-
Other current assets (Notes 16 and 29)	853,808	1	721,903	1	476,961	-	Accrued expenses and other current liabilities (Note 18)	7,787,854	7	8,474,060	7	5,967,618	6
Total current assets	51,991,412	43	51,958,614	44	46,275,114	42	Current portion of long-term debts (Notes 17 and 28)	145,521	-	121,503	-	455,827	-
							Total current liabilities	22,997,660	19	23,319,131	20	17,020,077	16
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	29,723	-	30,144	-	35,243	-	Long-term debt (Notes 17 and 28)	30,305,624	25	30,012,813	26	29,710,521	27
Financial assets at amortized cost - noncurrent (Notes 9 and 28)	472,704	-	478,535	1	897,995	1	Deferred income tax liabilities (Notes 4 and 23)	302,037	1	192,056	-	157,722	-
Property, plant and equipment (Notes 13 and 28)	64,927,879	54	63,236,697	53	59,175,252	54	Lease liabilities - non-current (Note 14)	1,348,647	1	1,364,825	1	1,409,853	1
Right-of-use assets (Note 14)	1,466,385	1	1,481,957	1	1,579,658	2	Net defined benefit liability - noncurrent (Notes 4 and 19)	292,229	-	368,656	-	394,890	1
Intangible assets (Note 15)	1,006,228	1	982,640	1	990,579	1	Other noncurrent liabilities (Note 18)	14,608	-	23,299	-	157,520	-
Deferred income tax assets (Notes 4 and 23)	133,369	-	86,079	-	226,840	-	Total non-current liabilities	32,263,145	27	31,961,649	27	31,830,506	29
Other noncurrent assets (Notes 16 and 29)	577,153	1	332,356	-	99,836	-	Total liabilities	55,260,805	46	55,280,780	47	48,850,583	45
Total non-current assets	68,613,441	57	66,628,408	56	63,005,403	58							
							EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 20)						
							Capital stock						
							Common stock	7,591,466	6	7,791,466	7	7,791,466	7
							Capital surplus	73,652	-	270,794	-	231,294	-
							Retained earnings						
							Legal reserve	8,290,517	7	8,290,517	7	7,628,495	7
							Special reserve	366,982	-	366,982	-	324,741	-
							Unappropriated earnings	35,547,899	30	34,916,347	30	32,316,749	30
							Total retained earnings	44,205,398	37	43,573,846	37	40,269,985	37
							Other equity	(605,929)	(1)	(710,623)	(1)	(512,141)	(1)
							Treasury stock	(400,134)	-	(1,418,300)	(1)	(229,334)	-
							Equity attributable to shareholders of the Parent	50,864,453	42	49,507,183	42	47,551,270	43
							NON-CONTROLLING INTERESTS (Notes 12 and 20)	14,479,595	12	13,799,059	11	12,878,664	12
							Total equity	65,344,048	54	63,306,242	53	60,429,934	55
TOTAL	\$ 120,604,853	100	\$ 118,587,022	100	\$ 109,280,517	100	TOTAL	\$ 120,604,853	100	\$ 118,587,022	100	\$ 109,280,517	100

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

(With Deloitte & Touche review report dated May 6, 2022)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
NET SALES (Notes 21 and 27)	\$ 20,830,631	100	\$ 18,429,233	100
OPERATING COSTS (Notes 11, 22 and 27)	<u>16,253,109</u>	<u>78</u>	<u>14,538,254</u>	<u>79</u>
GROSS PROFIT	<u>4,577,522</u>	<u>22</u>	<u>3,890,979</u>	<u>21</u>
OPERATING EXPENSES (Note 22)				
Marketing	104,096	-	91,853	1
General and administrative	453,323	2	451,983	2
Research and development	582,364	3	589,846	3
Expected credit gain (Note 10)	<u>-</u>	<u>-</u>	<u>(60,037)</u>	<u>-</u>
Total operating expenses	<u>1,139,783</u>	<u>5</u>	<u>1,073,645</u>	<u>6</u>
OPERATING INCOME	<u>3,437,739</u>	<u>17</u>	<u>2,817,334</u>	<u>15</u>
NONOPERATING INCOME AND EXPENSES				
Interest income (Note 22)	7,914	-	9,759	-
Other gains and losses (Notes 22 and 27)	(167,187)	(1)	16,161	-
Miscellaneous income (Note 22)	20,308	-	23,721	-
Financial costs (Note 22)	(51,670)	-	(60,787)	-
Foreign exchange gains and (losses), net (Notes 22 and 30)	<u>417,832</u>	<u>2</u>	<u>(8,439)</u>	<u>-</u>
Total nonoperating expenses	<u>227,197</u>	<u>1</u>	<u>(19,585)</u>	<u>-</u>
INCOME BEFORE INCOME TAX	3,664,936	18	2,797,749	15
INCOME TAX EXPENSE (Notes 4 and 23)	<u>744,681</u>	<u>4</u>	<u>522,454</u>	<u>3</u>
NET INCOME	<u>2,920,255</u>	<u>14</u>	<u>2,275,295</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	(421)	-	(45)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	<u>76,160</u>	<u>-</u>	<u>(249,955)</u>	<u>(1)</u>
Total other comprehensive (loss) income	<u>75,739</u>	<u>-</u>	<u>(250,000)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,995,994</u>	<u>14</u>	<u>\$ 2,025,295</u>	<u>11</u>

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 2,196,165	11	\$ 1,708,306	9
Non-controlling interests	<u>724,090</u>	<u>3</u>	<u>566,989</u>	<u>3</u>
	<u>\$ 2,920,255</u>	<u>14</u>	<u>\$ 2,275,295</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 2,300,859	11	\$ 1,563,147	8
Non-controlling interests	<u>695,135</u>	<u>3</u>	<u>462,148</u>	<u>3</u>
	<u>\$ 2,995,994</u>	<u>14</u>	<u>\$ 2,025,295</u>	<u>11</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 2.92</u>		<u>\$ 2.21</u>	
Diluted	<u>\$ 2.90</u>		<u>\$ 2.20</u>	

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

(With Deloitte & Touche review report dated May 6, 2022)

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent											Noncontrolling Interests	Total Equity
	Capital Stock		Capital Surplus	Retained Earnings			Other Equity		Treasury Share	Total			
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE, JANUARY 1, 2021	779,147	\$ 7,791,466	\$ 231,294	\$ 7,628,495	\$ 324,741	\$ 30,608,443	\$ (352,472)	\$ (14,510)	\$ (229,334)	\$ 45,988,123	\$ 12,416,516	\$ 58,404,639	
Net income for the three months ended March 31, 2021	-	-	-	-	-	1,708,306	-	-	-	1,708,306	566,989	2,275,295	
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	-	(145,114)	(45)	-	(145,159)	(104,841)	(250,000)	
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	1,708,306	(145,114)	(45)	-	1,563,147	462,148	2,025,295	
BALANCE, MARCH 31, 2021	<u>779,147</u>	<u>\$ 7,791,466</u>	<u>\$ 231,294</u>	<u>\$ 7,628,495</u>	<u>\$ 324,741</u>	<u>\$ 32,316,749</u>	<u>\$ (497,586)</u>	<u>\$ (14,555)</u>	<u>\$ (229,334)</u>	<u>\$ 47,551,270</u>	<u>\$ 12,878,664</u>	<u>\$ 60,429,934</u>	
BALANCE, JANUARY 1, 2022	779,147	\$ 7,791,466	\$ 270,794	\$ 8,290,517	\$ 366,982	\$ 34,916,347	\$ (690,969)	\$ (19,654)	\$ (1,418,300)	\$ 49,507,183	\$ 13,799,059	\$ 63,306,242	
Appropriation of 2021 earnings Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(14,599)	(14,599)	
Net income for the three months ended March 31, 2022	-	-	-	-	-	2,196,165	-	-	-	2,196,165	724,090	2,920,255	
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	105,115	(421)	-	104,694	(28,955)	75,739	
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	2,196,165	105,115	(421)	-	2,300,859	695,135	2,995,994	
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(943,589)	(943,589)	-	(943,589)	
Cancellation of treasury shares	(20,000)	(200,000)	(197,142)	-	-	(1,564,613)	-	-	1,961,755	-	-	-	
BALANCE, MARCH 31, 2022	<u>759,147</u>	<u>\$ 7,591,466</u>	<u>\$ 73,652</u>	<u>\$ 8,290,517</u>	<u>\$ 366,982</u>	<u>\$ 35,547,899</u>	<u>\$ (585,854)</u>	<u>\$ (20,075)</u>	<u>\$ (400,134)</u>	<u>\$ 50,864,453</u>	<u>\$ 14,479,595</u>	<u>\$ 65,344,048</u>	

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

(With Deloitte & Touche review report dated May 6, 2022)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>Three Months Ended March 31</u>	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	\$ 3,664,936	\$ 2,797,749
Adjustments for:		
Depreciation	3,578,281	3,343,679
Amortization	9,988	10,072
Expected credit gain	-	(60,037)
Net loss on fair value change of financial assets designated as at fair value through profit or loss	9,116	50,142
Financial costs	51,670	60,787
Interest revenue	(7,914)	(9,759)
Net gain on disposal of property, plant and equipment	(13,382)	(419,705)
Property, plant and equipment transfer to expenses	375	842
Impairment loss on non-financial assets	207	-
Net gain on foreign currency exchange, net	(468,230)	(103,328)
Changes in operating assets and liabilities:		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	23,265	14,678
Decrease in contract assets	30,117	123,757
Decrease (increase) in notes and accounts receivable	209,216	(1,369,271)
Decrease in accounts receivable from related parties	804,262	1,072,067
Decrease in other receivables	191,747	112,365
Decrease in other receivables from related parties	16,428	22,570
Increase in inventories	(1,229,171)	(75,460)
(Increase) decrease in prepayments	(90,011)	7,570
Increase in other current assets	(114,732)	(55,563)
Increase in financial liability held for trading	125,467	82,219
Increase (decrease) in contract liabilities	22,532	(4,906)
(Decrease) increase in notes and accounts payable	(290,743)	109,450
Increase in accounts payable to related parties	50,396	33,312
Increase in bonus to employees and remuneration of directors	411,153	321,262
(Decrease) increase in other payables to related parties	(4,132)	1,056
Decrease in accrued expenses and other current liabilities	(730,368)	(377,514)
Decrease in net defined benefit liability	(76,427)	(6,894)
Decrease in other accounts payable	(8,694)	(3,204)
Cash generated from operations	6,165,352	5,677,936
Interest received	7,903	9,826
Interest paid	(70,245)	(78,484)
Income tax paid	(61,141)	(38,065)
	<u>6,041,869</u>	<u>5,571,213</u>
Net cash generated from operating activities		(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	\$ (14)	\$ (26,764)
Proceeds from sale of financial assets at amortized cost	-	8,607
Acquisition of property, plant and equipment	(5,865,381)	(2,621,117)
Disposal of property, plant and equipment	59,819	950,007
Increase in refundable deposits	(172,945)	(10,349)
Increase in intangible assets	(10,560)	(1,347)
(Increase) decrease in prepayments for equipment	<u>(78,118)</u>	<u>8,398</u>
Net cash used in investing activities	<u>(6,067,199)</u>	<u>(1,692,565)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	(1,590)	(119,702)
Increase in long-term debts	4,674,796	6,545,589
Decrease in long-term debts	(4,353,754)	(8,731,312)
Increase (decrease) in guarantee deposits	27,793	(1)
Repayment of the principal portion of lease liabilities	(17,117)	(40,306)
Payments for buy-back of treasury shares	(943,589)	-
Dividends paid to non-controlling interests	<u>(14,599)</u>	<u>-</u>
Net cash used in financing activities	<u>(628,060)</u>	<u>(2,345,732)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>200,397</u>	<u>(85,385)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(452,993)	1,447,531
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>22,614,233</u>	<u>21,019,812</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 22,161,240</u>	<u>\$ 22,467,343</u>

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

(With Deloitte & Touche review report dated May 6, 2022)

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on May 6, 2022.

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

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

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

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

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB)
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)

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)
	(Concluded)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

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

See Notes 12 and 31k for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty followed in these consolidated financial statements refer to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Checking accounts and demand deposits	\$ 22,160,838	\$ 22,613,960	\$ 22,467,033
Cash on hand	<u>402</u>	<u>273</u>	<u>310</u>
	<u>\$ 22,161,240</u>	<u>\$ 22,614,233</u>	<u>\$ 22,467,343</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Bank deposits	0%-2.03%	0%-2.03%	0%-2.03%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
<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	\$ 856	\$ 26,337	\$ 1,117
Non-derivative financial assets			
Mutual funds	<u>72,300</u>	<u>79,200</u>	<u>103,530</u>
	<u>\$ 73,156</u>	<u>\$ 105,537</u>	<u>\$ 104,647</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 131,116</u>	<u>\$ 5,649</u>	<u>\$ 87,654</u>

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

	Currency	Maturity Date	Contract Amounts (In Thousands)
<u>March 31, 2022</u>			
Sell forward exchange contracts	USD to NTD	2022.04.06-2022.06.30	USD 137,200
	USD to JPY	2022.04.06-2022.07.29	USD 27,919
	USD to CNY	2022.04.11-2022.06.17	USD 7,397
	CNY to USD	2022.04.25	CNY 12,726
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD to NTD	2022.01.04-2022.03.31	USD 165,440
	USD to JPY	2022.01.05-2022.04.25	USD 18,372
	USD to CNY	2022.01.14	USD 2,507
<u>March 31, 2021</u>			
Sell forward exchange contracts	USD to NTD	2021.04.01-2021.06.30	USD 139,395
	USD to JPY	2021.04.06-2021.07.26	USD 18,578
	USD to CNY	2021.04.08-2021.06.15	USD 6,456

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Non-current</u>			
Domestic investments			
Listed shares			
Ordinary shares - Solid State System Co., Ltd.	<u>\$ 29,723</u>	<u>\$ 30,144</u>	<u>\$ 35,243</u>

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, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Domestic investments			
Corporate bonds - P06 Taiwan Power Company 1A Bond	\$ 300,000	\$ 300,000	\$ -
Corporate bonds - P06 Taiwan Power Company 3A Bond	50,000	50,000	50,000
Corporate bonds - P06 FPC 1A Bond	50,000	50,000	50,000
Corporate bonds - P07 Taiwan Power Company 1A Bond	-	-	200,000
Time deposits with original maturities of more than 3 months	12,182	-	-
Pledged time deposits	13,451	25,223	25,564
Restricted deposit	<u>30,886</u>	<u>29,868</u>	<u>129,197</u>
	<u>\$ 456,519</u>	<u>\$ 455,091</u>	<u>\$ 454,761</u>
<u>Non-current</u>			
Domestic investments			
Corporate bonds - P08 Taiwan Power Company 3A Bond	\$ 100,000	\$ 100,000	\$ 100,001
Corporate bonds - P06 Taiwan Power Company 1A Bond	-	-	300,000
Corporate bonds - P06 Taiwan Power Company 3A Bond	-	-	50,000
Corporate bonds - P06 FPC 1A Bond	-	-	50,000
Time deposits with original maturities of more than 3 months	258,830	264,661	309,120
Pledged time deposits	<u>113,874</u>	<u>113,874</u>	<u>88,874</u>
	<u>\$ 472,704</u>	<u>\$ 478,535</u>	<u>\$ 897,995</u>

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

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

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

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

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

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.001%-0.58%, 0.001%-0.002% and 0.001%-0.01% per annum as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

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

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

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable</u>			
Notes receivable - operating	\$ <u>132,165</u>	\$ <u>155,411</u>	\$ <u>109,665</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	11,404,997	11,429,067	9,913,200
Less: Allowance for impairment loss	<u>(64,770)</u>	<u>(64,770)</u>	<u>(55,770)</u>
	<u>11,340,227</u>	<u>11,364,297</u>	<u>9,857,430</u>
	<u>\$ 11,472,392</u>	<u>\$ 11,519,708</u>	<u>\$ 9,967,095</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, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$11,370,118	\$ 32,213	\$ 922	\$ 1,287	\$ 387	\$11,404,997
Loss allowance (Lifetime ECLs)	<u>(32,282)</u>	<u>(29,892)</u>	<u>(922)</u>	<u>(1,287)</u>	<u>(387)</u>	<u>(64,770)</u>
Amortized cost	<u>\$11,337,906</u>	<u>\$ 2,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,340,227</u>

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$11,374,799	\$ 52,322	\$ 1,411	\$ 535	\$ -	\$11,429,067
Loss allowance (Lifetime ECLs)	<u>(10,502)</u>	<u>(52,322)</u>	<u>(1,411)</u>	<u>(535)</u>	<u>-</u>	<u>(64,770)</u>
Amortized cost	<u>\$11,364,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,364,297</u>

March 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 9,867,269	\$ 40,632	\$ 2,784	\$ 1,921	\$ 594	\$ 9,913,200
Loss allowance (Lifetime ECLs)	<u>(39,195)</u>	<u>(11,977)</u>	<u>(2,083)</u>	<u>(1,921)</u>	<u>(594)</u>	<u>(55,770)</u>
Amortized cost	<u>\$ 9,828,074</u>	<u>\$ 28,655</u>	<u>\$ 701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,857,430</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 64,770	\$ 30,526
Add: Amounts recovered	-	85,281
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(60,037)</u>
Balance at March 31	<u>\$ 64,770</u>	<u>\$ 55,770</u>

11. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 7,332,324	\$ 6,143,831	\$ 4,501,686
Supplies	<u>664,841</u>	<u>624,163</u>	<u>548,510</u>
	<u>\$ 7,997,165</u>	<u>\$ 6,767,994</u>	<u>\$ 5,050,196</u>

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

	For the Three Months Ended March 31	
	2022	2021
Cost of inventories sold	\$ 16,253,109	\$ 14,538,254
Write-downs of inventories	\$ 18,417	\$ 41,464
Unallocated production overhead	\$ 1,375,691	\$ 872,662
Sales of scrap	\$ 65,685	\$ 39,229

12. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
Powertech Technology Inc.	POWERTECH HOLDING (BVI) INC.	Investment business	100	100	100	2
	Greatek Electronics Inc. ("GEI")	Semiconductor assembly and testing service	43	43	43	Notes 1 and 3
	Powertech Technology (Singapore) Pte. Ltd.	Investment business	100	100	100	Notes 2 and 4
	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	36	36	36	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	9	9	9	-
	Powertech Technology Japan Ltd.	Investment business	100	100	100	Note 2
	Tera Probe, Inc.	Wafer probing test services	12	12	12	Notes 2 and 3
	TeraPower Technology Inc.	Wafer probing test services	49	49	49	-
POWERTECH HOLDING (BVI) INC.	PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Investment business	100	100	100	Note 2
PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	72	72	72	-
Powertech Technology (Singapore) Pte. Ltd.	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	64	64	64	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	19	19	19	-
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Wafer probing test services	49	49	49	Notes 2 and 3
	Powertech Technology Akita Inc.	Semiconductor assembly and testing service	100	100	100	Notes 2 and 4
Tera Probe, Inc.	TeraPower Technology Inc.	Wafer probing test services	51	51	51	-
	Tera Probe Aizu, Inc.	Wafer probing test services	100	100	100	Note 2

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, 2022 and 2021 have not been reviewed.

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

Note 4: Due to the adjustment of operational needs, the Corporation scaled down the business operation of Powertech Technology (Singapore) Pte. Ltd. in January 2021, which is mainly engaged in reinvestment business. It is also expected to cease the operation of Powertech Technology Akita Inc.

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, 2022	December 31, 2021	March 31, 2021
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		
	2022	2021	March 31, 2022	December 31, 2021	March 31, 2021
	Greatek Electronics Inc.	\$ 663,906	\$ 529,252	\$ 12,098,149	\$ 11,434,242
Tera Probe, Inc.	\$ 60,184	\$ 37,737	\$ 2,381,446	\$ 2,364,817	\$ 2,301,982

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.

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 12,028,624	\$ 11,353,869	\$ 9,918,076
Non-current assets	15,338,766	15,152,214	12,749,293
Current liabilities	(5,199,277)	(5,411,464)	(3,400,963)
Non-current liabilities	<u>(199,196)</u>	<u>(264,714)</u>	<u>(274,117)</u>
Equity	<u>\$ 21,968,917</u>	<u>\$ 20,829,905</u>	<u>\$ 18,992,289</u>
Equity attributable to:			
Owners of the Parent	\$ 9,425,804	\$ 8,937,109	\$ 8,148,677
Non-controlling interests	<u>12,543,113</u>	<u>11,892,796</u>	<u>10,843,612</u>
	<u>\$ 21,968,917</u>	<u>\$ 20,829,905</u>	<u>\$ 18,992,289</u>

	For the Three Months Ended March 31	
	2022	2021
Operating revenue	<u>\$ 4,713,423</u>	<u>\$ 4,215,598</u>
Net income for the period	\$ 1,166,012	\$ 930,168
Other comprehensive income (loss) for the period	<u>(27,000)</u>	<u>65,402</u>
Total comprehensive income for the period	<u>\$ 1,139,012</u>	<u>\$ 995,570</u>

(Continued)

	For the Three Months Ended March 31	
	2022	2021
Net income attributable to:		
Owners of the Parent	\$ 500,279	\$ 399,090
Non-controlling interests	<u>665,733</u>	<u>531,078</u>
	<u>\$ 1,166,012</u>	<u>\$ 930,168</u>
Total comprehensive income attributable to:		
Owners of the Parent	\$ 488,695	\$ 427,151
Non-controlling interests	<u>650,317</u>	<u>568,419</u>
	<u>\$ 1,139,012</u>	<u>\$ 995,570</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 2,006,036	\$ 1,633,399
Investing activities	(1,273,892)	(1,350,258)
financing activities	<u>(311)</u>	<u>(306)</u>
Net cash inflow	<u>\$ 731,833</u>	<u>\$ 282,835</u> (Concluded)

Tera Probe, Inc.

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 2,260,552	\$ 2,411,445	\$ 2,498,225
Non-current assets	4,529,122	4,298,508	4,211,606
Current liabilities	(706,391)	(660,346)	(677,623)
Non-current liabilities	<u>(358,140)</u>	<u>(356,467)</u>	<u>(493,561)</u>
Equity	<u>\$ 5,725,143</u>	<u>\$ 5,693,140</u>	<u>\$ 5,538,647</u>
Equity attributable to:			
Owners of the Parent	\$ 3,472,300	\$ 3,452,890	\$ 3,359,190
Non-controlling interests	<u>2,252,843</u>	<u>2,240,250</u>	<u>2,179,457</u>
	<u>\$ 5,725,143</u>	<u>\$ 5,693,140</u>	<u>\$ 5,538,647</u>

	For the Three Months Ended March 31	
	2022	2021
Operating revenue for the period	<u>\$ 426,436</u>	<u>\$ 385,372</u>
Net income	\$ 136,028	\$ 76,630
Other comprehensive income (loss) for the period	<u>60,883</u>	<u>152,241</u>
Total comprehensive income for the period	<u>\$ 196,911</u>	<u>\$ 228,871</u> (Continued)

**For the Three Months Ended
March 31**

	<u>2022</u>	<u>2021</u>
Net income attributable to:		
Owners of the Parent	\$ 82,499	\$ 46,475
Non-controlling interests	<u>53,529</u>	<u>30,155</u>
	<u>\$ 136,028</u>	<u>\$ 76,630</u>
Total comprehensive income attributable to:		
Owners of the Parent	\$ 119,424	\$ 138,806
Non-controlling interests	<u>77,487</u>	<u>90,065</u>
	<u>\$ 196,911</u>	<u>\$ 228,871</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 308,954	\$ (81,865)
Investing activities	(53,942)	258,454
financing activities	<u>(16,016)</u>	<u>(354,980)</u>
Net cash inflow (outflow)	<u>\$ 238,996</u>	<u>\$ (178,391)</u> (Concluded)

13. PROPERTY, PLANT AND EQUIPMENT

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>							
Assets used by the Corporation	<u>\$ 64,927,879</u>	<u>\$ 63,236,697</u>	<u>\$ 59,175,252</u>							
	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
<u>Cost</u>										
Balance at January 1, 2022	\$ 4,174,426	\$ 30,352,530	\$ 106,275,541	\$ 2,469,708	\$ 90,885	\$ 3,767,435	\$ 2,623,038	\$ 6,747,669	\$ 277,057	\$ 156,778,289
Additions	-	7,087	56,777	9,198	-	6,791	659,088	4,365,235	136,425	5,240,601
Disposals	-	(8,199)	(332,379)	(850)	-	(48,926)	-	-	(121,669)	(512,023)
Reclassified	132,429	1,457,838	3,123,023	19,827	-	40,609	(1,370,167)	(3,408,624)	-	(5,065)
Effects of foreign currency exchange differences	(14)	69,686	145,367	14,588	(1,510)	9,617	3,312	6,015	-	247,061
Balance at March 31, 2022	<u>4,306,841</u>	<u>31,878,942</u>	<u>109,268,329</u>	<u>2,512,471</u>	<u>89,375</u>	<u>3,775,526</u>	<u>1,915,271</u>	<u>7,710,295</u>	<u>291,813</u>	<u>161,748,863</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2022	-	13,413,221	73,643,404	1,873,765	4,280	3,414,665	-	-	-	92,349,335
Depreciation expenses	-	372,627	2,970,237	44,504	769	52,751	-	-	121,669	3,562,557
Disposals	-	(8,199)	(286,056)	(733)	-	(48,926)	-	-	(121,669)	(465,583)
Reclassified	-	-	269	(42)	-	(184)	-	-	-	43
Effects of foreign currency exchange differences	-	42,982	92,379	11,629	(242)	9,778	-	-	-	156,526
Balance at March 31, 2022	<u>-</u>	<u>13,820,631</u>	<u>76,420,233</u>	<u>1,929,123</u>	<u>4,807</u>	<u>3,428,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,602,878</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2022	1,523	413,199	581,968	96,761	58,179	-	835	39,792	-	1,192,257
Recognition of impairment losses	-	-	87	120	-	-	-	-	-	207
Disposals	-	-	(3)	-	-	-	-	-	-	(3)
Reclassified	-	-	-	-	-	-	(835)	835	-	-
Effects of foreign currency exchange differences	(34)	12,598	12,866	2,393	(1,282)	-	-	(896)	-	25,645
Balance at March 31, 2022	<u>1,489</u>	<u>425,797</u>	<u>594,918</u>	<u>99,274</u>	<u>56,897</u>	<u>-</u>	<u>-</u>	<u>39,731</u>	<u>-</u>	<u>1,218,106</u>
Carrying amount at March 31, 2022	<u>\$ 4,305,352</u>	<u>\$ 17,632,514</u>	<u>\$ 32,253,178</u>	<u>\$ 484,074</u>	<u>\$ 27,671</u>	<u>\$ 347,442</u>	<u>\$ 1,915,271</u>	<u>\$ 7,670,564</u>	<u>\$ 291,813</u>	<u>\$ 64,927,879</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 4,172,903</u>	<u>\$ 16,526,110</u>	<u>\$ 32,050,169</u>	<u>\$ 499,182</u>	<u>\$ 28,426</u>	<u>\$ 352,770</u>	<u>\$ 2,622,203</u>	<u>\$ 6,707,877</u>	<u>\$ 277,057</u>	<u>\$ 63,236,697</u>

(Continued)

	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
Cost										
Balance at January 1, 2021	\$ 3,442,706	\$ 27,495,212	\$ 103,858,997	\$ 2,514,788	\$ 413,336	\$ 3,722,627	\$ 2,294,972	\$ 3,952,441	\$ 203,042	\$ 147,898,121
Additions	-	441	1,038	6,087	-	10,817	483,934	2,345,710	134,837	2,982,864
Disposals	-	(9,939)	(1,741,340)	(47,054)	(313,919)	(10,718)	-	-	(135,778)	(2,258,748)
Reclassified	-	215,231	1,716,679	20,454	-	27,667	(78,220)	(1,541,662)	-	360,149
Effects of foreign currency exchange differences	(1,220)	(60,148)	(478,315)	(41,389)	(7,732)	90	-	(26,600)	(55)	(615,369)
Balance at March 31, 2021	<u>3,446,486</u>	<u>27,640,797</u>	<u>103,357,059</u>	<u>2,452,886</u>	<u>91,685</u>	<u>3,750,483</u>	<u>2,700,686</u>	<u>4,729,889</u>	<u>202,046</u>	<u>148,367,017</u>
Accumulated depreciation										
Balance at January 1, 2021	-	12,275,248	68,685,966	1,878,378	236,089	3,342,692	-	-	13,651	86,432,024
Depreciation expenses	-	354,607	2,736,080	51,008	173	51,211	-	-	122,184	3,315,263
Disposals	-	(9,939)	(1,206,434)	(43,015)	(223,280)	(10,718)	-	-	(135,778)	(1,629,164)
Reclassified	-	6,841	287,021	-	(6,841)	(19)	-	-	-	287,002
Effects of foreign currency exchange differences	-	(26,654)	(387,675)	(29,313)	(2,431)	162	-	-	(57)	(445,968)
Balance at March 31, 2021	<u>-</u>	<u>12,603,103</u>	<u>70,114,958</u>	<u>1,857,058</u>	<u>3,710</u>	<u>3,383,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,959,157</u>
Accumulated impairment										
Balance at January 1, 2021	1,749	425,731	639,988	100,528	141,178	-	-	45,729	-	1,354,903
Disposals	-	-	(25,269)	-	(74,013)	-	-	-	-	(99,282)
Effects of foreign currency exchange differences	(120)	(3,677)	(9,543)	(1,763)	(4,874)	-	-	(3,126)	-	(23,013)
Balance at March 31, 2021	<u>1,629</u>	<u>422,054</u>	<u>605,266</u>	<u>98,765</u>	<u>62,291</u>	<u>-</u>	<u>-</u>	<u>42,603</u>	<u>-</u>	<u>1,232,608</u>
Carrying amount at March 31, 2021	<u>\$ 3,439,857</u>	<u>\$ 14,618,640</u>	<u>\$ 32,636,835</u>	<u>\$ 497,063</u>	<u>\$ 25,684</u>	<u>\$ 367,155</u>	<u>\$ 2,700,686</u>	<u>\$ 4,687,286</u>	<u>\$ 202,046</u>	<u>\$ 59,175,252</u>

(Concluded)

Tera Probe, Inc. expected a decrease in the future cash flows of machinery and equipment and office equipment. Therefore, impairment loss of \$207 thousand was recognized in other gains and losses during the three months ended March 31, 2022.

Tera Probe, Inc. assessed that the book value of some assets cannot be recovered.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main plants	3-51 years
Mechanical and electrical power equipment	2-26 years
Wafer Fab	6-16 years
Fire control equipment	2-26 years
Others	2-51 years
Machinery and equipment	1-15 years
Office equipment	1-15 years
Leasehold improvements	2-50 years
Other equipment	2-16 years
Spare parts	0.5-2 years

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Land	\$ 1,369,809	\$ 1,377,512	\$ 1,400,615
Buildings	-	-	6,902
Machinery and equipment	94,283	101,801	172,141
Transportation equipment	<u>2,293</u>	<u>2,644</u>	<u>-</u>
	<u>\$ 1,466,385</u>	<u>\$ 1,481,957</u>	<u>\$ 1,579,658</u>

	For the Three Months Ended March 31	
	2022	2021
Additions to right-of-use assets	\$ <u> -</u>	\$ <u> -</u>
Depreciation charge for right-of-use assets		
Land	\$ 9,799	\$ 9,028
Buildings	-	8,771
Machinery and equipment	5,574	10,591
Transportation equipment	<u>351</u>	<u>26</u>
	<u>\$ 15,724</u>	<u>\$ 28,416</u>

Except for the recognized depreciation, the Corporation did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Current	\$ <u>62,785</u>	\$ <u>63,724</u>	\$ <u>74,673</u>
Non-current	\$ <u>1,348,647</u>	\$ <u>1,364,825</u>	\$ <u>1,409,853</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	0.93%-1.69%	0.93%-1.69%	1.13%-1.69%
Buildings	-	-	0.75%-3.77%
Machinery and equipment	0.80%-1.70%	0.80%-1.70%	0.80%-1.70%
Transportation equipment	0.92%	0.92%	-

c. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases	\$ <u>4,545</u>	\$ <u>4,066</u>
Total cash outflow for leases	\$ <u>(21,662)</u>	\$ <u>(44,372)</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.

15. INTANGIBLE ASSETS

	Computer Software	Goodwill	Core Techniques	Client Relationships	Royalty	Technique Services	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 611,572	\$ 979,819	\$ 246,494	\$ 220,775	\$ 9,424	\$ 88,894	\$ 2,156,978
Additions	10,560	-	-	-	-	-	10,560
Disposals	-	-	-	-	-	-	-
Reclassified	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	(2,483)	-	1,105	-	(24)	-	(1,402)
Balance at March 31, 2022	<u>619,649</u>	<u>979,819</u>	<u>247,599</u>	<u>220,775</u>	<u>9,400</u>	<u>88,894</u>	<u>2,166,136</u>
<u>Accumulated amortization</u>							
Balance at January 1, 2022	583,470	-	246,494	220,775	8,664	88,894	1,148,297
Amortization expenses	9,290	-	-	-	698	-	9,988
Disposals	-	-	-	-	-	-	-
Reclassified	(23,853)	-	-	-	-	-	(23,853)
Effect of foreign currency exchange differences	(1,895)	-	1,105	-	(23)	-	(813)
Balance at March 31, 2022	<u>567,012</u>	<u>-</u>	<u>247,599</u>	<u>220,775</u>	<u>9,339</u>	<u>88,894</u>	<u>1,133,619</u>
<u>Accumulated impairment</u>							
Balance at January 1, 2022	26,041	-	-	-	-	-	26,041
Effect of foreign currency exchange differences	248	-	-	-	-	-	248
Balance at March 31, 2022	<u>26,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,289</u>
Carrying amount at March 31, 2022	<u>\$ 26,348</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 1,006,228</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 2,061</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 982,640</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 632,953	\$ 979,819	\$ 247,464	\$ 220,775	\$ 9,587	\$ 88,894	\$ 2,179,492
Additions	1,347	-	-	-	-	-	1,347
Disposals	(6,299)	-	-	-	-	-	(6,299)
Effect of foreign currency exchange differences	(17,783)	-	27	-	(86)	-	(17,842)
Balance at March 31, 2021	<u>610,218</u>	<u>979,819</u>	<u>247,491</u>	<u>220,775</u>	<u>9,501</u>	<u>88,894</u>	<u>2,156,698</u>
<u>Accumulated amortization</u>							
Balance at January 1, 2021	585,776	-	247,464	220,775	5,947	88,894	1,148,856
Amortization expenses	9,355	-	-	-	717	-	10,072
Disposals	(6,299)	-	-	-	-	-	(6,299)
Effect of foreign currency exchange differences	(13,748)	-	27	-	(75)	-	(13,796)
Balance at March 31, 2021	<u>575,084</u>	<u>-</u>	<u>247,491</u>	<u>220,775</u>	<u>6,589</u>	<u>88,894</u>	<u>1,138,833</u>
<u>Accumulated impairment</u>							
Balance at January 1, 2021	28,161	-	-	-	-	-	28,161
Effect of foreign currency exchange differences	(875)	-	-	-	-	-	(875)
Balance at March 31, 2021	<u>27,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,286</u>
Carrying amount at March 31, 2021	<u>\$ 7,848</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,912</u>	<u>\$ -</u>	<u>\$ 990,579</u>

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

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

16. OTHER ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Tax refund receivables	\$ 416,574	\$ 263,040	\$ 261,517
Payment on behalf of others	358,903	410,278	144,928
Refundable deposits	17,173	-	-
Others	<u>61,158</u>	<u>48,585</u>	<u>70,516</u>
	<u>\$ 853,808</u>	<u>\$ 721,903</u>	<u>\$ 476,961</u>
<u>Non-current</u>			
Refundable deposits	\$ 434,232	\$ 267,582	\$ 60,632
Prepayment for equipment	141,967	63,849	38,156
Others	<u>954</u>	<u>925</u>	<u>1,048</u>
	<u>\$ 577,153</u>	<u>\$ 332,356</u>	<u>\$ 99,836</u>

17. BORROWINGS

a. Short-term bank loans

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Unsecured borrowings</u>			
Working capital loan	<u>\$ 70,590</u>	<u>\$ 72,180</u>	<u>\$ 77,280</u>

The effective interest rate ranges on the working capital loan was 0.68% as of March 31, 2022, December 31, 2021 and March 31, 2021.

b. Long-term debts

	March 31, 2022	December 31, 2021	March 31, 2021
1) Secured Borrowings (Note 28)	\$ 13,702,268	\$ 13,519,457	\$ 11,041,344
2) Unsecured Borrowings	<u>16,748,877</u>	<u>16,614,859</u>	<u>19,125,004</u>
	30,451,145	30,134,316	30,166,348
Less :Current portion	<u>(145,521)</u>	<u>(121,503)</u>	<u>(455,827)</u>
	<u>\$ 30,305,624</u>	<u>\$ 30,012,813</u>	<u>\$ 29,710,521</u>

1. Repayable continually from July 2024 to December 2038; interest rates at 0.65%-1.26% on March 31, 2022, 0.4%-1.01% on December 31, 2021 and 0.83%-1.00% on March 31, 2021.

2. Repayable continually from April 2022 to December 2028; interest rates at 0.70%-1.18% on March 31, 2022, 0.45%-1.00% on December 31, 2021 and 0.69%-1.17% on March 31, 2021.

For PTI's long-term debt, the financing banks required PTI to show compliance with requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual consolidated financial statements.

18. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Accrued expenses and other current liabilities			
Salaries and bonus	\$ 3,049,011	\$ 3,503,413	\$ 2,018,034
Agency receipts	345,627	286,840	196,960
Payable for insurance	206,231	243,443	194,447
Payable for utilities	205,165	210,657	195,227
Indemnification payable (a)	133,829	133,487	151,353
Payable for annual leave	80,899	75,237	74,662
Guarantee deposits	28,622	-	-
Payables for treasury stock delivery payments	-	241,156	-
Others	<u>3,738,470</u>	<u>3,779,827</u>	<u>3,136,935</u>
	<u>\$ 7,787,854</u>	<u>\$ 8,474,060</u>	<u>\$ 5,967,618</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 1,319	\$ 1,316	\$ 1,344
Others	<u>13,289</u>	<u>21,983</u>	<u>156,176</u>
	<u>\$ 14,608</u>	<u>\$ 23,299</u>	<u>\$ 157,520</u>

- a. Indemnification payable are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

19. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation's defined benefit retirement plans were \$2,325 thousand and \$2,348 thousand for the three months ended March 31, 2022 and 2021, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2021 and 2020.

20. EQUITY

a. Capital stock

1) Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Share authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Share authorized (in thousands of dollars)	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Share issued and fully paid (in thousands of shares)	<u>759,147</u>	<u>779,147</u>	<u>779,147</u>
Share issued (in thousands of dollars)	<u>\$ 7,591,466</u>	<u>\$ 7,791,466</u>	<u>\$ 7,791,466</u>

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

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

The change in the Corporation's share capital was mainly due to the board of directors resolved on March 10, 2022 to cancel treasury shares, the base date was set on March 14, 2022 and completed change registration on April 15, 2022.

As of March 31, 2022, 22 units of GDSs of PTI were trading on the Luxembourg Share Exchange. The number of ordinary shares represented by the GDSs was 44 shares (one GDS represents 2 ordinary shares).

b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (1)			
Share premium	\$ 1,879	\$ 1,929	\$ 1,929
<u>May be used to offset a deficit only</u>			
Arising from treasury share transactions	-	197,092	157,647
Changes in percentage of ownership interests in subsidiaries (2)	<u>71,773</u>	<u>71,773</u>	<u>71,718</u>
	<u>\$ 73,652</u>	<u>\$ 270,794</u>	<u>\$ 231,294</u>

- 1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- c. Retained earnings and dividends policy

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

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

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

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22(g).

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

The appropriations of earnings for 2021 and 2020 were approved in the board of directors' meeting on March 10, 2022 and in the shareholders' meeting July 29, 2021, respectively. The appropriations and dividends per share were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	<u>\$ 890,790</u>	<u>\$ 662,022</u>
Special reserve	<u>\$ 343,641</u>	<u>\$ 42,241</u>
Cash dividends	<u>\$ 5,162,197</u>	<u>\$ 3,895,733</u>
Cash dividends per share (NT\$)	<u>\$ 6.8</u>	<u>\$ 5</u>

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in the shareholders' meeting to be held on May 27, 2022.

d. Others equity items

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	<u>\$ (690,969)</u>	<u>\$ (352,472)</u>
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	<u>105,115</u>	<u>(145,114)</u>
Other comprehensive (loss) income recognized for the period	<u>105,115</u>	<u>(145,114)</u>
Balance at March 31	<u>\$ (585,854)</u>	<u>\$ (497,586)</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	<u>\$ (19,654)</u>	<u>\$ (14,510)</u>
Recognized for the period		
Unrealized (loss) gain - equity instruments	<u>(421)</u>	<u>(45)</u>
Other comprehensive income recognized for the period	<u>(421)</u>	<u>(45)</u>
Balance at March 31	<u>\$ (20,075)</u>	<u>\$ (14,555)</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 13,799,059	\$ 12,416,516
Share in profit for the period	724,090	566,989
Other comprehensive income (loss) for the period		
Exchange differences on translation of the financial statements of foreign entities	(28,955)	(104,841)
The Parent's shares held by its subsidiaries treated as treasury shares	<u>(14,599)</u>	<u>-</u>
Balance at March 31	<u>\$ 14,479,595</u>	<u>\$ 12,878,644</u>

f. Treasury share

Purpose of Buy-Back	Shares Cancelled (In Thousands of Shares)	Share Held by Subsidiary (In Thousands of Shares)
Number of shares at January 1, 2021	-	6,170
Increase during the period	<u>-</u>	<u>-</u>
Number of shares at March 31, 2021	<u>-</u>	<u>6,170</u>
Number of shares at January 1, 2022	10,412	10,000
Increase during the period	9,588	-
Decrease during the period	<u>(20,000)</u>	<u>-</u>
Number of shares at March 31, 2022	<u>-</u>	<u>10,000</u>

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

Name of Subsidiary	Number of Share Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>March 31, 2022</u>			
Greatek Electronics Inc.	10,000	\$ 950,000	\$ 950,000
<u>December 31, 2021</u>			
Greatek Electronics Inc.	10,000	\$ 977,000	\$ 977,000
<u>March 31, 2021</u>			
Greatek Electronics Inc.	6,170	\$ 650,935	\$ 650,935

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. PTI's shares held by its subsidiary are treated as treasury shares.

21. REVENUE

	For the Three Months Ended March 31	
	2022	2021
Revenue from contracts with customers		
Revenue from packaging services	\$ 14,266,525	\$ 12,539,695
Revenue from testing services	4,619,652	4,028,425
Revenue from module services	1,932,035	1,854,573
Others	<u>12,419</u>	<u>6,540</u>
	<u>\$ 20,830,631</u>	<u>\$ 18,429,233</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

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties) (Note 10)	<u>\$ 17,271,266</u>	<u>\$ 17,975,014</u>	<u>\$ 15,219,711</u>	<u>\$ 14,766,670</u>
Contract assets				
Revenue from processing services	<u>\$ 2,388,748</u>	<u>\$ 2,418,865</u>	<u>\$ 2,088,039</u>	<u>\$ 2,211,796</u>
Contract liabilities				
Revenue from processing services	<u>\$ 187,356</u>	<u>\$ 164,824</u>	<u>\$ 51,770</u>	<u>\$ 56,676</u>

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities is as follows:

	For the Three Months Ended March 31	
	2022	2021
From the contract liabilities at the beginning of the year		
Revenue from processing services	<u>\$ 105,601</u>	<u>\$ 25,492</u>

c. Disaggregation of revenue

	For the Three Months Ended March 31	
	2022	2021
<u>Primary geographical markets</u>		
Japan	\$ 6,056,544	\$ 5,445,604
America	3,272,925	2,826,775
Singapore	3,707,086	4,214,623
Taiwan (The principal place of business of the Corporation)	6,144,462	4,419,447
Europe	509,500	507,151
China, Hong Kong and Macao	532,698	399,717
Others	<u>607,416</u>	<u>615,916</u>
	<u>\$ 20,830,631</u>	<u>\$ 18,429,233</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Three Months Ended March 31	
	2022	2021
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (18,702)	\$ 42,115
Financial liabilities classified as held for trading	(188,538)	(105,924)
Others	<u>40,053</u>	<u>79,970</u>
	<u>\$ (167,187)</u>	<u>\$ 16,161</u>

b. Interest income

	For the Three Months Ended March 31	
	2022	2021
Bank deposits	\$ 6,658	\$ 7,915
Financial assets measured at amortized cost	<u>1,256</u>	<u>1,844</u>
	<u>\$ 7,914</u>	<u>\$ 9,759</u>

c. Other income

	For the Three Months Ended March 31	
	2022	2021
Rental income		
Operating lease rental income	<u>\$ 20,308</u>	<u>\$ 23,721</u>

d. Finance costs

	For the Three Months Ended March 31	
	2022	2021
Interest on bank loans	\$ 63,939	\$ 72,080
Interest on lease liabilities	5,911	6,147
Capitalized interest	<u>(18,180)</u>	<u>(17,440)</u>
	<u>\$ 51,670</u>	<u>\$ 60,787</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2022	2021
Capitalized interest	\$ 18,180	\$ 17,440
Capitalization rate	0.83%-0.90%	0.92%-0.93%

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
Property, plant and equipment	\$ 3,562,557	\$ 3,315,263
Right-of-use assets	15,724	28,416
Intangible assets	<u>9,988</u>	<u>10,072</u>
	<u>\$ 3,588,269</u>	<u>\$ 3,353,751</u>
 An analysis of depreciation by function		
Operating costs	\$ 3,438,376	\$ 3,206,941
Operating expenses	<u>139,905</u>	<u>136,738</u>
	<u>\$ 3,578,281</u>	<u>\$ 3,343,679</u>
 An analysis of amortization by function		
Operating costs	\$ 6,925	\$ 6,573
Marketing	1	1
General and administrative	801	1,300
Research and development	<u>2,261</u>	<u>2,198</u>
	<u>\$ 9,988</u>	<u>\$ 10,072</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 156,245	\$ 135,603
Defined benefit plans (Note 19)	<u>2,325</u>	<u>2,348</u>
	158,570	137,951
Termination benefits	-	215
Other employee benefits	<u>4,862,442</u>	<u>4,603,852</u>
Total employee benefits expense	<u>\$ 5,021,012</u>	<u>\$ 4,742,018</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 4,310,007	\$ 3,957,496
Operating expenses	<u>711,005</u>	<u>784,522</u>
	<u>\$ 5,021,012</u>	<u>\$ 4,742,018</u>

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of PTI, PTI accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if PTI has accumulated deficits (including adjustment of unappropriated earnings), PTI should retain the net profit in advance for deducting accumulated deficits. For the three months ended March 31, 2022 and 2021, respectively, the compensation of employees and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2022	2021
Compensation of employees	5.47%	5.56%
Remuneration of directors	1.09%	1.11%

Amount

	For the Three Months Ended March 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 148,241	\$ 115,311
Remuneration of directors	29,648	23,062

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 2021 and 2020 that were resolved by the board of directors on March 10, 2022 and March 12, 2021, respectively, are as shown below:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 600,642	\$ 449,703
Remuneration of directors	120,128	89,940

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, 2021 and 2020.

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

h. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2022	2021
Foreign exchange gains	\$ 589,158	\$ 285,030
Foreign exchange losses	<u>(171,326)</u>	<u>(293,469)</u>
Net gains (losses)	<u>\$ 417,832</u>	<u>\$ (8,439)</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current period	\$ 675,930	\$ 417,878
Adjustments for prior year	6,060	-
Deferred tax		
In respect of the current period	<u>62,691</u>	<u>104,576</u>
Income tax expense recognized in profit or loss	<u>\$ 744,681</u>	<u>\$ 522,454</u>

b. Income tax assessments

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

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2022	2021
Basic earnings per share	<u>\$ 2.92</u>	<u>\$ 2.21</u>
Diluted earnings per share	<u>\$ 2.90</u>	<u>\$ 2.20</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	
	2022	2021
Profit of the period attributable to owner of the Parent	\$ 2,196,165	\$ 1,708,306
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,196,165</u>	<u>\$ 1,708,306</u>

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

	For the Three Months Ended March 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	750,848	772,976
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>6,382</u>	<u>4,622</u>
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	<u>757,230</u>	<u>777,598</u>

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

25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

26. FINANCIAL INSTRUMENTS

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

March 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 500,000	\$ -	\$ 500,390	\$ -	\$ 500,390

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 500,000	\$ -	\$ 501,313	\$ -	\$ 501,313

March 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 800,001	\$ -	\$ 803,836	\$ -	\$ 803,836

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

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

1) Fair value hierarchy

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 72,300	\$ -	\$ -	\$ 72,300
Derivative instruments	<u>-</u>	<u>856</u>	<u>-</u>	<u>856</u>
	<u>\$ 72,300</u>	<u>\$ 856</u>	<u>\$ -</u>	<u>\$ 73,156</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 1,223</u>	<u>\$ 28,500</u>	<u>\$ -</u>	<u>\$ 29,723</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 131,116</u>	<u>\$ -</u>	<u>\$ 131,116</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 79,200	\$ -	\$ -	\$ 79,200
Derivative instruments	<u>-</u>	<u>26,337</u>	<u>-</u>	<u>26,337</u>
	<u>\$ 79,200</u>	<u>\$ 26,337</u>	<u>\$ -</u>	<u>\$ 105,537</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 1,644</u>	<u>\$ 28,500</u>	<u>\$ -</u>	<u>\$ 30,144</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 5,649</u>	<u>\$ -</u>	<u>\$ 5,649</u>

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 103,530	\$ -	\$ -	\$ 103,530
Derivative instruments	<u>-</u>	<u>1,117</u>	<u>-</u>	<u>1,117</u>
	<u>\$ 103,530</u>	<u>\$ 1,117</u>	<u>\$ -</u>	<u>\$ 104,647</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 2,443</u>	<u>\$ 32,800</u>	<u>\$ -</u>	<u>\$ 35,243</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 87,654</u>	<u>\$ -</u>	<u>\$ 87,654</u>

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

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 73,156	\$ 105,537	\$ 104,647
Financial assets at amortized cost (Note 1)	41,079,446	42,238,124	39,369,616
Financial assets at FVTOCI			
Equity instruments	29,723	30,144	35,243
<u>Financial liabilities</u>			
FVTPL			
Held for trading	131,116	5,649	87,654
Amortized cost (Note 2)	43,210,751	42,439,510	38,158,515

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

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

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

For the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 30.

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

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

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable (including related parties), other payables (including related parties), short-term bank loans and long-term debt. The number below indicates the decrease/increase in pre-tax profit when the functional currency strengthens 5% against the relevant currency.

	USD Impact		JPY Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2022	2021	2022	2021
Profit or loss	\$ (546,145)	\$ (534,022)	\$ 41,638	\$ 25,729

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.

	March 31,	December 31,	March 31,
	2022	2021	2021
Fair value interest rate risk			
Financial assets	\$ 8,654,776	\$ 7,447,832	\$ 7,789,071
Financial liabilities	278,242	317,593	459,172
Cash flow interest rate risk			
Financial assets	13,904,044	15,599,156	15,230,529
Financial liabilities	30,243,493	29,888,903	29,784,456

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, 2022 and 2021 would decrease/increase by \$4,085 thousand and \$3,638 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, 2022 and 2021 would have increased/decreased by \$3,615 thousand and \$5,177 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, 2022 and 2021 would have increased/decreased by \$1,486 thousand and \$1,762 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge an obligation arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the Corporation has set up an approach for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Corporation's concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable at any time during the period. The three largest customers are creditworthy counterparts, therefore, the Corporation believes the concentration of credit risk is insignificant.

Credit risk management for investments in debt instruments

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

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

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

3) Liquidity risk

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

The Corporation relies on bank borrowings as a significant source of liquidity. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Corporation had available unutilized overdraft and short-term bank loan facilities of approximately \$5,671,855 thousand, \$6,739,081 thousand and \$7,247,360 thousand, respectively.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows.

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

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Noninterest bearing	\$ 4,513,583	\$ 6,264,131	\$ 1,911,302	\$ -	\$ -
Lease liabilities	7,202	14,405	64,278	216,596	1,605,581
Fixed interest rate liabilities	78,237	21,177	80,590	98,238	-
Variable interest rate liabilities	-	-	36,107	23,804,551	6,402,835
	<u>\$ 4,599,022</u>	<u>\$ 6,299,713</u>	<u>\$ 2,092,277</u>	<u>\$ 24,119,385</u>	<u>\$ 8,008,416</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 85,885</u>	<u>\$ 216,596</u>	<u>\$ 236,328</u>	<u>\$ 233,968</u>	<u>\$ 233,688</u>	<u>\$ 901,597</u>
Variable interest rate	<u>\$ 36,107</u>	<u>\$ 23,804,551</u>	<u>\$ 5,858,997</u>	<u>\$ 411,865</u>	<u>\$ 131,973</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 4,074,461	\$ 6,465,347	\$ 1,693,206	\$ -	\$ -
Lease liabilities	7,265	14,531	65,252	226,903	1,617,461
Fixed interest rate liabilities	-	105,263	88,421	123,909	-
Variable interest rate liabilities	-	-	-	24,604,646	5,284,257
	<u>\$ 4,081,726</u>	<u>\$ 6,585,141</u>	<u>\$ 1,846,879</u>	<u>\$ 24,955,458</u>	<u>\$ 6,901,718</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 87,048</u>	<u>\$ 226,903</u>	<u>\$ 236,403</u>	<u>\$ 234,088</u>	<u>\$ 233,688</u>	<u>\$ 913,282</u>
Variable interest rate	<u>\$ -</u>	<u>\$ 24,604,646</u>	<u>\$ 4,714,859</u>	<u>\$ 418,769</u>	<u>\$ 150,629</u>	<u>\$ -</u>

March 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Noninterest bearing	\$ 2,874,989	\$ 4,288,960	\$ 750,938	\$ -	\$ -
Lease liabilities	12,279	17,411	68,291	253,369	1,653,144
Fixed interest rate liabilities	-	120,428	111,412	227,332	-
Variable interest rate liabilities	-	-	301,367	27,936,303	1,546,886
	<u>\$ 2,887,268</u>	<u>\$ 4,426,799</u>	<u>\$ 1,231,908</u>	<u>\$ 28,417,004</u>	<u>\$ 3,200,030</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 97,981</u>	<u>\$ 253,369</u>	<u>\$ 236,673</u>	<u>\$ 234,448</u>	<u>\$ 233,688</u>	<u>\$ 948,335</u>
Variable interest rate	<u>\$ 301,267</u>	<u>\$ 27,936,303</u>	<u>\$ 924,658</u>	<u>\$ 415,922</u>	<u>\$ 206,306</u>	<u>\$ -</u>

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

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

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 2,011,379	\$ 2,981,760	\$ 38,903
Outflows	<u>(2,073,073)</u>	<u>(3,049,261)</u>	<u>(39,968)</u>
	<u>\$ (61,694)</u>	<u>\$ (67,501)</u>	<u>\$ (1,065)</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,814,159	\$ 2,972,363	\$ 35,574
Outflows	<u>(1,803,477)</u>	<u>(2,961,903)</u>	<u>(36,028)</u>
	<u>\$ 10,682</u>	<u>\$ 10,460</u>	<u>\$ (454)</u>

March 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,651,377	\$ 2,749,757	\$ 117,637
Outflows	<u>(1,678,911)</u>	<u>(2,807,161)</u>	<u>(119,236)</u>
	<u>\$ (27,534)</u>	<u>\$ (57,404)</u>	<u>\$ (1,599)</u>

c) Financing facilities

	March 31, 2022	December 31, 2021	March 31, 2021
Secured bank loan facilities which may be mutually extended			
Amount used	\$ 13,702,268	\$ 13,519,457	\$ 11,041,344
Amount unused	<u>13,300,000</u>	<u>17,175,000</u>	<u>3,593,750</u>
	<u>\$ 27,002,268</u>	<u>\$ 30,694,457</u>	<u>\$ 14,635,094</u>

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between PTI and its subsidiaries, which were related parties of PTI, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between PTI and other related parties are disclosed below.

a. Related Party Name and Relationship

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

b. Sales of goods

Line Items	Related Party Category/Name	<u>For the Three Months Ended</u> <u>March 31</u>	
		2022	2021
Sales of goods	Substantial related parties		
	Kioxia Corporation	\$ 4,756,940	\$ 4,672,309
	Others	<u>541,967</u>	<u>586,832</u>
		<u>\$ 5,298,907</u>	<u>\$ 5,259,141</u>

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for the sales of the Corporation is from 30 days to 150 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Category/Name	<u>For the Three Months Ended</u> <u>March 31</u>	
	2022	2021
Substantial related parties	<u>\$ 311,952</u>	<u>\$ 254,714</u>

The purchase prices and payment terms were based on negotiations for which there are no comparable transactions in the market.

d. Operating costs

Related Party Category/Name	For the Three Months Ended March 31	
	2022	2021
Substantial related party	\$ <u>158</u>	\$ <u>-</u>

Operating costs mainly was occasional fee.

e. Other gains and losses

Related Party Category	For the Three Months Ended March 31	
	2022	2021
Substantial related parties	\$ 3,392	\$ 4,415
Kioxia Corporation	<u>-</u>	<u>(362)</u>
Others		
	\$ <u>3,392</u>	\$ <u>4,053</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

Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Substantial related parties			
Kioxia Corporation	\$ 586,438	\$ 669,072	\$ 757,173
Others	<u>82,437</u>	<u>84,067</u>	<u>66,611</u>
	\$ <u>668,875</u>	\$ <u>753,139</u>	\$ <u>823,784</u>

For the three months ended March 31, 2022 and 2021, no impairment loss was recognized for contract assets from related parties.

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

Line Items	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable from related parties	Substantial related parties			
	Kioxia Corporation	\$ 5,289,520	\$ 5,984,852	\$ 4,811,562
	Others	<u>509,354</u>	<u>470,454</u>	<u>441,054</u>
		\$ <u>5,798,874</u>	\$ <u>6,455,306</u>	\$ <u>5,252,616</u>

The outstanding accounts receivable from related parties are unsecured. For the three months ended March 31, 2022 and 2021, no impairment loss was recognized for accounts receivables from related parties.

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

Line Items	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payables from related parties	Substantial related parties Toshiba International Procurement Hong Kong, Ltd.	\$ <u>207,846</u>	\$ <u>154,391</u>	\$ <u>168,687</u>

The outstanding accounts payable from related parties are unsecured.

i. Payable to equipment suppliers

Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Substantial related party	\$ <u>-</u>	\$ <u>40,121</u>	\$ <u>-</u>

j. Other receivables from related parties

Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Substantial related parties			
Kioxia Corporation	\$ 70,095	\$ 64,766	\$ 25,421
Others	<u>-</u>	<u>581</u>	<u>166</u>
	\$ <u>70,095</u>	\$ <u>65,347</u>	\$ <u>25,587</u>

k. Other payables from related parties

Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Substantial related parties			
Toshiba Trading Inc.	\$ 1,891	\$ 5,827	\$ 856
Kingston Digital International Ltd.	161	-	195
Others	<u>-</u>	<u>357</u>	<u>5</u>
	\$ <u>2,052</u>	\$ <u>6,184</u>	\$ <u>1,056</u>

l. Compensation of key management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term benefits	\$ 120,745	\$ 109,071
Post-employment benefits	<u>531</u>	<u>522</u>
	\$ <u>121,276</u>	\$ <u>109,593</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant and equipment	\$ 17,567,399	\$ 18,279,070	\$ 16,037,006
Pledge deposits (classified as financial assets at amortized cost - current)	13,451	25,223	25,564
Restricted deposits (classified as financial assets at amortized cost - current)	30,886	29,868	129,197
Pledge deposits (classified as financial assets at amortized cost - non-current)	<u>113,874</u>	<u>113,874</u>	<u>88,874</u>
	<u>\$ 17,725,610</u>	<u>\$ 18,448,035</u>	<u>\$ 16,280,641</u>

29. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

- a. From February 2021 to October 2021, PTI signed a purchase agreement of equipment worth \$646,433 thousand with Kulicke&Soffa Pte. Ltd. As of March 31, 2022, PTI has paid a total of \$160,305 thousand.
- b. From August 2020 to July 2021, PTI signed a contract worth \$595,845 thousand with Yi-Sheng Systems Integration Co., Ltd. for factory engineering. As of March 31, 2022, PTI has paid a total of \$445,203 thousand.
- c. From June 2021 to August 2021, PTI signed a purchase agreement of equipment worth \$534,275 thousand with Applied Materials South East Asia Pte. Ltd. As of March 31, 2022, PTI has paid a total of \$507,334 thousand.
- d. From December 2020 to December 2021, PTI signed the purchase agreements of equipment worth \$588,119 thousand with Disco Hi-Tec Taiwan Co., Ltd. As of March 31, 2022, PTI has paid a total of \$360,338 thousand.
- e. From April 2021 to January 2022, PTI signed a purchase agreement of equipment worth \$505,374 thousand with Advantest Corporation. As of March 31, 2022, PTI has paid a total of \$216,466 thousand.
- f. From March 2021 to January 2022, PTI signed a contract worth \$713,114 thousand with Jiu Han Engineering Co., Ltd. to set up clean rooms and factory engineering. As of March 31, 2022, PTI has paid a total of \$124,750 thousand.
- g. As of March 31, 2022, PTI unused letters of credit for purchases of machinery and equipment amounted to approximately USD\$4,785 thousand and EUR383 thousand.
- h. In November 2021, PTI signed a contract with Zhen Ding Technology Co., Ltd. to set up capacity reservation agreement, Security deposit required USD\$35,000 thousand and promise to recover by fifty-eight installments beging from March 2023. As of March 31, 2022, PTI has paid a total of USD\$14,000 thousand.

- i. From August 2020 to June 2021, June 2021 to October 2021, October 2021 to January 2022 and January 2022 to April 2022, Terapower Technology Inc. signed a purchase agreement of equipment worth \$703,687 thousand, \$501,272 thousand, \$655,415 thousand and \$505,372 thousand with Advantest Corporation, respectively. As of March 31, 2022, PTI has paid \$676,790 thousand, \$129,397 thousand, \$3,817 thousand and \$1,631 thousand, respectively.
- j. From December 2020 to September 2021, Terapower Technology Inc. signed a purchase agreement of equipment worth \$521,506 thousand with Accretech Taiwan Co., Ltd.. As of March 31, 2022, Terapower Technology Inc. has paid \$450,020 thousand.
- k. In March 2021, Greatek Electronics Inc. signed a contract worth \$510,000 thousand with Jian Ming Contractor Co., Ltd. for factory engineering. As of March 31, 2022, Greatek Electronics Inc. has paid a total of \$433,500 thousand.
- l. In June 2021, Greatek Electronics Inc. signed a contract worth \$980,000 thousand with Jiu Han Engineering Co., Ltd. for electromechanical air conditioning engineering. As of March 31, 2022, Greatek Electronics Inc. has paid a total of \$588,000 thousand.
- m. In July 2021, Greatek Electronics Inc. signed a contract worth \$360,000 thousand with Jiu Han Engineering Co., Ltd. to set up clean rooms and plumbing systems. As of March 31, 2022, Greatek Electronics Inc. has paid a total of \$216,000 thousand.
- n. In September 2021, Greatek Electronics Inc. signed a contract worth \$378,000 thousand with Jiu Han Engineering Co., Ltd. for mechanical and electrical engineering. As of March 31, 2022, Greatek Electronics Inc. has paid a total of \$113,400 thousand.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	March 31, 2022		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 586,566	28.6220 (USD:NTD)	\$ 16,788,692
USD	16,530	6.3432 (USD:RMB)	473,122
USD	8,396	121.6400 (USD:JPY)	240,310
JPY	750,277	0.2353 (JPY:NTD)	176,540
JPY	2,490	0.0521 (JPY:RMB)	586
JPY	260,741	0.0082 (JPY:USD)	61,352
SGD	2,017	0.7392 (SGD:USD)	42,676
RMB	13,332	0.1576 (RMB:USD)	60,157
RMB	12,373	4.5122 (RMB:NTD)	<u>55,829</u>
			<u>\$ 17,899,264</u>
			(Continued)

				March 31, 2022		
		Foreign Currencies	Exchange Rate	Carrying Amount		
Non-monetary items						
	USD	\$ 4	28.6220 (USD:NTD)	\$	110	
	JPY	389	0.2353 (JPY:NTD)		91	
	RMB	145	4.5122 (RMB:NTD)		<u>655</u>	
				\$	<u>856</u>	
<u>Financial liabilities</u>						
Monetary items						
	USD	212,206	28.6220 (USD:NTD)	\$	6,073,760	
	USD	14,178	6.3432 (USD:RMB)		405,803	
	USD	3,482	121.6400 (USD:JPY)		99,662	
	EUR	3,874	31.9150 (EUR:NTD)		123,639	
	JPY	4,073,003	0.2353 (JPY:NTD)		958,378	
	JPY	30,982	0.0521 (JPY:RMB)		7,290	
	JPY	448,670	0.0082 (JPY:USD)		105,572	
	SGD	50	0.7392 (SGD:USD)		1,058	
	RMB	17,193	0.1576 (RMB:USD)		<u>77,578</u>	
				\$	<u>7,852,740</u>	
Non-monetary items						
	USD	3,620	28.6220 (USD:NTD)	\$	103,609	
	JPY	116,902	0.2353 (JPY:NTD)		<u>27,507</u>	
				\$	<u>131,116</u> (Concluded)	
				December 31, 2021		
		Foreign Currency	Exchange Rate	Carrying Amount		
<u>Financial assets</u>						
Monetary items						
	USD	\$ 618,833	27.6900 (USD:NTD)	\$	17,135,486	
	USD	11,133	6.4496 (USD:RMB)		308,273	
	USD	9,035	109.9276 (USD:JPY)		250,179	
	JPY	1,206,718	0.2406 (JPY:NTD)		290,279	
	JPY	41,210	0.0554 (JPY:RMB)		9,913	
	JPY	287,651	0.0087 (JPY:USD)		69,195	
	SGD	1,424	0.7390 (SGD:USD)		29,140	
	RMB	46,521	0.1568 (RMB:USD)		201,929	
	RMB	7,906	4.3406 (RMB:NTD)		<u>34,317</u>	
				\$	<u>18,328,711</u> (Continued)	

				December 31, 2021		
		Foreign Currency	Exchange Rate	Carrying Amount		
Non-monetary items						
USD	\$	943	27.6900 (USD:NTD)	\$ 26,110		
JPY		699	0.2406 (JPY:NTD)	168		
RMB		14	4.3406 (RMB:NTD)	<u>59</u>		
				<u>\$ 26,337</u>		
<u>Financial liabilities</u>						
Monetary items						
USD		236,249	27.6900 (USD:NTD)	\$ 6,541,735		
USD		10,191	6.4496 (USD:RMB)	282,189		
USD		8,014	109.9276 (USD:JPY)	221,908		
EUR		3,362	31.3382 (EUR:NTD)	105,359		
JPY		5,597,312	0.2406 (JPY:NTD)	1,346,447		
JPY		874,094	0.0554 (JPY:RMB)	210,266		
JPY		116,917	0.0087 (JPY:USD)	28,125		
RMB		16,935	0.1568 (RMB:USD)	73,508		
SGD		51	0.7390 (SGD:USD)	<u>1,044</u>		
				<u>\$ 8,810,581</u>		
Non-monetary items						
JPY		23,474	0.2406 (JPY:NTD)	<u>\$ 5,649</u>		
				(Concluded)		
				March 31, 2021		
		Foreign Currencies	Exchange Rate	Carrying Amount		
<u>Financial assets</u>						
Monetary items						
USD	\$	495,318	28.5310 (USD:NTD)	\$ 14,131,918		
USD		13,280	6.4828 (USD:RMB)	378,892		
USD		9,604	106.1229 (USD:JPY)	274,012		
JPY		261,090	0.2576 (JPY:NTD)	67,257		
JPY		2,722	0.0592 (JPY:RMB)	701		
JPY		363,326	0.0090 (JPY:USD)	93,593		
SGD		1,889	0.7430 (SGD:USD)	40,045		
RMB		15,344	0.1525 (RMB:USD)	66,769		
RMB		10,819	4.3515 (RMB:NTD)	<u>47,079</u>		
				<u>\$ 15,100,266</u>		
Non-monetary items						
USD		39	28.5310 (USD:NTD)	<u>\$ 1,117</u>		
				(Continued)		

	March 31, 2021		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 137,456	28.5310 (USD:NTD)	\$ 3,921,757
USD	1,913	6.4828 (USD:RMB)	54,580
USD	4,488	106.1229 (USD:JPY)	128,047
EUR	871	33.4726 (EUR:NTD)	29,155
JPY	2,308,956	0.2576 (JPY:NTD)	594,787
JPY	30,167	0.0592 (JPY:RMB)	7,771
JPY	285,608	0.0090 (JPY:USD)	73,573
SGD	2,544	0.7430 (SGD:USD)	53,931
RMB	18,075	0.1525 (RMB:USD)	<u>78,653</u>
			<u>\$ 4,942,254</u>
Non-monetary items			
USD	2,367	28.5310 (USD:NTD)	\$ 67,535
JPY	75,809	0.2576 (JPY:NTD)	19,528
RMB	136	4.3515 (RMB:NTD)	<u>591</u>
			<u>\$ 87,654</u> (Concluded)

Realized and unrealized net foreign exchange gains (losses) were \$417,832 thousand and \$(8,439) thousand for the three months ended March 31, 2022 and 2021, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the entities in the Corporation.

31. SEPARATELY DISCLOSED ITEMS

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

- a. Financing provided to others: Table 1 (attached).
- b. Endorsements/guarantees provided: 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: Table 3 (attached).
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached).
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached).

- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached).
- i. Derivative transactions: Note 7.
- j. Intercompany relationships and significant intercompany transactions: Table 7 (attached).
- k. Information of investees: Table 8 (attached).
- l. Information on investment in mainland China: Table 9 (attached)

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Note 31 (j).

- m. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

32. SEGMENT INFORMATION

The revenues, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenues and operating results for the three months ended March 31, 2022 and 2021 are shown in the consolidated income statements for the three months ended March 31, 2022 and 2021. The segment assets as of March 31, 2022, December 31, 2021 and March 31, 2021 are shown in the consolidated balance sheets as of March 31, 2022, December 31, 2021 and March 31, 2021.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limits (Notes 3 and 4)	Note
													Item	Value			
0	Powertech Technology Inc.	Powertech Technology (Suzhou) Ltd.	Other receivables	Note 1	\$ 429,330	\$ 429,330	\$ 257,598	1.0%	For short term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,543,222	\$ 5,086,445	-
1	Tera Probe, Inc.	Tera Probe Aizu, Inc.	Other receivables	Note 2	178,828	178,828	155,298	1.0%	For short term financing	-	Working capital	-	-	-	286,257	572,514	-

Note 1: Indirect investments, the Corporation's 100%-owned subsidiary.

Note 2: Direct investments, the Corporation's 100%-owned subsidiary.

Note 3: The amount of financing provided by PTI to any individual shall not exceed five percent of PTI's net worth. The aggregate amount available for financing not exceed ten percent of PTI's net worth.

Note 4: The amount of financing provided by Tera Probe, Inc. to any individual shall not exceed five percent of Tera Probe, Inc.'s net worth. The aggregate amount available for financing shall not exceed ten percent of Tera Probe, Inc.'s net worth.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				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	\$ 29,723	3	\$ 29,723	Note 3
Greatek Electronics Inc.	<u>Fund</u> Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at fair value through profit or loss - current	5,000	72,300	-	72,300	Note 4
	<u>Bond</u> P06 Taipower 1A	-	Financial assets at amortized cost - current	300	300,000	-	300,092	Note 2
	P06 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,124	Note 2
	P06 FPC 1A	-	Financial assets at amortized cost - current	50	50,000	-	50,041	Note 2
	P08 Taipower 3A	-	Financial assets at amortized cost - noncurrent	100	100,000	-	100,133	Note 2
	<u>Stock</u> Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive income – noncurrent	100,000	950,000	1	950,000	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 5
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 5
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 5

Note 1: The fair value was based on stock closing price as of March 31, 2022.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of March 31, 2022.

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, 2022.

Note 4: The fair value was based on the net asset value of the fund as of March 31, 2022.

Note 5: The fair value was based on the carrying value as of March 31, 2022.

Note 6: As of March 31, 2022, the above marketable securities had not been pledged or mortgaged.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE THREE MONTHS ENDED MARCH 31, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance (Note 1)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Powertech Technology Inc.	Stock Powertech Technology Inc.	Treasury stock	-	The Corporation	10,412	\$ 1,018,166	9,588	\$ 943,589	-	\$ -	\$ -	\$ -	-	\$ -

Note 1: The treasury stocks purchased by the company have been registered for cancellation of capital reduction on April 15, 2022, and the base date for capital reduction is March 14, 2022.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE THREE MONTHS ENDED MARCH 31, 2022
 (In Thousands of New Taiwan Dollars)

Buyer	Property	Transaction Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Powertech Technology Inc.	Land	2022.03.17	\$ 745,602	\$ -	Quan Asia Stone Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	After considering the current market price and negotiating with the seller	Plant expansion	None

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, 2022
(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 Technology International Ltd.	Corporate director's parent company	Sale	\$ 4,589,149	37	Note 1	\$ -	-	\$ 5,118,999	50	-
		The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	123,948	1	Note 1	-	-	86,360	1	-
	Corporate director's sister company.	Purchase	311,952	6	Note 1	-	-	(207,846)	(5)	-	
Greatek Electronics Inc.	Toshiba International Procurement Hong Kong, Ltd. Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate supervisor.	Sale	239,027	5	Net 60 days from monthly closing date	Note 2	quite	267,748	7	-
TeraPower Technology Inc.	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company.	Sale	167,791	12	Net 90 days from monthly closing date	\$ -	-	170,521	14	-

Note 1: 30 to 90 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 NTS\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2022

(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	\$ 5,118,999	3.35	\$ -	-	\$ 1,779,702	\$ -
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of the corporate director	267,748	3.80	-	-	98,320	-
TeraPower Technology Inc.	Powertech Technology Inc.	Parent company	100,149	1.40	-	-	53,429	-
	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company	170,521	4.32	-	-	55,578	-

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(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.	Greatek Electronics Inc.	1	Sales	\$ 9,502	Note 3	-
	TeraPower Technology Inc.	1	Sales	7,060	Note 3	-
	Powertech Technology (Suzhou) Ltd.	1	Sales	19,487	Note 3	-
	Tera Probe, Inc.	1	Sales	177	Note 3	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase	3,869	Note 2	-
	Powertech Technology (Xian) Ltd.	1	Purchase	6,488	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Subcontract costs	158,505	Note 2	1%
	Greatek Electronics Inc.	1	Subcontract costs	50,718	Note 2	-
	TeraPower Technology Inc.	1	Subcontract costs	44,592	Note 2	-
	Greatek Electronics Inc.	1	Accounts receivable from related parties	9,979	Note 3	-
	TeraPower Technology Inc.	1	Accounts receivable from related parties	3,017	Note 3	-
	Powertech Technology (Xian) Ltd.	1	Other receivables from related parties	10,253	Note 2	-
	Greatek Electronics Inc.	1	Other receivables from related parties	440	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other receivables from related parties	317,341	Note 2	-
	TeraPower Technology Inc.	1	Other receivables from related parties	504	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Disposal of property, plant and equipment	757	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase of property, plant and equipment	84,453	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Account payables to related parties	2,669	Note 2	-
	Powertech Technology (Xian) Ltd.	1	Account payables to related parties	6,487	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Payable to equipment suppliers	85,173	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other payables to related parties	161,355	Note 2	-
	Greatek Electronics Inc.	1	Other payables to related parties	109,064	Note 2	-
	TeraPower Technology Inc.	1	Other payables to related parties	57,189	Note 2	-
	Powertech Technology (Japan) Ltd.	1	Other payables to related parties	14,296	Note 2	-
	Powertech Technology Akita Inc.	1	Other payables to related parties	33,402	Note 2	-
Tera Probe, Inc.	1	Other payables to related parties	1,913	Note 2	-	
Tera Probe, Inc.	TeraPower Technology Inc.	1	Other receivables from related parties	3,997	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 INVESTEEES
MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2022	December 31, 2021	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	\$ 3,028,094	\$ 287,803	\$ 160,501	Notes 1 and 2
	Powertech Holding (BVI) Inc.	British Virgin Islands	Investment business	1,679,370	1,679,370	50	100	1,240,140	16,508	17,127	Notes 2 and 3
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing services	6,169,948	6,169,948	244,064	43	10,028,916	1,166,012	498,840	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 85,000	USD 85,000	85,000	100	2,059,789	97,961	98,122	Notes 2 and 3
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,061,507	57,950	111,610	Note 3
Powertech Holding (BVI) Inc.	Tera Probe, Inc.	Japan	Wafer probing test services	\$ 230,616	\$ 230,616	1,077	12	384,671	136,028	18,359	Note 3
	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 43,098	USD 595	USD 595	Note 3
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 97,630	USD 4,853	USD 2,369	Note 3
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing services	USD 58,329	USD 58,329	6	100	USD 9,381	USD (308)	USD (308)	Note 3
Tera Probe, Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	JPY 4,348,056	JPY 4,348,056	76,381	51	JPY 4,348,056	JPY 1,196,252	JPY 610,089	Note 1
	Tera Probe Aizu, Inc.	Japan	Wafer probing test services	JPY 221,616	JPY 221,616	180	100	JPY 221,616	JPY (102,170)	JPY (102,170)	Note 3

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

Note 2: Including unrealized intercompany gains (losses).

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
MARCH 31, 2022

(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, 2022	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2022	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of March 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2022	Note
					Outflow	Inflow							
Powertech Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	\$ 2,862,200 (US\$ 100,000)	Note 1	\$ 1,459,722 (US\$ 51,000)	\$ -	\$ -	\$ 1,459,722 (US\$ 51,000)	\$ 23,162 (US\$ 826)	100%	\$ 24,842 (US\$ 866)	\$ 1,784,709 (US\$ 62,356)	\$ -	-
Powertech Technology (Xian) Ltd.	Semiconductor testing and assembly services	2,003,540 (US\$ 70,000)	Note 1	1,734,636 (US\$ 60,605)	-	-	1,734,636 (US\$ 60,605)	145,284 (US\$ 5,184)	100%	145,284 (US\$ 5,184)	2,895,654 (US\$ 101,169)	268,904 (US\$ 9,395)	-

Investee Company Accounted for Using the Equity Method	Accumulated Investment in Mainland China as of March 31, 2022 (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	US\$ 51,000	US\$ 79,000	\$ 30,518,671
Powertech Technology (Xian) Ltd	US\$ 60,605	US\$ 70,000	

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

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

Note 3: Based on the exchange rate as of March 31, 2022.