

**COMPAL ELECTRONICS, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2023 and 2022**

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## Independent Auditors' Review Report

To COMPAL ELECTRONICS, INC.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of COMPAL ELECTRONICS, INC. and its subsidiaries (the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements 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 Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China 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 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$46,820,932 thousand and \$38,104,693 thousand, constituting 10.5% and 7.2% of consolidated total assets as of March 31, 2023 and 2022, respectively, total liabilities amounting to \$19,340,953 thousand and \$17,462,082 thousand, constituting 5.9% and 4.2% of consolidated total liabilities as of March 31, 2023 and 2022, respectively, and the absolute value of total comprehensive income (loss) amounting to \$(39,776) thousand and \$212,519 thousand, constituting 3.9% and 4.2% of consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

### Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of COMPAL ELECTRONICS, INC. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Kuan-Ying Kuo and Szu-Chuan Chien.



KPMG

Taipei, Taiwan (Republic of China)  
May 8, 2023

### Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

**Reviewed only, not audited in accordance with the Standards on Auditing as of March 31, 2023 and 2022**

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2023, December 31, 2022, and March 31, 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	March 31, 2023		December 31, 2022		March 31, 2022			March 31, 2023		December 31, 2022		March 31, 2022		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
<b>Assets</b>								<b>Liabilities and Equity</b>						
<b>Current assets:</b>								<b>Current liabilities:</b>						
1100 Cash and cash equivalents (Note 6(a))	\$ 86,323,615	19.3	79,665,302	17.6	88,421,053	16.7	2100 Short-term borrowings (Note 6(m))	\$ 83,085,216	18.6	74,832,426	16.5	123,231,617	23.3	
1110 Current financial assets at fair value through profit or loss (Note 6(b))	3,206	-	187	-	3,954,803	0.7	2120 Current financial liabilities at fair value through profit or loss (Note 6(b))	199,684	-	62,527	-	642,201	0.1	
1135 Current financial assets for hedging (Note 6(d))	5,759	-	-	-	34,000	-	2125 Current financial liabilities for hedging (Note 6(d))	32,882	-	47,809	-	-	-	
1170 Notes and accounts receivable, net (Note 6(e))	169,763,119	37.9	186,804,648	41.2	236,454,091	44.7	2130 Current contract liabilities (Note 6(w))	854,401	0.2	784,238	0.2	998,065	0.2	
1180 Notes and accounts receivable due from related parties, net (Notes 6(e) and (7))	4,029,755	0.9	4,416,073	1.0	3,595,187	0.7	2170 Notes and accounts payable	151,470,018	33.8	152,137,066	33.6	200,109,169	37.8	
1200 Other receivables, net (Notes 6(e) and (7))	2,220,895	0.5	2,369,411	0.5	2,803,303	0.5	2180 Notes and accounts payable to related parties (Note 7)	6,547,864	1.5	9,701,032	2.1	5,966,139	1.1	
1310 Inventories (Notes 6(f) and (8))	118,002,880	26.4	111,593,984	24.6	136,180,904	25.7	2200 Other payables (Note 7)	26,682,688	6.0	29,622,760	6.5	26,527,578	5.0	
1470 Other current assets (Note 8))	4,760,167	1.1	5,856,898	1.3	4,618,386	0.9	2216 Dividends payable	6,202,962	1.4	-	-	9,824,254	1.9	
	<u>385,109,396</u>	<u>86.1</u>	<u>390,706,503</u>	<u>86.2</u>	<u>476,061,727</u>	<u>89.9</u>	2230 Current tax liabilities	7,648,617	1.7	7,202,033	1.6	7,463,555	1.4	
<b>Non-current assets:</b>								2250 Current provisions (Note 6(q))	650,725	0.1	734,061	0.2	1,139,380	0.2
1550 Investments accounted for using equity method (Note 6(g))	7,724,252	1.7	8,047,569	1.7	8,504,077	1.6	2280 Current lease liabilities (Note 6(p))	1,873,287	0.4	1,813,555	0.4	725,078	0.1	
1510 Non-current financial assets at fair value through profit or loss (Note 6(b))	583,040	0.1	558,909	0.1	534,416	0.1	2300 Other current liabilities (Note 7)	3,805,241	0.8	3,352,565	0.7	2,203,386	0.4	
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(c))	5,318,702	1.2	5,425,908	1.2	6,240,470	1.2	2365 Current refund liabilities	2,708,257	0.6	2,632,039	0.6	2,474,651	0.5	
1600 Property, plant and equipment (Notes 6(k), (6)(l) and (8))	29,002,188	6.5	28,808,211	6.4	28,118,386	5.3	2321 Bonds payable, current portion (Note 6(o))	-	-	-	-	106,748	-	
1755 Right-of-use assets (Note 6(l))	13,639,611	3.0	13,705,316	3.0	3,100,466	0.6	2322 Long-term borrowings, current portion (Note 6(n))	9,980,555	2.3	19,462,800	4.3	17,056,419	3.2	
1780 Intangible assets (Note 6(h))	1,693,485	0.4	1,722,165	0.4	1,648,286	0.3		<u>301,742,397</u>	<u>67.4</u>	<u>302,384,911</u>	<u>66.7</u>	<u>398,468,240</u>	<u>75.2</u>	
1840 Deferred tax assets	2,394,660	0.5	2,393,778	0.5	1,658,292	0.3	<b>Non-Current liabilities:</b>							
1990 Other non-current assets (Note 8))	2,235,702	0.5	2,116,074	0.5	3,964,650	0.7	2540 Long-term borrowings (Note 6(n))	13,320,921	3.0	11,674,322	2.6	9,934,800	1.9	
	<u>62,591,640</u>	<u>13.9</u>	<u>62,777,930</u>	<u>13.8</u>	<u>53,769,043</u>	<u>10.1</u>	2570 Deferred tax liabilities	1,261,828	0.3	1,247,342	0.3	1,232,966	0.2	
							2580 Non-current lease liabilities (Note 6(p))	8,089,321	1.8	9,533,209	2.1	1,594,330	0.3	
							2640 Non-current net defined benefit liability	644,759	0.1	660,019	0.1	833,850	0.2	
							2670 Non-current liabilities, others (Note 6(g))	427,767	0.1	574,787	0.1	442,440	0.1	
								<u>23,744,596</u>	<u>5.3</u>	<u>23,689,679</u>	<u>5.2</u>	<u>14,038,386</u>	<u>2.7</u>	
								<u>325,486,993</u>	<u>72.7</u>	<u>326,074,590</u>	<u>71.9</u>	<u>412,506,626</u>	<u>77.9</u>	
							<b>Total liabilities</b>							
							<b>Equity:</b>							
							<b>Equity attributable to owners of parent (Note 6(i)):</b>							
							3110 Ordinary share	44,071,466	9.8	44,071,466	9.7	44,071,466	8.3	
							3200 Capital surplus	4,258,803	1.0	5,078,580	1.1	5,087,888	1.0	
							3300 Retained earnings	66,955,034	15.0	69,969,059	15.4	64,741,364	12.2	
							3400 Other equity interest	(2,621,289)	(0.6)	(1,943,104)	(0.4)	(5,633,898)	(1.1)	
							3500 Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)	(881,247)	(0.2)	
								<u>111,782,767</u>	<u>25.0</u>	<u>116,294,754</u>	<u>25.6</u>	<u>107,385,573</u>	<u>20.2</u>	
							36XX <b>Non-controlling interests</b>	<u>10,431,276</u>	<u>2.3</u>	<u>11,115,089</u>	<u>2.5</u>	<u>9,938,571</u>	<u>1.9</u>	
							<b>Total equity</b>	<u>122,214,043</u>	<u>27.3</u>	<u>127,409,843</u>	<u>28.1</u>	<u>117,324,144</u>	<u>22.1</u>	
<b>Total assets</b>	<u>\$ 447,701,036</u>	<u>100.0</u>	<u>453,484,433</u>	<u>100.0</u>	<u>529,830,770</u>	<u>100.0</u>	<b>Total liabilities and equity</b>	<u>\$ 447,701,036</u>	<u>100.0</u>	<u>453,484,433</u>	<u>100.0</u>	<u>529,830,770</u>	<u>100.0</u>	

See accompanying notes to consolidated financial statements.

**Reviewed only, not audited in accordance with Standards on Auditing**  
**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		<b>For the three months ended March 31</b>			
		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Net sales revenue</b> (Notes (6)(w) and (7))	\$ 209,458,784	100.0	267,857,679	100.0
5000	<b>Cost of sales</b> (Notes (6)(f), (6)(r), (7) and (12))	<u>200,120,047</u>	<u>95.5</u>	<u>258,085,895</u>	<u>96.4</u>
	<b>Gross profit</b>	<u>9,338,737</u>	<u>4.5</u>	<u>9,771,784</u>	<u>3.6</u>
	<b>Operating expenses:</b> (Notes (6)(r) and (12))				
6100	Selling expenses	1,525,658	0.7	1,794,679	0.7
6200	Administrative expenses	1,174,354	0.6	1,192,968	0.4
6300	Research and development expenses	<u>4,384,698</u>	<u>2.1</u>	<u>3,974,246</u>	<u>1.5</u>
		<u>7,084,710</u>	<u>3.4</u>	<u>6,961,893</u>	<u>2.6</u>
	<b>Net operating income</b>	<u>2,254,027</u>	<u>1.1</u>	<u>2,809,891</u>	<u>1.0</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note (6)(y))	1,150,097	0.5	610,698	0.2
7210	Other gains and losses, net (Notes (6)(d), (6)(y) and (6)(aa))	39,422	-	(76,295)	-
7050	Finance costs (Notes (6)(o) and (6)(p))	(1,145,871)	(0.5)	(327,512)	(0.1)
7190	Other income (Note (6)(y))	54,295	-	140,293	-
7590	Miscellaneous disbursements	(20,857)	-	(52,384)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(g))	<u>(120,089)</u>	<u>-</u>	<u>(79,304)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>(43,003)</u>	<u>-</u>	<u>215,496</u>	<u>0.1</u>
7900	<b>Profit from continuing operations before tax</b>	2,211,024	1.1	3,025,387	1.1
7950	<b>Less: Income tax expenses</b> (Note (6)(s))	<u>526,302</u>	<u>0.3</u>	<u>620,742</u>	<u>0.2</u>
	<b>Profit</b>	<u>1,684,722</u>	<u>0.8</u>	<u>2,404,645</u>	<u>0.9</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	8,409	-	-	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(106,053)	-	(65,355)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	2,265	-	(7,074)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(s))	<u>1,690</u>	<u>-</u>	<u>(25,650)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(97,069)</u>	<u>-</u>	<u>(46,779)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(629,517)	(0.3)	2,410,491	0.9
8368	Gains (losses) on hedging instrument (Note (6)(z))	20,686	-	34,000	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	35,914	-	260,215	0.1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(s))	<u>4,289</u>	<u>-</u>	<u>15,770</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(577,206)</u>	<u>(0.3)</u>	<u>2,688,936</u>	<u>1.0</u>
8300	<b>Other comprehensive income</b>	<u>(674,275)</u>	<u>(0.3)</u>	<u>2,642,157</u>	<u>1.0</u>
8500	<b>Total comprehensive income</b>	<u>\$ 1,010,447</u>	<u>0.5</u>	<u>5,046,802</u>	<u>1.9</u>
	<b>Profit, attributable to:</b>				
8610	Profit, attributable to owners of parent	\$ 1,393,250	0.7	2,157,178	0.8
8620	Profit, attributable to non-controlling interests	<u>291,472</u>	<u>0.1</u>	<u>247,467</u>	<u>0.1</u>
		<u>\$ 1,684,722</u>	<u>0.8</u>	<u>2,404,645</u>	<u>0.9</u>
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive income (loss), attributable to owners of parent	\$ 718,835	0.4	4,714,397	1.8
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>291,612</u>	<u>0.1</u>	<u>332,405</u>	<u>0.1</u>
		<u>\$ 1,010,447</u>	<u>0.5</u>	<u>5,046,802</u>	<u>1.9</u>
	<b>Earnings per share</b> (Note (6)(v))				
9750	<b>Basic earnings per share</b>	<u>\$ 0.32</u>		<u>0.50</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 0.32</u>		<u>0.49</u>	

See accompanying notes to consolidated financial statements.

**Reviewed only, not audited in accordance with Standards on Auditing**  
**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent													
	Retained earnings						Total other equity interest			Total equity attributable to owners of parent			Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2022</b>	\$ 44,071,466	6,724,856	21,339,412	7,266,708	41,045,820	69,651,940	(8,744,705)	537,830	125	(8,206,750)	(881,247)	111,360,265	10,179,538	121,539,803
Profit for the three months ended March 31, 2022	-	-	-	-	2,157,178	2,157,178	-	-	-	-	-	2,157,178	247,467	2,404,645
Other comprehensive income	-	-	-	-	107	107	2,613,461	(67,750)	11,401	2,557,112	-	2,557,219	84,938	2,642,157
Total comprehensive income	-	-	-	-	2,157,285	2,157,285	2,613,461	(67,750)	11,401	2,557,112	-	4,714,397	332,405	5,046,802
Appropriation and distribution of retained earnings:														
Cash dividends of ordinary share	-	-	-	-	(7,051,435)	(7,051,435)	-	-	-	-	-	(7,051,435)	-	(7,051,435)
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)	-	(1,762,859)
Changes in ownership interests in subsidiaries	-	24,339	-	-	(686)	(686)	-	-	-	-	-	23,653	-	23,653
Changes in equity of associates and joint ventures accounted for using equity method	-	301	-	-	(15,740)	(15,740)	-	15,740	-	15,740	-	301	-	301
Adjustments of capital surplus for cash dividends received by subsidiaries	-	100,035	-	-	-	-	-	-	-	-	-	100,035	-	100,035
Others	-	1,216	-	-	-	-	-	-	-	-	-	1,216	-	1,216
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(573,372)	(573,372)
<b>Balance at March 31, 2022</b>	<b>\$ 44,071,466</b>	<b>5,087,888</b>	<b>21,339,412</b>	<b>7,266,708</b>	<b>36,135,244</b>	<b>64,741,364</b>	<b>(6,131,244)</b>	<b>485,820</b>	<b>11,526</b>	<b>(5,633,898)</b>	<b>(881,247)</b>	<b>107,385,573</b>	<b>9,938,571</b>	<b>117,324,144</b>
<b>Balance at January 1, 2023</b>	\$ 44,071,466	5,078,580	22,576,846	8,206,750	39,185,463	69,969,059	(1,469,711)	(461,103)	(12,290)	(1,943,104)	(881,247)	116,294,754	11,115,089	127,409,843
Profit for the three months ended March 31, 2023	-	-	-	-	1,393,250	1,393,250	-	-	-	-	-	1,393,250	291,472	1,684,722
Other comprehensive income	-	-	-	-	3,770	3,770	(580,059)	(103,583)	5,457	(678,185)	-	(674,415)	140	(674,275)
Total comprehensive income	-	-	-	-	1,397,020	1,397,020	(580,059)	(103,583)	5,457	(678,185)	-	718,835	291,612	1,010,447
Appropriation and distribution of retained earnings:														
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	352	-	-	(1,443)	(1,443)	-	-	-	-	-	(1,091)	-	(1,091)
Changes in equity of associates and joint ventures accounted for using equity method	-	248	-	-	(2,455)	(2,455)	-	-	-	-	-	(2,207)	-	(2,207)
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Others	-	1,031	-	-	-	-	-	-	-	-	-	1,031	-	1,031
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(975,425)	(975,425)
<b>Balance at March 31, 2023</b>	<b>\$ 44,071,466</b>	<b>4,258,803</b>	<b>22,576,846</b>	<b>8,206,750</b>	<b>36,171,438</b>	<b>66,955,034</b>	<b>(2,049,770)</b>	<b>(564,686)</b>	<b>(6,833)</b>	<b>(2,621,289)</b>	<b>(881,247)</b>	<b>111,782,767</b>	<b>10,431,276</b>	<b>122,214,043</b>

See accompanying notes to consolidated financial statements.

**Reviewed only, not audited in accordance with Standards on Auditing****COMPAL ELECTRONICS, INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the three months ended March 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 2,211,024	3,025,387
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	1,905,418	1,593,164
Expected credit loss	12,668	5,421
Net gain on financial assets or liabilities at fair value through profit or loss	(5,981)	(3,823)
Finance cost	1,145,871	327,512
Interest income	(1,150,097)	(610,698)
Dividend income	(3,253)	(17,008)
Compensation cost of share-based payments	(2,143)	11,817
Share of loss of associates and joint ventures accounted for using equity method	120,089	79,304
(Gain) losse on disposal of property, plant and equipment, and right-of-use assets	(8,551)	9,411
Others	(7)	-
<b>Total adjustments to reconcile profit (loss)</b>	<u>2,014,014</u>	<u>1,395,100</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in financial assets at fair value through profit or loss	(3,019)	(3,554,049)
Decrease in notes and accounts receivable	17,418,281	50,222,465
Decrease (increase) in other receivable	356,765	(179,707)
Increase in inventories	(6,408,896)	(20,825,866)
Decrease (increase) in other current assets	201,452	(484,376)
Increase in other non-current assets	(161,183)	(1,641,963)
<b>Total changes in operating assets</b>	<u>11,403,400</u>	<u>23,536,504</u>
<b>Changes in operating liabilities:</b>		
Increase in financial liabilities at fair value through profit or loss	137,157	640,612
Decrease in notes and accounts payable	(3,820,216)	(18,132,759)
Decrease in other payables	(2,475,008)	(2,458,181)
Increase in refund liabilities	76,218	439,214
Decrease in provisions	(83,336)	(67,521)
Increase (decrease) in contract liabilities	70,163	(67,889)
Increase in other current liabilities	452,676	160,402
Others	(6,823)	(6,064)
<b>Total changes in operating liabilities</b>	<u>(5,649,169)</u>	<u>(19,492,186)</u>
<b>Total changes in operating assets and liabilities</b>	<u>5,754,231</u>	<u>4,044,318</u>
<b>Total adjustments</b>	<u>7,768,245</u>	<u>5,439,418</u>
Cash inflow generated from operations	9,979,269	8,464,805
Interest received	1,141,807	476,400
Dividends received	3,253	17,008
Interest paid	(1,325,545)	(261,180)
Income taxes paid	(71,941)	(189,070)
<b>Net cash flows from operating activities</b>	<u>9,726,843</u>	<u>8,507,963</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(17,427)	(336,946)
Net cash flow from acquisition of subsidiaries	-	(135,971)
Acquisition of property, plant and equipment	(1,616,012)	(2,349,380)
Proceeds from disposal of property, plant and equipment	42,075	35,355
Acquisition of intangible assets	(121,111)	(130,475)
Increase in restricted assets	166,930	(562,521)
Others	96,711	(64,193)
<b>Net cash flows used in investing activities</b>	<u>(1,448,834)</u>	<u>(3,544,131)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	8,252,790	4,808,942
Proceeds from long-term borrowings	7,174,348	23,043,750
Repayments of long-term borrowings	(15,009,994)	(21,013,044)
Payment of lease liabilities	(1,562,472)	(230,055)
Others	(103,263)	102,368
<b>Net cash flows (used in) from financing activities</b>	<u>(1,248,591)</u>	<u>6,711,961</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(371,105)</u>	<u>1,583,157</u>
<b>Net increase in cash and cash equivalents</b>	6,658,313	13,258,950
<b>Cash and cash equivalents at beginning of period</b>	79,665,302	75,162,103
<b>Cash and cash equivalents at end of period</b>	<u>\$ 86,323,615</u>	<u>88,421,053</u>

See accompanying notes to consolidated financial statements.



**Reviewed only, not audited in accordance with the Standards on Auditing as of March 31, 2023  
and 2022**

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Compal Electronics, Inc. (“the Company”) was incorporated in June 1984 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No.581 and No.581-1 Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged its subsidiary, Compal Communications, Inc. (“CCI”) (the “Merger”), pursuant to the resolutions of the Board of Directors in November 2013. The Company was the surviving company and CCI was the dissolved company. The effective date of the Merger was February 27, 2014. The Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”) primarily are involved in the manufacture and sale of notebook personal computers (“notebook PCs”), monitors, LCD TVs, mobile phones and various components and peripherals.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on May 8, 2023.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(4) Summary of significant accounting policies:**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the guidelines of IAS 34 Interim Financial Reporting which are endorsed by the FSC. These consolidated interim financial statements do not include all of the information required by the Regulations and by the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC) for a complete set of the annual financial statements.

Except as described in the following paragraph, the significant accounting policies used in the interim financial statement are consistent with the consolidated financial statement for the year ended December 31, 2022. For related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2022.

**(b) Basis of consolidation**

Principles of preparation of the consolidated financial statements are consistent with the consolidated financial statement for the year ended December 31, 2022. For related information, please refer to note (4)(c) of the consolidated financial statement for the year ended December 31, 2022.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The list of subsidiaries in the consolidated financial statements as follows:

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	100%	Panpal held 31,648 thousand shares of the Company as of March 31, 2023, which represented 0.7% of the Company's outstanding shares.
"	Gempal Technology Corp. ("Gempal")	"	100%	100%	100%	Gempal held 18,369 thousand shares of the Company as of March 31, 2023, which represented 0.4% of the Company's outstanding shares.
"	Hong Ji Capital Co., Ltd. ("Hong Ji")	"	100%	100%	100%	
"	Hong Jin Investment Co., Ltd. ("Hong Jin")	"	100%	100%	100%	
The Company, Panpal, et al.	Arcadyan Technology Corp. ("Arcadyan")	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	33%	33%	33%	The Group had the ability to control Arcadyan. (Note 1)
The Company	Rayonnant Technology Co., Ltd. ("Rayonnant Technology")	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	100%	
"	HengHao Technology Co., Ltd. ("HengHao")	Manufacturing of PCs, computer periphery devices, and electronic components	100%	100%	100%	
"	Ripal Optoelectronics Co., Ltd. ("Ripal")	Manufacturing of electric appliance and audiovisual electric products	100%	100%	100%	
"	Mactech Co., Ltd ("Mactech")	Manufacturing of equipment and lighting, retailing of equipment and international trading	53%	53%	53%	
"	General Life Biotechnology Co., Ltd. ("GLB")	Manufacturing and sales of medical equipment	50%	50%	50%	
"	Unicore BioMedical Co., Ltd. ("Unicore")	Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment	100%	100%	100%	
"	Hippo Screen Neurotech Co., Ltd. ("Hippo Screen")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	91%	91%	91%	
"	Shennona Taiwan Co., Ltd. ("Shennona TW")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	100%	100%	100%	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Aco Smartcare Co., Ltd. ("Aco Smartcare")	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	52%	52%	52%	
"	Kinpo&Compal Group Assets Development Corporation ("Kinpo&Compal Group")	Real estate development, leasing and related management business	70%	70%	70%	
"	Compal Ruifang Health Assets Development Corporation ("Compal Ruifang")	Investing and developing businesses, such as public construction and specific zones	100%	100%	-	Compal Ruifang was established in June 2022.
"	Shennona Corporation ("Shennona")	Medical care IOT business	100%	100%	100%	
"	Auscom Engineering Inc. ("Auscom")	R&D of notebook PC related products and components	100%	100%	100%	
"	Just International Ltd. ("Just")	Investment	100%	100%	100%	
"	Compal International Holding Co., Ltd. ("CIH")	"	100%	100%	100%	
"	Compal Electronics (Holding) Ltd. ("CEH")	"	100%	100%	100%	
"	Bizcom Electronics, Inc. ("Bizcom")	Warranty services and marketing of monitors and notebook PCs	100%	100%	100%	(Notes 2 and 3)
"	Flight Global Holding Inc. ("FGH")	Investment	100%	100%	100%	(Notes 2 and 3)
The Company and BSH	High Shine Industrial Corp. ("HSI")	"	100%	100%	100%	
The Company	Compal Europe (Poland) Sp. z o.o. ("CEP")	Maintenance and warranty services of notebook PCs	100%	100%	100%	
"	Big Chance International Co., Ltd. ("BCI")	Investment	100%	100%	100%	
"	Compal Rayonnant Holdings Limited ("CRH")	"	100%	100%	100%	
"	Core Profit Holdings Limited ("CORE")	"	100%	100%	100%	
"	Compalead Electronics B.V. ("CPE")	"	100%	100%	100%	
"	CGS Technology (Poland) Sp. z o.o. ("CGSP")	Maintenance and warranty services of notebook PCs	100%	100%	100%	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Panpal and Gempal	Compalead Eletronica do Brasil Industria e Comercio Ltda. ("CEB")	Manufacturing of notebook PCs	100%	100%	100%	(Notes 2 and 3)
"	Compal Electronics India Private Limited ("CEIN")	Manufacturing and warranty service of mobile phones	100%	100%	100%	
Panpal and CEB	Compal Electronica DA Amazonia Ltda. ("CEA")	Manufacturing of notebook PCs	100%	100%	100%	(Notes 2 and 3)
Just	Compal Display Holding (HK) Limited ("CDH (HK)")	Investment	100%	100%	100%	
"	Compal Electronics International Ltd. ("CII")	"	100%	100%	100%	
"	Compal International Ltd. ("CPI")	"	100%	100%	100%	
CDH (HK)	Compal Electronics (China) Co., Ltd. ("CPC")	Manufacturing and sales of monitors	100%	100%	100%	
"	Compal Optoelectronics (Kunshan) Co., Ltd. ("CPO")	Manufacturing and sales of LCD TVs	100%	100%	100%	
"	Compal System Trading (Kunshan) Co., Ltd. ("CST")	International trade and distribution of computers and electronic components	100%	100%	100%	
CPC	Compal Smart Device (Chongqing) Co., Ltd. ("CSD")	Research, manufacturing and sales of communication devices, mobile phones, electronic computer, smart watch, and providing related technical service	100%	100%	100%	
CII	Smart International Trading Ltd. ("Smart")	Investment	100%	100%	100%	
"	Amexcom Electronics Inc. ("AEI")	Sales and maintenance of LCD TVs	-	100%	100%	The liquidation of the company had been completed on February 15, 2023.
"	Mexcom Electronics, LLC ("MEL")	Investment	100%	100%	100%	
"	Mexcom Technologies, LLC ("MTL")	"	100%	100%	100%	
CIH	Compal International Holding (HK) Limited ("CIH (HK)")	"	100%	100%	100%	
"	Jenpal International Ltd. ("Jenpal")	"	100%	100%	100%	
"	Prospect Fortune Group Ltd. ("PFG")	"	100%	100%	100%	
"	Fortune Way Technology Corp. ("FWT")	"	100%	100%	100%	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
CIH (HK)	Compal Electronics Technology (Kunshan) Co., Ltd. ("CET")	Manufacturing of notebook PCs	100%	100%	100%	
"	Compal Information (Kunshan) Co., Ltd. ("CIC")	"	100%	100%	100%	
"	Compal Information Technology (Kunshan) Co., Ltd. ("CIT")	"	100%	100%	100%	
"	Kunshan Botai Electronics Co., Ltd. ("BT")	"	100%	100%	100%	
"	Compal Digital Technology (Kunshan) Co., Ltd. ("CDT")	Manufacturing and sales of notebook PCs, mobile phones, and digital products	100%	100%	100%	
BT	Compower Global Service Co., Ltd. ("CGS")	Maintenance and warranty service of notebook PCs	100%	100%	100%	
CDH (HK) and CIH (HK)	Compal Investment (Jiangsu) Co., Ltd. ("CIJ")	Investment	100%	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. ("CDE")	Manufacturing and sales of LCD TVs	100%	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. ("Etrade")	Investment	100%	100%	100%	
The Company	Webtek Technology Co., Ltd. ("Webtek")	"	100%	100%	100%	
"	Forever Young Technology Inc. ("Forever")	"	100%	100%	100%	
"	UniCom Global, Inc. ("UCGI")	Manufacturing and sales of computers and electronic components	100%	100%	100%	
"	Palcom International Corporation ("Palcom")	Sales of mobile phones	100%	100%	100%	
"	Poindus Systems Corp, Ltd. ("Poindus Systems")	Sales of PCs and computer periphery devices	56%	56%	56%	The Group acquired 56% of its shares in March 2022.
Poindus Systems	Poindus Investment Co., Ltd. ("Poindus Investment")	Investment holding	100%	100%	100%	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022.  The Company had decided its dissolution and liquidation on December 22, 2022.
"	QiJie Electronics (ShenZhen) Co., Ltd. ("QiJie")	Sales of PCs and computer periphery devices	100%	100%	100%	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Poindus Systems	Poindus Systems UK Limited (“Poindus UK”)	Sales of PCs and computer periphery devices	100%	100%	100%	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems’ shares in March 2022.
”	Adasys GmbH Elektronische Komponenten (“Adasys”)	”	100%	100%	100%	”
Poindus Investment	Poindus Systems GmbH GroBhandel mit EDV. Oberursel (“Poindus GmbH”)	”	100%	100%	100%	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems’ shares in March 2022.  The Company had decided its dissolution and liquidation on December 22, 2022.
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. (“CCI Nanjing”)	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. (“CDCN”)	”	100%	100%	100%	
”	Compal Wireless Communication (Nanjing) Co., Ltd. (“CWCN”)	”	100%	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. (“Hanhelt”)	R&D and manufacturing of electronic communication equipment	100%	100%	100%	
”	Giant Rank Trading Ltd. (“GIA”)	Sales of mobile phones	100%	100%	100%	
”	Compal Wise Electronic (Vietnam) Co., Ltd. (“CWV”)	Manufacturing and sales of mobile phones, tablet PCs, smart watches, communication devices, other electronic devices and providing related technical service.	100%	100%	100%	
Arcadyan	Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	Sales of wireless network products	100%	100%	100%	
”	Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	Technical support and sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
”	Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
”	Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	Investment	100%	100%	100%	
”	Arcadyan Technology Limited (“Arcadyan UK”)	Technical support of wireless network products	100%	100%	100%	(Notes 2 and 3)

(Continued)



**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Arcadyan	Arcadyan Technology Australia Pty Ltd. ("Arcadyan AU")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan Technology Corporation (Russia), LLC. ("Arcadyan RU")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Zhi-Bao Technology Inc. ("Zhi-Bao")	Investment	100%	100%	100%	
"	Tatung Technology Inc. ("TTI")	R&D and sales of household digital electronic products	61%	61%	61%	
"	AcBel Telecom Inc. ("AcBel Telecom")	Investment	-	-	51%	The liquidation of the company had been completed on August 19, 2022. (Note 3)
Arcadyan and Zhi-Bao	Arcadyan do Brasil Ltda. ("Arcadyan Brasil")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan India Private Limited ("Arcadyan India")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
The Company, Arcadyan and its subsidiaries	Compal Broadband Network Inc. ("CBN")	R&D and sales of cable modem, digital set-up box, and other communication products	63%	63%	62%	
CBN	Compal Broadband Networks Belgium BVBA ("CBNB")	Import and export business, technical support and consulting service of broadband networks	100%	100%	100%	
"	Compal Broadband Networks Netherlands B.V. ("CBNN")	"	100%	100%	100%	
The Company and CBN	Starmems Semiconductor Corp. ("Starmems")	R&D of MEMS technology of manufacturing process of semiconductor and manufacturing of electronic components	45%	45%	45%	The Group had the ability to control Starmems. (Note 1)
Arcadyan Holding	Sinoprime Global Inc. ("Sinoprime")	Investment	100%	100%	100%	
"	Arcadyan Technology (Shanghai) Corp. ("SVA Arcadyan")	R&D and sales of wireless network products	100%	100%	100%	
"	Arch Holding (BVI) Corp. ("Arch Holding")	Investment	100%	100%	100%	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. ("CNC")	Manufacturing of wireless network products	100%	100%	100%	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. ("Arcadyan Vietnam")	Manufacturing of wireless network products	100%	100%	100%	
TTI	Quest International Group Co., Ltd. ("Quest")	Investment	100%	100%	100%	
"	Tatung Technology of Japan Co., Ltd. ("TTJC")	Sales of household digital electronic products	100%	100%	100%	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Quest	Exquisite Electronic Co., Ltd. (“Exquisite”)	Investment	100%	100%	100%	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	Manufacturing of household digital electronic products	100%	100%	100%	
HSI	Intelligent Universal Enterprise Ltd. (“IUE”)	Investment	100%	100%	100%	
“	Goal Reach Enterprises Ltd. (“Goal”)	“	100%	100%	100%	
IUE	Compal (Vietnam) Co., Ltd. (“CVC”)	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	100%	100%	100%	(Notes 2 and 3)
Goal	Compal Development & Management (Vietnam) Co., Ltd. (“CDM”)	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	100%	100%	100%	
Rayonnant Technology and CRH	Allied Power Holding Corp. (“APH”)	Investment	100%	100%	100%	
APH	Primetek Enterprises Limited (“PEL”)	“	100%	100%	100%	
“	Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	“	100%	100%	100%	
Rayonnant Technology (HK)	Rayonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	Manufacturing and sales of aluminum alloy and magnesium alloy products	100%	100%	100%	
HengHao	HengHao Holdings A Co., Ltd. (“HHA”)	Investment	100%	100%	100%	
HHA	HengHao Holdings B Co., Ltd. (“HHB”)	“	100%	100%	100%	
HHB	HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	100%	100%	100%	
“	Lucom Display Technology (Kunshan) Limited (“Lucom”)	Manufacturing of touch panels and LCD TVs	100%	100%	100%	
BCI	Center Mind International Co., Ltd. (“CMI”)	Investment	100%	100%	100%	
“	Prisco International Co., Ltd. (“PRI”)	“	100%	100%	100%	
CMI	Compal Investment (Sichuan) Co., Ltd. (“CIS”)	Outward investment and consulting services	100%	100%	100%	
PRI	Compal Electronics (Chongqing) Co., Ltd. (“CEQ”)	R&D, manufacturing and sales of notebook PCs, related components, related maintenance and warranty services	100%	100%	100%	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
CIS	Compal Electronics (Chengdu) Co., Ltd. ("CEC")	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	100%	100%	100%	
"	Compal Management (Chengdu) Co., Ltd. ("CMC")	Corporate management consulting, training and education, business information consulting, financial and tax consulting, investment consulting, and investment management services	100%	100%	100%	
CORE	Billion Sea Holdings Limited ("BSH")	Investment	100%	100%	100%	
BSH	Mithera Capital Io LP ("Mithera")	"	99%	99%	99%	
"	Compal USA (Indiana), Inc. ("CIN")	Foundry of automotive electronic products	100%	100%	100%	
Unicore	Raycore Biotech Co., Ltd. ("Raycore")	Animal medication retail and wholesale	-	-	-	Raycore was merged with Unicore in February, 2022. Unicore was the surviving company and Raycore was the dissolved company.

Note 1: The Group holds less than half of the voting rights of the company, but the Group considers that the rest of the company's shareholding is extremely dispersed. The previous procedures for the participation of other shareholders in the shareholders' meeting show that the Group has the actual ability to unilaterally dominate the relevant activities, and there is no indications that there is an agreement among the other shareholders to make collective decisions, so the Group treats the company as a subsidiary.

Note 2: The financial statements of the subsidiary as of March 31, 2023 have not been reviewed by CPA.

Note 3: The financial statements of the subsidiary as of March 31, 2022 have not been reviewed by CPA.

(c) **Income taxes**

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(d) Employee benefits

Under defined benefit plans, 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 curtailments, settlements, or other significant one-off events.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

The preparation of the consolidated financial statements in conformity with Regulations as well as IFRSs (in accordance with IAS 34 endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In the preparation of the consolidated interim financial statements, the major sources of significant accounting assumptions, judgments and estimation uncertainty are consistent with note (5) of the annual consolidated financial statements for the year ended December 31, 2022.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there is no significant difference compared with the consolidated financial statements for the year ended December 31, 2022. Please refer to the note (6) of the consolidated financial statements for the year ended December 31, 2022 and for other related information.

(a) Cash and cash equivalents

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash on hand	\$ 18,130	17,835	15,611
Checking accounts and demand deposits	36,709,786	39,976,385	28,192,566
Time deposits	47,481,999	35,233,038	59,354,126
Cash equivalents	<u>2,113,700</u>	<u>4,438,044</u>	<u>858,750</u>
	<b><u>\$ 86,323,615</u></b>	<b><u>79,665,302</u></b>	<b><u>88,421,053</u></b>

Please refer to note (6)(aa) for the disclosure of the exchange rate risk, the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(b) Financial assets and liabilities at fair value through profit or loss

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Non-derivative financial assets			
Structured deposits	\$ -	-	3,639,774
Stock unlisted in domestic markets	127,680	117,150	133,740
Fund in domestic or foreign markets	455,360	441,759	687,818
Derivative instruments not used for hedging			
Foreign exchange contracts	205	187	27,887
Swap contracts	<u>3,001</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 586,246</u>	<u>559,096</u>	<u>4,489,219</u>
Current	\$ 3,206	187	3,954,803
Non-current	<u>583,040</u>	<u>558,909</u>	<u>534,416</u>
	<u>\$ 586,246</u>	<u>559,096</u>	<u>4,489,219</u>
	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<b>Financial liabilities held-for-trading:</b>			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ 199,684	62,527	594,030
Swap contracts	<u>-</u>	<u>-</u>	<u>48,171</u>
	<u>\$ 199,684</u>	<u>62,527</u>	<u>642,201</u>

The Group uses derivative instruments to hedge foreign currency risk the Group is exposed to arising from its operating activities. The following derivative instruments not applied hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

<b>March 31, 2023</b>			
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 3,000	EUR to USD	July 14, 2023
Forward exchange purchased	USD 764	USD to INR	June 14, 2023
<b>Swap contracts:</b>			
Currency swap	USD 10,000	USD to TWD	May 30, 2023
<b>Derivative financial liabilities:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange purchased	USD 128,900	USD to BRL	April 06~ June 16, 2023
Forward exchange purchased	USD 3,263	USD to INR	April 13~ May 30, 2023
Forward exchange sold	EUR 38,300	EUR to USD	April 14~ August 30, 2023
<b>December 31, 2022</b>			
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 8,000	EUR to USD	May 12,~ June 14, 2023
Forward exchange purchased	USD 512	USD to INR	January 31, 2023
<b>Derivative financial liabilities:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 25,000	EUR to USD	January 31 ~ April 20, 2023
Forward exchange sold	EUR 2,000	EUR to TWD	January 31, 2023
Forward exchange purchased	USD 172,800	USD to BRL	January 04~ June 15, 2023

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<b>March 31, 2022</b>		
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 39,000	EUR to USD	April 08~ August 12, 2022
<b>Derivative financial liabilities:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 8,000	EUR to TWD	May 03~ June 29, 2022
Forward exchange sold	EUR 9,000	EUR to USD	June 06~ August 25, 2022
Forward exchange purchased	USD 186,400	USD to BRL	April 07~ August 29, 2022
<b>Swap contracts:</b>			
Currency swap	USD 103,000	USD to TWD	April 11~ September 29, 2022
Currency swap	EUR 1,000	EUR to TWD	April 22, 2022

The market risk related to the financial instruments please refer to note (6)(aa).

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(c) Financial assets at fair value through other comprehensive income

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 2,773,696	2,797,667	3,497,727
Stock listed in foreign markets	531,531	579,341	610,060
Stock unlisted in domestic markets	1,812,112	1,822,164	1,875,248
Stock unlisted in foreign markets	201,363	226,736	257,435
<b>Total</b>	<b>\$ 5,318,702</b>	<b>5,425,908</b>	<b>6,240,470</b>

The purpose that the Group invests in the above-mentioned equity securities is for long-term strategies, but rather for trading purpose. Therefore, these equity securities are designated as at FVOCI.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of March 31, 2023 and 2022.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Group, the increase (decrease) in other comprehensive income (pre-tax) for the three months ended March 31, 2023 and 2022, will be \$265,935 and \$312,024, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The Group's information of market risk please refer to note (6)(aa).

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

(d) Financial instruments used for hedging

(i) Financial instruments used for hedging were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<b>Cash flow hedge:</b>			
<b>Financial assets used for hedging:</b>			
Forward exchange contracts	\$ 5,759	-	34,000
<b>Financial liabilities used for hedging:</b>			
Forward exchange contracts	\$ 32,882	47,809	-

(ii) Cash flow hedge

The Group's strategy is to use forward exchange contracts to hedge its foreign currency exposure in respect of forecasted future sales.

As of March 31, 2023, December 31 and March 31, 2022, the details related to the items designated as hedge instruments were as follows:

<b>March 31, 2023</b>				
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>
<b>Derivative financial assets used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 49,000	EUR to USD	April 27~ June 29, 2023	1.0956
<b>Derivative financial liabilities used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 26,000	EUR to USD	April 27~ December 28, 2023	1.0511

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

<b>December 31, 2022</b>				
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>
<b>Derivative financial assets used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 65,000	EUR to USD	January 30~ December 28, 2023	1.0472
<b>March 31, 2022</b>				
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>
<b>Derivative financial assets used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 37,000	EUR to USD	April 28~ September 29, 2022	1.1511

- (iii) For the three months ended March 31, 2023 and 2022, there were no ineffective portions of cash flow hedge recognized in profits (losses).
- (iv) For the three months ended March 31, 2023 and 2022, the profits (losses) of changes in fair value of derivative financial instruments used for hedging reclassified from other equity to profit or loss are recognized as revenue in the statement of comprehensive income. Please refer to note (6)(z).

(e) Notes and accounts receivable

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes receivables from operating activities	\$ 27,097	10,645	33,927
Accounts receivables – measured at amortized cost	148,140,522	179,043,536	208,717,963
Accounts receivables – fair value through other comprehensive income	29,559,365	16,091,084	35,197,814
	177,726,984	195,145,265	243,949,704
Less: allowance for uncollectible accounts	(3,934,110)	(3,924,544)	(3,900,426)
	<b>\$ 173,792,874</b>	<b>191,220,721</b>	<b>240,049,278</b>
Notes and accounts receivable	<b>\$ 169,763,119</b>	<b>186,804,648</b>	<b>236,454,091</b>
Notes and accounts receivable – related parties	<b>\$ 4,029,755</b>	<b>4,416,073</b>	<b>3,595,187</b>

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

- (i) The loss allowance provision of IT product segment of the Group was determined as follows:

<b>March 31, 2023</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 154,463,958	0%	-	No
Level B	11,262,183	0.96%	108,239	No
Level C	<u>3,790,493</u>	100%	<u>3,790,493</u>	Yes
	<b><u>\$ 169,516,634</u></b>		<b><u>3,898,732</u></b>	
<b>December 31, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 168,144,302	0%	-	No
Level B	12,364,116	0.68%	84,412	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<b><u>\$ 184,303,952</u></b>		<b><u>3,879,946</u></b>	
<b>March 31, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 217,378,485	0%	-	No
Level B	12,987,029	0.57%	74,248	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<b><u>\$ 234,161,048</u></b>		<b><u>3,869,782</u></b>	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

- (ii) The loss allowance provision of strategically integrated product segment of the Group was determined as follows:

<b>March 31, 2023</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 1,432,877	0%	-	No
Level B	5,766,095	0.10%	5,816	No
Level C	991,522	1.00%	9,706	No
Level D	-	-	-	-
Level E	19,856	100%	19,856	Yes
	<b>\$ 8,210,350</b>		<b>35,378</b>	
<b>December 31, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 2,524,744	0%	-	No
Level B	6,876,702	0.10%	6,923	No
Level C	1,419,845	1.00%	17,653	No
Level D	-	-	-	-
Level E	20,022	100%	20,022	Yes
	<b>\$ 10,841,313</b>		<b>44,598</b>	
<b>March 31, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 2,888,055	0%	-	No
Level B	6,325,787	0.10%	6,364	No
Level C	556,193	1.00%	5,659	No
Level D	-	-	-	-
Level E	18,621	100%	18,621	Yes
	<b>\$ 9,788,656</b>		<b>30,644</b>	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The aging analysis of notes and accounts receivable's overdue was determined as follows:

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Overdue 1 to 180 days	\$ 3,031,464	3,119,372	1,508,630
Overdue 181 to 365 days	6,859	-	-
Overdue 365 days	<u>-</u>	<u>8,552</u>	<u>7,953</u>
	<u><u>\$ 3,038,323</u></u>	<u><u>3,127,924</u></u>	<u><u>1,516,583</u></u>

The movement in the allowance for notes and accounts receivable was as follows:

	<u>For the three months ended</u> <u>March 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 3,924,544	3,891,948
Acquisition through business combination	-	59
Impairment losses recognized (reversed)	12,771	5,354
Effect of changes in exchange rates	<u>(3,205)</u>	<u>3,065</u>
Balance at March 31	<u><u>\$ 3,934,110</u></u>	<u><u>3,900,426</u></u>

Allowance for uncollectible account is the balance of accounts receivable which are uncollectable. Except for evaluating the situation of the customers' payment records and widely analyzing the credit rating of customers, the Group also takes all the necessary procedures for collection. The Group believes that there is no doubt for the recovery of the due but unimpaired accounts receivable, therefore, no allowance recognized.

The Group entered into accounts receivable factoring agreements with banks. As of March 31, 2023, December 31 and March 31, 2022, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 1,737,000 thousand and EUR 1,000 thousand, USD 1,600,000 thousand and EUR 1,000 thousand, USD 1,601,000 thousand and EUR 15,000 thousand, respectively. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable obligor to make payment when it is affected by credit risk. Thus, this is a non-recourse accounts receivable factoring. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. After the transfer of the accounts receivable, the Group can request partial advanced amount, while the interest calculated at an agreed rate is paid to the bank in the period during the time of receiving advance and the accounts receivable is collected. The remaining amounts with no advance are received when the accounts receivable are settled by the customers. As of March 31, 2023, December 31 and March 31, 2022, the factored accounts receivable with no advance amounting to \$42,373, \$447 and \$641, respectively, were accounted for as other receivables.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The Group, customers and banks signed the three-party contracts in which the banks purchase accounts receivable from the Group. The total amount of the accounts receivable should not exceed the facility limit provided by the banks to the Group's customers. Based on the contracts, the banks have no right to request the Group to repurchase the accounts receivable. Thus, this is a non-recourse accounts receivable transfer. As of March 31, 2023, December 31 and March 31, 2022, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of March 31, 2023, December 31 and March 31, 2022, the details of the factored accounts receivable but unsettled were as follows:

March 31, 2023							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivables	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>4,932,308</u>	<u>-</u>	<u>4,889,935</u>	<u>42,373</u>	-	<u>4,932,308</u>	2.75%~5.81%
December 31, 2022							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivables	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>30,114,458</u>	<u>-</u>	<u>30,114,011</u>	<u>447</u>	-	<u>30,114,458</u>	2.75%~5.61%
March 31, 2022							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivables	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>10,737,085</u>	<u>-</u>	<u>10,736,444</u>	<u>641</u>	-	<u>10,737,085</u>	0.70%~2.75%

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(f) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 36,084,205	42,519,903	25,600,526
Work in progress	11,682,223	11,680,487	11,848,461
Raw materials	66,996,877	56,764,510	97,047,037
Raw materials in transit	<u>3,239,575</u>	<u>629,084</u>	<u>1,684,880</u>
	<b><u>\$ 118,002,880</u></b>	<b><u>111,593,984</u></b>	<b><u>136,180,904</u></b>

(i) For the three months ended March 31, 2023 and 2022, inventory cost recognized as cost of sales amounted to \$200,120,047 and \$258,085,895, respectively.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(ii) The loss due to the write-down of inventories to net realizable value amounted to \$106,011 and \$599,278 for the three months ended March 31, 2023 and 2022, respectively.

(iii) As of March 31, 2023, December 31 and March 31, 2022, the Group provided part of its inventories as collaterals for its short-term borrowings. Please refer to note (8).

(g) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date is as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Associates	\$ 7,842,454	8,142,707	8,590,623
Joint venture	<u>1,633</u>	<u>(18,066)</u>	<u>(18,423)</u>
	7,844,087	8,124,641	8,572,200
Plus: credit balance of investment in equity method (other non-current liability)	-	43,757	44,742
Less: unrealized profits or losses	<u>(119,835)</u>	<u>(120,829)</u>	<u>(112,865)</u>
	<b><u>\$ 7,724,252</u></b>	<b><u>8,047,569</u></b>	<b><u>8,504,077</u></b>

(i) Associates

1) The fair value of the shares of listed company based on the closing price was as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 2,264,523	1,741,281	3,405,362
Avalue Technology Inc. ("Avalue")	<u>1,422,264</u>	<u>1,214,819</u>	<u>886,490</u>
	<b><u>\$ 3,686,787</u></b>	<b><u>2,956,100</u></b>	<b><u>4,291,852</u></b>

2) The Group's share of the net gain (loss) of associates was as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
The Group's share of the gain (loss) of associates	<u>\$ (135,774)</u>	<u>(79,322)</u>

3) The Group's financial information for investments accounted for using the equity method that are individually immaterial was as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Carrying amount of individually immaterial associates	<u>\$ 7,842,454</u>	<u>8,142,707</u>	<u>8,590,623</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
The Group's share of the net income (loss) of associates:		
Profit (loss) from continuing operations	\$ (135,774)	(79,322)
Other comprehensive income	38,179	253,141
Total comprehensive income	<b>\$ (97,595)</b>	<b>173,819</b>

(ii) Joint venture

In April 2010, the Group and another company established a jointly controlled entity, Compal Connector Manufacture Ltd. ("CCM"), and obtained an ownership interest of 51%. CCM's actual paid-in capital amounted to USD10,000 thousands. Moreover, in May 2014, the Group and another company established a jointly controlled entity, Zheng Ying Electronics (Chongqing) Co., Ltd., ("Zheng Ying"), and obtained an ownership interest of 51%. Zheng Ying's actual paid-in capital amounted to USD 2,500 thousands. The liquidation of Zheng Ying had been completed in February 2023.

The Group's financial information for investment accounted for using the equity method that are individually insignificant was as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
The carrying amount of the Group's interests in all individually insignificant joint ventures	<b>\$ 1,633</b>	<b>(18,066)</b>	<b>(18,423)</b>
			<b>For the three months ended March 31,</b>
			<b>2023</b>
			<b>2022</b>
The Group's share of the net income (loss) of joint ventures:			
Net income (losses) from continuing operations (also the total comprehensive income (losses))		<b>\$ 15,685</b>	<b>18</b>

(iii) Although the Group is the single largest shareholder of some associates, after a comprehensive assessment that the remaining shares of these associates are not concentrated in specific shareholders, the Group is still not able to obtain more than half of the board seats, and it has not obtained more than half of the voting rights of shareholders attending the shareholders' meeting. The Group judges that it does not have absolute power and leading ability over the relevant activities and variable remuneration of these associates, so it assesses that the Group has no control over these associates.

(iv) As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(h) Acquisition of the subsidiary

In order to accelerate the deployment in the industrial PCs market, the Group made a tender offer for 56% ownership of Poindus Systems Corp, Ltd. (“Poindus Systems”) at a total price of \$353,046. The aforementioned price was paid, and the settlement had been completed.

Since the acquisition of 56% ownership in Poindus Systems on March 7, 2022, the revenue and net profit contributed by Poindus Systems were \$57,185 and \$1,730, respectively. If the transaction took place on January 1, 2022, the management estimates that the Group’s revenue in 2022 would increase by \$147,469, while net profit will increase by \$6,550. In determining these amounts, management has assumed that the transaction occurred on January 1, 2022, and that the provisional fair value adjustments resulting from the acquisition date are the same.

The main categories of consideration transfer, assets acquired and liabilities assumed on the acquisition date and the amount of goodwill recognized are as follows:

(i) Consideration transferred

Cash	\$ <u><u>353,046</u></u>
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(ii) The identifiable assets acquired and the liabilities assumed

The fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date are as follows:

Cash and cash equivalents	\$ 217,075
Notes and accounts receivable, net	114,308
Other receivables	4,874
Inventories, net	342,673
Prepayments and other current assets	35,077
Property, plant and equipment	21,591
Right-of-use assets	37,258
Intangible assets	19,160
Deferred tax assets	18,495
Other non-current assets	2,099
Short-term borrowings	(268)
Notes and accounts payable	(141,704)
Other payables	(31,099)
Current tax liabilities	(10,642)
Provisions	(2,786)
Other current liabilities	(5,162)
Current and non-current lease liabilities	(37,542)
Deferred tax liabilities	(1,658)
Net defined benefit liabilities	<u>(17,881)</u>
	<u><u>\$ 563,868</u></u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(iii) Goodwill arising from the acquisition of 56% ownership is as follows:

Consideration transferred	\$ 353,046
Non-controlling interests	247,882
Less: fair value of identifiable net assets	<u>(563,868)</u>
	<b><u>\$ 37,060</u></b>

Goodwill is mainly derived from the business value of Poindus Systems in the industrial PCs market. It is expected that the business of Poindus System and the Group business will be integrated to generate synergy.

(i) Changes in subsidiaries' equity

There were no significant transactions for the three months ended March 31, 2023 and 2022. Please refer to note (6)(i) of the consolidated financial statement for the year ended December 31, 2022.

(j) Material non-controlling interests of subsidiaries

There were no significant transactions for the three months ended March 31, 2023 and 2022. Please refer to note (6)(j) of the consolidated financial statement for the year ended December 31, 2022.

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Cost:						
Balance on January 1, 2023	\$ 2,485,718	21,658,458	36,234,090	13,405,317	2,295,702	76,079,285
Additions	-	-	-	182,902	1,881,073	2,063,975
Disposals and derecognitions	-	(4,938)	(113,311)	(159,774)	-	(278,023)
Reclassifications	-	42,375	343,573	59,611	(445,559)	-
Effect of movements in exchange rates	<u>(788)</u>	<u>186,375</u>	<u>(608,619)</u>	<u>(323,490)</u>	<u>(147,438)</u>	<u>(893,960)</u>
Balance on March 31, 2023	<b><u>\$ 2,484,930</u></b>	<b><u>21,882,270</u></b>	<b><u>35,855,733</u></b>	<b><u>13,164,566</u></b>	<b><u>3,583,778</u></b>	<b><u>76,971,277</u></b>
Balance on January 1, 2022	\$ 2,476,919	17,383,799	32,006,068	11,743,420	4,593,482	68,203,688
Acquisition through business combination	-	-	356	94,356	274	94,986
Additions	-	20,956	762,367	627,182	185,397	1,595,902
Disposals and derecognitions	-	(85,599)	(92,912)	(167,935)	-	(346,446)
Reclassifications	-	10,685	49,095	51,662	(111,442)	-
Effect of movements in exchange rates	<u>2,900</u>	<u>500,220</u>	<u>754,544</u>	<u>251,417</u>	<u>154,139</u>	<u>1,663,220</u>
Balance on March 31, 2022	<b><u>\$ 2,479,819</u></b>	<b><u>17,830,061</u></b>	<b><u>33,479,518</u></b>	<b><u>12,600,102</u></b>	<b><u>4,821,850</u></b>	<b><u>71,211,350</u></b>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	<b>Land</b>	<b>Buildings and building improvement</b>	<b>Machinery</b>	<b>Other equipment</b>	<b>Under construction and prepayment for purchase of equipment</b>	<b>Total</b>
Depreciation and impairments loss:						
Balance on January 1, 2023	\$ -	12,555,957	24,546,694	10,168,423	-	47,271,074
Depreciation for the period	-	295,871	899,388	372,183	-	1,567,442
Disposals and derecognitions	-	(4,938)	(80,366)	(159,195)	-	(244,499)
Effect of movements in exchange rates	-	(53,287)	(394,095)	(177,546)	-	(624,928)
Balance on March 31, 2023	<u>\$ -</u>	<u>12,793,603</u>	<u>24,971,621</u>	<u>10,203,865</u>	<u>-</u>	<u>47,969,089</u>
Balance on January 1, 2022	\$ -	10,989,522	21,254,150	8,969,652	-	41,213,324
Acquisition through business combination	-	-	356	73,039	-	73,395
Depreciation for the period	-	226,943	684,636	346,612	-	1,258,191
Disposals and derecognitions	-	(85,373)	(58,437)	(157,871)	-	(301,681)
Effect of movements in exchange rates	-	248,002	185,807	415,926	-	849,735
Balance on March 31, 2022	<u>\$ -</u>	<u>11,379,094</u>	<u>22,066,512</u>	<u>9,647,358</u>	<u>-</u>	<u>43,092,964</u>
Carrying amounts:						
Balance on January 1, 2023	<u>\$ 2,485,718</u>	<u>9,102,501</u>	<u>11,687,396</u>	<u>3,236,894</u>	<u>2,295,702</u>	<u>28,808,211</u>
Balance on March 31, 2023	<u>\$ 2,484,930</u>	<u>9,088,667</u>	<u>10,884,112</u>	<u>2,960,701</u>	<u>3,583,778</u>	<u>29,002,188</u>
Balance on January 1, 2022	<u>\$ 2,476,919</u>	<u>6,394,277</u>	<u>10,751,918</u>	<u>2,773,768</u>	<u>4,593,482</u>	<u>26,990,364</u>
Balance on March 31, 2022	<u>\$ 2,479,819</u>	<u>6,450,967</u>	<u>11,413,006</u>	<u>2,952,744</u>	<u>4,821,850</u>	<u>28,118,386</u>

As of March 31, 2023, December 31 and March 31, 2022, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

(l) Right-of-use assets

The Group leases many assets including land and buildings, machinery and vehicles. Information about leases for which the Group as a lessee is presented as below:

	<b>Land</b>	<b>Buildings</b>	<b>Machinery</b>	<b>Vehicles and other</b>	<b>Total</b>
Cost:					
Balance on January 1, 2023	\$ 12,180,851	3,320,227	51,104	72,553	15,624,735
Additions	-	172,033	-	7,508	179,541
Deductions	-	(5,785)	-	(6,792)	(12,577)
Effect of movements in exchange rates	(140,149)	59,381	383	12	(80,373)
Balance on March 31, 2023	<u>\$ 12,040,702</u>	<u>3,545,856</u>	<u>51,487</u>	<u>73,281</u>	<u>15,711,326</u>
Balance on January 1, 2022	\$ 859,993	3,664,030	76,602	68,622	4,669,247
Acquisition through business combination	-	39,959	-	1,332	41,291
Additions	-	191,564	-	7,832	199,396
Deductions	-	(186,981)	-	-	(186,981)
Effect of movements in exchange rates	39,562	36,034	1,458	650	77,704
Balance on March 31, 2022	<u>\$ 899,555</u>	<u>3,744,606</u>	<u>78,060</u>	<u>78,436</u>	<u>4,800,657</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and other</u>	<u>Total</u>
Depreciation:					
Balance on January 1, 2023	\$ 241,063	1,613,228	18,093	47,035	1,919,419
Depreciation for the period	61,346	182,207	1,210	5,399	250,162
Deductions	-	(4,567)	-	(6,792)	(11,359)
Effect of movements in exchange rates	(131,769)	44,819	422	21	(86,507)
Balance on March 31, 2023	<u>\$ 170,640</u>	<u>1,835,687</u>	<u>19,725</u>	<u>45,663</u>	<u>2,071,715</u>
Balance on January 1, 2022	\$ 69,655	1,458,825	36,900	37,649	1,603,029
Acquisition through business combination	-	3,823	-	210	4,033
Depreciation for the period	4,701	212,107	3,113	4,892	224,813
Deductions	-	(157,452)	-	-	(157,452)
Effect of movements in exchange rates	12,960	10,956	1,245	607	25,768
Balance on March 31, 2022	<u>\$ 87,316</u>	<u>1,528,259</u>	<u>41,258</u>	<u>43,358</u>	<u>1,700,191</u>
Carrying amount:					
Balance on January 1, 2023	<u>\$ 11,939,788</u>	<u>1,706,999</u>	<u>33,011</u>	<u>25,518</u>	<u>13,705,316</u>
Balance on March 31, 2023	<u>\$ 11,870,062</u>	<u>1,710,169</u>	<u>31,762</u>	<u>27,618</u>	<u>13,639,611</u>
Balance on January 1, 2022	<u>\$ 790,338</u>	<u>2,205,205</u>	<u>39,702</u>	<u>30,973</u>	<u>3,066,218</u>
Balance on March 31, 2022	<u>\$ 812,239</u>	<u>2,216,347</u>	<u>36,802</u>	<u>35,078</u>	<u>3,100,466</u>

In January 2022, the Group signed a contract with the Taipei City Government to obtain the superficies of No.91, Ruan Qiao Section, Beitou District, Taipei City, which has a term of 50 years and may be extended for additional 20 years. The registration procedures had been completed in May 2022, and the right-of-use assets and lease liabilities were recognized on the commencement date of the lease.

The related depreciation expenses of right-of-use assets and interest expenses of lease liabilities had met the conditions for capitalization and were included as the cost of assets. The above-mentioned depreciation expenses and interest expenses amounted to \$56,080 and \$11,021, respectively, and were capitalized under property, plant and equipment for the three months ended March 31, 2023, with a capitalization rate of 1.5%.

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured bank loans	\$ 83,076,238	74,823,426	123,231,381
Secured bank loans	8,978	9,000	236
	<u>\$ 83,085,216</u>	<u>74,832,426</u>	<u>123,231,617</u>
Unused credit line for short-term borrowings	<u>\$ 207,514,000</u>	<u>212,701,000</u>	<u>131,674,000</u>
Range of interest rates	<u>1.16%~8.57%</u>	<u>0.05%~8.37%</u>	<u>0.05%~5.57%</u>

For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(aa).

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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For the collaterals for part of the Group's borrowings, please refer to note (8).

(n) Long-term borrowings

The details of long-term borrowings were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Unsecured bank loans	\$ 22,699,130	30,525,000	26,350,000
Secured bank loans	602,346	612,122	641,219
Less: current portion	<u>(9,980,555)</u>	<u>(19,462,800)</u>	<u>(17,056,419)</u>
Total	<b><u>\$ 13,320,921</u></b>	<b><u>11,674,322</u></b>	<b><u>9,934,800</u></b>
Unused credit line for long-term borrowings	<b><u>\$ 24,326,000</u></b>	<b><u>13,018,000</u></b>	<b><u>10,630,000</u></b>
Range of interest rates	<b><u>1.51%~5.28%</u></b>	<b><u>1.25%~2.06%</u></b>	<b><u>0.68%~1.50%</u></b>

For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(aa).

The Group pledges property, plant and equipment as collateral for its partial long-term borrowings. Please refer to note (8).

(o) Unsecured convertible corporate bonds

(i) The Company's subsidiary, Arcadyan, issued the first domestic unsecured convertible corporate bonds on June 6, 2019. The details were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Total convertible corporate bonds issued	\$ -	1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	-	-	(44)
Unamortized issuance costs on corporate bonds payable	-	-	(208)
Accumulated converted amount	-	(992,600)	(893,000)
Repayments of bonds payable	<u>-</u>	<u>(7,400)</u>	<u>-</u>
Balance of corporate bonds payable as of the reporting date	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>106,748</u></b>
Conversion options included in equity components (classified as capital surplus and non-controlling interests)	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>5,207</u></b>
Expired conversion options included in equity components (classified as capital surplus and non-controlling interests)	<b><u>\$ 361</u></b>	<b><u>361</u></b>	<b><u>-</u></b>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest expenses	\$ -	746

The effective interest rate of the first issued convertible corporate bonds was 1.3284%.

- (ii) The above-mentioned convertible corporate bonds were due on June 6, 2022, and the remaining unconverted corporate bonds were fully repaid by the Group in cash at the par value of \$7,400 on maturity in accordance with the conversion terms.
  - (iii) As of March 31, 2022, the convertible corporate bonds were converted into ordinary shares of Arcadyan for \$221,500 with a par value of \$26,848, and the capital surplus were recognized for \$204,500 (including the stock option conversion premium of \$10,780 and the unamortized discounts on corporate bonds payable of \$932).
  - (iv) There were no significant issues, repurchases and repayments of bonds payable for the three months ended March 31, 2023 and 2022. For related information, please refer to note (6)(o) of the annual consolidated financial statements for the year ended December 31, 2022.
- (p) Lease liabilities

The details of leases liabilities were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current	\$ 1,873,287	1,813,555	725,078
Non-current	\$ 8,089,321	9,533,209	1,594,330

For the maturity analysis, please refer to note (6)(aa).

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	\$ 9,281	14,846
Variable lease payments not included in the measurement of lease liabilities	\$ -	500
Expenses relating to leases of low-value assets or short-term leases	\$ 15,815	75,676

The amounts recognized in the consolidated statement of cash flows for the Group were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	\$ 1,587,568	321,077

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(i) Real estate leases

The Group leases land leasehold rights and buildings for its office and plant space. The leases of office space typically run for a period of 1~19 years, and of land leasehold rights for 45~50 years. The Group obtained the superficies of Beitou District, Taipei City in May 2022, please refer to note (6)(l).

(ii) Other leases

The Group leases vehicles and equipment with lease terms of 1~5 years.

The Group also leases some office space, equipment and vehicles with contract terms of 1~3 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Provisions

There is no significant changes of provisions for the three months ended March 31, 2023 and 2022. Please refer to note (6)(q) of the consolidated financial statements for the year ended December 31, 2022 for related information.

(r) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group were as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<u>2023</u>	<u>2022</u>
Cost of sales	\$ 274	254
Selling expenses	284	175
Administrative expenses	931	724
Research and development expenses	<u>2,434</u>	<u>1,740</u>
Total	<u>\$ 3,923</u>	<u>2,893</u>

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

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The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to \$126,315 and \$120,861 for the three months ended March 31, 2023 and 2022, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$253,671 and \$315,638 for the three months ended March 31, 2023 and 2022, respectively.

(s) Income taxes

- (i) The Group entities are subject to income tax rates according to the profit before tax of interim reporting period multiply by the best estimated measurement of the expected effective tax rate by the management in all the year. The amounts of income tax were as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<u>2023</u>	<u>2022</u>
Current tax expense	<u>\$ 526,302</u>	<u>620,742</u>

- (ii) The amounts of income tax recognized in other comprehensive income were as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<u>2023</u>	<u>2022</u>
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Remeasurement of the defined benefit liability	\$ 1,682	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>8</u>	<u>(25,650)</u>
	<u>\$ 1,690</u>	<u>(25,650)</u>
<b>Items that will be reclassified subsequently to profit or loss:</b>		
Foreign currency translation differences of foreign operations	\$ 152	15,770
Gains (losses) on hedging instrument	<u>4,137</u>	<u>-</u>
	<u>\$ 4,289</u>	<u>15,770</u>

- (iii) Examination and approval

The Company's tax returns for the year through 2020 were assessed by the tax authorities.

The income tax returns through 2021 and the liquidation period of Acbel Telecom have been examined by the tax authorities. The ROC tax authorities have assessed the income tax returns of Palcom, Panpal, Gempal, Hong Ji, Hong Jin, Shennona, Ripal, CBN, Poindus Systems and Poindus Investment through 2021, of Hippo Screen, Zhi-Bao, UCGI, Unicore, Raycore, Mactech, GLB, Arcadyan, TTI, HengHao and Aco Healthcare through 2020, of Rayonnant Technology through 2019.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(t) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2023 and 2022. Please refer to note (6)(t) of the consolidated financial statement for the year ended December 31, 2022.

(i) Capital surplus

The balances of capital surplus were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Additional paid-in capital	\$ 1,018,079	1,898,477	1,898,476
Treasury share transactions	2,781,989	2,721,968	2,721,968
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	156,424	156,072	147,014
Changes in equity of associates and joint ventures accounted for using equity method	<u>265,545</u>	<u>265,297</u>	<u>283,664</u>
	<b><u>\$ 4,258,803</u></b>	<b><u>5,078,580</u></b>	<b><u>5,087,888</u></b>

The Company's Board of Directors meeting held on March 15, 2022, approved to distribute cash of \$1,762,859 (representing 0.4 New Taiwan Dollars per share), by using the additional paid-in capital. The Company's Board of Directors meeting held on March 15, 2023, approved to distribute cash of \$881,429 (representing 0.2 New Taiwan Dollars per share), by using the additional paid-in capital. The related information can be accessed through the Market Observation Past System website.

(ii) Retained earnings

If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated by the Board of Directors. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

(Continued)



**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The lifecycle of the industry of the Company is in the growing stage. To consider the need of the Company for the future capital, capital budget, long-term financial planning, domestic and foreign competition, the need of shareholders for cash flow and other factors, if there is any profit after close of books, the dividend and bonus to be distributed to shareholders shall not be less than thirty percent of profit after tax for such year and the cash dividend allocated by the Company each year shall not be lower than ten percent of the total dividend (including cash and share dividend) for such year.

According to the law, when there is a deduction from stockholders' equity (excluding treasury stock and unearned employee benefit) during the year, an amount equal to the deduction item is set aside as a special reserve before the earnings are appropriated. A special reserve is made available for earning distribution only after the deduction of the related shareholders' equity has been reversed.

Distribution for the earnings of 2022 and 2021 was approved in the Board of Directors meeting held on March 15, 2023 and March 15, 2022, respectively. The relevant information was as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Cash dividends distributed to common shareholders	\$ 1.0	<u>4,407,147</u>	1.6	<u>7,051,435</u>

(iii) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the three months ended March 31, 2023 and 2022. As of March 31, 2023, Panpal and Gempal, subsidiaries of the Company, held 50,017 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of 17.6 New Taiwan dollars per share. The total cost was \$881,247. The fair value of the ordinary shares of the Company was 25.25, 23.05 and 26.80 New Taiwan dollars per share as of March 31, 2023, December 31 and March 31, 2022, respectively.

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(iv) Other equity interests (net-of-taxes)

	Exchange differences on transaction of foreign operation financial statements	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Others	Total
Balance on January 1, 2023	\$ (1,469,711)	(461,103)	(12,290)	(1,943,104)
The Group	(615,973)	(105,848)	5,457	(716,364)
Associates	35,914	2,265	-	38,179
Balance on March 31, 2023	<u>\$ (2,049,770)</u>	<u>(564,686)</u>	<u>(6,833)</u>	<u>(2,621,289)</u>
Balance on January 1, 2022	\$ (8,744,705)	537,830	125	(8,206,750)
The Group	2,353,246	(60,568)	11,401	2,304,079
Associates	260,215	8,558	-	268,773
Balance on March 31, 2022	<u>\$ (6,131,244)</u>	<u>485,820</u>	<u>11,526</u>	<u>(5,633,898)</u>

(u) Share-based payment

There were no significant changes in share-based payment during the three months ended March 31, 2023 and 2022. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2022 for related information.

(v) Earnings per share

The Group's basic and diluted earnings per share are calculated as follows:

	<b>For the three months ended March 31,</b>	
	<u>2023</u>	<u>2022</u>
<b>Basic earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,393,250</u>	<u>2,157,178</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>
<b>Diluted earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>\$ 1,393,250</u>	<u>2,157,178</u>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares		
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Effect of potential diluted common stock		
Employee compensation (in thousands)	<u>31,436</u>	<u>51,557</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,388,566</u>	<u>4,408,687</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended March 31, 2023</b>		
	<b>IT Product Segment</b>	<b>Strategically Integrated Product Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 85,995,299	4,084,336	90,079,635
China	23,308,296	36,086	23,344,382
Netherlands	13,262,101	323,200	13,585,301
Germany	8,933,335	905,451	9,838,786
Others	<u>66,938,615</u>	<u>5,672,065</u>	<u>72,610,680</u>
	<b><u>\$ 198,437,646</u></b>	<b><u>11,021,138</u></b>	<b><u>209,458,784</u></b>
Major products:			
5C related electronics products	\$ 197,639,415	10,786,624	208,426,039
Others	<u>798,231</u>	<u>234,514</u>	<u>1,032,745</u>
	<b><u>\$ 198,437,646</u></b>	<b><u>11,021,138</u></b>	<b><u>209,458,784</u></b>
	<b>For the three months ended March 31, 2022</b>		
	<b>IT Product Segment</b>	<b>Strategically Integrated Product Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 99,303,009	3,151,408	102,454,417
China	33,888,046	42,068	33,930,114
Netherlands	16,543,857	358,876	16,902,733
Germany	14,400,852	1,136,813	15,537,665
Others	<u>93,422,236</u>	<u>5,610,514</u>	<u>99,032,750</u>
	<b><u>\$ 257,558,000</u></b>	<b><u>10,299,679</u></b>	<b><u>267,857,679</u></b>
Major products:			
5C related electronics products	\$ 256,817,208	9,875,230	266,692,438
Others	<u>740,792</u>	<u>424,449</u>	<u>1,165,241</u>
	<b><u>\$ 257,558,000</u></b>	<b><u>10,299,679</u></b>	<b><u>267,857,679</u></b>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(ii) Contract balances

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes and accounts receivable (including related parties)	\$ 177,726,984	195,145,265	243,949,704
Less: allowance for impairment	<u>(3,934,110)</u>	<u>(3,924,544)</u>	<u>(3,900,426)</u>
Total	<b><u>\$ 173,792,874</u></b>	<b><u>191,220,721</u></b>	<b><u>240,049,278</u></b>
Contract liabilities	<b><u>\$ 854,401</u></b>	<b><u>784,238</u></b>	<b><u>998,065</u></b>

For the details on accounts receivable and allowance for impairment, please refer to note (6)(e).

The amount of revenue recognized for the three months ended March 31, 2023 and 2022 that were included in the balance of contract liability at the beginning of the period was \$336,720 and \$420,559, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(x) Employees' and directors' compensations

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees and directors, shall be distributed to employees as compensations in an amount of not less than two percent (2%) thereof and to directors as compensations in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

The Company accrued and recognized its employee compensation of \$149,037 and \$225,090, and directors' compensation of \$7,881 and \$11,903 for the three months ended March 31, 2023 and 2022, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting.

The Company accrued and recognized its employee compensation of \$750,945 and \$1,350,062, and directors' compensation of \$39,790 and \$71,390 for the years ended December 31, 2022 and 2021, respectively. There is no differences between the amount approved in the Board of Directors' meeting and those recognized in the financial statements, the related information can be accessed through the Market Observation Post System website.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	\$ 1,123,896	609,948
Other interest income	26,201	750
Total interest income	<u>\$ 1,150,097</u>	<u>610,698</u>

(ii) Other income

The other incomes for the three months ended March 31, 2023 and 2022, were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Dividend revenue	\$ 3,253	17,008
Other revenue	51,042	123,285
	<u>\$ 54,295</u>	<u>140,293</u>

(iii) Other gains and losses

The other gains and losses for the three months ended March 31, 2023 and 2022, were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	\$ (199,900)	(885,321)
Foreign currency exchange gains (losses), net	230,764	818,437
Gains (losses) on disposal of property, plant, and equipment	8,551	(9,411)
Others	7	-
	<u>\$ 39,422</u>	<u>(76,295)</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(z) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the three months ended March 31, 2023 and 2022, were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash flow hedge:		
Gains (losses) from current period	\$ (12,985)	34,000
Less: reclassification of gains (losses) included in profit or loss	(33,671)	-
Profit (loss) recognized in other comprehensive income	<b>\$ 20,686</b>	<b>34,000</b>

(aa) Financial instruments

Except for those described below, there were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments. Please refer to note (6)(aa) of the consolidated financial statements for the year ended December 31, 2022 for related information.

(i) Credit risk

Information of exposure to credit risk of notes and accounts receivable please refer to note (6)(e).

Other financial assets at amortized cost include other receivables and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g) of the consolidated financial statements for the year ended December 31, 2022.) Due to the counter parties and the performing parties of the Group's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

The movements in the allowance for the three months ended March 31, 2023 and 2022 were as follows:

	<b>Other receivables</b>
Balance on January 1, 2023	\$ 2,756
Impairment losses recognized (reversed)	(103)
Balance on March 31, 2023	<b>\$ 2,653</b>
Balance on January 1, 2022	\$ 2,973
Impairment losses recognized (reversed)	67
Balance on March 31, 2022	<b>\$ 3,040</b>

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. In addition to lease liabilities and bonds payable, excluding estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>March 31, 2023</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 611,324	(611,324)	(207,145)	(204,467)	(199,712)
Unsecured borrowings	105,775,368	(105,775,368)	(92,858,626)	(4,612,501)	(8,304,241)
Lease liabilities – current and non-current	9,962,608	(11,236,231)	(1,946,701)	(1,896,935)	(7,392,595)
Notes and accounts payable	158,017,882	(158,017,882)	(158,017,882)	-	-
Other payables and dividends payable	32,885,650	(32,885,650)	(32,885,650)	-	-
Derivative financial liabilities					
Forward exchange contracts:	199,684				
Outflow		(5,473,155)	(5,473,155)	-	-
Inflow		5,282,660	5,282,660	-	-
Forward exchange contracts used for hedging:	32,882				
Outflow		(859,560)	(859,560)	-	-
Inflow		832,305	832,305	-	-
	<u>\$ 307,485,398</u>	<u>(308,744,205)</u>	<u>(286,133,754)</u>	<u>(6,713,903)</u>	<u>(15,896,548)</u>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 621,122	(621,122)	(171,800)	(207,617)	(241,705)
Unsecured borrowings	105,348,426	(105,348,426)	(94,123,426)	(5,400,000)	(5,825,000)
Lease liabilities – current and non-current	11,346,764	(12,637,278)	(1,888,347)	(6,783,542)	(3,965,389)
Notes and accounts payable	161,838,098	(161,838,098)	(161,838,098)	-	-
Other payables	29,622,760	(29,622,760)	(29,622,760)	-	-
Derivative financial liabilities					
Forward exchange contracts:	62,527				
Outflow		(6,386,190)	(6,386,190)	-	-
Inflow		6,176,658	6,176,658	-	-
Forward exchange contracts used for hedging:	47,809				
Outflow		(2,126,800)	(2,126,800)	-	-
Inflow		2,090,285	2,090,285	-	-
	<u>\$ 308,887,506</u>	<u>(310,313,731)</u>	<u>(287,890,478)</u>	<u>(12,391,159)</u>	<u>(10,032,094)</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>March 31, 2022</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 641,455	(641,455)	(56,655)	(166,667)	(418,133)
Unsecured borrowings	149,581,381	(149,581,381)	(140,231,381)	(5,462,500)	(3,887,500)
Lease liabilities – current and non-current	2,319,408	(2,418,103)	(763,489)	(530,120)	(1,124,494)
Notes and accounts payable	206,075,308	(206,075,308)	(206,075,308)	-	-
Other payables and dividends payable	36,351,832	(36,351,832)	(36,351,832)	-	-
Bonds payable	106,748	(107,000)	(107,000)	-	-
Derivative financial liabilities					
Currency swap contracts:	594,030				
Outflow		(6,558,578)	(6,558,578)	-	-
Inflow		5,873,758	5,873,758	-	-
Currency swap contracts:	48,171				
Outflow		(2,973,470)	(2,973,470)	-	-
Inflow		2,929,815	2,929,815	-	-
	<u>\$ 395,718,333</u>	<u>(395,903,554)</u>	<u>(384,314,140)</u>	<u>(6,159,287)</u>	<u>(5,430,127)</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: thousands of foreign currency / thousands of New Taiwan Dollars

	<u>March 31, 2023</u>			<u>December 31, 2022</u>			<u>March 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD to TWD	\$ 9,612,700	30.45	292,706,715	11,446,943	30.71	351,535,620	14,173,398	28.625	405,713,518
USD to CNY	9,479	6.8762	288,636	12,508	6.9571	384,121	19,221	6.342	550,201
EUR to TWD	56,818	33.15	1,883,517	65,974	32.72	2,158,669	100,903	31.92	3,220,824
CNY to USD	3,349,589	0.1454	14,830,071	3,598,880	0.1437	15,881,955	3,612,357	0.1577	16,306,767
Non-monetary items									
THB to TWD	597,360	0.8898	531,531	652,264	0.8882	579,341	710,529	0.8586	610,060
Financial liabilities									
Monetary items									
USD to TWD	9,193,195	30.45	279,932,788	10,358,052	30.71	318,095,777	13,916,662	28.625	398,364,450
USD to CNY	1,861	6.8762	56,667	1,087	6.9571	33,382	1,225	6.342	35,066
USD to BRL	196,384	5.0804	5,979,893	194,543	5.2177	5,974,416	195,573	4.7378	5,598,277
EUR to TWD	8,559	33.15	283,731	21,492	32.72	703,218	28,412	31.92	906,911
CNY to USD	3,570,275	0.1454	15,807,143	3,522,857	0.1437	15,546,463	3,073,643	0.1577	13,874,924

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against Group entities' functional currency as of March 31, 2023 and 2022, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
USD (against the TWD)		
Strengthening 5%	\$ 638,696	367,453
Weakening 5%	(638,696)	(367,453)
USD (against the CNY)		
Strengthening 5%	11,598	25,757
Weakening 5%	(11,598)	(25,757)
USD (against the BRL)		
Strengthening 5%	(298,995)	(279,914)
Weakening 5%	298,995	279,914
EUR (against the TWD)		
Strengthening 5%	79,989	115,696
Weakening 5%	(79,989)	(115,696)
CNY (against the USD)		
Strengthening 5%	(48,854)	121,592
Weakening 5%	48,854	(121,592)

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2023 and 2022, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$230,764 and \$818,437, respectively.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Group's management for the reasonably possible interval of interest rate change.

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the three months ended March 31, 2023 and 2022, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest increased by 0.25%	\$ 12,833	6,091
Interest decreased by 0.25%	(12,833)	(6,091)

(v) Fair value information

1) The categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss, financial instruments used for hedging and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	March 31, 2023				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 3,206	-	3,206	-	3,206
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>583,040</u>	-	-	583,040	583,040
Subtotal	<u>586,246</u>				
<b>Derivative financial assets for hedging</b>					
	<u>5,759</u>	-	-	-	-
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed in domestic markets	2,773,696	2,773,696	-	-	2,773,696
Stocks listed in foreign markets	531,531	531,531	-	-	531,531
Stocks unlisted in domestic markets	1,812,112	-	-	1,812,112	1,812,112
Stocks unlisted in foreign markets	201,363	-	-	201,363	201,363
Accounts receivable	<u>29,559,365</u>	-	29,559,365	-	29,559,365
Subtotal	<u>34,878,067</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	86,323,615	-	-	-	-
Notes and accounts receivable, net	140,203,754	-	-	-	-
Notes and accounts receivable due from related parties, net	4,029,755	-	-	-	-
Other receivables	2,220,895	-	-	-	-
Other current assets (restricted assets)	640,168	-	-	-	-
Refundable deposits	734,674	-	-	-	-
Other non-current assets (restricted assets)	<u>966,018</u>	-	-	-	-
Subtotal	<u>235,118,879</u>				
Total	<u><b>\$ 270,588,951</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>199,684</u>	-	-	-	-
<b>Financial liabilities used for hedging</b>	<u>32,882</u>	-	-	-	-
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	83,085,216	-	-	-	-
Notes and accounts payable	151,470,018	-	-	-	-
Notes and accounts payable to related parties	6,547,864	-	-	-	-
Other payables and dividends payable	32,885,650	-	-	-	-
Lease liabilities—current and non-current	9,962,608	-	-	-	-
Long-term borrowings current portion	9,980,555	-	-	-	-
Long-term borrowings	13,320,921	-	-	-	-
Deposits received	<u>416,045</u>	-	-	-	-
Subtotal	<u>307,668,877</u>				
Total	<u><b>\$ 307,901,443</b></u>				

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	December 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 187	-	187	-	187
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>558,909</u>	-	-	558,909	558,909
Subtotal	<u>559,096</u>				
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed in domestic markets	2,797,667	2,797,667	-	-	2,797,667
Stocks listed in foreign markets	579,341	579,341	-	-	579,341
Stocks unlisted in domestic markets	1,822,164	-	-	1,822,164	1,822,164
Stocks unlisted in foreign markets	226,736	-	-	226,736	226,736
Accounts receivable	<u>16,091,084</u>	-	16,091,084	-	16,091,084
Subtotal	<u>21,516,992</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	79,665,302	-	-	-	-
Notes and accounts receivable, net	170,713,564	-	-	-	-
Notes and accounts receivable due from related parties, net	4,416,073	-	-	-	-
Other receivables	2,369,411	-	-	-	-
Other current assets (restricted assets)	803,156	-	-	-	-
Refundable deposits	828,367	-	-	-	-
Other non-current assets (restricted assets)	<u>969,960</u>	-	-	-	-
Subtotal	<u>259,765,833</u>				
Total	<u>\$ 281,841,921</u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>62,527</u>	-	62,527	-	62,527
Derivative financial liabilities for hedging	<u>47,809</u>	-	47,809	-	47,809
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	74,832,426	-	-	-	-
Notes and accounts payable	152,137,066	-	-	-	-
Notes and accounts payable to related parties	9,701,032	-	-	-	-
Other payables	29,622,760	-	-	-	-
Lease liabilities—current and non-current	11,346,764	-	-	-	-
Long-term borrowings current portion	19,462,800	-	-	-	-
Long-term borrowings	11,674,322	-	-	-	-
Deposits received	<u>519,308</u>	-	-	-	-
Subtotal	<u>309,296,478</u>				
Total	<u>\$ 309,406,814</u>				

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	March 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 27,887	-	27,887	-	27,887
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>4,461,332</u>	-	3,926,916	534,416	4,461,332
Subtotal	<u>4,489,219</u>				
<b>Derivative financial assets for hedging</b>	<u>34,000</u>	-	34,000	-	34,000
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed in domestic markets	3,497,727	3,497,727	-	-	3,497,727
Stocks listed in foreign markets	610,060	610,060	-	-	610,060
Stocks unlisted in domestic markets	1,875,248	-	-	1,872,248	1,872,248
Stocks unlisted in foreign markets	257,435	-	-	257,435	257,435
Accounts receivable	<u>35,197,814</u>	-	35,197,814	-	35,197,814
Subtotal	<u>41,438,284</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	88,421,053	-	-	-	-
Notes and accounts receivable, net	201,256,277	-	-	-	-
Notes and accounts receivable due from related parties, net	3,595,187	-	-	-	-
Other receivables	2,803,303	-	-	-	-
Other current assets (restricted assets)	603,712	-	-	-	-
Refundable deposits	760,586	-	-	-	-
Other non-current assets (restricted assets)	<u>936,896</u>	-	-	-	-
Subtotal	<u>298,377,014</u>				
Total	<u>\$ 344,338,517</u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>64,201</u>	-	64,201	-	64,201
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	123,231,617	-	-	-	-
Notes and accounts payable	200,109,169	-	-	-	-
Notes and accounts payable to related parties	5,966,139	-	-	-	-
Other payables and dividends payable	36,351,832	-	-	-	-
Bonds payable	106,748	-	-	-	-
Lease liabilities—current and non-current	2,319,408	-	-	-	-
Long-term borrowings current portion	17,056,419	-	-	-	-
Long-term borrowings	9,934,800	-	-	-	-
Deposits received	<u>385,976</u>	-	-	-	-
Subtotal	<u>395,462,108</u>				
Total	<u>\$ 395,526,309</u>				

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

2) Fair value valuation technique of financial instruments not measured at fair value

The Group estimates financial instruments that not measured at fair value by methods and assumption as follows:

a) Financial assets and liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed company is determined by reference to the market quotation.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) Transfer from one level to another

There was no transfer from one level to another in the three months ended March 31, 2023 and 2022.

5) Changes in level 3

The change in level 3 at fair value in the three months ended March 31, 2023 and 2022, were as follows:

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2023	\$ 558,909	2,048,900	2,607,809
Total gains and losses recognized:			
In profit or loss	5,981	-	5,981
In other comprehensive income	-	(34,269)	(34,269)
Purchased	17,427	-	17,427
Effect of changes in exchange rates	723	(1,156)	(433)
Balance on March 31, 2023	<u>\$ 583,040</u>	<u>2,013,475</u>	<u>2,596,515</u>
Balance on January 1, 2022	\$ 259,778	2,189,125	2,448,903
Total gains and losses recognized:			
In profit or loss	3,823	-	3,823
In other comprehensive income	-	(126,999)	(126,999)
Purchased	270,815	66,131	336,946
Effect of changes in exchange rates	-	4,426	4,426
Balance on March 31, 2022	<u>\$ 534,416</u>	<u>2,132,683</u>	<u>2,667,099</u>

For the three months ended March 31, 2023 and 2022, total gains and losses that were included in “other gains and losses, net” and “unrealized gains and losses from equity instruments at fair value through other comprehensive income” were as follows:

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	\$ <u>5,981</u>	<u>3,823</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	\$ <u>(34,269)</u>	<u>(126,999)</u>
6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement		

The Group’s financial instruments that use level 3 input to measure fair values include financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, financial assets at fair value through profit or loss.

Most of fair value measurements of the Group which are categorized as equity investment into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

The quantified information for significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationships between significant unobservable inputs and fair value</b>
Financial assets at fair value through other comprehensive income – equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.35~2.86, 1.54~2.89 and 1.80~4.78, respectively, on March 31, 2023, December 31 and March 31, 2022)  Multiples of earnings (14.91, 14.33~17.25 and 16.20~25.42, respectively, on March 31, 2023, December 31 and March 31, 2022)  Lack-of-Marketability discount rate (40%~65%, 40%~65% and 40%~85%, respectively, on March 31, 2023, December 31 and March 31, 2022)	The higher the multiple is, the higher the fair value will be.  The higher the multiple is, the higher the fair value will be.  The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

7) Sensitivity analysis for fair value of financial instruments using level 3 inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impacts on other comprehensive income or loss are as follows:

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
<b>March 31, 2023</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>17,422</u>	<u>17,426</u>
	Multiples of earnings	5%	\$ <u>2,935</u>	<u>2,955</u>
	Lack-of-Marketability discount rate	5%	\$ <u>8,912</u>	<u>8,889</u>
<b>December 31, 2022</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>8,394</u>	<u>11,549</u>
	Multiples of earnings	5%	\$ <u>5,808</u>	<u>5,820</u>
	Lack-of-Marketability discount rate	5%	\$ <u>9,432</u>	<u>6,266</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
<b>March 31, 2022</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>9,363</u>	<u>10,472</u>
	Multiples of earnings	5%	\$ <u>3,814</u>	<u>3,876</u>
	Lack-of-Marketability discount rate	5%	\$ <u>8,405</u>	<u>7,234</u>

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument if there are one or more unobservable inputs.

8) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards NO. 32 Sections 42 endorsed by the FSC which requested for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

Unit: thousands of New Taiwan Dollars / thousands of US Dollars

<b>March 31, 2023</b>			
<b>Financial assets that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)
Cash/ Short-term borrowings	\$ <u>360,499,499</u>	<u>360,499,499</u>	-
	(USD <u>11,839,064</u> )	(USD <u>11,839,064</u> )	
<b>December 31, 2022</b>			
<b>Financial assets that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)
Cash/ Short-term borrowings	\$ <u>351,096,620</u>	<u>351,096,620</u>	-
	(USD <u>11,432,648</u> )	(USD <u>11,432,648</u> )	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

March 31, 2022			
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement			
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)
Cash/ Short-term borrowings	\$ 446,652,420	446,652,420	-
	(USD 15,603,578 )	(USD 15,603,578 )	

(ab) Financial risk management

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the note (6)(ab) of the consolidated financial statements for the year ended December 31, 2022.

(ac) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2022. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2022. Please refer to note (6)(ac) of the consolidated financial statements for the year ended December 31, 2022.

(ad) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2023 and 2022 were acquisition of right-of-use assets by leasing, please refer to note (6)(l).

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flow	Other non-cash changes	March 31, 2023
Short-term borrowings	\$ 74,832,426	8,252,790	-	83,085,216
Long-term borrowings	31,137,122	(7,835,646)	-	23,301,476
Lease liabilities	11,346,764	(1,562,479)	178,323	9,962,608
Deposits received and others	574,787	(103,263)	(43,757)	427,767
Total liabilities from financing activities	\$ 117,891,099	(1,248,598)	134,566	116,777,067

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	<b>January 1, 2022</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>March 31, 2022</b>
Short-term borrowings	\$ 118,422,407	4,808,942	268	123,231,617
Bonds payable	326,571	-	(219,823)	106,748
Long-term borrowings	24,960,513	2,030,706	-	26,991,219
Lease liabilities	2,304,796	(230,055)	244,667	2,319,408
Deposits received and others	366,068	74,651	1,721	442,440
Total liabilities from financing activities	<u>\$ 146,380,355</u>	<u>6,684,244</u>	<u>26,833</u>	<u>153,091,432</u>

**(7) Related-party transactions:**

(a) Name and relationship with related parties

The followings are the entities that have had transactions with the Group during the periods covered in the financial statement.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
Avalue	An associate
Crownpo Technology Inc. (“Crownpo”)	An associate
Allied Circuit	An associate
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd.	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
Kinpo Group Management Service Company (“Kinpo Group Management Service”)	An associate
Acbel Polytech Inc. (“Acbel”) and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company
Cal-Comp Electronics (Thailand) Public Company Limited (“Cal-Comp”) and its subsidiaries	The same Chairman of the Board with the Company
Kinpo	The same Chairman of the Board with the Company

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 175,156	181,260
Post-employment benefits	1,881	1,926
Share-based payments	621	3,663
	<b>\$ 177,658</b>	<b>186,849</b>

There are no termination benefits and other long-term benefits. Please refer to note (6)(u) for explanations related to share-based payments.

(c) Significant related-party transactions

(i) Sale of goods to related parties

The amounts of significant sales transactions between the Group and related parties were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ 43,819	50,319
Other related parties	79	450
	<b>\$ 43,898</b>	<b>50,769</b>

Sales prices for related parties were similar to those of the third-party customers. The collection period was 60~120 days for related parties.

(ii) Purchase of goods from related parties

The amounts of significant purchase transactions between the Group and related parties were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ 660,641	1,276,405
Other related parties	8,670,217	5,366,126
	<b>\$ 9,330,858</b>	<b>6,642,531</b>

Purchase prices and payment period from related parties were similar to those from third-party suppliers. The payment period was 60~165 days for related parties.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(iii) Receivables due from relate parties

The receivables arising from the transactions mentioned above and others on behalf of related parties were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes and accounts receivable	Associates	\$ 45,322	44,795	33,649
Notes and accounts receivable	Other related parties	3,984,433	4,371,278	3,561,538
Other receivables	Associates	1,214	1,321	1,067
Other receivables	Other related parties	-	-	13,151
		<u>\$ 4,030,969</u>	<u>4,417,394</u>	<u>3,609,405</u>

(iv) Payables to related parties

The payables arising from the transactions mentioned above and rendering of services from other related parties were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes and accounts payable	Associates	\$ 671,148	774,001	1,317,652
Notes and accounts payable	Other related parties	5,876,716	8,927,031	4,648,487
Other payables	Associates	26	96	37
Other payables	Other related parties	103,394	20,327	21
Other current liabilities	Other related parties — Cal-Comp	830,899	-	-
		<u>\$ 7,482,183</u>	<u>9,721,455</u>	<u>5,966,197</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Inventories	Bank loans	\$ 48,773	59,707	75,638
Other current assets	Customs deposit	534,153	534,153	336,523
Other current assets	Pledged deposit	106,015	269,003	267,189
Property, plant, and equipment	Bank loans	479,973	485,364	461,796
Other non-current assets	Customs deposit	800	800	500
Other non-current assets	Pledged deposit	965,218	969,160	936,396
		<u>\$ 2,134,932</u>	<u>2,318,187</u>	<u>2,078,042</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

- (a) Huawei Technologies Co., Ltd. filed an infringement litigation against the Group on October 28, 2022. The Group will carefully evaluate the litigation, discuss with related client for the following strategies and actions, and engage professional attorneys, to protect the rights and reputation of the Company from any damage.
- (b) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against the Group concerning its former employees who join the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter immediately. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.
- (c) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.
- (d) As of March 31, 2023, December 31 and March 31, 2022, the Group's signed commitments to purchase property, plant and equipment amounted to \$625,399, \$967,396 and \$213,859, respectively.

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

**(12) Other:**

- (a) The employee benefits, depreciation and amortization expenses by categorized function are summarized as follows:

By function	Three months ended March 31, 2023			Three months ended March 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	3,094,692	4,062,580	7,157,272	4,145,722	3,524,139	7,669,861
Labor and health insurance	251,271	276,957	528,228	269,261	261,282	530,543
Pension	214,803	169,106	383,909	284,142	155,250	439,392
Others	689,289	169,250	858,539	967,994	183,614	1,151,608
Depreciation	1,459,953	301,571	1,761,524	1,185,185	297,819	1,483,004
Amortization	15,895	127,999	143,894	9,296	100,864	110,160

- (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**(13) Other disclosures:**

(a) Information on significant transactions

The following were the information on significant transactions required by the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2023:

- (i) Loans to other parties: Please refer to Table 1
- (ii) Guarantees and endorsements for other parties: Please refer to Table 2
- (iii) Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 5
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6
- (ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)
- (x) Business relationships and significant intercompany transactions: Please refer to Table 7

(b) Information on investees: Please refer to Table 8

(c) Information on investment in mainland China: Please refer to Table 9

(d) Major shareholders:

Shareholder's Name	Shareholding	
	Shares	Percentage
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	333,464,000	7.56 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(Continued)



**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

**(14) Segment information:**

	<b>Three months ended March 31, 2023</b>			
	<b>Information technology product segment</b>	<b>Strategically integrated product segment</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>				
Revenue from external customers	\$ 198,437,646	11,021,138	-	209,458,784
Revenue from segments	-	-	-	-
<b>Total revenue</b>	<b>\$ 198,437,646</b>	<b>11,021,138</b>	<b>-</b>	<b>209,458,784</b>
<b>Reportable segment profit</b>	<b>\$ 1,557,095</b>	<b>653,929</b>	<b>-</b>	<b>2,211,024</b>
	<b>Three months ended March 31, 2022</b>			
	<b>Information technology product segment</b>	<b>Strategically integrated product segment</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>				
Revenue from external customers	\$ 257,558,000	10,299,679	-	267,857,679
Revenue from segments	355,767	-	(355,767)	-
<b>Total revenue</b>	<b>\$ 257,913,767</b>	<b>10,299,679</b>	<b>(355,767)</b>	<b>267,857,679</b>
<b>Reportable segment profit</b>	<b>\$ 2,530,850</b>	<b>507,345</b>	<b>-</b>	<b>3,038,195</b>

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(March 31, 2023)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	UCGI	Other receivables	Y	230,000	230,000	230,000	2.16%	Short-term financing	-	Operating demand	-	-	-	22,356,553	44,713,106	(Note 1)
0	The Company	HengHao	Other receivables	Y	200,000	200,000	200,000	2.16%	Short-term financing	-	Operating demand	-	-	-	22,356,553	44,713,106	(Note 1)
0	The Company	CEB	Other receivables	Y	1,675,500	1,674,750	913,500	5.00%-5.39%	Short-term financing	-	Operating demand	-	-	-	22,356,553	44,713,106	(Note 1)
0	The Company	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,150,000	550,000	-	2.16%	Short-term financing	-	Operating demand	-	-	-	577,767	44,713,106	(Note 1)
0	The Company	CEA	Other receivables	Y	3,350,850	3,349,500	1,979,250	5.00%-5.39%	Short-term financing	-	Operating demand	-	-	-	22,356,553	44,713,106	(Note 1)
1	CIH	CEP	Other receivables	Y	60,960	60,900	60,900	5.75%	Short-term financing	-	Operating demand	-	-	-	42,553,108	42,553,108	(Note 2)
2	CPC	CIC	Other receivables	Y	444,500	443,100	443,100	2.20%	Short-term financing	-	Operating demand	-	-	-	2,589,107	2,589,107	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	2,133,600	2,131,500	1,766,100	5.75%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	76,200	76,125	-	5.75%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	1,827,900	913,500	913,500	5.75%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
4	CPO	CIT	Other receivables	Y	666,750	664,650	664,650	2.20%	Short-term financing	-	Operating demand	-	-	-	3,047,746	3,047,746	(Note 5)
5	CET	BT	Other receivables	Y	532,560	531,720	177,240	2.00%-2.20%	Short-term financing	-	Operating demand	-	-	-	4,960,064	4,960,064	(Note 6)
6	Panpal	HengHao	Other receivables	Y	600,000	600,000	600,000	2.16%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,100,000	500,000	-	2.16%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
7	CIC	HengHao Kunshan	Other receivables	Y	1,676,400	1,674,750	1,674,750	5.75%	Short-term financing	-	Operating demand	-	-	-	10,388,018	10,388,018	(Note 8)
8	BSH	CIN	Other receivables	Y	548,640	548,100	334,950	5.75%	Short-term financing	-	Operating demand	-	-	-	8,034,374	8,034,374	(Note 9)
9	Gempal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	600,000	600,000	2.16%	Short-term financing	-	Operating demand	-	-	-	855,095	855,095	(Note 10)
9	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	10,000	10,000	10,000	2.16%	Short-term financing	-	Operating demand	-	-	-	18,190	855,095	(Note 10)
10	CGSP	CEP	Other receivables	Y	60,960	60,900	-	5.75%	Short-term financing	-	Operating demand	-	-	-	92,429	92,429	(Note 11)
11	Hong Ji	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	450,000	450,000	-	2.16%	Short-term financing	-	Operating demand	-	-	-	467,760	467,760	(Note 12)
12	Arcadyan	Arcadyan Brasil	Other receivables	Y	60,690	60,910	42,637	5.00%	Short-term financing	-	Operating demand	-	-	-	2,573,570	5,147,141	(Note 13)
12	Arcadyan	Arcadyan Vietnam	Other receivables	Y	304,800	-	-	1.00%	Transaction for business between two parties	14,557,490	-	-	-	-	2,573,570	5,147,141	(Note 13)
12	Arcadyan	Arcadyan Vietnam	Other receivables	Y	304,550	304,550	-	5.50%	Transaction for business between two parties	19,430,290	-	-	-	-	2,573,570	5,147,141	(Note 13)
13	Arcadyan Holding	CNC	Other receivables	Y	1,827,300	1,827,300	-	5.50%	Short-term financing	-	Operating demand	-	-	-	2,242,300	2,242,300	(Note 14)
14	Poindus Systems	Adasys	Other receivables	Y	21,333	-	-	2.00%	Transaction for business between two parties	71,326	-	-	-	-	52,171	208,682	(Note 15 )
14	Poindus Systems	Adasys	Other receivables	Y	21,294	21,294	-	3.58%	Transaction for business between two parties	71,326	-	-	-	-	52,171	208,682	(Note 15 )
14	Poindus Systems	Poindus UK	Other receivables	Y	24,349	24,174	24,174	1.00%	Transaction for business between two parties	49,094	-	-	-	-	52,171	208,682	(Note 15 )

Note 1 : According to the Company's "Procedures of Lending Funds to Other Parties", the total amount of loans lent to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be calculated together with the amount of guarantee endorsed by the Company for the company. In addition, the Company shall not limit the total amount of loans to subsidiaries in which the Company directly or indirectly holds 100% of the voting shares to 80% of the aforementioned amount, but the maximum amount shall not exceed 50% of the Company's total funds lending limit, and shall be calculated together with the amount of guarantees endorsed by the Company for such companies.

Note 2 : According to CIH's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of CIH. When a short-term financing facility with CIH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 3 : According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 4 : According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

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# COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

- Note 5 : According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 6 : According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 7 : According to Panpal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Panpal. When a short-term financing facility with Panpal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 50% directly or indirectly owned subsidiaries by Panpal, or the ultimate parent company's 50% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 8 : According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 9 : According to BSH's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of BSH. When a short-term financing facility with BSH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of BSH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of BSH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 10 : According to Gempal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Gempal. When a short-term financing facility with Gempal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Gempal's total amount of lendable capital, and shall be combined with the Gempal's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Gempal, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 11 : According to CGSP's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CGSP. When a short-term financing facility with CGSP is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CGSP's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CGSP, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 12 : According to Hong Ji's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Hong Ji. When a short-term financing facility with Hong Ji is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Hong Ji's total amount of lendable capital, and shall be combined with the Hong Ji's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Hong Ji, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 13 : According to Arcadyan's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Arcadyan. To borrowers having business relationship with Arcadyan, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Arcadyan. Also, the amount shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Arcadyan's investee. The total amount for lending the borrower shall not exceed 80% of the net worth of the borrower, nor shall it exceed 20% of the net worth of Arcadyan, and shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating.
- Note 14 : According to Arcadyan Holding's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/guarantees for the borrower when calculating.
- Note 15 : According to Poindus Systems' Procedures for Lending Funds to Other parties, the total amount of loans for individual is the lower of the amount of transaction for business between the two parties during the previous twelve months and 10% of the net worth of the company's latest financial statements, with the total limit of 40% of the net worth of the company's latest financial statements.
- Note 16 : The transactions had been eliminated in the consolidated financial statements.

Notes to Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties:

(March 31, 2023)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1、2 and 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CEP	(Note 4)	27,945,691	57,285	51,017	51,017	-	0.05%	55,891,383	Y	-	-
0	The Company	CEB	(Note 5)	27,945,691	60,960	60,960	60,960	-	0.05%	55,891,383	Y	-	-
0	The Company	HengHao Kunshan	(Note 5)	27,945,691	26,670	26,586	26,586	-	0.02%	55,891,383	Y	-	Y
2	Arcadyan	Arcadyan AU	(Note 5)	1,715,713	228,600	228,413	-	-	1.78%	5,147,141	Y	-	-
1	Poindus Systems	Qijie	(Note 5)	104,341	30,710	-	-	-	0.00%	260,853	Y	-	Y

Note 1 : According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 50% of the Company's net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed 25% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount of the current year, and shall be combined with the amount lend to others when calculating. The amount of endorsements/ guarantees permitted to make between subsidiaries whose over 90% of its voting shares are owned, directly or indirectly, by the Company shall be no more than 10% of the net worth of the Company. The amount of endorsements/ guarantees permitted to make between directly or indirectly wholly owned subsidiaries is not limited by the aforementioned restriction, only the maximum amount shall be no more than 25% of the net worth of the Company.

Note 2 : According to Arcadyan's Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees Arcadyan and its subsidiaries are permitted to make shall not exceed 40% of the Arcadyan's net worth. Endorsements/guarantees Arcadyan and its subsidiaries are permitted to make for a single company shall not exceed 1/3 of the aforementioned total amount.

Note 3 : According to Poindus Systems' Procedures for Endorsement and Guarantee, Poindus Systems only endorses and guarantees to subsidiaries wherein it holds 100% of their voting shares. Poindus Systems' endorsement and guarantee for a subsidiary shall not exceed 20% of its net worth; and the total amount of endorsements/guarantees shall not exceed 50% of its net worth.

Note 4 : Subsidiary whose over 50% common stock is directly owned.

Note 5 : Subsidiary whose over 50% common stock is indirectly owned.

(Continued)

## Notes to Consolidated Financial Statements

Table 3 Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(March 31, 2023)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance			Note	
				Shares/Units (thousands)	Carrying value	Holding percentage (%)		Fair value
The Company	Taiwan Star	-	Financial assets at fair value through other comprehensive income-non-current	98,046	322,573	2%	322,573	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,624,973	8%	1,624,973	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	281,233	531,531	5%	531,531	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	20,186	10%	20,186	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	53	11,405	11%	11,405	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	13,440	3%	13,440	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	101,676	7%	101,676	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	868	20,966	1%	20,966	
	Ganzin Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	2,000	36,000	7%	36,000	
	Genovior Biotech Crop.	-	Financial assets at fair value through other comprehensive income-non-current	3,846	7,923	2%	7,923	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	144,491	-	144,491	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non current	-	148,626	2%	148,626	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	61,500	8%	61,500	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	66,180	19%	66,180	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		113,291		113,291	
	Total				<u>3,224,761</u>			
	Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	799,114	1%	799,114
Kinpo		The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	908,742	5%	908,742	
CDIB Partners Investment Holding Corp.		-	Financial assets at fair value through other comprehensive income-non-current	54,000	717,660	5%	717,660	
AcBel		The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	218,836	1%	218,836	
Lian Hong Art. Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	2,225	82,980	6%	82,980	
Taiwan Biotech Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	7,845	146,381	3%	146,381	
Others		-	Financial assets at fair value through other comprehensive income-non-current		13,278		13,278	
Total				<u>2,886,991</u>				

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## Notes to Consolidated Financial Statements

Table 3 Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(March 31, 2023)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	463,826	-	463,826	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,225	82,955	6%	82,955	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		1,004		1,004	
	Total				<u>547,785</u>			
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	(Note 2)
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	(Note 2)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	4%	-	(Note 2)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	(Note 2)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	(Note 2)
	IOT Eye, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	(Note 2)
	TIEF Fund L.P.	-	Financial assets at fair value through profit or loss-non-current	-	46,569	7%	46,569	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	46,068	5%	46,068	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	5%	-	(Note 2)
	Total				<u>92,637</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>10,890</u>	-	10,890	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	-	-	19%	-	(Note 2)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	<u>137,025</u>	-	137,025	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,428</u>	17%	4,428	
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non-current	-	<u>251,921</u>	-	251,921	
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	<u>8,244</u>	-	8,244	

Note 1 : The transaction had been eliminated in the consolidated financial statements.

Note 2 : The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

Notes to Consolidated Financial Statements

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(For the three months ended March 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Others		Ending Balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Gain (loss) on disposal	Shares/ Units	Amount	Shares/ Units	Amount
Arcadyan	Arcadyan Holding	Investments accounted for using equity method	cash capital increase	(Note 3)	47,780	1,804,421	(Note 1)	(Note 1)	-	-	-	-	-	133,801 (Note 2)	47,780	1,938,222

Note 1: The Board of Directors approved to increase the cash capital of Arcadyan Holding by US\$60,000,000 on March 14, 2023. As of March 31, 2023, the investment funds have not been remitted.

Note 2: Others refer to investment income using equity method and foreign currency translation differences of foreign operations.

Note 3: Subsidiary whose over 50% common stock is indirectly owned.

(Continued)

Notes to Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(For the three months ended March 31, 2023)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	24,219,634	12.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(36,007,646)	(25.8)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	22,031,381	11.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(209,003)	(0.1)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	10,811,881	5.7%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(5,359,038)	(3.8)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	6,476,385	3.4%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(6,791,336)	(4.9)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	1,813,521	1.0%	Net 60 days from delivery	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,641,466)	(1.9)%	(Note 2)
	Kinpo	The same chairman of the Company	Purchase	8,441,702	4.4%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(5,491,822)	(3.9)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(22,031,381)	(99.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	209,003	80.7%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Purchase	101,149	0.7%	Net 60 days from delivery	Accordinging Etrade and its subsidiaries to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(102,349)	(0.5)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	265,481	1.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(250,736)	(1.2)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(24,219,634)	(92.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	36,007,646	83.4%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(494,949)	(1.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	642,895	1.5%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(1,226,409)	(4.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	5,383,827	12.5%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	312,932	1.3%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(328,874)	(0.1)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	325,849	1.3%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(106,584)	(0.0)%	(Note 2)
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	280,196	1.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(210,922)	(0.0)%	(Note 2)
	CPM	An associate	Purchase	518,727	2.1%	120 days	Similar to non-related parties	There is no significant difference.	(517,873)	(0.1)%	
	Changbao	An associate	Purchase	113,689	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(113,649)	(0.0)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	154,335	0.6%	120 days	Similar to non-related parties	There is no significant difference.	(262,447)	(0.0)%	

(Continued)



Notes to Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(For the three months ended March 31, 2023)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(6,476,385)	(86.5)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	6,791,336	65.8%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(312,932)	(4.2)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	328,874	3.2%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(444,137)	(5.9)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	1,754,513	17.0%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(159,717)	(2.1)%	120 days	According to markup pricing	There is no significant difference.	554,692	5.4%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	494,949	8.1%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(642,895)	(6.2)%	(Note 2)
CEA	CEB	With the same ultimate parent company	Sale	(191,064)	11.7%	45 days	Similar to non-related parties	There is no significant difference.	523,258	24.8%	(Note 2)
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	159,717	24.8%	120 days	According to markup pricing	There is no significant difference.	(554,692)	(30.3)%	(Note 2)
	CEA	With the same ultimate parent company	Purchase	191,064	29.7%	45 days	Similar to non-related parties	There is no significant difference.	(523,258)	(28.6)%	(Note 2)
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(1,813,521)	(94.6)%	Net 60 days from delivery	According to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,641,466	96.2%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(101,149)	(5.3)%	Net 60 days from delivery	According to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	102,349	3.7%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	172,016	24.7%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(124,962)	(16.8)%	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(10,811,881)	(93.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	5,359,038	91.7%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(325,849)	(2.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	106,584	1.8%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(265,481)	(2.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	250,736	4.3%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(172,016)	(1.5)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	124,962	2.1%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	1,226,409	8.7%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(5,383,827)	(13.1)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	444,137	3.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,754,513)	(4.3)%	(Note 2)
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(280,196)	0.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	210,922	89.4%	(Note 2)
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(304,958)	(3.0)%	Net 150 days from delivery	-	-	410,823	5.0%	(Note 2)
	Arcadyan USA	Arcadyan's subsidiary	Sale	(4,612,351)	(41.0)%	Net 120 days from delivery	-	-	3,895,586	44.0%	(Note 2)
	Arcadyan AU	Arcadyan's subsidiary	Sale	(238,820)	(2.0)%	Net 60 days from the end of the month of delivery	-	-	320,061	4.0%	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	1,830,003	11.0%	Net 120 days from delivery	According to markup pricing	-	(3,514,964)	(17.0)%	(Note 1 & 2)

(Continued)

Notes to Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(For the three months ended March 31, 2023)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	685,117	4.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1 · 2)
CNC	Arcadyan	With the same ultimate parent company	Sale	(1,830,003)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	3,514,964	97.0%	(Note 1 · 2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(685,117)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1 · 2)
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	304,958	100.0%	Net 150 days from delivery	-	-	(410,823)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	4,612,351	100.0%	Net 120 days from delivery	-	-	(3,895,586)	(100.0)%	(Note 2)
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	238,820	100.0%	Net 60 days from the end of the month of delivery	-	-	(320,061)	(100.0)%	(Note 2)

Note 1: The remaining balance is the net value of commissioned processing and sales of raw material.

Note 2: The transactions had been eliminated in the consolidated financial statements.

Note 3: The amount of other receivables on March 31, 2023 is 1,120,843 thousand dollars.

(Continued)

Notes to Consolidated Financial Statements

Table 6 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(March 31, 2023)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	CBN	The Company's subsidiary	182,487	0.52	-	-	97,849 (Note 1)	-
	Just and its subsidiaries	The Company's subsidiary	4,593,865 (Note 3)	(Note 3)	-	-	2,280,996 (Note 1)	-
	HIS and its subsidiaries	The Company's subsidiary	6,203,970 (Note 3)	(Note 3)	-	-	141,075 (Note 1)	-
	Cal-Comp	The same chairman of the Company	3,984,074 (Note 3)	(Note 3)	-	-	1,918,664 (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	209,003	91.32	-	-	- (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	36,007,646	2.32	-	-	32,979,188 (Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	642,895	1.91	-	-	- (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	5,383,827	1.02	-	-	- (Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	120,808	1.52	-	-	65,489 (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	6,791,336	3.32	-	-	6,791,336 (Note 1)	-
BCI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	328,874	6.92	-	-	- (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,754,513	0.85	-	-	- (Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	554,692	1.23	-	-	2,670 (Note 1)	-
CEA	CEB	With the same ultimate parent company	523,258	1.63	-	-	177,472 (Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	2,641,466	2.97	-	-	109,882 (Note 1)	-
Etrade and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	102,349	3.69	-	-	- (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	5,359,038	8.42	-	-	- (Note 1)	-
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	106,584	21.18	-	-	- (Note 1)	-
HSI and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	250,736	7.58	-	-	- (Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	124,962	2.12	-	-	- (Note 1)	-
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	210,922	5.53	-	-	- (Note 1)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	410,823	2.42	-	-	174,491 (Note 2)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	3,895,586	4.61	-	-	1,591,636 (Note 2)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	320,061	3.18	-	-	174,491 (Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,120,843 (Note 3)	(Note 3)	-	-	- (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	3,514,964 (Note 4)	2.24	-	-	- (Note 2)	-
TTI	THAC	With the same ultimate parent company	266,619 (Note 3)	(Note 3)	-	-	- (Note 2)	-

Note 1: Balance as of May 5, 2023.

Note 2: Balance as of April 27, 2023.

Note 3: Receivables due to purchasing on behalf of related parties.

Note 4: Accounts receivables due to processing raw material.

(Continued)

Notes to Consolidated Financial Statements

Table 7 Business relationships and significant intercompany transactions:

(For the three months ended March 31, 2023)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
1	JUST and its subsidiaries	The Company	2	Sales Revenue	22,031,381	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	10.5%
				Accounts Receivable	209,003	"	-
2	CIH and its subsidiaries	The Company	2	Sales Revenue	24,219,634	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	11.6%
				Accounts Receivable	36,007,646	"	8.0%
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	494,949	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	642,895	"	0.1%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	1,226,409	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.6%
				Accounts Receivable	5,383,827	"	1.2%
3	BCI and its subsidiaries	The Company	2	Sales Revenue	6,476,385	The price is based on BCI and its subsidiaries's operating cost. The credit period is net 120 days, and will be adjusted if necessary.	3.1%
				Accounts Receivable	6,791,336	"	1.5%
3	BCI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	312,932	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	328,874	"	0.1%
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	444,137	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.2%
				Accounts Receivable	1,754,513	"	0.4%
3	BCI and its subsidiaries	CEB	3	Sales Revenue	159,717	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	554,692	"	0.1%
4	CEA	CEB	3	Sales Revenue	191,064	There is no significant difference of price to non-related parties. The credit period is net 45 days.	0.1%
				Accounts Receivable	523,258	"	0.1%
5	Etrade and its subsidiaries	The Company	2	Sales Revenue	1,813,521	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.9%
				Accounts Receivable	2,641,466	"	0.6%
5	Etrade and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	101,149	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	-
				Accounts Receivable	102,349	"	-
6	HSI and its subsidiaries	The Company	2	Sales Revenue	10,811,881	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	5.2%
				Accounts Receivable	5,359,038	"	1.2%
6	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	325,849	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.2%
				Accounts Receivable	106,584	"	-
6	HSI and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	265,481	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	250,736	"	0.1%
6	HSI and its subsidiaries	Etrade and its subsidiaries	3	Sales Revenue	172,016	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	124,962	"	-
7	Rayonnant and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	280,196	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	210,922	"	-
8	Arcadyan	Arcadyan Germany	3	Sales Revenue	304,958	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
				Accounts Receivable	410,823	"	0.1%
8	Arcadyan	Arcadyan USA	3	Sales Revenue	4,612,351	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	2.2%
				Accounts Receivable	3,895,586	"	0.9%
8	Arcadyan	Arcadyan AU	3	Sales Revenue	238,820	There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month of delivery.	0.1%
				Accounts Receivable	320,061	"	0.1%
8	Arcadyan	Arcadyan Vietnam	3	Other Receivable	1,120,843	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.3%

(Continued)

Notes to Consolidated Financial Statements

Table 7 Business relationships and significant intercompany transactions:

(For the three months ended March 31, 2023)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
9	CNC	Arcadyan	3	Processing Revenue	1,830,003	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	0.9%
10	Arcadyan Vietnam	Arcadyan	3	Accounts Receivable	3,514,964	"	0.8%
				Processing Revenue	685,117	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.3%

Note 1: The numbers filled in as follows:

- 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

1. represents transactions between the parent company and its subsidiaries.
2. represents transactions between the subsidiaries and the parent company.
3. represents transactions between subsidiaries.

(Continued)

Notes to Consolidated Financial Statements

Table 8 The information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

(March 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
The Company	Kinpo & Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	525,000	525,000	52,500	70%	501,513	(5,762)	(4,034)	(Note 2)
	Bizcom	Houston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	450,610	2,076	2,076	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	10,519,240	206,986	206,986	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	42,560,795	354,593	354,593	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,413,353	(38,196)	(76,174)	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,788,917	49,141	27,098	(Note 2)
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	4,959	284	77	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	122,052	(406)	(406)	(Note 2)
	Unicore	Taipei City	Management&Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	81,727	(2,754)	(2,754)	(Note 2)
	Lead-Honor Optronics. Co., Ltd. ("Lead-Honor")	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,588,603	-	-	(Note 2)
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	6,130	2,434	2,434	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	375,084	52,649	10,439	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	353,046	11,768	56%	325,892	(2,120)	(578)	(Note 2)
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	90,000	90,000	100,000	52%	38,442	(11,314)	(5,887)	(Note 2)
	Lipo Holding Co., Ltd.	Cayman Islands	Investment	489,450	489,450	98	49%	298,787	(208,520)	(102,174)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	866,043	9,287	9,287	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	22,134	(8,161)	(2,857)	(Note 2)
	Crownpo Technology Inc. ("Crownpo")	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	31,176	(30,119)	(10,009)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,191,880	22,570	22,570	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	384,766	10,383	10,383	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	261,724	(622)	(329)	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	148,340	44	44	(Note 2)
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	19%	2,492,355	496,615	93,088	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,470,622	(86,620)	(86,620)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	48,210	48,210	-	100%	16,097	(420)	(420)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	265,960	57,939	31,044	(Note 2)
	CEP	Poland	Maintenance and warranty services	90,156	90,156	136	100%	(26,192)	(94)	1,172	(Note 2)
	Hippo Screen Neurotech Co., Ltd.	Taipei City	Management & Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	112,000	112,000	9,100	91%	29,103	(6,453)	(5,872)	(Note 2)
	Infimno Technology Corporation ("Infimno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	29,015	(10,992)	(3,047)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,729,757	20,015	100%	(813,758)	(25,254)	(25,254)	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	8,573,475	80,354	80,354	(Note 2)
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	582,480	(62,779)	(29,220)	(Note 2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	193,563	(5,429)	(5,429)	(Note 2)

(Continued)

Notes to Consolidated Financial Statements

Table 8 The information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):  
(March 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note	
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value				
The Company	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	283,374	(1,921)	(1,921)	(Note 2)	
	Acendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,414,948	54,781	19,021		
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(187,204)	12,304	170,661	(Note 2)	
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	766,637	6,359	6,359	(Note 2)	
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,522,924	3,423	3,423	(Note 2)	
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	689,997	20,000	100%	148,728	(13,891)	(13,885)	(Note 2)	
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	102,619	(10,069)	(10,069)	(Note 2)	
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	690,593	182,335	39,015		
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,707,738	108,750	108,750	(Note 2)	
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	100,000	100,000	10,000	100%	100,169	229	229	(Note 2)	
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	247,560	15,035	50%	369,122	1,907	(2,458)	(Note 2)	
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	89,669	-	100%	91,949	40	302	(Note 2)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	60,000	60,000	20,000	26%	16,832	(14,265)	(4,421)		
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	209,076	4,646	30%	184,018	(13,016)	(2,904)		
									<u>97,007,334</u>		<u>802,683</u>	
	Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	539,088	496,615	Investment gain (losses) recognized by Panpal	(Note 2)
Allied Circuit		Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	108,084	52,649	Investment gain (losses) recognized by Panpal		
Gempal	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	(629,138) 635,627	496,615	Investment gain (losses) recognized by Gempal	(Note 2)	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	118,892	52,649	Investment gain (losses) recognized		
Hong Ji	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	(826) 635,627	496,615	Investment gain (losses) recognized by Hong Ji	(Note 2)	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	26,551	52,649	Investment gain (losses) recognized by Hong Ji		
Hong Jin	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	131,942	131,942	4,609	2%	300,728	496,615	Investment gain (losses) recognized by Hong Jin	(Note 2)	
Just	CDH (HK)	Hong Kong	Investment	1,896,959	1,896,959	62,298	100%	7,991,091	178,785	Investment gain (losses) recognized by Just	(Note 2)	
	CII	British Virgin Islands	Investment	281,510	281,510	9,245	100%	256,061	213	Investment gain (losses) recognized by Just	(Note 2)	
	CPI	British Virgin Islands	Investment	15,225	15,225	500	100%	14,869	1,314	Investment gain (losses) recognized by Just	(Note 2)	
CII	Smart	British Virgin Islands	Investment	30	30	1	100%	376	(1)	Investment gain (losses) recognized by CII	(Note 2)	
	AEI	U.S.A	Sales and maintenance of LCD TVs	-	30,450	1,000	0%	-	-	Investment gain (losses) recognized by CII	(Note 2)	

(Continued)

Notes to Consolidated Financial Statements

Table 8 The information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

(March 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
CII	MEL	U.S.A	Investment	250,725	250,725	-	100%	207,329	3	Investment gain (losses) recognized by CII	(Note 2)
	MTL	U.S.A	Investment	30	30	-	100%	31	-	Investment gain (losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,277,736	2,277,736	74,803	100%	41,758,397	351,739	Investment gain (losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	223,808	223,808	7,350	100%	111,822	1,271	Investment gain (losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	30	30	1	100%	23,037	17,602	Investment gain (losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	453,705	453,705	14,900	100%	453,704	-	Investment gain (losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	155,295	155,295	5,100	51%	1,633	(46,678)	Investment gain (losses) recognized by CIH	(Note 2)
	HSI	IUE	British Virgin Islands	Investment	2,040,150	2,040,150	67,000	100%	720,174	61,383	Investment gain (losses) recognized by HSI
	Goal	British Virgin Islands	Investment	386,715	386,715	12,700	100%	331,847	(3,443)	Investment gain (losses) recognized by HSI	(Note 2)
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	2,040,150	2,040,150	67,000	100%	720,174	61,383	Investment gain (losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	386,715	386,715	12,700	100%	290,832	(3,443)	Investment gain (losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,460,969	2,460,969	80,820	100%	5,363,538	8,432	Investment gain (losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	304,500	304,500	10,000	100%	3,209,937	71,922	Investment gain (losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,476,150	4,476,150	147,000	100%	7,707,738	108,750	Investment gain (losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	153,773	153,773	-	99%	138,134	(992)	Investment gain (losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,126,650	1,126,650	37,000	46%	786,062	57,939	Investment gain (losses) recognized by BSH	(Note 3)
	CIN	U.S.A	Manufacturing	247,559	247,559	1	100%	223,652	10,134	Investment gain (losses) recognized by BSH	(Note 3)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain (losses) recognized by Forever	(Note 2)
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	60,900	60,900	-	100%	102,447	872	Investment gain (losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	761,250	761,250	25,000	35%	14,928	12,304	Investment gain (losses) recognized by Webtek	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	1,701,027	1,701,027	47,780	100%	1,938,222	150,614	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	(42,495)	5,159	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	90,146	1,400	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	22,568	(764)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	393,679	(12,882)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	205,161	(1,477)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,972	141	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	67,740	3,574	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	4,374	(368)	Investment gain (losses) recognized by Arcadyan	(Note 2)

(Continued)



Notes to Consolidated Financial Statements

Table 8 The information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

(March 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Arcadyan	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	11,138	(68,337)	Investment gain (losses) recognized by Arcadyan	(Note 2)
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(41,844)	(131)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan India	India	Sales of wireless network products	29,110	29,110	7,500	100%	38,376	15,873	Investment gain (losses) recognized by Arcadyan	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	884,718	884,718	29,050	100%	1,351,684	138,388	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	335,340	335,340	35	100%	831,208	10,425	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	36,546	36,546	1,200	100%	(231,338)	1,920	Investment gain (losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	3,197	(66)	Investment gain (losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	35,632	35,632	1,170	100%	(232,158)	1,915	Investment gain (losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	883,195	883,195	-	100%	1,347,177	138,388	Investment gain (losses) recognized by Sinoprime	(Note 2)
Zhi-Bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	19%	274,472	(68,337)	Investment gain (losses) recognized by Zhi-Bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	190,143	(3,251)	Investment gain (losses) recognized by Rayonnant	(Note 2)
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	-	Investment gain (losses) recognized by Rayonnant	(Note 2)
CRH	APH	British Virgin Islands	Investment	380,625	380,625	12,500	59%	283,374	(3,251)	Investment gain (losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	95,948	95,948	3,151	100%	43,983	362	Investment gain (losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	548,100	548,100	18,000	100%	421,450	(3,613)	Investment gain (losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	1,429,235	(122,562)	Investment gain (losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,427,558	1,427,558	46,882	100%	1,429,235	(122,562)	Investment gain (losses) recognized by HHA	(Note 2)
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	5,360	(81)	Investment gain (losses) recognized by CBN	(Note 2)
	CBNN	Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,231	-	Investment gain (losses) recognized by CBN	(Note 2)
	Starmems	Taiwan	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	6,324	(8,161)	Investment gain (losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,733,055	2,733,055	95,862	37%	4,540,375	(241,358)	Investment gain (losses) recognized by FGH	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	15%	911	(8,984)	Investment gain (losses) recognized by Mactech	(Note 2)
Poindus Systems	Poindus Investment	Taipei City	investment holding	4,100	4,100	(Note 3)	100%	559	-	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(6,484)	(1,387)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	9,784	(2,521)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(Note 3)	100%	135	-	Investment gain (losses) recognized by Poindus Investment	(Note 2)

Note 1: The carrying value had been deducted \$559,812 and \$321,435 of the Company's stock held by Panpal and Gempal, respectively.

Note 2: The transactions had been eliminated in the consolidated financial statements.

Note 3: A limited company, therefore no number of shares.

(Continued)

Notes to Consolidated Financial Statements

Table 9 Information on investment in Mainland China:

(March 31, 2023)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CPC	Manufacturing and sales of monitors	1,126,650	(Note 1)	1,126,650	-	-	1,126,650	145,997	100%	145,997	2,721,819	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	609,000	(Note 2)	609,000	-	-	609,000	(1,332)	100%	(1,332)	121,034	-
CET	Manufacturing of notebook PCs	365,400	(Note 2)	365,400	-	-	365,400	(15,214)	100%	(15,214)	4,910,884	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology	265,699	(Note 2)	(Note 3)	-	-	-	56,204	100%	56,204	133,914	-
BT	Manufacturing of notebook PCs	30,450	(Note 2)	30,450	-	-	30,450	(7,440)	100%	(7,440)	(122,187)	-
CGS	Maintenance and warranty service of notebook PCs	8,857	(Note 2)	(Note 3)	-	-	-	3,180	100%	3,180	(35,498)	-
LIZ Electronics (Kunshan) Co., Ltd.	Production and processing chip resistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	974,400	(Note 1)	405,899	-	-	405,899	(180,839)	43%	(78,086)	223,533	-
LIZ Electronics (Nantong) Co., Ltd.	Research & development, and manufacturing chip components( chip resistors, ceramic chip diode ; selling self-produced products and providing after-sales service. Performing wholesale and trading business of electronic components, semiconductors, special materials for electronic components, and spare parts	609,000	(Note 1)	44,762	-	-	44,762	(157,369)	48%	(74,907)	234,465	-
CIC	Manufacturing of notebook PCs	365,400	(Note 2)	365,400	-	-	365,400	46,085	100%	46,085	10,346,222	-
CPO	Manufacturing and sales of LCD TVs	368,445	(Note 1)	368,445	-	-	368,445	10,506	100%	10,506	3,067,957	-
CIT	Manufacturing of notebook PCs	730,800	(Note 2)	730,800	-	-	730,800	322,375	100%	322,375	25,855,597	-
CST	International trade and distribution of computers and electronic components	42,630	(Note 2)	42,630	-	-	42,630	(261)	100%	(261)	44,427	-
Sheng Bao Precision Electronics (Taicang) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	304,500	(Note 2)	155,295	-	-	155,295	(46,678)	51%	(23,806)	11,225	-
CIJ	Investment and consulting services	475,020	(Note 2)	475,020	-	-	475,020	29,808	100%	29,808	2,650,761	-
CDE	Manufacturing and sales of LCD TVs	456,750	(Note 2)	(Note 3)	-	-	-	29,509	100%	29,509	2,615,740	-
CIS	Outward investment and consulting services	2,460,969	(Note 1)	2,460,969	-	-	2,460,969	8,432	100%	8,432	5,363,538	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,436,000	(Note 2)	(Note 3)	-	-	-	8,281	100%	8,281	5,332,475	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	24,360	(Note 2)	(Note 3)	-	-	-	136	100%	136	24,656	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	304,500	(Note 1)	304,500	-	-	304,500	71,922	100%	71,922	3,209,937	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	12,789,000	(Note 2)	2,515,992	-	-	2,515,992	(177,453)	37%	(64,983)	5,488,977	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,827,000	(Note 2)	348,835	-	-	348,835	(111,681)	37%	(40,897)	629,873	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	548,100	(Note 2)	380,625	-	-	380,625	(3,613)	100%	(3,613)	422,045	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	822,150	(Note 1)	669,900	-	-	669,900	(25,480)	100%	(25,480)	(1,175,035)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	176,610	(Note 1)	176,610	-	-	176,610	365	100%	365	91,502	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,492,050	(Note 1)	578,550	-	-	578,550	37,035	100%	37,035	1,093,368	-
Hanhelt	R&D and manufacturing of electronic communication equipment	60,900	(Note 1)	60,900	-	-	60,900	(91)	100%	(91)	(487)	-
Arcadyan SVA Arcadyan	R&D and sales of wireless network products	246,686	(Note 1)	408,706	-	-	408,706	1,550	100%	1,550	36,729	-
CNC	Manufacturing and wireless network products	379,165	(Note 1)	335,340	-	-	335,340	10,425	100%	10,425	831,208	-
THAC	Manufacturing of household electronics products	102,024	(Note 1 - 9)	35,023	-	-	35,023	1,915	100%	1,915	(232,676)	-

(Continued)

Notes to Consolidated Financial Statements

Table 9 Information on investment in Mainland China:

(March 31, 2023)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
<b>HengHao</b>												
HengHao Kunshan	Production of touch panels and related components	1,218,000	(Note 1)	1,212,001	-	-	1,212,001	(123,386)	100%	(123,386)	1,212,001	-
Lucom	Manufacturing of notebook PCs and related modules	456,750	(Note 2)	197,895 (Note 11)	-	-	197,895	780	100%	780	197,895	-
<b>Poindus Systems</b>												
Qijie	Sales of PCs and peripherals	30,450	(Note 1)	30,450	-	-	30,450	1,980	100%	1,980	13,452	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	16,520,252 (US\$542,537) (Note 5)	23,672,317 (US\$777,416)	(Note 6)
Arcadyan	779,069 (US\$25,581)	779,069 (US\$25,581)	7,720,712
HengHao	1,427,252 (US\$46,872)	1,427,252 (US\$46,872)	(Note 12)
Poindus Systems	30,450 (US\$1,000)	30,450 (US\$1,000)	313,023

- Note 1 : Indirectly investment in Mainland China through companies registered in the third region.  
 Note 2 : Indirectly investment in Mainland China through an existing company registered in the third region.  
 Note 3 : Investees held by Kunshan Botai Electronics Co., Ltd. ("BT"), Compal Investment (Jiansu) Co., Ltd. ("CIJ") and Compal Electronics (China) Co., Ltd. ("CPC") through their own funds.  
 Note 4 : The investment income (loss), except for Compal Precision Module (Jiangsu) Co., Ltd., was determined based on the financial report reviewed by the CPAs.  
 Note 5 : Including the investment amount of sold or dissolved companies, including Beijing Compower Xuntong Electronic Technology Co., Ltd., VAP Optoelectronics (NanJing) Corp., Flextronics Technology (Shanghai) Ltd., Lucom, LCFC (HeFei) Electronics Technology Co., Ltd. and the increased investment amount form merging with Compal Communication Co., Ltd.  
 Note 6 : As the Company has obtained the certificate of being qualified for operating headquarters, issued by Industrial Development Bureau, MOEA, the upper limit on investment in mainland China is not applicable.  
 Note 7 : Arcadyan paid US\$18,420 thousand and acquired 100% shares of SVA Arcadyan from Accon Asia through Arcadyan Holding in 2010.  
 Note 8 : Arcadyan paid US\$8,561 thousand and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.  
 Note 9 : Arcadyan's subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).  
 Note 10 : The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.  
 Note 11 : The Company had an accumulated investment amounting to US\$7,350 thousand in the previous years. In the first half of 2014, HengHao paid the Company and LG US\$3,184 thousand and US\$3,315 thousand, respectively, for organization restructure, to obtain 100% ownership of Lucom.  
 Note 12 : The net equity of HengHao is negative at March 31, 2023.

(iii) Significant transactions:

For the three months ended March 31, 2023, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships and significant intercompany transactions".