

**COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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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 September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, 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 Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 generally accepted auditing standards 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 \$41,119,892 thousand and \$13,418,155 thousand, constituting 7.6% and 2.6% of consolidated total assets as of September 30, 2022 and 2021, respectively, total liabilities amounting to \$24,243,074 thousand and \$1,730,830 thousand, constituting 5.8% and 0.4% of consolidated total liabilities as of September 30, 2022 and 2021, and the absolute value of total comprehensive income (loss) amounting to \$(53,725) thousand, \$(60,651) thousand, \$(133,106) thousand and \$(144,101) thousand, constituting 0.7%, 1.4%, 0.8% and 1.6% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2022 and 2021, 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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



KPMG

Taipei, Taiwan (Republic of China)
November 11, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of 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 generally accepted auditing standards as of September 30, 2022 and 2021

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2022		December 31, 2021		September 30, 2021			September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets													
Current assets:													
1100 Cash and cash equivalents (Note (6)(a))	\$ 87,854,145	16.2	75,162,103	14.0	79,209,934	15.1	2100 Short-term borrowings (Note (6)(m))	\$ 115,851,661	21.3	118,422,407	22.0	124,888,489	23.8
1110 Current financial assets at fair value through profit or loss (Note (6)(b))	156,835	-	400,754	0.1	4,037,220	0.8	2120 Current financial liabilities at fair value through profit or loss (Note (6)(b))	40,983	-	1,589	-	8,796	-
1135 Current financial assets for hedging (Note (6)(d))	5,646	-	-	-	19,510	-	2130 Current contract liabilities (Note (6)(w))	969,047	0.2	1,065,954	0.2	930,171	0.2
1170 Notes and accounts receivable, net (Note (6)(e))	247,538,882	45.5	288,436,522	53.7	257,412,777	49.1	2170 Notes and accounts payable	199,863,962	36.8	220,549,039	41.1	215,319,152	41.1
1180 Notes and accounts receivable due from related parties, net (Notes (6)(e) and (7))	4,764,238	0.9	1,729,332	0.3	34,259	-	2180 Notes and accounts payable to related parties (Note (7))	8,794,674	1.6	3,517,324	0.7	2,609,100	0.5
1200 Other receivables, net (Notes (6)(e), (6)(k) and (7))	1,928,384	0.4	2,445,690	0.5	3,399,275	0.6	2200 Other payables (Note (7))	27,910,498	5.1	29,701,088	5.5	26,620,379	5.1
1310 Inventories (Notes (6)(f) and (8))	132,633,974	24.4	115,012,365	21.4	130,715,602	24.9	2230 Current tax liabilities	6,320,516	1.2	7,013,976	1.3	5,956,984	1.1
1470 Other current assets (Note (8))	4,981,416	0.9	3,928,624	0.7	4,046,551	0.8	2250 Current provisions (Note (6)(q))	724,194	0.1	1,204,115	0.2	1,167,374	0.2
	<u>479,863,520</u>	<u>88.3</u>	<u>487,115,390</u>	<u>90.7</u>	<u>478,875,128</u>	<u>91.3</u>	2280 Current lease liabilities (Note (6)(p))	1,978,747	0.4	625,292	0.1	670,126	0.1
Non-current assets:							2300 Other current liabilities (Note (7))	4,513,002	0.8	2,037,822	0.4	1,874,938	0.4
1550 Investments accounted for using equity method (Note (6)(g))	8,283,148	1.5	8,369,312	1.6	7,878,305	1.5	2365 Current refund liabilities	2,971,936	0.5	2,035,437	0.4	1,757,421	0.3
1510 Non-current financial assets at fair value through profit or loss (Note (6)(b))	532,286	0.1	259,778	-	249,718	-	2321 Bonds payable, current portion (Note (6)(o))	-	-	326,571	0.1	879,379	0.2
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	5,329,217	1.0	6,235,063	1.2	5,879,124	1.1	2322 Long-term borrowings, current portion (Note (6)(n))	22,571,133	4.2	15,741,481	2.9	14,944,031	2.8
1600 Property, plant and equipment (Notes (6)(k) and (8))	29,695,560	5.5	26,990,364	5.0	24,810,806	4.7		<u>392,510,353</u>	<u>72.2</u>	<u>402,242,095</u>	<u>74.9</u>	<u>397,626,340</u>	<u>75.8</u>
1755 Right-of-use assets (Note (6)(l))	13,995,789	2.6	3,066,218	0.6	3,111,223	0.6	Non-Current liabilities:						
1780 Intangible assets (Note (6)(h))	1,800,534	0.3	1,548,508	0.3	1,630,629	0.3	2540 Long-term borrowings (Note (6)(n))	10,400,657	1.9	9,219,032	1.7	6,553,700	1.2
1840 Deferred tax assets	1,585,352	0.3	1,646,524	0.3	1,552,150	0.3	2570 Deferred tax liabilities	1,127,514	0.2	1,226,805	0.2	1,032,534	0.2
1990 Other non-current assets (Notes (6)(l) and (8))	2,398,709	0.4	1,864,183	0.3	1,235,614	0.2	2580 Non-current lease liabilities (Note (6)(p))	9,554,472	1.8	1,679,504	0.3	1,630,833	0.3
	<u>63,620,595</u>	<u>11.7</u>	<u>49,979,950</u>	<u>9.3</u>	<u>46,347,569</u>	<u>8.7</u>	2640 Non-current net defined benefit liability	825,073	0.2	822,033	0.2	770,328	0.1
							2670 Non-current liabilities, others (Note (6)(g))	502,720	0.1	366,068	0.1	436,198	0.1
								<u>22,410,436</u>	<u>4.2</u>	<u>13,313,442</u>	<u>2.5</u>	<u>10,423,593</u>	<u>1.9</u>
								<u>414,920,789</u>	<u>76.4</u>	<u>415,555,537</u>	<u>77.4</u>	<u>408,049,933</u>	<u>77.7</u>
							Total liabilities						
							Equity:						
							Equity attributable to owners of parent (Note (6)(t)):						
							3110 Ordinary share	44,071,466	8.1	44,071,466	8.2	44,071,466	8.4
							3200 Capital surplus	5,078,129	0.9	6,724,856	1.2	6,679,077	1.3
							3300 Retained earnings	68,774,954	12.7	69,651,940	13.0	66,538,581	12.7
							3400 Other equity interest	667,342	0.1	(8,206,750)	(1.5)	(8,385,932)	(1.6)
							3500 Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)	(881,247)	(0.2)
								<u>117,710,644</u>	<u>21.6</u>	<u>111,360,265</u>	<u>20.7</u>	<u>108,021,945</u>	<u>20.6</u>
							36XX Non-controlling interests	10,852,682	2.0	10,179,538	1.9	9,150,819	1.7
							Total equity	<u>128,563,326</u>	<u>23.6</u>	<u>121,539,803</u>	<u>22.6</u>	<u>117,172,764</u>	<u>22.3</u>
Total assets	<u>\$ 543,484,115</u>	<u>100.0</u>	<u>537,095,340</u>	<u>100.0</u>	<u>525,222,697</u>	<u>100.0</u>	Total liabilities and equity	<u>\$ 543,484,115</u>	<u>100.0</u>	<u>537,095,340</u>	<u>100.0</u>	<u>525,222,697</u>	<u>100.0</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended September 30				For the nine months ended September 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net sales revenue (Notes (6)(w) and (7))	\$ 291,032,347	100.0	336,861,180	100.0	824,539,870	100.0	867,846,747	100.0
5000	Cost of sales (Notes (6)(f), (6)(r), (7) and (12))	<u>280,048,709</u>	<u>96.2</u>	<u>326,186,874</u>	<u>96.8</u>	<u>794,144,911</u>	<u>96.3</u>	<u>838,799,511</u>	<u>96.7</u>
	Gross profit	<u>10,983,638</u>	<u>3.8</u>	<u>10,674,306</u>	<u>3.2</u>	<u>30,394,959</u>	<u>3.7</u>	<u>29,047,236</u>	<u>3.3</u>
	Operating expenses: (Notes (6)(r) and (12))								
6100	Selling expenses	2,581,619	0.9	2,019,623	0.6	6,346,067	0.8	4,817,058	0.6
6200	Administrative expenses	1,302,193	0.4	1,174,707	0.3	3,782,303	0.5	3,298,275	0.4
6300	Research and development expenses	<u>4,854,724</u>	<u>1.7</u>	<u>3,875,780</u>	<u>1.2</u>	<u>13,234,686</u>	<u>1.6</u>	<u>11,503,742</u>	<u>1.3</u>
		<u>8,738,536</u>	<u>3.0</u>	<u>7,070,110</u>	<u>2.1</u>	<u>23,363,056</u>	<u>2.9</u>	<u>19,619,075</u>	<u>2.3</u>
	Net operating income	<u>2,245,102</u>	<u>0.8</u>	<u>3,604,196</u>	<u>1.1</u>	<u>7,031,903</u>	<u>0.8</u>	<u>9,428,161</u>	<u>1.0</u>
	Non-operating income and expenses:								
7100	Interest income (Note (6)(y))	785,231	0.3	551,884	0.1	2,041,621	0.2	1,534,885	0.2
7210	Other gains and losses, net (Notes (6)(d), (6)(y) and (6)(aa))	1,083,466	0.4	2,040,786	0.6	1,518,295	0.2	2,452,288	0.3
7050	Finance costs (Notes (6)(o) and (6)(p))	(1,098,864)	(0.4)	(258,145)	(0.1)	(1,912,641)	(0.2)	(752,874)	(0.1)
7190	Other income (Note (6)(y))	92,941	-	250,041	0.1	416,586	0.1	488,655	0.1
7590	Miscellaneous disbursements	(7,686)	-	(6,238)	-	(76,499)	-	(42,386)	-
7670	Impairment loss (Note (6)(k))	-	-	(404,513)	(0.1)	-	-	(404,513)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(g))	<u>(1,535)</u>	<u>-</u>	<u>(6,433)</u>	<u>-</u>	<u>(97,316)</u>	<u>-</u>	<u>184,553</u>	<u>-</u>
	Total non-operating income and expenses	<u>853,553</u>	<u>0.3</u>	<u>2,167,382</u>	<u>0.6</u>	<u>1,890,046</u>	<u>0.3</u>	<u>3,460,608</u>	<u>0.5</u>
7900	Profit from continuing operations before tax	<u>3,098,655</u>	<u>1.1</u>	<u>5,771,578</u>	<u>1.7</u>	<u>8,921,949</u>	<u>1.1</u>	<u>12,888,769</u>	<u>1.5</u>
7950	Less: Income tax expenses (Note (6)(s))	<u>683,558</u>	<u>0.3</u>	<u>1,154,020</u>	<u>0.3</u>	<u>1,813,441</u>	<u>0.2</u>	<u>2,642,213</u>	<u>0.3</u>
	Profit	<u>2,415,097</u>	<u>0.8</u>	<u>4,617,558</u>	<u>1.4</u>	<u>7,108,508</u>	<u>0.9</u>	<u>10,246,556</u>	<u>1.2</u>
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8311	Gains (losses) on remeasurements of defined benefit plans	-	-	-	-	(1,646)	-	(889)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(101,873)	-	(200,470)	(0.1)	(1,143,670)	(0.1)	269,090	-
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	(18,699)	-	(6,256)	-	(41,921)	-	(15,896)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(s))	<u>(8,034)</u>	<u>-</u>	<u>(52,842)</u>	<u>-</u>	<u>(94,955)</u>	<u>-</u>	<u>14,837</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(112,538)</u>	<u>-</u>	<u>(153,884)</u>	<u>(0.1)</u>	<u>(1,092,282)</u>	<u>(0.1)</u>	<u>237,468</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	5,012,111	1.7	(69,168)	-	10,050,106	1.2	(1,493,161)	(0.2)
8368	Gains (losses) on hedging instrument (Note (6)(z))	(50,945)	-	1,460	-	5,646	-	21,702	-
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	41,760	-	(27,873)	-	160,424	-	(100,170)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(s))	<u>(10,254)</u>	<u>-</u>	<u>(2,379)</u>	<u>-</u>	<u>1,024</u>	<u>-</u>	<u>(13,833)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>5,013,180</u>	<u>1.7</u>	<u>(93,202)</u>	<u>-</u>	<u>10,215,152</u>	<u>1.2</u>	<u>(1,557,796)</u>	<u>(0.2)</u>
8300	Other comprehensive income	<u>4,900,642</u>	<u>1.7</u>	<u>(247,086)</u>	<u>(0.1)</u>	<u>9,122,870</u>	<u>1.1</u>	<u>(1,320,328)</u>	<u>(0.2)</u>
8500	Total comprehensive income	<u>\$ 7,315,739</u>	<u>2.5</u>	<u>4,370,472</u>	<u>1.3</u>	<u>16,231,378</u>	<u>2.0</u>	<u>8,926,228</u>	<u>1.0</u>
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	\$ 2,039,557	0.7	4,351,753	1.3	6,214,228	0.8	9,438,907	1.1
8620	Profit, attributable to non-controlling interests	<u>375,540</u>	<u>0.1</u>	<u>265,805</u>	<u>0.1</u>	<u>894,280</u>	<u>0.1</u>	<u>807,649</u>	<u>0.1</u>
		<u>\$ 2,415,097</u>	<u>0.8</u>	<u>4,617,558</u>	<u>1.4</u>	<u>7,108,508</u>	<u>0.9</u>	<u>10,246,556</u>	<u>1.2</u>
	Comprehensive income attributable to:								
8710	Comprehensive income (loss), attributable to owners of parent	\$ 6,826,371	2.3	4,114,098	1.2	15,051,133	1.8	8,147,090	0.9
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>489,368</u>	<u>0.2</u>	<u>256,374</u>	<u>0.1</u>	<u>1,180,245</u>	<u>0.2</u>	<u>779,138</u>	<u>0.1</u>
		<u>\$ 7,315,739</u>	<u>2.5</u>	<u>4,370,472</u>	<u>1.3</u>	<u>16,231,378</u>	<u>2.0</u>	<u>8,926,228</u>	<u>1.0</u>
	Earnings per share (Note (6)(v))								
9750	Basic earnings per share	<u>\$ 0.47</u>		<u>1.00</u>		<u>1.43</u>		<u>2.17</u>	
9850	Diluted earnings per share	<u>\$ 0.46</u>		<u>0.99</u>		<u>1.41</u>		<u>2.14</u>	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													
	Total other equity interest											Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	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
					Unappropriated retained earnings	Total retained earnings								
Total equity														
Balance at January 1, 2021	\$ 44,071,466	8,342,813	20,414,740	4,101,743	38,049,698	62,566,181	(6,888,977)	(376,952)	(779)	(7,266,708)	(881,247)	106,832,505	9,157,145	115,989,650
Profit for the nine months ended September 30, 2021	-	-	-	-	9,438,907	9,438,907	-	-	-	-	-	9,438,907	807,649	10,246,556
Other comprehensive income	-	-	-	-	(599)	(599)	(1,543,533)	244,752	7,563	(1,291,218)	-	(1,291,817)	(28,511)	(1,320,328)
Total comprehensive income	-	-	-	-	9,438,308	9,438,308	(1,543,533)	244,752	7,563	(1,291,218)	-	8,147,090	779,138	8,926,228
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	924,672	-	(924,672)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	3,164,965	(3,164,965)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(5,288,576)	(5,288,576)	-	-	-	-	-	(5,288,576)	-	(5,288,576)
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)	-	(1,762,859)
Changes in ownership interests in subsidiaries	-	16,456	-	-	(5,338)	(5,338)	-	-	-	-	-	11,118	-	11,118
Changes in equity of associates and joint ventures accounted for using equity method	-	1,683	-	-	(29,553)	(29,553)	-	29,553	-	29,553	-	1,683	-	1,683
Adjustments of capital surplus for cash dividends received by subsidiaries	-	80,027	-	-	-	-	-	-	-	-	-	80,027	-	80,027
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(142,441)	(142,441)	-	142,441	-	142,441	-	-	-	-
Others	-	957	-	-	-	-	-	-	-	-	-	957	-	957
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(785,464)	(785,464)
Balance at September 30, 2021	\$ 44,071,466	6,679,077	21,339,412	7,266,708	37,932,461	66,538,581	(8,432,510)	39,794	6,784	(8,385,932)	(881,247)	108,021,945	9,150,819	117,172,764
Balance at January 1, 2022	\$ 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 nine months ended September 30, 2022	-	-	-	-	6,214,228	6,214,228	-	-	-	-	-	6,214,228	894,280	7,108,508
Other comprehensive income	-	-	-	-	(588)	(588)	9,946,434	(1,110,627)	1,686	8,837,493	-	8,836,905	285,965	9,122,870
Total comprehensive income	-	-	-	-	6,213,640	6,213,640	9,946,434	(1,110,627)	1,686	8,837,493	-	15,051,133	1,180,245	16,231,378
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	1,237,434	-	(1,237,434)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	940,042	(940,042)	-	-	-	-	-	-	-	-	-
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	-	32,765	-	-	(2,592)	(2,592)	-	-	-	-	-	30,173	-	30,173
Changes in equity of associates and joint ventures accounted for using equity method	-	(17,885)	-	-	(36,599)	(36,599)	-	36,599	-	36,599	-	(17,885)	-	(17,885)
Adjustments of capital surplus for cash dividends received by subsidiaries	-	100,035	-	-	-	-	-	-	-	-	-	100,035	-	100,035
Others	-	1,217	-	-	-	-	-	-	-	-	-	1,217	-	1,217
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(507,101)	(507,101)
Balance at September 30, 2022	\$ 44,071,466	5,078,129	22,576,846	8,206,750	37,991,358	68,774,954	1,201,729	(536,198)	1,811	667,342	(881,247)	117,710,644	10,852,682	128,563,326

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended	
	September 30	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 8,921,949	12,888,769
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	5,454,842	5,069,765
Expected credit loss	25,936	3,828
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	8,288	(8,259)
Finance cost	1,912,641	752,874
Interest income	(2,041,621)	(1,534,885)
Dividend income	(108,116)	(138,312)
Compensation cost of share-based payments	20,995	24,432
Share of loss (profit) of associates and joint ventures accounted for using equity method	97,316	(184,553)
Losses (gains) on disposal of property, plant and equipment, and right-of-use assets	(1,292)	(1,963,009)
Impairment loss on financial assets	-	404,513
Others	-	230
Total adjustments to reconcile profit (loss)	<u>5,368,989</u>	<u>2,426,624</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	243,919	(1,791,967)
Decrease (increase) in notes and accounts receivable	37,948,453	(25,109,328)
Decrease (increase) in other receivable	763,674	(27,597)
Increase in inventories	(17,278,936)	(34,352,403)
Increase in other current assets	(730,809)	(266,119)
Decrease (increase) in other non-current assets	148,871	(4,815)
Total changes in operating assets	<u>21,095,172</u>	<u>(61,552,229)</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	39,394	(127,821)
(Decrease) Increase in notes and accounts payable	(15,549,431)	18,077,837
(Decrease) Increase in other payables	(1,095,476)	3,643,217
Increase in refund liabilities	936,499	182,952
(Decrease) increase in provisions	(482,707)	297,324
(Decrease) increase in contract liabilities	(96,907)	110,155
Increase in other current liabilities	2,470,018	404,472
Others	(16,487)	(15,752)
Total changes in operating liabilities	<u>(13,795,097)</u>	<u>22,572,384</u>
Total changes in operating assets and liabilities	<u>7,300,075</u>	<u>(38,979,845)</u>
Total adjustments	<u>12,669,064</u>	<u>(36,553,221)</u>
Cash inflow generated from operations	21,591,013	(23,664,452)
Interest received	1,984,493	1,475,806
Dividends received	108,116	296,970
Interest paid	(1,478,284)	(748,151)
Income taxes paid	(2,539,954)	(2,024,138)
Net cash flows from (used in) operating activities	<u>19,665,384</u>	<u>(24,663,965)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(498,804)	(844,254)
Acquisition of investments accounted for using equity method	(54,000)	(17,189)
Net cash flow from acquisition of subsidiaries	(135,971)	(197,002)
Proceeds from liquidation of investments	2,010	8,502
Acquisition of property, plant and equipment	(5,520,275)	(8,635,132)
Proceeds from disposal of property, plant and equipment	142,957	1,956,903
Acquisition of intangible assets	(549,383)	(538,633)
Increase in restricted assets	(737,598)	-
Others	(155,833)	(1,015,571)
Net cash flows from (used in) investing activities	<u>(7,506,897)</u>	<u>(9,282,376)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(2,571,014)	31,891,013
Repayments of bonds payable	(7,400)	-
Proceeds from long-term borrowings	59,283,377	35,369,909
Repayments of long-term borrowings	(51,272,100)	(33,206,531)
Payment of lease liabilities	(2,256,287)	(618,724)
Cash dividends paid	(8,714,259)	(6,971,408)
Change in non-controlling interests	(992,267)	(914,965)
Others	135,321	96,506
Net cash flows from (used in) financing activities	<u>(6,394,629)</u>	<u>25,645,800</u>
Effect of exchange rate changes on cash and cash equivalents	<u>6,928,184</u>	<u>(1,616,448)</u>
Net increase (decrease) in cash and cash equivalents	<u>12,692,042</u>	<u>(9,916,989)</u>
Cash and cash equivalents at beginning of period	<u>75,162,103</u>	<u>89,126,923</u>
Cash and cash equivalents at end of period	<u>\$ 87,854,145</u>	<u>79,209,934</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2022 and 2021

(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 November 11, 2022.

(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 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

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

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(c) 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 ¹ , 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, 2021. For related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2021.

(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, 2021. For related information, please refer to note (4)(c) of the consolidated financial statement for the year ended December 31, 2021.

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Panpal Technology Corp. (“Panpal”)	Investment	100%	100%	100%	Panpal held 31,648 thousand shares of the Company as of September 30, 2022, which represented 0.7% of the Company’s outstanding shares. (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
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Gempal Technology Corp. ("Gempal")	Investment	100%	100%	100%	Gempal held 18,369 thousand shares of the Company as of September 30, 2022, which represented 0.4% of the Company's outstanding shares. (Notes 2 and 3)
"	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%	34%	35%	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%	
"	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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Kinpo&Compal Group Assets Development Corporation (“Kinpo& Compal Group”)	Real estate development, leasing and related management business	70%	70%	-	Kinpo&Compal Group was established in December 2021.
”	Compal Ruifang Health Assets Development Corporation (“Compal Ruifang ”)	Investing and developing businesses, such as public construction and specific zones	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%	
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%	(Note 2)
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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
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%	100%	
"	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%	
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. ("CI")	Investment	100%	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. ("CDE")	Manufacturing and sales of LCD TVs	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
			September 30, 2022	December 31, 2021	September 30, 2021	
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%	-	-	The Group acquired 56% of its shares in March 2022.
Poindus Systems	Poindus Investment Co., Ltd. ("Poindus Investment")	Investment holding	100%	-	-	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022.
"	QiJie Electronics (ShenZhen) Co., Ltd. ("QiJie")	Sales of PCs and computer periphery devices	100%	-	-	"
"	Poindus Systems UK Limited ("Poindus UK")	"	100%	-	-	"
"	Adasys GmbH	"	100%	-	-	"
Poindus Investment	Elektronische Komponenten ("Adasys") Poindus Systems GmbH GroBhandel mit EDV. Oberursel ("Poindus GmbH")	"	100%	-	-	"
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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
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)
"	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%	51%	The liquidation of the company had been completed on August 19, 2022. (Notes 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	62%	62%	64%	
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 subsidiary was incorporated in April, 2021 and the Group has substantial control over it.
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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
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%	
TTI	Tatung Technology of Japan Co., Ltd. (“TTJC”)	Sales of household digital electronic products	100%	100%	100%	
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%	(Note 2)
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 APH	Allied Power Holding Corp. (“APH”)	Investment	100%	100%	100%	
“	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. (“CMP”)	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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
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%	
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	The Group acquired 100% of its shares in September 2021.
Unicore	Raycore Biotech Co., Ltd. ("Raycore")	Animal medication retail and wholesale	-	100%	100%	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 September 30, 2022 have not been reviewed by CPA.

Note 3: The financial statements of the subsidiary as of September 30, 2021 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, 2021.

(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, 2021. Please refer to the note (6) of the consolidated financial statements for the year ended December 31, 2021 and for other related information.

(a) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand	\$ 17,247	18,472	13,847
Checking accounts and demand deposits	39,020,998	17,073,664	24,760,545
Time deposits	47,258,529	58,069,967	54,435,542
Cash equivalents	<u>1,557,371</u>	<u>-</u>	<u>-</u>
	<u>\$ 87,854,145</u>	<u>75,162,103</u>	<u>79,209,934</u>

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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Structured deposits	\$ -	-	2,425,344
Stock unlisted in domestic markets	119,080	137,540	138,230
Fund in domestic or foreign markets	413,206	399,550	1,504,574
Derivative instruments not used for hedging			
Foreign exchange contracts	155,903	120,897	217,713
Swap contracts	<u>932</u>	<u>2,545</u>	<u>1,077</u>
Total	<u>\$ 689,121</u>	<u>660,532</u>	<u>4,286,938</u>
Current	\$ 156,835	400,754	4,037,220
Non-current	<u>532,286</u>	<u>259,778</u>	<u>249,718</u>
	<u>\$ 689,121</u>	<u>660,532</u>	<u>4,286,938</u>
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ 9	1,589	4,792
Swap contracts	<u>40,974</u>	<u>-</u>	<u>4,004</u>
	<u>\$ 40,983</u>	<u>1,589</u>	<u>8,796</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:

(Continued)

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

September 30, 2022				
	Contract amount (in thousands)	Currency	Maturity date	
Derivative financial assets:				
Foreign exchange contracts:				
Forward exchange sold	EUR 29,140	EUR to USD	October 06~December 29, 2022	
Forward exchange purchased	USD 1,212	USD to INR	October 28~November 14, 2022	
Forward exchange purchased	USD 193,160	USD to BRL	October 06, 2022~June 16, 2023	
Swap contracts:				
Currency swap	USD 10,000	USD to TWD	October 28, 2022	
Derivative financial liabilities:				
Foreign exchange contracts:				
Forward exchange purchased	USD 878	USD to INR	November 14, 2022	
Swap contracts:				
Currency swap	USD 30,000	USD to TWD	October 14, 2022	
December 31, 2021				
	Contract amount (in thousands)	Currency	Maturity date	
Derivative financial assets:				
Foreign exchange contracts:				
Forward exchange sold	EUR 33,000	EUR to USD	January 10~May 09, 2022	
Forward exchange sold	EUR 1,500	EUR to TWD	January 05, 2022	
Forward exchange purchased	USD 181,700	USD to BRL	January 05~June 20, 2022	
Swap contracts:				
Currency swap	USD 21,000	USD to TWD	February 14~March 14, 2022	
Derivative financial liabilities:				
Foreign exchange contracts:				
Forward exchange purchased	USD 5,000	USD to CNY	January 26, 2022	
Forward exchange sold	EUR 7,000	EUR to USD	February 18~March 04, 2022	

(Continued)

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

	September 30, 2021			
	Contract amount (in thousands)		Currency	Maturity date
Derivative financial assets:				
Foreign exchange contracts:				
Forward exchange sold	EUR 44,100		EUR to USD	October 08, 2021~January 14, 2022
Forward exchange sold	EUR 1,500		EUR to TWD	January 05, 2022
Forward exchange purchased	USD 155,500		USD to BRL	October 06, 2021~July 04, 2022
Swap contracts:				
Currency swap	USD 10,000		USD to TWD	October 14, 2021
Derivative financial liabilities:				
Forward exchange purchased	USD 23,000		USD to CNY	October 28~November 29, 2021
Swap contracts:				
Currency swap	USD 40,000		USD to TWD	October 28~November 29, 2021

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

As of September 30, 2022, December 31 and September 30, 2021, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 2,757,783	3,350,210	2,761,142
Stock listed in foreign markets	506,220	695,728	576,312
Stock unlisted in domestic markets	1,817,798	1,879,166	2,178,889
Stock unlisted in foreign markets	<u>247,416</u>	<u>309,959</u>	<u>362,781</u>
Total	<u>\$ 5,329,217</u>	<u>6,235,063</u>	<u>5,879,124</u>

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.

In order to strengthen the business cooperation with its related party, Kinpo Electronics, Inc. ("Kinpo"), the Group acquired 46,197 thousand common stocks of Kinpo from its related party, Jipo Investment Inc. in May 2021, with a transaction price amounting to \$616,864. The transaction has been completed and the price has been fully paid.

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

The liquidation procedures of Horizon Ventures Fund I, LP, measured at fair value through other comprehensive income by the Group, had been completed in January 2021. The proceed from the liquidation was \$104, resulting in a cumulative valuation loss of \$142,441, which was reclassified from other comprehensive income to retained earnings.

During the first three quarters of 2022, the Group did not sell any of its financial assets measured at fair value through other comprehensive income. During the period, no cumulative profits and losses had been transferred to retained earnings from other comprehensive income.

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 nine months ended September 30, 2022 and 2021, will be \$266,461 and \$293,956, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

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

As of September 30, 2022, December 31 and September 30, 2021, 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:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash flow hedge:			
Financial assets used for hedging:			
Forward exchange contracts	\$ <u>5,646</u>	<u>-</u>	<u>19,510</u>

(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 December 31, 2021, the Group did not enter into any hedge contract.

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

As of September 30, 2022 and 2021, the details related to the items designated as hedge instruments were as follows:

	September 30, 2022			
	Contract amount (in thousands)	Currency	Maturity period	Average strike price
Derivative financial liabilities used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 5,000	EUR to USD	June 29~October 30, 2023	1.0406

	September 30, 2021			
	Contract amount (in thousands)	Currency	Maturity period	Average strike price
Derivative financial assets used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 13,000	EUR to USD	October 28~ December 29, 2021	1.2157

(iii) For the three months and nine months ended September 30, 2022 and 2021, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of \$12,356, \$0, \$44,071 and \$0, respectively, recorded as “other gains and losses, net”.

(iv) For the three months and nine months ended September 30, 2022 and 2021, 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

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivables from operating activities	\$ 19,601	81,244	35,295
Accounts receivables – measured at amortized cost	213,971,543	261,179,612	226,696,749
Accounts receivables – fair value through other comprehensive income	<u>42,232,572</u>	<u>32,796,946</u>	<u>34,628,113</u>
	256,223,716	294,057,802	261,360,157
Less: allowance for uncollectible accounts	<u>(3,920,596)</u>	<u>(3,891,948)</u>	<u>(3,913,121)</u>
	<u>\$ 252,303,120</u>	<u>290,165,854</u>	<u>257,447,036</u>
Notes and accounts receivable	<u>\$ 247,538,882</u>	<u>288,436,522</u>	<u>257,412,777</u>
Notes and accounts receivable – related parties	<u>\$ 4,764,238</u>	<u>1,729,332</u>	<u>34,259</u>

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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:

September 30, 2022				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 226,496,553	0%	-	No
Level B	14,002,393	0.51%	71,456	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<u>\$ 244,294,480</u>		<u>3,866,990</u>	
December 31, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 268,016,952	0%	-	No
Level B	14,524,868	0.47%	68,262	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<u>\$ 286,337,354</u>		<u>3,863,796</u>	
September 30, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 237,868,347	0%	-	No
Level B	12,374,397	0.54%	66,245	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<u>\$ 254,060,084</u>		<u>3,883,585</u>	

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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:

September 30, 2022				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,980,536	0%	-	No
Level B	6,291,874	0.10%	6,372	No
Level C	2,636,060	1.00%	26,468	No
Level D	-	-	-	-
Level E	20,766	100%	20,766	Yes
	\$ 11,929,236		53,606	
December 31, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,142,077	0%	-	No
Level B	5,042,739	0.10%	4,913	No
Level C	517,585	1.00%	5,192	No
Level D	-	-	-	-
Level E	18,047	100%	18,047	Yes
	\$ 7,720,448		28,152	
September 30, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,601,268	0%	-	No
Level B	3,944,774	0.10%	4,049	No
Level C	735,909	1.00%	7,365	No
Level D	-	-	-	-
Level E	18,122	100%	18,122	Yes
	\$ 7,300,073		29,536	

(Continued)

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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Overdue 1 to 180 days	\$ 1,816,981	1,338,940	1,383,785
Overdue 181 to 365 days	-	7,679	7,711
Overdue 365 days	<u>8,869</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 1,825,850</u></u>	<u><u>1,346,619</u></u>	<u><u>1,391,496</u></u>

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

	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 3,891,948	3,910,928
Acquisition through business combination	59	-
Impairment losses recognized (reversed)	26,124	3,356
Effect of changes in exchange rates	<u>2,465</u>	<u>(1,163)</u>
Balance at September 30	<u><u>\$ 3,920,596</u></u>	<u><u>3,913,121</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 September 30, 2022, December 31 and September 30, 2021, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 1,600,000 thousand and EUR 16,000 thousand, USD 1,600,000 thousand and EUR 15,000 thousand, and USD 1,600,000 thousand and EUR 32,000 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 September 30, 2022, December 31 and September 30, 2021, the factored accounts receivable with no advance amounting to \$504, \$958 and \$28,826, 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 September 30, 2022, December 31 and September 30, 2021, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of September 30, 2022, December 31 and September 30, 2021, the details of the factored accounts receivable but unsettled were as follows:

September 30, 2022							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>29,648,055</u>	<u>-</u>	<u>29,647,551</u>	<u>504</u>	<u>-</u>	<u>29,648,055</u>	3.17%~4.16%
December 31, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>33,594,209</u>	<u>-</u>	<u>33,593,251</u>	<u>958</u>	<u>-</u>	<u>33,594,209</u>	0.47%~0.86%
September 30, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>33,020,840</u>	<u>-</u>	<u>32,992,014</u>	<u>28,826</u>	<u>-</u>	<u>33,020,840</u>	0.46%~0.78%

As of September 30, 2022, December 31 and September 30, 2021, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(f) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Finished goods	\$ 32,975,707	22,625,832	23,060,102
Work in progress	12,664,125	9,683,904	9,949,349
Raw materials	83,607,860	82,224,084	95,284,414
Raw materials in transit	<u>3,386,282</u>	<u>478,545</u>	<u>2,421,737</u>
	<u>\$ 132,633,974</u>	<u>115,012,365</u>	<u>130,715,602</u>

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

- (i) For the three months and nine months ended September 30, 2022 and 2021, inventory cost recognized as cost of sales amounted to \$280,048,709, \$326,186,874, \$794,144,911 and \$838,799,511, respectively.
- (ii) The Group reversed its allowance for inventory valuation loss of \$68,394 due to the sale of its obsolete inventories for the three months ended September 30, 2022.
- (iii) The loss due to the write-down of inventories to net realizable value amounted to \$778,781 for the three months ended September 30, 2021, and amounted to \$1,461,856 and \$1,454,776 for the nine months ended September 30, 2022 and 2021, respectively.
- (iv) As of September 30, 2022, the Group provided part of its inventories as collaterals for its short-term borrowings. Please refer to note (8). As of December 31 and September 30, 2021, the Group did not provide any inventories as collaterals for its loans.
- (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:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates	\$ 8,381,730	8,453,133	7,962,797
Joint venture	<u>(18,133)</u>	<u>(17,587)</u>	<u>(17,327)</u>
	8,363,597	8,435,546	7,945,470
Plus: credit balance of investment in equity method (other non-current liability)	44,352	43,020	42,738
Less: unrealized profits or losses	<u>(124,801)</u>	<u>(109,254)</u>	<u>(109,903)</u>
	<u>\$ 8,283,148</u>	<u>8,369,312</u>	<u>7,878,305</u>

- (i) Associates

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 1,600,606	2,847,809	2,436,078
Avalue Technology Inc. ("Avalue")	<u>808,885</u>	<u>849,180</u>	<u>759,635</u>
	<u>\$ 2,409,491</u>	<u>3,696,989</u>	<u>3,195,713</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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- 2) The Group's share of the net gain (loss) of associates was as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
The Group's share of the gain (loss) of associates	\$ <u>(140)</u>	<u>(5,913)</u>	\$ <u>(94,594)</u>	<u>184,637</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount of individually immaterial associates	\$ <u>8,381,730</u>	<u>8,453,133</u>	<u>7,962,797</u>

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
The Group's share of the net income (loss) of associates:				
Profit (loss) from continuing operations	\$ (140)	(5,913)	(94,594)	184,637
Other comprehensive income	<u>23,061</u>	<u>(34,129)</u>	<u>118,503</u>	<u>(116,066)</u>
Total comprehensive income	\$ <u>22,921</u>	<u>(40,042)</u>	<u>23,909</u>	<u>68,571</u>

- (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.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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The Group's financial information for investment accounted for using the equity method that are individually insignificant was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
The carrying amount of the Group's interests in all individually insignificant joint ventures	\$ <u>(18,133)</u>	<u>(17,587)</u>	<u>(17,327)</u>
	For the three months ended September 30,	For the nine months ended September 30,	
	2022	2021	2022
	2021	2022	2021
The Group's share of the net income (loss) of joint ventures: Net income (losses) from continuing operations (also the total comprehensive income (losses))	\$ <u>(1,395)</u>	<u>(520)</u>	<u>(2,722)</u>
	<u>(84)</u>		

(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 September 30, 2022, December 31 and September 30, 2021, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(h) Acquisition of the subsidiary

(i) Poindus Systems

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 \$438,424 and \$3,967, 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.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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The main categories of consideration transfer, assets acquired and liabilities assumed on the acquisition date and the amount of goodwill recognized are as follows:

1) Consideration transferred	
Cash	\$ <u><u>353,046</u></u>
2) 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>
3) 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>
	<u><u>\$ 37,060</u></u>

(Continued)

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

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.

(ii) CIN

In order to expand the automotive electronics business and build an automotive electronics production base in the US, the Group's indirect investee company, Billion Sea Holdings Ltd., acquired 100% ownership of Cal-Comp USA (Indiana), Inc. from the Group's related party— Cal-Comp Electronics (USA) Co., Ltd. (“CCUS”). Cal-Comp USA (Indiana), Inc. was renamed to be Compal USA (Indiana), Inc. (“CIN”) after the acquisition. The Company signed a contract with CCUS on September 30, 2021, to acquire 100% of the equity in the amount of \$226,421, and the payment and delivery of the above-mentioned consideration and shares had been completed.

Since the acquisition of 100% equity of CIN was completed on September 30, 2021, the revenue and net profit contributed by CIN for the nine months ended September 30, 2021 are both \$0. The management authority estimates that the Group’s revenue in 2021 will increase by \$490,751 and net profit will decrease by \$8,992, if the transaction of acquisition occurred on January 1, 2021. When determining these amounts, the management assumed that the transaction occurred on January 1, 2021, and the provisional fair value adjustments on the acquisition date were the same.

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

1) Consideration transferred

cash	\$ <u>226,421</u>
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2) The identifiable assets acquired and the liabilities assumed

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

Cash and cash equivalents	\$ 29,419
Notes and accounts receivable, net	130,003
Other receivables	29,994
Inventories, net	211,240
Prepayments and other current assets	3,798
Property, plant and equipment	93,373
Short-term borrowings	(158,743)
Accounts payable	(124,352)
Other payables	<u>(27,525)</u>
	\$ <u>187,207</u>

(Continued)

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

- 3) Goodwill arising from the acquisition of 100% equity is as follows:

Consideration transferred	\$ 226,421
Less: fair value of identifiable net assets	<u>(187,207)</u>
	<u><u>\$ 39,214</u></u>

Goodwill is mainly derived from the business value of CIN in the automotive electronics market. It is expected that CIN and the Group's business will be integrated to generate synergy.

- (i) Changes in subsidiaries' equity

There were no significant transactions for the nine months ended September 30, 2022 and 2021. Please refer to note (6)(i) of the consolidated financial statement for the year ended December 31, 2021.

- (j) Material non-controlling interests of subsidiaries

There were no significant transactions for the nine months ended September 30, 2022 and 2021. Please refer to note (6)(j) of the consolidated financial statement for the year ended December 31, 2021.

- (k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2022 and 2021, were as follows:

	Land	Buildings and building improvement	Machinery	Other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:						
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	340	27,836	1,498,146	1,615,106	1,200,135	4,341,563
Disposals and derecognitions	-	(89,148)	(307,502)	(643,292)	-	(1,039,942)
Reclassifications	-	79,555	1,427,914	109,291	(1,616,760)	-
Effect of movements in exchange rates	<u>11,622</u>	<u>1,605,013</u>	<u>2,333,229</u>	<u>666,996</u>	<u>664,286</u>	<u>5,281,146</u>
Balance on September 30, 2022	<u>\$ 2,488,881</u>	<u>19,007,055</u>	<u>36,958,211</u>	<u>13,585,877</u>	<u>4,841,417</u>	<u>76,881,441</u>
Balance on January 1, 2021	\$ 1,944,094	18,519,873	28,498,191	11,885,697	1,220,785	62,068,640
Acquisition through business combination	10,892	87,477	162,654	4,376	-	265,399
Additions	479,509	173,190	1,713,374	1,339,263	4,498,019	8,203,355
Disposals and derecognitions	-	(1,703,957)	(753,320)	(986,146)	-	(3,443,423)
Reclassifications	-	104,535	1,222,805	163,280	(1,490,620)	-
Effect of movements in exchange rates	<u>(749)</u>	<u>(348,699)</u>	<u>(368,620)</u>	<u>(588,991)</u>	<u>(41,329)</u>	<u>(1,348,388)</u>
Balance on September 30, 2021	<u>\$ 2,433,746</u>	<u>16,832,419</u>	<u>30,475,084</u>	<u>11,817,479</u>	<u>4,186,855</u>	<u>65,745,583</u>

(Continued)

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

	Land	Buildings and building improvement	Machinery	Other equipment	Under construction and prepayment for purchase of equipment	Total
Depreciation and impairments loss:						
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	-	647,521	2,394,215	1,327,295	-	4,369,031
Disposals and derecognitions	-	(88,600)	(206,515)	(603,162)	-	(898,277)
Effect of movements in exchange rates	-	962,259	770,180	695,969	-	2,428,408
Balance on September 30, 2022	<u>\$ -</u>	<u>12,510,702</u>	<u>24,212,386</u>	<u>10,462,793</u>	<u>-</u>	<u>47,185,881</u>
Balance on January 1, 2021	\$ -	10,855,109	20,571,645	8,556,546	-	39,983,300
Acquisition through business combination	-	18,824	148,912	4,290	-	172,026
Depreciation for the period	-	687,175	1,788,354	1,503,050	-	3,978,579
Impairment loss	-	-	378,072	26,441	-	404,513
Disposals and derecognitions	-	(576,417)	(646,760)	(902,611)	-	(2,125,788)
Effect of movements in exchange rates	-	(121,262)	(1,099,478)	(257,113)	-	(1,477,853)
Balance on September 30, 2021	<u>\$ -</u>	<u>10,863,429</u>	<u>21,140,745</u>	<u>8,930,603</u>	<u>-</u>	<u>40,934,777</u>
Carrying amounts:						
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 September 30, 2022	<u>\$ 2,488,881</u>	<u>6,496,353</u>	<u>12,745,825</u>	<u>3,123,084</u>	<u>4,841,417</u>	<u>29,695,560</u>
Balance on January 1, 2021	<u>\$ 1,944,094</u>	<u>7,664,764</u>	<u>7,926,546</u>	<u>3,329,151</u>	<u>1,220,785</u>	<u>22,085,340</u>
Balance on September 30, 2021	<u>\$ 2,433,746</u>	<u>5,968,990</u>	<u>9,334,339</u>	<u>2,886,876</u>	<u>4,186,855</u>	<u>24,810,806</u>

As of September 30, 2022, December 31 and September 30, 2021, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

In order to activate the assets of the Group, the subsidiary of the Group, CDE, and a non-related party, Kunshan Xincheng Construction Development Co., Ltd., entered into a real estate purchase and sales agreement at the total price of \$4,147,946 (CNY 956,012 thousand), which include the land use rights and the existing land building, based on a resolution approved during the board meeting held on May 7, 2021. Upon completion of the above transaction, the Group recognized a disposal gain of \$1,961,419, which was accounted for as other gains and losses, after deducting the book value of assets and related transaction costs from the transaction price. The balance of the consideration of \$1,648,721, recognized in other receivables as of September 30, 2021, had been fully collected after the period.

In September 2021, the Group carried out the impairment test toward the partial production lines in Henghao Technology and its subsidiaries, and assessed that the recoverable amount of the machinery and equipment was lower than its book value. The impairment loss of \$404,513 was recognized, and accounted for non-operating income and expenses.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and other</u>	<u>Total</u>
Cost:					
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	11,216,024	258,530	34,153	10,326	11,519,033
Deductions	-	(301,753)	-	(7,080)	(308,833)
Effect of movements in exchange rates	138,638	13,797	(515)	(2,261)	149,659
Balance on September 30, 2022	<u>\$ 12,214,655</u>	<u>3,674,563</u>	<u>110,240</u>	<u>70,939</u>	<u>16,070,397</u>
Balance on January 1, 2021	\$ 1,268,129	3,378,467	76,930	74,969	4,798,495
Additions	-	695,352	-	17,650	713,002
Deductions	(362,689)	(261,732)	-	(8,522)	(632,943)
Effect of movements in exchange rates	(37,587)	(25,383)	(412)	(209)	(63,591)
Balance on September 30, 2021	<u>\$ 867,853</u>	<u>3,786,704</u>	<u>76,518</u>	<u>83,888</u>	<u>4,814,963</u>
Depreciation:					
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	93,146	634,457	9,036	14,664	751,303
Deductions	-	(230,071)	-	(6,897)	(236,968)
Effect of movements in exchange rates	23,417	(67,076)	(861)	(2,269)	(46,789)
Balance on September 30, 2022	<u>\$ 186,218</u>	<u>1,799,958</u>	<u>45,075</u>	<u>43,357</u>	<u>2,074,608</u>
Balance on January 1, 2021	\$ 54,756	1,175,689	24,749	46,349	1,301,543
Depreciation for the period	30,494	595,337	9,245	15,593	650,669
Deductions	(37,698)	(180,651)	-	(8,522)	(226,871)
Effect of movements in exchange rates	(12,904)	(8,310)	(261)	(126)	(21,601)
Balance on September 30, 2021	<u>\$ 34,648</u>	<u>1,582,065</u>	<u>33,733</u>	<u>53,294</u>	<u>1,703,740</u>
Carrying amount:					
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 September 30, 2022	<u>\$ 12,028,437</u>	<u>1,874,605</u>	<u>65,165</u>	<u>27,582</u>	<u>13,995,789</u>
Balance on January 1, 2021	<u>\$ 1,213,373</u>	<u>2,202,778</u>	<u>52,181</u>	<u>28,620</u>	<u>3,496,952</u>
Balance on September 30, 2021	<u>\$ 833,205</u>	<u>2,204,639</u>	<u>42,785</u>	<u>30,594</u>	<u>3,111,223</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.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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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 \$74,773 and \$14,857, respectively, and were capitalized under other non-current assets for the nine months ended September 30, 2022, with a capitalization rate of 1.5%.

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	\$ 115,842,619	118,422,407	124,888,489
Secured bank loans	9,042	-	-
	<u>\$ 115,851,661</u>	<u>118,422,407</u>	<u>124,888,489</u>
Unused credit line for short-term borrowings	<u>\$ 171,413,000</u>	<u>113,777,000</u>	<u>104,779,000</u>
Range of interest rates	<u>0.05%~6.74%</u>	<u>0.05%~2.95%</u>	<u>0.05%~3.04%</u>

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

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:

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	\$ 32,350,000	24,300,000	20,826,700
Secured bank loans	621,790	660,513	671,031
Less: current portion	<u>(22,571,133)</u>	<u>(15,741,481)</u>	<u>(14,944,031)</u>
Total	<u>\$ 10,400,657</u>	<u>9,219,032</u>	<u>6,553,700</u>
Unused credit line for long-term borrowings	<u>\$ 8,559,000</u>	<u>12,345,000</u>	<u>17,888,000</u>
Range of interest rates	<u>1.06%~1.88%</u>	<u>0.62%~1.50%</u>	<u>0.55%~1.50%</u>

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).

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	-	(1,433)	(7,702)
Unamortized issuance costs on corporate bonds payable	-	(496)	(619)
Accumulated converted amount	(992,600)	(671,500)	(112,300)
Repayments of bonds payable	<u>(7,400)</u>	<u>-</u>	<u>-</u>
Balance of corporate bonds payable as of the reporting date	<u>\$ -</u>	<u>326,571</u>	<u>879,379</u>
Conversion options included in equity components (classified as capital surplus and non-controlling interests)	<u>\$ 361</u>	<u>15,987</u>	<u>43,201</u>
	<u>For the three months ended September 30,</u>	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>
Interest expenses	<u>\$ -</u>	<u>3,100</u>	<u>763</u>
			<u>10,018</u>

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 June 6, 2022 and September 30, 2021, the convertible corporate bonds were converted into ordinary shares of Arcadyan for \$321,100 and \$112,300 with a par value of \$38,920 and \$13,582, respectively, and the capital surplus were recognized for \$296,640 and \$102,741 (including the stock option conversion premium of \$15,626 and \$5,465 and the unamortized discounts on corporate bonds payable of \$1,166 and \$1,442, respectively).
- (iv) There were no significant issues, repurchases of bonds payable as of June 6, 2022 and September 30, 2021. For related information, please refer to note (6)(o) of the annual consolidated financial statements for the year ended December 31, 2021.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(p) Lease liabilities

The details of leases liabilities were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current	\$ <u>1,978,747</u>	<u>625,292</u>	<u>670,126</u>
Non-current	\$ <u>9,554,472</u>	<u>1,679,504</u>	<u>1,630,833</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>11,119</u>	<u>11,019</u>	<u>35,351</u>	<u>34,792</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>-</u>	<u>795</u>	<u>743</u>	<u>2,181</u>
Expenses relating to leases of low- value assets or short-term leases	\$ <u>45,687</u>	<u>169,032</u>	<u>162,466</u>	<u>239,042</u>

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

	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>2,454,847</u>	<u>894,739</u>

(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.

(Continued)

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

(q) Provisions

There is no significant changes of provisions for the nine months ended September 30, 2022 and 2021. Please refer to note (6)(q) of the consolidated financial statements for the year ended December 31, 2021 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, 2021 and 2020.

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Operating cost	\$ 242	254	742	752
Selling expenses	235	153	612	462
Administrative expenses	687	545	2,094	1,658
Research and development expenses	<u>1,787</u>	<u>1,482</u>	<u>5,333</u>	<u>4,430</u>
Total	<u>\$ 2,951</u>	<u>2,434</u>	<u>8,781</u>	<u>7,302</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.

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to \$156,384, \$136,857, \$395,908 and \$373,556 for the three months and nine months ended September 30, 2022 and 2021, 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 \$368,481, \$316,546, \$1,023,858 and \$845,560 for the three months and nine months ended September 30, 2022 and 2021, respectively.

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

(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:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Current tax expense	\$ 683,558	1,154,020	1,813,441	2,642,213

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of the defined benefit liability	\$ -	-	(329)	(178)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	(8,034)	(52,842)	(94,626)	15,015
	\$ (8,034)	(52,842)	(94,955)	14,837

Items that will be reclassified subsequently to profit or loss:

Foreign currency translation differences of foreign operations	\$ (65)	(2,379)	(105)	(13,833)
Gains (losses) on hedging instrument	(10,189)	-	1,129	-
	\$ (10,254)	(2,379)	1,024	(13,833)

- (iii) Examination and approval

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

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

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

(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 September 30, 2022 and 2021. Please refer to note (6)(t) of the consolidated financial statement for the year ended December 31, 2021.

(i) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Additional paid-in capital	\$ 1,898,477	3,660,119	3,660,158
Treasury share transactions	2,721,968	2,621,933	2,621,933
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	155,440	122,675	77,306
Changes in equity of associates and joint ventures accounted for using equity method	<u>265,478</u>	<u>283,363</u>	<u>282,914</u>
	<u>\$ 5,078,129</u>	<u>6,724,856</u>	<u>6,679,077</u>

The Company's Board of Directors meeting held on March 26, 2021, 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, 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 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.

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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 2021 and 2020 was approved in the Board of Directors meeting held on March 15, 2022 and March 26, 2021, respectively. The relevant information was as follows:

	2021		2020	
	Amount per share	Total amount	Amount per share	Total amount
Cash dividends distributed to common shareholders	\$ 1.6	<u>7,051,435</u>	1.2	<u>5,288,576</u>

(iii) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the nine months ended September 30, 2022 and 2021. As of September 30, 2022, 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 21.70, 24.20 and 23.60 New Taiwan dollars per share as of September 30, 2022, December 31 and September 30, 2021, 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.

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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, 2022	\$ (8,744,705)	537,830	125	(8,206,750)
The Group	9,786,010	(1,068,598)	1,686	8,719,098
Associates	160,424	(5,430)	-	154,994
Balance on September 30, 2022	<u>\$ 1,201,729</u>	<u>(536,198)</u>	<u>1,811</u>	<u>667,342</u>
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Group	(1,443,363)	402,867	7,563	(1,032,933)
Associates	(100,170)	13,879	-	(86,291)
Balance on September 30, 2021	<u>\$ (8,432,510)</u>	<u>39,794</u>	<u>6,784</u>	<u>(8,385,932)</u>

(u) Share-based payment

There were no significant changes in share-based payment during the nine months ended September 30, 2022 and 2021. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2021 for related information.

(v) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	<u>\$ 2,039,557</u>	<u>4,351,753</u>	<u>6,214,228</u>	<u>9,438,907</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>

(Continued)

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>\$ 2,039,557</u>	<u>4,351,753</u>	<u>6,214,228</u>	<u>9,438,907</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	4,357,130	4,357,130
Effect of potential diluted common stock				
Employee compensation (in thousands)	<u>29,741</u>	<u>42,195</u>	<u>44,127</u>	<u>55,167</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,386,871</u>	<u>4,399,325</u>	<u>4,401,257</u>	<u>4,412,297</u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2022		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United States	\$ 116,629,100	5,834,512	122,463,612
China	38,660,133	82,309	38,742,442
Netherlands	17,825,127	224,004	18,049,131
Germany	13,374,485	276,315	13,650,800
United Kingdom	11,442,109	1,503,284	12,945,393
Others	<u>80,317,690</u>	<u>4,863,279</u>	<u>85,180,969</u>
	<u>\$ 278,248,644</u>	<u>12,783,703</u>	<u>291,032,347</u>

(Continued)

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

	For the three months ended September 30, 2022		
	IT Product Segment	Strategically Integrated Product Segment	Total
Major products:			
5C related electronics products	\$ 276,344,858	12,597,633	288,942,491
Others	<u>1,903,786</u>	<u>186,070</u>	<u>2,089,856</u>
	<u>\$ 278,248,644</u>	<u>12,783,703</u>	<u>291,032,347</u>
	For the three months ended September 30, 2021		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United States	\$ 130,847,063	2,194,361	133,041,424
China	47,385,579	70,562	47,456,141
Netherlands	23,979,615	479,505	24,459,120
United Kingdom	12,695,127	1,663,292	14,358,419
India	17,436,202	2,594	17,438,796
Others	<u>95,036,306</u>	<u>5,070,974</u>	<u>100,107,280</u>
	<u>\$ 327,379,892</u>	<u>9,481,288</u>	<u>336,861,180</u>
Major products:			
5C related electronics products	\$ 326,779,868	9,167,845	335,947,713
Others	<u>600,024</u>	<u>313,443</u>	<u>913,467</u>
	<u>\$ 327,379,892</u>	<u>9,481,288</u>	<u>336,861,180</u>
	For the nine months ended September 30, 2022		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United States	\$ 328,700,256	13,723,343	342,423,599
China	103,131,067	278,441	103,409,508
Netherlands	52,128,087	903,272	53,031,359
Germany	38,226,236	2,223,091	40,449,327
United Kingdom	31,186,742	3,913,982	35,100,724
Others	<u>237,195,903</u>	<u>12,929,450</u>	<u>250,125,353</u>
	<u>\$ 790,568,291</u>	<u>33,971,579</u>	<u>824,539,870</u>

(Continued)

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

	<u>For the nine months ended September 30, 2022</u>		
	<u>IT Product Segment</u>	<u>Strategically Integrated Product Segment</u>	<u>Total</u>
Major products:			
5C related electronics products	\$ 786,863,383	33,023,291	819,886,674
Others	<u>3,704,908</u>	<u>948,288</u>	<u>4,653,196</u>
	<u>\$ 790,568,291</u>	<u>33,971,579</u>	<u>824,539,870</u>
	<u>For the nine months ended September 30, 2021</u>		
	<u>IT Product Segment</u>	<u>Strategically Integrated Product Segment</u>	<u>Total</u>
Primary geographical markets:			
United States	\$ 334,927,219	5,862,062	340,789,281
China	111,767,469	308,795	112,076,264
Netherlands	62,775,988	1,344,496	64,120,484
United Kingdom	36,199,405	5,066,186	41,265,591
India	35,219,970	99,931	35,319,901
Others	<u>258,302,231</u>	<u>15,972,995</u>	<u>274,275,226</u>
	<u>\$ 839,192,282</u>	<u>28,654,465</u>	<u>867,846,747</u>
Major products:			
5C related electronics products	\$ 837,656,745	27,908,087	865,564,832
Others	<u>1,535,537</u>	<u>746,378</u>	<u>2,281,915</u>
	<u>\$ 839,192,282</u>	<u>28,654,465</u>	<u>867,846,747</u>

(ii) Contract balances

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts receivable (including related parties)	\$ 256,223,716	294,057,802	261,360,157
Less: allowance for impairment	<u>(3,920,596)</u>	<u>(3,891,948)</u>	<u>(3,913,121)</u>
Total	<u>\$ 252,303,120</u>	<u>290,165,854</u>	<u>257,447,036</u>
Contract liabilities	<u>\$ 969,047</u>	<u>1,065,954</u>	<u>930,171</u>

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

The amount of revenue recognized for the nine months ended September 30, 2022 and 2021 that were included in the balance of contract liability at the beginning of the period was \$441,838 and \$329,751, respectively.

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

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 \$212,672, \$450,292, \$645,388 and \$995,800, and directors' compensation of \$11,245, \$23,811, \$34,127 and \$52,657 for the three months and nine months ended September 30, 2022 and 2021, 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 \$1,350,062 and \$974,694, and directors' compensation of \$71,390 and \$51,541 for the years ended December 31, 2021 and 2020, 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.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2022	2021	2022	2021
Interest income from bank deposits	\$ 784,006	551,841	2,038,837	1,534,764
Other interest income	1,225	43	2,784	121
Total interest income	\$ 785,231	551,884	2,041,621	1,534,885

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

(ii) Other income

The other incomes for the three months and nine months ended September 30, 2022 and 2021, were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Dividend revenue	\$ 1,472	55,665	108,116	138,312
Other revenue	91,469	194,376	308,470	350,343
	<u>\$ 92,941</u>	<u>250,041</u>	<u>416,586</u>	<u>488,655</u>

(iii) Other gains and losses

The other gains and losses for the three months and nine months ended September 30, 2022 and 2021, were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	\$ (14,680)	329,246	(489,263)	314,967
Foreign currency exchange gains (losses), net	1,078,196	(269,629)	2,003,698	174,542
Gains (losses) on disposal of property, plant, and equipment	17,382	1,981,399	1,292	1,963,009
Others	2,568	(230)	2,568	(230)
	<u>\$ 1,083,466</u>	<u>2,040,786</u>	<u>1,518,295</u>	<u>2,452,288</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 and nine months ended September 30, 2022 and 2021, were as follows:

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flow hedge:				
Gains (losses) from current period	\$ 38,759	14,674	136,308	39,846
Less: reclassification of gains (losses) included in profit or loss	<u>89,704</u>	<u>13,214</u>	<u>130,662</u>	<u>18,144</u>
Profit (loss) recognized in other comprehensive income	<u>\$ (50,945)</u>	<u>1,460</u>	<u>5,646</u>	<u>21,702</u>

(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, 2021 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, 2021.) 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 nine months ended September 30, 2022 and 2021 were as follows:

	Other
	receivables
Balance on January 1, 2022	\$ 2,973
Impairment losses recognized (reversed)	<u>(188)</u>
Balance on September 30, 2022	<u>\$ 2,785</u>
Balance on January 1, 2021	\$ 2,392
Impairment losses recognized (reversed)	<u>472</u>
Balance on September 30, 2021	<u>\$ 2,864</u>

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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>
September 30, 2022					
Non-derivative financial liabilities					
Secured borrowings	\$ 630,832	(630,832)	(130,175)	(217,067)	(283,590)
Unsecured borrowings	148,192,619	(148,192,619)	(138,292,619)	(3,125,000)	(6,775,000)
Lease liabilities— current and non-current	11,533,219	(12,843,408)	(2,056,108)	(1,887,402)	(8,899,898)
Notes and accounts payable	208,658,636	(208,658,636)	(208,658,636)	-	-
Other payables	27,910,498	(27,910,498)	(27,910,498)	-	-
Derivative financial liabilities					
Forward exchange contracts:	9				
Outflow		(27,554)	(27,554)	-	-
Inflow		27,959	27,959	-	-
Currency swap contracts:	40,974				
Outflow		(955,500)	(955,500)	-	-
Inflow		910,870	910,870	-	-
	<u>\$ 396,966,787</u>	<u>(398,280,218)</u>	<u>(377,092,261)</u>	<u>(5,229,469)</u>	<u>(15,958,488)</u>
December 31, 2021					
Non-derivative financial liabilities					
Secured borrowings	\$ 660,513	(660,513)	(66,481)	(127,612)	(466,420)
Unsecured borrowings	142,722,407	(142,722,407)	(134,097,407)	(6,125,000)	(2,500,000)
Lease liabilities— current and non-current	2,304,796	(2,411,332)	(665,378)	(1,331,721)	(414,233)
Notes and accounts payable	224,066,363	(224,066,363)	(224,066,363)	-	-
Other payables	29,701,088	(29,701,088)	(29,701,088)	-	-
Bonds payable	326,571	(328,500)	(328,500)	-	-
Derivative financial liabilities					
Forward exchange contracts:	1,589				
Outflow		(358,893)	(358,893)	-	-
Inflow		357,183	357,183	-	-
	<u>\$ 399,783,327</u>	<u>(399,891,913)</u>	<u>(388,926,927)</u>	<u>(7,584,333)</u>	<u>(3,380,653)</u>
September 30, 2021					
Non-derivative financial liabilities					
Secured borrowings	\$ 671,031	(671,031)	(67,331)	(121,133)	(482,567)
Unsecured borrowings	145,715,189	(145,715,189)	(139,765,189)	(5,450,000)	(500,000)
Lease liabilities— current and non-current	2,300,959	(2,398,561)	(705,035)	(496,866)	(1,196,660)
Notes and accounts payable	217,928,252	(217,928,252)	(217,928,252)	-	-
Other payables	26,620,379	(26,620,379)	(26,620,379)	-	-
Bonds payable	879,379	(887,700)	(887,700)	-	-

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
Derivative financial liabilities					
Currency swap contracts:	4,792				
Outflow		(645,405)	(645,405)	-	-
Inflow		639,285	639,285	-	-
Currency swap contracts:	4,004				
Outflow		(1,111,800)	(1,111,800)	-	-
Inflow		1,110,649	1,110,649	-	-
	<u>\$ 394,123,985</u>	<u>(394,228,383)</u>	<u>(385,981,157)</u>	<u>(6,067,999)</u>	<u>(2,179,227)</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>September 30, 2022</u>			<u>December 31, 2021</u>			<u>September 30, 2021</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	\$ 12,761,228	31.75	405,168,989	18,449,976	27.68	510,695,336	15,733,778	27.85	438,185,717
USD to CNY	19,186	7.0962	609,156	26,386	6.378	730,364	22,251	6.4596	619,690
EUR to TWD	43,865	31.26	1,371,220	83,417	31.32	2,612,620	71,448	32.32	2,309,199
CNY to USD	2,876,460	0.1409	12,868,060	3,451,738	0.1568	14,981,316	3,840,963	0.1548	16,559,083
Non-monetary items									
THB to TWD	607,124	0.8338	506,220	842,184	0.8261	695,728	700,428	0.8228	576,312
Financial liabilities									
Monetary items									
USD to TWD	11,812,354	31.75	375,042,240	17,976,968	27.68	497,602,474	15,924,254	27.85	443,490,474
USD to CNY	1,304	7.0962	41,402	1,170	6.378	32,386	1,277	6.4596	35,564
USD to BRL	219,877	5.4066	6,981,095	197,060	5.5805	5,454,621	185,445	5.4394	5,164,643
EUR to TWD	25,962	31.26	811,572	27,835	31.32	871,792	11,329	32.32	366,153
CNY to USD	3,535,401	0.1409	15,815,882	3,269,701	0.1568	14,191,235	3,261,957	0.1548	14,062,884

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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 September 30, 2022 and 2021, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	<u>September 30,</u> <u>2022</u>	<u>September 30,</u> <u>2021</u>
USD (against the TWD)		
Strengthening 5%	\$ 1,506,337	(265,238)
Weakening 5%	(1,506,337)	265,238
USD (against the CNY)		
Strengthening 5%	28,388	29,206
Weakening 5%	(28,388)	(29,206)
USD (against the BRL)		
Strengthening 5%	(349,055)	(258,232)
Weakening 5%	349,055	258,232
EUR (against the TWD)		
Strengthening 5%	27,982	97,152
Weakening 5%	(27,982)	(97,152)
CNY (against the USD)		
Strengthening 5%	(147,391)	124,810
Weakening 5%	147,391	(124,810)

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 and nine months ended September 30, 2022 and 2021, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$1,078,196, \$(269,629), \$2,003,698 and \$174,542, 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 nine months ended September 30, 2022 and 2021, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	For the nine months ended September 30,	
	2022	2021
Interest increased by 0.25%	\$ 41,540	25,377
Interest decreased by 0.25%	(41,540)	(25,377)

(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
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	September 30, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 156,835	-	156,835	-	156,835
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>532,286</u>	-	-	532,286	532,286
Subtotal	<u>689,121</u>				
Derivative financial assets for hedging	<u>5,646</u>	-	5,646	-	5,646
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,757,783	2,757,783	-	-	2,757,783
Stocks listed on foreign markets	506,220	506,220	-	-	506,220
Stocks unlisted on domestic markets	1,817,798	-	-	1,817,798	1,817,798
Stocks unlisted on foreign markets	247,416	-	-	247,416	247,416
Accounts receivable	<u>42,232,572</u>	-	42,232,572	-	42,232,572
Subtotal	<u>47,561,789</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	87,854,145	-	-	-	-
Notes and accounts receivable, net	205,306,310	-	-	-	-
Notes and accounts receivable due from related parties, net	4,764,238	-	-	-	-
Other receivables	1,928,384	-	-	-	-
Other current assets (restricted assets)	720,309	-	-	-	-
Refundable deposits	852,226	-	-	-	-
Other non-current assets (restricted assets)	<u>995,376</u>	-	-	-	-
Subtotal	<u>302,420,988</u>				
Total	<u>\$ 350,677,544</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>40,983</u>	-	40,983	-	40,983
Financial liabilities measured at amortized cost					
Short-term borrowings	115,851,661	-	-	-	-
Notes and accounts payable	199,863,962	-	-	-	-
Notes and accounts payable to related parties	8,794,674	-	-	-	-
Other payables	27,910,498	-	-	-	-
Lease liabilities—current and non-current	11,533,219	-	-	-	-
Long-term borrowings current portion	22,571,133	-	-	-	-
Long-term borrowings	10,400,657	-	-	-	-
Deposits received	<u>446,646</u>	-	-	-	-
Subtotal	<u>397,372,450</u>				
Total	<u>\$ 397,413,433</u>				

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

	December 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 123,442	-	123,442	-	123,442
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>537,090</u>	-	277,312	259,778	537,090
Subtotal	<u>660,532</u>				
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	3,350,210	3,350,210	-	-	3,350,210
Stocks listed on foreign markets	695,728	695,728	-	-	695,728
Stocks unlisted on domestic markets	1,879,166	-	-	1,879,166	1,879,166
Stocks unlisted on foreign markets	309,959	-	-	309,959	309,959
Accounts receivable	<u>32,796,946</u>	-	32,796,946	-	32,796,946
Subtotal	<u>39,032,009</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	75,162,103	-	-	-	-
Notes and accounts receivable, net	255,639,576	-	-	-	-
Notes and accounts receivable due from related parties, net	1,729,332	-	-	-	-
Other receivables	2,445,690	-	-	-	-
Other current assets (restricted assets)	433,403	-	-	-	-
Refundable deposits	696,393	-	-	-	-
Other non-current assets (restricted assets)	<u>544,684</u>	-	-	-	-
Subtotal	<u>336,651,181</u>				
Total	<u>\$ 376,343,722</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>1,589</u>	-	1,589	-	1,589
Financial liabilities measured at amortized cost					
Short-term borrowings	118,422,407	-	-	-	-
Notes and accounts payable	220,549,039	-	-	-	-
Notes and accounts payable to related parties	3,517,324	-	-	-	-
Other payables	29,701,088	-	-	-	-
Bonds payable	326,571	-	-	-	-
Lease liabilities—current and non-current	2,304,796	-	-	-	-
Long-term borrowings current portion	15,741,481	-	-	-	-
Long-term borrowings	9,219,032	-	-	-	-
Deposits received	<u>311,325</u>	-	-	-	-
Subtotal	<u>400,093,063</u>				
Total	<u>\$ 400,094,652</u>				

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	September 30, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 218,790	-	218,790	-	218,790
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>4,068,148</u>	-	3,818,430	249,718	4,068,148
Subtotal	<u>4,286,938</u>				
Derivative financial assets for hedging	<u>19,510</u>	-	19,510	-	19,510
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,761,142	2,761,142	-	-	2,761,142
Stocks listed on foreign markets	576,312	576,312	-	-	576,312
Stocks unlisted on domestic markets	2,178,889	-	-	2,178,889	2,178,889
Stocks unlisted on foreign markets	362,781	-	-	362,781	362,781
Accounts receivable	<u>34,628,113</u>	-	34,628,113	-	34,628,113
Subtotal	<u>40,507,237</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	79,209,934	-	-	-	-
Notes and accounts receivable, net	222,784,664	-	-	-	-
Notes and accounts receivable due from related parties, net	34,259	-	-	-	-
Other receivables	3,399,275	-	-	-	-
Refundable deposits	<u>859,094</u>	-	-	-	-
Subtotal	<u>306,287,226</u>				
Total	<u>\$ 351,100,911</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>8,796</u>	-	8,796	-	8,796
Financial liabilities measured at amortized cost					
Short-term borrowings	124,888,489	-	-	-	-
Notes and accounts payable	215,319,152	-	-	-	-
Notes and accounts payable to related parties	2,609,100	-	-	-	-
Other payables	26,620,379	-	-	-	-
Bonds payable	879,379	-	-	-	-
Lease liabilities—current and non-current	2,300,959	-	-	-	-
Long-term borrowings current portion	14,944,031	-	-	-	-
Long-term borrowings	6,553,700	-	-	-	-
Deposits received	<u>381,740</u>	-	-	-	-
Subtotal	<u>394,496,929</u>				
Total	<u>\$ 394,505,725</u>				

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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
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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 nine months ended September 30, 2022 and 2021.

5) Changes in level 3

The change in level 3 at fair value in the nine months ended September 30, 2022 and 2021, were as follows:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2022	\$ 259,778	2,189,125	2,448,903
Total gains and losses recognized:			
In profit or loss	(8,288)	-	(8,288)
In other comprehensive income	-	(361,529)	(361,529)
Purchased	277,625	221,179	498,804
Proceeds from liquidation of investments	-	(2,010)	(2,010)
Effect of changes in exchange rates	3,171	18,449	21,620
Balance on September 30, 2022	<u>\$ 532,286</u>	<u>2,065,214</u>	<u>2,597,500</u>
Balance on January 1, 2021	\$ 201,609	2,352,919	2,554,528
Total gains and losses recognized:			
In profit or loss	8,259	-	8,259
In other comprehensive income	-	12,591	12,591
Purchased	39,850	187,540	227,390
Proceeds from liquidation and capital reduction of investments	-	(8,502)	(8,502)
Effect of changes in exchange rates	-	(2,878)	(2,878)
Balance on September 30, 2021	<u>\$ 249,718</u>	<u>2,541,670</u>	<u>2,791,388</u>

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For the nine months ended September 30, 2022 and 2021, 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:

	For the nine months ended	
	September 30,	
	2022	2021
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	\$ <u>(8,288)</u>	<u>8,259</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	\$ <u>(361,529)</u>	<u>12,723</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:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
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 (1.66~4.78, 1.82~11.62 and 1.72~11.62, respectively, on September 30, 2022, December 31 and September 30, 2021) Multiples of earnings (14.81~16.13, 16.37~27.97 and 16.27, respectively, on September 30, 2022, December 31 and September 30, 2021)	The higher the multiple is, the higher the fair value will be. The higher the multiple is, the higher the fair value will be.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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<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 – equity investment without an active market		Lack-of-Marketability discount rate (40%~85%, 40%~85% and 35%~85%, respectively, on September 30, 2022, December 31 and September 30, 2021)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
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>
September 30, 2022				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>7,500</u>	<u>11,216</u>
	Multiples of earnings	5%	\$ <u>4,889</u>	<u>7,103</u>
	Lack-of-Marketability discount rate	5%	\$ <u>9,985</u>	<u>4,054</u>
December 31, 2021				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>17,810</u>	<u>16,250</u>
	Multiples of earnings	5%	\$ <u>4,882</u>	<u>4,738</u>
	Lack-of-Marketability discount rate	5%	\$ <u>11,767</u>	<u>13,470</u>

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	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
September 30, 2021				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>54,486</u>	<u>54,203</u>
	Multiples of earnings	5%	\$ <u>2,650</u>	<u>1,515</u>
	Lack-of-Marketability discount rate	5%	\$ <u>9,863</u>	<u>9,910</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

September 30, 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	\$ <u>326,413,590</u>	<u>326,413,590</u>	-
	(USD <u>10,280,743</u>)	(USD <u>10,280,743</u>)	
December 31, 2021			
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	\$ <u>360,789,950</u>	<u>360,789,950</u>	-
	(USD <u>13,034,319</u>)	(USD <u>13,034,319</u>)	

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September 30, 2021			
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	\$ <u>360,734,315</u>	<u>360,734,315</u>	-
	(USD <u>12,952,758</u>)	(USD <u>12,952,758</u>)	

(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, 2021.

(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, 2021. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2021. Please refer to note (6)(ac) of the consolidated financial statements for the year ended December 31, 2021.

(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 nine months ended September 30, 2022 and 2021 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, 2022	Cash flow	Other non-cash changes	September 30, 2022
Short-term borrowings	\$ 118,422,407	(2,571,014)	268	115,851,661
Bonds payable	326,571	(7,400)	(319,171)	-
Long-term borrowings	24,960,513	8,011,277	-	32,971,790
Lease liabilities	2,304,796	(2,256,287)	11,484,710	11,533,219
Deposits received and others	366,068	135,321	1,331	502,720
Total liabilities from financing activities	\$ 146,380,355	3,311,897	11,167,138	160,859,390

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	January 1, 2021	Cash flow	Other non-cash changes	September 30, 2021
Short-term borrowings	\$ 92,838,733	31,891,013	158,743	124,888,489
Bonds payable	980,219	-	(100,840)	879,379
Long-term borrowings	19,334,353	2,163,378	-	21,497,731
Lease liabilities	2,287,762	(618,724)	631,921	2,300,959
Deposits received and others	340,131	96,506	(439)	436,198
Total liabilities from financing activities	<u>\$ 115,781,198</u>	<u>33,532,173</u>	<u>689,385</u>	<u>150,002,756</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.

Name of related party	Relationship with the Group
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 (USA) Co., Ltd. (“CCUS”)	The same Chairman of the Ultimate parent company with the Company
Cal-Comp Electronics (Thailand) Public Company Limited (“Cal-Comp”) and its subsidiaries	The same Chairman of the Board with the Company
Jipo Investment Inc. (“Jipo Investment”)	The same Chairman of the Board with the Company
Kinpo	The same Chairman of the Board with the Company

(Continued)

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

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$ 178,253	198,060	532,169	538,342
Post-employment benefits	1,891	1,929	5,745	5,898
Share-based payments	<u>2,626</u>	<u>1,443</u>	<u>9,370</u>	<u>4,329</u>
	<u>\$ 182,770</u>	<u>201,432</u>	<u>547,284</u>	<u>548,569</u>

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:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Associates	\$ 55,674	69,098	154,805	160,946
Other related parties	<u>-</u>	<u>233</u>	<u>2,567</u>	<u>34,026</u>
	<u>\$ 55,674</u>	<u>69,331</u>	<u>157,372</u>	<u>194,972</u>

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:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Associates	\$ 741,162	1,541,198	3,263,266	4,371,009
Other related parties	<u>9,006,790</u>	<u>1,104,019</u>	<u>20,428,339</u>	<u>3,027,066</u>
	<u>\$ 9,747,952</u>	<u>2,645,217</u>	<u>23,691,605</u>	<u>7,398,075</u>

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.

(Continued)

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

(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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts receivable	Associates	\$ 45,901	31,640	34,144
Notes and accounts receivable	Other related parties	4,718,337	1,697,692	115
Other receivables	Associates	1,138	2,463	1,678
Other receivables	Other related parties	14,552	45	82
		<u>\$ 4,779,928</u>	<u>1,731,840</u>	<u>36,019</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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts payable	Associates	\$ 792,750	1,992,718	1,573,225
Notes and accounts payable	Other related parties	8,001,924	1,524,606	1,035,875
Other payables	Associates	-	35	151
Other payables	Other related parties	3,492	19,542	-
Other current liabilities	Other related parties — Cal-Comp	635,000	-	-
		<u>\$ 9,433,166</u>	<u>3,536,901</u>	<u>2,609,251</u>

(v) Property transactions

<u>Relationship</u>	<u>Item</u>	<u>For the nine months ended September 30, 2021</u>		
		<u>Number of shares</u>	<u>Object</u>	<u>Acquisition price</u>
Other related party–Jipo Investment	Acquisition of financial assets at fair value through other comprehensive income	46,197 thousand shares	Common stocks of Kinpo	616,864
Other related party–CCUS	Acquisition of the subsidiary	1 thousand shares	Common stocks of CIN	226,421
Associates–RayPal Biomedical	Acquisition of minority shares	588 thousand shares	Common stocks of Raycore	15,129

(Continued)

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Inventories	Bank loans	\$ 70,709	-	-
Other current assets	Customs deposit	336,523	336,523	-
Other current assets	Pledged deposit	383,786	96,880	-
Property, plant, and equipment	Bank loans	491,072	466,320	471,385
Other non-current assets	Customs deposit	800	500	500
Other non-current assets	Pledged deposit	994,576	544,184	-
		<u>\$ 2,277,466</u>	<u>1,444,407</u>	<u>471,885</u>

(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. After accepting the case, the Taipei District Court declared that the judgement whether the Group violates the Trade Secret Law should depend on whether the employee actually had violated the Trade Secret Law and Copyright Law. Therefore, the case is determined to be paused until the judgements of the criminal cases of the employee are made at the beginning of the year. 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 September 30, 2022, December 31 and September 30, 2021, the Group's signed commitments to purchase property, plant and equipment amounted to \$1,536,048, \$290,063 and \$313,475, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(Continued)

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

(12) Other:

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

By function By item	Three months ended September 30, 2022			Three months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	4,057,950	3,924,045	7,981,995	3,694,301	3,582,677	7,276,978
Labor and health insurance	321,327	275,719	597,046	274,938	238,225	513,163
Pension	333,057	194,759	527,816	311,180	144,657	455,837
Others	827,242	195,112	1,022,354	568,493	225,052	793,545
Depreciation	1,466,500	411,389	1,877,889	1,286,092	289,657	1,575,749
Amortization	18,954	158,025	176,979	11,339	119,893	131,232

By function By item	Nine months ended September 30, 2022			Nine months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	12,207,387	11,317,518	23,524,905	11,401,457	10,379,036	21,780,493
Labor and health insurance	881,502	780,761	1,662,263	766,891	698,621	1,465,512
Pension	923,196	505,351	1,428,547	805,893	420,525	1,226,418
Others	2,580,590	541,966	3,122,556	1,672,376	520,965	2,193,341
Depreciation	4,060,715	984,846	5,045,561	3,771,173	858,075	4,629,248
Amortization	40,334	368,947	409,281	44,512	396,005	440,517

- (b) Seasonality of operations

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

(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 nine months ended September 30, 2022:

- (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 September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3

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

- (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: Please refer to Table 5
 - (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 6
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
 - (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 8
- (b) Information on investees: Please refer to Table 9
 - (c) Information on investment in mainland China: Please refer to Table 10
 - (d) Major shareholders:

Shareholder's Name	Shareholding	
	Shares	Percentage
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	248,724,000	5.64 %
Yuanta Taiwan Dividend Plus ETF	235,419,992	5.34 %

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.

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.

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

(14) Segment information:

	<u>Three months ended September 30, 2022</u>		
	<u>Information technology product segment</u>	<u>Strategically integrated product segment</u>	<u>Total</u>
Revenue			
Revenue from external customers	\$ 278,248,644	12,783,703	291,032,347
Reportable segment profit	\$ 2,387,920	710,735	3,098,655
	<u>Three months ended September 30, 2021</u>		
	<u>Information technology product segment</u>	<u>Strategically integrated product segment</u>	<u>Total</u>
Revenue			
Revenue from external customers	\$ 327,379,892	9,481,288	336,861,180
Reportable segment profit	\$ 5,200,776	570,802	5,771,578
	<u>Nine months ended September 30, 2022</u>		
	<u>Information technology product segment</u>	<u>Strategically integrated product segment</u>	<u>Total</u>
Revenue			
Revenue from external customers	\$ 790,568,291	33,971,579	824,539,870
Reportable segment profit	\$ 7,168,125	1,753,824	8,921,949
	<u>Nine months ended September 30, 2021</u>		
	<u>Information technology product segment</u>	<u>Strategically integrated product segment</u>	<u>Total</u>
Revenue			
Revenue from external customers	\$ 839,192,282	28,654,465	867,846,747
Reportable segment profit	\$ 11,232,861	1,655,908	12,888,769

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

Table 1 Loans to other parties:
(September 30, 2022)

(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	466,958	230,000	230,000	1.67%~3.5%	Short-term financing	-	Operating demand	-	-	-	23,542,128	47,084,257	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	400,000	200,000	1.67%	Short-term financing	-	Operating demand	-	-	-	23,542,128	47,084,257	(Note 1)
0	The Company	CEB	Other receivables	Y	1,388,150	793,750	793,750	1.02%~5%	Short-term financing	-	Operating demand	-	-	-	23,542,128	47,084,257	(Note 1)
0	The Company	CEA	Other receivables	Y	2,326,950	1,428,750	1,428,750	1.02%~5%	Short-term financing	-	Operating demand	-	-	-	23,542,128	47,084,257	(Note 1)
0	The Company	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	600,000	600,000	1.67%	Short-term financing	-	Operating demand	-	-	-	600,045	47,084,257	(Note 1)
1	CIH	CEP	Other receivables	Y	63,500	63,500	63,500	3.50%	Short-term financing	-	Operating demand	-	-	-	37,397,344	37,397,344	(Note 2)
2	CPC	CIC	Other receivables	Y	450,600	447,300	447,300	2.20%	Short-term financing	-	Operating demand	-	-	-	2,613,831	2,613,831	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	2,222,500	2,222,500	1,790,700	3.50%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	79,375	79,375	-	3.50%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	952,500	952,500	952,500	3.50%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	1,047,900	-	-	3.50%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
4	CPO	CIT	Other receivables	Y	675,900	670,950	670,950	2.20%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
5	CET	BT	Other receivables	Y	270,360	268,380	178,920	2.00%	Short-term financing	-	Operating demand	-	-	-	4,787,996	4,787,996	(Note 6)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,200,000	600,000	600,000	1.67%	Short-term financing	-	Operating demand	-	-	-	2,344,758	2,344,758	(Note 7)
6	Panpal	HengHao Kunshan	Other receivables	Y	1,200,000	600,000	600,000	1.53%~1.67%	Short-term financing	-	Operating demand	-	-	-	2,344,758	2,344,758	(Note 7)
6	Panpal	Ray-Kwong Medical Management Consulting	Other receivables	Y	10,000	-	-	1.53%	Short-term financing	-	Operating demand	-	-	-	18,190	2,344,758	(Note 7)
7	CIC	HengHao Kunshan	Other receivables	Y	2,381,250	1,746,250	1,746,250	3.50%	Short-term financing	-	Operating demand	-	-	-	8,676,306	8,676,306	(Note 8)
8	BSH	CIN	Other receivables	Y	571,500	571,500	349,250	3.50%	Short-term financing	-	Operating demand	-	-	-	6,580,283	6,580,283	(Note 9)
9	Gempal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,000,000	600,000	600,000	1.67%	Short-term financing	-	Operating demand	-	-	-	858,556	858,556	(Note 10)
9	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	10,000	10,000	10,000	1.67%	Short-term financing	-	Operating demand	-	-	-	18,190	858,556	(Note 10)
10	Hong Ji	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	200,000	-	-	1.67%	Short-term financing	-	Operating demand	-	-	-	454,715	454,715	(Note 11)
11	Arcadyan	Arcadyan Brasil	Other receivables	Y	35,867	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,666,628	5,333,256	(Note 12)
11	Arcadyan	Arcadyan Brasil	Other receivables	Y	59,880	41,405	41,405	1.00%	Short-term financing	-	Operating financing	-	-	-	2,666,628	5,333,256	(Note 12)
11	Arcadyan	Arcadyan Brasil	Other receivables	Y	63,700	63,700	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,666,628	5,333,256	(Note 12)
11	Arcadyan	Arcadyan Vietnam	Other receivables	Y	280,250	-	-	1.00%	Transaction for business between two parties	5,000,450	-	-	-	-	2,666,628	5,333,256	(Note 12)
11	Arcadyan	Arcadyan Vietnam	Other receivables	Y	318,500	318,500	-	1.00%	Transaction for business between two parties	15,224,300	-	-	-	-	2,666,628	5,333,256	(Note 12)
11	Arcadyan	Arcadyan RU	Other receivables	Y	31,850	31,850	-	1.00%	Transaction for business between two parties	434,338	-	-	-	-	347,471	5,333,256	(Note 12)
12	Arcadyan Holding	CNC	Other receivables	Y	541,450	541,450	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,739,039	2,739,039	(Note 13)

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Table 1 Loans to other parties:

(September 30, 2022)

(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			
13	Poindus Systems	Adasys	Other receivables	Y	20,520	20,124	20,124	2.00%	Transaction for business between two parties	100,146	-	-	-	-	51,752	207,009	(Note 14)
13	Poindus Systems	Poindus UK	Other receivables	Y	26,093	-	-	1.00%	Transaction for business between two parties	75,880	-	-	-	-	39,102	207,009	(Note 14)
13	Poindus Systems	Poindus UK	Other receivables	Y	24,506	23,030	23,030	1.00%	Transaction for business between two parties	75,880	-	-	-	-	51,752	207,009	(Note 14)

- 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.
- 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 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 12: 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 13: 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 14: 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 15: The transactions had been eliminated in the consolidated financial statements.

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

Table 2 Guarantees and endorsements for other parties:
(September 30, 2022)

(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)	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)	29,427,661	95,386	68,726	68,726	-	0.06%	58,855,322	Y	-	-
0	The Company	CEB	(Note 5)	29,427,661	130,175	130,175	130,175	-	0.11%	58,855,322	Y	-	-
0	The Company	CEA	(Note 5)	29,427,661	192,717	85,725	85,725	-	0.07%	58,855,322	Y	-	-
0	The Company	HengHao Kunshan	(Note 5)	29,427,661	27,036	26,838	26,838	-	0.02%	58,855,322	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 5)	1,777,752	238,875	238,875	-	-	1.79%	5,333,256	Y	-	-
2	Poindus Systems	Qjje	(Note 5)	103,505	31,675	31,675	-	-	6.12%	258,762	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)

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

Table 3 Securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):
(September 30, 2022)

(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	422,580	3%	422,580	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,655,984	8%	1,655,984	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	259,600	506,220	5%	506,220	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	22,809	10%	22,809	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	11,518	11%	11,518	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	14,600	3%	14,600	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	101,676	10%	101,676	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	868	19,004	1%	19,004	
	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	3,269	2%	3,269	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	112,155	0%	112,155	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non current	-	96,697	2%	96,697	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	54,400	8%	54,400	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	64,680	19%	64,680	
	Others	-	Financial assets at fair value through profit or loss and other comprehensive income		104,897		104,897	
	Total				<u>3,226,489</u>			
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	686,763	1%	686,763	(Note 1)
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	926,085	5%	926,085	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	682,020	5%	682,020	
	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	159,798	1%	159,798	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	85,531	6%	85,531	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	7,845	151,401	5%	151,401	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		14,016		14,016	
	Total				<u>2,705,614</u>			

(Continued)

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

Table 3 Securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):
(September 30, 2022)

(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	398,615	-	398,615	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	85,506	6%	85,506	
	Others		Financial assets at fair value through other comprehensive income-non-current		1,342		1,342	
	Total				<u>485,463</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	-	52,306	7%	50,754	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	53,576	5%	53,576	
	Golden Smarthome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	(Note 2)
	Total				<u>105,882</u>			
Maitech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>11,880</u>	-	11,880	
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>142,875</u>	1%	142,875	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,475</u>	17%	4,475	
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non-current	-	<u>253,112</u>	-	253,112	
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	<u>11,091</u>	-	11,091	

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)

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

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20% of the capital stock:
(For the nine months ended September 30, 2022)

(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
The Company	Stock : Poindus Systems	Investments accounted for using equity method	Public buyouts and purchases from the open market	-	-	11,768	353,046	-	-	-	-	-	-	(24,990) (Note 1)	11,768	328,056
CPC	Structured deposits: Structured deposits– Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	443,352	-	451,114	443,352	7,762	-	-	-	-	-
CIT	Structured deposits– Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	1,108,380	-	1,127,784	1,108,380	19,404	-	-	-	-	-
CIT	Bank of Communications Yuntong Wealth Time-type structured deposit products	Financial assets at fair value through profit or loss-current	Bank of Communications Co., Ltd.	-	-	-	443,352	-	450,786	443,352	7,434	-	-	-	-	-
CIC	Structured deposits– Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	665,028	-	676,670	665,028	11,642	-	-	-	-	-
CET	Structured deposits– Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	443,352	-	451,114	443,352	7,762	-	-	-	-	-

Note 1: Others were valuation gains and losses and foreign exchange gains and losses.

(Continued)

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

Table 5 Acquisition of individual real estate with amount exceeding the lower of NTS300 million or 20% of the capital stock:
(September 30, 2022)

(In Thousands of US Dollars)

Name of company	Name of property	Transaction date (Note 1)	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Arcadyan Vietnam	Plant, mechanical and electrical equipment	May 5, 2022	Estimated amount within USD48,000	143,579	Donghui Co., Ltd. and Chengyuande Construction and Trade Co., Ltd.	None	not applicable	not applicable	not applicable	not applicable	price comparison and negotiation	operational use	None

Note 1: In order to meet the operational needs, the Board of Directors of Arcadyan Vietnam resolved on May 5, 2022, to authorize the chairman of the Board to expand the plant in the maximum limit of USD48,000. The total contract amount is expected to be 1,476,284 (VND1,122,650 million).

(Continued)

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

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the nine months ended September 30, 2022)

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	UCGI	Subsidiaries wholly owned by the Company	Sale	(214,536)	(0.0)%	120 days	Similar to non-related parties	There is no significant difference	43,624	0.0%	(Note 2)
	CBN	The Company's subsidiaries	Sale	(377,258)	(0.0)%	Net 90 days from delivery	Similar to non-related parties	There is no significant difference	160,845	0.1%	(Note 2)
	Arcadyan	The Company's subsidiaries	Sale	(2,867,333)	(0.4)%	Net 60 days from the end of the month of delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,167,456	0.9%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Sale	(960,504)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,076,486	0.5%	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	99,952,269	13.3%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(48,385,934)	(26.3)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	102,274,475	13.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,264,065)	(1.2)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	42,018,485	5.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(9,128,761)	(5.0)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	36,519,089	4.8%	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	(11,475,703)	(6.2)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	8,552,953	1.1%	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	(2,160,669)	(1.2)%	(Note 2)
	Kinpo	The same chairman of the Company	Purchase	19,317,081	2.1%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference	(7,366,909)	(4.0)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(102,274,475)	(99.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,264,065	97.5%	(Note 2)
	Compal Electronic, Inc.	Parent company	Purchase	960,504	(0.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,076,486)	(2.8)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	374,044	0.4%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(309,440)	(0.8)%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Purchase	123,812	0.1%	Net 60 days from delivery	According Etrade and its subsidiaries to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(96,098)	(0.3)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(99,952,269)	(92.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	48,385,934	85.1%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(318,050)	(0.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	190,799	0.2%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(157,133)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	62,045	0.1%	(Note 2)

(Continued)

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

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the nine months ended September 30, 2022)

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)	
CIH and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	Sale	(374,044)	(0.3)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	309,440	0.4%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(2,888,616)	(2.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,920,429	3.6%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(3,279,365)	(3.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	4,146,967	5.0%	(Note 2)
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	Purchase	751,091	0.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(566,177)	(0.8)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	384,422	0.4%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(247,437)	(0.3)%	(Note 2)
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	874,495	1.0%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(180,706)	(0.2)%	(Note 2)
	HengHao	With the same ultimate parent company	Purchase	153,339	0.2%	120 days	Similar to non-related parties	There is no significant difference	(20,127)	(0.0)%	(Note 2)
	CPM	An associate	Purchase	2,018,312	2.2%	120 days	Similar to non-related parties	There is no significant difference	(398,371)	(0.5)%	
	Changbao	An associate	Purchase	763,921	0.8%	120 days	Similar to non-related parties	There is no significant difference	(249,143)	(0.3)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	614,431	0.7%	120 days	Similar to non-related parties	There is no significant difference	(398,371)	(0.5)%	
CBN	Compal Electronic, Inc.	Parent company	Purchase	377,258	22.0%	Net 90 days from delivery	-	There is no significant difference	(160,845)	(18.0)%	(Note 2)
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(36,519,089)	(88.0)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	11,475,703	24.7%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(751,091)	(1.8)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	566,177	1.2%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(1,103,760)	(2.7)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	3,472,071	7.5%	(Note 1 - 2)
	CEB	With the same ultimate parent company	Sale	(498,165)	(1.2)%	120 days	According to markup pricing	There is no significant difference	699,994	1.5%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(858,561)	(2.1)%	120 days	According to markup pricing	There is no significant difference	749,125	1.6%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	2,888,616	8.0%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(2,920,429)	(6.3)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	786,241	2.2%	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	(564,616)	(1.2)%	(Note 2)
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	234,707	0.6%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(26,926)	(0.1)%	(Note 2)
	CPM	An associate	Purchase	421,609	1.2%	120 days	Similar to non-related parties	There is no significant difference	(31,975)	(0.1)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	346,768	1.0%	120 days	Similar to non-related parties	There is no significant difference	(188,251)	(0.4)%	
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	498,165	17.2%	120 days	Similar to non-related parties	There is no significant difference	(699,994)	(48.9)%	(Note 2)
	CEA	With the same ultimate parent company	Purchase	1,175,023	40.6%	45 days	Similar to non-related parties	There is no significant difference	(538,350)	(37.6)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	157,133	5.4%	120 days	Similar to non-related parties	There is no significant difference	(62,045)	(4.3)%	(Note 2)
CEA	CEB	With the same ultimate parent company	Sale	(1,175,023)	(16.7)%	45 days	Similar to non-related parties	There is no significant difference	538,350	19.9%	(Note 2)

(Continued)

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

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the nine months ended September 30, 2022)

(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)	
CEA	CIH and its subsidiaries	With the same ultimate parent company	Purchase	318,050	5.2%	120 days	Similar to non-related parties	There is no significant difference	(190,799)	(12.5)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	858,561	14.1%	120 days	Similar to non-related parties	There is no significant difference	(749,125)	(49.2)%	(Note 2)
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(8,552,953)	(98.5)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	2,160,669	95.7%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(123,812)	(1.4)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	96,098	4.3%	(Note 2)
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,156,613	17.9%	Net 60 days from delivery	Similar to non-related parties	Adjustments will be made based on demand for funding	(499,430)	(22.1)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(341,523)	(100.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference	207,915	100.0%	(Note 2)
UCGI	Compal Electronic, Inc.	Parent company	Purchase	214,536	53.1%	120 days	Similar to non-related parties	There is no significant difference	(43,624)	(41.4)%	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(42,018,485)	(94.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	9,128,761	35.4%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(1,156,613)	(2.6)%	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	499,430	1.9%	(Note 2)
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(384,422)	(0.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	247,437	1.0%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(786,241)	(1.8)%	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	564,616	2.2%	(Note 2)
HengHao	CIH and its subsidiaries	With the same ultimate parent company	Purchase	3,279,365	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	(4,146,967)	(9.6)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	1,103,760	2.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(3,472,071)	(8.1)%	(Note 1、2)
CEP	Forever and its subsidiaries	With the same ultimate parent company	Purchase	341,523	0.9%	Net 60 days from purchase	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(207,915)	(0.5)%	(Note 1、2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(874,495)	(78.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	180,706	83.0%	(Note 2)
HengHao	BCI and its subsidiaries	With the same ultimate parent company	Sale	(234,707)	(21.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	26,926	12.4%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(153,339)	(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	20,127	0.7%	(Note 1、2)
CEP	Compal Electronic, Inc.	Parent company	Sale	(146,488)	(100.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	17,201	100.0%	(Note 2)

(Continued)

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

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the nine months ended September 30, 2022)

(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 Germany	Arcadyan's subsidiary	Sale	(653,948)	(2.0)%	Net 150 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	171,852	1.0%	(Note 2)
	Arcadyan USA	Arcadyan's subsidiary	Sale	(13,718,289)	(40.0)%	Net 120 days from delivery	-	-	6,045,890	50.0%	(Note 2)
	Arcadyan AU	Arcadyan's subsidiary	Sale	(610,806)	(2.0)%	Net 60 days from the end of the month of delivery	-	-	204,466	2.0%	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	8,148,905	16.0%	Net 120 days from delivery	According to markup pricing	-	(1,334,725)	(6.0)%	(Note 1 · 2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	2,532,551	5.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1 · 2)
	Compal Electronic, Inc.	Parent company	Purchase	2,867,333	6.0%	Net 60 days from the end of the month of delivery	-	-	(2,167,456)	(9.0)%	(Note 2)
CNC	Arcadyan	With the same ultimate parent company	Sale	(8,148,905)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	1,334,725	89.0%	(Note 1 · 2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(2,532,551)	(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	653,948	100.0%	Net 150 days from delivery	-	-	(171,852)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	13,718,289	100.0%	Net 120 days from delivery	-	-	(6,045,890)	(100.0)%	(Note 2)
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	610,806	100.0%	Net 60 days from the end of the month of delivery	-	-	(204,466)	100.0%	(Note 2)
Ripal	GLB	With the same ultimate parent company	Sale	(116,788)	60.5%	Net 60 days from the end of the month	Similar to non-related parties	There is no significant difference.	43,281	67.9%	(Note 2)
GLB	Ripal	With the same ultimate parent company	Purchase	116,788	42.5%	Net 60 days from the end of the month	Similar to non-related parties	There is no significant difference.	(43,281)	38.3%	(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 September 30, 2022 is 2,231,201 thousand dollars.

(Continued)

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

Table 7 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(September 30, 2022)

(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	160,845	1.43	-	-	102,296	(Note 1)	-
The Company	Arcadyan	The Company's subsidiary	2,167,456	3.53	-	-	807,478	(Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	1,076,486	2.38	-	-	273,942	(Note 1)	-
The Company	Cal-Comp	The same chairman of the Company	4,718,337	(Note 3)	-	-	1,212,821	(Note 1)	-
			(Note 3)						
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	2,264,065	42.26	-	-	412,111	(Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	48,385,934	2.41	-	-	43,310,144	(Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	190,799	2.13	-	-	25,080	(Note 1)	-
CIH and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	309,440	3.22	-	-	-	(Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	4,146,967	1.36	-	-	-	(Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	2,920,429	1.71	-	-	-	(Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	11,475,703	3.47	-	-	11,475,703	(Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	3,472,071	0.54	-	-	-	(Note 1)	-
BCI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	566,177	3.54	-	-	-	(Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	699,994	0.67	-	-	142,771	(Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	749,125	1.82	-	-	92,298	(Note 1)	-
CEA	CEB	With the same ultimate parent company	538,350	3.43	-	-	-	(Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	2,160,669	4.76	-	-	2,160,669	(Note 1)	-
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	207,915	4.38	-	-	-	(Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	9,128,761	9.17	-	-	1,016,661	(Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	499,430	4.14	-	-	-	(Note 1)	-
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	247,437	2.45	-	-	-	(Note 1)	-
HSI and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	564,616	3.71	-	-	-	(Note 1)	-
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	180,706	12.90	-	-	-	(Note 1)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	6,045,890	2.55	-	-	1,712,009	(Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	2,231,201	(Note 3)	-	-	-	(Note 2)	-
			(Note 3)						

(Continued)

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

Table 7 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(September 30, 2022)

(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			
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	204,466	4.02			136,841	(Note 2)	
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	171,852	2.24			-	(Note 2)	
CNC	Arcadyan	With the same ultimate parent company	1,334,725 (Note 4)	3.63	-	-	923,622	(Note 2)	-
CBN	HSI and its subsidiaries	With the same ultimate parent company	187,367 (Note 3)	(Note 3)	12,742	Strengthen collections	-	(Note 1)	-

Note 1:Balance as of November 4, 2022.

Note 2:Balance as of October 28, 2022.

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

Note 4:Accounts receivables due to processing raw material.

(Continued)

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

Table 8 Business relationships and significant intercompany transactions:

(For the nine months ended September 30, 2022)

(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	
0	The Company	UCGI	1	Sales Revenue	214,536	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	43,624		"
0	The Company	CBN	1	Sales Revenue	377,258	There is no significant difference of price to non-related parties. The credit period is net 90 days from delivery.	-
				Accounts Receivable	160,845		"
0	The Company	Arcadyan	1	Sales Revenue	2,867,333	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.	0.3%
				Accounts Receivable	2,167,456		"
0	The Company	JUST and its subsidiaries	1	Sales Revenue	960,504	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	1,076,486		"
1	JUST and its subsidiaries	The Company	2	Sales Revenue	102,274,475	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.4%
				Accounts Receivable	2,264,065		"
2	CIH and its subsidiaries	The Company	2	Sales Revenue	99,952,269	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.1%
				Accounts Receivable	48,385,934		"
2	CIH and its subsidiaries	CEA	3	Sales Revenue	318,050	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	190,799		"
2	CIH and its subsidiaries	CEB	3	Sales Revenue	157,133	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	62,045		"
2	CIH and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	374,044	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	309,440		"
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	2,888,616	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.4%
				Accounts Receivable	2,920,429		"
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	3,279,365	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.4%
				Accounts Receivable	4,146,967		"
3	BCI and its subsidiaries	The Company	2	Sales Revenue	36,519,089	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.	4.4%
				Accounts Receivable	11,475,703		"

(Continued)

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

Table 8 Business relationships and significant intercompany transactions:

(For the nine months ended September 30, 2022)

(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	
3	BCI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	751,091	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	566,177	"	0.1%
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	1,103,760	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	3,472,071	"	0.6%
3	BCI and its subsidiaries	CEB	3	Sales Revenue	498,165	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	699,994	"	0.1%
3	BCI and its subsidiaries	CEA	3	Sale Revenue	858,561	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	749,125	"	0.1%
4	CEA	CEB	3	Sale Revenue	1,175,023	There is no significant difference of price to non-related parties. The credit period is net 45 days.	0.1%
				Accounts Receivable	538,350	"	0.1%
5	Etrade and its subsidiaries	The Company	2	Sales Revenue	8,552,953	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	1.0%
				Accounts Receivable	2,160,669	"	0.4%
5	Etrade and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	123,812	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	96,098	"	-
6	Forever and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	341,523	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery.	-
				Accounts Receivable	207,915	"	-
7	HSI and its subsidiaries	The Company	2	Sales Revenue	42,018,485	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	5.1%
				Accounts Receivable	9,128,761	"	1.7%
7	HSI and its subsidiaries	Etrade and its subsidiaries	3	Sales Revenue	1,156,613	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.1%
				Accounts Receivable	499,430	"	0.1%
7	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	384,422	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	247,437	"	-
7	HSI and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	786,241	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.1%
				Accounts Receivable	564,616	"	0.1%

(Continued)

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

Table 8 Business relationships and significant intercompany transactions:

(For the nine months ended September 30, 2022)

(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	
8	Rayonnant and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	874,495	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%
8	Rayonnant and its subsidiaries	BCI and its subsidiaries	3	Accounts Receivable Sales Revenue	180,706 234,707	"	-
9	HengHao	CIH and its subsidiaries	3	Accounts Receivable Sales Revenue	26,926 153,339	"	-
10	CEP	The Company	2	Accounts Receivable Sales Revenue	20,127 146,488	"	-
11	Arcadyan	Arcadyan Germany	3	Accounts Receivable Sales Revenue	17,201 653,948	"	0.1%
11	Arcadyan	Arcadyan USA	3	Accounts Receivable Sales Revenue	171,852 13,718,289	"	-
11	Arcadyan	Arcadyan AU	3	Accounts Receivable Sales Revenue	6,045,890 610,806	"	1.1%
11	Arcadyan	Arcadyan Vietnam	3	Accounts Receivable Other Receivable	204,466 2,231,201	"	-
12	CNC	Arcadyan	3	Processing Revenue	8,148,905	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.4%
13	Arcadyan Vietnam	Arcadyan	3	Accounts Receivable Processing Revenue	1,334,725 2,532,551	"	0.2%
14	Ripal	GLB	3	Sales Revenue	116,788	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.3%
				Accounts Receivable	43,281	"	-

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.

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

Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):
(September 30, 2022)

(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
				September 30, 2022	December 31, 2021	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%	509,202	(22,688)	(15,881)	(Note2)
	Bizzcom	Huston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	469,994	5,483	5,483	(Note2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	10,522,746	(172,103)	(172,103)	(Note2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	44,423,415	1,395,783	1,395,783	(Note2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,369,135	(342,421)	(405,717)	(Note2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,715,429	131,346	94,620	(Note2)
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,420	1,719	645	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	120,546	22,472	18,472	(Note2)
	Unicore	Taipei City	Management&Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	85,437	(16,443)	(16,443)	(Note2)
	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%	3,741,725	-	-	(Note2)
	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%	5,195	2,056	2,075	(Note2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	424,119	484,105	98,538	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	-	11,768	56%	328,056	10,517	2,223	
	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%	51,590	(10,978)	(5,713)	(Note2)
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	493,194	(485,289)	(237,791)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	888,110	6,831	6,831	(Note2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	27,798	(17,637)	(6,173)	(Note2)
	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%	50,071	(69,107)	(22,966)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,147,603	69,089	69,089	(Note2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	364,501	29,279	29,279	(Note2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	256,678	33,668	20,435	(Note2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	147,566	3,491	3,491	(Note2)
	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%	2,579,571	1,303,386	261,552	(Note2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,653,136	(27,226)	(27,226)	(Note2)
	Shennona	Delaware, USA	Medical care IOT business	48,210	32,665	2,600	100%	17,064	(63)	(63)	(Note2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	187,202	328,105	175,143	(Note2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(36,138)	(30,033)	(30,033)	(Note2)
	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%	42,690	(17,768)	(16,169)	(Note2)
	Infinno Technology Corporation ("Infinno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	33,333	(16,204)	(4,492)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,729,757	20,015	100%	(661,044)	(68,483)	(68,483)	(Note2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	8,813,946	533,773	533,773	(Note2)
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	654,561	3,309	1,406	(Note2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	204,107	23,808	29,183	(Note2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	294,500	29,486	29,486	(Note2)
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,429,534	(61,532)	(21,365)	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(268,690)	73,882	(27,156)	(Note2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	776,295	27,108	27,108	(Note2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,495,021	271	271	(Note2)

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

Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):
(September 30, 2022)

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
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	489,998	489,998	29,000	100%	(17,855)	19,642	19,447	(Note2)
	Palcom Avalue	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	110,398	1,258	1,258	(Note2)
		New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	696,461	383,475	82,828	(Note2)
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,831,846	198,325	198,325	(Note2)
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	100,000	-	10,000	100%	99,806	(194)	(194)	(Note2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	246,860	15,035	50%	384,508	107,213	53,318	(Note2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	89,669	-	100%	96,303	(2,688)	(3,063)	(Note2)
	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	33%	30,610	(41,100)	(13,700)	(Note2)
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	155,076	4,646	40%	192,278	(20,075)	(5,992)	(Note2)
								<u>99,786,970</u>		<u>2,059,339</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%	556,385	1,303,386	Investment gain (losses) recognized by Panpal	(Note2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	122,213	484,105	Investment gain (losses) recognized by Panpal	(Note2)
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%	(503,557) 655,219	1,303,386	Investment gain (losses) recognized by Gempal	(Note2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	134,435	484,105	Investment gain (losses) recognized by Gempal	(Note2)
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%	(636) 655,219	1,303,386	Investment gain (losses) recognized by Hong Ji	(Note2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	30,658	484,105	Investment gain (losses) recognized by Hong Ji	(Note2)
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%	310,460	1,303,386	Investment gain (losses) recognized by Hong Jin	(Note2)
Just	CDH (HK)	Hong Kong	Investment	1,977,946	1,977,946	62,298	100%	7,935,300	(176,426)	Investment gain (losses) recognized by Just	(Note2)
	CII	British Virgin Islands	Investment	293,529	293,529	9,245	100%	266,519	(255)	Investment gain (losses) recognized by Just	(Note2)
	CPI	British Virgin Islands	Investment	15,875	15,875	500	100%	959,272	5,282	Investment gain (losses) recognized by Just	(Note2)
CII	Smart	British Virgin Islands	Investment	32	32	1	100%	395	(6)	Investment gain (losses) recognized by CII	(Note2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	31,750	31,750	1,000	100%	49,456	(262)	Investment gain (losses) recognized by CII	(Note2)
	MEL	U.S.A	Investment	261,430	261,430	-	100%	216,679	13	Investment gain (losses) recognized by CII	(Note2)
	MTL	U.S.A	Investment	32	32	-	100%	32	-	Investment gain (losses) recognized by CII	(Note2)
CIH	CIH (HK)	Hong Kong	Investment	2,374,979	2,374,979	74,803	100%	43,265,847	1,544,082	Investment gain (losses) recognized by CIH	(Note2)
	Jenpal	British Virgin Islands	Investment	233,363	233,363	7,350	100%	114,198	911	Investment gain (losses) recognized by CIH	(Note2)

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Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):
(September 30, 2022)

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
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
CIH	PFG	British Virgin Islands	Investment	32	32	1	100%	20,109	10,596	Investment gain (losses) recognized by CIH	(Note2)
	FWT	British Virgin Islands	Investment	473,075	473,075	14,900	100%	473,606	-	Investment gain (losses) recognized by CIH	(Note2)
	CCM	British Virgin Islands	Investment	161,925	161,925	5,100	51%	26,219	(2,722)	Investment gain (losses) recognized by CIH	(Note2)
HSI	IUE	British Virgin Islands	Investment	2,127,250	2,127,250	67,000	100%	613,950	332,175	Investment gain (losses) recognized by HSI	(Note2)
	Goal	British Virgin Islands	Investment	403,225	403,225	12,700	100%	344,418	(4,070)	Investment gain (losses) recognized by HSI	(Note2)
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	2,127,250	2,127,250	67,000	100%	613,950	332,175	Investment gain (losses) recognized by HSI	(Note2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	403,225	403,225	12,700	100%	346,123	(4,070)	Investment gain (losses) recognized by HSI	(Note2)
BCI	CMI	British Virgin Islands	Investment	2,566,035	2,566,035	80,820	100%	5,571,424	374,070	Investment gain (losses) recognized by BCI	(Note2)
	PRI	British Virgin Islands	Investment	317,500	317,500	10,000	100%	3,242,522	159,703	Investment gain (losses) recognized by BCI	(Note2)
CORE	BSH	British Virgin Islands	Investment	4,667,250	4,667,250	147,000	100%	7,831,846	198,325	Investment gain (losses) recognized by CORE	(Note2)
BSH	Mithera	Cayman Islands	Investment	160,338	160,338	-	99%	145,900	(2,399)	Investment gain (losses) recognized by BSH	(Note2)
	HSI	British Virgin Islands	Investment	1,174,750	1,174,750	37,000	46%	771,166	328,105	Investment gain (losses) recognized by BSH	(Note2)
	CIN	U.S.A	Manufacturing	258,128	258,128	1	100%	214,695	(3,360)	Investment gain (losses) recognized by BSH	(Note2)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain (losses) recognized by Forever	(Note2)
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	63,500	63,500	-	100%	18,386	(429)	Investment gain (losses) recognized by Forever	(Note2)
Webtek	Etrade	British Virgin Islands	Investment	793,750	793,750	25,000	35%	(3,604)	73,882	Investment gain (losses) recognized by Webtek	(Note2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	-	40,692	-	0%	-	-	Investment gain (losses) recognized by Unicore	(Note2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	1,701,027	2,219,782	47,780	100%	2,461,824	463,271	Investment gain (losses) recognized by Arcadyan	(Note2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	123,807	40,454	Investment gain (losses) recognized by Arcadyan	(Note2)
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	1	100%	80,566	5,091	Investment gain (losses) recognized by Arcadyan	(Note2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	10,585	(758)	Investment gain (losses) recognized by Arcadyan	(Note2)
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	415,253	951	Investment gain (losses) recognized by Arcadyan	(Note2)
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	217,655	(221,159)	Investment gain (losses) recognized by Arcadyan	(Note2)
	AcBel Telecom	Taipei City	Investment	23,000	23,000	-	0%	-	3,365	Investment gain (losses) recognized by Arcadyan	(Note2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,274	428	Investment gain (losses) recognized by Arcadyan	(Note2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	51,270	4,758	Investment gain (losses) recognized by Arcadyan	(Note2)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):
(September 30, 2022)

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
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Arcadyan	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	6,341	(1,332)	Investment gain (losses) recognized by Arcadyan	(Note2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	12,295	3,309	Investment gain (losses) recognized by Arcadyan	(Note2)
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(35,939)	(17,743)	Investment gain (losses) recognized by Arcadyan	(Note2)
	Arcadyan India	India	Sales of wireless network products	13,507	13,507	3,500	100%	3,803	(7,851)	Investment gain (losses) recognized by Arcadyan	(Note2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	925,243	925,243	29,050	100%	1,554,503	525,783	Investment gain (losses) recognized by Arcadyan Holding	(Note2)
Arcadyan Holding	Arch Holding	British Virgin Islands	Investment	350,700	350,700	35	100%	1,128,000	(69,464)	Investment gain (losses) recognized by Arcadyan Holding	(Note2)
TTI	Quest	Samoa	Investment	38,220	38,220	1,200	100%	(240,183)	(141,449)	Investment gain (losses) recognized by TTI	(Note2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	1	100%	3,217	(405)	Investment gain (losses) recognized by TTI	(Note2)
Quest	Exquisite	Samoa	Investment	37,265	37,265	1,170	100%	(241,837)	(141,447)	Investment gain (losses) recognized by Quest	(Note2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	923,650	923,650	-	100%	1,549,821	525,783	Investment gain (losses) recognized by Sinoprime	(Note2)
Zhi-Bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	19%	302,975	3,309	Investment gain (losses) recognized by Zhi-Bao	(Note2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	197,606	53,750	Investment gain (losses) recognized by Rayonnant	(Note2)
	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	(Note2)
CRH	APH	British Virgin Islands	Investment	396,875	396,875	12,500	59%	294,500	53,750	Investment gain (losses) recognized by CRH	(Note2)
APH	PEL	British Virgin Islands	Investment	100,044	100,044	3,151	100%	45,179	167	Investment gain (losses) recognized by APH	(Note2)
	Rayonnant(HK)	Hong Kong	Investment	571,500	571,500	18,000	100%	438,482	53,583	Investment gain (losses) recognized by APH	(Note2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(911,621)	(154,570)	Investment gain (losses) recognized by HHT	(Note2)
HHA	HHB	British Virgin Islands	Investment	1,488,504	1,488,504	46,882	100%	(911,562)	(154,570)	Investment gain (losses) recognized by HHA	(Note2)
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%	5,140	(175)	Investment gain (losses) recognized by CBN	(Note2)
	CBNN	The 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%	5,802	(113)	Investment gain (losses) recognized by CBN	(Note2)
	Starmems	Taiwan	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	7,942	(17,637)	Investment gain (losses) recognized by CBN	(Note2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,849,737	2,849,737	95,862	37%	4,725,954	(27,305)	Investment gain (losses) recognized by FGH	(Note2)
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	17%	9,872	(21,253)	Investment gain (losses) recognized by Mactech	(Note2)
Poindus Systems	Poindus Investment	Taipei City	investment holding	4,100	4,100	(Note 3)	100%	551	(61)	Investment gain (losses) recognized by Poindus Systems	(Note2)

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

Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):
 (September 30, 2022)

(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
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Poindus Systems	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(9,930)	(2,141)	Investment gain (losses) recognized by Poindus Systems	(Note2)
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0	100%	10,253	(13,041)	Investment gain (losses) recognized by Poindus Systems	(Note2)
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(Note 3)	100%	127	(61)	Investment gain (losses) recognized by Poindus Investment	(Note2)

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.

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Notes to Consolidated Financial Statements

Table 10 Information on investment in Mainland China:

(September 30, 2022)

(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022	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	1,174,750	(Note 1)	1,174,750	-	-	1,174,750	(203,612)	100%	(203,612)	2,786,029	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	635,000	(Note 2)	635,000	-	-	635,000	21,229	100%	21,229	111,440	-
CET	Manufacturing of notebook PCs	381,000	(Note 2)	381,000	-	-	381,000	(177,364)	100%	(177,364)	5,307,966	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	268,454	(Note 2)	(Note 3)	-	-	-	(49,345)	100%	(49,345)	(104,278)	-
Zheng Ying Electronics (Chongqing) 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	70,586	(Note 2)	(Note 3)	-	-	-	-	51%	-	(44,352)	-
BT	Manufacturing of notebook PCs	31,750	(Note 2)	31,750	-	-	31,750	24,271	100%	24,271	(155,108)	-
CGS	Maintenance and warranty service of notebook PCs	8,948	(Note 2)	(Note 3)	-	-	-	(4,725)	100%	(4,725)	(51,178)	-
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	1,016,000	(Note 1)	423,228	-	-	423,228	(415,615)	43%	(179,462)	371,412	-
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	635,000	(Note 1)	46,673	-	-	46,673	(373,386)	48%	(177,732)	379,698	-
CIC	Manufacturing of notebook PCs	381,000	(Note 2)	381,000	-	-	381,000	579,716	100%	579,716	10,581,035	-
CPO	Manufacturing and sales of LCD TVs	384,175	(Note 1)	384,175	-	-	384,175	114,793	100%	114,793	3,091,513	-
CIT	Manufacturing of notebook PCs	762,000	(Note 2)	762,000	-	-	762,000	1,123,015	100%	1,123,015	26,823,907	-

(Continued)

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

Table 10 Information on investment in Mainland China:

(September 30, 2022)

(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022	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						
CST	International trade and distribution of computers and electronic components	44,450	(Note 2)	44,450	-	-	44,450	(4,503)	100%	(4,503)	50,333	-
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	317,500	(Note 2)	161,925	-	-	161,925	(5,337)	51%	(2,722)	59,776	-
CJ	Investment and consulting services	495,300	(Note 2)	495,300	-	-	495,300	(109,889)	100%	(109,889)	2,444,530	-
CDE	Manufacturing and sales of LCD TVs	476,250	(Note 2)	(Note 3)	-	-	-	108,097.00	100%	108,097.00	2,408,789	-
CIS	Outward investment and consulting services	2,566,035	(Note 1)	2,566,035	-	-	2,566,035	374,070	100%	374,070	5,571,424	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,540,000	(Note 2)	(Note 3)	-	-	-	374,097	100%	374,097.00	5,539,264	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	25,400	(Note 2)	(Note 3)	-	-	-	89	100%	89.00	25,506	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	317,500	(Note 1)	317,500	-	-	317,500	159,703	100%	159,703	3,242,522	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	13,335,000	(Note 2)	2,623,407	-	-	2,623,407	264,511	37%	96,864	5,705,104	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,905,000	(Note 2)	363,728	-	-	363,728	(120,989)	37%	(44,306)	704,274	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	571,500	(Note 2)	396,875	-	-	396,875	53,583	100%	53,583	439,102	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	857,250	(Note 1)	698,500	-	-	698,500	(28,648)	100%	(28,648)	(1,185,672)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	184,150	(Note 1)	184,150	-	-	184,150	1,171	100%	1,171	91,726	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,555,750	(Note 1)	603,250	-	-	603,250	104,644	100%	104,644	1,049,719	-

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 10 Information on investment in Mainland China:

(September 30, 2022)

(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022	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						
Hanhelt	R&D and manufacturing of electronic communication equipment	63,500	(Note 1)	63,500	-	-	63,500	(2,575)	100%	(2,575)	(254)	-
Arcadyan SVA Arcadyan	R&D and sales of wireless network products	257,985	(Note 1)	427,427 (Note 7)	-	(Note 9)	427,427	3,866	100%	3,866	33,251	-
CNC	Manufacturing and wireless network products	396,533	(Note 1)	350,700 (Note 8)	-	-	350,700	(69,464)	100%	(69,464)	1,127,968	-
THAC	Manufacturing of household electronics products	106,698	(Note 1 - 10)	36,628	-	-	36,628	(141,447)	100%	(141,447)	(242,379)	-
HengHao HengHao Kunshan	Production of touch panels and related components	1,270,000	(Note 1)	1,263,745	-	-	1,263,745	(154,365)	100%	(154,365)	(1,056,528)	-
Lucom	Manufacturing of notebook PCs and related modules	476,250	(Note 2)	206,344 (Note 12)	-	-	206,344	(110)	100%	(110)	144,711	-
Poindus Systems Qijie	Sales of PCs and peripherals	31,750	(Note 1)	31,750	-	-	31,750	(8,813)	100%	(8,813)	11,881	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of September 30, 2022	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	17,225,550 (US\$542,537) (Note 5)	24,390,541 (US\$768,206)	(Note 6)
Arcadyan	814,755 (US\$25,581)	814,755 (US\$25,581)	7,999,884
HengHao	1,488,186 (US\$46,872)	1,488,186 (US\$46,872)	(Note 13)
Poindus Systems	31,750 (US\$1,000)	31,750 (US\$1,000)	310,514

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 Accton 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: SVA Arcadyan decreased its capital amounting to US\$15,000 thousand to offset accumulated losses in March 2009, and returned its capital amounting to US\$5,000 thousand on April 7, 2021.

Note 10: Arcadyan's subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).

Note 11: The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 12: 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 13: The net equity of HengHao is negative at September 30, 2022.

(iii) Significant transactions:

For the nine months ended September 30, 2022, 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".