

SDI Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
SDI Corporation

Introduction

We have reviewed the accompanying consolidated financial statements of SDI Corporation and subsidiaries ("the Group"), which comprise the consolidated balance sheets as of March 31, 2023 and 2022, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and the related 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 basis for qualified conclusion paragraph, we conducted our reviews in accordance with Standards on Review Engagements No. 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Basis for Qualified Conclusion

As disclosed in Note 4(3) to the consolidated financial statements, the financial statements of certain non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2023 and 2022, assets of those non-reviewed consolidated subsidiaries amounted to \$1,104,644 thousand and \$1,086,121 thousand (all in NTD unless specified otherwise), representing 9% and 8%, respectively, of total consolidated assets, and the liabilities amounted to \$156,339 thousand and \$183,765 thousand, representing 3% and 3%, respectively, of total consolidated liabilities. Comprehensive income of those consolidated subsidiaries for the three months ended March 31, 2023 and 2022 were \$23,471 thousand, \$35,949 thousand, representing 10% and 11%, respectively, of the total consolidated comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the aforementioned paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance for the three months ended March 31, 2023 and 2022 and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shao, Chao Pin and Lin, Ming Shou.

A handwritten signature in black ink that reads "Crowe TW CPAs".

Crowe (TW) CPAs

Taichung, Taiwan (Republic of China)

May 4, 2023

Notice to Readers

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

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

SDI Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	NOTES	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	\$ 1,045,940	8	\$ 1,058,687	8	\$ 850,314	6
Financial assets at fair value through profit or loss - current	6(2)	57,915	-	57,751	-	57,470	-
Notes receivable, net	6(3)	118,319	1	123,141	1	153,767	1
Accounts receivable, net	6(4)	1,906,250	15	1,979,426	15	2,117,387	16
Accounts receivable, net - related parties	7	22,033	-	22,145	-	15,219	-
Other receivables	7	16,276	-	15,606	-	16,074	-
Inventories	6(5)	3,804,826	30	3,865,821	30	4,523,679	35
Prepayments	6(6)	76,596	1	67,339	1	96,814	1
Other financial assets - current	6(7)	36,640	-	69,667	1	49,639	-
Other current assets		1,509	-	193	-	690	-
Total current assets		<u>7,086,304</u>	<u>55</u>	<u>7,259,776</u>	<u>56</u>	<u>7,881,053</u>	<u>59</u>
NONCURRENT ASSETS							
Financial assets at fair value through other comprehensive income - noncurrent	6(8)	22,887	-	21,023	-	21,015	-
Property, plant and equipment	6(9)	5,278,948	41	5,190,999	40	5,058,627	37
Right-of-use assets	6(10)	198,303	2	201,146	2	215,069	2
Intangible assets	6(11)	54,460	1	56,856	-	64,441	-
Deferred income tax assets		127,333	1	132,465	1	132,968	1
Other noncurrent assets	6(12)	46,649	-	63,734	1	95,636	1
Total noncurrent assets		<u>5,728,580</u>	<u>45</u>	<u>5,666,223</u>	<u>44</u>	<u>5,587,756</u>	<u>41</u>
TOTAL		<u>\$ 12,814,884</u>	<u>100</u>	<u>\$ 12,925,999</u>	<u>100</u>	<u>\$ 13,468,809</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Short-term loans	6(13)	\$ 738,678	6	\$ 738,126	6	\$ 939,738	7
Contract liabilities	6(24)	110,780	1	96,448	1	103,912	1
Notes payable	6(14)	59,754	-	153,769	1	153,478	1
Accounts payable		899,282	7	852,721	6	1,184,136	9
Accounts payable - related parties	7	6,413	-	1,045	-	1,586	-
Other payables	6(15)	614,931	5	744,959	6	559,637	4
Other payables - related parties	7	-	-	-	-	892	-
Current income tax liabilities		350,068	3	300,317	2	282,881	2
Lease liabilities - current	6(10)	9,522	-	10,078	-	10,137	-
Long term loans - current portion	6(16)	521,273	4	463,363	4	118,495	1
Other current liabilities	6(17)	14,147	-	24,837	-	12,376	-
Total current liabilities		<u>3,324,848</u>	<u>26</u>	<u>3,385,663</u>	<u>26</u>	<u>3,367,268</u>	<u>25</u>
NONCURRENT LIABILITIES							
Long term loans	6(16)	1,696,429	13	1,997,776	16	2,657,967	20
Lease liabilities - noncurrent	6(10)	81,786	1	82,860	1	90,448	1
Deferred income tax liabilities		330,359	3	319,072	2	332,189	2
Net defined benefit liability - noncurrent	6(18)	97,820	1	100,030	1	136,062	1
Other noncurrent liabilities	6(17)	58,059	-	54,535	-	29,406	-
Total noncurrent liabilities		<u>2,264,453</u>	<u>18</u>	<u>2,554,273</u>	<u>20</u>	<u>3,246,072</u>	<u>24</u>
Total liabilities		<u>5,589,301</u>	<u>44</u>	<u>5,939,936</u>	<u>46</u>	<u>6,613,340</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
Common stocks	6(19)	1,821,403	14	1,821,403	14	1,821,403	13
Capital surplus	6(20)	485,797	4	485,797	4	485,771	4
Retained earnings	6(21)						
Legal capital reserve		983,960	8	983,960	8	899,980	7
Special capital reserve		139,763	1	139,763	1	134,642	1
Unappropriated earnings		3,533,930	27	3,312,978	25	3,236,486	24
Others	6(22)	(107,786)	(1)	(116,256)	(1)	(83,826)	(1)
Equity attributable to shareholders of the parent		<u>6,857,067</u>	<u>53</u>	<u>6,627,645</u>	<u>51</u>	<u>6,494,456</u>	<u>48</u>
NON-CONTROLLING INTERESTS	6(23)	<u>368,516</u>	<u>3</u>	<u>358,418</u>	<u>3</u>	<u>361,013</u>	<u>3</u>
Total equity		<u>7,225,583</u>	<u>56</u>	<u>6,986,063</u>	<u>54</u>	<u>6,855,469</u>	<u>51</u>
TOTAL		<u>\$ 12,814,884</u>	<u>100</u>	<u>\$ 12,925,999</u>	<u>100</u>	<u>\$ 13,468,809</u>	<u>100</u>

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

SDI Corporation and Subsidiaries

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

	NOTES	For the Three Months Ended March 31			
		2023		2022	
		Amount	%	Amount	%
NET REVENUE	6(24) \ 7	\$ 2,685,237	100	\$ 2,792,124	100
COST OF REVENUE	6(25) \ 7	(2,136,255)	(80)	(2,258,930)	(81)
GROSS PROFIT		548,982	20	533,194	19
OPERATING EXPENSES	6(25) \ 7				
Marketing		(78,215)	(3)	(80,057)	(3)
General and administrative		(94,201)	(3)	(88,038)	(3)
Research and development		(66,131)	(2)	(69,326)	(2)
Expected credit loss		(1,481)	-	(17)	-
Total operating expenses		(240,028)	(8)	(237,438)	(8)
OPERATING INCOME		308,954	12	295,756	11
NONOPERATING INCOME AND EXPENSES					
Interest income		2,666	-	422	-
Other income	6(26)	5,453	-	3,648	-
Other gains and losses, net	6(27)	(5,426)	-	51,301	2
Finance costs	6(28)	(16,414)	(1)	(18,144)	(1)
Total nonoperating income and expenses		(13,721)	(1)	37,227	1
INCOME BEFORE INCOME TAX		295,233	11	332,983	12
INCOME TAX EXPENSE	6(29)	(64,183)	(2)	(66,818)	(2)
NET INCOME		231,050	9	266,165	10
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss :	6(30)				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		1,864	-	793	-
Income tax benefit (expenses) related to items that will not be reclassified subsequently	6(29)	(397)	-	(84)	-
Items that may be reclassified subsequently to profit or loss :	6(30)				
Exchange differences arising on translation of foreign operations		8,754	-	69,035	2
Income tax benefit (expenses) related to items that may be reclassified subsequently	6(29)	(1,751)	-	(13,807)	-
Other comprehensive income (loss), net of income tax		8,470	-	55,937	2
TOTAL COMPREHENSIVE INCOME		\$ 239,520	9	\$ 322,102	12
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 220,952	9	\$ 251,538	9
Non-controlling interests		10,098	-	14,627	1
		\$ 231,050	9	\$ 266,165	10
TOTAL COMPREHENSIVE INCOME :					
Shareholders of the parent		\$ 229,422	9	\$ 307,475	11
Non-controlling interests		10,098	-	14,627	1
		\$ 239,520	9	\$ 322,102	12
EARNINGS PER SHARE (IN DOLLARS)	6(31)				
Basic earnings per share		\$ 1.21		\$ 1.38	
Diluted earnings per share		\$ 1.21		\$ 1.38	

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

SDI Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Items	Equity Attributable to Shareholders of the Parent												
	Retained Earnings					Others					Total Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
	Common Stocks	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity					
BALANCE, JANUARY 1, 2022	\$ 1,821,403	\$ 485,598	\$ 899,980	\$ 134,642	\$ 2,984,948	\$ (155,689)	\$ 15,926	\$ (139,763)	\$ 6,186,808	\$ 346,386	\$ 6,533,194		
Deemed donation from shareholders - dividends give up	-	173	-	-	-	-	-	-	173	-	173		
Net income for the three months ended March 31, 2022	-	-	-	-	251,538	-	-	-	251,538	14,627	266,165		
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	55,228	709	55,937	55,937	-	55,937		
BALANCE, MARCH 31, 2022	\$ 1,821,403	\$ 485,771	\$ 899,980	\$ 134,642	\$ 3,236,486	\$ (100,461)	\$ 16,635	\$ (83,826)	\$ 6,494,456	\$ 361,013	\$ 6,855,469		
√ BALANCE, JANUARY 1, 2023	\$ 1,821,403	\$ 485,797	\$ 983,960	\$ 139,763	\$ 3,312,978	\$ (133,085)	\$ 16,829	\$ (116,256)	\$ 6,627,645	\$ 358,418	\$ 6,986,063		
Net income for the three months ended March 31, 2023	-	-	-	-	220,952	-	-	-	220,952	10,098	231,050		
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	7,003	1,467	8,470	8,470	-	8,470		
BALANCE, MARCH 31, 2023	\$ 1,821,403	\$ 485,797	\$ 983,960	\$ 139,763	\$ 3,533,930	\$ (126,082)	\$ 18,296	\$ (107,786)	\$ 6,857,067	\$ 368,516	\$ 7,225,583		

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

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 295,233	\$ 332,983
Depreciation	159,304	161,910
Amortization	3,837	4,901
Expected credit loss	1,481	17
Gain on financial assets at fair value through profit or loss	(163)	(36)
Interest expense	16,414	18,144
Interest income	(2,666)	(422)
Dividend income	(1,239)	(1,298)
Gain on disposal of property, plant and equipment	(729)	(280)
Net changes in operating assets and liabilities		
Notes receivable	5,282	(7,449)
Accounts receivable	74,051	287,791
Inventories	65,229	(394,382)
Prepayments	(9,172)	14,685
Other financial assets	(178)	1,636
Other current assets	614	(270)
Contract liabilities	14,325	(1,101)
Notes payable	(94,761)	(11,817)
Accounts payable	51,189	(140,774)
Other payables	(149,040)	(128,852)
Other current liabilities	(10,806)	(9,461)
Net defined benefit liability	(2,210)	(8,335)
Other operating liabilities	1,595	(4,780)
Cash provided from operations	417,590	112,810
Interest received	2,566	402
Dividends received	1,239	1,298
Interest paid	(18,222)	(19,436)
Income taxes paid	(185)	-
Net cash provided by operating activities	402,988	95,074
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(199,612)	(234,062)
Proceeds from disposal of Property, plant and equipment	2,918	440
Increase in refundable deposits	(53)	(49)
Acquisition of intangible assets	(1,433)	(8,579)
Decrease in other financial assets	33,343	9,377
Net cash used in investing activities	(164,837)	(232,873)

(Continued)

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	\$ (3,016)	\$ 37,830
Proceeds from long-term debt	765,900	924,769
Repayment of long-term debt	(1,009,031)	(675,067)
Repayment of the principal portion of lease liabilities	(2,780)	(4,425)
Increase (decrease) in other noncurrent liabilities	(44)	601
Net cash provided by(used in) financing activities	(248,971)	283,708
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,927)	2,091
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,747)	148,000
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	1,058,687	702,314
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 1,045,940	\$ 850,314

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

(Concluded)

SDI Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Reviewed, Not Audited)

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

1. ORGANIZATION AND OPERATIONS

SDI Corporation (the "Company") was incorporated on October 17, 1967. The Company manufactures mainly in stationery related products before the Company repetitively expanded to produce and manufacture lead frames and molds.

Since April 25, 1996, the Company's stocks have been listed on the Taiwan Stock Exchange ("TWSE"). The main operating activities of the Company and its subsidiaries (the "Group") are as well as aforementioned (refer to note 4.3 B for further information).

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 4, 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 The adoption of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

- Note 1: The Group shall apply the amendments for annual reporting periods beginning on or after January 1, 2023.
- Note 2: The amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting period beginning on or after January 1, 2023.
- Note 3: Except for the temporary differences associated with leases and decommissioning obligations that should be in compliance with additional regulations, the amendments will be applied prospectively to transactions occur on or after the beginning of the earliest period presented, January 1, 2022.

(1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is changes in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

Based on the Group’s assessment, the application of the New IFRSs above will not have any significance impact on the Group’s financial position and financial performance.

3.2 Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group: None.

3.3 The IFRSs issued by the IASB but not yet endorsed and issued into effect by FSC

New standards, interpretations and amendments issued by the IASB but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

As of the date the accompanying consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Statement of Compliance

- (1) The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC.

- (2) The accompanying consolidated financial statements should be read with the consolidated financial statements for the year ended December 31, 2022.

4.2 Basis of Preparation

- (1) Except for the following significant items, the accompanying consolidated financial statements have been prepared on the historical cost basis:
- A. Financial assets and liabilities at fair value through profit or loss (including derivative financial instruments).
 - B. Financial assets and liabilities at fair value through other comprehensive income.
 - C. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- (2) The preparation of consolidated financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

4.3 Basis of consolidation

- (1) Basis for preparation of consolidated financial statements:
- A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

E. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(2) Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership		
			March 31, 2023	December 31, 2022	March 31, 2022
The Company	SHUEN DER (B.V.I.) CO. (SHUEN DER(B.V.I.))	Investing activities	100%	100%	100%
SHUEN DER (B.V.I.)	SDI China (SDI(JIANGSU))	Office supplies (Blades, stationery, etc.) and manufacturing and processing of electronic components	100%	100%	100%
The Company	CHAO SHIN METAL INDUSTRIAL CORPORATION (Chao Shin Metal)	Smelting and rolling of metal strips	84.62%	84.62%	84.62%
The Company	TEC BRITE TECHNOLOGY CO., LTD. (TEC Brite Technology)	Manufacturing of electronic components and international trade	54.98%	54.98%	54.98%

The financial statements for the three months ended March 31, 2023 and 2022 of aforementioned subsidiaries were not reviewed by independent auditors, except for those of the significant subsidiaries, i.e. SHUEN DER (B.V.I.) and SDI (JIANGSU).

(3) Subsidiaries excluded from the consolidated financial statements: None.

(4) Subsidiaries that have non-controlling interests that are material to the Group

Name of subsidiary	Percentage of Ownership of Non-controlling Interest		
	March 31, 2023	December 31, 2022	March 31, 2022
TEC Brite Technology	45.02%	45.02%	45.02%

Please refer to Table 6 for information of principal place of business and registered countries of TEC Brite Technology.

Name of subsidiary	Profit or Loss Distribute to Non-controlling Interest	
	Three Months Ended March 31	
	2023	2022
TEC Brite Technology	\$ 9,855	\$ 13,819
Others	243	808
Total	\$ 10,098	\$ 14,627

Name of subsidiary	Non-controlling Interest		
	March 31, 2023	December 31, 2022	March 31, 2022
TEC Brite Technology	\$ 323,569	\$ 313,714	\$ 314,827
Others	44,947	44,704	46,186
Total	\$ 368,516	\$ 358,418	\$ 361,013

The summary financial information (including the intra-company transactions) of subsidiaries are as follows :

Balance sheets

	TEC Brite Technology		
	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 648,865	\$ 629,462	\$ 628,995
Non-current assets	289,245	300,972	331,196
Current liabilities	(120,372)	(130,381)	(142,754)
Non-current liabilities	(92,186)	(96,393)	(111,296)
Equity	\$ 725,552	\$ 703,660	\$ 706,141
Equity attributable to:			
Shareholder of the parent	\$ 398,908	\$ 386,872	\$ 388,236
Non-controlling Interests of TEC Brite Technology	326,644	316,788	317,905
Total	\$ 725,552	\$ 703,660	\$ 706,141

Statements of comprehensive incomes

TEC Brite Technology				
Three Months Ended March 31				
	2023		2022	
Revenue	\$	151,777	\$	195,763
Net profit for the period	\$	21,891	\$	30,695
Other comprehensive income		-		-
Total comprehensive income for the period	\$	21,891	\$	30,695
Net profit attributable to:				
Shareholder of the parent	\$	12,036	\$	16,876
Non-controlling interests of TEC Brite Technology		9,855		13,819
Total	\$	21,891	\$	30,695
Total comprehensive income attributable to:				
Shareholder of the parent	\$	12,036	\$	16,876
Non-controlling interests of TEC Brite Technology		9,855		13,819
Total	\$	21,891	\$	30,695

Statements of cash flows

TEC Brite Technology				
Three Months Ended March 31				
	2023		2022	
Net cash generated from operating activities	\$	123,927	\$	100,288
Net cash used in investing activities		(5,581)		(9,278)
Net cash used in financing activities		(4,127)		(4,061)
Increase in cash and cash equivalents		114,219		86,949
Cash and cash equivalents, beginning of the period		99,729		100,585
Cash and cash equivalents, end of the period	\$	213,948	\$	187,534
Dividends paid to non-controlling interests				
	\$	-	\$	-

4.4 Retirement benefits

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

4.5 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATION AND ASSUMPTION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2022, which were stated in Note 5.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

Items	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and petty cash	\$ 1,089	\$ 897	\$ 1,184
Checking accounts and demand deposits	909,756	998,725	779,130
Cash equivalent			
Redeemable bond	135,095	59,065	70,000
Total	\$ 1,045,940	\$ 1,058,687	\$ 850,314

(1) Time deposits with original maturities over three months was classified as other current financial assets as of March 31, 2023, December 31, 2022 and March 31, 2022.

(2) The cash and cash equivalents of the Group are not pledged to others.

(3) Please refer to Note 12 for related credit risk management and assessment.

6.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-CURRENT

Items	March 31, 2023	December 31, 2022	March 31, 2022
Mandatorily measured at FVTPL Non-derivative financial assets			
Funds	\$ 57,915	\$ 57,751	\$ 57,470
Total	<u>\$ 57,915</u>	<u>\$ 57,751</u>	<u>\$ 57,470</u>

(1)The Group recognized net profit or loss of FVTPL for the three months ended March 31, 2023 and 2022 is \$163 thousand and \$36 thousand.

(2)Financial instruments at fair value through profit or loss of the Group are not pledged to others.

6.3 NOTES RECEIVABLE

Items	March 31, 2023	December 31, 2022	March 31, 2022
Amortized at cost			
Gross carrying amount	\$ 118,369	\$ 123,191	\$ 153,867
Less: Loss allowance	(50)	(50)	(100)
Notes receivable, net	<u>\$ 118,319</u>	<u>\$ 123,141</u>	<u>\$ 153,767</u>

(1)As of March 31, 2023, December 31, 2022 and March 31, 2022, the banker's acceptance bill of the Group was \$90,075 thousand, \$93,039 thousand and \$120,118 thousand. Short-term bank loans with bankers' acceptance bill as collaterals and pledges for writing bankers' acceptance bill as payments, please refer to Note 8.

(2)Please refer to Note 6.4 for information on loss allowance for notes receivable.

6.4 ACCOUNTS RECEIVABLE

Items	March 31, 2023	December 31, 2022	March 31, 2022
Amortized at cost			
Gross carrying amount	\$ 1,920,944	\$ 1,992,627	\$ 2,128,902
Less: Loss allowance	(14,694)	(13,201)	(11,515)
Accounts receivable, net	<u>\$ 1,906,250</u>	<u>\$ 1,979,426</u>	<u>\$ 2,117,387</u>

- (1)The average credit period of sales of goods ranges from 30 to 150 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.
- (2)The Group applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. The allowance matrix of different customer segments, the provision for loss allowance is based on the number of past due days.
- (3)The following table detailed the loss allowance of notes and accounts receivable based on the Group's provision matrix (include overdue and related parties).

March 31, 2023

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,013,662	\$ (8,341)	\$ 2,005,321
Past due but not impaired			
Past due within 30 days	32,447	(675)	31,772
Past due 31-90 days	10,644	(1,322)	9,322
Past due 91-180 days	2,405	(2,218)	187
Past due 181-365 days	2,037	(2,037)	-
Past due over 365 days	2,511	(2,511)	-
Total	\$ 2,063,706	\$ (17,104)	\$ 2,046,602

December 31, 2022

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,082,495	\$ (8,869)	\$ 2,073,626
Past due but not impaired			
Past due within 30 days	31,696	(271)	31,425
Past due 31-90 days	17,493	(2,167)	15,326
Past due 91-180 days	5,400	(1,065)	4,335
Past due 181-365 days	724	(724)	-
Past due over 365 days	2,503	(2,503)	-
Total	\$ 2,140,311	\$ (15,599)	\$ 2,124,712

<u>March 31, 2022</u>			
<u>Aging terms</u>	<u>Gross carrying amount</u>	<u>Loss allowance (lifetime ECLs)</u>	<u>Amortized cost</u>
Neither past due nor impaired	\$ 2,177,761	\$ (3,387)	\$ 2,174,374
Past due but not impaired			
Past due within 30 days	88,107	(4,168)	83,939
Past due 31-90 days	30,177	(3,680)	26,497
Past due 91-180 days	1,563	-	1,563
Past due 181-365 days	205	(205)	-
Past due over 365 days	2,577	(2,577)	-
Total	<u>\$ 2,300,390</u>	<u>\$ (14,017)</u>	<u>\$ 2,286,373</u>

(4) Movements of the loss allowance for notes and accounts receivable (including of which overdue and related parties').

<u>Items</u>	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Balance, January 1	\$ 15,599	\$ 19,644
Add: Provision for impairment	1,481	17
Less: Reversal of impairment	-	(5,847)
Effect of foreign currency exchange difference	24	203
Balance, March 31	<u>\$ 17,104</u>	<u>\$ 14,017</u>

(5) The Group has not held any collateral or other credit enhancement for accounts receivable.

(6) Please refer to Note 12 for information on the Group's management and measurement policies of credit risk

(7) Accounts receivable of the Group are not pledged to others.

6.5 INVENTORIES AND COST OF SALES

<u>Items</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Work-in-process	\$ 1,403,148	\$ 1,321,662	\$ 1,595,398
Raw materials	1,293,073	1,322,393	1,638,558

Items	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 994,599	\$ 1,101,203	\$ 1,176,181
Merchandise	97,552	96,782	92,598
Inventory in transit	16,454	23,781	20,944
Total	\$ 3,804,826	\$ 3,865,821	\$ 4,523,679

(1)The cost of inventories recognized as expenses for the period :

Items	Three Months Ended March 31	
	2023	2022
Loss on decline in market value of inventories	\$ 26,425	\$ 20,186
Unallocated production overheads	19,155	942
Loss on inventory disposed	6,260	8,212
Total	\$ 51,840	\$ 29,340

(2)The inventories are not pledged by the Group.

6.6 PREPAYMENTS

Items	March 31, 2023	December 31, 2022	March 31, 2022
Prepaid expenses	\$ 32,637	\$ 30,502	\$ 32,677
Input tax	26,789	22,087	19,690
Overpaid VAT	7,455	4,346	13,798
Prepayment for purchases	479	3,058	19,842
Others	9,236	7,346	10,807
Total	\$ 76,596	\$ 67,339	\$ 96,814

6.7 OTHER FINANCIAL ASSETS-CURRENT

Items	March 31, 2023	December 31, 2022	March 31, 2022
Pledged time deposits	\$ 10,023	\$ 31,212	\$ 30,647
Restricted deposits	26,617	38,455	18,992

Items	March 31, 2023	December 31, 2022	March 31, 2022
Total	\$ 36,640	\$ 69,667	\$ 49,639

Please refer to Note 8 for information on the amounts of pledged and restricted bank deposits.

6.8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME -NON-CURRENT

Items	March 31, 2023	December 31, 2022	March 31, 2022
Equity instrument			
Unlisted stock	\$ 2,191	\$ 2,191	\$ 2,203
Valuation Adjustments	20,696	18,832	18,812
Total	\$ 22,887	\$ 21,023	\$ 21,015

(1) The Group invests in unlisted stocks for medium and long-term strategic purposes and expects profit from long-term investments. Management of the Company decided to account the aforementioned investments in FVTOCI, due to recognizing short term gain or loss with FVTPL would against the medium and long-term investments.

(2) Financial assets at fair value through other comprehensive income of the Group are not pledged to others.

6.9 PROPERTY, PLANT AND EQUIPMENT

Items	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 571,471	\$ 571,471	\$ 571,471
Buildings	2,782,251	2,387,472	2,392,054
Machinery	6,224,806	6,164,036	6,241,436
Molds	2,011,238	2,039,327	2,099,335
Other equipment	1,433,079	1,409,366	1,400,219
Equipment to be inspected and construction in progress	729,052	1,049,282	804,707
Total cost	13,751,897	13,620,954	13,509,222

Items	March 31, 2023	December 31, 2022	March 31, 2022
Less: Accumulated depreciation and impairment	\$ (8,472,949)	\$ (8,429,955)	\$ (8,450,595)
Total	\$ 5,278,948	\$ 5,190,999	\$ 5,058,627

	Land	Buildings	Machinery	Molds	Other equipment	Equipment to be inspected and construction in progress	Total
Cost							
Balance, January 1, 2023	\$ 571,471	\$ 2,387,472	\$ 6,164,036	\$ 2,039,327	\$ 1,409,366	\$ 1,049,282	\$ 13,620,954
Additions	-	3,046	15,673	272	11,706	206,718	237,415
Disposals	-	(2,755)	(56,958)	(62,134)	(3,725)	-	(125,572)
Reclassification	-	390,209	94,031	29,318	14,286	(527,844)	-
Effect of foreign currency exchange difference	-	4,279	8,024	4,455	1,446	896	19,100
Balance, March 31, 2023	<u>\$ 571,471</u>	<u>\$ 2,782,251</u>	<u>\$ 6,224,806</u>	<u>\$ 2,011,238</u>	<u>\$ 1,433,079</u>	<u>\$ 729,052</u>	<u>\$ 13,751,897</u>
Accumulated depreciation and impairment							
Balance, January 1, 2023	\$ -	\$ (1,043,088)	\$ (4,673,251)	\$ (1,724,806)	\$ (988,810)	\$ -	\$ (8,429,955)
Depreciation expense	-	(18,005)	(76,736)	(33,952)	(26,545)	-	(155,238)
Disposals	-	2,755	54,782	62,134	3,712	-	123,383
Reclassification	-	-	-	-	-	-	-
Effect of foreign currency exchange difference	-	(1,430)	(5,562)	(3,089)	(1,058)	-	(11,139)
Balance, March 31, 2023	<u>\$ -</u>	<u>\$ (1,059,768)</u>	<u>\$ (4,700,767)</u>	<u>\$ (1,699,713)</u>	<u>\$ (1,012,701)</u>	<u>\$ -</u>	<u>\$ (8,472,949)</u>
Cost							
Balance, January 1, 2022	\$ 254,419	\$ 2,357,039	\$ 6,140,196	\$ 2,058,845	\$ 1,345,722	\$ 1,087,457	\$ 13,243,678
Additions	-	4,382	13,201	630	16,577	171,185	205,975
Disposals	-	(16,710)	(39,700)	(19,038)	(7,440)	-	(82,888)
Reclassification	317,052	14,257	67,570	25,999	34,088	(458,966)	-
Effect of foreign currency exchange difference	-	33,086	60,169	32,899	11,272	5,031	142,457
Balance, March 31, 2022	<u>\$ 571,471</u>	<u>\$ 2,392,054</u>	<u>\$ 6,241,436</u>	<u>\$ 2,099,335</u>	<u>\$ 1,400,219</u>	<u>\$ 804,707</u>	<u>\$ 13,509,222</u>
Accumulated depreciation and impairment							
Balance, January 1, 2022	\$ -	\$ (985,429)	\$ (4,614,153)	\$ (1,735,696)	\$ (956,982)	\$ -	\$ (8,292,260)
Depreciation expense	-	(17,121)	(78,457)	(38,758)	(23,415)	-	(157,751)
Disposals	-	16,710	39,658	18,921	7,439	-	82,728
Reclassification	-	-	-	-	-	-	-
Effect of foreign currency exchange difference	-	(10,549)	(41,869)	(22,682)	(8,212)	-	(83,312)
Balance, March 31, 2022	<u>\$ -</u>	<u>\$ (996,389)</u>	<u>\$ (4,694,821)</u>	<u>\$ (1,778,215)</u>	<u>\$ (981,170)</u>	<u>\$ -</u>	<u>\$ (8,450,595)</u>

(1) Please refer to Note 6.28 for information on the Group's capitalized interest.

(2) The property, plants, and equipment of the Group are not pledged to others.

6.10 LEASE ARRANGEMENT

(1) Right-of-use assets

Items	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 96,736	\$ 96,848	\$ 96,848
Land use right	78,994	78,606	80,396
Buildings	80,554	80,578	81,306
Total cost	256,284	256,032	258,550
Less: Accumulated depreciation and impairment	(57,981)	(54,886)	(43,481)
Total	\$ 198,303	\$ 201,146	\$ 215,069

	Land	Land use right	Buildings	Total
Cost				
Balance, January 1, 2023	\$ 96,848	\$ 78,606	\$ 80,578	\$ 256,032
Additions	703	-	182	885
Derecognition	(815)	-	(210)	(1,025)
Effect of foreign currency exchange difference	-	388	4	392
Balance, March 31, 2023	\$ 96,736	\$ 78,994	\$ 80,554	\$ 256,284
Accumulated depreciation and impairment				
Balance, January 1, 2023	\$ (25,670)	\$ (10,363)	\$ (18,853)	\$ (54,886)
Depreciation expense	(1,939)	(651)	(1,476)	(4,066)
Derecognition	815	-	210	1,025
Effect of foreign currency exchange difference	-	(51)	(3)	(54)
Balance, March 31, 2023	\$ (26,794)	\$ (11,065)	\$ (20,122)	\$ (57,981)

	Land	Land use right	Buildings	Total
Cost				
Balance, January 1, 2022	\$ 96,840	\$ 77,392	\$ 81,274	\$ 255,506

	Land	Land use right	Buildings	Total
Additions	\$ 2,665	\$ -	\$ -	\$ 2,665
Derecognition	(2,657)	-	-	(2,657)
Effect of foreign currency exchange difference	-	3,004	32	3,036
Balance, March 31, 2022	<u>\$ 96,848</u>	<u>\$ 80,396</u>	<u>\$ 81,306</u>	<u>\$ 258,550</u>
Accumulated depreciation and impairment				
Balance, January 1, 2022	\$ (20,399)	\$ (7,652)	\$ (13,601)	\$ (41,652)
Depreciation expense	(1,982)	(647)	(1,530)	(4,159)
Derecognition	2,657	-	-	2,657
Effect of foreign currency exchange difference	-	(312)	(15)	(327)
Balance, March 31, 2022	<u>\$ (19,724)</u>	<u>\$ (8,611)</u>	<u>\$ (15,146)</u>	<u>\$ (43,481)</u>

(2) Lease liabilities

Items	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ 9,522	\$ 10,078	\$ 10,137
Noncurrent	\$ 81,786	\$ 82,860	\$ 90,448

Range of discounts rate for lease liabilities is as follow :

	March 31, 2023	December 31, 2022	March 31, 2022
Land	0.89%~1.20%	0.89%~1.20%	0.89%~1.20%
Buildings	1.20%~4.13%	1.20%~4.13%	1.20%~4.13%

Please refer to Note 12 for the maturity analysis of the lease liabilities.

(3) Material lease-in activities and terms

A. Land and Buildings

The Group leases land and plants with lease terms between 2015 and 2037, and paid \$4,086 thousand for guaranteed deposit for the lease. The Group and the lessor agreed that a plant may be built on the leased land by the Group. However, title deed of the plant should be registered by the lessor. The Group has the right to use the plant within the lease terms.

B. Land use right

SDI (JIANGSU) acquired land use rights at Jiangsu, mainland China which would be matured in November, 2047, November, 2067 and November, 2051, respectively, within granted useful terms in 50 years · 70 years and 34 years, respectively.

During the terms of the land use right, SDI (JIANGSU) has the right to use, to receive the benefit from, to transfer the title of the land use right and to lease the land use right, and should undertake taxes and duties for using the land. The land use right was used to build plants, office buildings and employee dormitories.

(4) Other lease information

Items	Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	\$ 904	\$ 877
Total cash outflow for leases	\$ 3,949	\$ 5,593

The Group elected to apply the recognition exemption to short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and leases liabilities for these leases.

6.11 INTANGIBLE ASSETS

Items	March 31, 2023	December 31, 2022	March 31, 2022
Trademarks	\$ 1,519	\$ 1,531	\$ 2,378
Patent	50,740	51,891	54,292
Computer software	48,163	48,764	50,813
Total	100,422	102,186	107,483
Less: Accumulated amortization	(45,962)	(45,330)	(43,042)
Intangible assets, net	\$ 54,460	\$ 56,856	\$ 64,441

Three Months Ended March 31, 2023

	Trademarks	Patent	Computer software	Total
Cost				
Balance, January 1	\$ 1,531	\$ 51,891	\$ 48,764	\$ 102,186

Three Months Ended March 31, 2023

	Trademarks	Patent	Computer software	Total
Additions	\$ -	\$ 217	\$ 1,216	1,433
Disposals	(12)	(1,368)	(1,846)	(3,226)
Effect of foreign currency exchange difference	-	-	29	29
Balance, March 31	<u>\$ 1,519</u>	<u>\$ 50,740</u>	<u>\$ 48,163</u>	<u>\$ 100,422</u>

Accumulated amortization				
Balance, January 1	\$ (857)	\$ (24,712)	\$ (19,761)	\$ (45,330)
Amortization expense	(48)	(1,431)	(2,358)	(3,837)
Disposals	12	1,368	1,846	3,226
Effect of foreign currency exchange difference	-	-	(21)	(21)
Balance, March 31	<u>\$ (893)</u>	<u>\$ (24,775)</u>	<u>\$ (20,294)</u>	<u>\$ (45,962)</u>

Three Months Ended March 31, 2022

	Trademarks	Patent	Computer software	Total
Cost				
Balance, January 1	\$ 2,432	\$ 55,416	\$ 29,200	\$ 87,048
Additions	-	687	25,892	26,579
Disposals	(54)	(1,811)	(4,501)	(6,366)
Effect of foreign currency exchange difference	-	-	222	222
Balance, March 31	<u>\$ 2,378</u>	<u>\$ 54,292</u>	<u>\$ 50,813</u>	<u>\$ 107,483</u>

Accumulated amortization				
Balance, January 1	\$ (1,567)	\$ (23,508)	\$ (19,268)	\$ (44,343)
Amortization expense	(76)	(2,080)	(2,745)	(4,901)
Disposals	54	1,811	4,501	6,366
Effect of foreign currency exchange rate difference	-	-	(164)	(164)
Balance, March 31	<u>\$ (1,589)</u>	<u>\$ (23,777)</u>	<u>\$ (17,676)</u>	<u>\$ (43,042)</u>

The intangible assets of the Group are not pledged to others.

6.12 OTHER NON-CURRENT ASSETS

Items	March 31, 2023	December 31, 2022	March 31, 2022
Prepayments for equipment	\$ 32,922	\$ 50,122	\$ 82,512
Refundable deposits	11,849	11,787	12,296
Overdue receivables	2,360	2,348	2,402
Less: loss allowance	(2,360)	(2,348)	(2,402)
Others	1,878	1,825	828
Total	\$ 46,649	\$ 63,734	\$ 95,636

Please refer to Note 8 for information on the refundable deposits that were pledged to others.

6.13 SHORT-TERM LOANS

The nature of loans	March 31, 2023	December 31, 2022	March 31, 2022
Secured loans	\$ -	\$ 12,078	\$ 19,463
Unsecured loans	738,678	726,048	920,275
Total	\$ 738,678	\$ 738,126	\$ 939,738
Interest rate range	1.60%~3.80%	1.60%~4.15%	1.20%~4.15%

Please refer to Note 8 for the information of pledging the banker's acceptance bill received from China counterparties for secured loans.

6.14 NOTES PAYABLE

Items	March 31, 2023	December 31, 2022	March 31, 2022
Notes payable-operating activities	\$ 59,754	\$ 153,769	\$ 153,478
Total	\$ 59,754	\$ 153,769	\$ 153,478

6.15 OTHER PAYABLES

Items	March 31, 2023	December 31, 2022	March 31, 2022
Salaries and bonuses payable	\$ 214,532	\$ 371,542	\$ 215,198
Payable for equipment and construction	127,480	106,877	78,693
Payable for supplies expense	46,030	46,110	55,256
Compensation payable of employees, directors and supervisors	40,108	32,529	37,668
Payable for repairs and maintenance	26,889	27,707	27,474
Payable for utilities expense	24,448	22,684	26,745
Payable for insurance	19,120	18,011	18,370
Others	116,324	119,499	100,233
Total	<u>\$ 614,931</u>	<u>\$ 744,959</u>	<u>\$ 559,637</u>

6.16 LONG-TERM LOANS AND ITS CURRENT PORTION

Items	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured loans	\$ 2,227,509	\$ 2,469,085	\$ 2,787,179
Less: Current portion	(521,273)	(463,363)	(118,495)
Discounted government grants (Note 6.17)	(9,807)	(7,946)	(10,717)
Total	<u>\$ 1,696,429</u>	<u>\$ 1,997,776</u>	<u>\$ 2,657,967</u>
Interest rate range	<u>0.98%~4.17%</u>	<u>1.45%~4.56%</u>	<u>0.45%~4.42%</u>
Year to maturity	<u>2024~2030</u>	<u>2023~2027</u>	<u>2023~2027</u>

(1) The loans from Bank of Taiwan, Mega Bank, E.SUN Bank, Chang Hwa Bank, The Shanghai Commercial & Savings Bank and Fubon Bank are repaid in installments, the rest of the loans will be repaid in full on the maturity date.

(2) Under the Group's loan agreement with certain banks, the Group should meet several financial ratios and criteria. The Group had no violation of the aforementioned financial ratio regulations as of March 31, 2023, December 31, 2022 and March 31, 2022.

6.17 GOVERNMENT GRANTS

(1) The Company has obtained a \$1,280,782 thousand preferential interest rate loan from a government under the "Action Plan Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" for capital expenditure and operating turnover. The difference between transaction price and fair value is regarded as the government

grants. As of March 31, 2023, the fair value of loan is estimated to be \$1,270,975 thousand. The difference \$9,807 thousand between transaction price and fair value is recognized as deferred income (under other current and non-current liabilities). The deferred revenue is recognized as other income during the loan period. The Company has recognized \$1,218 thousand and \$966 thousand in other income, \$4,596 thousand and \$2,630 thousand in interest expense for the loan, and has paid \$3,378 thousand and \$1,664 thousand interests to the bank for the three months ended March 31, 2023 and 2022.

- (2) The National Development Fund would cease providing the Company related interest subsidies if the Company violated requirements of the project loan due to not be able to build plants and relevant facilities, purchase equipment or use as mid-term working capital.

6.18 RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

- A. The employee pension plan under Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. have made monthly contributions equal to 6% of each individual employee's salary or wage to employees' pension accounts.
- B. The foreign subsidiaries also make contribution in accordance with the rate specified in the plans in the local regulations, which is a defined contribution plan.
- C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$18,338 thousand, \$19,007 thousand under the contributions rates specified in the plans for the three months ended March 31, 2023 and 2022, respectively.

(2) Defined benefit plans

- A. The Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. have defined benefit plans in accordance with Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and average monthly salaries and wages of the last 6 months prior to retirement. The Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD make monthly contributions of 6%, 6% and 2% respectively of each individual employee's salary to employees' pension accounts, which submit to the Labor Retirement Reserve Supervisory Committee to the retirement fund deposited in Bank of Taiwan under the name of the committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the amount of the balance in the pension fund is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March. The Fund is managed by the

Government's designated authorities and the Company have no right to influence their investment strategies.

B. Due to no major downsize, discharges, significant one-time matters and major changes of market happened after the last fiscal year ended, the Group evaluated the periodic pension cost considered the actuarial report of 2022 and 2021 and disclosed the midterm cost.

C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$791 thousand and \$596 thousand under the defined benefit plans for the three months ended March 31, 2023 and 2022, respectively.

6.19 COMMON STOCKS

(1) Movements in the number of the Group's common shares outstanding were as follows:

	Three Months Ended March 31			
	2023		2022	
	Shares (in Thousands)	Capital	Shares (in Thousands)	Capital
Beginning Balance	182,140	\$ 1,821,403	182,140	\$ 1,821,403
Ending Balance	182,140	\$ 1,821,403	182,140	\$ 1,821,403

The par value of common stock is \$10 per share, carrying one vote per share and carry a right to dividends.

(2) The Company's authorized capital was \$2,700,000 thousand, consisting of 270,000 thousand shares as of March 31, 2023.

6.20 CAPITAL SURPLUS

Items	March 31, 2023	December 31, 2022	March 31, 2022
Additional paid-in capital	\$ 451,220	\$ 451,220	\$ 451,220
Long-term investments at equity	3,546	3,546	3,546
Treasury stock transactions	30,359	30,359	30,359
Others	672	672	646
Total	\$ 485,797	\$ 485,797	\$ 485,771

(1) Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and from donations can be used to offset deficit

or may be distributed as stock dividends or cash dividends. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's capital surplus. Capital surplus can't be used to offset deficit unless legal reserve is insufficient.

- (2) The capital surplus from long-term investments and stock warrants may not be used for any purpose.

6.21 RETAINED EARNINGS AND DIVIDEND POLICY

- (1) According to the Company's Article of Incorporation, the current year's earnings, if any, shall first pay taxes, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital then reversal or set aside a special capital reserve in accordance with relevant laws. Any balance left over shall be allocated with unappropriated earnings submitted by the Board of Directors to be approved at a shareholders' meeting according to the Company's Articles of Incorporation 32 para 1 ad finem.

The Company's dividend policy was established by the Board of Directors according to operating plans, investment plans, capital budgets, internal and external changes. Due to the Company's steady growth, distribution of earnings will first consider to be allocated by cash dividend before stock dividend. Stock dividends distributed shall not be higher than 50% of the gross amount of total dividends.

- (2) Legal reserve may only be used to offset a deficit or to distribute as dividend in cash or in stock for the portion in excess of 25% of the Company's paid-in capital.
- (3) Special reserve

Items	March 31, 2023	December 31, 2022	March 31, 2022
Special reserve	\$ 139,763	\$ 139,763	\$ 134,642

A. In accordance with the regulation, the Company shall set aside special reserve from the debit balance on other equity item at the end of the year before distributing earnings. When debit balance on other equity is reversed subsequently, the reversed amount could be included in the distributable earnings.

B. On initial application of IFRSs, the unrealized revaluation increments and cumulative translation adjustment should be reclassified into retained earnings, and was set aside as special reserve \$53,205 thousand. When the relevant assets are used, disposal of or reclassified subsequently, the special reserve set aside previously shall be reversed to distributable earnings proportionately.

- (4) The appropriations of 2022 and 2021 earnings have been approved by the board of directors on February 23, 2023 and approved in the shareholders' meeting held on May

27, 2022, respectively. The appropriations of earnings and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2022	For Year 2021	For Year 2022	For Year 2021
Legal reserve	\$ 96,355	\$ 83,980		
Special reserve	(23,507)	5,121		
Cash dividends	582,849	546,421	\$ 3.20	\$ 3.00

The appropriations of earnings for 2022 are to be presented for approval in the shareholders' meeting to be held on May, 2023.

- (5) Information on the resolution regarding the appropriation of earnings of the Board of Directors' and shareholders' meetings is available from the Market Observation Post System on the website of the TWSE.

6.22 OTHER EQUITY

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2023	\$ (133,085)	\$ 16,829	\$ (116,256)
Exchange differences on translation of foreign financial statements	7,003	-	7,003
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	1,467	1,467
Balance, March 31, 2023	\$ (126,082)	\$ 18,296	\$ (107,786)

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2022	\$ (155,689)	\$ 15,926	\$ (139,763)
Exchange differences on translation of foreign financial statements	55,228	-	55,228

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	\$ -	\$ 709	\$ 709
Balance, March 31, 2022	\$ (100,461)	\$ 16,635	\$ (83,826)

6.23 NON-CONTROLLING INTEREST

Items	Three Months Ended March 31	
	2023	2022
Balance, January 1	\$ 358,418	\$ 346,386
Share attributable to non-controlling interests:		
Net income	10,098	14,627
Balance, March 31	\$ 368,516	\$ 361,013

6.24 OPERATING REVENUE

Items	Three Months Ended March 31	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 2,680,077	\$ 2,783,477
Service revenue	2,351	3,867
Subtotal	2,682,428	2,787,344
Other operating revenues	2,809	4,780
Total	\$ 2,685,237	\$ 2,792,124

(1) Description of customer contract

The Group is mainly engaged in the sale of lead frames and stationery. The main target customers of the Company are downstream vendors and agents, etc., and the Company sells at price stipulated in contracts. The consideration is classified as short-term receivables, and is therefore measured at invoice price.

(2) Disaggregation of revenue from contracts with customers

Major products /Service line	Three Months Ended March 31, 2023					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,144,254	\$ 225,608	\$ 280,904	\$ 221,449	\$ 423,142	\$ 2,295,357
Stationery	48,075	92,769	44,087	1,278	176,752	362,961
Others	8,994	4,101	-	8,978	2,037	24,110
Total	<u>\$ 1,201,323</u>	<u>\$ 322,478</u>	<u>\$ 324,991</u>	<u>\$ 231,705</u>	<u>\$ 601,931</u>	<u>\$ 2,682,428</u>

Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 1,201,323</u>	<u>\$ 322,478</u>	<u>\$ 324,991</u>	<u>\$ 231,705</u>	<u>\$ 601,931</u>	<u>\$ 2,682,428</u>

Major products /Service line	Three Months Ended March 31, 2022					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,150,951	\$ 261,781	\$ 306,313	\$ 229,318	\$ 395,171	\$ 2,343,534
Stationery	47,453	77,846	43,231	2,370	258,219	429,119
Others	9,557	429	-	2,187	2,518	14,691
Total	<u>\$ 1,207,961</u>	<u>\$ 340,056</u>	<u>\$ 349,544</u>	<u>\$ 233,875</u>	<u>\$ 655,908</u>	<u>\$ 2,787,344</u>

Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 1,207,961</u>	<u>\$ 340,056</u>	<u>\$ 349,544</u>	<u>\$ 233,875</u>	<u>\$ 655,908</u>	<u>\$ 2,787,344</u>

(3) The Group recognizes contract liabilities related to the revenue from contracts with customers are as follows:

Items	March 31, 2023	December 31, 2022	March 31, 2022
Contract liabilities			
-current	<u>\$ 110,780</u>	<u>\$ 96,448</u>	<u>\$ 103,912</u>

6.25 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Employee benefit expense						
Salary	\$ 281,486	\$ 114,046	\$ 395,532	\$ 310,301	\$ 121,957	\$ 432,258
Labor insurance	28,573	7,548	36,121	28,434	8,211	36,645
Pension	15,317	3,812	19,129	15,895	3,708	19,603
Other	26,519	6,748	33,267	28,071	6,672	34,743
Depreciation	148,608	10,696	159,304	149,536	12,374	161,910
Amortization	1,097	2,740	3,837	1,076	3,825	4,901
Total	\$ 501,600	\$ 145,590	\$ 647,190	\$ 533,313	\$ 156,747	\$ 690,060

(1) In accordance with the Company's Article of incorporation, the Company is stipulated to distribute compensation of employees at the rate of 1.5% of profit before tax, and directors' remuneration at the rate not higher than 1.5% of profit before tax. For the three months ended March 31, 2023 and 2022, the employees' compensation was accrued at \$4,211 thousand and \$4,771 thousand, directors' remuneration were accrued at \$3,368 thousand and \$3,816 thousand. The Company accrued employees' compensation and remuneration of directors at the rates 1.5% and 1.2%, respectively, of net profit before income tax. If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference is recorded as a change in accounting estimate and adjusted in the next fiscal year.

(2) The appropriations of employees' compensation and directors' remuneration for 2022 and 2021 have been approved by the board of directors held on February 23, 2023, and February 24, 2022, respectively. The amount of approved and recognized in financial statement is shown as follows:

	2022		2021	
	Employees' compensation	Directors' remuneration	Employees' compensation	Directors' remuneration
Amounts approved	\$ 18,072	\$ 14,457	\$ 16,156	\$ 12,925
Amounts recognized in financial statement	18,072	14,457	16,156	12,925
Difference	\$ -	\$ -	\$ -	\$ -

The aforementioned employees' compensation of 2022 and 2021 are distributed in cash.

(3) Information regarding employees' compensation and directors' remuneration is available from the Market Observation Post System at the website of the TWSE.

6.26 OTHER INCOME

Items	Three Months Ended March 31	
	2023	2022
Rental income	\$ 161	\$ 159
Government subsidies	2,320	325
Dividend income	1,239	1,298
Others	1,733	1,866
Total	\$ 5,453	\$ 3,648

6.27 OTHER GAINS AND LOSSES

Items	Three Months Ended March 31	
	2023	2022
Net gains (losses) on financial assets at FVTPL	\$ 163	\$ 36
Gain on disposal of property, plant and equipment	729	280
Net foreign exchange gain (loss)	(6,094)	52,617
Others	(224)	(1,632)
Total	\$ (5,426)	\$ 51,301

6.28 FINANCIAL COSTS

Items	Three Months Ended March 31	
	2023	2022
Interest expense		
Bank loans	\$ 18,782	\$ 19,066
Interest on lease liabilities	265	291
Less: capitalized amount for qualified assets	(2,633)	(1,213)
Financial costs	\$ 16,414	\$ 18,144

Items	Three Months Ended March 31	
	2023	2022
Interest capitalization rates	1.34%~4.32%	0.71%~4.32%

6.29 INCOME TAX

(1) Components of income tax expense

Items	Three Months Ended March 31	
	2023	2022
<u>Current income tax expense</u>		
Current tax expense (benefit) recognized in the current year	\$ 49,871	\$ 72,298
Current tax	49,871	72,298
<u>Deferred income tax expense</u>		
The origination and reversal of temporary differences	14,312	(5,480)
Deferred tax	14,312	(5,480)
Income tax expense recognized in profit or loss	\$ 64,183	\$ 66,818

The Group used each subsidiary as filed subjects for income tax. Income tax rate of the Company, Chao Shin Metal and TEC Brite Technology is 20%, and the tax rate for retained earnings is 5%. Tax rates used by other jurisdiction shall be based on related local tax laws.

(2) Income tax benefits (expenses) recognized in other comprehensive income were as follows:

Items	Three Months Ended March 31	
	2023	2022
Exchange differences arising on translation of foreign operations	\$ 1,751	\$ 13,807
Financial assets at fair value through other comprehensive income	397	84
Total	\$ 2,148	\$ 13,891

(3) The income tax returns of the Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. through 2021 have examined by tax authority.

6.30 OTHER COMPREHENSIVE INCOME

Items	Three Months Ended March 31, 2023		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Unrealized gains (losses) on valuation of equity investments at fair value through other comprehensive income	\$ 1,864	\$ (397)	\$ 1,467
Subtotal	1,864	(397)	1,467
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	8,754	(1,751)	7,003
Subtotal	8,754	(1,751)	7,003
Total	\$ 10,618	\$ (2,148)	\$ 8,470

Items	Three Months Ended March 31, 2022		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Unrealized gains (losses) on valuation of equity investments at fair value through other comprehensive income	\$ 793	\$ (84)	\$ 709
Subtotal	793	(84)	709
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	69,035	(13,807)	55,228
Subtotal	69,035	(13,807)	55,228
Total	\$ 69,828	\$ (13,891)	\$ 55,937

6.31 EARNINGS PER SHARE

The earnings for earnings per share calculated and weighted average number of ordinary shares are as follows :

Items	Three Months Ended March 31	
	2023	2022
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 220,952	\$ 251,538
Net income for calculating basic earnings per share	\$ 220,952	\$ 251,538
Weighted average shares outstanding (thousand shares)	182,140	182,140
Basic earnings per share (after tax) (in dollars)	\$ 1.21	\$ 1.38
Diluted earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 220,952	\$ 251,538
Net income for calculating diluted earnings per share	\$ 220,952	\$ 251,538
Weighted average shares outstanding (thousand shares)	182,140	182,140
Effect of dilutive potential common shares		
Employees' compensation (thousand shares)	121	99
Weighted average shares outstanding for diluted earnings per share (thousand shares)	182,261	182,239
Diluted earnings per share (after tax) (in dollars)	\$ 1.21	\$ 1.38

If the Company is able to settle the employee compensation by cash or stocks, the employee compensation should be assumed to be settled in stocks and the resulting potential shares increased should be included in the weighted average shares outstanding in calculation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted earnings per share until employee compensation is approved in the following year.

7. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties:

(1) Related party name and categories

Names of related parties	Related Party Categories
NIPPON FILCON CO.,LTD.	Investors with significant influence over the Group
SJD Industries (M) Sdn. Bhd	Other related parties
SDI JAPAN CO.,LTD.	Other related parties

(2) Significant transactions between related parties

A. Operating revenue

Categories/Names of related parties	Three Months Ended March 31	
	2023	2022
Investors with significant influence over the Group	\$ 555	\$ -
Other related parties	9,107	8,280
Total	<u>\$ 9,662</u>	<u>\$ 8,280</u>

Selling prices between related parties were determined and negotiated referring to related market prices. Payment terms were ranging from T/T 60 to 240 days.

B. Purchases

Categories/Names of related parties	Three Months Ended March 31	
	2023	2022
Investors with significant influence over the Group	\$ 1,025	\$ -
Other related parties	5,331	2,511
Total	<u>\$ 6,356</u>	<u>\$ 2,511</u>

Purchasing prices between related parties were determined and negotiated referring to related market prices. The payment terms were ranging from T/T 60 to 90 days.

C. Receivables due from related parties

Items	Categories/Names of related parties	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	Investors with significant influence over the Group	\$ 368	\$ 563	\$ -
	Other related parties	21,665	21,582	15,219
	Total	<u>\$ 22,033</u>	<u>\$ 22,145</u>	<u>\$ 15,219</u>
Other receivables	Other related parties	<u>\$ 24</u>	<u>\$ 36</u>	<u>\$ 89</u>

D. Payables due to related parties

Items	Categories/Names of related parties	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable	Investors with significant influence over the Group	\$ 1,207	\$ 1,045	\$ -
	Other related parties	5,206	-	1,586
	Total	<u>\$ 6,413</u>	<u>\$ 1,045</u>	<u>\$ 1,586</u>
Other payables	Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 892</u>

E. Other transactions

Items	Categories/Names of related parties	Three Months Ended March 31	
		2023	2022
Deduction of expenses	Other related parties	<u>\$ 26</u>	<u>\$ -</u>
Addition of expenses	Investors with significant influence over the Group	<u>\$ 192</u>	<u>\$ 40</u>
Other income	Other related parties	<u>\$ -</u>	<u>\$ 78</u>

(3) Compensation of key management personnel

Items	Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 18,080	\$ 21,048
Post-employment benefits	118	118
Total	<u>\$ 18,198</u>	<u>\$ 21,166</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows :

Items	March 31, 2023	December 31, 2022	March 31, 2022
Pledge time deposits (recognized as other financial assets - current)	\$ 10,023	\$ 31,212	\$ 30,647
Restricted deposits (recognized as other financial assets - current)	26,617	38,455	18,992
Notes receivable (the banker's acceptance notes)	78,350	73,853	77,080
Refundable deposits (recognized as other non - current assets)	514	514	494
Total	<u>\$ 115,504</u>	<u>\$ 144,034</u>	<u>\$ 127,213</u>

9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Significant commitments

A. The unused letters of credit for purchasing raw materials and equipment as of March 31, 2023 is \$6,883 thousand.

B. Capital expenditures committed but not yet incurred are as follows :

Items	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant, and equipment	<u>\$ 127,477</u>	<u>\$ 241,124</u>	<u>\$ 246,410</u>

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

12.1 Seasonality or periodicity of operations

The operation of the Group's is not influenced by seasonal or periodical factors.

12.2 Capital risk management

There were no changes to the Group's policies for capital risk management from those described in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 12.1 of the consolidated financial statements for the year ended December 31, 2022 for the related information.

12.3 Financial instruments

(1) Financial risks on financial instruments

Financial risk management policies

The Group's activities are exposed to a variety of financial risks. These financial risks included market risk (i.e. foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on its financial performance.

The Group's material financial activities are approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Group to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

Significant financial risks and degrees of financial risk

A. Market risk

a. Foreign exchange risk

i. There were no significant changes in the nature and degree of material financial risk from those described in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 12.2 of the consolidated financial statements for the year ended December 31, 2022 for the related information.

ii. Sensitivity analysis of foreign currency risk

	March 31, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>			
Monetary Items			
USD	\$ 74,172	30.44	\$ 2,257,782
JPY	160,099	0.23	36,574

				March 31, 2023		
				Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Liabilities</u>						
<u>Monetary Items</u>						
	USD	\$	28,031	30.44	\$	853,266
	JPY		184,201	0.23		42,081
				December 31, 2022		
				Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>						
<u>Monetary Items</u>						
	USD	\$	74,851	30.70	\$	2,297,919
	JPY		193,187	0.23		45,060
<u>Financial Liabilities</u>						
<u>Monetary Items</u>						
	USD		25,826	30.70		792,867
	JPY		265,942	0.23		62,031
				March 31, 2022		
				Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>						
<u>Monetary Items</u>						
	USD	\$	77,216	28.62	\$	2,209,920
	JPY		169,202	0.24		39,821
<u>Financial Liabilities</u>						
<u>Monetary Items</u>						
	USD		41,365	28.62		1,183,856
	JPY		187,228	0.24		44,064

The Group is mainly exposed to US dollar and JPY. The sensitivity analysis for the Group is 1% increase/decrease in NTD against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key

management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. An increase/decrease in profit before tax would be resulted where the NTD strengthens/weakens 1% against the relevant currency with all other variables held constant in the amounts of \$13,990 thousand and \$10,218 thousand for the three months ended March 31, 2023 and 2022, respectively.

b. Price risk

The Group is exposed to the price risk of funds and unlisted equity securities because these equity investments held by the Group are classified as financial assets at fair value through profit, loss or financial assets at fair value through other comprehensive income.

The Group mainly invests in funds and equity instrument of unlisted stocks. The prices of funds and equity instrument of unlisted stocks would change due to the uncertainty of the future value.

If the prices of these equity securities had increased/decreased by 1%, the profit before tax and other comprehensive income before tax would have increased/decreased by \$579 thousand, \$229 thousand, \$575 thousand and \$210 thousand for the three months ended March 31, 2023 and 2022, respectively, due from increase/decrease in fair value.

c. Interest rate risk

The carrying amounts of interest - bearing financial instruments held by the Group as of the reporting date are as follows:

Items	Carrying Amounts		
	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 169,558	\$ 59,665	\$ 71,094
Net	\$ 169,558	\$ 59,665	\$ 71,094
Cash flow interest rate risk			
Financial assets	\$ 895,098	\$ 1,061,532	\$ 890,888
Financial liabilities	(2,956,380)	(3,199,265)	(3,716,200)
Net	\$ (2,061,282)	\$ (2,137,733)	\$ (2,825,312)

Sensitivity analysis for instruments with fair value interest rate risk

The Group does not classify any fixed-rate instruments as financial assets measured at fair value through profit and loss. In addition, the Group does not designate

derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate on the reporting date has no effect on profit or loss and other comprehensive income.

Sensitivity analysis for instruments with cash flow interest rate risk

The effective interest rates for the Group's floating interest rate financial instruments are susceptible to the market interest rate, affecting the Group's future cash flows. If the market interest rate increases/decreases 1%, the profit before tax will increase/decrease \$5,153 thousand and \$7,063 thousand for the three months ended March 31, 2023 and 2022, respectively.

B. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

(a) Business - related credit risk

In order to maintain the credit quality of the trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affect a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

The Group does not hold any collateral or other credit enhancement to hedge against the credit risk of financial assets.

(b) Financial credit risk

The Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

As of March 31, 2023 and December 31, 2022 and March 31, 2022, the proportion of the accounts receivable exceeds 10% of the total accounts receivable, representing 16%, 15% and 12%, respectively. The credit concentration risk associated with other accounts receivable is relatively insignificant.

ii. Measurement of expected credit losses

(i) Accounts receivable: The Group applies simplified approach to accounts receivable. Please refer to Note 6.4 for more information.

- (ii) The criteria used to determine whether credit risk has increased significantly: The Group considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition.
- iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.
- iv. Credit risk of financial assets measured at amortized cost
Please refer to Note 6.4 for information on the Group's credit exposures associated with notes and accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low credit losses. After assessment, the Group determined that no material impairment occurred.

C. Liquidity risk

(a) Liquidity risk management

The objective of the Group's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Group has sufficient financial flexibility for its operations.

(b) Maturity analysis for financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities:

Non-derivative Financial Liabilities	March 31, 2023				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 747,689	\$ -	\$ -	\$ 747,689	\$ 738,678
Notes payable	59,754	-	-	59,754	59,754
Accounts payable	905,695	-	-	905,695	905,695
Other payables	365,751	-	-	365,751	365,751
Lease liabilities	10,521	28,233	59,775	98,529	91,308
Long-term loan (include current portion)	559,007	1,673,117	68,265	2,300,389	2,217,702
Guarantee deposits	-	-	13,396	13,396	13,396
Total	\$ 2,648,417	\$ 1,701,350	\$ 141,436	\$ 4,491,203	\$ 4,392,284

Further information on maturity analysis for lease liabilities

	March 31, 2023					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease liabilities	\$ 10,521	\$ 28,233	\$ 32,840	\$ 26,935	\$ -	\$ 98,529

Non-derivative Financial Liabilities	December 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 746,205	\$ -	\$ -	\$ 746,205	\$ 738,126
Notes payable	153,769	-	-	153,769	153,769
Accounts payable	853,766	-	-	853,766	853,766
Other payables	312,507	-	-	312,507	312,507
Lease liabilities	10,569	28,559	61,276	100,404	92,938
Long-term loan (include current portion)	505,765	2,008,675	32,736	2,547,176	2,461,139
Guarantee deposits	-	-	13,376	13,376	13,376
Total	\$ 2,582,581	\$ 2,037,234	\$ 107,388	\$ 4,727,203	\$ 4,625,621

Further information on maturity analysis for lease liabilities

	December 31, 2022					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease liabilities	\$ 10,569	\$ 28,559	\$ 32,748	\$ 28,528	\$ -	\$ 100,404

Non-derivative Financial Liabilities	March 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 954,324	\$ -	\$ -	\$ 954,324	\$ 939,738
Notes payable	153,478	-	-	153,478	153,478
Accounts payable	1,185,722	-	-	1,185,722	1,185,722
Other payables	278,886	-	-	278,886	278,886
Lease liabilities	11,243	31,937	65,782	108,962	100,585
Long-term loan (include current portion)	157,721	2,629,723	82,005	2,869,449	2,776,462
Guarantee deposits	-	-	7,541	7,541	7,541
Total	\$ 2,741,374	\$ 2,661,660	\$ 155,328	\$ 5,558,362	\$ 5,442,412

Further information on maturity analysis for lease liabilities

	March 31, 2022					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease liabilities	\$ 11,243	\$ 31,937	\$ 32,505	\$ 32,183	\$ 1,094	\$ 108,962

The Group does not expect the cash flows on the maturity analysis to occur significantly earlier or with a considerable different from the actual amounts .

12.4 Category of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at fair value			
through profit or loss- current	\$ 57,915	\$ 57,751	\$ 57,470
Financial assets measured at			
amortized cost (Note 1)	3,145,900	3,267,068	3,201,408
Financial assets at fair value			
through other comprehensive			
income- noncurrent	22,887	21,023	21,015
<u>Financial liability</u>			
Financial liabilities measured at			
amortized cost (Note 2)	4,300,976	4,532,683	5,341,827

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivable and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loan, short-term notes and notes payable, accounts payable, other payables, long-term loan (include current portion) and guarantee deposits received.

12.5 Fair value information of financial instruments

(1) Definition of fair value measurements are grouped into Level 1 to 3 as follows:

Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs that used to measure fair value to the extent when relevant observable inputs are not available.

(2) Financial instruments that are not measured at fair value

The fair value of the Group's financial instruments not measured at fair value including cash and cash equivalents, account receivable, other financial assets, refundable deposits, short-term loan, account payables, long-term loan (including current portion) and other financial liabilities approximate their fair value.

(3) Financial instruments that are measured at fair value:

The financial instruments that are measured at fair value on a recurring basis, the information of fair value is as follow:

Items	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds-current	\$ 57,915	\$ -	\$ -	\$ 57,915
Financial assets at FVTOCI- noncurrent				
Equity instruments				
Unlisted stocks	-	-	22,887	22,887
Total	\$ 57,915	\$ -	\$ 22,887	\$ 80,802

Items	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds-current	\$ 57,751	\$ -	\$ -	\$ 57,751
Financial assets at FVTOCI- noncurrent				
Equity instruments				
Unlisted stocks	-	-	21,023	21,023
Total	\$ 57,751	\$ -	\$ 21,023	\$ 78,774

Items	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds-current	\$ 57,470	\$ -	\$ -	\$ 57,470

Items	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI- noncurrent Equity instruments				
Unlisted stocks	\$ -	\$ -	\$ 21,015	\$ 21,015
Total	\$ 57,470	\$ -	\$ 21,015	\$ 78,485

(4) The methods and assumptions the Group used to measure fair value are as follows:

- A. The Group measures the fair values of its financial instruments with an active market using their quoted prices in the active market.
- B. Fair value of equity investment of unlisted stocks without active market was estimated through the market approach that is mainly referenced to the same type of companies' evaluation, quotes from third parties, net assets and state of operation. The significant and unobservable input parameter for assessing the unlisted stocks mainly relates to liquidity discount rate. Since the possible changes of liquidity discount rate may not cause significant influence on financial standing, the quantitative information will not be disclosed.
- C. Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.

(4) Transfer between Level 1 and Level 2 of the fair value hierarchy: None.

(5) Changes in level 3 instruments:

Items	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
<u>Financial assets at FVTOCI</u>		
Beginning Balance	\$ 21,023	\$ 20,222
Unrealized valuation gains or losses on equity investments at FVTOCI	1,864	793
Effect of foreign currency exchange difference	-	-
Ending Balance	\$ 22,887	\$ 21,015

13. SUPPLEMENTARY DISCLOSURES

13.1 Significant transactions information (before inter-company eliminations):

- (1) Financings provided to others: None;
- (2) Endorsement and guarantee provided to others: Please see Table 1 attached;

- (3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures at the end of the period): Please see Table 2 attached;
 - (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - (5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None ;
 - (6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 3 attached;
 - (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid- in capital: Please see Table 4 attached;
 - (9) Information on the derivative instrument transactions: None;
 - (10) The business relationship between the parent and the subsidiaries and significant transaction between them: Please see Table 5 attached;
- 13.2 Information on investees (before inter-company eliminations): Please see Table 6 attached;
- 13.3 Information on investment in Mainland China (before inter-company eliminations):
- (1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached;
 - (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 5 attached.
- 13.4 Information of major shareholder (Names, number of shares and ownership of shareholders whose equity interest is greater than 5%): None.

14. SEGMENT INFORMATION

14.1 General information

For the purpose of management, the chief operating decision maker of the Group separates its operations based on different products and have two reportable segments: Stationary segment and electronic segment.

14.2 Measurement basis

Management monitors the operation results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax and is measured consistently with profit or loss before tax in the consolidated financial statements. Furthermore, the information of assets and liabilities do not report to chief operating decision maker for

operation decision making, segment assets and liabilities are not disclosed. The accounting policies for reportable segments are the same as Group's accounting policies described in Note 4.

14.3 Segment information

The segment information provided to the chief operating decision-maker:

Three Months Ended March 31, 2023					
Items	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 2,295,357	\$ 362,961	\$ 26,919	\$ -	\$ 2,685,237
Revenue from intersegments	148,620	96,414	8,308	(253,342)	-
Total	\$ 2,443,977	\$ 459,375	\$ 35,227	\$ (253,342)	\$ 2,685,237
Interest expenses	\$ 13,837	\$ 2,577	\$ -	\$ -	\$ 16,414
Depreciation and amortization	\$ 139,534	\$ 21,873	\$ 1,734	\$ -	\$ 163,141
Segment income (loss)	\$ 248,821	\$ 38,423	\$ 7,989	\$ -	\$ 295,233
Income (loss) before tax					\$ 295,233
Total assets					\$ 12,814,884

Three Months Ended March 31, 2022					
Items	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 2,343,534	\$ 429,119	\$ 19,471	\$ -	\$ 2,792,124
Revenue from intersegments	189,956	158,205	8,447	(356,608)	-
Total	\$ 2,533,490	\$ 587,324	\$ 27,918	\$ (356,608)	\$ 2,792,124
Interest expenses	\$ 15,028	\$ 3,116	\$ -	\$ -	\$ 18,144
Depreciation and amortization	\$ 138,814	\$ 23,223	\$ 4,774	\$ -	\$ 166,811
Segment income (loss)	\$ 273,156	\$ 53,683	\$ 6,144	\$ -	\$ 332,983
Income (loss) before tax					\$ 332,983
Total assets					\$ 13,468,809

14.4 Reconciliation for segment income (loss)

The segment revenue and segment income (loss) reported to the chief operating decision maker is measured in a manner consistent with that in the consolidated statements of comprehensive income.

SDI CORPORATION AND SUBSIDIARIES
 ENDORSEMENTS / GUARANTEES PROVIDED
 FOR THE YEAR ENDED MARCH 31, 2023

TABLE 1

Amounts in Thousands of New Taiwan Dollars

NO.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period		Ending Balance		Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remark		
		Name	Nature of Relationship		NTD	USD	RMB	NTD									USD	RMB
0	SDI	SDI (JIANGSU)	(3)	NTD 3,085,680	NTD 1,365,380	USD 15,750	RMB 200,000	NTD 1,365,380	USD 15,750	RMB 200,000	NTD 708,758	NTD -	19.91%	NTD 3,428,534	Y	N	Y	

Note 1 : The numbers filled in for the financing company represent the following :

(1) The Company is '0'.

Note 2 : Relationships between the endorser/guarantor and the party being endorsed/guaranteed :

(1) Trading parties.

(2) The Company direct and indirect owns over 50% ownership of subsidiaries.

(3) The Company and its subsidiaries own over 50% ownership of the investee company.

Note 3 : The total amount of the guarantee provided by SDI to any individual entity shall not exceed forty-five percent (45%) of Company's net worth.

Note 4 : The total amount of guarantee shall not exceed fifty percent (50%) of Company's net worth.

Note 5 : "Y" represents the endorsement and guarantee provide by listed parent company to subsidiaries, subsidiaries to listed parent company, or take place in Mainland China.

SDI CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	MARCH 31, 2023				Remarks
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TEC Brite Technology	Jih Sun Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	2,587	\$ 39,093	–	\$ 39,093	
	Capital Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	1,145	18,822	–	18,822	
SDI	Chang Hwa Golf Club	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	90	9,252	0.24%	9,252	
	SDI ELECTRONICS JAPAN CO., LTD	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	30	9,687	15.00%	9,687	
	SDI JAPAN CO., LTD	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	200	3,948	19.61%	3,948	

SDI CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED MARCH 31, 2023

TABLE 3

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
SDI Jiangsu	SDI	The ultimate parent of the Company	Sales	\$ 146,040	21.20%	As prescribed by the agreement	—	—	\$ 65,962	10.98%	Note

NOTE : All the transactions had been eliminated when preparing consolidated financial statements.

SDI CORPORATION AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023

TABLE 4

Amounts in Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship	General ledger account (Note 1)	Balance	Turnover rate	Overdue receivables		Subsequent collections	Allowance for bad doubtful accounts
						Amount	Action taken		
SDI	SDI Jiangsu	Sub-subsidiary	Account Receivable	\$ 118,205	0.28	\$ 39,795	-	\$ 4,682	\$ -
			Other Receivables	36		-	-	-	-

Note 1: All the transactions had been eliminated when preparing consolidated financial report.

SDI CORPORATION AND SUBSIDIARIES
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY
TRANSACTION
FOR THE YEAR ENDED MARCH 31, 2023

TABLE 5 Amounts in Thousands of New Taiwan Dollars

No.	Company Name	Counter Party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	SDI	SDI (JIANGSU)	1	Sales revenue	\$ 33,677	Note 3	1.25%
		SDI (JIANGSU)	1	Accounts receivable	118,205	Note 3	0.92%
		SDI (JIANGSU)	1	Other receivables	36	—	—
		Chao Shin Metal	1	Sales revenue	3,323	Note 3	0.12%
		Chao Shin Metal	1	Accounts receivable	3,489	Note 3	0.03%
		Chao Shin Metal	1	Other receivables	888	—	0.01%
		TEC Brite Technology	1	Sales revenue	2	Note 3	—
		TEC Brite Technology	1	Accounts receivable	7,674	—	0.06%
		1	SDI (JIANGSU)	SDI	2	Sales revenue	146,040
SDI	2			Accounts receivable	65,962	Note 3	0.51%
SDI	2			Other receivables	2,660	—	0.02%
2	Chao Shin Metal	SDI	2	Sales revenue	3,185	Note 3	0.12%
		SDI	2	Processing revenue	593	Note 3	0.02%
		SDI	2	Accounts receivable	3,220	Note 3	0.03%
		SDI (JIANGSU)	3	Sales revenue	13,012	Note 3	0.48%
		SDI (JIANGSU)	3	Accounts receivable	16,019	Note 3	0.13%
3	TEC Brite Technology	SDI	2	Sales revenue	53,511	Note 3	1.99%
		SDI	2	Accounts receivable	74,732	Note 3	0.58%

Note 1: The numbers filled in for the transaction company represent the follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationships between transaction companies and counterparties are classified into the following three categories as listed below :

'1' represents parent company to subsidiary.

'2' represents subsidiary to parent company.

'3' represents subsidiary to subsidiary.

Note 3: Sale price with related parties were determined and negotiated referring to related market price.

Note 4: All the transactions had been eliminated when preparing consolidated financial report.

SDI CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

MARCH 31, 2023

TABLE 6

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Remarks
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
SDI	CHAO SHIN METAL INDUSTRIAL CORP.	Taiwan	Smelting and rolling of metal strips	\$ 106,953	\$ 106,953	14,810	84.62%	\$ 248,028	\$ 1,580	\$ 1,371	Note 1、2
	TEC BRITE TECHNOLOGY CO., LTD	Taiwan	Manufacturing of electronic components and international trade	98,969	98,969	9,897	54.98%	398,330	21,891	12,098	Note 1、2
	SHUEN DER (B. V. I.)	BVI	Holding Company	700,120	706,100	8,920	100.00%	1,769,659	19,039	19,034	Note 1,2,3

Note 1 : All the transactions had been eliminated when preparing consolidated financial statements.

Note 2 : The difference of the shares of profits/losses of investee is recognized as unrealized gross profit.

Note 3 : Please refer to Table 7 for information of investees of China Mainland.

SDI CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED MARCH 31, 2023

TABLE 7 Amounts in Thousands of New Taiwan Dollars

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023	Note
					Outflow	Inflow							
SDI Jiangsu	Manufacture, process and sales of integrated circuit frame, blades, stationary, etc.	NTD 1,065,040	Note 1	NTD 700,120			NTD 700,120	NTD 19,034	100.00%	NTD 19,034	NTD 1,806,608	NTD -	
		USD 35,000		USD 23,000	NTD -	NTD -	USD 23,000	USD (627)					

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 700,120	NTD 1,065,040	NTD 4,335,350
USD 23,000	USD 35,000	

Note 1 : Reinvesting in the Mainland China through third-region companies.

Note 2 : Amounts is recognized based on the audited financial statements.

Note 3 : Foreign currencies aforementioned are translated into NTD using the exchange rate at the reporting date or average exchange rate for the year ended.

Note 4 : All the transactions had been eliminated when preparing consolidated financial report.