

E Ink Holdings Inc. 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
E Ink Holdings Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of E Ink Holdings Inc. and its subsidiaries (collectively, the “Group”) as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 14 and 15 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements for the same reporting periods were not reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$1,888,077 thousand and NT\$1,680,539 thousand, respectively, both representing 3% of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$470,389 thousand and NT\$419,503 thousand, respectively, both representing 2% of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amounts of combined comprehensive income or loss of these non-significant subsidiaries were NT\$(5,561) thousand and NT\$15,593 thousand, respectively, representing (0.4)% and 0.5%, respectively, of the consolidated total comprehensive income or loss. As of March 31, 2023 and 2022, the carrying amounts of the above-mentioned investments accounted for using the equity method were NT\$1,410,625 thousand and NT\$1,232,008 thousand, respectively; for the three months ended March 31, 2023 and 2022, the amounts of combined comprehensive income or loss of investments

accounted for using the equity method were NT\$(11,258) thousand and NT\$(20,301) thousand, respectively.

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 and investments accounted for using the equity method as described in the preceding paragraph and the related information of these non-significant subsidiaries as disclosed in Note 35 to the consolidated financial statements 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 its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

E INK HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS (Note 4)						
Cash and cash equivalents (Note 6)	\$ 11,551,821	17	\$ 8,835,066	14	\$ 9,073,860	15
Financial assets at fair value through profit or loss (Note 7)	1,742,899	3	1,473,957	2	1,383,262	2
Financial assets at amortized cost (Notes 9, 11 and 32)	6,632,760	10	4,945,143	8	5,043,340	8
Contract assets (Note 23)	51,178	-	27,566	-	58,835	-
Accounts receivable (Notes 10, 23 and 31)	3,725,600	5	4,700,178	7	2,369,969	4
Other receivables (Note 31)	270,046	-	263,370	-	191,058	1
Current tax assets	930	-	479	-	3,366	-
Inventories (Note 12)	3,643,083	5	4,404,899	7	4,432,444	7
Prepayments (Note 31)	448,543	1	508,997	1	394,780	1
Other current assets	3,566	-	5,060	-	14,867	-
Total current assets	28,070,426	41	25,164,715	39	22,965,781	38
NON-CURRENT ASSETS (Note 4)						
Financial assets at fair value through profit or loss (Note 7)	2,310,184	4	2,201,399	3	2,633,181	4
Financial assets at fair value through other comprehensive income (Notes 8, 11 and 31)	17,084,381	25	16,732,386	26	17,385,335	29
Financial assets at amortized costs (Notes 9, 11 and 32)	1,524,413	2	1,554,668	2	1,458,572	2
Investments accounted for using the equity method (Note 15)	1,410,625	2	1,455,933	2	1,232,008	2
Property, plant and equipment (Notes 16, 28 and 31)	8,292,606	12	8,033,290	12	5,421,756	9
Right-of-use assets (Notes 17 and 31)	1,006,054	2	1,016,890	2	1,674,624	3
Goodwill (Note 18)	7,081,827	10	7,135,786	11	6,703,091	11
Other intangible assets (Note 18)	531,180	1	577,146	1	663,113	1
Deferred tax assets	924,155	1	1,058,383	2	859,386	1
Other non-current assets (Note 31)	114,882	-	195,464	-	123,459	-
Total non-current assets	40,280,307	59	39,961,345	61	38,154,525	62
TOTAL	\$ 68,350,733	100	\$ 65,126,060	100	\$ 61,120,306	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES (Note 4)						
Short-term borrowings (Notes 19 and 32)	\$ 6,043,238	9	\$ 4,352,270	7	\$ 6,790,653	11
Short-term bills payable (Note 19)	1,578,988	2	654,532	1	2,927,999	5
Financial liabilities at fair value through profit or loss (Note 7)	50,232	-	52,405	-	58,419	-
Contract liabilities (Note 23)	1,153,808	2	437,442	1	2,533,065	4
Notes and accounts payable (Note 31)	1,968,171	3	1,992,054	3	2,606,011	4
Other payables (Notes 20 and 28)	7,526,656	11	3,334,773	5	5,059,116	8
Current tax liabilities	1,947,980	3	2,005,876	3	947,748	2
Long-term borrowings-current portion (Note 19)	150,000	-	150,000	-	-	-
Other current liabilities (Notes 13, 17 and 31)	448,760	-	428,789	1	238,528	1
Total current liabilities	20,867,833	30	13,408,141	21	21,161,539	35
NON-CURRENT LIABILITIES (Note 4)						
Long-term borrowings (Note 19)	4,951,840	7	5,601,228	9	1,527,392	2
Deferred tax liabilities	731,526	1	696,631	1	668,272	1
Lease liabilities (Notes 17 and 31)	984,043	2	994,736	1	1,640,641	3
Deferred revenue (Note 13)	11,050	-	44,617	-	556,853	1
Net defined benefit liabilities	94,931	-	106,981	-	103,245	-
Other non-current liabilities (Note 31)	8,406	-	10,522	-	4,754	-
Total non-current liabilities	6,781,796	10	7,454,715	11	4,501,157	7
Total liabilities	27,649,629	40	20,862,856	32	25,662,696	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)						
Share capital	11,404,047	17	11,404,047	18	11,404,047	19
Capital surplus	10,764,258	16	10,748,007	16	10,638,995	17
Retained earnings	14,405,482	21	17,822,789	27	9,352,793	15
Other equity	3,553,384	5	3,712,145	6	3,513,685	6
Total equity attributable to owners of the Company	40,127,171	59	43,686,988	67	34,909,520	57
NON-CONTROLLING INTERESTS (Note 22)	573,933	1	576,216	1	548,090	1
Total equity	40,701,104	60	44,263,204	68	35,457,610	58
TOTAL	\$ 68,350,733	100	\$ 65,126,060	100	\$ 61,120,306	100

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

(With Deloitte & Touche auditors' review report dated May 5, 2023)

E INK HOLDINGS INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 7,229,676	100	\$ 5,960,861	100
OPERATING COSTS (Notes 12, 24 and 31)	<u>3,676,286</u>	<u>51</u>	<u>3,089,580</u>	<u>52</u>
GROSS PROFIT	<u>3,553,390</u>	<u>49</u>	<u>2,871,281</u>	<u>48</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	221,998	3	209,756	4
General and administrative expenses	639,664	9	554,425	9
Research and development expenses	<u>879,275</u>	<u>12</u>	<u>681,478</u>	<u>11</u>
Total operating expenses	<u>1,740,937</u>	<u>24</u>	<u>1,445,659</u>	<u>24</u>
INCOME FROM OPERATIONS	<u>1,812,453</u>	<u>25</u>	<u>1,425,622</u>	<u>24</u>
NON-OPERATING INCOME AND EXPENSES				
Share of loss of associates and joint ventures	(32,993)	(1)	(44,017)	(1)
Interest income (Note 24)	207,687	3	82,842	1
Royalty income (Notes 4 and 23)	188,720	3	323,649	5
Dividend income	22,482	-	28,661	1
Other income (Notes 13, 24 and 31)	58,528	1	84,563	1
Net gain (loss) on foreign currency exchange (Note 34)	(32,749)	-	93,504	2
Net gain (loss) on fair value change of financial assets and liabilities at fair value through profit or loss	111,533	1	(165,067)	(3)
Interest expenses (Notes 16 and 31)	(67,988)	(1)	(25,668)	-
Other expenses	<u>(3,253)</u>	<u>-</u>	<u>(4,758)</u>	<u>-</u>
Total non-operating income and expenses	<u>451,967</u>	<u>6</u>	<u>373,709</u>	<u>6</u>
INCOME BEFORE INCOME TAX	2,264,420	31	1,799,331	30
INCOME TAX EXPENSE (Notes 4 and 25)	<u>498,245</u>	<u>7</u>	<u>329,726</u>	<u>5</u>
NET INCOME FOR THE PERIOD	<u>1,766,175</u>	<u>24</u>	<u>1,469,605</u>	<u>25</u>

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E INK HOLDINGS INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 363,110	5	\$ 1,403,354	23
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(26,240)</u>	<u>-</u>	<u>(435,402)</u>	<u>(7)</u>
	<u>336,870</u>	<u>5</u>	<u>967,952</u>	<u>16</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(567,125)	(8)	766,668	13
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	1,496	-	(63,912)	(1)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	21,735	-	23,716	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 25)	<u>(5,696)</u>	<u>-</u>	<u>13,594</u>	<u>-</u>
	<u>(549,590)</u>	<u>(8)</u>	<u>740,066</u>	<u>12</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(212,720)</u>	<u>(3)</u>	<u>1,708,018</u>	<u>28</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,553,455</u>	<u>21</u>	<u>\$ 3,177,623</u>	<u>53</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,755,071	24	\$ 1,461,270	25
Non-controlling interests	<u>11,104</u>	<u>-</u>	<u>8,335</u>	<u>-</u>
	<u>\$ 1,766,175</u>	<u>24</u>	<u>\$ 1,469,605</u>	<u>25</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,566,747	21	\$ 3,160,267	53
Non-controlling interests	<u>(13,292)</u>	<u>-</u>	<u>17,356</u>	<u>-</u>
	<u>\$ 1,553,455</u>	<u>21</u>	<u>\$ 3,177,623</u>	<u>53</u>

(Continued)

E INK HOLDINGS INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.54</u>		<u>\$ 1.28</u>	
Diluted	<u>\$ 1.52</u>		<u>\$ 1.27</u>	

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

(With Deloitte & Touche auditors' review report dated May 5, 2023)

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company							Other Equity				
	Share Capital		Capital Surplus	Retained Earnings			Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2022	1,140,405	\$ 11,404,047	\$ 10,407,670	\$ 2,441,853	\$ 70,678	\$ 8,487,671	\$ 11,000,202	\$ (2,360,327)	\$ 4,715,574	\$ 35,167,166	\$ 530,719	\$ 35,697,885
Appropriation of 2021 earnings												
Cash dividends	-	-	-	-	-	(3,649,295)	(3,649,295)	-	-	(3,649,295)	-	(3,649,295)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	211,752	-	-	57	57	-	-	211,809	-	211,809
Net income for the three months ended March 31, 2022	-	-	-	-	-	1,461,270	1,461,270	-	-	1,461,270	8,335	1,469,605
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	785,194	913,803	1,698,997	9,021	1,708,018
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	1,461,270	1,461,270	785,194	913,803	3,160,267	17,356	3,177,623
Share-based payments	-	-	19,573	-	-	-	-	-	-	19,573	15	19,588
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	540,559	540,559	-	(540,559)	-	-	-
BALANCE AT MARCH 31, 2022	<u>1,140,405</u>	<u>\$ 11,404,047</u>	<u>\$ 10,638,995</u>	<u>\$ 2,441,853</u>	<u>\$ 70,678</u>	<u>\$ 6,840,262</u>	<u>\$ 9,352,793</u>	<u>\$ (1,575,133)</u>	<u>\$ 5,088,818</u>	<u>\$ 34,909,520</u>	<u>\$ 548,090</u>	<u>\$ 35,457,610</u>
BALANCE AT JANUARY 1, 2023	1,140,405	\$ 11,404,047	\$ 10,748,007	\$ 2,972,064	\$ 70,678	\$ 14,780,047	\$ 17,822,789	\$ (752,482)	\$ 4,464,627	\$ 43,686,988	\$ 576,216	\$ 44,263,204
Appropriation of 2022 earnings												
Cash dividends	-	-	-	-	-	(5,131,821)	(5,131,821)	-	-	(5,131,821)	-	(5,131,821)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(822)	-	-	-	-	-	-	(822)	-	(822)
Net income for the three months ended March 31, 2023	-	-	-	-	-	1,755,071	1,755,071	-	-	1,755,071	11,104	1,766,175
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	(518,431)	330,107	(188,324)	(24,396)	(212,720)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	1,755,071	1,755,071	(518,431)	330,107	1,566,747	(13,292)	1,553,455
Actual acquisition of partial interests in subsidiaries	-	-	-	-	-	(10,994)	(10,994)	-	-	(10,994)	10,994	-
Share-based payments	-	-	17,073	-	-	-	-	-	-	17,073	15	17,088
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(29,563)	(29,563)	-	29,563	-	-	-
BALANCE AT MARCH 31, 2023	<u>1,140,405</u>	<u>\$ 11,404,047</u>	<u>\$ 10,764,258</u>	<u>\$ 2,972,064</u>	<u>\$ 70,678</u>	<u>\$ 11,362,740</u>	<u>\$ 14,405,482</u>	<u>\$ (1,270,913)</u>	<u>\$ 4,824,297</u>	<u>\$ 40,127,171</u>	<u>\$ 573,933</u>	<u>\$ 40,701,104</u>

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

(With Deloitte & Touche auditors' review report dated May 5, 2023)

E INK HOLDINGS INC. 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		
Income before income tax	\$ 2,264,420	\$ 1,799,331
Adjustments for		
Depreciation expenses	259,201	173,870
Amortization expenses	50,702	51,252
Expected credit loss recognized on investments in debt instruments	15	-
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(111,533)	165,067
Interest expenses	67,988	25,668
Interest income	(207,687)	(82,842)
Dividend income	(22,482)	(28,661)
Compensation costs of share-based payments	17,088	19,588
Share of loss of associates and joint ventures	32,993	44,017
Net loss on disposal of property, plant and equipment	-	897
Net loss on disposal of intangible assets	17	10
Write-down of inventories (reversed)	731	(13,749)
Net unrealized loss (gain) on foreign currency exchange	(73,263)	18,013
Other revenue	(33,440)	(52,366)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,401	-
Contract assets	(24,629)	(21,480)
Accounts receivable	1,066,932	942,926
Other receivables	36,604	8,132
Inventories	717,355	(110,289)
Prepayments	53,023	(84,406)
Other current assets	1,505	(14,722)
Financial liabilities held for trading	(24,415)	(290,995)
Contract liabilities	718,361	(748,330)
Notes and accounts payable	(9,947)	(584,602)
Other payables	(712,135)	(376,120)
Other current liabilities	36,716	27,884
Net defined benefit liabilities	(11,253)	(1,258)
Cash generated from operations	4,094,268	866,835
Income tax paid	(419,495)	(239,177)
Net cash generated from operating activities	<u>3,674,773</u>	<u>627,658</u>

(Continued)

E INK HOLDINGS INC. 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 INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (537,767)	\$ (213,353)
Proceeds from disposal of financial assets at fair value through other comprehensive income	446,284	1,019,887
Acquisition of financial assets at amortized cost	(5,486,143)	(4,356,466)
Proceeds from disposal of financial assets at amortized cost	3,712,099	1,863,832
Acquisition of financial assets at fair value through profit or loss	(356,760)	(532,362)
Proceeds from disposal of financial assets at fair value through profit or loss	52,422	98,518
Acquisition of property, plant and equipment	(730,817)	(272,304)
Acquisition of other intangible assets	(4,015)	(9,732)
Decrease (increase) in other non-current assets	(16,527)	687
Interest received	<u>188,927</u>	<u>65,401</u>
Net cash used in investing activities	<u>(2,732,297)</u>	<u>(2,335,892)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,708,444	2,934,145
Increase (decrease) in short-term bills payable	924,456	(1,716,547)
Increase (decrease) in long-term borrowings	(649,388)	680,052
Repayment of the principal portion of lease liabilities	(17,503)	(25,128)
Increase (decrease) in other non-current liabilities	(2,033)	132
Interest paid	<u>(67,854)</u>	<u>(23,996)</u>
Net cash generated from financing activities	<u>1,896,122</u>	<u>1,848,658</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(121,843)</u>	<u>182,201</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,716,755	322,625
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>8,835,066</u>	<u>8,751,235</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 11,551,821</u>	<u>\$ 9,073,860</u>

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

(With Deloitte & Touche auditors' review report dated May 5, 2023)

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

E Ink Holdings Inc. (the “Company”) was incorporated in June 1992 in the Hsinchu Science Park. The Company’s shares have been listed on the Taipei Exchange (TPEX) Mainboard since March 30, 2004. The Company mainly researches, develops, manufactures and sells electronic paper display panels.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in New Taiwan dollars, the functional currency of the Company.

2. APPROVAL OF FINANCIAL STATEMENTS

The Group’s consolidated financial statements were approved by the Company’s board of directors on May 5, 2023.

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

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Amended or Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized, the Group is continuously assessing the possible impact of the application of the above standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets and liabilities and any non-controlling interests of the former subsidiary at their carrying

amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Refer to Note 14 and Tables 6 and 7 for detailed information on subsidiaries (including the percentages of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting estimation, management is required to make judgments, estimations and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of the recent development of the COVID-19 pandemic, climate change and related government policies and regulations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

For the summary of critical accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 1,858	\$ 1,726	\$ 531
Checking accounts and demand deposits	6,107,247	3,893,674	4,509,832
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	4,586,723	3,962,169	2,366,560
Repurchase agreements collateralized by notes	<u>855,993</u>	<u>977,497</u>	<u>2,196,937</u>
	<u>\$ 11,551,821</u>	<u>\$ 8,835,066</u>	<u>\$ 9,073,860</u>

The market rate intervals of demand deposits, time deposits and repurchase agreements collateralized by notes at the end of the reporting periods were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Demand deposits	0.01%-4.80%	0.01%-2.75%	0.01%-1.80%
Time deposits	0.25%-6.00%	0.25%-5.50%	0.25%-1.53%
Repurchase agreements collateralized by notes	1.05%-5.00%	1.00%-3.80%	0.30%-0.80%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ -	\$ 9,383	\$ 20,554
Non-derivative financial assets			
Perpetual bonds	1,742,899	1,456,889	818,940
Domestic Investment - listed stocks	-	7,685	-
Hybrid financial assets			
Structured deposits	<u>-</u>	<u>-</u>	<u>543,768</u>
	<u>\$ 1,742,899</u>	<u>\$ 1,473,957</u>	<u>\$ 1,383,262</u>
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 626,199	\$ 578,305	\$ 964,409
Perpetual bonds	1,572,948	1,545,952	1,555,749
Hybrid financial assets			
Convertible preferred shares	<u>111,037</u>	<u>77,142</u>	<u>113,023</u>
	<u>\$ 2,310,184</u>	<u>\$ 2,201,399</u>	<u>\$ 2,633,181</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 50,232</u>	<u>\$ 52,405</u>	<u>\$ 58,419</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2023</u>			
Sell	USD/KRW	2023.6-2023.10	USD65,000/KRW82,443,000
Sell	USD/NTD	2023.4-2023.5	USD31,000/NTD931,135
Sell	USD/CNY	2023.5-2023.6	USD7,000/CNY47,576
<u>December 31, 2022</u>			
Sell	USD/KRW	2023.1-2023.6	USD60,000/KRW74,192,200
Sell	USD/NTD	2023.2	USD9,000/NTD275,091
<u>March 31, 2022</u>			
Sell	USD/KRW	2022.04-2023.01	USD167,000/KRW200,444,950

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2023	December 31, 2022	March 31, 2022
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 15,776,099	\$ 15,495,188	\$ 16,523,982
Investments in debt instruments at FVTOCI	<u>1,308,282</u>	<u>1,237,198</u>	<u>861,353</u>
	<u>\$ 17,084,381</u>	<u>\$ 16,732,386</u>	<u>\$ 17,385,335</u>

a. Investments in equity instruments at FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 10,359,932	\$ 9,513,791	\$ 11,592,348
Unlisted shares	<u>23,450</u>	<u>23,169</u>	<u>23,923</u>
	<u>10,383,382</u>	<u>9,536,960</u>	<u>11,616,271</u>
Foreign investments			
Listed shares	5,052,831	5,573,803	4,602,935
Unlisted shares	<u>339,886</u>	<u>384,425</u>	<u>304,776</u>
	<u>5,392,717</u>	<u>5,958,228</u>	<u>4,907,711</u>
	<u>\$ 15,776,099</u>	<u>\$ 15,495,188</u>	<u>\$ 16,523,982</u>

The Group holds the above investments in equity instruments for long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Foreign investments			
Straight corporate bonds			
5-year	\$ 58,919	\$ 59,770	\$ 58,055
10-year	461,987	465,579	299,437
10.5-year	256,484	261,691	254,279
11-year	244,260	245,068	249,582
34.75-years	<u>286,632</u>	<u>205,090</u>	<u>-</u>
	<u>\$ 1,308,282</u>	<u>\$ 1,237,198</u>	<u>\$ 861,353</u>
Coupon rates	3.10%-5.75%	3.10%-5.75%	3.10%-4.84%
Effective interest rates	2.00%-8.49%	2.00%-8.49%	2.00%-4.03%

Refer to Note 11 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)			
	\$ 3,413,931	\$ 1,886,753	\$ 703,094
Pledged time deposits (b)	<u>3,218,829</u>	<u>3,058,390</u>	<u>4,340,246</u>
	<u>\$ 6,632,760</u>	<u>\$ 4,945,143</u>	<u>\$ 5,043,340</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year (c)			
	\$ 806,457	\$ 802,500	\$ 730,460
Pledged time deposits (b)	132,464	138,659	133,960
Foreign straight corporate bonds (d)	<u>585,492</u>	<u>613,509</u>	<u>594,152</u>
	<u>\$ 1,524,413</u>	<u>\$ 1,554,668</u>	<u>\$ 1,458,572</u>

- a. The market rate intervals for time deposits with original maturities of more than 3 months were 3.10%-6.30%, 3.10%-5.61% and 0.95%-1.00% per annum, as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

- b. The market rates for time deposits pledged as security were 0.16%-5.85%, 0.16%-5.56% and 0.08%-3.99% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.
- c. The market rate for time deposits with original maturities of more than 1 year was 3.99% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022.
- d. The Group bought 10-year foreign corporate bonds in March 2022 with a coupon rate and an effective rate were 4.10%-4.90% for all on March 31, 2023, December 31, 2022 and March 31, 2022.
- e. Refer to Note 11 for information relating to the credit risk and impairment assessment of investments in financial assets at amortized cost.

10. ACCOUNTS RECEIVABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	\$ 3,405,662	\$ 4,560,871	\$ 2,314,166
Less: Loss allowance	<u>(24,894)</u>	<u>(25,534)</u>	<u>(24,200)</u>
	<u>3,380,768</u>	<u>4,535,337</u>	<u>2,289,966</u>
Accounts receivable from related parties (Note 31)	363,728	183,898	97,766
Less: Loss allowance	<u>(18,896)</u>	<u>(19,057)</u>	<u>(17,763)</u>
	<u>344,832</u>	<u>164,841</u>	<u>80,003</u>
	<u>\$ 3,725,600</u>	<u>\$ 4,700,178</u>	<u>\$ 2,369,969</u>

The Group recognizes impairment loss when there is actual credit loss from individual client. In addition, the Group recognizes loss allowance based on the rate of expected credit loss by reference to past default experience of the debtor, an analysis of the debtor's current financial position, general economic conditions of the industry and past due receivables in which the debtors operate and past due status.

The following table details the loss allowance for accounts receivables:

March 31, 2023

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	94%	
Gross carrying amount	\$ 3,605,367	\$ 117,291	\$ 46,732	\$ 3,769,390
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(43,790)</u>	<u>(43,790)</u>
Amortized cost	<u>\$ 3,605,367</u>	<u>\$ 117,291</u>	<u>\$ 2,942</u>	<u>\$ 3,725,600</u>

December 31, 2022

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	91%	
Gross carrying amount	\$ 3,816,188	\$ 880,596	\$ 47,985	\$ 4,744,769
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(44,591)</u>	<u>(44,591)</u>
Amortized cost	<u>\$ 3,816,188</u>	<u>\$ 880,596</u>	<u>\$ 3,394</u>	<u>\$ 4,700,178</u>

March 31, 2022

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	99%	
Gross carrying amount	\$ 2,357,052	\$ 12,745	\$ 42,135	\$ 2,411,932
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(41,963)</u>	<u>(41,963)</u>
Amortized cost	<u>\$ 2,357,052</u>	<u>\$ 12,745</u>	<u>\$ 172</u>	<u>\$ 2,369,969</u>

The movements of the loss allowance were as follows:

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 44,591	\$ 40,835
Foreign exchange translation gains and losses	<u>(801)</u>	<u>1,128</u>
Balance at March 31	<u>\$ 43,790</u>	<u>\$ 41,963</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the amount of individual client exceed 10% of the account balance were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Customer B	\$ 964,797	\$ 784,573	\$ 768,973
Customer D	858,723	582,603	102,329
Customer A	508,796	851,574	62,819
Customer C	439,367	726,951	861,152
Customer E	<u>-</u>	<u>402,997</u>	<u>138,659</u>
	<u>\$ 2,771,683</u>	<u>\$ 3,348,698</u>	<u>\$ 1,933,932</u>

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments of the Group in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

March 31, 2023

	At FVTOCI	At Amortized Cost
Carrying amount	\$ 1,487,045	\$ 8,157,969
Less: Allowance for impairment loss	<u>(1,735)</u>	<u>(796)</u>
Amortized cost	1,485,310	<u>\$ 8,157,173</u>
Adjustment to fair value	<u>(177,028)</u>	
	<u>\$ 1,308,282</u>	

December 31, 2022

	At FVTOCI	At Amortized Cost
Carrying amount	\$ 1,417,442	\$ 6,500,607
Less: Allowance for impairment loss	<u>(1,720)</u>	<u>(796)</u>
Amortized cost	1,415,722	<u>\$ 6,499,811</u>
Adjustment to fair value	<u>(178,524)</u>	
	<u>\$ 1,237,198</u>	

March 31, 2022

	At FVTOCI	At Amortized Cost
Carrying amount	\$ 959,511	\$ 6,501,912
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	959,511	<u>\$ 6,501,912</u>
Adjustment to fair value	<u>(98,158)</u>	
	<u>\$ 861,353</u>	

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

In determining the expected credit losses for debt instrument investments, the Group considers the historical probability of default and loss given default of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. The Group's current credit risk grading mechanism is as follows:

<u>Credit Rating</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Losses (ECLs)</u>
Performing	The counterparty has a low risk of default and sufficient capability to meet contractual cash flows.	12-month ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were as follows:

March 31, 2023

<u>Credit Rating</u>	<u>Expected Loss Rate</u>	<u>Gross Carrying Amount</u>	
		<u>At FVTOCI</u>	<u>At Amortized Cost</u>
Performing	0.06%-0.21%	<u>\$ 1,487,045</u>	<u>\$ 8,157,969</u>

December 31, 2022

<u>Credit Rating</u>	<u>Expected Loss Rate</u>	<u>Gross Carrying Amount</u>	
		<u>At FVTOCI</u>	<u>At Amortized Cost</u>
Performing	0.06%-0.21%	<u>\$ 1,417,442</u>	<u>\$ 6,500,607</u>

- a. The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

	<u>Credit Rating</u> <u>Performing</u> <u>(12-month</u> <u>ECLs)</u>
Balance at January 1, 2023	\$ 1,720
New financial assets purchased	100
Change in exchange rates or others	<u>(85)</u>
Balance at March 31, 2023	<u>\$ 1,735</u>

For the three months ended March 31, 2023, the Group's investment in foreign corporate bonds at FVTOCI increased by \$89,060 thousand, and correspondingly, the loss allowance for investments rated as performing increased by \$100 thousand.

- b. The movements of the allowance for impairment loss of investments in debt instruments at amortized cost were as follows:

	<u>Credit Rating</u> <u>Performing</u> <u>(12-month</u> <u>ECLs)</u>
Balance at January 1, 2023	\$ 796
Change in exchange rates or others	<u>-</u>
Balance at March 31, 2023	<u>\$ 796</u>

12. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 862,747	\$ 1,070,016	\$ 1,079,157
Semi-finished goods	1,258,071	1,006,952	443,110
Work in progress	486,057	568,640	561,635
Raw materials	<u>1,036,208</u>	<u>1,759,291</u>	<u>2,348,542</u>
	<u>\$ 3,643,083</u>	<u>\$ 4,404,899</u>	<u>\$ 4,432,444</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 included a write-down of inventories of \$731 thousand and reversal of write-down of inventories of \$13,749 thousand, respectively. Previous write-downs were reversed due to the disposal of slow moving inventories.

13. NON-CURRENT ASSETS HELD FOR SALE

In November 2019, the subsidiary Yangzhou Huaxia Integrated O/E System Co., Ltd. signed an expropriation and compensation agreement with Yangzhou Economic and Technological Development Zone's Demolition Placement Management Office, disposing of the land use rights of 182.77 mus, along with the building's accessories and related subsidies, with an amount of CNY328,986 thousand. Due to the sale price is expected to exceed the carrying amount of the related net assets, the Group did not recognize impairment loss when the land use rights, plant and equipment were reclassified as non-current assets held for sale. The Group had received all payments in October 2020 and recognized gains on disposal of non-current assets held for sale of NT\$367,945 thousand (CNY85,436 thousand) and deferred revenue of NT\$962,015 thousand (CNY220,400 thousand). The Group had recognized revenue from government grants (included in other income) in the amount of \$33,440 thousand (CNY7,402 thousand) and \$52,366 thousand (CNY12,023 thousand) for the three months ended March 31, 2023 and 2022 based on the progress the performance obligation is satisfied.

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
E Ink Holdings Inc.	PVI Global B.V (originally named PVI Global Limited.)	Investment	100.00	100.00	100.00	c.
	E Ink Corporation	Manufacture and sale of electronic ink	-	-	-	c.
	YuanHan Materials Inc.	Manufacture and sale of Chemical Materials and Optical Films	100.00	100.00	100.00	
	New Field e-Paper Co., Ltd.	Investment	100.00	100.00	100.00	
	Dream Universe Ltd.	Trading	100.00	100.00	100.00	
	Prime View Communications Ltd.	Trading	100.00	100.00	100.00	
	Tech Smart Logistics Ltd.	Trading	-	-	0.09	b.
	Linfiny Corporation	Research and development of electronic ink	23.00	4.00	4.00	d.
	E Ink Japan Inc.	Development of electronics ink products	100.00	100.00	100.00	
New Field e-Paper Co., Ltd.	E Ink Corporation	Manufacture and sale of electronic ink	-	-	-	c.
	Tech Smart Logistics Ltd.	Trading	-	-	99.91	b.
YuanHan Materials Inc.	Linfiny Corporation	Research and development of electronic ink	77.00	77.00	77.00	d.
Linfiny Corporation	Linfiny Japan Inc.	Research and development of electronic ink	100.00	100.00	100.00	
E Ink Corporation	E Ink California, LLC	Research, development and sale of electronic ink	100.00	100.00	100.00	
PVI Global B.V (originally named PVI Global Limited.)	PVI International Corp.	Trading	100.00	100.00	100.00	
	Ruby Lustre Ltd.	Investment	100.00	100.00	100.00	
	Dream Pacific International B.V (originally named Dream Pacific International Limited.)	Investment	100.00	100.00	100.00	c.
	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	55.61	55.61	55.61	
Tech Smart Logistics Ltd.	E Ink Corporation	Manufacture and sale of electronic ink	-	-	-	c.
PVI International Corp.	Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	100.00	a.
Ruby Lustre Ltd.	Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	100.00	
Dream Pacific International B.V (originally named Dream Pacific International Limited.)	Hydis Technologies Co., Ltd.	Research, development and licensing of monitors	94.73	94.73	94.73	
	E Ink Corporation	Manufacture and sale of electronic ink	100.00	100.00	100.00	c.
Transcend Optronics (Yangzhou) Co., Ltd.	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	44.39	44.39	44.39	

- a. Transcend Optronics (Yangzhou) Co., Ltd. increased its capital by US\$18,000 thousand and using its own earnings in June and November of 2022.
- b. Tech Smart Logistics Ltd. resolved the liquidation in June 2022. The liquidation was completed in September 2022.
- c. To improve the Group's strategic development and for long-term operating strategy purposes, the Company's board of directors approved an adjustment to the organizational structure in November 2021. The Group transferred all its shares of E Ink Corporation to Dream Pacific International B.V. in February 2022, and completed the relocation to the Netherlands and changed its name in December 2022.
- d. In order to follow the operating plan of the Group, the Company acquired all shares of Linfiny Corporation that Sony Semiconductor Solutions held; therefore, the Group's comprehensive proportionate interest was 100% in March 2023.

Subsidiaries included in the consolidated financial statements for the three months ended March 31, 2023 and 2022, were calculated based on the financial statements that have not been reviewed, except for E Ink Corporation, Hydis Technologies Co., Ltd., Dream Pacific International B.V., PVI International Corp., PVI Global B.V., Prime View Communications Ltd., Transcend Optronics (Yangzhou) Co., Ltd., Rich Optronics (Yangzhou) Co., Ltd., Transyork Technology Yangzhou Ltd., YuanHan Materials Inc. and New Field e-Paper Co., Ltd. and its subsidiary Tech Smart Logistics Ltd. for the three months ended March 31, 2022, were calculated based on the financial statements that have been reviewed.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Associates and joint ventures that are not individually material			
Investments in associates	\$ 1,284,030	\$ 1,339,067	\$ 1,125,415
Investments in joint ventures	<u>126,595</u>	<u>116,866</u>	<u>106,593</u>
	<u>\$ 1,410,625</u>	<u>\$ 1,455,933</u>	<u>\$ 1,232,008</u>

Refer to Tables 6 and 7 for the nature of activities, principal place of business and country of incorporation of the associates.

Aggregate Information of Associates and Joint Ventures That Are Not Individually Material

	For the Three Months Ended March 31	
	2023	2022
The Group's share of:		
Net loss for the period	\$ (32,993)	\$ (44,017)
Other comprehensive gain (loss)	<u>21,735</u>	<u>23,716</u>
Total comprehensive loss	<u>\$ (11,258)</u>	<u>\$ (20,301)</u>

In January 2022, the subsidiary YuanHan Materials Inc. converted the convertible bonds of Nuclera Nucleics Ltd. to equity and participated in its cash capital increase with \$55,470 thousand (US\$2,000 thousand). As a result of the conversion, YuanHan Materials Inc. and E Ink Corporation jointly owned 23.29% of the shares of Nuclera Nucleics Ltd. In June 2022, the subsidiaries YuanHan Materials Inc. and E Ink Corporation did not participate in the cash capital increase of Nuclera Nucleics Ltd., resulting in a reduction in the shareholding ratio of the Group in Nuclera Nucleics Ltd. to 21.22%.

In order to strengthen the layout and development of the e-paper ecosystem, the Group participated in the private placement for the ordinary shares of Integrated Solutions Technology, Inc. amounting to \$199,770 thousand in November 2022 and acquired 35.24% of its equity. Subsequently, Integrated Solutions Technology, Inc. converted the Group's employee stock options, leading to a change in the shareholding ratio. As of March 31, 2023, the Group had a shareholding ratio of 35.12%.

The share of profit or loss and other comprehensive income (loss) of associates and joint ventures that are not individually material were based on unreviewed financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Balance at January 1, 2022	\$ 21,656	\$ 3,486,120	\$ 6,378,519	\$ 4,637,607	\$ 1,276,575	\$ 15,800,477
Additions	-	130	20,793	4,430	167,092	192,445
Disposals	-	-	(240)	(2,922)	-	(3,162)
Reclassifications	-	-	306,364	132,338	(439,058)	(356)
Effects of foreign currency exchange differences	<u>739</u>	<u>75,536</u>	<u>87,044</u>	<u>110,797</u>	<u>13,107</u>	<u>287,223</u>
Balance at March 31, 2022	<u>\$ 22,395</u>	<u>\$ 3,561,786</u>	<u>\$ 6,792,480</u>	<u>\$ 4,882,250</u>	<u>\$ 1,017,716</u>	<u>\$ 16,276,627</u>

(Continued)

	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 1,932,641	\$ 5,429,862	\$ 3,163,327	\$ -	\$ 10,525,830
Depreciation expenses	-	35,045	46,801	69,399	-	151,245
Disposals	-	-	(240)	(2,025)	-	(2,265)
Effects of foreign currency exchange differences	-	39,651	64,692	75,718	-	180,061
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 2,007,337</u>	<u>\$ 5,541,115</u>	<u>\$ 3,306,419</u>	<u>\$ -</u>	<u>\$ 10,854,871</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 21,656</u>	<u>\$ 1,553,479</u>	<u>\$ 948,657</u>	<u>\$ 1,474,280</u>	<u>\$ 1,276,575</u>	<u>\$ 5,274,647</u>
Carrying amount at March 31, 2022	<u>\$ 22,395</u>	<u>\$ 1,554,449</u>	<u>\$ 1,251,365</u>	<u>\$ 1,575,831</u>	<u>\$ 1,017,716</u>	<u>\$ 5,421,756</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 417,816	\$ 4,497,146	\$ 7,601,233	\$ 5,025,043	\$ 1,939,534	\$ 19,480,772
Additions	-	1,433	50,228	12,132	458,432	522,225
Disposals	-	-	-	(344)	-	(344)
Reclassifications	58,719	4,416	352,023	54,548	(474,415)	(4,709)
Effects of foreign currency exchange differences	(3,431)	(2,972)	(1,442)	(9,916)	(2,551)	(20,312)
Balance at March 31, 2023	<u>\$ 473,104</u>	<u>\$ 4,500,023</u>	<u>\$ 8,002,042</u>	<u>\$ 5,081,463</u>	<u>\$ 1,921,000</u>	<u>\$ 19,977,632</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ 2,262,254	\$ 5,785,907	\$ 3,399,321	\$ -	\$ 11,447,482
Depreciation expenses	-	54,753	106,449	76,946	-	238,148
Disposals	-	-	-	(344)	-	(344)
Effects of foreign currency exchange differences	-	1,719	1,737	(3,716)	-	(260)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 2,318,726</u>	<u>\$ 5,894,093</u>	<u>\$ 3,472,207</u>	<u>\$ -</u>	<u>\$ 11,685,026</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 417,816</u>	<u>\$ 2,234,892</u>	<u>\$ 1,815,326</u>	<u>\$ 1,625,722</u>	<u>\$ 1,939,534</u>	<u>\$ 8,033,290</u>
Carrying amount at March 31, 2023	<u>\$ 473,104</u>	<u>\$ 2,181,297</u>	<u>\$ 2,107,949</u>	<u>\$ 1,609,256</u>	<u>\$ 1,921,000</u>	<u>\$ 8,292,606</u>

(Concluded)

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2023	2022
Capitalized interest	<u>\$ 6,244</u>	<u>\$ 1,309</u>
Capitalization rate intervals	1.69%-1.73%	0.64%-0.88%

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

Buildings	
Main buildings	20-56 years
Clean rooms and plumbing construction	25-30 years
Employee dormitories	20 years
Others	2-20 years
Machinery	1-11 years
Other equipment	1-26 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 875,433	\$ 881,236	\$ 785,848
Buildings	128,959	133,504	884,778
Other equipment	<u>1,662</u>	<u>2,150</u>	<u>3,998</u>
	<u>\$ 1,006,054</u>	<u>\$ 1,016,890</u>	<u>\$ 1,674,624</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 11,497</u>	<u>\$ -</u>
Depreciation of right-of-use assets			
Land		\$ 12,083	\$ 7,267
Buildings		8,482	14,706
Other equipment		<u>488</u>	<u>652</u>
		<u>\$ 21,053</u>	<u>\$ 22,625</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current (included in other current liabilities)	<u>\$ 59,965</u>	<u>\$ 56,772</u>	<u>\$ 79,339</u>
Non-current	<u>\$ 984,043</u>	<u>\$ 994,736</u>	<u>\$ 1,640,641</u>

Discount rate intervals for lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	0.58%-4.92%	0.56%-4.92%	0.56%-1.56%
Buildings	0.60%-2.83%	0.60%-2.83%	0.60%-2.89%
Other equipment	0.60%-2.50%	0.60%-2.83%	0.60%-2.89%

c. Material lease-in activities and terms

The Group leased certain land in the Hsinchu Science Park from the Hsinchu Science Park Bureau of the Ministry of Science and Technology from July 1, 2014 to December 31, 2033. The rental amount is calculated on the basis of the mutual agreement. The lessor may adjust the rent at any time on the basis of changes in announced land values and related laws and regulations. At the end of the lease terms, the Group has renewal options if the Group does not violate the lease agreements during the rental period.

The Group also leased certain land and buildings as its plants and offices, with the lease term from 2 to 20 years. Some of the land lease agreements that lease payments will be adjusted every year on the basis of changes in announced land values, and priority right to purchase at the end of the lease terms. The lease contract for land and buildings in the United States contains extension options, which provide more operational flexibility for the Group. These terms are not reflected in measuring lease liabilities if the options are not reasonably certain to be exercised. The subsidiary E Ink Corporation exercised the right of preemption in November 2022 and acquired the land and buildings originally leased at a price of \$687,904 thousand (US\$22,400 thousand) to be used as the Group's R&D headquarters.

The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, without the lessors' consent, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using illegally.

d. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 9,070</u>	<u>\$ 8,487</u>
Expenses relating to low-value asset leases	<u>\$ 113</u>	<u>\$ 124</u>
Total cash outflow for leases	<u>\$ 32,342</u>	<u>\$ 43,550</u>

The Group's leases of other equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Patents	Others	Total
Balance at January 1, 2022	\$ 6,531,427	\$ 550,973	\$ 132,278	\$ 7,214,678
Additions	-	9,732	-	9,732
Disposals	-	(10)	-	(10)
Amortization expenses	-	(30,689)	(20,563)	(51,252)
Reclassifications	-	-	9,519	9,519
Effects of foreign currency exchange differences	<u>171,664</u>	<u>11,792</u>	<u>81</u>	<u>183,537</u>
Balance at March 31, 2022	<u>\$ 6,703,091</u>	<u>\$ 541,798</u>	<u>\$ 121,315</u>	<u>\$ 7,366,204</u>
Balance at January 1, 2023	\$ 7,135,786	\$ 488,421	\$ 88,725	\$ 7,712,932
Additions	-	2,317	1,698	4,015
Disposals	-	(17)	-	(17)
Amortization expenses	-	(32,729)	(17,973)	(50,702)
Reclassifications	-	-	4,553	4,553
Effects of foreign currency exchange differences	<u>(53,959)</u>	<u>(4,273)</u>	<u>458</u>	<u>(57,774)</u>
Balance at March 31, 2023	<u>\$ 7,081,827</u>	<u>\$ 453,719</u>	<u>\$ 77,461</u>	<u>\$ 7,613,007</u>

The Group recognized goodwill in acquiring the patented technologies of electronic ink and electronic paper, which are mainly used in researching and manufacturing consumer electronics and e-paper products such as Internet of Things applications. The carrying amount of goodwill was allocated to the cash-generating units of these two products, and the recoverable amount of each cash-generating unit was determined based on a value in use calculation. The recoverable amount was determined by management based on financial budgets covering a 5-year period and discount rates per annum for the years ended December 31, 2022 and 2021, respectively. The cash flows beyond that 5-year period have been extrapolated using a steady annual growth rate. Other key assumptions included budgeted revenue and budgeted gross profit. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

Discount rates per annum were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Consumer electronics	12.99%	13.82%
Internet of Things applications	13.19%	13.95%

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	6-20 years
Others	1-5 years

19. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured borrowings	\$ 2,900,000	\$ 1,730,000	\$ 2,866,250
Secured borrowings (Note 32)	<u>3,143,238</u>	<u>2,622,270</u>	<u>3,924,403</u>
	<u>\$ 6,043,238</u>	<u>\$ 4,352,270</u>	<u>\$ 6,790,653</u>
Foreign currency included			
USD (in thousands)	<u>\$ 103,229</u>	<u>\$ 73,342</u>	<u>\$ 129,983</u>
Interest rate intervals	1.73%-5.45%	0.82%-5.50%	0.33%-1.20%

b. Short-term bills payable

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial paper	\$ 1,580,000	\$ 655,000	\$ 2,930,000
Less: Discounts on bills payable	<u>(1,012)</u>	<u>(468)</u>	<u>(2,001)</u>
	<u>\$ 1,578,988</u>	<u>\$ 654,532</u>	<u>\$ 2,927,999</u>
Interest rate intervals	1.32%-1.65%	1.32%-1.63%	0.40%-0.93%

As of March 31, 2023, December 31, 2022 and March 31, 2022, commercial papers included a syndicated loan agreement with syndicate of banks, and the total amounts were \$0, \$0 and \$2,300,000 thousand, respectively. Refer to c. long-term borrowings.

c. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Syndicated loans	\$ 3,791,840	\$ 4,741,228	\$ 1,089,392
Unsecured borrowings	1,310,000	1,010,000	438,000
Less: Listed as current portion	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
	<u>\$ 4,951,840</u>	<u>\$ 5,601,228</u>	<u>\$ 1,527,392</u>
Interest rate intervals	0.65%-1.99%	1.18%-1.90%	0.65%-1.70%

Long-term unsecured borrowings will expire in December 2026, and interests are repaid on a monthly basis.

To enrich medium-term working capital, the Group entered into a syndicated loan agreement with syndicate of seven banks led by Mega International Commercial Bank Co., Ltd. on December 15, 2020, and the total credit facility is \$6,800,000 thousand (including commercial promissory note, total is \$5,440,000 thousand). The duration period is within 5 years from the first drawdown date (August 2021). As of March 31, 2023, December 31, 2022, and March 31, 2022, the drawdown was as follows:

	Currency (In Thousands)	March 31, 2023	December 31, 2022	March 31, 2022
Commercial paper	NTD	\$ -	\$ -	\$ 2,300,000
Long-term borrowings	NTD	<u>\$ 3,800,000</u>	<u>\$ 4,750,000</u>	<u>\$ 1,100,000</u>

The Group promises that during the credit period, its semi-annual reviewed current ratio shall not be less than 100%, debt ratio shall not exceed 200%, interest coverage ratio shall not be less than 5 times, and tangible net worth shall not be less than \$15,000,000 thousand. The Group should meet certain financial ratios based on audited consolidated annual financial statements and reviewed consolidated financial statements for the six months.

20. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Payables for dividends	\$ 5,131,821	\$ -	\$ 3,649,295
Payables for salaries or bonuses	1,568,662	2,224,821	871,252
Payables for construction and equipment	194,824	404,653	119,388
Payable for professional service fees	111,517	99,232	86,193
Payables for labors and health insurances	61,995	29,222	23,898
Payables for pensions	35,768	17,989	15,335
Payables for utilities	22,910	26,038	19,008
Others	<u>399,159</u>	<u>532,818</u>	<u>274,747</u>
	<u>\$ 7,526,656</u>	<u>\$ 3,334,773</u>	<u>\$ 5,059,116</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiary, YuanHan Materials Inc., adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, each entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund.

If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The defined benefit plan adopted by Hydix Technologies Co., Ltd. in accordance with the law is operated by the government of South Korea.

Employee benefit expenses in respect of the Group’s defined benefit retirement plans were \$1,573 thousand and \$774 thousand for the three months ended March 31, 2023 and 2022, respectively, which were calculated using the actuarially determined pension cost rate as of December 31, 2022 and 2021, respectively.

22. EQUITY

a. Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Amount of shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,140,405</u>	<u>1,140,405</u>	<u>1,140,405</u>
Amount of shares issued	<u>\$ 11,404,047</u>	<u>\$ 11,404,047</u>	<u>\$ 11,404,047</u>

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)			
Issuance of shares	\$ 9,531,318	\$ 9,531,318	\$ 9,531,318
Conversion of bonds	525,200	525,200	525,200
Treasury share transactions	260,084	260,084	260,084
Expired employee share options	57,448	57,448	57,448
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in associates (2)	248,271	249,093	221,245
Unclaimed dividends extinguished by prescription	81	81	74
<u>May not be used for any purpose</u>			
Employee share options	<u>141,856</u>	<u>124,783</u>	<u>43,626</u>
	<u>\$ 10,764,258</u>	<u>\$ 10,748,007</u>	<u>\$ 10,638,995</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
 - 2) Such capital surplus arises from the effect of changes in ownership interest in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.
- c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with at least 50% of any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to Note 24.

The Company's Articles of Incorporation also stipulate a dividends policy that allows previous accumulated undistributed earnings to be distributed. The distribution of dividends to shareholders is allowed to be in cash or by the issuance of shares. In principle, cash dividends should be at least 10% of the total dividends distributed.

The shareholders of the Company held their regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors are authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholder's meeting.

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

Items referred to under Rule No. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 1,047,188</u>	<u>\$ 530,211</u>
Cash dividends	<u>\$ 5,131,821</u>	<u>\$ 3,649,295</u>
Dividends per share (NT\$)	<u>\$ 4.5</u>	<u>\$ 3.2</u>

The above appropriation for cash dividends had been resolved by the Company's board of directors on February 23, 2023 and March 11, 2022, respectively; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 29, 2023. The appropriations of earnings for 2021 were approved in the shareholders' meeting on June 22, 2022.

d. Special reserve

	For the Three Months Ended March 31	
	2023	2022
Balance at the beginning and the end of the period	<u>\$ 70,678</u>	<u>\$ 70,678</u>

If a special reserve of \$70,678 thousand appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations, the special reserve will be reversed proportionately on the Company's disposal of the foreign operations; on the Company's loss of significant influence; however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

e. Other equity items

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ (752,482)	\$ (2,360,327)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	(540,166)	761,478
Share of associates and joint ventures accounted for using the equity method	<u>21,735</u>	<u>23,716</u>
Balance at March 31	<u>\$ (1,270,913)</u>	<u>\$ (1,575,133)</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 4,464,627	\$ 4,715,574
Recognized during the period		
Unrealized gain (loss)		
Equity instruments	334,179	961,877
Debt instruments	(4,072)	(48,074)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>29,563</u>	<u>(540,559)</u>
Balance at March 31	<u>\$ 4,824,297</u>	<u>\$ 5,088,818</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 576,216	\$ 530,719
Share of profit for the period	11,104	8,335
Other comprehensive income (loss) during the period		
Unrealized gain (loss) on financial assets at FVTOCI		
Equity instruments	2,691	6,075
Debt instruments	(128)	(2,244)
Exchange differences on translating the financial statements of foreign operations	(26,959)	5,190
Actual acquisition of partial interest in subsidiaries	10,994	-
Share-based payment	<u>15</u>	<u>15</u>
Balance at March 31	<u>\$ 573,933</u>	<u>\$ 548,090</u>

In March 2023, the Company acquired the entire equity interest in Linfiny Corporation from Sony Semiconductor Solutions, and the Company's equity interest in Linfiny Corporation increased from 81% to 100%.

Because the above transactions did not change the Company's control over these subsidiaries, the Company was treated as equity transactions.

	Linfiny Corporation
Consideration paid	\$ -
The carrying amount of the subsidiary's net assets should be transferred to noncontrolling interests based on the relative changes in equity.	<u>10,994</u>
Equity trading differences	<u>\$ (10,994)</u>
<u>Adjustment to equity trading differences</u>	
Retained earnings	<u>\$ (10,994)</u>

23. REVENUE

a. Revenue from contracts with customers

Type of Revenue	For the Three Months Ended March 31	
	2023	2022
Revenue from sale of goods		
Internet of Things applications	\$ 4,425,055	\$ 3,134,841
Consumer electronics	2,772,616	2,824,894
Others	<u>32,005</u>	<u>1,126</u>
	<u>\$ 7,229,676</u>	<u>\$ 5,960,861</u>
Royalty income	<u>\$ 188,720</u>	<u>\$ 323,649</u>

b. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Accounts receivable (Note 10)	<u>\$ 3,725,600</u>	<u>\$ 4,700,178</u>	<u>\$ 2,369,969</u>	<u>\$ 3,247,721</u>
Contract assets - current				
Royalty	<u>\$ 51,178</u>	<u>\$ 27,566</u>	<u>\$ 58,835</u>	<u>\$ 35,045</u>
Contract liabilities - current				
Royalty	\$ 160,590	\$ 316,235	\$ 436,729	\$ 710,595
Sale of goods	<u>993,218</u>	<u>121,207</u>	<u>2,096,336</u>	<u>2,548,518</u>
	<u>\$ 1,153,808</u>	<u>\$ 437,442</u>	<u>\$ 2,533,065</u>	<u>\$ 3,259,113</u>

The changes in the balances of contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Revenue recognized for the period from the beginning balance of the contract liabilities was as follows:

Type of Revenue	For the Three Months Ended March 31	
	2023	2022
Royalty income	\$ 176,033	\$ 302,389
Revenue from sale of goods	<u>120,994</u>	<u>756,300</u>
	<u>\$ 297,027</u>	<u>\$ 1,058,689</u>

24. NET INCOME

a. Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank deposits	\$ 75,338	\$ 25,981
Financial assets at amortized cost	74,082	24,048
Financial assets at FVTPL	48,222	27,578
Others	<u>10,045</u>	<u>5,235</u>
	<u>\$ 207,687</u>	<u>\$ 82,842</u>

b. Other income

	For the Three Months Ended March 31	
	2023	2022
Rental income	\$ 2,044	\$ 3,592
Government grants	33,440	52,366
Others	<u>23,044</u>	<u>28,605</u>
	<u>\$ 58,528</u>	<u>\$ 84,563</u>

c. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
Property, plant and equipment	\$ 238,148	\$ 151,245
Other intangible assets	50,702	51,252
Right-of-use assets	<u>21,053</u>	<u>22,625</u>
	<u>\$ 309,903</u>	<u>\$ 225,122</u>
An analysis of depreciation by function		
Operating costs	\$ 130,418	\$ 59,586
Operating expenses	<u>128,783</u>	<u>114,284</u>
	<u>\$ 259,201</u>	<u>\$ 173,870</u>
An analysis of amortization by function		
Operating costs	\$ 1,546	\$ 1,142
Operating expenses	<u>49,156</u>	<u>50,110</u>
	<u>\$ 50,702</u>	<u>\$ 51,252</u>

d. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 32,273	\$ 24,961
Defined benefit plans	<u>1,573</u>	<u>774</u>
	33,846	25,735
Share-based payments		
Equity-settled	17,088	19,588
Other employee benefits	<u>1,518,219</u>	<u>1,214,854</u>
Total employee benefits expense	<u>\$ 1,569,153</u>	<u>\$ 1,260,177</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 443,750	\$ 424,227
Operating expenses	<u>1,125,403</u>	<u>835,950</u>
	<u>\$ 1,569,153</u>	<u>\$ 1,260,177</u>

e. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation at the rates of no less than 1% as well as remuneration of directors at the rates of no higher than 1%, respectively, of net income before income tax, employees' compensation and remuneration of directors, net of accumulated deficit, if any. The estimated employees' compensation and remuneration of directors for the three months ended March 31, 2023 and 2022, were as follows:

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	<u>\$ 27,500</u>	<u>\$ 17,000</u>
Remuneration of directors	<u>\$ 11,000</u>	<u>\$ 6,655</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on February 23, 2023 and March 11, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Employees' compensation	<u>\$ 111,550</u>	<u>\$ 53,800</u>
Remuneration of directors	<u>\$ 40,000</u>	<u>\$ 25,000</u>

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

25. INCOME TAXES

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

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 358,013	\$ 421,814
Adjustments for the prior years	<u>10,758</u>	<u>(17,918)</u>
	<u>368,771</u>	<u>403,896</u>
Deferred tax		
In respect of the current period	129,474	(71,662)
Adjustments for the prior years	<u>-</u>	<u>(2,508)</u>
	<u>129,474</u>	<u>(74,170)</u>
Income tax expense recognized in profit or loss	<u>\$ 498,245</u>	<u>\$ 329,726</u>

b. Income tax recognized directly in equity

	For the Three Months Ended March 31	
	2023	2022
Current tax		
Disposal of investments in equity instruments as at FVTOCI	\$ 6,171	\$ -
Deferred tax		
Disposal of investments in equity instruments as at FVTOCI	<u>(6,171)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2023	2022
In respect of the current period		
Fair value changes of financial assets at FVTOCI		
Equity instruments	\$ 26,240	\$ 435,402
Debt instruments	<u>5,696</u>	<u>(13,594)</u>
	<u>\$ 31,936</u>	<u>\$ 421,808</u>

d. Income tax assessments

Income tax assessments of the Group were as follows:

<u>Company</u>	<u>Latest Assessment Year</u>
The Company	2020
YuanHan Materials Inc.	2019
New Field e-Paper Co., Ltd.	2021
Linfiny Corporation	2021

26. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2023	2022
Basic earnings per share (NT\$)	<u>\$ 1.54</u>	<u>\$ 1.28</u>
Diluted earnings per share (NT\$)	<u>\$ 1.52</u>	<u>\$ 1.27</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Period

	For the Three Months Ended March 31	
	2023	2022
Net income for the period attributable to owners of the Company	<u>\$ 1,755,071</u>	<u>\$ 1,461,270</u>

Number of Shares

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,140,405	1,140,405
Effect of potentially dilutive ordinary shares (in thousands)		
Employees' compensation	474	407
Share-based payment arrangements	<u>11,943</u>	<u>10,644</u>
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	<u>1,152,822</u>	<u>1,151,456</u>

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

27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Options Plan

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 10,000 units of employee share options, the total is 20,000 units in May 2021 and December 2020, respectively. Each option entitles the holder to subscribe to 1,000 ordinary shares. The eligible participants in share options are the full-time employees of the Company and subsidiaries. The duration of the share options is 6 years that will expire on August 10, 2027.

Information about employee share options issued was as follows:

Share Options Grant Period	Percentage Exercisable (%) (Cumulative)
Over 2 years	40
Over 3 years	70
Over 4 years	100

	For the Three Months Ended March 31			
	2023		2022	
Employee Share Options	Unit	Weighted Average Exercise Price (NT\$)	Unit	Weighted Average Exercise Price (NT\$)
Balance at January 1	19,525	\$ 69-77.2	19,895	\$ 69-77.2
Options granted	-		-	
Options forfeited	-		-	
Balance at December 31	<u>19,525</u>		<u>19,895</u>	

The Company uses the Black-Scholes-Merton option evaluation model, the inputs to the models were as follows:

	August 2021	October 2021
Grant date share price (NT\$)	\$77.2	\$69
Exercise price (NT\$)	\$77.2	\$69
Expected volatility	40.50%-43.77%	40.28%-42.73%
Expected life	2-4 year	2-4 year
Expected dividend yield	3.77%	3.77%
Risk-free interest rate	0.760-0.765%	0.760-0.765%
Weighted-average fair value of options granted (NT\$)	\$14.7-19.8	\$13.2-17.2

Compensation costs recognized were \$17,088 thousand and \$19,588 thousand, respectively, for the three months ended March 31, 2023 and 2022.

28. NON-CASH TRANSACTIONS

For the three months ended March 31, 2023 and 2022, the Group entered into the following non-cash investing activities:

	For the Three Months Ended March 31	
	2023	2022
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 522,225	\$ 192,445
Decrease in payables for construction and equipment (included in other payables)	<u>208,592</u>	<u>79,859</u>
Net cash paid	<u>\$ 730,817</u>	<u>\$ 272,304</u>

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the future.

The Group's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Group expects to balance its capital structure through the payment of dividends, the issue of new shares and private ordinary shares or the payment of old debt.

30. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 325,418	\$ -	\$ 300,781	\$ 626,199
Perpetual bonds	-	3,315,847	-	3,315,847
Hybrid financial assets				
Convertible preferred shares	-	-	111,037	111,037
	<u>\$ 325,418</u>	<u>\$ 3,315,847</u>	<u>\$ 411,818</u>	<u>\$ 4,053,083</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 15,412,763	\$ -	\$ -	\$ 15,412,763
Domestic and overseas unlisted shares	-	-	363,336	363,336
Investment in debt instruments				
Overseas straight corporate bonds	-	1,308,282	-	1,308,282
	<u>\$ 15,412,763</u>	<u>\$ 1,308,282</u>	<u>\$ 363,336</u>	<u>\$ 17,084,381</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 50,232	\$ -	\$ 50,232
	<u>\$ -</u>	<u>\$ 50,232</u>	<u>\$ -</u>	<u>\$ 50,232</u>

(Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivate financial assets				
Foreign exchange forward contracts	\$ -	\$ 9,383	\$ -	\$ 9,383
Non-derivative financial assets				
Mutual funds	326,827	-	251,478	578,305
Perpetual bonds	-	3,002,841	-	3,002,841
Domestic listed stocks	7,685	-	-	7,685
Hybrid financial assets				
Convertible preferred shares	-	-	77,142	77,142
	<u>\$ 334,512</u>	<u>\$ 3,012,224</u>	<u>\$ 328,620</u>	<u>\$ 3,675,356</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 15,087,594	\$ -	\$ -	\$ 15,087,594
Domestic and overseas unlisted shares	-	-	407,594	407,594
Investment in debt instruments				
Overseas straight corporate bonds	-	1,237,198	-	1,237,198
	<u>\$ 15,087,594</u>	<u>\$ 1,237,198</u>	<u>\$ 407,594</u>	<u>\$ 16,732,386</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 52,405	\$ -	\$ 52,405

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivate financial assets				
Foreign exchange forward contracts	\$ -	\$ 20,554	\$ -	\$ 20,554
Non-derivative financial assets				
Mutual funds	296,708	-	667,701	964,409
Perpetual bonds	-	2,374,689	-	2,374,689
Hybrid financial assets				
Convertible preferred shares	-	-	113,023	113,023
Structured deposits	-	543,768	-	543,768
	<u>\$ 296,708</u>	<u>\$ 2,939,011</u>	<u>\$ 780,724</u>	<u>\$ 4,016,443</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 16,195,283	\$ -	\$ -	\$ 16,195,283
Domestic and overseas unlisted shares	-	-	328,699	328,699
Investment in debt instruments				
Overseas straight corporate bonds	-	861,353	-	861,353
	<u>\$ 16,195,283</u>	<u>\$ 861,353</u>	<u>\$ 328,699</u>	<u>\$ 17,385,335</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 58,419	\$ -	\$ 58,419

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 736,214	\$ 986,537
Recognized in profit or loss	32,458	17,452
Recognized in other comprehensive income (loss)		
Unrealized gain (loss) on equity instruments	(46,154)	57,142
Reclassifications (Note 1)	95,490	290,010
Disposal	(44,750)	-
Transfer out (Note 2)	-	(250,850)
Exchange differences on translating the financial statements of foreign operations	<u>1,896</u>	<u>9,132</u>
Balance at March 31	<u>\$ 775,154</u>	<u>\$ 1,109,423</u>

Note 1: In November 2021 and December 2022, the Group invested in Blackstone and Millennium real estate income trust capital offshore access fund SPC and prepaid the investment. The actual investment was completed in January 2022 and February 2023, and it was reclassified to financial assets at fair value through profit or loss.

Note 2: The unlisted shares owned by the Group had been traded on the Emerging Stock Market since February 2022 and transferred from Level 3 to Level 1 fair value measurement. The Group transferred its convertible bonds to equity and reclassified as investments accounted for using the equity method.

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives - foreign exchange forward contracts were evaluated by the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of the reporting period, discounted at a rate that reflects the credit risk of each counterparty.

Derivatives - structured deposits were evaluated by the discounted cash flow method. Future cash flows are estimated based on the observable interest rate at the end of the reporting period, discounted at the market interest rate.

Non-derivatives - the fair value of perpetual bonds and straight corporate bonds was determined by quoted market prices provided by the third party.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

a) Domestic and overseas unlisted shares were evaluated by the market approach, referring to the market share prices and situations of companies with similar conditions. Unobservable input used by the Group was discount for lack of marketability, which was 14%-20%, 14%-20% and 15%-20% as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively. If the discount for lack of marketability increased by 1% while all other variables were held constant, the fair value would have decreased by \$4,026 thousand, \$4,543 thousand and \$3,668 thousand, respectively.

- b) The fair value of convertible preferred shares was determined using the Binomial Option Pricing Model and Black-Scholes Model. The significant unobservable input used is share price volatility. The share price volatility used was 62.30%, 62.76% and 66.04% as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.
- c) The foreign private funds held by the Group were valued using the asset-based approach and were based on the net asset value measured at fair value.

b. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
FVTPL	\$ 4,053,083	\$ 3,675,356	\$ 4,016,443
Amortized cost (Note 1)	23,704,640	20,298,425	18,136,799
FVTOCI			
Equity instruments	15,776,099	15,495,188	16,523,982
Debt instruments	1,308,282	1,237,198	861,353
<u>Financial liabilities</u>			
FVTPL	50,232	52,405	58,419
Amortized cost (Note 2)	22,218,893	16,084,857	18,911,171

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable and other receivables.

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

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Group's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to foreign currency risk, interest rate risk and other price risk.

There have been no changes to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and its several subsidiaries had foreign-currency-denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy by utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting periods are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar (USD).

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD), Renminbi (CNY) and South Korean Won (KRW) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the reporting periods for a 1% change in foreign currency rates. For a 1% strengthening of NTD, CNY and KRW against USD, pre-tax income would increase (decrease) as follows:

	NTD to USD		CNY to USD		KRW to USD	
	For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022	2023	2022
Profit or loss	\$ (44,846)	\$ 26,987	\$ (51,212)	\$ 1,034	\$ (15,661)	\$ (21,205)

b) Interest rate risk

The carrying amount of the Group's financial assets, financial liabilities and lease liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 13,601,234	\$ 11,439,477	\$ 11,065,409
Financial liabilities	\$ 12,724,066	\$ 10,758,030	\$ 11,246,044
Lease liabilities	\$ 1,044,008	\$ 1,051,508	\$ 1,719,980
Cash flow interest rate risk			
Financial assets	\$ 6,107,247	\$ 3,893,674	\$ 4,509,832

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting periods. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates. The effective interest rates of floating rate financial assets and financial liabilities will change when the market rates change, which will result in fluctuations in future cash flows.

If interest rates had been 50 basis points higher, the Group's pre-tax cash inflows for the three months ended March 31, 2023 and 2022 would increase by \$7,634 thousand and \$5,637 thousand, respectively, which was attributable to the Group's floating rate on its financial assets, and if interest rates had been 50 basis points lower, there would be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Group was exposed to instrument price risk and equity price risk through its investments in mutual funds, equity securities and debt instruments. Equity investments are held for strategic rather than for trading purposes, and the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to price risks of mutual funds, debt instruments and equity securities at the end of the reporting periods.

If prices of mutual funds, debt instruments and equity securities had been 5% higher/lower, the income before income tax for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$202,654 thousand and \$199,794 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$854,219 thousand and \$869,267 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Group's sensitivity to price risk are mainly resulting from the increased/decreased investment in equity securities and debt investments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting periods, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties, evaluated potential customers through an internal credit rating system and set the credit limit of customers to grasp the credit status of the counterparties and effectively control the credit exposure.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's unutilized bank borrowing facilities were \$13,423,325 thousand, \$13,311,670 thousand and \$12,614,506 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 7,515	\$ 15,030	\$ 56,699	\$ 258,592	\$ 954,498
Fixed interest rate liabilities	<u>3,719,792</u>	<u>3,960,407</u>	<u>162,660</u>	<u>4,984,143</u>	<u>-</u>
	<u>\$ 3,727,307</u>	<u>\$ 3,975,437</u>	<u>\$ 219,359</u>	<u>\$ 5,242,735</u>	<u>\$ 954,498</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 79,244</u>	<u>\$ 258,592</u>	<u>\$ 232,849</u>	<u>\$ 231,818</u>	<u>\$ 232,227</u>	<u>\$ 257,604</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 7,498	\$ 14,076	\$ 54,890	\$ 259,910	\$ 967,854
Fixed interest rate liabilities	<u>3,483,023</u>	<u>1,552,538</u>	<u>159,962</u>	<u>6,641,268</u>	<u>-</u>
	<u>\$ 3,490,521</u>	<u>\$ 1,566,614</u>	<u>\$ 214,852</u>	<u>\$ 6,901,178</u>	<u>\$ 967,854</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 76,464</u>	<u>\$ 259,910</u>	<u>\$ 235,038</u>	<u>\$ 230,994</u>	<u>\$ 238,228</u>	<u>\$ 263,594</u>

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 9,371	\$ 18,743	\$ 82,461	\$ 340,407	\$ 1,552,130
Fixed interest rate liabilities	<u>3,245,741</u>	<u>6,119,761</u>	<u>389,286</u>	<u>1,528,647</u>	<u>-</u>
	<u>\$ 3,255,112</u>	<u>\$ 6,138,504</u>	<u>\$ 471,747</u>	<u>\$ 1,869,054</u>	<u>\$ 1,552,130</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 110,575</u>	<u>\$ 340,407</u>	<u>\$ 369,768</u>	<u>\$ 369,768</u>	<u>\$ 369,768</u>	<u>\$ 442,826</u>

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
NTX Electronics Yangzhou Co., Ltd.	Associate
Yuen Foong Yu Biotech Co., Ltd.	Associate
Integrated Solutions Technology Inc.	Associate
Nuclera Nucleics Ltd.	Associate
Nuclera Nucleics Corporation	Associate
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
YFY Inc.	Investor with significant influence over the Group
YFY Japan Co., Ltd.	Subsidiary of investor with significant influence over the Group
Yuen Foong Shop Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Enterprise (Nanjing) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Packaging Inc.	Subsidiary of investor with significant influence over the Group
YFY Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Development Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Investment Co., Ltd.	Subsidiary of investor with significant influence over the Group
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Group
Livebricks Inc.	Subsidiary of investor with significant influence over the Group
YFY Jupiter US, Inc.	Subsidiary of investor with significant influence over the Group
YFY Global Investment B.V.	Subsidiary of investor with significant influence over the Group
Jupiter Prestige Group North America Inc.	Subsidiary of investor with significant influence over the Group

(Continued)

Related Party Name	Related Party Category
Syntax Communication (H.K.) Limited	Subsidiary of investor with significant influence over the Group
Johnson Lee	Key management personnel
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
SinoPac Securities Corp.	Substantive related party
SinoPac Financial Holdings Company Limited	Substantive related party
Hsin Yi Enterprise Co., Ltd.	Substantive related party
TGKW Management Limited	Substantive related party

(Concluded)

b. Sales of goods

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Associate	<u>\$ 6,239</u>	<u>\$ 6,781</u>

The sales price and collection terms are based on the agreements with the related parties.

c. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Associate	\$ 462,093	\$ 97,687
Subsidiary of investor with significant influence over the Group	3,310	5,043
Substantive related party	<u>206</u>	<u>240</u>
	<u>\$ 465,609</u>	<u>\$ 102,970</u>

The purchase price and payment terms are based on the agreements with the related parties.

d. Manufacturing costs

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Substantive related party	\$ 12,242	\$ 18,307
Others	<u>-</u>	<u>1</u>
	<u>\$ 12,242</u>	<u>\$ 18,308</u>

e. Operating expenses

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Substantive related party	\$ 7,637	\$ 6,449
Associate	6,558	8,033
Subsidiary of investor with significant influence over the Group	<u>1,116</u>	<u>1,270</u>
	<u>\$ 15,311</u>	<u>\$ 15,752</u>

f. Non-operating income - other income

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Associate	\$ 2,314	\$ 1,571
Others	<u>-</u>	<u>53</u>
	<u>\$ 2,314</u>	<u>\$ 1,624</u>

g. Non-operating income - interest income

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Associate	\$ 554	\$ -
Subsidiary of investor with significant influence over the Group	<u>23</u>	<u>-</u>
	<u>\$ 577</u>	<u>\$ -</u>

h. Receivables from related parties

Line Items	Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	Associate	\$ 356,429	\$ 176,481	\$ 90,725
	Less: Loss allowance	<u>(18,896)</u>	<u>(19,057)</u>	<u>(17,763)</u>
		337,533	157,424	72,962
	Subsidiary of investor with significant influence over the Group	7,299	7,362	7,041
	Substantive related party	<u>-</u>	<u>55</u>	<u>-</u>
		<u>\$ 344,832</u>	<u>\$ 164,841</u>	<u>\$ 80,003</u>
Other receivables	Associate	\$ 10,658	\$ 10,749	\$ 10,019
	Less: Loss allowance	(9,769)	(9,769)	(9,769)
	Effects of exchange rate changes	<u>(889)</u>	<u>(980)</u>	<u>(250)</u>
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding accounts receivables from related parties were unsecured.

- i. Payables to related parties (recognized in notes and accounts payable and other payables)

Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Associate	\$ 36,624	\$ 35,873	\$ 18,525
Subsidiary of investor with significant influence over the Group	12,610	24,560	9,402
Substantive related party	<u>10,508</u>	<u>8,565</u>	<u>13,327</u>
	<u>\$ 59,742</u>	<u>\$ 68,998</u>	<u>\$ 41,254</u>

The outstanding accounts payables to related parties were unsecured.

- j. Prepayments and refundable deposits (recognized in other non-current assets)

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Substantive related party			
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	\$ 49,983	\$ 49,737	\$ 50,862
Others	6,059	-	8,432
Subsidiary of investor with significant influence over the Group	5,773	5,787	3,364
Associate	<u>-</u>	<u>-</u>	<u>19,558</u>
	<u>\$ 61,815</u>	<u>\$ 55,524</u>	<u>\$ 82,216</u>

- k. Construction in progress and prepayments for equipment (included in property, plant and equipment)

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Subsidiary of investor with significant influence over the Group	<u>\$ 8,218</u>	<u>\$ 8,218</u>	<u>\$ -</u>

- l. Lease arrangements

The Group leased offices from a subsidiary of investor with significant influence over the Group and renewed the contract after the expiration in February 2023. The lease term is 2 years. In addition, the Group leased land from a subsidiary of investor with significant influence over the Group in August 2022. The lease term is 20 years. The related information was as follows:

Related Party Category/Name	For the Three Months Ended March 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Subsidiary of investor with significant influence over the Group	<u>\$ 5,186</u>	<u>\$ -</u>

Line Item	March 31, 2023	December 31, 2022	March 31, 2022
Right-of-use assets	<u>\$ 249,596</u>	<u>\$ 248,296</u>	<u>\$ 2,454</u>
Lease liabilities			
Current (included in other current liabilities)	\$ 5,843	\$ 3,582	\$ 2,195
Non-current	<u>248,736</u>	<u>247,320</u>	<u>-</u>
	<u>\$ 254,579</u>	<u>\$ 250,902</u>	<u>\$ 2,195</u>

**For the Three Months Ended
March 31**

Line Item	2023	2022
Interest expenses	<u>\$ 3,071</u>	<u>\$ 5</u>

The lease contract between the Group and the related party was determined by reference to the market conditions and payment terms that were similar to those with the third parties.

m. Guarantee deposits received (recognized in other non-current liabilities)

Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Associate	\$ 912	\$ 894	\$ -
Substantive related party	3	3	3
Key management personnel	<u>-</u>	<u>-</u>	<u>1,050</u>
	<u>\$ 915</u>	<u>\$ 897</u>	<u>\$ 1,053</u>

n. Acquisition of financial assets

For the three months ended March 31, 2023

Related Party Category	Line Item	Number of Shares (In Thousands)	Underlying Assets	Purchase Price
Substantive related party	Financial assets at fair value through other comprehensive income - non-current	25,324	Stock	\$ 379,859

o. Compensation of key management personnel

**For the Three Months Ended
March 31**

	2023	2022
Short-term employee benefits	\$ 42,702	\$ 35,052
Post-employment benefits	402	379
Share-based payments	<u>2,267</u>	<u>3,770</u>
	<u>\$ 45,371</u>	<u>\$ 39,201</u>

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

32. ASSETS PLEDGED AS COLLATERAL

The following demand deposits and time deposits (included in financial assets at amortized cost) were provided as collateral for short-term borrowings, line of credit for derivative instrument trading, tariff guarantee for imported inventories, lease deposits for plants and land, and deposits for provisional attachment:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ 3,218,829	\$ 3,058,390	\$ 4,340,246
Non-current	<u>132,464</u>	<u>138,659</u>	<u>133,960</u>
	<u>\$ 3,351,293</u>	<u>\$ 3,197,049</u>	<u>\$ 4,474,206</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Unused letters of credit of the Group for purchase of machinery amounted to \$268,325 thousand, \$360,600 thousand and \$186,452 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.
- b. Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were \$15,030,000 thousand, \$13,820,000 thousand and \$12,570,000 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.
- c. Guaranteed notes issued for syndicated loans were all \$6,800,000 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022.
- d. The board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved in March 2020 for an investment plan for the next three to five years. The content of the investment plan includes the construction of R&D buildings, capacity expansion and fundamental operating expenses, with expected investment amount from US\$50,000 thousand to US\$55,000 thousand. The source of funds is from the parent company's capital increase via cash and the subsidiary's proprietary funds. The percentage of investment was approximately 99.5% as of March 31, 2023.
- e. To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct new Hsinchu factory office building and multi-storey parking lot. The additional budget was approved by the board of directors on August 5, 2022, and the total amount of the construction is estimated at NT\$2.643 billion. As of March 31, 2023, the progress of implementation was approximately 29%.
- f. In response to the business development plan of Yangzhou City, the board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved a high-end display service agreement with Yangzhou Economic and Technological Development Zone's management committee in June 2021. It planned to invest in the construction of factories on 420 acres of land in the area and develop electronic paper-related businesses. It planned to increase capital in installments before June 2023, and the total amount shall not exceed US\$61,000 thousand. As of March 31, 2023, the subsidiary Transcend Optronics (Yangzhou) Co., Ltd. has completed the capital increase of US\$9,000 thousand from retained earnings.

- g. On August 5, 2022, the board of directors of the Company resolved to construct new factory office buildings in Guanyin District, Taoyuan, on a leasehold basis, and the total amount of the construction is expected at NT\$3.305 billion.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 400,919	6.8717 (USD:CNY)	\$ 12,207,984
USD	346,796	30.45 (USD:NTD)	10,559,938
USD	51,433	1,292.445 (USD:KRW)	1,566,135
Non-monetary items			
FVTPL			
USD	108,895	1,292.445 (USD:KRW)	3,315,847
FVTOCI			
USD	34,661	1,292.445 (USD:KRW)	1,055,435
EUR	94,813	33.15 (EUR:NTD)	3,143,060

Foreign currency liabilities

Monetary items			
USD	232,735	6.8717 (USD:CNY)	7,086,781
USD	199,518	30.45 (USD:NTD)	6,075,323

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 285,363	30.71 (USD:NTD)	\$ 8,763,498
USD	327,813	6.9646 (USD:CNY)	10,067,137
USD	61,375	1,249.898 (USD:KRW)	1,884,826
Non-monetary items			
FVTPL			
USD	97,780	1,249.898 (USD:KRW)	3,002,841
FVTOCI			
USD	33,868	1,249.898 (USD:KRW)	1,040,110
EUR	105,733	32.72 (EUR:NTD)	3,459,592

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency liabilities</u>			
Monetary items			
USD	\$ 233,977	30.71 (USD:NTD)	\$ 7,185,434
USD	226,935	6.9646 (USD:CNY)	6,969,174 (Concluded)

March 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 294,623	6.3482 (USD:CNY)	\$ 8,433,583
USD	254,738	28.625 (USD:NTD)	7,291,875
USD	74,077	1,200.713 (USD:KRW)	2,120,454
Non-monetary items			
FVTPL			
USD	82,958	1,200.713 (USD:KRW)	2,374,689
FVTOCI			
EUR	80,859	31.92 (EUR:NTD)	2,581,049

Foreign currency liabilities

Monetary items			
USD	349,015	28.625 (USD:NTD)	9,990,554
USD	298,234	6.3482 (USD:CNY)	8,536,948

The Group's net realized and unrealized gains (losses) on foreign currency exchange were \$(32,749) thousand and \$93,504 thousand for the three months ended March 31, 2023 and 2022, respectively. It is impractical to disclose net gain or loss on foreign currency exchange by each significant foreign currency due to the variety of the foreign currency transactions and the functional currency of each entity in the Group.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 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 at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate 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 amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (Note 7)
 - 10) Intercompany relationships and significant intercompany transactions (Table 8)
- b. Information on investees (Table 6)
- c. Information on investments in mainland China (Table 7)
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, ending balance, interest rate interval, and total interest for the current period with respect to financing of funds.
 - f) Other transactions that have a material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the breakdown by region. The Group's reportable segments were classified into the ROC, Asia and Americas according to their geographic locations.

The profit or loss from the Group's operating segments is primarily measured by the segment profit or loss, which is used for the basis for assessment of performance. In addition, there are no significant differences between the accounting standards applied by the segments and the summary of significant accounting policies as disclosed in Note 4.

The following was an analysis of the Group's revenue and results from operation by reportable segment:

	Segment Revenue		Segment Profit (Loss)	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
ROC	\$ 6,011,243	\$ 5,524,291	\$ 937,285	\$ 1,158,679
Asia	4,817,687	4,458,706	814,184	296,174
America	1,020,293	1,171,516	225,893	91,698
Adjustment and eliminations	<u>(4,619,547)</u>	<u>(5,193,652)</u>	-	-
	<u>\$ 7,229,676</u>	<u>\$ 5,960,861</u>	1,977,362	1,546,551
Administration cost and remunerations to directors			(164,908)	(120,929)
Net gain (loss) on foreign currency exchange			(32,749)	93,504
Royalty income			188,720	323,649
Interest revenue			207,687	82,842
Net gain (loss) on fair value changes of financial assets and liabilities at FVTPL			111,533	(165,067)
Other non-operating income and expenses, net			(23,225)	38,781
Income before tax			<u>\$ 2,264,420</u>	<u>\$ 1,799,331</u>

Segment profit (loss) represents the income before income tax earned by each segment without allocation of administration costs and remuneration of directors, net gain (loss) on foreign currency exchange, royalty income, interest revenue, net gain (loss) on fair value changes of financial assets and liabilities at FVTPL, other non-operating income and expenses, net, and income tax expense, etc.

E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance (Note 1)	Ending Balance (Note 1)	Amount Actually Drawn (Note 1)	Interest Rate Intervals (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	E Ink Holdings Inc.	YuanHan Materials Inc.	Other receivables	Yes	\$ 1,000,000	\$ -	\$ -	1	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 4,012,717	\$ 16,050,868
1	PVI Global B.V (originally named PVI Global Limited)	YuanHan Materials Inc.	Other receivables	Yes	609,600 (US\$ 20,000 thousand)	609,000 (US\$ 20,000 thousand)	609,000 (US\$ 20,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	3,174,017 (US\$ 104,237 thousand)	12,696,067 (US\$ 416,948 thousand)
		Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Other receivables	Yes	36,576 (US\$ 1,200 thousand)	36,540 (US\$ 1,200 thousand)	36,540 (US\$ 1,200 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	3,174,017 (US\$ 104,237 thousand)	12,696,067 (US\$ 416,948 thousand)
2	New Field e-Paper Co., Ltd.	YuanHan Materials Inc.	Other receivables	Yes	152,400 (US\$ 5,000 thousand)	152,250 (US\$ 5,000 thousand)	152,250 (US\$ 5,000 thousand)	2	Short-term financing	-	Working capital	-	-	-	166,096	664,382
		Prime View Communications Ltd.	Other receivables	Yes	121,920 (US\$ 4,000 thousand)	121,800 (US\$ 4,000 thousand)	121,800 (US\$ 4,000 thousand)	4.2	Short-term financing	-	Working capital	-	-	-	166,096	664,382

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$30.45 on March 31, 2023, except the maximum balance that is translated at the exchange rate at the end of each month for the period.

Note 2: The aggregate and individual financing limits of E Ink Holdings Inc., New Field e-Paper Co., Ltd. and PVI Global Limited B.V. (originally named PVI Global Limited), shall not exceed 40% and 10%, respectively, of the financing company's net equity per its latest financial statements.

Note 3: The above intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsed/Guaranteed Party		Limit on Endorsement/Guarantee Amount Provided to Each Endorsed/Guaranteed Party (Note 1)	Maximum Balance (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable (Note 3)	Endorsement/Guarantee Provided by Parent Company	Endorsement/Guarantee Provided by Subsidiary	Endorsement/Guarantee to Subsidiary in Mainland China
		Name	Relationship										
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	\$ 10,031,793	\$ 1,005,840 (US\$ 33,000 thousand)	\$ 1,004,850 (US\$ 33,000 thousand)	\$ -	\$ -	2.50	\$ 40,127,171	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	10,031,793	1,850,000	600,000	400,000	-	1.50	40,127,171	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	10,031,793	200,000	200,000	-	-	0.50	40,127,171	Yes	No	No
		Linfiny Corporation	Subsidiary	10,031,793	250,000	250,000	85,000	-	0.62	40,127,171	Yes	No	No

Note 1: The amount shall not exceed 25% of the net equity of the Company.

Note 2: The amounts are translated at the exchange rate of US\$1=\$30.45 on March 31, 2023, except the maximum balance is translated at the exchange rate of the end of each month for the period.

Note 3: The amount shall not exceed the net equity of the Company.

E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E Ink Holdings Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	127,074,724	\$ 2,109,440	1.05	\$ 2,109,440	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI	7,814,000	207,462	0.47	207,462	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI	336,002	12,566	0.13	12,566	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	668,470	14,940	0.01	14,940	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	8,394,750	277,027	0.06	277,027	
	Getac Technology Corporation	-	Financial assets at FVTOCI	175,000	9,362	0.03	9,362	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	5,344,386	194,536	0.07	194,536	
	Asia Electronic Material Co., Ltd	-	Financial assets at FVTOCI	3,855,000	62,837	3.93	62,837	
	Taiflex Sciehtific Co., Ltd	-	Financial assets at FVTOCI	5,029,000	214,235	2.40	214,235	
	LITE-ON Technology Corporation	-	Financial assets at FVTOCI	1,474,000	108,044	0.06	108,044	
	IGNIS INNOVATION INC.	-	Financial assets at FVTPL - non-current	387,597	-	0.18	-	
	<u>Preferred shares</u>							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,675,000	288,448	0.03	288,448	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	2,354,000	141,005	0.02	141,005	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI	2,293,000	116,943	0.02	116,943	
	<u>Convertible preferred shares</u>							
MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.69	-		
New Field e-Paper Co., Ltd.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	29,787,215	494,468	0.25	494,468	
	Jetbest Corporation	-	Financial assets at FVTOCI	278,000	7,548	0.85	7,548	
Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI	2,085,000	88,821	1.00	88,821		
YuanHan Materials Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI	228,440,958	3,792,120	1.88	3,792,120	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI	16,000	425	-	425	
	Netronix Inc.	-	Financial assets at FVTOCI	5,309,198	541,538	6.40	541,538	
	SES-imagotag	-	Financial assets at FVTOCI	866,666	3,143,060	5.47	3,143,060	
	Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI	1,490,626	251,170	0.80	251,170	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI	2,227,500	12,307	10.93	12,307	
	Echem Solutions Corp.	-	Financial assets at FVTOCI	742,820	180,134	0.91	180,134	
	Ecrowd Media Inc.	-	Financial assets at FVTOCI	1,309,701	11,143	6.46	11,143	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	4,766,250	157,286	0.03	157,286	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI	136,990	3,062	-	3,062	
	Daxin Materials Corp.	-	Financial assets at FVTOCI	1,138,000	94,909	1.11	94,909	
	Getac Technology Corporation	-	Financial assets at FVTOCI	4,197,000	224,539	0.70	224,539	
	Zenitron Corporation	-	Financial assets at FVTOCI	4,249,000	138,517	1.94	138,517	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI	3,596,602	288,088	13.89	288,088	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI	1,413,000	51,433	0.02	51,433	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI	688	26	-	26	
<u>Preferred shares</u>								
Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI	4,684,000	289,003	0.03	289,003		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
YuanHan Materials Inc.	<u>Convertible preferred shares</u> SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	\$ 111,037	1.60	\$ 111,037	
	<u>Straight corporate bonds</u> FS KKR Capital Corp.	-	Financial assets at FVTOCI	2,000,000	58,919	-	58,919	
	Nomura Holdings Inc.	-	Financial assets at FVTOCI	1,950,000	49,763	-	49,763	
	Swiss Re Group	-	Financial assets at FVTOCI	5,000,000	144,166	-	144,166	
	<u>Mutual funds</u> Blackstone REITS	-	Financial assets at FVTPL - non-current	3,337	138,339	-	138,339	
	Millennium	-	Financial assets at FVTPL - non-current	4,721,398	162,442	-	162,442	
	Transcend Optronics (Yangzhou) Co., Ltd.	<u>Ordinary shares</u> Dke Co., Ltd.	-	Financial assets at FVTOCI	1,255,500	CNY 19,047 thousand	4.09	CNY 19,047 thousand
Hanshow Technology Corporation		-	Financial assets at FVTOCI	2,880,000	CNY 57,658 thousand	0.76	CNY 57,658 thousand	
Agricultural Bank of China Limited		-	Financial assets at FVTOCI	4,943,000	CNY 15,373 thousand	-	CNY 15,373 thousand	
Industrial and Commercial Bank of China Limited		-	Financial assets at FVTOCI	3,180,000	CNY 14,183 Thousand	-	CNY 14,183 Thousand	
China Construction Bank Corporation		-	Financial assets at FVTOCI	2,490,996	CNY 14,796 thousand	-	CNY 14,796 thousand	
Bank of China Limited		-	Financial assets at FVTOCI	4,630,000	CNY 15,649 thousand	-	CNY 15,649 thousand	
Hydis Technologies Co., Ltd.		<u>Ordinary shares</u> SOLUM CO., LTD.	-	Financial assets at FVTOCI	840,990	KRW 18,796,127 thousand	1.72	KRW 18,796,127 thousand
	Hana Financial Group Inc.	-	Financial assets at FVTOCI	351,121	KRW 14,290,625 thousand	0.12	KRW 14,290,625 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI	255,618	KRW 21,446,350 thousand	0.22	KRW 21,446,350 thousand	
	LG Uplus Corp	-	Financial assets at FVTOCI	664,380	KRW 7,195,235 thousand	0.15	KRW 7,195,235 thousand	
	SAMSUNG CARD CO., LTD.	-	Financial assets at FVTOCI	275,805	KRW 8,384,472 thousand	0.26	KRW 8,384,472 thousand	
	<u>Mutual funds</u> Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 13,879,186 thousand	-	KRW 13,879,186 thousand	
	<u>Perpetual bonds</u> JP Morgan Chase & Co.	-	Financial assets at FVTPL - current	29,800,000	KRW 38,052,863 thousand	-	KRW 38,052,863 thousand	
	BARCLAYS	-	Financial assets at FVTPL - current	14,800,000	KRW 17,555,719 thousand	-	KRW 17,555,719 thousand	
	CITI	-	Financial assets at FVTPL - current	14,810,000	KRW 18,726,543 thousand	-	KRW 18,726,543 thousand	
	JP Morgan Chase & Co.	-	Financial assets at FVTPL - non-current	18,700,000	KRW 22,564,671 thousand	-	KRW 22,564,671 thousand	
	Bank of America Corporation	-	Financial assets at FVTPL - non-current	37,900,000	KRW 44,522,032 thousand	-	KRW 44,522,032 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Hydis Technologies Co., Ltd.	<u>Straight corporate bonds</u> Nomura Holdings, Inc.	-	Financial assets at FVTOCI	16,000,000	KRW 17,581,482 thousand	-	KRW 17,581,482 thousand	
	BARCLAYS	-	Financial assets at FVTOCI	8,490,000	KRW 10,417,747 thousand	-	KRW 10,417,747 thousand	
	Standard Chartered PLC	-	Financial assets at FVTOCI	8,800,000	KRW 10,939,134 thousand	-	KRW 10,939,134 thousand	
	Swiss Re Group	-	Financial assets at FVTOCI	4,900,000	KRW 6,076,223 thousand	-	KRW 6,076,223 thousand	
	Fubon hyundai life	-	Financial assets at amortized cost	2,200,000	KRW 21,973,295 thousand	-	KRW 21,973,295 thousand	
	Hanwha General Insurance	-	Financial assets at amortized cost	300,000	KRW 2,998,112 thousand	-	KRW 2,998,112 thousand	

Note: Refer to Tables 5 and 6 for information on investments in subsidiaries and associates.

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
E Ink Holdings Inc.	E Ink Corporation	Subsidiary	Purchase	\$ 796,046	25	By agreement	\$ -	-	\$ (893,527)	(19)	
	YuanHan Materials Inc.	Subsidiary	Purchase	142,990	4	By agreement	-	-	(76,196)	(2)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	386,081	12	By agreement	-	-	(3,514,445)	(77)	
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	Sale	(239,996)	(4)	By agreement	-	-	383,077	14	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	433,000	14	By agreement	-	-	-	-	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(142,990)	(44)	By agreement	-	-	76,196	87	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(386,081)	(69)	By agreement	-	-	3,514,445	100	
Rich Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Purchase	239,996	100	By agreement	-	-	(383,077)	(100)	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(796,046)	(96)	By agreement	-	-	893,527	98	
	E Ink California, LLC	Subsidiary	Purchase	188,080	25	By agreement	-	-	(425,564)	(96)	
E Ink California, LLC	E Ink Corporation	Parent company	Sale	(188,080)	(100)	By agreement	-	-	425,564	100	

Note 1: The calculation is based on each company's receivables from (payables to) related parties.

Note 2: The above intercompany transactions have been eliminated upon consolidation, except for NTX Electronics Yangzhou Co., Ltd.

E INK HOLDINGS INC. AND SUBSIDIARIES

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

MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
E Ink Holdings Inc.	YuanHan Materials Inc.	Subsidiary	\$ 687,914	(Note 2)	\$ -	-	\$ 14,885	\$ -
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	2,069,901	(Note 1)	128,271	Collected	928,252	-
	Rich Optronics (Yangzhou) Co., Ltd.	Subsidiary	383,077	2.05	142,550	In the process of collection	42,609	-
	NTX Electronics Yangzhou Co., Ltd.	Associate	250,731	(Note 1)	22,580	Collected	421,343	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	3,514,445	(Note 1)	21,059	Collected	1,066,422	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	893,527	3.84	273,511	Collected	459,007	-
E Ink California, LLC	E Ink Corporation	Parent company	425,564	1.81	237,156	In the process of collection	57,262	-

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: Cash dividend receivables.

Note 3: The above intercompany transactions have been eliminated upon consolidation, except transactions with NTX Electronics Yangzhou Co., Ltd.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of March 31, 2023			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)	Carrying Amount			
E Ink Holdings Inc.	PVI Global B.V. (originally named PVI Global Limited)	Eindhoven	Investment	\$ 12,510,056	\$ 12,510,056	437,536,259	100.00	\$ 31,740,166	\$ 1,173,484	\$ 1,173,484	(Note)
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	2,488,349	177,217,132	100.00	1,660,956	2,280	2,280	(Note)
	YuanHan Materials Inc.	Taipei, Taiwan	Manufacture and sale of Chemical Materials and Optical Films	6,420,230	6,420,230	183,819,268	100.00	7,991,362	13,126	15,160	(Note)
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	394,279	4,502	4,502	(Note)
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(77,589)	(9,694)	(9,694)	(Note)
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203,161	47.07	-	-	-	Under liquidation
	Linfiny Corporation	Taoyuan, Taiwan	Research and development of electronic ink	16,800	16,800	9,660,000	23.00	(13,307)	(27,419)	(1,029)	(Note)
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	6,597	223,655	2.40	-	-	-	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic ink products	15,065	15,065	200	100.00	17,092	228	228	(Note)
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	148,743	148,743	9,896,402	26.15	136,040	10,822	2,830	
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research and development of electronic ink	323,400	323,400	32,340,000	77.00	(10,823)	(27,419)	(21,113)	(Note)
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Cultivation, processing and sale of agriculture and restaurant management	36,000	36,000	3,600,000	36.00	-	(13,202)	-	
	Kyoritsu Optronics Co., Ltd., Nuclera Nucleics Ltd.	Taipei, Taiwan	Technology development, transfer and licensing of flat panels	18,860	18,860	1,050,000	25.65	-	-	-	
	Integrated Solutions Technology, Inc.	Cambridge, UK	Protein, gene synthesis and digital microfluidics	306,491	306,491	461,365	6.24	286,216	(188,438)	(11,313)	
Linfiny Corporation E Ink Corporation	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	51,027	51,027	3,395,000	8.97	46,669	10,822	971	
	Linfiny Japan Inc.	Tokyo, Japan	Research and development of electronic ink	11,088	11,088	4,000	100.00	24,896	382	382	(Note)
	E Ink California, LLC	California, USA	Research, development and sale of electronic ink	US\$ 29,100 thousand	US\$ 29,100 thousand	27,400,000	100.00	US\$ 33,660 thousand	US\$ 565 thousand	US\$ 54 thousand	(Note)
PVI Global B.V. (originally named PVI Global Limited)	Nuclera Nucleics Ltd.	Cambridge, UK	Protein, gene synthesis and digital microfluidics	US\$ 25,691 thousand	US\$ 25,691 thousand	1,107,094	14.98	US\$ 26,768 thousand	US\$ (6,200) thousand	US\$ (1,136) thousand	
	PVI International Corp.	British Virgin Islands	Trading	US\$ 169,300 thousand	US\$ 169,300 thousand	169,300,000	100.00	US\$ 276,927 thousand	US\$ 21,812 thousand	US\$ 21,812 thousand	(Note)
	Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Eindhoven	Investment	US\$ 330,123 thousand	US\$ 330,123 thousand	355,123,083	100.00	US\$ 690,985 thousand	US\$ 16,516 thousand	US\$ 16,516 thousand	(Note)
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US\$ 30,000 thousand	US\$ 30,000 thousand	30,000,000	100.00	US\$ 33,574 thousand	US\$ 363 thousand	US\$ 363 thousand	(Note)
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US\$ 1,750 thousand	US\$ 1,750 thousand	1,750,000	35.00	-	-	-	
Dream Pacific International B.V. (originally named Dream Pacific International Limited)	Rock Pearl International Corp.	British Virgin Islands	Investment	US\$ 1,540 thousand	US\$ 1,540 thousand	1,540,000	35.00	-	-	-	
	Hydis Technologies Co., Ltd.	South Korea	Research, development and licensing of monitors	US\$ 27,612 thousand	US\$ 27,612 thousand	3,783,265	94.73	US\$ 338,806 thousand	US\$ 10,093 thousand	US\$ 9,561 thousand	(Note)
Hydis Technologies Co., Ltd.	E Ink Corporation	Boston, USA	Manufacture and sale of electronic ink	US\$ 329,123 thousand	US\$ 329,123 thousand	2,282	100.00	US\$ 352,573 thousand	US\$ 6,688 thousand	US\$ 6,688 thousand	(Note)
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	KRW 2,942,500 thousand	KRW 2,942,500 thousand	2,500,000	26.79	-	-	-	

Note: All intercompany transactions have been eliminated upon consolidation.

E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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

Investee Company	Main Business and Product	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023 (Note 1)	Net Income (Loss) of Investee (Note 2)	Direct or Indirect Percentage of Ownership (%)	Share of Profit (Loss) of Investee (Notes 2 and 3)	Carrying Amount as of March 31, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	\$ 5,703,285 (US\$ 187,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	\$ 3,588,380 (US\$ 117,845 thousand)	\$ -	\$ -	\$ 3,588,380 (US\$ 117,845 thousand)	\$ 648,872 (US\$ 21,348 thousand)	100.00	\$ 663,037 (US\$ 21,814 thousand)	\$ 8,425,820 (US\$ 276,710 thousand)	\$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	913,500 (US\$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	913,500 (US\$ 30,000 thousand)	-	-	913,500 (US\$ 30,000 thousand)	11,033 (US\$ 363 thousand)	100.00	11,033 (US\$ 363 thousand)	1,022,328 (US\$ 33,574 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,124,549 (US\$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	6,079 (US\$ (200) thousand)	100.00	6,079 (US\$ (200) thousand)	873,123 (US\$ 28,674 thousand)	-
Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidation)	Manufacture and sale of LED products	-	The Company indirectly owns the investee through an investment company registered in a third region	42,326 (US\$ 1,390 thousand)	-	-	42,326 (US\$ 1,390 thousand)	-	100.00	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	152,250 (US\$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	53,288 (US\$ 1,750 thousand)	-	-	53,288 (US\$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	177,249 (CNY 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	18,787 (CNY 4,216 thousand)	49.00	9,205 (CNY 2,066 thousand)	126,595 (CNY 28,570 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 4,597,494 (US\$ 150,985 thousand)	\$ 9,504,511 (US\$ 312,135 thousand)	\$ 28,907,704

(Continued)

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$30.45 and CNY1=NT\$4.43122 on March 31, 2023.

Note 2: The amounts are translated at the average exchange rate of US\$1=NT\$30.395 and CNY1=NT\$4.44553 for the three months ended March 31, 2023.

Note 3: The carrying amount and related investment income or loss were calculated based on unreviewed financial statements of the corresponding period, except Transcend Optronics (Yangzhou) Co., Ltd., Rich Optronics (Yangzhou) Co., Ltd. and Transyork Technology Yangzhou Ltd.

Note 4: Refer to Tables 4, 5 and 8, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

Note 5: The above intercompany transactions have been eliminated upon consolidation, except for NTX Electronics Yangzhou Co., Ltd. and Dihao Electronics (Yangzhou) Co., Ltd.

(Concluded)

E INK HOLDINGS INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

No	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	Accounts payable to related parties	\$ 893,527	By agreement	1.3
		E Ink Corporation	Subsidiary	Cost of goods sold	796,046	By agreement	11.0
		YuanHan Materials Inc.	Subsidiary	Other receivables from related parties	654,370	By agreement	1.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	2,069,901	By agreement	3.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	3,514,445	By agreement	5.1
1	YuanHan Materials Inc.	PVI Global B.V. (originally named PVI Global Limited)	Same ultimate parent company	Other payables to related parties	616,176	By agreement	0.9

Note 1: The above intercompany transactions have been eliminated upon consolidation.

Note 2: Transactions amounts of \$500 million or more are disclosed in this table.

TABLE 9**E INK HOLDINGS INC.****INFORMATION ON MAJOR SHAREHOLDERS
MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	133,472,904	11.70
S.C. Ho	80,434,300	7.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.