

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Test Research, Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Test Research, Inc. and subsidiaries (the "Group") as at September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these 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" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these 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 Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. 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 explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$1,636,679 thousand and NT\$1,644,610 thousand, constituting 18% and 21% of the consolidated total assets as at September 30, 2022 and 2021, respectively, total liabilities amounted to NT\$148,999 thousand and

NT\$152,724 thousand, constituting 7% and 8% of the consolidated total liabilities as at September 30, 2022 and 2021, respectively, and total comprehensive income amounted to NT\$16,357 thousand, NT\$69,546 thousand, NT\$124,575 thousand and NT\$201,352 thousand, constituting 3%, 24%, 8% and 22% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the Basis for qualified conclusion section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine 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” as endorsed by the Financial Supervisory Commission.

Pan, Hui-Lin

Huang, Pei-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

November 2, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Assets	Notes	September 30, 2022		December 31, 2021		September 30, 2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
1100	Cash and cash equivalents	\$ 662,274	7	\$ 1,226,378	15	\$ 1,026,075	13
1136	Current financial assets at amortised cost	232,442	3	196,790	3	290,345	4
1150	Notes receivable, net	37,626	-	37,073	1	89,906	1
1170	Accounts receivable, net	3,408,929	38	2,333,311	29	2,371,017	30
1200	Other receivables	15,971	-	32,136	-	20,031	-
130X	Inventory	1,692,003	19	1,746,923	22	1,662,128	21
1470	Other current assets	47,086	1	35,517	-	59,294	1
11XX	Total current assets	<u>6,096,331</u>	<u>68</u>	<u>5,608,128</u>	<u>70</u>	<u>5,518,796</u>	<u>70</u>
Non-current assets							
1600	Property, plant and equipment	2,725,779	30	2,227,309	28	2,165,802	28
1755	Right-of-use assets	53,100	1	56,977	1	52,774	1
1780	Intangible assets	25,489	-	26,772	-	26,063	-
1840	Deferred income tax assets	75,368	1	80,721	1	76,491	1
1900	Other non-current assets	11,671	-	10,075	-	10,100	-
15XX	Total non-current assets	<u>2,891,407</u>	<u>32</u>	<u>2,401,854</u>	<u>30</u>	<u>2,331,230</u>	<u>30</u>
1XXX	Total assets	<u>\$ 8,987,738</u>	<u>100</u>	<u>\$ 8,009,982</u>	<u>100</u>	<u>\$ 7,850,026</u>	<u>100</u>

(Continued)

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Contract liabilities - current	6(12)	\$ 102,344	1	\$ 76,577	1	\$ 37,103	1
2150	Notes payable		32,476	-	30,493	-	40,780	1
2170	Accounts payable		853,140	10	916,403	12	1,190,946	15
2200	Other payables	6(7)	421,760	5	354,683	5	270,064	3
2230	Current income tax liabilities		251,302	3	179,870	2	129,991	2
2280	Current lease liabilities		23,412	-	25,040	-	22,430	-
2300	Other current liabilities		8,361	-	7,948	-	9,648	-
21XX	Total current liabilities		<u>1,692,795</u>	<u>19</u>	<u>1,591,014</u>	<u>20</u>	<u>1,700,962</u>	<u>22</u>
Non-current liabilities								
2550	Provisions for liabilities - non-current		15,798	-	39,920	1	38,087	1
2570	Deferred income tax liabilities		249,544	3	194,168	2	186,345	2
2580	Non-current lease liabilities		29,287	-	31,658	-	30,093	-
2600	Other non-current liabilities	6(8)	49,602	1	56,931	1	57,748	1
25XX	Total non-current liabilities		<u>344,231</u>	<u>4</u>	<u>322,677</u>	<u>4</u>	<u>312,273</u>	<u>4</u>
2XXX	Total liabilities		<u>2,037,026</u>	<u>23</u>	<u>1,913,691</u>	<u>24</u>	<u>2,013,235</u>	<u>26</u>
Equity attributable to owners of the parent								
Share capital								
3110	Common stock	6(9)	2,362,160	26	2,362,160	29	2,362,160	30
Capital surplus								
3200	Capital surplus	6(10)	53,290	-	53,290	1	53,290	-
Retained earnings								
3310	Legal reserve	6(11)	1,533,787	17	1,415,311	18	1,415,311	18
3320	Special reserve		68,362	1	57,209	1	57,209	1
3350	Unappropriated retained earnings		2,968,970	33	2,276,683	28	2,023,389	26
Other equity interest								
3400	Other equity interest		(35,857)	-	(68,362)	(1)	(74,568)	(1)
31XX	Equity attributable to owners of the parent		<u>6,950,712</u>	<u>77</u>	<u>6,096,291</u>	<u>76</u>	<u>5,836,791</u>	<u>74</u>
3XXX	Total equity		<u>6,950,712</u>	<u>77</u>	<u>6,096,291</u>	<u>76</u>	<u>5,836,791</u>	<u>74</u>
Significant contingent liabilities and unrecognized contract commitments 9								
Significant events after the balance sheet date 11								
3X2X	Total liabilities and equity		<u>\$ 8,987,738</u>	<u>100</u>	<u>\$ 8,009,982</u>	<u>100</u>	<u>\$ 7,850,026</u>	<u>100</u>

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2022		2021		2022		2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(12)	\$ 1,537,964	100	\$ 1,385,301	100	\$ 5,299,035	100	\$ 4,285,807	100
5000	Operating costs	6(4)(15)(16)	(662,715)	(43)	(638,068)	(46)	(2,290,900)	(43)	(1,965,033)	(46)
5950	Gross margin		<u>875,249</u>	<u>57</u>	<u>747,233</u>	<u>54</u>	<u>3,008,135</u>	<u>57</u>	<u>2,320,774</u>	<u>54</u>
	Operating expenses	6(15)(16)								
6100	Selling expenses		(254,318)	(17)	(198,098)	(14)	(716,252)	(13)	(601,402)	(14)
6200	General and administrative expenses		(50,917)	(3)	(39,090)	(3)	(148,492)	(3)	(122,950)	(3)
6300	Research and development expenses		(139,179)	(9)	(125,672)	(9)	(413,436)	(8)	(359,855)	(8)
6450	Expected credit impairment (loss) gain	12(2)	(1,567)	-	(834)	-	(29,430)	(1)	3,993	-
6000	Total operating expenses		(445,981)	(29)	(363,694)	(26)	(1,307,610)	(25)	(1,080,214)	(25)
6900	Operating profit		<u>429,268</u>	<u>28</u>	<u>383,539</u>	<u>28</u>	<u>1,700,525</u>	<u>32</u>	<u>1,240,560</u>	<u>29</u>
	Non-operating income and expenses									
7100	Interest income		1,163	-	1,810	-	6,246	-	6,079	-
7010	Other income	6(13)	7,574	-	5,864	1	17,432	1	12,397	1
7020	Other gains and losses	6(14)	168,679	11	3,916	-	332,112	6	(34,847)	(1)
7050	Finance costs	6(6)	(813)	-	(410)	-	(1,687)	-	(1,188)	-
7000	Total non-operating income and expenses		<u>176,603</u>	<u>11</u>	<u>11,180</u>	<u>1</u>	<u>354,103</u>	<u>7</u>	<u>(17,559)</u>	<u>-</u>
7900	Profit before income tax		<u>605,871</u>	<u>39</u>	<u>394,719</u>	<u>29</u>	<u>2,054,628</u>	<u>39</u>	<u>1,223,001</u>	<u>29</u>
7950	Income tax expense	6(17)	(119,414)	(8)	(106,210)	(8)	(453,199)	(9)	(291,532)	(7)
8200	Profit for the period		<u>\$ 486,457</u>	<u>31</u>	<u>\$ 288,509</u>	<u>21</u>	<u>\$ 1,601,429</u>	<u>30</u>	<u>\$ 931,469</u>	<u>22</u>
	Other comprehensive income									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		\$ 14,225	1	(\$ 2,864)	-	\$ 40,631	1	(\$ 21,699)	(1)
8399	Income tax relating to the components of other comprehensive (loss) income that will be reclassified to profit or loss	6(17)	(2,845)	-	573	-	(8,126)	-	4,340	-
8300	Total other comprehensive income (loss) for the period		<u>\$ 11,380</u>	<u>1</u>	<u>(\$ 2,291)</u>	<u>-</u>	<u>\$ 32,505</u>	<u>1</u>	<u>(\$ 17,359)</u>	<u>(1)</u>
8500	Total comprehensive income for the period		<u>\$ 497,837</u>	<u>32</u>	<u>\$ 286,218</u>	<u>21</u>	<u>\$ 1,633,934</u>	<u>31</u>	<u>\$ 914,110</u>	<u>21</u>
	Profit attributable to:									
8610	Owners of the parent		<u>\$ 486,457</u>	<u>31</u>	<u>\$ 288,509</u>	<u>21</u>	<u>\$ 1,601,429</u>	<u>30</u>	<u>\$ 931,469</u>	<u>22</u>
	Comprehensive income attributable to:									
8710	Owners of the parent		<u>\$ 497,837</u>	<u>32</u>	<u>\$ 286,218</u>	<u>21</u>	<u>\$ 1,633,934</u>	<u>31</u>	<u>\$ 914,110</u>	<u>21</u>
	Earnings per share (in dollars)	6(18)								
9750	Basic earnings per share		<u>\$ 2.06</u>		<u>\$ 1.22</u>		<u>\$ 6.78</u>		<u>\$ 3.94</u>	
9850	Diluted earnings per share		<u>\$ 2.06</u>		<u>\$ 1.22</u>		<u>\$ 6.76</u>		<u>\$ 3.94</u>	

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent							
		Capital Reserves			Retained Earnings				
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
<u>2021</u>									
		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,306,390	\$ 67,270	\$ 1,970,293	(\$ 57,209)	\$ 5,702,194
		-	-	-	-	-	931,469	-	931,469
		-	-	-	-	-	-	(17,359)	(17,359)
		-	-	-	-	-	931,469	(17,359)	914,110
	6(11)	-	-	-	108,921	-	(108,921)	-	-
		-	-	-	-	(10,061)	10,061	-	-
		-	-	-	-	-	(779,513)	-	(779,513)
		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,415,311	\$ 57,209	\$ 2,023,389	(\$ 74,568)	\$ 5,836,791
<u>2022</u>									
		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,415,311	\$ 57,209	\$ 2,276,683	(\$ 68,362)	\$ 6,096,291
		-	-	-	-	-	1,601,429	-	1,601,429
		-	-	-	-	-	-	32,505	32,505
		-	-	-	-	-	1,601,429	32,505	1,633,934
	6(11)	-	-	-	118,476	-	(118,476)	-	-
		-	-	-	-	11,153	(11,153)	-	-
		-	-	-	-	-	(779,513)	-	(779,513)
		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,533,787	\$ 68,362	\$ 2,968,970	(\$ 35,857)	\$ 6,950,712

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,054,628	\$ 1,223,001
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation		95,231	92,244
Amortisation		11,528	10,971
Expected credit impairment loss (impairment gain)	12(2)	29,430	(3,993)
Interest income		(6,246)	(6,079)
Interest expense		1,687	1,188
Gain on disposal of property, plant and equipment	6(14)	(1,201)	(3,465)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(553)	(17,066)
Accounts receivable		(1,105,048)	(520,515)
Other receivables		16,389	180
Inventory		24,209	(779,302)
Other current assets		(11,569)	(31,289)
Changes in operating liabilities			
Contract liabilities		25,767	12,801
Notes payable		1,983	23,998
Accounts payable		(63,263)	696,349
Other payables		67,077	(30,239)
Other current liabilities		413	1,789
Provisions for liabilities		(24,122)	(3,256)
Other non-current liabilities		(7,329)	(5,163)
Cash inflow generated from operations		1,109,011	662,154
Interest received		6,022	6,718
Interest paid		(1,687)	(1,188)
Income taxes paid		(329,843)	(260,231)
Net cash flows from operating activities		<u>783,503</u>	<u>407,453</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(35,652)	(58,923)
Acquisition of property, plant and equipment	6(5)	(535,357)	(63,089)
Proceeds from disposal of property, plant and equipment		4,643	8,425
Acquisition of intangible assets		(10,236)	(12,227)
(Decrease) increase in refundable deposits		(1,596)	190
Net cash flows used in investing activities		<u>(578,198)</u>	<u>(125,624)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease principal repayment		(26,017)	(20,548)
Cash dividends paid	6(11)	(779,513)	(779,513)
Net cash flows used in financing activities		<u>(805,530)</u>	<u>(800,061)</u>
Effect due to changes in exchange rate		36,121	(16,602)
Net decrease in cash and cash equivalents		(564,104)	(534,834)
Cash and cash equivalents at beginning of period		1,226,378	1,560,909
Cash and cash equivalents at end of period		<u>\$ 662,274</u>	<u>\$ 1,026,075</u>

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

TEST RESEARCH, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANISATION

Test Research, Inc. (the Company) was incorporated in April 1989 under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design, assembly, manufacture, sales, repairs and maintenance of automated inspection and testing equipment.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on November 2, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

- A. Except for defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with the basis used in the 2021 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	% of Ownership		
			September 30, 2022	December 31, 2021	September 30, 2021
Test Research, Inc.	TEST RESEARCH USA INC. (TRU)	Trading	100	100	100
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH (TRE)	Trading	100	100	100
Test Research, Inc.	TRI JAPAN CORPORATION (TRJ)	Trading	100	100	100
Test Research, Inc.	TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	Trading	100	100	100
Test Research, Inc.	TRI KOREA CO., LTD. (TRK)	Trading	100	100	100
Test Research, Inc.	TRI INVESTMENTS LIMITED (TIL)	Investment holdings	100	100	100

Name of investor	Name of subsidiary	Main business activities	% of Ownership		
			September 30, 2022	December 31, 2021	September 30, 2021
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shenzhen) Limited (TRI (SHENZHEN))	Manufacture and sales of test equipment	100	100	100
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Suzhou) Limited (TRI (SUZHOU))	Manufacture and sales of test equipment	100	100	100
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shanghai) Limited (TRI (SHANGHAI))	Import and export of equipment, consulting and after-sale maintenance service of equipment	100	100	100
TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED (TRV)	Trading	100	100	100

The financial statements of the abovementioned subsidiaries included in the Group's consolidated financial statements for the nine months ended September 30, 2022 and 2021 were not reviewed by independent auditors as these subsidiaries did not meet the definition of a significant subsidiary.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Under the defined benefit plans, pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of September 30, 2022. Refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 505	\$ 452	\$ 400
Checking accounts and demand deposits	508,093	797,612	575,675
Time deposits	53,676	148,314	100,000
Short-term notes and bills	100,000	280,000	350,000
	<u>\$ 662,274</u>	<u>\$ 1,226,378</u>	<u>\$ 1,026,075</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Time deposits maturing over three months	<u>\$ 232,442</u>	<u>\$ 196,790</u>	<u>\$ 290,345</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 71</u>	<u>\$ 1,000</u>
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 3,855</u>	<u>\$ 2,955</u>

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(3) Notes receivable, accounts receivable and contract assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ 37,626	\$ 37,073	\$ 89,906
Accounts receivable	\$ 1,737,374	\$ 1,330,647	\$ 2,034,241
Less: Allowance for uncollectible accounts	(29,429)	(5,332)	(6,202)
	<u>\$ 1,707,945</u>	<u>\$ 1,325,315</u>	<u>\$ 2,028,039</u>
Contract assets	\$ 1,706,889	\$ 1,008,298	\$ 343,081
Less: Loss allowance	(5,905)	(302)	(103)
	<u>\$ 1,700,984</u>	<u>\$ 1,007,996</u>	<u>\$ 342,978</u>

A. The ageing analysis of accounts receivable, notes receivable and contract assets that were past due but not impaired is as follows:

	<u>September 30, 2022</u>			<u>December 31, 2021</u>		
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Contract assets</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Contract assets</u>
Not past due	\$ 1,206,570	\$ 37,626	\$ 1,706,889	\$ 1,032,865	\$ 37,073	\$ 1,008,298
Past due						
Up to 60 days	376,380	-	-	186,807	-	-
61 to 90 days	56,398	-	-	29,755	-	-
91 to 180 days	37,107	-	-	46,523	-	-
181 to 365 days	43,443	-	-	32,897	-	-
Over 365 days	17,476	-	-	1,800	-	-
	<u>\$ 1,737,374</u>	<u>\$ 37,626</u>	<u>\$ 1,706,889</u>	<u>\$ 1,330,647</u>	<u>\$ 37,073</u>	<u>\$ 1,008,298</u>
				<u>September 30, 2021</u>		
				<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Contract assets</u>
Not past due				\$ 1,735,119	\$ 89,906	\$ 343,081
Past due						
Up to 60 days				195,719	-	-
61 to 90 days				16,581	-	-
91 to 180 days				72,552	-	-
181 to 365 days				6,912	-	-
Over 365 days				7,358	-	-
				<u>\$ 2,034,241</u>	<u>\$ 89,906</u>	<u>\$ 343,081</u>

The above ageing analysis was based on past due date.

B. As at September 30, 2022, December 31, 2021 and September 30, 2021, accounts receivable, notes receivable and contract assets were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts (including notes receivable and contract assets) with customers amounted to \$1,919,349.

C. As at September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$37,626, \$37,073 and \$89,906, and accounts receivable and contract assets were \$3,408,929, \$2,333,311 and \$2,371,017, respectively.

D. Information relating to credit risk of accounts receivable, notes receivable and contract assets is provided in Note 12(2).

(4) Inventories

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,200,274	(\$ 107,117)	\$ 1,093,157
Work in progress	133,988	(305)	133,683
Semi-finished and finished goods	492,728	(42,014)	450,714
Merchandise	17,013	(2,564)	14,449
	<u>\$ 1,844,003</u>	<u>(\$ 152,000)</u>	<u>\$ 1,692,003</u>
	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,168,419	(\$ 94,524)	\$ 1,073,895
Work in progress	126,543	(6)	126,537
Semi-finished and finished goods	577,487	(35,803)	541,684
Merchandise	7,191	(2,384)	4,807
	<u>\$ 1,879,640</u>	<u>(\$ 132,717)</u>	<u>\$ 1,746,923</u>
	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,121,263	(\$ 86,161)	\$ 1,035,102
Work in progress	160,775	(171)	160,604
Semi-finished and finished goods	498,528	(34,908)	463,620
Merchandise	5,142	(2,340)	2,802
	<u>\$ 1,785,708</u>	<u>(\$ 123,580)</u>	<u>\$ 1,662,128</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30	
	2022	2021
Cost of goods sold	\$ 642,068	\$ 621,543
Loss on slow-moving inventories	8,096	10,152
	<u>\$ 650,164</u>	<u>\$ 631,695</u>

	Nine months ended September 30	
	2022	2021
Cost of goods sold	\$ 2,267,741	\$ 1,938,978
Loss on slow-moving inventories	19,113	13,043
	<u>\$ 2,286,854</u>	<u>\$ 1,952,021</u>

(5) Property, plant and equipment

	2022							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction	Total
<u>At January 1</u>								
Cost	\$ 1,166,021	\$ 921,538	\$ 457,585	\$ 6,430	\$ 227,459	\$ 177,321	\$ 100,667	\$ 3,057,021
Accumulated depreciation	-	(267,796)	(273,525)	(3,999)	(155,330)	(129,062)	-	(829,712)
	<u>\$ 1,166,021</u>	<u>\$ 653,742</u>	<u>\$ 184,060</u>	<u>\$ 2,431</u>	<u>\$ 72,129</u>	<u>\$ 48,259</u>	<u>\$ 100,667</u>	<u>\$ 2,227,309</u>
<u>Opening net book</u>								
amount as at January 1	\$ 1,166,021	\$ 653,742	\$ 184,060	\$ 2,431	\$ 72,129	\$ 48,259	\$ 100,667	\$ 2,227,309
Additions	-	-	11,889	785	3,572	5,076	514,035	535,357
Transfers from inventories	-	-	20,903	-	5,676	4,132	-	30,711
Disposals	-	-	(3,261)	-	(165)	(16)	-	(3,442)
Depreciation charge	-	(13,574)	(26,487)	(597)	(18,244)	(12,304)	-	(71,206)
Net exchange differences	-	-	7,014	67	16	(47)	-	7,050
<u>Closing net book</u>								
amount as at September 30	<u>\$ 1,166,021</u>	<u>\$ 640,168</u>	<u>\$ 194,118</u>	<u>\$ 2,686</u>	<u>\$ 62,984</u>	<u>\$ 45,100</u>	<u>\$ 614,702</u>	<u>\$ 2,725,779</u>
<u>At September 30</u>								
Cost	\$ 1,166,021	\$ 921,538	\$ 519,184	\$ 7,381	\$ 230,235	\$ 184,518	\$ 614,702	\$ 3,643,579
Accumulated depreciation	-	(281,370)	(325,066)	(4,695)	(167,251)	(139,418)	-	(917,800)
	<u>\$ 1,166,021</u>	<u>\$ 640,168</u>	<u>\$ 194,118</u>	<u>\$ 2,686</u>	<u>\$ 62,984</u>	<u>\$ 45,100</u>	<u>\$ 614,702</u>	<u>\$ 2,725,779</u>

2021

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Unfinished construction	Total
<u>At January 1</u>								
Cost	\$ 1,166,021	\$ 921,538	\$ 414,098	\$ 6,752	\$ 222,402	\$ 164,463	\$ 40	\$ 2,895,314
Accumulated depreciation	-	(249,696)	(238,558)	(3,358)	(150,498)	(121,244)	-	(763,354)
	<u>\$ 1,166,021</u>	<u>\$ 671,842</u>	<u>\$ 175,540</u>	<u>\$ 3,394</u>	<u>\$ 71,904</u>	<u>\$ 43,219</u>	<u>\$ 40</u>	<u>\$ 2,131,960</u>
<u>Opening net book</u>								
amount as at January 1	\$ 1,166,021	\$ 671,842	\$ 175,540	\$ 3,394	\$ 71,904	\$ 43,219	\$ 40	\$ 2,131,960
Additions	-	-	11,654	-	7,455	11,248	32,732	63,089
Transfers from inventories	-	-	28,901	-	17,641	5,361	-	51,903
Disposals	-	-	(4,411)	(1)	(445)	(103)	-	(4,960)
Depreciation charge	-	(13,575)	(24,736)	(628)	(21,059)	(11,698)	-	(71,696)
Net exchange differences	-	-	(3,919)	(132)	(46)	(397)	-	(4,494)
<u>Closing net book</u>								
amount as at September 30	<u>\$ 1,166,021</u>	<u>\$ 658,267</u>	<u>\$ 183,029</u>	<u>\$ 2,633</u>	<u>\$ 75,450</u>	<u>\$ 47,630</u>	<u>\$ 32,772</u>	<u>\$ 2,165,802</u>
<u>At September 30</u>								
Cost	\$ 1,166,021	\$ 921,538	\$ 454,006	\$ 6,445	\$ 230,661	\$ 178,179	\$ 32,772	\$ 2,989,622
Accumulated depreciation	-	(263,271)	(270,977)	(3,812)	(155,211)	(130,549)	-	(823,820)
	<u>\$ 1,166,021</u>	<u>\$ 658,267</u>	<u>\$ 183,029</u>	<u>\$ 2,633</u>	<u>\$ 75,450</u>	<u>\$ 47,630</u>	<u>\$ 32,772</u>	<u>\$ 2,165,802</u>

A. Each property, plant and equipment does not include significant components.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(6) Leasing arrangements – lessee

- A. The Group leases offices and rental contracts are typically made for periods from 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets shall not be used as security for borrowing purposes.
- B. Short-term leases pertain to leases of dormitories and company cars with a lease term of not more than 12 months.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 53,100	\$ 56,977	\$ 52,774

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 8,792	\$ 7,255

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 24,025	\$ 20,548

- D. For the three months and nine months ended September 30, 2022 and 2021, the additions to right-of-use assets were \$10,295, \$980, \$15,548 and \$30,053, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 716	\$ 410
Expense on short-term lease contracts	\$ 1,479	\$ 2,465
Lease expense of low-value assets	\$ 77	\$ 77

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,590	\$ 1,188
Expense on short-term lease contracts	\$ 6,146	\$ 8,038
Lease expense of low-value assets	\$ 231	\$ 231

- F. For the three months and nine months ended September 30, 2022 and 2021, the Group's total cash outflow for leases were \$13,056, \$10,207, \$33,984 and \$30,005, respectively.

(7) Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Salaries and bonus payable	\$ 249,371	\$ 219,628	\$ 170,869
Employees' compensation and directors' remuneration payable	47,470	35,900	28,107
Others	124,919	99,155	71,088
	<u>\$ 421,760</u>	<u>\$ 354,683</u>	<u>\$ 270,064</u>

(8) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$71, \$48, \$213 and \$142 for the three months and nine months ended September 30, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2023 amount to \$4,612.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas companies have a defined contribution plan in accordance with the local regulations, and contributions to endowment insurance and pension reserve are based on employees' salaries and wages. Other than the monthly contributions, the Group has no

further obligations.

- (c) For the aforementioned pension plan, the Group recognised pension costs of \$7,484, \$7,043, \$21,981 and \$20,776 for the three months and nine months ended September 30, 2022 and 2021, respectively.

(9) Share capital

The Company's authorised capital was \$2,500,000. As of September 30, 2022, the Company's issued and outstanding capital was \$2,362,160. All proceeds from shares issued have been collected.

(10) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(11) Retained earnings

- A. Under the Company's Articles of Incorporation, the dividend policy of the Company is based on the Company's future capital expenditure budget and capital requirements. Dividends shall be appropriated from accumulated distributable earnings, and the distribution amount shall not be lower than 60% of accumulated distributable earnings, of which cash dividends shall not be lower than 50% of the total dividends distributed. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. After the provision or reversal of special reserve, the remaining earnings constitute the distributable earnings of the current year. The appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the shareholders at the shareholders' meeting.
- B. The appropriations of 2021 and 2020 earnings had been resolved at the stockholders' meeting on May 25, 2022 and July 7, 2021, respectively. Details are summarised below:

	Year ended December 31			
	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 118,476		\$ 108,921	
Special reserve	\$ 11,153		(\$ 10,061)	
Cash dividends	\$ 779,513	\$ 3.3	\$ 779,513	\$ 3.3

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in-capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

(12) Sales revenue

	Three months ended September 30	
	2022	2021
Revenue from contracts with customers	\$ 1,537,964	\$ 1,385,301

	Nine months ended September 30	
	2022	2021
Revenue from contracts with customers	\$ 5,299,035	\$ 4,285,807

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions.

	Three months ended September 30	
	2022	2021
Asia	\$ 1,239,967	\$ 1,215,417
America	246,543	118,721
Europe	44,565	31,650
Others	6,889	19,513
	<u>\$ 1,537,964</u>	<u>\$ 1,385,301</u>

	Nine months ended September 30	
	2022	2021
Asia	\$ 4,489,056	\$ 3,830,054
America	598,082	314,850
Europe	181,152	99,207
Others	30,745	41,696
	<u>\$ 5,299,035</u>	<u>\$ 4,285,807</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>January 1, 2021</u>
Contract liabilities	\$ 102,344	\$ 76,577	\$ 37,103	\$ 24,302

For the three months and nine months ended September 30, 2022 and 2021, the Group's contract liabilities on January 1, 2022 and 2021 were realised to revenue amounting to \$125, \$223, \$75,234 and \$24,210, respectively.

(13) Other income

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Rental income	\$ -	\$ 774
Other income	7,574	5,090
	<u>\$ 7,574</u>	<u>\$ 5,864</u>
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Rental income	\$ 310	\$ 4,722
Other income	17,122	7,675
	<u>\$ 17,432</u>	<u>\$ 12,397</u>

(14) Other gains and losses

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Gains on disposal of property, plant and equipment	\$ 1,117	\$ 1,173
Net currency exchange gains	167,582	2,785
Other gains and losses	(20)	(42)
	<u>\$ 168,679</u>	<u>\$ 3,916</u>
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Gains on disposal of property, plant and equipment	\$ 1,201	\$ 3,465
Net currency exchange gains (losses)	330,996	(38,227)
Other gains and losses	(85)	(85)
	<u>\$ 332,112</u>	<u>(\$ 34,847)</u>

(15) Expenses by nature

	Three months ended September 30	
	2022	2021
Employee benefit expense	\$ 324,664	\$ 274,891
Depreciation charges on property, plant and equipment and right-of-use assets	32,132	31,503
Amortisation charges on intangible assets	4,028	3,828
	<u>\$ 360,824</u>	<u>\$ 310,222</u>

	Nine months ended September 30	
	2022	2021
Employee benefit expense	\$ 987,194	\$ 826,253
Depreciation charges on property, plant and equipment and right-of-use assets	95,231	92,244
Amortisation charges on intangible assets	11,528	10,971
	<u>\$ 1,093,953</u>	<u>\$ 929,468</u>

(16) Employee benefit expense

	Three months ended September 30	
	2022	2021
Wages and salaries	\$ 279,173	\$ 233,972
Labour and health insurance fees	25,824	22,463
Pension costs	7,555	7,091
Other personnel expenses	12,112	11,365
	<u>\$ 324,664</u>	<u>\$ 274,891</u>

	Nine months ended September 30	
	2022	2021
Wages and salaries	\$ 857,774	\$ 709,728
Labour and health insurance fees	71,808	63,415
Pension costs	22,194	20,918
Other personnel expenses	35,418	32,192
	<u>\$ 987,194</u>	<u>\$ 826,253</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the three months and nine months ended September 30, 2022 and 2021, employees' compensation was accrued at \$9,386, \$5,793, \$31,330 and \$18,551, respectively; while directors' remuneration was accrued at \$4,835, \$2,984, \$16,140 and \$9,556, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and

directors' remuneration were estimated and accrued based on the distributable profit of current year for the nine months ended September 30, 2022 and 2021 and the percentage as prescribed in the Company's Articles of Incorporation.

Employees' compensation and directors' remuneration for 2021 amounting to \$23,694 and \$12,206, respectively, as resolved by the Board of Directors on February 23, 2022 were in agreement with those amounts recognised in the 2021 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(17) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profit for the period	\$ 104,885	\$ 78,536
Prior year income tax overestimation	-	(6)
Tax on undistributed earnings	-	10,542
Total current tax	<u>104,885</u>	<u>89,072</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>14,529</u>	<u>17,138</u>
Total deferred tax	<u>14,529</u>	<u>17,138</u>
Income tax expense	<u>\$ 119,414</u>	<u>\$ 106,210</u>
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profit for the period	\$ 378,960	\$ 229,311
Prior year income tax underestimation	5,974	7,012
Tax on undistributed earnings	<u>13,781</u>	<u>10,542</u>
Total current tax	<u>398,715</u>	<u>246,865</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>54,484</u>	<u>44,667</u>
Total deferred tax	<u>54,484</u>	<u>44,667</u>
Income tax expense	<u>\$ 453,199</u>	<u>\$ 291,532</u>

(b) The income tax expense (benefit) relating to components of other comprehensive income is as follows:

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Currency translation differences	\$ 2,845	(\$ 573)
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Currency translation differences	\$ 8,126	(\$ 4,340)

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(18) Earnings per share

	<u>Three months ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 486,457	236,216	<u>\$ 2.06</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>151</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 486,457</u>	<u>236,367</u>	<u>\$ 2.06</u>

Three months ended September 30, 2021

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 288,509	236,216	\$ <u>1.22</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>104</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 288,509</u>	<u>236,320</u>	<u>\$ 1.22</u>

Nine months ended September 30, 2022

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,601,429	236,216	\$ <u>6.78</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>577</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,601,429</u>	<u>236,793</u>	<u>\$ 6.76</u>

Nine months ended September 30, 2021

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 931,469	236,216	\$ <u>3.94</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	405	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 931,469</u>	<u>236,621</u>	<u>\$ 3.94</u>

As employees' compensation could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock compensation issuance in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effect of stock compensation on potential common shares.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held. The Company does not have an ultimate parent and ultimate controlling party.

(2) Key management compensation

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 17,887	\$ 12,618
Post-employment benefits	358	355
	<u>\$ 18,245</u>	<u>\$ 12,973</u>

	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 58,149	\$ 39,496
Post-employment benefits	1,071	980
	<u>\$ 59,220</u>	<u>\$ 40,476</u>

A. Salaries and other short-term employee benefits include regular wages, special responsibility allowances, various bonuses, service execution fees, directors' remuneration and employees' compensation, etc.

B. Post-employment benefits represent pension costs.

8. PLEGDED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	
Property, plant and equipment				
- Land	\$ 577,252	\$ 577,252	\$ 388,990	Security for lines of credit
- Buildings and structures	53,905	55,283	49,347	"
	<u>\$ 631,157</u>	<u>\$ 632,535</u>	<u>\$ 438,337</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

On May 6, 2021, the Company entered into a contract with LEE MING CONSTRUCTION CO., LTD. for the construction of the second-phase plant on its own land in Guishan District Huaya Section as approved by the Board of Directors on May 5, 2021. The total price of the construction was \$1,828,800 (tax included). As of September 30, 2022, the Company has paid \$608,076 and there were no outstanding billings that have not been paid.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On November 2, 2022, the Board of Directors of the Company resolved the dissolution and liquidation of the subsidiary, TRI Electronic (Shenzhen) Limited Chongqing Branch Office, as the subsidiary has no actual operations. The Board has also authorised the Chairman to handle related liquidation procedures.

12. OTHERS

(1) Capital management

The Group's main objectives when managing capital are to ensure solid and good capital ratio in order to support operations and to provide maximum returns for shareholders. The Group manages and adjusts capital structure based on economic situation and debt ratio, and achieves the purpose of maintaining and adjusting capital structure possibly by adjusting dividend payment or shares issuance.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 662,274	\$ 1,226,378	\$ 1,026,075
Financial assets at amortised cost			
Notes receivable	232,442	196,790	290,345
Accounts receivable (including contract assets)	37,626	37,073	89,906
Other receivables	3,408,929	2,333,311	2,371,017
Guarantee deposits paid (shown as "other non-current assets")	15,971	32,136	20,031
	<u>11,671</u>	<u>10,075</u>	<u>10,100</u>
	<u>\$ 4,368,913</u>	<u>\$ 3,835,763</u>	<u>\$ 3,807,474</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Notes payable	\$ 32,476	\$ 30,493	\$ 40,780
Accounts payable	853,140	916,403	1,190,946
Other payables	421,760	344,399	260,298
	<u>\$ 1,307,376</u>	<u>\$ 1,291,295</u>	<u>\$ 1,492,024</u>
Lease liabilities (including current portion)	<u>\$ 52,699</u>	<u>\$ 56,698</u>	<u>\$ 52,523</u>

B. Financial risk management policies

The Group adopts an overall risk management and control system to identify and measure a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk. This allows the management of the Group to effectively control and measure market risk, credit risk, liquidity risk and cash flow interest risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2022

Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis			
			Degree of variation	Effect on profit of loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 72,016	31.75	\$ 2,286,508	1%	\$ 22,865	\$ -
RMB:NTD	59,780	4.47	267,396	1%	2,674	-
EUR:NTD	480	31.26	15,005	1%	150	-
<u>Non-monetary items</u>						
USD:NTD	2,088	31.75	66,299	1%	-	663
JPY:NTD	80,134	0.22	17,637	1%	-	176
MYR:NTD	5,110	6.60	33,704	1%	-	337
KRW:NTD	535,703	0.02	12,000	1%	-	120
RMB:NTD	267,144	4.47	1,113,959	1%	-	11,140
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 4,779	31.75	\$ 151,733	1%	\$ 1,517	\$ -
RMB:NTD	8,794	4.47	39,336	1%	393	-
JPY:NTD	149,457	0.22	32,895	1%	329	-

December 31, 2021

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 46,876	27.68	\$ 1,297,528	1%	\$ 12,975	\$ -
RMB:NTD	92,710	4.34	402,732	1%	4,027	-
JPY:NTD	52,305	0.24	12,579	1%	126	-
<u>Non-monetary items</u>						
USD:NTD	2,107	27.68	58,315	1%	-	583
EUR:NTD	395	31.32	12,372	1%	-	124
JPY:NTD	55,291	0.24	13,297	1%	-	133
MYR:NTD	3,049	6.36	19,378	1%	-	194
KRW:NTD	562,918	0.02	13,229	1%	-	132
RMB:NTD	243,972	4.34	980,212	1%	-	9,802
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 3,667	27.68	\$ 101,503	1%	\$ 1,015	\$ -
RMB:NTD	3,933	4.34	17,085	1%	171	-
JPY:NTD	148,124	0.24	35,624	1%	356	-

September 30, 2021

	Foreign currency amount		Book value (NTD)	Sensitivity Analysis		
	(in thousands)	Exchange rate		Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 50,172	27.85	\$ 1,397,290	1%	\$ 13,973	\$ -
RMB:NTD	98,889	4.31	425,717	1%	4,257	-
JPY:NTD	50,197	0.25	12,499	1%	125	-
<u>Non-monetary items</u>						
USD:NTD	2,037	27.85	56,722	1%	-	567
EUR:NTD	471	32.32	15,227	1%	-	152
JPY:NTD	60,416	0.25	15,044	1%	-	150
MYR:NTD	3,768	6.38	24,033	1%	-	240
KRW:NTD	642,454	0.02	15,226	1%	-	152
RMB:NTD	241,306	4.31	956,482	1%	-	9,565
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 3,312	27.85	\$ 92,239	1%	\$ 922	\$ -
RMB:NTD	5,015	4.31	21,590	1%	216	-
EUR:NTD	648	32.32	20,043	1%	200	-
JPY:NTD	168,796	0.25	42,030	1%	420	-

- iii. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2022 and 2021 amounted to \$167,582, \$2,785, \$330,996 and (\$38,227), respectively.

Price risk

The Group has no equity instruments held for trading; thus, the Group has no price risk.

Cash flow and fair value interest rate risk

The Group has no borrowings; thus, the Group has no cash flow and fair value interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets stated at amortised cost.
- ii. The Group's credit risk management policy is that for banks and financial institutions, only institutions with good credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In accordance with the internal management policy of the Group, if the contract payments were past due over 120 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. In accordance with the internal management policy of the Group, the default occurs when the contract payments are past due over 365 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments.
- vi. The Group classifies customer's accounts receivable and contract assets in accordance with credit risk on trade. The Group applies the modified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.

vii. The Group writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. The Group's notes receivable had no significant loss allowance. As of September 30, 2022, December 31, 2021 and September 30, 2021, the provision matrix based on the loss rate methodology is as follows:

Both Group A and Group B that exceeded credit facilities:

	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 365 days past due	Total
<u>September 30, 2022</u>							
Expected loss rate	0.03%	1.50%	15.00%	25.00%	40.00%	60%-100%	
Total book value	\$ 1,413,410	\$ 200,400	\$ 49,063	\$ 9,765	\$ 22,052	\$ 16,714	\$ 1,711,404
Loss allowance	418	2,805	6,412	2,161	7,907	10,042	29,745

	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 365 days past due	Total
<u>December 31, 2021</u>							
Expected loss rate	0.03%	1.50%	15.00%	25.00%	40.00%	60%-100%	
Total book value	\$ 645,048	\$ 3,606	\$ 14	\$ 248	\$ 12,303	\$ 175	\$ 661,394
Loss allowance	-	54	2	62	4,921	175	5,214

	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 365 days past due	Total
<u>September 30, 2021</u>							
Expected loss rate	0.12%	1.50%	15.00%	25.00%	40.00%	60%-100%	
Total book value	\$ 589,576	\$ 9,439	\$ -	\$ 9,988	\$ 60	\$ 851	\$ 609,914
Loss allowance	698	141	-	2,497	24	851	4,211

Group B:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Expected loss rate	0.03%	0.03%	0.03%~0.12%
Total book value	\$ 1,732,859	\$ 1,677,551	\$ 1,767,408
Loss allowance	5,589	420	2,094

Group A: Customers excluding Group B.

Group B: Domestic and foreign clients that have good operating conditions, high degree of financial transparency, the payment status of past transactions is normal and rated with optimised internal credit rating. The Group used the forecastability to adjust

historical and timely information to assess the default possibility of accounts receivable and contract assets. The expected default rate used was 0.03%.

- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2022		
	Accounts receivable	Contract assets	Total
At January 1	\$ 5,332	\$ 302	\$ 5,634
Provision for impairment	23,827	5,603	29,430
Effect of exchange rate changes	270	-	270
At September 30	<u>\$ 29,429</u>	<u>\$ 5,905</u>	<u>\$ 35,334</u>
	2021		
	Accounts receivable	Contract assets	Total
At January 1	\$ 10,585	\$ 55	\$ 10,640
Provision for impairment	-	48	48
Reversal of provision for impairment	(4,041)	-	(4,041)
Effect of exchange rate changes	(342)	-	(342)
At September 30	<u>\$ 6,202</u>	<u>\$ 103</u>	<u>\$ 6,305</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed and aggregated by the Group's treasury. Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>September 30, 2022</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 32,476	\$ -
Accounts payable	853,140	-
Other payables	421,760	-
Lease liabilities	30,920	35,501

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 30,493	\$ -
Accounts payable	916,403	-
Other payables	354,683	-
Lease liabilities	30,496	23,489

<u>September 30, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 40,780	\$ -
Accounts payable	1,190,946	-
Other payables	260,298	-
Lease liabilities	28,416	24,035

(3) Fair value information

- A. The Group has no financial instruments measured at fair value by valuation method.
- B. The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including contract assets), other receivables, guarantee deposits paid, notes payable, accounts payable and other payables are approximate to their fair values.

(4) Other matter

In response to the Covid-19 outbreak and the government's various pandemic prevention measures, the Group provided the applications of work from home for employees, and employees were advised to avoid movement between different sites as much as possible. Also, the Group has implemented several prevention control measures such as conducting meetings online and managing related issues accordingly. The pandemic had no significant impact on the Group's operations and business for the nine months ended September 30, 2022.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loan to others: Refer to table 1.
- B. Provisions of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 2.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Table 3 to 5.

(4) Major shareholders information

Major shareholders information: Refer to Table 8.

Note: Subsidiaries are the Company's immaterial subsidiaries, and the disclosure information was not reviewed by independent auditors.

14. SEGMENT INFORMATION

(1) General information

The Group is primarily engaged in the design, assembly, manufacture, sales, repairs and maintenance of automated inspection and testing equipment. The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the operating segments and the Group are the same. The Group uses the operating profit as the measurement for operating segment profit and the basis of performance assessment.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	Nine months ended September 30	
	2022	2021
Revenue from external customers	\$ 5,299,035	\$ 4,285,807
Segment profit	\$ 1,700,525	\$ 1,240,560

(4) Reconciliation for segment income (loss)

Net profit (loss) of segments reported to the chief operating decision maker is measured in a manner consistent with revenues and expenses in the income statement. A reconciliation of segment profit (loss) to profit (loss) before tax and discontinued operations is provided as follows:

	Nine months ended September 30	
	2022	2021
Reportable segments income	\$ 1,700,525	\$ 1,240,560
Unallocated profit or loss:		
Non-operating income and expenses	354,103	(17,559)
Income before tax from continuing operations	\$ 2,054,628	\$ 1,223,001

Test Research, Inc. and Subsidiaries
Loans to others
Nine months ended September 30, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2022	Balance at September 30, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	Other receivables	Yes	\$ 27,036	\$ 26,838	\$ 26,838	4.75%	Short-term financing	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 695,071	\$ 1,390,142	Note 1

Note 1: The Board of Directors resolved to amend TRI Electronic (Shanghai) Limited's policy "Procedures for Provision of Loans" and the policy as follows:
Ceiling on total loans to others: 50% of the creditor's net worth. For business transactions, if for short-term financing purpose, the ceiling on loans shall not exceed 40% of the creditor's net worth. Limit to a single party is RMB 4 million. However, limit on loans for financing granted by and to subsidiaries with the same ultimate parent which directly or indirectly holds 100% of its voting shares shall not exceed 20% of parent company's net worth. Ceiling to the aforementioned single party shall not exceed 10% of parent company's net worth.

Test Research, Inc. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Nine months ended September 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Test Research, Inc.	Test Research Linkou plant	May 5, 2021	\$ 1,828,800	Based on the contract schedule (Note)	LEE MING CONSTRUCTION CO., LTD.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and price negotiation	Expansion of future business and operational needs	None

Note: As of September 30, 2022, the Company has paid \$608,076 and there were no outstanding billings that have not been paid.

Test Research, Inc. and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Nine months ended September 30, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Test Research, Inc.	TRI Electronic (Shenzhen) Limited	Second-tier subsidiary	Sales	\$ 386,943	8%	90-120 days after acceptance and same with the third parties	30% to 60% of the standard price offered to third parties	90-120 days after acceptance and same with the third parties	Accounts receivable \$29,723	1%	None
TRI Electronic (Shenzhen) Limited	Test Research, Inc.	Parent company	Purchases	386,943	100%	90-120 days after acceptance	Determined by the parent company	90-120 days after acceptance	Accounts payable \$29,723	63%	None
Test Research, Inc.	TRI Electronic (Suzhou) Limited	Second-tier subsidiary	Sales	317,190	6%	90-120 days after acceptance and same with the third parties	30% to 60% of the standard price offered to third parties	90-120 days after acceptance and same with the third parties	Accounts receivable \$137,241 Other receivables \$97,930	5% 94%	Note
TRI Electronic (Suzhou) Limited	Test Research, Inc.	Parent company	Purchases	317,190	100%	90-120 days after acceptance	Determined by the parent company	90-120 days after acceptance	Accounts payable \$235,171	98%	None

Note: Other receivables were reclassified from past due accounts receivable.

Test Research, Inc. and Subsidiaries
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 September 30, 2022

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note)	Allowance for doubtful accounts
					Amount	Action taken		
Test Research, Inc.	TRI Electronic (Suzhou) Limited	Second-tier subsidiary	\$ 235,171	1.37	\$ 152,405	In the process of collection	\$ 21,610	\$ -

Note: It pertained to the amount collected as of the auditors' review reporting date.

Test Research, Inc. and Subsidiaries
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount (Note 4)	Transaction terms	
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Sales revenue	\$ 317,190	Note 3	6
0	Test Research, Inc.	TRI Electronic (Shenzhen) Limited	1	Sales revenue	386,943	Note 3	7
0	Test Research, Inc.	TRI JAPAN CORPORATION	1	Sales revenue	10,255	Note 3	-
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Accounts receivable	137,241	Note 3	2
0	Test Research, Inc.	TRI Electronic (Shenzhen) Limited	1	Accounts receivable	29,723	Note 3	-
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Other receivables	97,930	Note 8	1
1	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	3	Other receivables	26,838	Note 5	-
2	TRI Electronic (Shenzhen) Limited	Test Research, Inc.	2	Service revenue	57,353	Notes 6 and 7	1
3	TRI Electronic (Suzhou) Limited	Test Research, Inc.	2	Service revenue	75,086	Notes 6 and 7	1
4	TEST RESEARCH USA, INC.	Test Research, Inc.	2	Service revenue	33,363	Notes 6 and 7	1
5	TRI TEST RESEARCH EUROPE GMBH	Test Research, Inc.	2	Service revenue	22,829	Notes 6 and 7	-
6	TRI JAPAN CORPORATION	Test Research, Inc.	2	Service revenue	12,118	Notes 6 and 7	-
7	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED	Test Research, Inc.	2	Service revenue	14,816	Notes 6 and 7	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following two categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Selling prices to the parent company and the Mainland China investees are determined based on 30% to 60% of the standard sales price. The credit term is 90 to 120 days after acceptance and was the same with the third parties.

Note 4: Only related party transactions in excess of \$10,000 are disclosed. Corresponding transactions from the other side are not disclosed.

Note 5: Loans to others.

Note 6: Companies signed agency agreements with subsidiaries and second-tier subsidiary, and the subsidiaries and second-tier subsidiary act as product sales agent.

Note 7: Commission revenue was based on agency contract, others were based on agreed conditions.

Note 8: Other receivables pertain to accounts receivable which were reclassified as they have exceeded the normal credit period by more than three months.

Note 9: The above inter-company transactions between companies within the Group are eliminated when preparing consolidated financial statements.

Test Research, Inc. and Subsidiaries
Information on investees
Nine months ended September 30, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Test Research, Inc.	TRI INVESTMENTS LIMITED	Samoa	Investment holding	\$ 219,811	\$ 219,811	6,724,109	100	\$ 1,113,959	\$ 102,608	\$ 101,160	Note 2
Test Research, Inc.	TEST RESEARCH USA, INC.	United States	Trading	61,299	61,299	1,518,935	100	66,299 (544) (544)	None
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH	Germany	Trading	17,679	17,679	-	100	9,901 (2,439) (2,439)	Note 1
Test Research, Inc.	TRI JAPAN CORPORATION	Japan	Trading	10,750	10,750	720	100	17,637	5,696	5,696	None
Test Research, Inc.	TRI MALAYSIA SDN. BHD	Malaysia	Trading	2,066	2,066	1,000,000	100	33,704	12,734	12,734	None
Test Research, Inc.	TRI KOREA CO., Ltd.	South Korea	Trading	10,591	10,591	80,000	100	12,000 (119) (614)	Note 2
TRI MALAYSIA SDN. BHD	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED	Vietnam	Trading	4,153	4,153	-	100	14,268	8,581	8,581	None

Note 1: A limited liability company.

Note 2: The investment loss included the elimination of intercompany transactions.

Test Research, Inc. and Subsidiaries
Information on investments in Mainland China - Basic information
Nine months ended September 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022 (Note 3)	Net income of investee for the nine months ended September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income recognised by the Company for the nine months ended September 30, 2022 (Note 2(2)C)	Book value of investments in Mainland China as of September 30, 2022 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
TRI Electronic (Shenzhen) Limited	Manufacture and sales of test equipment	\$ 96,838	2	\$ 23,813	\$ -	\$ -	\$ 23,813	\$ 37,082	100	\$ 35,478	\$ 747,778	\$ -	
TRI Electronic (Suzhou) Limited	Manufacture and sales of test equipment	82,198	2	63,500	-	-	63,500	68,420	100	68,560	285,765	-	
TRI Electronic (Shanghai) Limited	Import and export of equipment, consulting and after-sale maintenance service of equipment	123,825	2	123,825	-	-	123,825	(2,894)	100	(2,878)	80,416	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022 (Note 3)		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)								
Test Research, Inc.	\$ 211,138	\$	276,688	\$	4,170,427								

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Reinvested through TRI INVESTMENTS LIMITED)
- (3) Based on the investees' financial statements which were not reviewed by auditors.

Note 2: In the 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2022' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements were reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements were reviewed by R.O.C. parent company's CPA.
 - C. Others.

Note 3: The amount was originally denominated in USD and was translated to NTD at the exchange rate (1:31.75) prevailing at the balance sheet date.

Note 4: The highest of \$80,000, 60% of the stockholder's equity and 60% of consolidated net assets.

Note 5: Including net changes of realised and unrealised profit from sales.

Test Research, Inc. and Subsidiaries
Major shareholders information
September 30, 2022

Table 8

Name of major shareholders	Number of shares held	Ownership (%)
Chieh-Yuan, Chen	37,889,235	16.04%
Mei-Hsing, Yeh	17,338,054	7.33%
Der-Hsin Investment Co., Ltd.	13,464,174	5.69%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital reflected in the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data is disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10%, in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to the Market Observation Post System.