

# **M-Power Information Co., Ltd.**

## **Individual Financial Statements and Independent Auditors' Review Report**

**For the Three Months Ended March 31, 2023 and 2022**

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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.

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## **Independent Auditors' Review Report**

To the Board of Directors of M-Power Information Co., Ltd.:

### **Foreword**

We have audited the accompanying financial statements of M-Power Information Co., Ltd. (the "Company"), which comprise the balance sheets as of 31 March 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS thirty-four "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to form a conclusion on these financial statements based on our review.

### **Scope**

We conducted our review in accordance with the Standard on Review Engagements 2410, "Review of Financial Statements". The procedures for reviewing financial reports include inquiries (primarily to personnel responsible for financial and accounting affairs), analytical procedures, and other review procedures. Since the scope of our audit is significantly less than that of our audit, we may not be able to detect all material matters that can be identified through our audit and therefore we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that the above-mentioned financial statements are not prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. thirty-four "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission in all material respects, resulting in a fair presentation of the financial position of M-Power Information Co., Ltd. as of 31 March 2023 and 2022, and the financial performance and cash flows from January 1 to March 31, 2023 and 2022.

The engagement partners on the audit resulting in this independent auditors' report are Chun-I, Chang and Chun-Hsiu Kuang.

KPMG Taiwans  
Taipei, Taiwan (The Republic of China)  
10 May 2023

### **Notes to Readers**

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

The independent auditors' audit report and the accompanying company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and the company only financial statements, the Chinese version shall prevail.

**(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)**  
**As of March 31, 2023 and 2022, it was only reviewed and not audited in accordance with the auditing standards.**  
**M-Power Information Co., Ltd.**

**Balance sheet**

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

**Unit: NT \$thousands**

		2023.3.31		2022.12.31		2022.3.31				2023.3.31		2022.12.31		2022.3.31	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>								<b>Liabilities and Equity</b>							
11xx	<b>Current assets:</b>							21xx	<b>Current liabilities:</b>						
1100	Cash and cash equivalents (note 6 (1))	\$ 168,810	14	242,888	20	143,225	15	2100	Short-term borrowings (notes 6 (1), (6), 7 and 8)	\$ 245,000	20	150,565	13	320,000	34
1136	Current financial assets at amortized cost (notes 6 (1), (6) and 8)	580	-	3,580	-	3,080	-	2130	Current contract liabilities (note 6 (12))	79,454	6	35,059	3	43,897	5
1150	Notes receivable, net (note 6 (2) and (12))	878	-	402	-	1,095	-	2170	Accounts payable (note 7)	303,742	25	424,782	35	185,245	19
1170	Accounts receivable, net (note 6 (2) and (12))	717,722	59	473,222	40	570,018	61	2200	Other payables (note 6 (13))	31,446	3	60,671	5	40,120	4
1200	Other receivables	-	-	220	-	-	-	2230	Current tax liabilities	19,463	2	11,749	1	20,999	2
130X	Inventories (note 6 (3))	189,673	16	344,301	29	53,724	6	2280	Current lease liabilities (note 6 (7))	6,431	-	6,401	1	6,203	1
1410	Prepayments	15,334	1	6,061	1	2,983	-	2300	Other current liabilities	406	-	2,257	-	419	-
1470	Other current assets	2,022	-	92	-	10,076	1		<b>Total current liabilities</b>	<u>685,942</u>	<u>56</u>	<u>691,484</u>	<u>58</u>	<u>616,883</u>	<u>65</u>
	<b>Total current assets</b>	<u>1,095,019</u>	<u>90</u>	<u>1,070,766</u>	<u>90</u>	<u>784,201</u>	<u>83</u>	25xx	<b>Non-current liabilities:</b>						
15xx	<b>Non-current assets:</b>							2580	Non-current lease liabilities (note 6 (7))	19,825	2	21,444	2	26,031	3
1600	Property, plant and equipment (note 6 (4))	1,962	-	2,236	-	2,852	-	2640	Non-current net defined benefit liabilities	3,534	-	3,534	-	5,291	1
1755	Right-of-use assets (note 6 (5) and (7))	25,430	2	27,034	2	31,491	3		<b>Total non-current liabilities</b>	<u>23,359</u>	<u>2</u>	<u>24,978</u>	<u>2</u>	<u>31,322</u>	<u>4</u>
1780	Intangible assets	1,024	-	841	-	323	-	2xxx	<b>Total liabilities</b>	<u>709,301</u>	<u>58</u>	<u>716,462</u>	<u>60</u>	<u>648,205</u>	<u>69</u>
1840	Deferred tax assets	1,547	-	1,547	-	3,107	1	31xx	<b>Equity (Note (10)):</b>						
1920	Guarantee deposits paid	19,227	2	18,930	2	16,693	2	3110	Ordinary shares	<u>220,000</u>	<u>18</u>	<u>220,000</u>	<u>18</u>	<u>145,000</u>	<u>15</u>
1930	Long-term receivables (note 6 (2) and (12))	76,451	6	75,761	6	105,848	11	3200	Capital surplus	<u>133,284</u>	<u>11</u>	<u>133,284</u>	<u>11</u>	<u>26,600</u>	<u>3</u>
	<b>Total non-current assets</b>	<u>125,641</u>	<u>10</u>	<u>126,349</u>	<u>10</u>	<u>160,314</u>	<u>17</u>	3300	Retained earnings:						
1xxx	<b>Total assets</b>	<u>\$ 1,220,660</u>	<u>100</u>	<u>1,197,115</u>	<u>100</u>	<u>944,515</u>	<u>100</u>	3310	Legal reserve	25,963	2	25,963	2	18,740	2
								3350	Unappropriated earnings	<u>132,112</u>	<u>11</u>	<u>101,406</u>	<u>9</u>	<u>105,970</u>	<u>11</u>
									Total retained earnings	<u>158,075</u>	<u>13</u>	<u>127,369</u>	<u>11</u>	<u>124,710</u>	<u>13</u>
								3xxx	<b>Total equity</b>	<u>511,359</u>	<u>42</u>	<u>480,653</u>	<u>40</u>	<u>296,310</u>	<u>31</u>
								23xx	<b>Total liabilities and equity</b>	<u>\$ 1,220,660</u>	<u>100</u>	<u>1,197,115</u>	<u>100</u>	<u>944,515</u>	<u>100</u>

(See the attached notes to financial statements)

**(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)**  
**Only reviewed, not audited in accordance with auditing standards**  
**M-Power Information Co., Ltd.**

**Statements of Comprehensive Income**  
**January 1 to March 31, 2023 and 2022**

**Unit: NT \$thousands**

	January to March 2023		January to March 2022	
	Amount	%	Amount	%
4110 <b>Operating revenue (note 6 (12))</b>	\$ 570,453	100	588,047	100
5000 <b>Operating costs (notes 6 (3), (4), (5), (7), (8) and 7)</b>	504,980	89	531,668	90
5900 <b>Gross profit</b>	65,473	11	56,379	10
6000 <b>Operating expenses (notes 6 (2), (4), (5), (7), (8), (13) and 7):</b>				
6100 Selling and marketing expenses	12,377	2	12,893	2
6200 Administrative expenses	8,985	2	8,228	2
6300 Research and development expenses	4,900	1	3,877	1
6450 Expected credit loss (gain)	(25)	-	782	-
<b>Total operating expenses</b>	26,237	5	25,780	5
6900 <b>Profit from operations</b>	39,236	6	30,599	5
7000 <b>Non-operating income and expenses (note 6 (7) and (14)):</b>				
7100 Interest income	16	-	6	-
7020 Other gains and losses	435	-	736	-
7050 Finance costs	(1,267)	-	(585)	-
<b>Total non-operating income and expenses</b>	(816)	-	157	-
7900 <b>Net profit before tax</b>	38,420	6	30,756	5
7950 <b>Less: Income tax expenses (note 6 (9))</b>	7,714	1	5,900	1
8200 <b>Net income</b>	30,706	5	24,856	4
8300 <b>Other comprehensive income for the period</b>	-	-	-	-
8500 <b>Total comprehensive income for the period</b>	\$ 30,706	5	24,856	4
<b>Earnings per share (Unit: NT \$, Note 6 (11))</b>				
9750 Basic earnings per share	\$	1.40		1.32
9850 Diluted earnings per share	\$	1.39		1.30

(See the attached notes to financial statements)

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M-Power Information Co., Ltd.

Statements of Changes in Equity

January 1 to March 31, 2023 and 2022

Unit: NT \$thousands

	Ordinary Share capital	Capital surplus	Retained earnings		Total	Total equity
			Legal reserve	Unappropriate d earnings		
<b>Balance on January 1, 2022</b>	\$ 145,000	26,600	18,740	81,114	99,854	271,454
Net income	-	-	-	24,856	24,856	24,856
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	24,856	24,856	24,856
<b>Balance on March 31, 2022</b>	<b>\$ 145,000</b>	<b>26,600</b>	<b>18,740</b>	<b>105,970</b>	<b>124,710</b>	<b>296,310</b>
<b>Balance on January 1, 2023</b>	\$ 220,000	133,284	25,963	101,406	127,369	480,653
Net income	-	-	-	30,706	30,706	30,706
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	30,706	30,706	30,706
<b>Balance on March 31, 2023</b>	<b>\$ 220,000</b>	<b>133,284</b>	<b>25,963</b>	<b>132,112</b>	<b>158,075</b>	<b>511,359</b>

(See the attached notes to financial statements)

**(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)**

**Only reviewed, not audited in accordance with auditing standards**

**M-Power Information Co., Ltd.**

**Statements of Cash Flows**

**January 1 to March 31, 2023 and 2022**

**Unit: NT \$thousands**

	<u>January to March 2023</u>	<u>January to March 2022</u>
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 38,420	30,756
<b>Adjustments:</b>		
Income and expense items		
Depreciation expense	1,878	1,816
Amortization expense	100	30
Expected credit loss (gain)	(25)	782
Interest expense	1,267	585
Interest income	(16)	(6)
Total income and expense items	<u>3,204</u>	<u>3,207</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(476)	(580)
Accounts receivable	(244,475)	(292,858)
Other receivables	220	41
Inventories	154,628	(16,528)
Prepayments	(9,273)	(207)
Other current assets	(1,930)	(10,061)
Long-term receivables	(690)	(80,548)
Total changes in operating assets	<u>(101,996)</u>	<u>(400,741)</u>
Changes in operating liabilities:		
Contract liabilities	44,395	6,573
Accounts payable	(121,040)	75,030
Other payables	(29,225)	(17,586)
Other current liabilities	(1,851)	(4,060)
Total changes in operating liabilities	<u>(107,721)</u>	<u>59,957</u>
Total changes in operating assets and liabilities	<u>(209,717)</u>	<u>(340,784)</u>
Total adjustments	<u>(206,513)</u>	<u>(337,577)</u>
Cash outflow generated from operations	(168,093)	(306,821)
Interest received	16	6
Interest paid	(1,267)	(585)
<b>Net cash used in operating activities</b>	<u>(169,344)</u>	<u>(307,400)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at amortized cost	-	(2,500)
Proceeds from disposal of financial assets at amortized cost	3,000	-
Acquisition of property, plant and equipment	-	(453)
Increase in guarantee deposits paid	(297)	(34)
Acquisition of intangible assets	(283)	(286)
<b>Net cash flows from (used in) investing activities</b>	<u>2,420</u>	<u>(3,273)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	94,435	292,000
Repayment of lease principal	(1,589)	(1,453)
<b>Net cash flows from financing activities</b>	<u>92,846</u>	<u>290,547</u>
<b>Net decrease in cash and cash equivalents</b>	(74,078)	(20,126)
<b>Cash and cash equivalents at beginning of period</b>	242,888	163,351
<b>Cash and cash equivalents at end of period</b>	<u>\$ 168,810</u>	<u>143,225</u>

(See the attached notes to financial statements)



**Only reviewed, not audited in accordance with auditing standards**

**M-Power Information Co., Ltd.**

**Notes to Financial Statements**

**2023 and 2022Q1**

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

**1. Company History**

M-Power Information Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on 10 September 1999. On 22 December 2021, the Company's shares began to be traded on the Taipei Exchange (TPEX) Emerging Stock Strategy (new version), and on 3 May 2022, the Company began to be traded on the TPEX. In addition, the Company has been listed on the Taipei Exchange since 14 December 2022. The Company is primarily engaged in the wholesaling and retailing of information software and the provision of professional consultation, education and training and technical services.

**2. Approval of Financial Statements**

The financial statements were approved by the board of directors and authorized for issue on 10 May 2023.

**3. Application of New, Amended and Revised Standards and Interpretations**

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from 1 January 2023.

Amendments to IAS 1 "Disclosure of Accounting Policies"

Amendments to IAS 8 "Definition of Accounting Estimates"

Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'

- (2) Newly issued and amended standards and interpretations not yet endorsed by the FSC

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

Amendments to IFRS 10 and IAS twenty-eight "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

Amendments to IFRS 17, 'Insurance contracts' and IFRS 17

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Amendments to IAS 1 “Non-current liabilities with contract terms”

Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 comparative information'

Amendments to IFRS 16, ' Sale and leaseback transactions'

### 4. Summary of Significant Accounting Policies

Except as described below, the significant accounting policies adopted in the financial statements are the same as those in the 2022 annual financial statements. For relevant information, please refer to Note 4 of the 2022 annual financial statements.

#### (1) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and IAS thirty-four “Interim Financial Reporting” endorsed and issued into effect by the FSC. The financial statements do not include all the information required for full annual financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

#### (2) Employee benefits

The interim amount of defined benefit plan is determined based on the pension cost rate, which is the actuarial rate on the reporting date of the previous year, and is calculated on the basis of the beginning of the year to the end of the current period, and adjusted for significant market fluctuations, significant reductions, settlements, or other significant one-time events after the reporting date.

#### (3) Income tax

The Company measures and discloses income tax expense for the interim period in accordance with paragraph B12 of IAS thirty-four “Interim Financial Reporting”.

Income tax expense is measured by the interim reporting period net profit before tax multiplied by the best estimate of the annual effective tax rate by the management and is fully recognized as current income tax expense.

Income tax expense recognized directly in equity or other comprehensive income is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the temporary difference between its carrying amounts and the corresponding tax base.

### 5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of the financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in Note 5 to the consolidated financial statements for the year ended 31 December 2022.

### 6. Details of Significant Accounts

Except for the following, there is no significant difference between the explanations of major accounting items in this financial report and the 2022 financial report. For relevant information, please refer to Note 6 of the 2022 financial report.

#### (1) Cash and cash equivalents

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Cash	\$ -	-	20
Demand deposits	168,120	242,198	142,164
Check deposits	690	690	1,041
	<u>\$ 168,810</u>	<u>242,888</u>	<u>143,225</u>

Please refer to note 6 (15) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company. In addition, the Company applied for a loan line from the bank on March 31, 2023, December 31, 2022 and March 31 2022, respectively. The demand deposits of NT \$580,000, NT \$3,580,000 and NT \$3,080,000 are used as collateral, which are recorded under current financial assets at amortized cost. Please refer to Note 8 for more details on collateral.

#### (2) Notes and accounts receivable

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Notes receivable	\$ 878	402	1,095
Accounts receivable	717,722	473,247	570,907
Long-term receivables	78,998	78,280	105,848
Less: Allowance for doubtful accounts	-	(25)	(889)
Unrealized interest income-long-term receivables	(2,547)	(2,519)	-
	<u>\$ 795,051</u>	<u>549,385</u>	<u>676,961</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The expected credit loss analysis of the Company's notes and accounts receivable as of 31 March 2023, 31 December 2022 and 31 March 2022 is as follows:

	<b>2023.3.31</b>		
	<b>Carrying amounts of notes and accounts receivables</b>	<b>Expected weighted average credit loss rate (%)</b>	<b>Loss allowance for lifetime expected credit losses</b>
Not past due	\$ 776,092	-	-
1 to 30 days past due	19,630	-	-
Past due 31-60 days	1,876		-
	<b>\$ 797,598</b>		<b>-</b>
	<b>2022.12.31</b>		
	<b>Carrying amounts of notes and accounts receivables</b>	<b>Expected weighted average credit loss rate (%)</b>	<b>Loss allowance for lifetime expected credit losses</b>
Not past due	\$ 546,343	-	-
1 to 30 days past due	2,332	-	-
Past due 31-60 days	2,672	0.34	9
61 to 90 days past due	539	2.04	11
121 to 180 days past due	43	11.63	5
	<b>\$ 551,929</b>		<b>25</b>
	<b>2022.3.31</b>		
	<b>Carrying amounts of notes and accounts receivables</b>	<b>Expected weighted average credit loss rate (%)</b>	<b>Loss allowance for lifetime expected credit losses</b>
Not past due	\$ 601,881	-	-
1 to 30 days past due	65,403	-	-
Past due 31-60 days	787	0.25	2
91 to 120 days past due	9,779	9.07	887
	<b>\$ 677,850</b>		<b>889</b>

The movement in the allowance for notes and accounts receivable for the years ended 31 March 2023 and 2022 were as follows:

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

	Year 2023 January to March	Year 2022 January to March
Beginning balance	\$ 25	107
Impairment losses recognized (gain)	(25)	782
Ending balance	<u>\$ -</u>	<u>889</u>

As of 31 March 2023, 31 December 2022 and 31 March 2022, the Company had not discounted or pledged its accounts receivable.

### (3) Inventories

	2023.3.31	2022.12.31	2022.3.31
Merchandise inventory	\$ 193,872	348,500	62,616
Allowance for inventory valuation losses	(4,199)	(4,199)	(8,892)
	<u>\$ 189,673</u>	<u>344,301</u>	<u>53,724</u>

The cost of goods sold recognized by the Company in the current period is as follows:

	Year 2023 January to March	Year 2022 January to March
Cost of inventories sold	\$ 493,506	521,182
Gain on reversal of inventory write-downs	-	(215)
Service and maintenance costs	11,474	10,701
	<u>\$ 504,980</u>	<u>531,668</u>

As of 31 March 2023, 31 December 2022 and 31 March 2022, no inventories of the Company were pledged as collateral.

### (4) Property, plant and equipment

Changes in the cost and accumulated depreciation of the Company's property, plant and equipment from January 1 to March 31, 2023 and 2022 are as follows:

	<u>Office equipment</u>
Costs:	
Balance on January 1, 2023	\$ 5,355
Disposals	(322)
Balance on March 31, 2023	<u>\$ 5,033</u>
Balance on January 1, 2022	\$ 6,772
Additions	453
Disposals	(1,977)
Balance on March 31, 2022	<u>\$ 5,248</u>
Accumulated depreciation:	

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Balance on January 1, 2023	\$	3,119
Depreciation		274
Disposals		<u>(322)</u>
Balance on March 31, 2023	<b>\$</b>	<b><u>3,071</u></b>
Balance on January 1, 2022	\$	4,046
Depreciation		327
Disposals		<u>(1,977)</u>
Balance on March 31, 2022	<b>\$</b>	<b><u>2,396</u></b>
Carrying amounts:		
Balance on January 1, 2023	<b>\$</b>	<b><u>2,236</u></b>
Balance on March 31, 2023	<b>\$</b>	<b><u>1,962</u></b>
Balance on March 31, 2022	<b>\$</b>	<b><u>2,852</u></b>

As of 31 March 2023, 31 December 2022 and 31 March 2022, no property, plant and equipment of the Company were pledged as collateral.

### (5) Right-of-use assets

The Company leases many assets including buildings and transportation equipment. Information about leases for which the Company as a lessee is presented below:

	<b>Buildings and structures</b>	<b>Transportatio n equipment</b>	<b>Total</b>
Cost of right-of-use assets:			
Balance on March 31, 2023 (Balance on January 1, 2023)	<b>\$ 43,712</b>	<b>2,659</b>	<b><u>46,371</u></b>
Balance on January 1, 2022	\$ 43,996	2,229	46,225
Additions	-	2,659	2,659
Contractual maturities	-	<u>(2,228)</u>	<u>(2,228)</u>
Balance on March 31, 2022	<b>\$ 43,996</b>	<b>2,660</b>	<b><u>46,656</u></b>
Accumulated depreciation and impairment losses:			
Balance on January 1, 2023	\$ 18,598	739	19,337
Depreciation	<u>1,382</u>	<u>222</u>	<u>1,604</u>
Balance on March 31, 2023	<b>\$ 19,980</b>	<b>961</b>	<b><u>20,941</u></b>
Balance on January 1, 2022	\$ 13,737	2,167	15,904
Depreciation	1,354	135	1,489
Contractual maturities	-	<u>(2,228)</u>	<u>(2,228)</u>
Balance on March 31, 2022	<b>\$ 15,091</b>	<b>74</b>	<b><u>15,165</u></b>
Carrying amounts:			
Balance on January 1, 2023	<b>\$ 25,114</b>	<b>1,920</b>	<b><u>27,034</u></b>
Balance on March 31, 2023	<b>\$ 23,732</b>	<b>1,698</b>	<b><u>25,430</u></b>

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Balance on March 31, 2022	\$	<u>28,905</u>	<u>2,586</u>	<u>31,491</u>
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### (6) Short-term borrowings

The details of short-term borrowings of the Company are as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Unsecured bank borrowings	\$ <u>245,000</u>	<u>150,565</u>	<u>320,000</u>
Unused credit lines	\$ <u>382,000</u>	<u>351,435</u>	<u>212,000</u>
Range of Interest Rate (%)	<u>2.20 ~ 2.55</u>	<u>1.87 ~ 2.54</u>	<u>1.03 ~ 1.82</u>

For the collateral for short-term borrowings, please refer to note 8.

### (7) Lease liabilities

The carrying amounts of lease liabilities are as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Current	\$ 6,431	6,401	6,203
Non-current	19,825	21,444	26,031
Total	\$ <u>26,256</u>	<u>27,845</u>	<u>32,234</u>

For the maturity analysis, please refer to note 6 (15).

The amounts of lease recognized as profit or loss are as follows:

	<u>Year 2023 January to March</u>	<u>Year 2022 January to March</u>
Interest on lease liabilities	\$ <u>127</u>	<u>147</u>
Expenses relating to short-term leases	\$ <u>4</u>	<u>-</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>6</u>	<u>6</u>

The amounts recognized in the statement of cash flows for the Company are as follows:

	<u>Year 2023 January to March</u>	<u>Year 2022 January to March</u>
Total cash outflow from operating activities	\$ 137	153
Total cash outflow from financing activities	1,589	1,453
Total cash outflow from leases	\$ <u>1,726</u>	<u>1,606</u>

The Company leases houses and buildings as office premises and leases transportation equipment for operational use. The lease period of office premises is usually five years, and the lease period of transportation equipment is three years.

### (8) Employee benefits

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### 1. Defined benefit plans

As there is no significant market fluctuation, significant curtailment, settlement or other significant one-off events after the reporting date of the previous year, the Company measured the pension cost determined by actuarial calculation on 31 December 2022 and 2021 and disclosed the pension cost during the interim period.

The pension costs incurred from January 1 to 31 March 2023 and 2022 under the defined benefit plan were both NT \$0.

### 2. Defined contribution plan

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The details of pension expenses under the Company's defined contribution pension plan are as follows:

	Year 2023 January to March	Year 2022 January to March
Operating costs	\$ 410	370
Operating expenses	788	695
	<u>\$ 1,198</u>	<u>1,065</u>

### (9) Income tax

The components of income tax expense were as follows:

	Year 2023 January to March	Year 2022 January to March
Current income tax expenses	\$ 7,714	5,900

The Company's tax returns through 2020 have been assessed and approved by the tax authorities.

### (10) Share capital and other interests

Except for the following, there were no significant changes in the Company's capital and other equity between January 1 and March 31, 2023 and 2022. For related information, please refer to Note 6 (10) of the 2022 financial report.

#### 1. Earnings appropriation

The Company proposed the 2022 earnings appropriation plan by the Board of Directors on 24 February 2023 and the 2021 and annual earnings distribution



## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

plan by the regular shareholders' meeting on 10 June 2022. The 2022 earnings distribution plan is proposed to be distributed after the resolution of the regular shareholders' meeting. The amounts of dividends distributed to shareholders were as follows:

	FY22		FY21	
	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.80	83,600	1.50	21,750
Stocks	-	-	3.00	43,500
		<u>\$ 83,600</u>		<u>65,250</u>

Information on the distribution of earnings as resolved by the shareholders' meeting of the Company is available at the Market Observation Post System website of the Taiwan Stock Exchange.

### (11) Earnings per share

	Year 2023 January to March	Year 2022 January to March
Basic earnings per share:		
Net income	<u>\$ 30,706</u>	<u>24,856</u>
Weighted-average number of ordinary shares outstanding (shares in thousands)	<u>22,000</u>	<u>18,850</u>
Basic earnings per share (NT dollars)	<u>\$ 1.40</u>	<u>1.32</u>
	Year 2023 January to March	Year 2022 January to March
Diluted earnings per share:		
Net income	<u>\$ 30,706</u>	<u>24,856</u>
Weighted-average number of ordinary shares outstanding (shares in thousands)	22,000	18,850
Dilutive potential ordinary shares-employee remuneration (Unit: thousand shares)	114	215
Weighted-average number of shares outstanding used in the computation of diluted earnings per share (in thousands)	<u>22,114</u>	<u>19,065</u>
Diluted earnings per share (NT dollars)	<u>\$ 1.39</u>	<u>1.30</u>

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

### (12) Revenue from contracts with customers

#### 1. Disaggregation of revenue

	Year 2023 January to March	Year 2022 January to March
Primary regional markets:		
Taiwan	\$ 569,743	585,987
Other countries	710	2,060
	<u>\$ 570,453</u>	<u>588,047</u>
Major products/services lines:		
Sales of computer software	\$ 542,755	567,748
Service and maintenance income	27,526	20,203
Other:	172	96
	<u>\$ 570,453</u>	<u>588,047</u>

#### 2. Contract balances

	2023.3.31	2022.12.31	2022.3.31
Notes and accounts receivable (including long-term receivables)	\$ 797,598	551,929	677,850
Less: Allowance for impairment loss	-	(25)	(889)
Less: Unrealized interest revenue	(2,547)	(2,519)	-
Total	<u>\$ 795,051</u>	<u>549,385</u>	<u>676,961</u>
Contract liabilities	<u>\$ 79,454</u>	<u>35,059</u>	<u>43,897</u>

For disclosure of notes and accounts receivable and allowance for impairment, please refer to note 6 (2).

Revenue recognized that was included in the contract liability balance at the beginning of the period was \$11,752,000 and \$8,771,000 for the years ended 31 December 2023 and 2022, respectively.

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

### (13) Remuneration to employees, directors and supervisors

In accordance with the Company's Articles of Incorporation amended on 18 August 2021, 10%~15% of the profit, if any, shall be appropriated as employee compensation and no more than 3% of the profit shall be appropriated as remunerations to directors and supervisors. However, the Company's accumulated

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

losses shall have been covered. In addition, on 24 January 2022, due to the re-election of directors and supervisors, the Audit Committee replaced the supervisors and revised the articles of association to change the remunerations of directors and supervisors to the remunerations of directors. The remunerations of directors in the preceding paragraph can only be paid in cash.

For the years ended 31 March 2023 and 2022, employees' compensations were accrued at NT \$4,500,000 and NT \$4,000,000, respectively; while directors' and supervisors' remunerations were accrued at NT \$360,000 and NT \$800,000, respectively. The estimated amounts were calculated based on the net profit before tax, excluding employees' compensations and directors' and supervisors' remunerations, multiplied by the percentage of employees' compensations and directors' and supervisors' remuneration as specified in the Company's articles of incorporation. These remunerations were expensed under operating expenses during the periods. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the number of shares on the day preceding the Board of Directors' meeting.

For the years ended 31 December 2022 and 2021, employees' compensations were accrued at \$15,795,000 and \$14,000,000, respectively; while directors' and supervisors' remunerations were accrued at \$1,403,000 and \$700,000, respectively. There was no difference from the amount resolved by the Board of Directors. Relevant information is available at the Market Observation Post System website.

### (14) Non-operating income and expenses

#### 1. Interest income

	Year 2023 January to March	Year 2022 January to March
Interest on bank deposit	\$ 12	4
Interest income from deposit	4	2
	<u>\$ 16</u>	<u>6</u>

#### 2. Other gains and losses

	Year 2023 January to March	Year 2022 January to March
Net foreign exchange gain	\$ 188	152

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Other gains	247	584
	<u>\$ 435</u>	<u>736</u>

### 3. Finance costs

	Year 2023 January to March	Year 2022 January to March
Interest expense:		
Bank borrowings	\$ 1,140	438
Lease liabilities	<u>127</u>	<u>147</u>
	<u>\$ 1,267</u>	<u>585</u>

### (15) Financial instruments

Except for the following, there is no significant change in the types of financial instruments, fair value and exposure to credit risk, liquidity risk and market risk due to financial instruments of the Company. Please refer to Note 6 (16) of the 2022 financial report for relevant information.

#### 1. Credit risks

##### (1) Maximum credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risks.

##### (2) Concentration of credit risk

The Company's customer base is large and unrelated, so the concentration of credit risk is limited.

##### (3) Credit risks of receivable

For credit risk exposure of notes and accounts receivable, please refer to note 6 (2).

#### 2. Liquidity risks

The following table shows the contractual maturities of the Company's financial liabilities, excluding estimated interest payments.

	Carrying Amounts	Contract Cash Flow	Within 1 year	1-2 years	2-5 years	Over 5 Years
<b>March 31, 2023</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 245,000	245,000	245,000	-	-	-
Accounts payable	303,742	303,742	303,742	-	-	-
Other payables	31,446	31,446	31,446	-	-	-
Lease liabilities	<u>26,256</u>	<u>26,256</u>	<u>6,431</u>	<u>6,476</u>	<u>13,349</u>	<u>-</u>
	<u>\$ 606,444</u>	<u>606,444</u>	<u>586,619</u>	<u>6,476</u>	<u>13,349</u>	<u>-</u>
<b>December 31, 2022</b>						

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Non-derivative financial liabilities							
Short-term borrowings	\$ 150,565	150,565	150,565	-	-	-	
Accounts payable	424,782	424,782	424,782	-	-	-	
Other payables	60,671	60,671	60,671	-	-	-	
Lease liabilities	27,845	27,845	6,401	6,521	14,923	-	
	<u>\$ 663,863</u>	<u>663,863</u>	<u>642,419</u>	<u>6,521</u>	<u>14,923</u>	<u>-</u>	

### March 31, 2022

Non-derivative financial liabilities							
Short-term borrowings	\$ 320,000	320,000	320,000	-	-	-	
Accounts payable	185,245	185,245	185,245	-	-	-	
Other payables	40,120	40,120	40,120	-	-	-	
Lease liabilities	32,234	32,234	6,203	6,320	17,584	2,127	
	<u>\$ 577,599</u>	<u>577,599</u>	<u>551,568</u>	<u>6,320</u>	<u>17,584</u>	<u>2,127</u>	

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

### 3. Exchange rate risks

#### (1) Exposure to currency risks

The Company's financial assets and liabilities exposed to foreign currency risk are as follows:

	2023.3.31			2022.12.31			2022.3.31		
	Foreign currencies	Exchange Rate	TWD	Foreign currencies	Exchange Rate	TWD	Foreign currencies	Exchange Rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 19	30.40	580	25	30.66	760	239	28.68	6,844
RMB	24	4.41	106	24	4.380	105	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	79	30.51	2,410	200	30.75	6,149	32	28.68	906

#### (2) Sensitivity analysis

The amounts of foreign currency assets and liabilities held by the Company are not significant, so there is no sensitivity analysis on exchange rate risks.

#### (3) Exchange gains and losses of monetary items

Please refer to note 6 (14) for the exchange gain or loss of monetary items of



## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Current financial assets at amortized cost	3,580	-	-	-	-
Notes and accounts receivable	473,624	-	-	-	-
Other receivables	220	-	-	-	-
Guarantee deposits paid	18,930	-	-	-	-
Long-term receivables	<u>75,761</u>	-	-	-	-
<b>Total</b>	<b><u>\$ 815,003</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 150,565	-	-	-	-
Accounts payable	424,782	-	-	-	-
Other payables	60,671	-	-	-	-
Lease liabilities	<u>27,845</u>	-	-	-	-
<b>Total</b>	<b><u>\$ 663,863</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2022.3.31</b>					
<b>Fair value</b>					
	<b>Carrying Amounts</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 143,225	-	-	-	-
Current financial assets at amortized cost	3,080	-	-	-	-
Notes and accounts receivable	571,113	-	-	-	-
Guarantee deposits paid	16,693	-	-	-	-
Long-term receivables	<u>105,848</u>	-	-	-	-
<b>Total</b>	<b><u>\$ 839,959</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 320,000	-	-	-	-
Accounts payable	185,245	-	-	-	-
Other payables	40,120	-	-	-	-
Lease liabilities	<u>32,234</u>	-	-	-	-
<b>Total</b>	<b><u>\$ 577,599</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There was no transfer of financial assets and liabilities between January 1 and March 31, 2023 and 2022.

(16) Financial risk management

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

There have been no material changes in the financial risk management objectives and policies from those disclosed in Note 6 (17) of the 2022 financial statements.

### (17) Capital management

The Company's capital management objectives, policies and procedures are consistent with those disclosed in Note 6 (18) of the financial statements for the year 2022.

The debt-to-equity ratios on March 31, 2023 and December 31, 2022 and March 31, 2022 are as follows:

	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Total liabilities	\$ 709,301	716,462	648,205
Less: Cash and cash equivalents	<u>(168,810)</u>	<u>(242,888)</u>	<u>(143,225)</u>
Net Liabilities	<u>\$ 540,491</u>	<u>473,574</u>	<u>504,980</u>
Total capital	<u>\$ 511,359</u>	<u>480,653</u>	<u>296,310</u>
Debt-to-equity ratio	<u>105.70%</u>	<u>98.53%</u>	<u>170.42%</u>

The increase in the debt-to-capital ratio on 31 March 2023 was mainly due to the increase in total liabilities as a result of the use of bank loans for the turnover needs of normal operating activities.

### (18) Financing activities not affecting current cash flow

The Company acquired right-of-use assets by means of lease from January 1 to 31 March 2023 and 2022. Please refer to Note 6 (5) and (7) for details.

Reconciliation of liabilities arising from financing activities for the years ended 31 March 2023 and 2022 are as follows:

	<u>2023.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>2023.3.31</u>
			<u>Additions</u>	<u>Cancel</u>	
Short-term loans	\$ 150,565	94,435	-	-	245,000
Lease liabilities	<u>27,845</u>	<u>(1,589)</u>	-	-	<u>26,256</u>
Total liabilities from financing activities	<u>\$ 178,410</u>	<u>92,846</u>	-	-	<u>271,256</u>

  

	<u>2022.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>2022.3.31</u>
			<u>Additions</u>	<u>Cancel</u>	
Short-term loans	\$ 28,000	292,000	-	-	320,000
Lease liabilities	<u>31,028</u>	<u>(1,453)</u>	2,659	-	<u>32,234</u>
Total liabilities	<u>\$ 59,028</u>	<u>290,547</u>	<u>2,659</u>	-	<u>352,234</u>



## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

from financing activities

### 7. Related Party Transactions

#### (1) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Ares International Corporation	The entity with significant influence over the Company
Chin-Lung Hsu	Key management personnel of the Corporation
Han-Lin Li	Key management personnel of the Corporation

#### (2) Significant transactions with related parties

##### 1. Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Type of related party</u>	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Accounts payable	The entity with significant influence over the Company	\$ -	1,108	-

##### 2. Endorsements and guarantees

The key management personnel of the Company, Chin-Lung Hsu and Han-Lin Li are the joint guarantors of the Company's loans from financial institutions in the form of credit guarantees from January 1 to 31 March 2023 and 2022.

#### (3) Compensation of key management personnel

	<u>Year 2023 January to March</u>	<u>Year 2022 January to March</u>
Short-term employee benefits	\$ 4,946	4,226
Retirement benefits	98	88
	<u>\$ 5,044</u>	<u>4,314</u>

### 8. Pledged Assets

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Pledge Guarantee Subject</u>	<u>2023.3.31</u>	<u>2022.12.31</u>	<u>2022.3.31</u>
Current financial assets at				

## M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

amortized cost:

Restricted deposits	Short-term borrowings and tariff guarantee	\$	<u>580</u>	<u>3,580</u>	<u>3,080</u>
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9. Significant Contingent Liabilities and Unrecognized Commitments: None.

10. Significant Disaster Loss: None.

11. Significant subsequent events: None.

12. Others

(1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

Function Nature	January to March 2023			January to March 2022		
	Operatin g costs	Operatin g expenses	Total	Operatin g costs	Operatin g expenses	Total
Employee benefits Expense						
Wages and salaries	8,827	19,039	27,866	7,824	17,415	25,239
Labor and health insurance expenses	843	1,742	2,585	993	1,774	2,767
Pension expenses	410	788	1,198	370	695	1,065
Other employee benefits expenses	399	828	1,227	376	521	897
Depreciation expenses	508	1,370	1,878	536	1,280	1,816
Amortization expenses	35	65	100	11	19	30

(2) Seasonality of operations:

The Company's operations are not affected by seasonal or cyclical factors.

13. Note disclosure

(1) Information on significant transactions: None.

(2) Information on investees: None.

(3) Information on investments in mainland China: None.

(4) Major shareholders:

Name of Major Shareholders	Unit: Shares	
	Shares	Shareholding ratio
Ares International Corporation	4,343,015	19.74%
Wei Gu Co., Ltd.	2,682,381	12.19%

- 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 percent 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 which was recorded on the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.
- (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 ten (10) percent pursuant to the Securities 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 the Market Observation Post System website of the Taiwan Stock Exchange.
- (3) The shareholding ratio is calculated by unconditionally rounding off to two decimal places.

#### **14. Segment Information**

The information on the Company's segment profit or loss, segment assets, and segment liabilities is consistent with the financial statements. Please refer to the balance sheet and statement of comprehensive income.