

M-Power Information Co., Ltd.

Individual Financial Statements and Independent Auditors' Review Report

For the Six Months Ended June 30, 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 balance sheets of M-Power Information Co., Ltd. as at June 30, 2023 and 2022, and the statements of comprehensive income for the periods from April 1 to June 30, 2023 and 2022 and January 1 to June 30, 2023 and 2022, and the statements of changes in equity and the statements of cash flows for the periods from January 1 to June 30, 2023 and 2022, and 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 at June 30, 2023 and 2022, and its financial performance from April 1 to June 30, 2023 and 2022 and from January 1 to June 30, 2023 and 2022 and its cash flows from January 1 to June 30, 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)
August 9, 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)
Only reviewed, not audited in accordance with auditing standards
M-Power Information Co., Ltd.

Balance sheet

June 30, 2023, December 31, 2022, and June 30, 2022

Unit: NT \$thousands

	2023.6.30		2022.12.31		2022.6.30			2023.6.30		2022.12.31		2022.6.30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity					
11xx Current assets:							21xx Current liabilities:						
1100 Cash and cash equivalents (note 6 (1))	\$ 252,989	20	242,888	20	88,285	9	2100 Short-term borrowings (notes 6 (1), (6), 7 and 8)	\$ 326,137	26	150,565	13	395,862	37
1136 Current financial assets at amortized cost (notes 6 (1), (6) and 8)	200	-	3,580	-	6,081	1	2130 Current contract liabilities (note 6 (13))	58,096	5	35,059	3	55,505	5
1150 Notes receivable, net (note 6 (2) and (13))	565	-	402	-	-	-	2170 Accounts payable (note 7)	248,351	19	424,782	35	193,096	18
1170 Accounts receivable, net (note 6 (2) and (13))	825,227	65	473,222	40	764,736	72	2200 Other payables (note 6 (14))	40,414	3	60,671	5	47,346	4
1200 Other receivables	-	-	220	-	61	-	2216 Payables for dividends (note 6 (11))	83,600	7	-	-	21,750	2
130X Inventories (note 6 (3))	82,893	6	344,301	29	50,358	5	2230 Current tax liabilities	13,687	1	11,749	1	11,580	1
1410 Prepayments	13,407	1	6,061	1	3,164	-	2280 Current lease liabilities (note 6 (8))	6,461	-	6,401	1	6,232	1
1470 Other current assets	-	-	92	-	11,350	1	2322 Long-term borrowings, current portion (Notes 6 (7) and 7)	11,798	1	-	-	-	-
Total current assets	<u>1,175,281</u>	<u>92</u>	<u>1,070,766</u>	<u>90</u>	<u>924,035</u>	<u>88</u>	2399 Other current liabilities	429	-	2,257	-	800	-
15xx Non-current assets:							25xx Non-current liabilities:						
1600 Property, plant and equipment (note 6 (4))	1,689	-	2,236	-	2,568	-	2540 Long-term borrowings (notes 6 (g) and 7)	17,232	1	-	-	-	-
1755 Right-of-use assets (note 6 (5) and (8))	23,825	2	27,034	2	29,915	3	2580 Non-current lease liabilities (note 6 (8))	18,198	2	21,444	2	24,462	2
1780 Intangible assets	916	-	841	-	293	-	2640 Net defined benefit liabilities-non-current	3,534	-	3,534	-	5,291	1
1840 Deferred tax assets	1,547	-	1,547	-	3,107	-	Total non-current liabilities	<u>38,964</u>	<u>3</u>	<u>24,978</u>	<u>2</u>	<u>29,753</u>	<u>3</u>
1920 Guarantee deposits paid	20,825	2	18,930	2	17,684	2	Total liabilities	<u>827,937</u>	<u>65</u>	<u>716,462</u>	<u>60</u>	<u>761,924</u>	<u>71</u>
1930 Long-term receivables (note 6 (2) and (13))	55,344	4	75,761	6	78,453	7	31xx Equity (Note (11)):						
Total non-current assets	104,146	8	126,349	10	132,020	12	Share capital:						
							3110 Ordinary shares	220,000	17	220,000	18	145,000	14
							3150 Stock dividends to be distributed	-	-	-	-	43,500	4
								<u>220,000</u>	<u>17</u>	<u>220,000</u>	<u>18</u>	<u>188,500</u>	<u>18</u>
							3200 Capital surplus	133,284	10	133,284	11	26,600	3
							3300 Retained earnings:						
							3310 Legal reserve	35,239	3	25,963	2	25,963	3
							3350 Unappropriated earnings	62,967	5	101,406	9	53,068	5
							Total retained earnings	<u>98,206</u>	<u>8</u>	<u>127,369</u>	<u>11</u>	<u>79,031</u>	<u>8</u>
							Total equity	<u>451,490</u>	<u>35</u>	<u>480,653</u>	<u>40</u>	<u>294,131</u>	<u>29</u>
1xxx Total assets	<u>\$ 1,279,427</u>	<u>100</u>	<u>1,197,115</u>	<u>100</u>	<u>1,056,055</u>	<u>100</u>	23xx Total liabilities and equity	<u>\$ 1,279,427</u>	<u>100</u>	<u>1,197,115</u>	<u>100</u>	<u>1,056,055</u>	<u>100</u>

(See the attached notes to financial statements)

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)
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M-Power Information Co., Ltd.

Statements of Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

Unit: NT \$thousands

	April to June 2023		April to June 2022		January to June 2023		January to June 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 Operating revenue (note 6 (13))	\$ 501,565	101	501,496	100	1,072,018	100	1,089,543	100
4190 Less: Sales discounts and allowances	3,000	1	-	-	3,000	-	-	-
Net operating revenue	498,565	100	501,496	100	1,069,018	100	1,089,543	100
5000 Operating costs (notes 6 (3), (4), (5), (9) and 7)	439,454	88	451,000	90	944,434	88	982,668	90
5900 Gross profit	59,111	12	50,496	10	124,584	12	106,875	10
6000 Operating expenses (notes 6 (2), (4), (5), (8), (9), (14) and 7):								
6100 Selling and marketing expenses	14,524	3	12,030	2	26,901	3	24,923	2
6200 Administrative expenses	8,867	2	8,719	2	17,852	2	16,947	2
6300 Research and development expenses	4,939	1	3,978	1	9,839	1	7,855	1
6450 Expected credit loss (gain)	-	-	(656)	-	(25)	-	126	-
Total operating expenses	28,330	6	24,071	5	54,567	6	49,851	5
6900 Profit From Operations	30,781	6	26,425	5	70,017	6	57,024	5
7000 Non-operating income and expenses (note 6 (8) and (15)):								
7100 Interest income	431	-	42	-	447	-	48	-
7020 Other gains and losses	414	-	424	-	849	-	1,160	-
7050 Finance costs	(1,711)	-	(1,659)	-	(2,978)	-	(2,244)	-
Total non-operating income and expenses	(866)	-	(1,193)	-	(1,682)	-	(1,036)	-
7900 Net profit before tax	29,915	6	25,232	5	68,335	6	55,988	5
7950 Less: Income tax expenses (note 6 (10))	6,184	1	5,661	1	13,898	1	11,561	1
8200 Net income	23,731	5	19,571	4	54,437	5	44,427	4
8300 Other comprehensive income for the period	-	-	-	-	-	-	-	-
8500 Total comprehensive income for the year	\$ 23,731	5	19,571	4	54,437	5	44,427	4
Earnings per share (Unit: NT \$, Note 6 (12))								
9750 Basic earnings per share	\$	1.08	1.04		2.47		2.36	
9850 Diluted earnings per share	\$	1.08	1.03		2.46		2.33	

(See the attached notes to financial statements)

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

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M-Power Information Co., Ltd.

Statements of Changes in Equity

For the six months ended June 30, 2023 and 2022

Unit: NT \$thousands

	Share capital			Capital surplus	Retained earnings			Total equity
	Common Shares	To be distributed Stock dividends	Total Shares		Statutory earnings Surplus reserve	Undistributed Surplus	Total Shares	
Balance at January 1, 2022	\$ 145,000	-	145,000	26,600	18,740	81,114	99,854	271,454
Appropriation and distribution of earnings:								
Legal reserve	-	-	-	-	7,223	(7,223)	-	-
Cash dividends	-	-	-	-	-	(21,750)	(21,750)	(21,750)
Stock dividends	-	43,500	43,500	-	-	(43,500)	(43,500)	-
Net income	-	-	-	-	-	44,427	44,427	44,427
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	44,427	44,427	44,427
Balance at June 30, 2022	\$ 145,000	43,500	188,500	26,600	25,963	53,068	79,031	294,131
Balance at January 1, 2023	\$ 220,000	-	220,000	133,284	25,963	101,406	127,369	480,653
Appropriation and distribution of earnings:								
Legal reserve	-	-	-	-	9,276	(9,276)	-	-
Cash dividends	-	-	-	-	-	(83,600)	(83,600)	(83,600)
Net income	-	-	-	-	-	54,437	54,437	54,437
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	54,437	54,437	54,437
Balance at June 30, 2023	\$ 220,000	-	220,000	133,284	35,239	62,967	98,206	451,490

(See the attached notes to financial statements)

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)
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M-Power Information Co., Ltd.

Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

Unit: NT \$thousands

	<u>January to June 2023</u>	<u>January to June 2022</u>
Cash flows from operating activities:		
Profit before tax	\$ 68,335	55,988
Adjustments:		
Income and expense items		
Depreciation expense	3,756	3,676
Amortization expense	207	60
Expected credit loss (gain)	(25)	126
Interest expense	2,978	2,244
Interest income	(447)	(48)
Total income and expense items	<u>6,469</u>	<u>6,058</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(163)	515
Accounts receivable	(351,980)	(486,920)
Other receivables	220	(20)
Inventories	261,408	(13,162)
Prepayments	(7,346)	(388)
Other current assets	92	(11,335)
Long-term receivables	20,417	(53,153)
Total changes in operating assets	<u>(77,352)</u>	<u>(564,463)</u>
Changes in operating liabilities:		
Contract liabilities	23,037	18,181
Accounts payable	(176,431)	82,881
Other Payables	(20,257)	(10,360)
Other current liabilities	(1,828)	(3,679)
Total changes in operating liabilities	<u>(175,479)</u>	<u>87,023</u>
Total changes in operating assets and liabilities	<u>(252,831)</u>	<u>(477,440)</u>
Total adjustments	<u>(246,362)</u>	<u>(471,382)</u>
Cash outflow generated from operations	(178,027)	(415,394)
Interest received	447	48
Interest paid	(2,978)	(2,244)
Income taxes paid	(11,960)	(15,080)
Net cash used in operating activities	<u>(192,518)</u>	<u>(432,670)</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	-	(5,501)
Proceeds from disposal of financial assets at amortized cost	3,380	-
Acquisition of property, plant and equipment	-	(453)
Increase in refundable deposits	(1,895)	(1,025)
Acquisition of intangible assets	(282)	(286)
Net cash flows from (used in) investing activities	<u>1,203</u>	<u>(7,265)</u>
Cash flows from financing activities:		
Increase in short-term loans	175,572	367,862
Proceeds from long-term borrowings	30,000	-
Repayments of long-term borrowings	(970)	-
Repayment of lease principal	(3,186)	(2,993)
Net cash flows from financing activities	<u>201,416</u>	<u>364,869</u>
Net increase (decrease) in cash and cash equivalents	10,101	(75,066)
Cash and cash equivalents at beginning of period	242,888	163,351
Cash and cash equivalents at end of period	<u>\$ 252,989</u>	<u>88,285</u>

(See the attached notes to financial statements)

M-Power Information Co., Ltd.

Notes to Financial Statements

June 30, 2023 and 2022

(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 September 10, 1999. On December 22, 2021, the Company's shares began to be traded on the Taipei Exchange (TPEX) Emerging Stock Strategy (new version), and on May 3, 2022, the Company began to be traded on the TPEX. In addition, the Company has been listed on the Taipei Exchange since December 14, 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 August 9, 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 January 1, 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"

Amendments to IAS 1 "Non-current liabilities with contract terms"

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

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

information'
Amendment to IFRS 16 "Lease liabilities from sale and leaseback"
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
Amendment to IAS 12, ' Model 2 rules on international tax reform'-

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 amount 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 December 12, 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>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Demand deposits	\$ 252,299	242,198	87,713
Check deposits	690	690	572
	<u>\$ 252,989</u>	<u>242,888</u>	<u>88,285</u>

Please refer to note 6 (16) 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 to the bank for a loan line on June 30, 2023, December 1, 2022 and June 30, 2022, respectively. The demand deposits of NT \$200,000, NT \$3,580,000 and NT \$6,081,000 are used as collateral, which are recorded under financial assets at amortized cost-current. Please refer to Note 8 for more details on collateral.

(2) Notes and accounts receivable

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Notes receivable	\$ 565	402	-
Accounts receivable	825,227	473,247	764,969
Long-term receivables	57,128	78,280	80,921
Less: Allowance for doubtful accounts	-	(25)	(233)
Unrealized interest income-long-term receivables	(1,784)	(2,519)	(2,468)
	<u>\$ 881,136</u>	<u>549,385</u>	<u>843,189</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 on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

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

The expected credit losses of the Company's notes and accounts receivable as of June 30, 2023, December 1, 2022 and June 30, 2022 are analyzed as follows:

	2023.6.30		
	Notes and accounts receivable Carrying amount	Expected weighted average Credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 862,767	-	-
1 to 30 days past due	19,775	-	-
121 to 180 days past due	378		-
	<u>\$ 882,920</u>		<u>-</u>
		2022.12.31	
	Notes and accounts receivable Carrying amount	Expected weighted average Credit loss rate (%)	Loss allowance for lifetime expected credit losses
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
	<u>\$ 551,929</u>		<u>25</u>
		2022.6.30	
	Notes and accounts receivable Carrying amount	Expected weighted average Credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 825,485	-	-
1 to 30 days past due	7,821	-	-
Past due 31-60 days	1,904	0.23	4
61 to 90 days past due	10,680	2.15	229
	<u>\$ 845,890</u>		<u>233</u>

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

The movement in the allowance for notes and accounts receivable for the six months ended June 30, 2023 and 2022 were as follows:

	Year 2023 January to June	Year 2022 January to June
Beginning balance	\$ 25	107
Impairment losses recognized (reversed)	(25)	126
Ending balance	<u>\$ -</u>	<u>233</u>

As of June 30, 2023, December 1, 2022 and June 30, 2022, the Company's accounts receivable were not discounted or pledged as collateral.

(3) Inventories

	2023.6.30	2022.12.31	2022.6.30
Merchandise inventory	\$ 87,092	348,500	59,356
Allowance for inventory valuation losses	(4,199)	(4,199)	(8,998)
	<u>\$ 82,893</u>	<u>344,301</u>	<u>50,358</u>

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

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
Cost of inventories sold	\$ 427,656	439,984	921,162	961,166
Gain on reversal of inventory write-downs	-	106	-	(109)
Service and maintenance costs	11,798	10,910	23,272	21,611
	<u>\$ 439,454</u>	<u>451,000</u>	<u>944,434</u>	<u>982,668</u>

As of June 30, 2023, December 1, 2022 and June 30, 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 June 30, 2023 and 2022 are as follows:

	Office equipment
Costs:	
Balance at January 1, 2023	\$ 5,355
Disposals	(322)
Balance at June 30, 2023	<u>\$ 5,033</u>
Balance at January 1, 2022	\$ 6,772
Additions	453

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

Disposals	(1,977)
Balance at June 30, 2022	<u>\$ 5,248</u>
Accumulated depreciation:	
Balance at January 1, 2023	\$ 3,119
Depreciation	547
Disposals	(322)
Balance at June 30, 2023	<u>\$ 3,344</u>
Balance at January 1, 2022	\$ 4,046
Depreciation	611
Disposals	(1,977)
Balance at June 30, 2022	<u>\$ 2,680</u>
Carrying amounts:	
Balance at January 1, 2023	<u>\$ 2,236</u>
Balance at June 30, 2023	<u>\$ 1,689</u>
Balance at June 30, 2022	<u>\$ 2,568</u>

As of June 30, 2023, December 1, 2022 and June 30, 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:

	<u>Buildings and structures</u>	<u>Transportatio n equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
Balance at June 30, 2023 (Balance as of January 1, 2023)	<u>\$ 43,712</u>	<u>2,659</u>	<u>46,371</u>
Balance at January 1, 2022	\$ 43,996	2,229	46,225
Additions	-	2,659	2,659
Contractual maturities	-	(2,228)	(2,228)
Balance at June 30, 2022	<u>\$ 43,996</u>	<u>2,660</u>	<u>46,656</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	\$ 18,598	739	19,337
Depreciation	2,766	443	3,209
Balance at June 30, 2023	<u>\$ 21,364</u>	<u>1,182</u>	<u>22,546</u>
Balance at January 1, 2022	\$ 13,737	2,167	15,904
Depreciation	2,708	357	3,065
Contractual maturities	-	(2,228)	(2,228)
Balance at June 30, 2022	<u>\$ 16,445</u>	<u>296</u>	<u>16,741</u>

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

Carrying amounts:

Balance at January 1, 2023	\$	<u>25,114</u>	<u>1,920</u>	<u>27,034</u>
Balance at June 30, 2023	\$	<u>22,348</u>	<u>1,477</u>	<u>23,825</u>
Balance at June 30, 2022	\$	<u>27,551</u>	<u>2,364</u>	<u>29,915</u>

(6) Short-term loans

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

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Unsecured loans	\$ <u>326,137</u>	<u>150,565</u>	<u>395,862</u>
Unused credit lines	\$ <u>245,000</u>	<u>351,435</u>	<u>93,000</u>
Interest Rate (%)	<u>2.20 ~ 2.60</u>	<u>1.87 ~ 2.54</u>	<u>1.87 ~ 2.30</u>

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

(7) Long-term borrowings

Details, conditions, and terms of long-term loans of the Company are as follows:

	<u>2023.6.30</u>			
	<u>Currency</u>	<u>Range of interest rates</u>	<u>Maturity date</u>	<u>Amount</u>
Unsecured loans	TWD	2.53	2025.11.19	\$ 29,030
Less: current portion				<u>(11,798)</u>
				\$ <u>17,232</u>
Unused credit lines				\$ <u>-</u>

During the period from January 1, 2023 to June 30, 2023, the Group obtained new borrowings amounting to \$30,000,000, at an interest rate of 2.53%, and the maturity dates are from May 2023 to November 2025. The principal of the borrowings repayable from January 1, 2023 to June 30, 2023 amounted to \$970,000.

(8) Lease liabilities

The carrying amount of lease liabilities was as follows:

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Current	\$ <u>6,461</u>	<u>6,401</u>	<u>6,232</u>
Non-current	<u>18,198</u>	<u>21,444</u>	<u>24,462</u>
Total Shares	\$ <u>24,659</u>	<u>27,845</u>	<u>30,694</u>

For the maturity analysis, please refer to note 6 (16).

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

The amounts recognized in profit or loss were as follows:

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
Interest on lease liabilities	\$ 120	148	247	295
Expenses relating to short-term leases	\$ 6	-	10	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 51	7	57	13

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

	Year 2023 January to June	Year 2022 January to June
Total cash outflow from operating activities	\$ 314	308
Total cash outflow from financing activities	3,186	2,993
Total cash outflow for leases	\$ 3,500	3,301

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.

(9) Employee benefits

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 December 1, 2022 and 2021 and disclosed the pension cost during the interim period.

The pension costs incurred from January 1 to June 30, 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:

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

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January o June
Operating costs	\$ 430	402	840	772
Operating expenses	830	761	1,618	1,456
	<u>\$ 1,260</u>	<u>1,163</u>	<u>2,458</u>	<u>2,228</u>

(10) Income tax

The components of income tax expense were as follows:

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
Current income tax expense	<u>\$ 6,184</u>	<u>5,661</u>	<u>13,898</u>	<u>11,561</u>

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

(11) 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, 2023 and June 30, 2022. For related information, please refer to Note 6 (10) of the 2022 financial report.

1. Earnings distribution

On June 9, 2023, the Company's shareholders' meeting resolved the 2022 earnings distribution plan and on June 10, 2022, the shareholders' meeting resolved the 2021 and annual earnings distribution plans, respectively. 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.

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

(12) Earnings Per Share

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
Basic earnings per share:				
Net income	\$ 23,731	19,571	54,437	44,427
Weighted-average number of ordinary shares outstanding (shares in thousands)	22,000	18,850	22,000	18,850
Basic earnings per share (NT dollars)	\$ 1.08	1.04	2.47	2.36
Diluted earnings per share:				
Net income	\$ 23,731	19,571	54,437	44,427
Weighted-average number of ordinary shares outstanding (shares in thousands)	22,000	18,850	22,000	18,850
Dilutive potential ordinary shares-employee remuneration (Unit: thousand shares)	66	133	106	215
Weighted-average number of shares outstanding used in the computation of diluted earnings per share (in thousands)	22,066	18,983	22,106	19,065
Diluted earnings per share (NT dollars)	\$ 1.08	1.03	2.46	2.33

(13) Revenue from contracts with customers

1. Disaggregation of revenue

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
Primary geographical markets:				
Taiwan	\$ 497,177	500,829	1,066,920	1,086,816
Other countries	1,388	667	2,098	2,727
	\$ 498,565	501,496	1,069,018	1,089,543
Major products/services lines:				
Sale of computer software	\$ 472,231	480,957	1,014,986	1,048,705

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

Service and maintenance income	29,164	20,443	56,690	40,646
Other:	170	96	342	192
Less: Sales returns and allowances	(3,000)	-	(3,000)	-
	<u>\$ 498,565</u>	<u>501,496</u>	<u>1,069,018</u>	<u>1,089,543</u>

2. Contract balances

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Notes and accounts receivable (including long-term receivables)	\$ 882,920	551,929	845,890
Less: Allowance for doubtful accounts	-	(25)	(233)
Less: Unrealized interest revenue	<u>(1,784)</u>	<u>(2,519)</u>	<u>(2,468)</u>
Total Shares	<u>\$ 881,136</u>	<u>549,385</u>	<u>843,189</u>
Contract liabilities	<u>\$ 58,096</u>	<u>35,059</u>	<u>55,505</u>

For details on 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 \$23,307,000, \$7,615,000, \$35,059,000 and \$16,386,000 for the periods from April 1 to June 30, 2023 and 2022 and January 1 to June 30, 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.

(14) Remuneration to employees, directors and supervisors

In accordance with the Company's Articles of Incorporation amended on August 18, 2021, 10% of the profit, if any, shall be appropriated as employee compensation and no more than 3% of the profit shall be appropriated as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. In addition, on January 24, 2022, due to the re-election of directors and supervisors, the Company's Articles of Incorporation were amended to replace the supervisors by the Audit Committee, and the remuneration of directors and supervisors was revised to the remuneration of directors and supervisors. The remuneration of directors in the preceding paragraph can only be paid in cash.

For the period from April 1 to June 30, 2023 and 2022, and for the period from

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

January 1 to June 30, 2022, the estimated amount of employee compensation was NT \$4,892,000, NT \$5,500,000, NT \$9,392,000 and NT \$9,500,000, respectively, and the estimated amount of remuneration of directors and supervisors was NT \$360,000, NT \$1,200,000, NT \$720,000 and NT \$2,000,000, respectively. The estimated amount was based on the net profit before tax of each period of the Company before deducting the remuneration of employees, directors and supervisors, multiplied by the distribution ratio of remuneration of employees, directors and supervisors as stipulated in the Company's Articles of Association, and was recognized as operating expenses for that period. 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 December 1, 2022 and 2021, employees' compensation was accrued at \$15,795,000 and \$14,000,000, respectively; while directors' and supervisors' remuneration was 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.

(15) Non-operating income and expenses

1. Interest income

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
Interest on bank deposits	\$ 428	40	440	44
Interest income from deposit	3	2	7	4
	<u>\$ 431</u>	<u>42</u>	<u>447</u>	<u>48</u>

2. Other gains and losses

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
Foreign exchange gains (losses), net	\$ (205)	(19)	(17)	133
Other benefits	619	443	866	1,027
	<u>\$ 414</u>	<u>424</u>	<u>849</u>	<u>1,160</u>

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

3. FINANCE COSTS

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
Interest expense:				
Bank loans	\$ 1,591	1,511	2,731	1,949
Lease liabilities	120	148	247	295
	<u>\$ 1,711</u>	<u>1,659</u>	<u>2,978</u>	<u>2,244</u>

(16) 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 risk

(1) Maximum credit risk exposure

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

(2) Concentration of credit risk

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

(3) Credit risk of receivables

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

2. Liquidity risk

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

	Carrying Amount	Contract				
		Cash flow	Within 1 year	12 years	25 years	Over 5 years
June 30, 2023						
Non-derivative financial liabilities						
Short-term loans	\$ 326,137	326,137	326,137	-	-	-
Accounts payable	248,351	248,351	248,351	-	-	-
Other Payables	40,414	40,414	40,414	-	-	-
Lease liabilities	24,659	24,659	6,461	6,278	11,920	-
Payables for dividends	83,600	83,600	83,600	-	-	-
Long-term loans	29,030	29,030	11,798	12,100	5,132	-
	<u>\$ 752,191</u>	<u>752,191</u>	<u>716,761</u>	<u>18,378</u>	<u>17,052</u>	<u>-</u>

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

December 1, 2022

Non-derivative financial liabilities						
Short-term loans	\$ 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	-
	\$ 663,863	663,863	642,419	6,521	14,923	-

June 30, 2022

Non-derivative financial liabilities						
Short-term loans	\$ 395,862	395,862	395,862	-	-	-
Accounts payable	193,096	193,096	193,096	-	-	-
Other Payables	47,346	47,346	47,346	-	-	-
Lease liabilities	30,694	30,694	6,232	6,350	17,398	714
Payables for dividends	21,750	21,750	21,750	-	-	-
	\$ 688,748	688,748	664,286	6,350	17,398	714

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 risk

(1) Exposure to currency risk

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

	2023.6.30			2022.12.31			2022.6.30		
	Foreign currencies	Exchange Rate	TWD	Foreign currencies	Exchange Rate	TWD	Foreign currencies	Exchange Rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 16	31.69	507	25	30.66	760	72	29.67	1,940
RMB	24	4.25	102	24	4.380	105	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	67	31.03	2,079	200	30.75	6,149	31	29.77	937

(2) Sensitivity analysis

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

(3) Exchange gains and losses of monetary items

Please refer to Note 6 (15) for the exchange gains and losses of monetary items of the Company.

4. Interest rate analysis

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

The short-term and long-term borrowings of the Company are at fixed interest rates, so there is no significant interest rate risk.

5. Fair value information

(1) Categories and fair value of financial instruments

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	2023.6.30				
	Carrying Amount	Fair value			Total Shares
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 252,989	-	-	-	-
Financial assets at amortized cost-current	200	-	-	-	-
Notes and accounts receivable	825,792	-	-	-	-
Guarantee deposits paid	20,825	-	-	-	-
Long-term receivables	55,344	-	-	-	-
Total Shares	<u>\$ 1,155,150</u>	-	-	-	-
Financial liabilities at amortized cost					
Short-term loans	\$ 326,137	-	-	-	-
Accounts payable	248,351	-	-	-	-
OTHER PAYABLES	40,414	-	-	-	-
Lease liabilities	24,659	-	-	-	-
Payables for dividends	83,600	-	-	-	-
Long-term loans	29,030	-	-	-	-
Total Shares	<u>\$ 752,191</u>	-	-	-	-

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

2022.12.31					
		Fair value			Total
Carrying		Level 1	Level 2	Level 3	Shares
Amount					Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 242,888	-	-	-	-
Financial assets at amortized cost-current	3,580	-	-	-	-
Notes and accounts receivable	473,624	-	-	-	-
Other receivables	220	-	-	-	-
Guarantee deposits paid	18,930	-	-	-	-
Long-term receivables	75,761	-	-	-	-
Total Shares	\$ 815,003	-	-	-	-
Financial liabilities at amortized cost					
Short-term loans	\$ 150,565	-	-	-	-
Accounts payable	424,782	-	-	-	-
Other Payables	60,671	-	-	-	-
Lease liabilities	27,845	-	-	-	-
Total Shares	\$ 663,863	-	-	-	-
2022.6.30					
		Fair value			Total
Carrying		Level 1	Level 2	Level 3	Total
Amount					Shares
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 88,285	-	-	-	-
Financial assets at amortized cost-current	6,081	-	-	-	-
Notes and accounts receivable	764,736	-	-	-	-
Other receivables	61	-	-	-	-
Guarantee deposits paid	17,684	-	-	-	-
Long-term receivables	78,453	-	-	-	-
Total Shares	\$ 955,300	-	-	-	-
Financial liabilities at amortized cost					
Short-term loans	\$ 395,862	-	-	-	-
Accounts payable	193,096	-	-	-	-
Other Payables	47,346	-	-	-	-
Lease liabilities	30,694	-	-	-	-
Payables for dividends	21,750	-	-	-	-

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

Total Shares \$ 688,748 - - - -

There was no transfer of financial assets and liabilities between January 1 and June 30, 2023 and 2022.

(17) Financial risk management

The Company's financial risk management objectives and policies did not change significantly from those disclosed in Note 6 (17) of the Company's 2022 financial statements.

(18) Capital management

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

The gearing ratios as at June 30, 2023 and December 1, 2022 and June 30, 2022 were as follows:

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Total liabilities	\$ 827,937	716,462	761,924
Less: Cash and cash equivalents	<u>(252,989)</u>	<u>(242,888)</u>	<u>(88,285)</u>
Net debt	<u>\$ 574,948</u>	<u>473,574</u>	<u>673,639</u>
Total capital	<u>\$ 451,490</u>	<u>480,653</u>	<u>294,131</u>
Debt-to-equity ratio	<u>127.34%</u>	<u>98.53%</u>	<u>229.03%</u>

The increase in the debt-to-capital ratio on June 30, 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.

(19) Financing activities not affecting current cash flow

The Company acquired right-of-use assets by means of lease from January 1 to June 30, 2023 and 2022. Please refer to Note 6 (5) and (8) for details.

Reconciliation of liabilities arising from financing activities for the six months ended June 30, 2023 and 2022 were as follows:

	<u>2023.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>2023.6.30</u>
			<u>Additions</u>	<u>Cancel</u>	
Short-term loans	\$ 150,565	175,572	-	-	326,137
Long-term loans	-	29,030	-	-	29,030
Lease liabilities	<u>27,845</u>	<u>(3,186)</u>	<u>-</u>	<u>-</u>	<u>24,659</u>
Total liabilities from financing activities	<u>\$ 178,410</u>	<u>201,416</u>	<u>-</u>	<u>-</u>	<u>379,826</u>

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

	2022.1.1	Cash flow	Non-cash changes		2022.6.30
			Additions	Cancel	
Short-term loans	\$ 28,000	367,862	-	-	395,862
Lease liabilities	31,028	(2,993)	2,659	-	30,694
Total liabilities from financing activities	\$ 59,028	364,869	2,659	-	426,556

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.

Name of related parties	Relationship with the Company
Ares International Corp.	The entity with significant influence over the Company
Chin-Lung, Hsu	Key management personnel of the Corporation
Han-Lin Lee	Key management personnel of the Corporation

(2) Significant transactions with related parties

1. Purchases

The amounts of purchases by the Company from related parties were as follows:

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
The entity with significant influence over the Company	\$ -	1,650	-	1,650

There were no significant differences between the terms and pricing of purchase transactions with related parties and those carried out with other normal vendors. The payment terms for related parties were 3075 days, which were not materially different from those carried out with other normal vendors.-

2. Payables to related parties

The payables to related parties were as follows:

Account	Type of related party	2023.6.30	2022.12.31	2022.6.30
Accounts payable	The entity with significant influence over the Company	\$ -	1,108	886

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

3. Endorsements and guarantees

Chin-Lung, Hsu and Han-Lin Li, key management personnel of the Company, are the joint and several guarantors for the Company's borrowings from financial institutions in the form of credit guarantees from January 1 to June 30, 2023 and 2022.

(3) Compensation of key management personnel

	Year 2023 April to June	Year 2022 April to June	Year 2023 January to June	Year 2022 January to June
Short-term employee benefits	\$ 5,444	3,931	10,390	8,157
Retirement benefits	200	199	298	287
	<u>\$ 5,644</u>	<u>4,130</u>	<u>10,688</u>	<u>8,444</u>

8. Pledged Assets

The carrying values of pledged assets were as follows:

Assets	Pledge guarantee subject	2023.6.30	2022.12.31	2022.6.30
Financial assets at amortized cost-current:				
Restricted deposits	Short-term borrowings and tariff guarantee	<u>\$ 200</u>	<u>3,580</u>	<u>6,081</u>

9. Significant Contingent Liabilities And Unrecognized Commitments: None.

10. Significant Disaster Loss: None.

11. Significant subsequent events: None.

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

12. Others

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

Function Nature	April to June 2023			April to June 2022		
	Operating costs	Operating expenses	Total Shares	Operating costs	Operating expenses	Total Shares
Employee benefits expense						
Wages and salaries	9,005	20,037	29,042	8,436	17,210	25,646
Labor and health insurance	723	1,385	2,108	650	1,318	1,968
Pension expense	430	830	1,260	402	761	1,163
Other employee benefits	383	694	1,077	452	907	1,359
Depreciation expense	513	1,365	1,878	511	1,349	1,860
Amortization expense	37	70	107	10	20	30

Function Nature	January to June 2023			January to June 2022		
	Operating costs	Operating expenses	Total Shares	Operating costs	Operating expenses	Total Shares
Employee benefits expense						
Wages and salaries	17,832	39,076	56,908	16,260	34,625	50,885
Labor and health insurance	1,566	3,127	4,693	1,643	3,092	4,735
Pension expense	840	1,618	2,458	772	1,456	2,228
Other employee benefits	782	1,522	2,304	828	1,428	2,256
Depreciation expense	1,021	2,735	3,756	1,047	2,629	3,676
Amortization expense	72	135	207	21	39	60

(2) Seasonality of operations:

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

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

13. Other disclosures

- (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 Corp.	4,078,015	18.53%
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.