

Sensitivity Analyses for Major Risks

Raw Material Shortage/Lead Time Issues

Note: Raw material shortage and long lead time are prolonging to 20221H, it is estimated raw material price increase would continue and spot market buy is still needed. Around 60% of cost increase may likely pass through to selling price, so net impact on profit estimate to be 40%

US\$M	HQ buying AMT	Cost Increase%	Net Profit Impact
Scenario A: Optimistic	1000	1%	4
Scenario B: Base case	1000	3%	12
Scenario C: Worst case	1000	5%	20

High Inventory and Devaluation

Note: Owing to long-short materials and production order placing issues, raw material inventories continue to increase. It is estimated 20% of the inventory would be held for over 1-yr, and lead to 30% provision in 2022.

US\$M	Avg annual inventory increased A	DOH over 1yr B = A*20%	Increased Provision C = B*30%
Scenario A: Optimistic	150	30	9
Scenario B: Base case	200	40	12
Scenario C: Worst case	250	50	15

Suspension of Single Production Hub

Note: Owing to force majeure events like natural disaster, epidemic, electricity shortage, and issues like non-compliance of local regulation, it may lead to suspension of either Taiwan or Kunshan's production hubs. This may largely delay or reduce revenues, and may lead to extra cost/expenses.

US\$M	Suspension Period	Inventory Shipment Feasible	Revenue Delayed %	Revenue Delayed	Profit Impact
Scenario A: Optimistic	1 week	Y	5%	9	1
Scenario A: Optimistic	1 week	N	12%	22	2
Scenario B: Base case	1 month	Y	28%	53	9
Scenario B: Base case	1 month	N	50%	95	16
Scenario C: Worst case	2 months	Y	32%	120	23
Scenario C: Worst case	2 months	N	50%	190	32

Global Inflation and Market Demand Decline

Note: Due to factors such as rising raw material and energy prices caused by the Russia-Ukraine war, China's epidemic control, and monetary policy tightening in Europe and US, market demand in various regions may slow down after mid-2022

US\$M	2H order decline %	Revenue Impact
Scenario A: Optimistic	3%	35
Scenario B: Base case	5%	58
Scenario C: Worst case	8%	92

Cyber Security/Hacker Invasion

Note: Large-scale hacking incidents, resulting in network interruption, email and major application system failure may cause employee productivity losses. Other losses such as data encryption or leakage losses, goodwill losses, etc. are not included in the calculation due to diverse impact case by case.

US\$M	# of Days Shut down	Productivity Loss
Scenario A: Optimistic	1	0.9
Scenario B: Base case	7	4.6
Scenario C: Worst case	15	9.9