

**RUBY TECH CORPORATION  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT**

**NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

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For the convenience of readers and for information purpose only, the auditors' review 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' review report and financial statements shall prevail.

## **INDEPENDENT AUDITORS' REVIEW REPORT**

Ruby Tech Corp.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Ruby Tech Corp. and its subsidiaries as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Lin, Shu-Ju and Chang, Chun-I.

Deloitte & Touche

Taipei, Taiwan

Republic of China

November 7, 2024

Notice to Readers

*For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.*

**RUBY TECH CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

September 30, 2024, December 31, 2023 and September 30, 2023

Unit: NT\$ thousand

| Code  | Assets   | September 30, 2024  |            | December 31, 2023   |            | September 30, 2023  |            |  |
|---|--|---------------------|------------|---------------------|------------|---------------------|------------|--|
|   |  | Amount              | %          | Amount              | %          | Amount              | %          |  |
| <b>Current Assets</b>   |  |                     |            |                     |            |                     |            |  |
| 1100  | Cash and cash equivalents (Notes 4 and 6)  | \$ 124,661          | 10         | \$ 286,331          | 17         | \$ 311,299          | 18         |  |
| 1110  | Current financial assets measured at fair value through profit or loss (Notes 4 and 7)             | 31,728              | 2          | 33,621              | 2          | 30,481              | 2          |  |
| 1120  | Current financial assets measured at fair value through other comprehensive income (Notes 4 and 8) | 68,820              | 5          | 75,796              | 5          | 73,856              | 4          |  |
| 1136  | Current financial assets measured at amortized cost (Notes 4, 9 and 30)                            | 403,801             | 31         | 247,831             | 15         | 203,584             | 12         |  |
| 1150  | Notes receivable (Notes 4 and 10)  | -                   | -          | 3,547               | -          | -                   | -          |  |
| 1170  | Accounts receivable (Notes 4, 10 and 23)   | 137,805             | 11         | 351,534             | 21         | 207,265             | 12         |  |
| 1200  | Other receivables (Notes 4, 10 and 28)   | 3,768               | -          | 33,392              | 2          | 212,784             | 13         |  |
| 1220  | Income tax receivable for the current period (Note 4)  | 8,694               | 1          | -                   | -          | -                   | -          |  |
| 130X  | Inventories (Notes 4, 5 and 11)  | 214,962             | 16         | 339,180             | 20         | 381,594             | 23         |  |
| 1422  | Current prepayments for investments (Note 16)  | 19,393              | 1          | -                   | -          | -                   | -          |  |
| 1470  | Other current assets (Note 16)   | 10,855              | 1          | 6,544               | 1          | 6,038               | -          |  |
| 11XX  | <b>Total current assets</b>  | <b>1,024,487</b>    | <b>78</b>  | <b>1,377,776</b>    | <b>83</b>  | <b>1,426,901</b>    | <b>84</b>  |  |
| <b>Non-Current Assets</b>                                     |  |                     |            |                     |            |                     |            |  |
| 1600  | Property, plant and equipment (Notes 4 and 13)   | 260,976             | 20         | 257,100             | 16         | 250,295             | 15         |  |
| 1755  | Right-of-use assets (Notes 4 and 14)   | 2,817               | -          | 6,351               | -          | 5,793               | -          |  |
| 1780  | Other intangible assets (Notes 4 and 15)   | 4,449               | 1          | 5,041               | -          | 4,927               | -          |  |
| 1840  | Deferred income tax assets (Note 4)  | 13,521              | 1          | 16,664              | 1          | 11,980              | 1          |  |
| 1990  | Other non-current assets (Note 16)   | 3,831               | -          | 3,814               | -          | 3,618               | -          |  |
| 15XX  | <b>Total non-current assets</b>  | <b>285,594</b>      | <b>22</b>  | <b>288,970</b>      | <b>17</b>  | <b>276,613</b>      | <b>16</b>  |  |
| 1XXX  | <b>Total Assets</b>  | <b>\$ 1,310,081</b> | <b>100</b> | <b>\$ 1,666,746</b> | <b>100</b> | <b>\$ 1,703,514</b> | <b>100</b> |  |
| Code  | <b>Liabilities and Equity</b>  |                     |            |                     |            |                     |            |  |
| <b>Current Liabilities</b>                                    |  |                     |            |                     |            |                     |            |  |
| 2130  | Contract liabilities - current (Notes 4 and 23)  | \$ 21,395           | 2          | \$ 21,182           | 1          | \$ 29,496           | 2          |  |
| 2150  | Notes payable (Note 17)  | 29,160              | 2          | 96,003              | 6          | 123,168             | 7          |  |
| 2170  | Accounts payable (Note 17)   | 37,077              | 3          | 120,198             | 7          | 218,960             | 13         |  |
| 2219  | Other payables (Note 18)   | 80,943              | 6          | 122,944             | 8          | 100,702             | 6          |  |
| 2230  | Income tax payable for the current period (Note 4)   | 18,444              | 2          | 74,369              | 5          | 54,782              | 3          |  |
| 2250  | Liability provisions - current (Notes 4 and 19)  | 2,277               | -          | 1,582               | -          | 1,463               | -          |  |
| 2280  | Current lease liabilities (Notes 4 and 14)   | 2,833               | -          | 4,717               | -          | 3,842               | -          |  |
| 2399  | Other current liabilities (Note 18)  | 3,081               | -          | 3,710               | -          | 1,717               | -          |  |
| 21XX  | <b>Total current liabilities</b>   | <b>195,210</b>      | <b>15</b>  | <b>444,705</b>      | <b>27</b>  | <b>534,130</b>      | <b>31</b>  |  |
| <b>Non-Current Liabilities</b>                                |  |                     |            |                     |            |                     |            |  |
| 2570  | Deferred income tax liabilities (Note 4)   | 420                 | -          | 905                 | -          | 2,712               | -          |  |
| 2580  | Lease liabilities - non-current (Notes 4 and 14)   | -                   | -          | 1,649               | -          | 1,961               | -          |  |
| 2640  | Net defined benefit liability - non-current (Notes 4 and 20)                                       | 4,085               | -          | 12,450              | 1          | 13,594              | 1          |  |
| 2670  | Other non-current liabilities (Note 18)  | 209                 | -          | 199                 | -          | 4                   | -          |  |
| 25XX  | <b>Total Non-Current Liabilities</b>   | <b>4,714</b>        | <b>-</b>   | <b>15,203</b>       | <b>1</b>   | <b>18,271</b>       | <b>1</b>   |  |
| 2XXX  | <b>Total Liabilities</b>   | <b>199,924</b>      | <b>15</b>  | <b>459,908</b>      | <b>28</b>  | <b>552,401</b>      | <b>32</b>  |  |
| <b>Equity attributable to owners of the Company (Note 21)</b> |  |                     |            |                     |            |                     |            |  |
| 3110  | Capital – common stock   | 577,838             | 44         | 561,030             | 34         | 561,030             | 33         |  |
| 3200  | Capital surplus  | 38,969              | 3          | 38,969              | 2          | 38,969              | 2          |  |
|   | Retained earnings  |                     |            |                     |            |                     |            |  |
| 3310  | Legal reserve  | 210,984             | 16         | 185,474             | 11         | 185,474             | 11         |  |
| 3350  | Undistributed earnings   | 291,050             | 22         | 405,749             | 24         | 351,505             | 21         |  |
| 3300  | Total retained earnings  | 502,034             | 38         | 591,223             | 35         | 536,979             | 32         |  |
| 3400  | Other equity interest  | ( 6,343 )           | -          | 17,957              | 1          | 16,476              | 1          |  |
| 3500  | Treasury shares (Note 22)  | ( 2,341 )           | -          | ( 2,341 )           | -          | ( 2,341 )           | -          |  |
| 3XXX  | <b>Total Equity</b>  | <b>1,110,157</b>    | <b>85</b>  | <b>1,206,838</b>    | <b>72</b>  | <b>1,151,113</b>    | <b>68</b>  |  |
| <b>Total Liabilities and Equity</b>                           |  | <b>\$ 1,310,081</b> | <b>100</b> | <b>\$ 1,666,746</b> | <b>100</b> | <b>\$ 1,703,514</b> | <b>100</b> |  |

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

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended September 30, 2024 and 2023 and the nine months ended September 30, 2024 and 2023

Unit: NT\$ thousand Except Earnings Per Share (NTD dollars)

| Code  | Description     | For the three months ended September 30 |                  | For the nine months ended September 30 |                  |                |
|---|-----------------|---|------------------|--|------------------|----------------|
|   |                 | 2024                                    |                  | 2024                                   |                  |                |
|   |                 | Amount                                  | %                | Amount                                 | %                |                |
| Operating Revenue (Notes 4, 23 and 29)  |                 |   |                  |  |                  |                |
| 4100 Sales revenue  | \$ 185,655      | 98                                      | \$ 519,826       | 98                                     | \$ 738,854       | 97             |
| 4800 Other operating revenue  | 3,026           | 2                                       | 8,731            | 2                                      | 26,734           | 3              |
| 4000 Total operating revenue  | <u>188,681</u>  | <u>100</u>                              | <u>528,557</u>   | <u>100</u>                             | <u>765,588</u>   | <u>100</u>     |
| Operating Costs (Notes 4, 11, 20 and 24)  |                 |   |                  |  |                  |                |
| 5110 Cost of goods sold   | 126,665         | 67                                      | 373,859          | 71                                     | 514,852          | 67             |
| 5800 Other operating costs  | 3,658           | 2                                       | 8,595            | 1                                      | 18,288           | 3              |
| 5000 Total operating costs  | <u>130,323</u>  | <u>69</u>                               | <u>382,454</u>   | <u>72</u>                              | <u>533,140</u>   | <u>70</u>      |
| 5900 Gross Profit   | <u>58,358</u>   | <u>31</u>                               | <u>146,103</u>   | <u>28</u>                              | <u>232,448</u>   | <u>30</u>      |
| Operating Expenses (Notes 20 and 24)  |                 |   |                  |  |                  |                |
| 6100 Marketing expenses   | 10,857          | 6                                       | 27,880           | 5                                      | 43,334           | 6              |
| 6200 Administrative expenses  | 11,471          | 6                                       | 11,563           | 2                                      | 32,194           | 4              |
| 6300 Research and development expenses  | 21,027          | 11                                      | 24,238           | 5                                      | 62,496           | 8              |
| 6450 Expected credit impairment losses (Note 10)  | 363             | -                                       | 253              | -                                      | 411              | -              |
| 6000 Total operating expenses   | <u>43,718</u>   | <u>23</u>                               | <u>63,934</u>    | <u>12</u>                              | <u>138,435</u>   | <u>18</u>      |
| 6900 Operating Net Profit   | <u>14,640</u>   | <u>8</u>                                | <u>82,169</u>    | <u>16</u>                              | <u>94,013</u>    | <u>12</u>      |
| Non-Operating Revenue and Expenses (Note 24)  |                 |   |                  |  |                  |                |
| 7010 Other income   | 2,198           | 1                                       | 3,486            | 1                                      | 3,592            | 1              |
| 7020 Other gain and losses  | ( 6,896)        | ( 4)                                    | 16,833           | 3                                      | 12,821           | 2              |
| 7050 Finance costs  | ( 17)           | -                                       | ( 15)            | -                                      | ( 42)            | -              |
| 7100 Interest income  | 3,725           | 2                                       | 1,642            | -                                      | 8,996            | 1              |
| 7000 Total Non-Operating Income and Expenses  | <u>( 990)</u>   | <u>( 1)</u>                             | <u>21,946</u>    | <u>4</u>                               | <u>25,367</u>    | <u>4</u>       |
| 7900 Net Profit Before Tax  | <u>13,650</u>   | <u>7</u>                                | <u>104,115</u>   | <u>20</u>                              | <u>119,380</u>   | <u>16</u>      |
| 7950 Income Tax Expense (Notes 4 and 25)  | <u>3,806</u>    | <u>2</u>                                | <u>19,367</u>    | <u>4</u>                               | <u>27,565</u>    | <u>4</u>       |
| 8200 Net Profit for the Current Period  | <u>9,844</u>    | <u>5</u>                                | <u>84,748</u>    | <u>16</u>                              | <u>91,815</u>    | <u>12</u>      |
| Other Comprehensive Income (Loss) (Note 21)   |                 |   |                  |  |                  |                |
| 8310 Items that may not be reclassified to profit or loss   |                 |   |                  |  |                  |                |
| 8316 Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income | ( 9,968)        | ( 5)                                    | ( 1,635)         | -                                      | ( 21,349)        | ( 3)           |
|   | <u>( 9,968)</u> | <u>( 5)</u>                             | <u>( 1,635)</u>  | <u>-</u>                               | <u>( 21,349)</u> | <u>( 3)</u>    |
|   |                 |   |                  |  |                  |                |
| 8360 Items that may be subsequently reclassified to profit or loss  |                 |   |                  |  |                  |                |
| 8361 Exchange differences on translation of foreign financial statements  | 310             | -                                       | 875              | -                                      | 1,159            | -              |
| 8399 Income tax related to items that may be reclassified (Notes 4 and 25)  | ( 61)           | -                                       | ( 175)           | -                                      | ( 231)           | -              |
|   | <u>( 249)</u>   | <u>-</u>                                | <u>( 700)</u>    | <u>-</u>                               | <u>( 928)</u>    | <u>-</u>       |
|   |                 |   |                  |  |                  |                |
| 8300 Other comprehensive income (after tax) for the period  | <u>( 9,719)</u> | <u>( 5)</u>                             | <u>( 935)</u>    | <u>-</u>                               | <u>( 20,421)</u> | <u>( 3)</u>    |
|   |                 |   |                  |  |                  |                |
| 8500 The Consolidated Total Comprehensive Income for the Period   | <u>\$ 125</u>   | <u>-</u>                                | <u>\$ 83,813</u> | <u>16</u>                              | <u>\$ 71,394</u> | <u>9</u>       |
|   |                 |   |                  |  |                  |                |
| 8610 Net Profit Attributable to the Owner of the Company  | <u>\$ 9,844</u> | <u>5</u>                                | <u>\$ 84,748</u> | <u>16</u>                              | <u>\$ 91,815</u> | <u>12</u>      |
|   |                 |   |                  |  |                  |                |
| 8710 The Total Comprehensive Profit and Loss Attributable to the Owner of the Company   | <u>\$ 125</u>   | <u>-</u>                                | <u>\$ 83,813</u> | <u>16</u>                              | <u>\$ 71,394</u> | <u>9</u>       |
|   |                 |   |                  |  |                  |                |
| Earnings per Share (Note 26)  |                 |   |                  |  |                  |                |
| 9750 Basic  | <u>\$ 0.17</u>  |   | <u>\$ 1.47</u>   |  | <u>\$ 1.59</u>   | <u>\$ 3.32</u> |
| 9850 Dilution   | <u>\$ 0.17</u>  |   | <u>\$ 1.46</u>   |  | <u>\$ 1.58</u>   | <u>\$ 3.29</u> |

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

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Nine Months Ended September 30, 2024 and 2023

Unit: NT\$ thousand

| Code |  | Capital – Common Stock | Capital Surplus |                  |                             | Retained Earnings |                        | Other Equity Interest   |  | Treasury Shares | Total Equity |
|------|--|------------------------|-----------------|------------------|-----------------------------|-------------------|------------------------|---|--|-----------------|--------------|
|      |  |                        | Share Premium   | Received Gift(s) | Treasury Share Transactions | Legal Reserve     | Undistributed Earnings | Exchange Differences on Translation of Foreign Financial Statements | Assets Measured at Fair Value Through Other Comprehensive Income |                 |              |
| A1   | Balance as of January 1, 2023  | \$ 544,712             | \$ 26,756       | \$ 173           | \$ 12,040                   | \$ 165,827        | \$ 306,276             | (\$ 2,049)  | \$ 17,287  | (\$ 2,341)      | \$ 1,068,681 |
|      | Appropriation and distribution of earnings for 2022  |                        |                 |                  |                             |                   |                        |   |  |                 |              |
| B1   | Legal reserve  | -                      | -               | -                | -                           | 19,647            | ( 19,647 )             | -   | -  | -               | -            |
| B5   | Shareholders' cash dividends   | -                      | -               | -                | -                           | -                 | ( 119,665 )            | -   | -  | -               | ( 119,665 )  |
| B9   | Shareholders' share dividends  | 16,318                 | -               | -                | -                           | -                 | ( 16,318 )             | -   | -  | -               | -            |
| D1   | Net profit for the nine months ended September 30, 2023  | -                      | -               | -                | -                           | -                 | 191,695                | -   | -  | -               | 191,695      |
| D3   | Other comprehensive income (loss) after tax for the nine months ended September 30, 2023       | -                      | -               | -                | -                           | -                 | -                      | 10  | 10,392   | -               | 10,402       |
| D5   | Total comprehensive income for the nine months ended September 30, 2023                        | -                      | -               | -                | -                           | -                 | 191,695                | 10  | 10,392   | -               | 202,097      |
| Q1   | Disposal of investments in equity instruments at fair value through other comprehensive income | -                      | -               | -                | -                           | -                 | 9,164                  | -   | ( 9,164 )  | -               | -            |
| Z1   | Balance as of September 30, 2023   | \$ 561,030             | \$ 26,756       | \$ 173           | \$ 12,040                   | \$ 185,474        | \$ 351,505             | (\$ 2,039)  | \$ 18,515  | (\$ 2,341 )     | \$ 1,151,113 |
| A1   | Balance as of January 1, 2024  | \$ 561,030             | \$ 26,756       | \$ 173           | \$ 12,040                   | \$ 185,474        | \$ 405,749             | (\$ 2,498 )   | \$ 20,455  | (\$ 2,341 )     | \$ 1,206,838 |
|      | Appropriation and distribution of earnings for 2023  |                        |                 |                  |                             |                   |                        |   |  |                 |              |
| B1   | Legal reserve  | -                      | -               | -                | -                           | 25,510            | ( 25,510 )             | -   | -  | -               | -            |
| B5   | Shareholders' cash dividends   | -                      | -               | -                | -                           | -                 | ( 168,075 )            | -   | -  | -               | ( 168,075 )  |
| B9   | Shareholders' share dividends  | 16,808                 | -               | -                | -                           | -                 | ( 16,808 )             | -   | -  | -               | -            |
| D1   | Net Profit for the nine months ended September 30, 2024  | -                      | -               | -                | -                           | -                 | 91,815                 | -   | -  | -               | 91,815       |
| D3   | Other comprehensive income (loss) after tax for the nine months ended September 30, 2024       | -                      | -               | -                | -                           | -                 | -                      | 928   | ( 21,349 )   | -               | ( 20,421 )   |
| D5   | Total comprehensive income for the nine months ended September 30, 2024                        | -                      | -               | -                | -                           | -                 | 91,815                 | 928   | ( 21,349 )   | -               | 71,394       |
| Q1   | Disposal of investments in equity instruments at fair value through other comprehensive income | -                      | -               | -                | -                           | -                 | 3,879                  | -   | ( 3,879 )  | -               | -            |
| Z1   | Balance as of September 30, 2024   | \$ 577,838             | \$ 26,756       | \$ 173           | \$ 12,040                   | \$ 210,984        | \$ 291,050             | (\$ 1,570 )   | (\$ 4,773 )  | (\$ 2,341 )     | \$ 1,110,157 |

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

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months Ended September 30, 2024 and 2023

Unit: NT\$ thousand

| Code          | Description   | Nine Months Ended September 30 |                   |
|---------------|---|--------------------------------|-------------------|
|               |   | 2024                           | 2023              |
| <b>A10000</b> | <b>Cash Flows from Operating Activities</b>                                       |                                |                   |
| A10000        | Net profit before tax for the period  | \$ 119,380                     | \$ 239,157        |
| A20010        | Income and expense items:   |                                |                   |
| A20100        | Depreciation expense  | 11,521                         | 10,777            |
| A20200        | Amortization expense  | 1,269                          | 1,434             |
| A20300        | Expected credit impairment losses   | 411                            | 279               |
| A20400        | Net losses (gains) on financial assets at fair value through profit or loss       | 1,893                          | ( 3,687)          |
| A20900        | Finance costs   | 42                             | 30                |
| A21200        | Interest income   | ( 8,996)                       | ( 7,359)          |
| A21300        | Dividend revenue  | ( 1,355)                       | ( 2,918)          |
| A22500        | Gain on disposal of property, plant and equipment                                 | ( 9)                           | -                 |
| A23700        | Loss for inventory depreciation and slow-moving inventories                       | 4,679                          | 15,869            |
| A24100        | Unrealized foreign exchange net losses (gains)                                    | 2,933                          | ( 11,162)         |
| A29900        | Provisions for liabilities  | 695                            | 330               |
| A30000        | Net changes in operating assets and liabilities                                   |                                |                   |
| A31130        | Notes receivable  | 3,547                          | 331               |
| A31150        | Accounts receivable   | 207,322                        | ( 105,930)        |
| A31180        | Other receivables   | 30,620                         | ( 69,643)         |
| A31200        | Inventories   | 119,539                        | ( 94,108)         |
| A31240        | Other current assets  | ( 392)                         | ( 2,853)          |
| A32125        | Contract liabilities - current  | 213                            | 3,375             |
| A32130        | Notes payable   | ( 66,843)                      | 55,414            |
| A32150        | Accounts payable  | ( 82,658)                      | 116,486           |
| A32180        | Other payables  | ( 41,952)                      | 16,055            |
| A32230        | Other Current Liabilities   | ( 660)                         | ( 863)            |
| A32240        | Net defined benefit liability   | ( 8,365)                       | ( 744)            |
| A33000        | Cash generated from operations  | 292,834                        | 160,270           |
| A33100        | Interest income   | 9,042                          | 7,836             |
| A33300        | Interest paid   | ( 42)                          | ( 30)             |
| A33500        | Income tax paid   | ( 89,757)                      | ( 23,682)         |
| AAAA          | Net cash flows from operating activities  | <u>212,077</u>                 | <u>144,394</u>    |
| <b>B00010</b> | <b>Cash Flows from Investing Activities</b>                                       |                                |                   |
| B00010        | Acquisitions of financial assets at fair value through other comprehensive income | ( 28,341)                      | ( 29,967)         |
| B00020        | Disposal of financial assets at fair value through other comprehensive income     | 13,968                         | 33,566            |
| B00040        | Acquisitions of financial assets measured at amortized cost                       | ( 362,259)                     | ( 16,066)         |
| B00050        | Disposal of financial assets measured at amortized cost                           | 205,547                        | -                 |
| B00100        | Acquisitions of financial assets at fair value through profit or loss             | -                              | ( 766)            |
| B00200        | Disposal of financial assets at fair value through profit or loss                 | -                              | 8,934             |
| B02000        | Increase in current prepayments for investments                                   | ( 19,393)                      | -                 |
| B02700        | Procurement of property, plant, and equipment                                     | ( 10,991)                      | ( 2,535)          |
| B02800        | Proceeds from disposal of property, plant, and equipment                          | 9                              | -                 |
| B03700        | Increase in refundable deposits   | ( 12)                          | ( 222)            |
| B04500        | Procurement of intangible assets  | ( 677)                         | ( 199)            |
| B07600        | Receipt other dividends   | 313                            | 2,490             |
| BBBB          | Net cash flows used in investing activities                                       | <u>( 201,836)</u>              | <u>( 4,765)</u>   |
| <b>C03000</b> | <b>Cash Flows from Financing Activities</b>                                       |                                |                   |
| C03000        | Guarantee deposits received   | 1                              | -                 |
| C03100        | Deposit refunded  | -                              | ( 203)            |
| C04020        | Repayment of the principal portion of lease liabilities                           | ( 3,533)                       | ( 3,004)          |
| C04500        | Distribution of cash dividends  | ( 168,075)                     | ( 119,665)        |
| CCCC          | Net cash flows used in financing activities                                       | <u>( 171,607)</u>              | <u>( 122,872)</u> |
| DDDD          | Effect of exchange rate changes on cash and cash equivalents                      | <u>( 304)</u>                  | <u>4,254</u>      |
| EEEE          | Net (decrease) increase in cash and cash equivalents                              | <u>( 161,670)</u>              | <u>21,011</u>     |
| E00100        | Cash and cash equivalent at beginning of period                                   | <u>286,331</u>                 | <u>290,288</u>    |
| E00200        | Cash and cash equivalent at end of period   | <u>\$ 124,661</u>              | <u>\$ 311,299</u> |

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

Chairman: Lin, Kuan-Ming

Manager: Young, Yu-Che

Head of Accounting: Chen, Yun-Chen

RUBY TECH CORP. AND SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For The Nine Months Ended September 30, 2024 and 2023.**

(Unless otherwise noted, amounts are in thousands of New Taiwan dollars)

**1. Company History**

Ruby Tech Corp. (hereinafter referred to as the “Company”) was established in Taipei in July 1981, and commenced operations in the same month, with its principal business being the research, manufacturing, and trading of optical fiber network equipment for central offices and customer premises, network management switches, and outdoor wireless networking equipment.

The company’s shares have been traded on the TPEx since September 8, 2009.

The consolidated financial statements are expressed in New Taiwan dollars, the functional currency of the Company.

**2. Date and Procedures for Approving Financial Reports**

The consolidated financial report was approved by the Board of Directors on November 7, 2024.

**3. New Standards, Amendments and Interpretations Adoptions**

(1) First-time adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Standing Interpretations Committee (SIC) (collectively, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as “FSC”).

The revised IFRS Accounting Standards endorsed and issued by the FSC and effective for the merged company will not result in significant changes to the accounting policies of the merged company.

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

| <b>New/Amendment/Amended Standards and Interpretations</b> | <b>Effective Date Issued by IASB</b> |
|--|--------------------------------------|
| Amendment to IAS 21 “Lack of Exchangeability”              | January 1, 2025 (Note 1)             |

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, the comparative period shall not be restated, but the cumulative effect will be recognized in retained earnings or the foreign currency translation reserve within equity (as appropriate) on the date of initial application and the related affected assets and liabilities.

### Amendment to IAS 21 “Lack of Exchangeability”

The amendment specifies that when an enterprise can enter into an exchange transaction with an executable right and obligation through the market or exchange mechanism within the normal management delay period to exchange one currency for another, the currency is considered convertible. If a currency is not convertible on the measurement date, the consolidated entity shall estimate the spot exchange rate to reflect the rate that market participants would use in an orderly transaction under the economic conditions at the measurement date. In this case, the consolidated entity shall also disclose information that enables financial statement users to evaluate how the lack of convertibility of the currency affects or is expected to affect its operating results, financial position, and cash flows.

In addition to the aforementioned effects, as of the issue date of these consolidated financial statements, the merged company assessed that the amendments to other standards and interpretations will not have a material impact on its financial position and financial performance.

(3) The IFRS Accounting Standards issued by the IASB but not yet endorsed and issued into effect by the FSC:

| <b>New/Amendment/Amended Standards and Interpretations</b>   | <b>Effective Date Issued by IASB (Note 1)</b> |
|--|---|
| Annual Improvements to IFRS Accounting Standards - Volume 11   | January 1, 2026                               |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”              | January 1, 2026                               |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be confirmed                               |
| IFRS 17 “Insurance Contracts”  | January 1, 2023                               |
| IFRS 17 “Amendments”   | January 1, 2023                               |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”                              | January 1, 2023                               |
| IFRS 18 “Presentation and Disclosure in Financial Statements”  | January 1, 2027                               |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures”  | January 1, 2027                               |

Note 1: Unless otherwise stated, the newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

1. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

If the merged company sells or contributes assets to an associate (or joint venture), or if the merged company loses control over a subsidiary but retains significant influence (or joint control) over that subsidiary, and if the aforementioned assets or former subsidiary meet the definition of a “business” under IFRS 3 “Business Combinations,” the merged company shall fully recognize the gains or losses arising from such transactions.

Furthermore, if the merged company sells or contributes assets to an associate (or a joint venture), or if the merged company loses control of a subsidiary in a transaction with an associate (or a joint venture) while retaining significant influence (or joint control) over the subsidiary, and if the aforementioned assets or the former subsidiary do not meet the definition of a “business” under IFRS 3, the merged company shall recognize the resulting gain or loss only to the extent of the unrelated investors’ interests in that associate (or joint venture), i.e., the portion of the gain or loss attributable to the interest of the merged company shall be eliminated.

## 2. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18, “Presentation and Disclosure in Financial Statements,” replaces IAS 1, “Presentation of Financial Statements.” Here are the main points regarding the replacement of IAS 1:

- The income statement should classify revenue and expense items into operating, investing, financing, income tax, and discontinued operations categories.
- The income statement should present key subtotals, including operating profit or loss, profit or loss before financing and income tax, and overall profit or loss.
- Guidance for Aggregation and Disaggregation: A consolidated entity should identify and classify assets, liabilities, equity, income, expenses, and cash flows based on shared characteristics. This ensures each line item in the primary financial statements shares at least one characteristic. Items with different characteristics should be disaggregated in both the primary financial statements and notes. The label "other" should only be used when no more informative label is available.
- Increased Disclosure of Management-Defined Performance Measures: When a consolidated entity communicates its management's view of an aspect of its overall financial performance, it should disclose this in a single note within the financial statements. This note should include a description of the measure, how it is calculated, a reconciliation to the most directly comparable IFRS-specified subtotal or total, and the effects of tax and non-controlling interests on the reconciling items.

## 3. Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments primarily revise the classification criteria for financial assets. If a financial asset includes a contingent feature that alters the timing or amount of contractual cash flows, and the nature of this contingency is not directly linked to changes in basic lending risks and costs (e.g., whether the debtor meets a specific carbon emission reduction target), such a financial asset can still be classified as solely payments of principal and interest (SPPI) on the principal amount outstanding, provided it meets the following two conditions:

- All possible scenarios (both before and after the occurrence of the contingency) result in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The contractual cash flows under all possible scenarios do not differ significantly from the cash flows of a financial instrument with the same contractual terms but without the contingent feature.

The amendments also stipulate that when an entity uses an electronic payment system to settle a financial liability in cash, the liability may be derecognized before the settlement date if the following conditions are met:

- The entity does not have the practical ability to withdraw, stop, or cancel the payment instruction;
- The entity does not have the practical ability to access the cash that will be used for settlement due to the payment instruction; and
- The settlement risk associated with the electronic payment system is not significant.

In addition to the aforementioned effects, as of the date of issuance of the consolidated financial statements, the merged company is still evaluating the impact of each amendments to standards and interpretations on its financial position and financial performance. The relevant impacts will be disclosed upon completion of the assessment.

#### **4. Summary of Significant Accounting Policies**

##### **(1) Statement of Compliance**

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRS Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission.

##### **(2) Basis of Preparation**

Except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets, these consolidated financial statements have been prepared on the historical cost basis.

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs refers to an unobservable input for an asset or liability.

**(3) The Criteria for Classification of Assets and Liabilities as Current or Non-Current**

Current assets including:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within twelve months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities due after more than 12 months from the balance sheet date).

Current liabilities including:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months after the balance sheet date, and
3. Liabilities for which the entity does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Assets or liabilities that are not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

**(4) Merger Basis**

This consolidated financial statement includes the financial statements of the Company and entities controlled by the Company (subsidiaries). The financial statements of the subsidiaries have been adjusted to align their accounting policies with those of the merged company. In preparing the consolidated financial statements, all intra-group transactions, account balances, revenues, and expenses have been fully eliminated.

When the change in the ownership interest of a subsidiary does not result in a loss of control for the parent company, it is accounted for as an equity transaction. The carrying amounts of the parent's equity and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

Details of subsidiaries, shareholding ratios, and business operations are provided in Note 12 and Appendix 3.

## (5) Foreign Currency

At the end of each reporting period, foreign currency monetary items shall be translated using the closing rate; non-monetary items that are measured in terms of historical cost shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value shall be translated using the exchange rates at the date when the fair value was measured.

At the end of each reporting period, foreign currency monetary items are translated at the closing rate of exchange. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of such items are recognized in profit or loss for the period, except for exchange differences arising on the translation of items whose fair value changes are recognized in other comprehensive income, in which case such exchange differences are recognized in other comprehensive income.

At the cost of historical measurement, foreign currency non-monetary items are translated at the exchange rates prevailing on the transaction dates and are not restated.

When preparing consolidated financial statements, the assets and liabilities of the Company and its foreign operations are translated into New Taiwan Dollars at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, and the resulting exchange differences are recognized in other comprehensive income.

## (6) Inventories

Inventories consist of merchandise, finished goods, work in progress, and raw materials. Inventories are measured at the lower of cost and net realizable value. The comparison between cost and net realizable value is conducted on an item-by-item basis, except for items within the same category of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted-average method.

## (7) Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for self-owned land, which is not depreciated, depreciation of property, plant and equipment is provided on a straight-line basis over the estimated useful lives of each major component. The consolidated entities review the estimated useful lives, residual

values and depreciation methods at the end of each year, with the effect of any changes in estimates accounted for on a prospective basis.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the period.

## (8) Intangible Assets

### 1. Acquired Separately

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful lives, and the merged company reviews the estimated useful lives, residual values, and amortization methods at the end of each year, and prospectively applies the effects of changes in accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

### 2. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the current period.

## (9) Impairment of Property, Plant and Equipment, Right-Of-Use Assets and Intangible Assets

The merged company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, and intangible assets may be impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the merged company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For intangible assets with indefinite useful lives, impairment tests are conducted at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher of fair value less costs to sell and its value in use. When the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of that asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit

in prior years, net of amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

## (10) Financial Instruments

The financial assets and financial liabilities are recognized on the consolidated balance sheet when the merged company becomes a party to the contractual provisions of the instrument.

When originally recognizing financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus directly attributable transaction costs incurred in acquiring or issuing the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### 1. Financial Assets

The conventional trading of financial assets adopts trade date accounting for recognition and derecognition.

#### (1) Types of Measurement

The types of financial assets held by the merged company are financial assets at fair value through profit or loss, financial assets measured at amortized cost, and equity instrument investments at fair value through other comprehensive income.

##### A. Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated as at fair value through other comprehensive income.

Through profit or loss, financial assets at fair value are measured at fair value, with dividends and interest recognized as other income and interest income, respectively, while remeasurement gains or losses are recognized as other gains and losses. For the determination of fair value, please refer to Note 28.

##### B. Financial Assets at Amortized Cost

The following sentence is classified as financial assets measured at amortized cost. If the merged company's investments in financial assets meet the following two conditions simultaneously:

- a. are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable and other receivables) are measured at amortized cost less any impairment loss after initial recognition, with any foreign exchange gain or loss recognized in profit or loss, using the effective interest method to determine the total carrying amount.

Except for the following two situations, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- b. For financial assets that were not purchased or originated as credit-impaired, but subsequently became credit-impaired, interest revenue should be calculated by applying the effective interest rate to the amortized cost of the financial assets from the reporting period after the credit impairment occurred.

Cash equivalents include time deposits and securities sold under repurchase agreements that are highly liquid and can be converted into fixed amounts of cash at any time with minimal risk of value changes within three months from the date of acquisition, and are used to meet short-term cash commitments.

#### C. Equity Investments Measured at Fair Value Through Other Comprehensive Income

An acquirer may, at initial recognition, irrevocably designate an equity investment that is not held for trading and is contingent consideration in a business combination, to be measured at fair value through other comprehensive income.

The investments in equity instruments at fair value through other comprehensive income are measured at fair value, with subsequent fair value changes presented in other comprehensive income and accumulated in other equity. Upon disposal of the investments, the accumulated gains or

losses are directly transferred to retained earnings, not reclassified to profit or loss.

The dividend from investment in equity instruments measured at fair value through other comprehensive income is recognized in profit or loss when the merged company's right to receive payment is established, unless the dividend clearly represents a recovery of part of the investment cost.

## (2) Impairment of Financial Assets

The merged company assess impairment losses on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date.

Accounts receivable are recognized with an allowance for expected credit losses over the remaining period. For other financial assets, an assessment is made at each reporting date as to whether the credit risk has increased significantly since initial recognition. If credit risk has not increased significantly, an allowance for 12-month expected credit losses is recognized.

The expected credit loss is a weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss arising from possible default events within 12 months after the reporting date of the financial instrument, while the lifetime expected credit loss represents the expected credit losses arising from all possible default events over the expected life of the financial instrument.

For internal credit risk management purposes, the merged company determines that the following situations represent a default of a financial asset without taking into account any collateral held:

- A. There is internal or external information indicating that it is no longer probable that the debtor will be able to pay its credit obligations in full.
- B. Over 180 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

With respect to impairment of financial assets, impairment losses on all financial assets are deducted through an allowance account from their carrying amounts, except for investments in equity instruments measured at fair value through other comprehensive income, for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

### (3) Derecognition of Financial Assets

The entity derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another enterprise.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss. Upon derecognition of an investment in an equity instrument measured at fair value through other comprehensive income in its entirety, the cumulative gain or loss is directly transferred to retained earnings without reclassification to profit or loss.

## 2. Financial Liabilities

### (1) Subsequent Measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### (2) Derecognition of Financial Liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

### (11) Provisions for Liabilities

The amount recognized as a provision for liabilities is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

The obligation for product warranty to ensure that products comply with agreed-upon specifications is recognized as revenue for the related goods is recognized, based on management's best estimate of the expenditure required to settle the merged company's obligation.

### (12) Recognition of Revenue

After identifying the performance obligations in customer contracts, the merged company will allocate the transaction price to the various performance obligations and recognize revenue as each performance obligation is satisfied.

## 1. Sales of Goods Revenue

Revenue from the sale of goods is derived from the sale of optical fiber network equipment. Since after fulfilling the transaction terms for optical fiber network equipment products, customers have determined pricing and usage rights for the goods and bear the primary responsibility for resale, as well as the risk of obsolescence, the merged company recognizes revenue and accounts receivable at that point. Advance receipts from product sales are recognized as contract liabilities prior to satisfying the performance obligations under the transaction terms.

During toll processing, the control of ownership over the processed products does not transfer, so revenue is not recognized at the time of toll processing.

## 2. Provision of Services

The services revenue is derived from commodity inspection services revenue, which is recognized when the services are rendered.

# (13)Leases

The merged Company assesses whether a contract is or contains a lease on the date of establishment of the contract.

## 1. The Combined Company as the Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments, net of lease incentives received, are recognized as income on a straight-line basis over the respective lease terms.

## 2. The Merged Company as the Lessee

Except for low-value asset leases and short-term leases to which recognition exemptions apply, and for which lease payments are recognized as an expense on a straight-line basis over the lease term, right-of-use assets and lease liabilities are recognized for all other leases at the commencement date of the lease.

The right-of-use assets are initially measured at cost (including the initial measurement amount of the lease liabilities, lease payments made before the lease commencement date less any lease incentives received, initial direct costs, and estimated costs for restoring the underlying asset), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments for any remeasurement of the lease liabilities. Right-of-use assets are presented separately in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments (including fixed payments). If the interest rate implicit in the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are allocated over the lease term. The lease liability is presented separately on the consolidated balance sheet.

#### (14)Defined Benefit Post-Employment Benefits

The post-employment benefit cost for the interim period is calculated on a year-to-date basis using the actuarially determined pension cost rate at the end of the prior year, adjusted for significant market fluctuations and significant plan amendments, curtailments, or other significant one-time events.

For further details, refer to the summary of significant accounting policies in the 2023 consolidated financial statements.

#### (15)Income Tax Expense

The income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis and calculated for interim profit before tax using the expected annual effective tax rate.

For further details, refer to the summary of significant accounting policies in the 2023 consolidated financial statements.

### **5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty**

In applying accounting policies, management of the merged company is required to make judgments, estimates and assumptions about matters that are inherently uncertain due to a lack of available information from other sources, based on historical experience and other relevant factors. Actual results may differ from these estimates.

The management will continually review the estimates and basic assumptions. If the modification of estimates affects only the current period, it is recognized in the period of modification; if the modification of accounting estimates affects both the current period and future periods, it is recognized in the period of modification and future periods.

## Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

### Impairment of Inventories

The net realizable value of inventories is estimated based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale, which is estimated based on current market conditions and historical sales experience of similar products. Changes in market conditions may materially impact these estimates.

## **6. Cash and Cash Equivalents**

|  | <b>September 30,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>September 30,<br/>2023</b> |
|--|-------------------------------|------------------------------|-------------------------------|
| Cash on hand and working capital                             | \$ 371                        | \$ 368                       | \$ 370                        |
| Checks and demand deposits                                   | 28,808                        | 21,426                       | 27,084                        |
| Cash equivalents   |                               |                              |                               |
| Bank time deposits with an original maturity within 3 months | 14,850                        | 149,000                      | 133,633                       |
| Securities sold under repurchase agreements                  | <u>80,632</u>                 | <u>115,537</u>               | <u>150,212</u>                |
|  | <u>\$ 124,661</u>             | <u>\$ 286,331</u>            | <u>\$ 311,299</u>             |

The market interest rate ranges for bank deposits and securities sold under repurchase agreements on the balance sheet date are as follows:

|   | <b>September 30,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>September 30,<br/>2023</b> |
|---|-------------------------------|------------------------------|-------------------------------|
| Cash in banks                               | 0.005%~1.275%                 | 0.005%~1.45%                 | 0.005%~5.42%                  |
| Securities sold under repurchase agreements | 1.33%~5.25%                   | 0.71%~5.50%                  | 0.71%~5.42%                   |

## **7. Current Financial Assets Measured at Fair Value Through Profit or Loss**

|   | <b>September 30,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>September 30,<br/>2023</b> |
|---|-------------------------------|------------------------------|-------------------------------|
| <b><u>Domestic Investment</u></b>         |                               |                              |                               |
| Domestic listed (OTC) and emerging shares | \$ 7,175                      | \$ 4,911                     | \$ 5,011                      |
| Domestic unlisted shares                  | <u>24,553</u>                 | <u>28,710</u>                | <u>25,470</u>                 |
|   | <u>\$ 31,728</u>              | <u>\$ 33,621</u>             | <u>\$ 30,481</u>              |

The merged company recognized dividend income of \$521 thousand and \$1,042 thousand during the periods for the nine months ended September 30, 2024, and 2023, respectively, which were entirely related to those still held as of September 30, 2024 and 2023.

## 8. Current Financial Assets Measured at Fair Value Through Other Comprehensive Income

|   | September 30,<br>2024   | December 31,<br>2023    | September 30,<br>2023   |
|---|-------------------------|-------------------------|-------------------------|
| <b>Domestic Investment</b>                |                         |                         |                         |
| Domestic listed (OTC) and emerging shares | \$ 39,962               | \$ 27,086               | \$ 28,386               |
| Domestic unlisted shares                  | <u>28,858</u>           | <u>48,710</u>           | <u>45,470</u>           |
|   | <u><u>\$ 68,820</u></u> | <u><u>\$ 75,796</u></u> | <u><u>\$ 73,856</u></u> |

The merged company invests for medium- and long-term strategic purposes and expects to make profits through long-term investment. The management of the merged company believes that recognizing short-term fair value fluctuations in profit or loss would be inconsistent with the aforementioned long-term investment plans. Therefore, they choose to designate these investments as measured at fair value through other comprehensive income.

The merged company recognized dividend income of \$834 thousand and \$1,876 thousand during the periods for the nine months ended September 30, 2024, and 2023, respectively, which were entirely related to those still held as of September 30, 2024 and 2023.

## 9. Financial Assets at Amortized Cost - Current

|   | September 30,<br>2024    | December 31,<br>2023     | September 30,<br>2023    |
|---|--------------------------|--------------------------|--------------------------|
| Time deposits with original maturities over 3 months (1)                      | \$ 292,643               | \$ 231,831               | \$ 171,447               |
| Pledged time deposit certificates (2)   | 16,000                   | 16,000                   | 16,000                   |
| Securities sold under repurchase agreements with maturities over 3 months (3) | <u>95,158</u>            | <u>-</u>                 | <u>16,137</u>            |
|   | <u><u>\$ 403,801</u></u> | <u><u>\$ 247,831</u></u> | <u><u>\$ 203,584</u></u> |

- (1) As of September 30, 2024, December 31, 2023 and September 30, 2023, the range of interest rates on time deposits with original maturities over 3 months was 1.35% to 1.745%, 1.30% to 5.62% and 1.24% to 1.565% per annum, respectively.
- (2) As of September 30, 2024, December 31, 2023 and September 30, 2023, the interest rate ranges for pledged time deposits were 1.285% to 1.69%, 1.16% to 1.565% and 1.16% to 1.565% per annum, respectively. For information on pledged financial assets measured at amortized cost, refer to Note 30.
- (3) As of September 30, 2024 and 2023, the range of interest rates for securities sold under repurchase agreements with maturities over 3 months was 1.35% to 5.50% and 5.50% per annum, respectively.

## 10. Notes Receivable, Accounts Receivable and Other Receivables

|                         | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------------|-----------------------|----------------------|-----------------------|
| <b>Notes receivable</b> |                       |                      |                       |
| Arising from operations | \$ _____ -            | \$ 3,547             | \$ _____ -            |

|   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|----------------------|-----------------------|
| <b><u>Accounts receivable</u></b>           |                       |                      |                       |
| Measured at amortized cost                  |                       |                      |                       |
| Total carrying amount                       | \$ 144,306            | \$ 353,706           | \$ 207,638            |
| Less: allowance for loss                    | ( 6,501 )             | ( 2,172 )            | ( 373 )               |
|   | <u>\$ 137,805</u>     | <u>\$ 351,534</u>    | <u>\$ 207,265</u>     |
| <b><u>Other receivables</u></b>             |                       |                      |                       |
| Other receivables - Hua Nan Commercial Bank | \$ -                  | \$ 28,415            | \$ 200,380            |
| Receivable tax refund - business tax        | 2,453                 | 4,665                | 11,835                |
| Others                                      | <u>1,315</u>          | <u>312</u>           | <u>569</u>            |
|   | <u>3,768</u>          | <u>33,392</u>        | <u>212,784</u>        |
| Less: allowance for loss                    | - -                   | - -                  | - -                   |
|   | <u>\$ 3,768</u>       | <u>\$ 33,392</u>     | <u>\$ 212,784</u>     |

#### Accounts receivable

The merged company's average credit period for sales of goods and finished products ranges from 30 to 60 days. The policy adopted by the merged company is to rate major customers using available financial information and historical transaction records.

To mitigate credit risk, the management of the merged company assigned a dedicated unit to determine credit limits, approve credit, and implement other monitoring procedures to ensure appropriate actions were taken to recover overdue receivables. Additionally, the merged company reviews the recoverable amount of receivables on the balance sheet date to ensure that appropriate impairment losses are provided for uncollectible receivables. When necessary, the company also purchases factoring contracts or credit insurance to reduce the risk of financial losses arising from defaults. Consequently, the management of the merged company believes that its credit risk has been significantly reduced.

The merged company adopts the simplified approach under IFRS 9 to recognize the allowance for expected credit losses on accounts receivable over the duration. Expected credit losses over the duration are calculated using a provision matrix that considers the customer's past default records, current financial position, industry economic situation, and also takes into account GDP forecasts and industry prospects. As the merged company's credit loss experience shows no significant difference in the loss pattern across different customer groups, the provision matrix is not further differentiated by customer groups, but is determined by the number of days past due of accounts receivable.

If there is evidence that the counterparty is in severe financial difficulty and the merged company cannot reasonably expect to recover the amount, for example, if the counterparty is undergoing liquidation or the debt is overdue for more than 180 days, the merged company recognizes a 100% allowance for credit losses. However, collection activities will continue, and any amount recovered from the collection will be recognized in profit or loss.

The merged company measures the allowance for doubtful accounts receivable as follows:

September 30, 2024

|   | Not Overdue       | 1 to 30 Days Overdue | 31 to 60 Days Overdue | 61 to 90 Days Overdue | 91 to 180 Days Overdue | Overdue for More Than 181 Days | Total             |
|---|-------------------|----------------------|-----------------------|-----------------------|------------------------|--------------------------------|-------------------|
| Expected credit losses  | 0.03%             | 0.13%                | 1.16%                 | 3.30%                 | 21.16%                 | 100%                           |                   |
| Total carrying amount   | \$ 103,062        | \$ 18,258            | \$ 87                 | \$ -                  | \$ 20,921              | \$ 1,978                       | \$ 144,306        |
| Allowance for losses (expected credit losses during the duration) | (____ 32)         | (____ 24)            | (____ 1)              | (____ -)              | (____ 4,466)           | (____ 1,978)                   | (____ 6,501)      |
| Amortized cost  | <u>\$ 103,030</u> | <u>\$ 18,234</u>     | <u>\$ 86</u>          | <u>\$ -</u>           | <u>\$ 16,455</u>       | <u>\$ -</u>                    | <u>\$ 137,805</u> |

December 31, 2023

|   | Not Overdue       | 1 to 30 Days Overdue | 31 to 60 Days Overdue | 61 to 90 Days Overdue | 91 to 180 Days Overdue | Overdue for More Than 181 Days | Total             |
|---|-------------------|----------------------|-----------------------|-----------------------|------------------------|--------------------------------|-------------------|
| Expected credit losses  | 0.03%             | 0.13%                | 1.16%                 | 3.30%                 | 21.16%                 | 100%                           |                   |
| Total carrying amount   | \$ 291,979        | \$ 58,853            | \$ 307                | \$ 589                | \$ -                   | \$ 1,978                       | \$ 353,706        |
| Allowance for losses (expected credit losses during the duration) | (____ 91)         | (____ 80)            | (____ 3)              | (____ 20)             | (____ -)               | (____ 1,978)                   | (____ 2,172)      |
| Amortized cost  | <u>\$ 291,888</u> | <u>\$ 58,773</u>     | <u>\$ 304</u>         | <u>\$ 569</u>         | <u>\$ -</u>            | <u>\$ -</u>                    | <u>\$ 351,534</u> |

September 30, 2023

|   | Not Overdue       | 1 to 30 Days Overdue | 31 to 60 Days Overdue | 61 to 90 Days Overdue | 91 to 180 Days Overdue | Overdue for More Than 181 Days | Total             |
|---|-------------------|----------------------|-----------------------|-----------------------|------------------------|--------------------------------|-------------------|
| Expected credit losses  | 0.03%             | 0.13%                | 1.16%                 | 3.30%                 | 13.39%                 | 100%                           |                   |
| Total carrying amount   | \$ 159,477        | \$ 45,740            | \$ 333                | \$ -                  | \$ 2,088               | \$ -                           | \$ 207,638        |
| Allowance for losses (expected credit losses during the duration) | (____ 47)         | (____ 58)            | (____ 3)              | (____ -)              | (____ 265)             | (____ -)                       | (____ 373)        |
| Amortized cost  | <u>\$ 159,430</u> | <u>\$ 45,682</u>     | <u>\$ 330</u>         | <u>\$ -</u>           | <u>\$ 1,823</u>        | <u>\$ -</u>                    | <u>\$ 207,265</u> |

The changes in allowance for doubtful accounts are as follows:

|  | Nine Months Ended September 30 |               |
|--|--------------------------------|---------------|
|  | 2024                           | 2023          |
| Balance, beginning of period                               | \$ 2,172                       | \$ 94         |
| Add: Provision for impairment losses in the current period | <u>4,329</u>                   | <u>279</u>    |
| Balance, end of period                                     | <u>\$ 6,501</u>                | <u>\$ 373</u> |

Compared to the beginning balance, the total carrying amount of accounts receivable decreased by \$209,400 thousand and increased by \$110,781 thousand as of September 30, 2024 and 2023, respectively, and the allowance for losses increased by \$4,329 thousand and \$279 thousand, respectively.

### Other receivables

The other receivables of the merged company as of September 30, 2024, December 31, 2023 and September 30, 2023, mainly consisted of receivables from discounted bills and tax refunds receivable. Except for tax refunds receivable, the remaining receivables were mostly within 90 days (based on the entry date).

The merged company measures the allowance for doubtful accounts for other receivables based on the probability of collection. After evaluating the probability of collection, it is unlikely that the accounts will be uncollectible, so no allowance for doubtful accounts is required.

The merged company shall refer to Note 28 (5) Financial Asset Transfer Information for the amount of accounts receivable sold and related information.

## 11. Inventories

|                  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|------------------|-----------------------|----------------------|-----------------------|
| Merchandise      | \$ 457                | \$ 718               | \$ 966                |
| Finished good    | 58,222                | 116,551              | 25,541                |
| Work in progress | 28,692                | 31,097               | 125,539               |
| Raw materials    | <u>127,591</u>        | <u>190,814</u>       | <u>229,548</u>        |
|                  | <u>\$ 214,962</u>     | <u>\$ 339,180</u>    | <u>\$ 381,594</u>     |

The nature of cost of goods sold is as follows:

|  | Three Months Ended<br>September 30 |                   | Nine Months Ended<br>September 30 |                   |
|--|------------------------------------|-------------------|-----------------------------------|-------------------|
|  | 2024                               | 2023              | 2024                              | 2023              |
| Cost of goods sold   | \$ 121,223                         | \$ 366,923        | \$ 510,173                        | \$ 907,705        |
| Loss for inventory depreciation and<br>slow-moving inventories | <u>5,442</u>                       | <u>6,936</u>      | <u>4,679</u>                      | <u>15,869</u>     |
|  | <u>\$ 126,665</u>                  | <u>\$ 373,859</u> | <u>\$ 514,852</u>                 | <u>\$ 923,574</u> |

The net realizable value of inventories decreased in the nine months ended September 30, 2024 and 2023 due to the recognition of inventory valuation losses resulting from an increase in the age of inventories.

## 12. Subsidiaries

### Subsidiaries included in the consolidated financial statements

The entities that shall be included in the consolidated financial statements are as follows:

| <b>Name of Investee</b>         | <b>Name of Subsidiaries</b>     | <b>Business Nature</b>                          | <b>Percentage of Shareholding</b> |                          |                           |
|---------------------------------|---------------------------------|---|-----------------------------------|--------------------------|---------------------------|
|                                 |                                 |   | <b>September 30, 2024</b>         | <b>December 31, 2023</b> | <b>September 30, 2023</b> |
| Ruby Tech Corp.                 | GRAND IMPACT TECHNOLOGY LIMITED | Investment in related businesses                | 100%                              | 100%                     | 100%                      |
| GRAND IMPACT TECHNOLOGY LIMITED | Ruby Tech (Beijing) Co., Ltd.   | Computer peripheral equipment trading business. | 100%                              | 100%                     | 100%                      |

## 13. Property, Plant and Equipment

|  | <b>Self-Owned Land</b> | <b>Buildings</b> | <b>Machinery and Equipment</b> | <b>Transportation Equipment</b> | <b>Office Equipment</b> | <b>Lease Improvements</b> | <b>Other Equipment</b> | <b>Equipment Awaiting Inspection (Work in Progress)</b> | <b>Total</b>      |
|--|------------------------|------------------|--------------------------------|---------------------------------|-------------------------|---------------------------|------------------------|---|-------------------|
| <b>Cost</b>  |                        |                  |                                |                                 |                         |                           |                        |   |                   |
| Balance as of January 1, 2024                          | \$ 185,892             | \$ 86,333        | \$ 39,654                      | \$ 5,274                        | \$ 12,069               | \$ 974                    | \$ 38,880              | \$ -  | \$ 369,076        |
| Addition   | -                      | -                | 1,380                          | 1,160                           | 82                      | -                         | 3,370                  | 4,999   | 10,991            |
| Disposal   | -                      | -                | -                              | ( 3,654 )                       | -                       | -                         | -                      | -   | ( 3,654 )         |
| Net exchange differences                               | -                      | 1,551            | -                              | -                               | 43                      | -                         | -                      | -   | 1,594             |
| Balance as of September 30, 2024                       | <u>\$ 185,892</u>      | <u>\$ 87,884</u> | <u>\$ 41,034</u>               | <u>\$ 2,780</u>                 | <u>\$ 12,194</u>        | <u>\$ 974</u>             | <u>\$ 42,250</u>       | <u>\$ 4,999</u>   | <u>\$ 378,007</u> |
| <b>Accumulated Depreciation</b>                        |                        |                  |                                |                                 |                         |                           |                        |   |                   |
| Balance as of January 1, 2024                          | \$ -                   | \$ 41,757        | \$ 28,879                      | \$ 4,532                        | \$ 9,492                | \$ 974                    | \$ 26,342              | \$ -  | \$ 111,976        |
| Depreciation expense                                   | -                      | 2,110            | 2,495                          | 331                             | 633                     | -                         | 2,418                  | -   | 7,987             |
| Disposal   | -                      | -                | -                              | ( 3,654 )                       | -                       | -                         | -                      | -   | ( 3,654 )         |
| Net exchange differences                               | -                      | 683              | -                              | -                               | 39                      | -                         | -                      | -   | 722               |
| Balance as of September 30, 2024                       | <u>\$ -</u>            | <u>\$ 44,550</u> | <u>\$ 31,374</u>               | <u>\$ 1,209</u>                 | <u>\$ 10,164</u>        | <u>\$ 974</u>             | <u>\$ 28,760</u>       | <u>\$ -</u>   | <u>\$ 117,031</u> |
| Net amount as of September 30, 2024                    | <u>\$ 185,892</u>      | <u>\$ 43,334</u> | <u>\$ 9,660</u>                | <u>\$ 1,571</u>                 | <u>\$ 2,030</u>         | <u>\$ -</u>               | <u>\$ 13,490</u>       | <u>\$ 4,999</u>   | <u>\$ 260,976</u> |
| Net amount as of December 31, 2023 and January 1, 2024 | <u>\$ 185,892</u>      | <u>\$ 44,576</u> | <u>\$ 10,775</u>               | <u>\$ 742</u>                   | <u>\$ 2,577</u>         | <u>\$ -</u>               | <u>\$ 12,538</u>       | <u>\$ -</u>   | <u>\$ 257,100</u> |
| <b>Cost</b>  |                        |                  |                                |                                 |                         |                           |                        |   |                   |
| Balance as of January 1, 2023                          | \$ 185,892             | \$ 87,080        | \$ 37,287                      | \$ 5,274                        | \$ 11,954               | \$ 974                    | \$ 29,894              | \$ -  | \$ 358,355        |
| Addition   | -                      | -                | 2,250                          | -                               | 164                     | -                         | 121                    | -   | 2,535             |
| Disposal   | -                      | -                | ( 27 )                         | -                               | ( 32 )                  | -                         | ( 544 )                | -   | ( 603 )           |
| Net exchange differences                               | -                      | 16               | -                              | -                               | -                       | -                         | -                      | -   | 16                |
| Balance as of September 30, 2023                       | <u>\$ 185,892</u>      | <u>\$ 87,096</u> | <u>\$ 39,510</u>               | <u>\$ 5,274</u>                 | <u>\$ 12,086</u>        | <u>\$ 974</u>             | <u>\$ 29,471</u>       | <u>\$ -</u>   | <u>\$ 360,303</u> |
| <b>Accumulated Depreciation</b>                        |                        |                  |                                |                                 |                         |                           |                        |   |                   |
| Balance as of January 1, 2023                          | \$ -                   | \$ 39,231        | \$ 25,887                      | \$ 4,262                        | \$ 8,792                | \$ 840                    | \$ 23,824              | \$ -  | \$ 102,836        |
| Depreciation expense                                   | -                      | 2,141            | 2,329                          | 202                             | 619                     | 134                       | 2,340                  | -   | 7,765             |
| Disposal   | -                      | -                | ( 27 )                         | -                               | ( 32 )                  | -                         | ( 544 )                | -   | ( 603 )           |
| Net exchange differences                               | -                      | 10               | -                              | -                               | -                       | -                         | -                      | -   | 10                |
| Balance as of September 30, 2023                       | <u>\$ -</u>            | <u>\$ 41,382</u> | <u>\$ 28,189</u>               | <u>\$ 4,464</u>                 | <u>\$ 9,379</u>         | <u>\$ 974</u>             | <u>\$ 25,620</u>       | <u>\$ -</u>   | <u>\$ 110,008</u> |
| Net amount as of September 30, 2023                    | <u>\$ 185,892</u>      | <u>\$ 45,714</u> | <u>\$ 11,321</u>               | <u>\$ 810</u>                   | <u>\$ 2,707</u>         | <u>\$ -</u>               | <u>\$ 3,851</u>        | <u>\$ -</u>   | <u>\$ 250,295</u> |

For the nine months ended September 30, 2024 and 2023, as there were no indications of impairment, the merged company did not perform an impairment assessment.

The depreciation expenses are provided on a straight-line basis over the following estimated useful lives:

Buildings

|                                   |   |
|-----------------------------------|---|
| Plant main buildings              | 21 - 50 years                                     |
| Electromechanical Power Equipment | 5 - 8 years                                       |
| Engineering systems               | 3 - 5 years                                       |
| Parking Lot                       | 18 years  |
| Machinery and equipment           | 3 - 5 years                                       |
| Transportation equipment          | 5 years   |
| Office Equipment                  | 3 - 8 years                                       |
| Lease improvements                | Over the shorter of the useful life or lease term |
| Other Equipment                   | 3 years   |

## 14. Lease Agreements

### (1) Right-Of-Use Assets

|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--|-----------------------|----------------------|-----------------------|
|  |                       |                      |                       |
| Carrying amount of right-of-use asset          |                       |                      |                       |
| Buildings                                      | \$ 2,551              | \$ 5,833             | \$ 5,191              |
| Transportation equipment                       | <u>266</u>            | <u>518</u>           | <u>602</u>            |
|  | <u>\$ 2,817</u>       | <u>\$ 6,351</u>      | <u>\$ 5,793</u>       |
|  |                       |                      |                       |
| Three Months Ended<br>September 30             |                       |                      |                       |
|  | 2024                  | 2023                 | 2024                  |
| Additions to right-of-use assets               | \$ -                  | \$ -                 | \$ 7,017              |
|  |                       |                      |                       |
| Depreciation expense of<br>right-of-use assets |                       |                      |                       |
| Buildings                                      | \$ 1,094              | \$ 1,087             | \$ 3,282              |
| Transportation equipment                       | <u>83</u>             | <u>83</u>            | <u>252</u>            |
|  | <u>\$ 1,177</u>       | <u>\$ 1,170</u>      | <u>\$ 3,534</u>       |
|  |                       |                      |                       |

In addition to the increases and recognition of depreciation expenses as listed above, the merged company did not experience any significant subleases or impairment of its right-of-use assets during the periods for the nine months ended September 30, 2024, and 2023, respectively.

## (2) Lease Liabilities

|                                      | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--------------------------------------|-----------------------|----------------------|-----------------------|
| Carrying amount of lease liabilities |                       |                      |                       |
| Current                              | \$ 2,833              | \$ 4,717             | \$ 3,842              |
| Non-current                          | \$ -                  | \$ 1,649             | \$ 1,961              |

The discount rate range for lease liabilities is as follows:

|                          | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--------------------------|-----------------------|----------------------|-----------------------|
| Buildings                | 1.00%                 | 1.00%                | 0.25% ~ 1.00%         |
| Transportation equipment | 0.75%                 | 0.75%                | 0.75%                 |

The merged company leased several buildings for use as factories, with a lease term of 2 years. At the end of the lease term, the merged company does not have the preferential right to purchase the leased buildings, and it is agreed that without the consent of the lessor, the merged company shall not sublease, transfer, assign or use the leased property in whole or in part by others in any other way.

The merged company also leases transportation equipment for use as official vehicles, with a lease term of 3 years.

## (3) Other Lease Information

|                                | Three Months Ended<br>September 30 |          | Nine Months Ended<br>September 30 |          |
|--------------------------------|------------------------------------|----------|-----------------------------------|----------|
|                                | 2024                               | 2023     | 2024                              | 2023     |
| Short-term lease expense       | \$ 337                             | \$ -     | \$ 945                            | \$ 41    |
| Low-value asset lease expenses | \$ 24                              | \$ 20    | \$ 69                             | \$ 56    |
| Total cash outflow from leases | \$ 1,550                           | \$ 1,200 | \$ 4,581                          | \$ 3,131 |

The merged company chose to apply the recognition exemption for leases of low-value assets and certain office equipment that qualify as short-term leases, without recognizing the related right-of-use assets and lease liabilities for those leases.

## 15. Other Intangible Assets

|                                  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|----------------------------------|-----------------------|----------------------|-----------------------|
| Computer software cost           | \$ 431                | \$ 953               | \$ 815                |
| Golf club membership certificate | 2,900                 | 2,900                | 2,900                 |
| Patents                          | 1,118                 | 1,188                | 1,212                 |
| Trademarks                       | \$ 4,449              | \$ 5,041             | \$ 4,927              |

The management of the merged company believes that the company has the intention and ability to continuously extend the useful life, and thus it is an indefinite-lived intangible asset. Regardless of whether there are any impairment indications, an impairment test is performed annually. The entrance fees of \$2,200 thousand for the golf club memberships are recorded as refundable deposits.

In addition to the recognition of amortization expenses as listed above, the merged company did not experience any significant additions, disposals, or impairments of its other intangible assets during the periods for the nine months ended September 30, 2024, and 2023, respectively.

The amortization expense is provided on a straight-line basis over the following estimated useful lives:

|                         |                  |
|-------------------------|------------------|
| Computer software costs | 1 - 5 years      |
| Patents                 | 10 - 18.58 years |
| Trademarks              | 10 years         |

Summarized amortization expenses by function:

|                                  | Three Months Ended<br>September 30 |               | Nine Months Ended<br>September 30 |                 |
|----------------------------------|------------------------------------|---------------|-----------------------------------|-----------------|
|                                  | 2024                               | 2023          | 2024                              | 2023            |
| Operating costs                  | \$ 32                              | \$ 16         | \$ 87                             | \$ 56           |
| Marketing expenses               | 45                                 | 16            | 120                               | 61              |
| Administrative expenses          | 112                                | 123           | 327                               | 403             |
| Research and development expense | <u>179</u>                         | <u>321</u>    | <u>735</u>                        | <u>914</u>      |
|                                  | <u>\$ 368</u>                      | <u>\$ 476</u> | <u>\$ 1,269</u>                   | <u>\$ 1,434</u> |

## 16. Other Assets

|                                     | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------------------------|-----------------------|----------------------|-----------------------|
| <u>Current</u>                      |                       |                      |                       |
| Current prepayments for investments | \$ 19,393             | \$ -                 | \$ -                  |
| <u>Other assets</u>                 |                       |                      |                       |
| Prepayments                         | \$ 5,863              | \$ 5,948             | \$ 5,716              |
| Provisional payments                | 12                    | 154                  | 121                   |
| Others                              | <u>4,980</u>          | <u>442</u>           | <u>201</u>            |
|                                     | <u>\$ 10,855</u>      | <u>\$ 6,544</u>      | <u>\$ 6,038</u>       |
| <u>Non-Current</u>                  |                       |                      |                       |
| Refundable deposits                 | \$ 3,831              | \$ 3,814             | \$ 3,618              |
| Overdue receivables                 | 5,675                 | 5,675                | 5,675                 |
| Less: Allowance for loss            | ( <u>5,675</u> )      | ( <u>5,675</u> )     | ( <u>5,675</u> )      |
|                                     | <u>\$ 3,831</u>       | <u>\$ 3,814</u>      | <u>\$ 3,618</u>       |

The merged company participated in a cash capital increase of ZENTERA SYSTEMS, INC. in August 2024, with an investment amount of \$19,393 thousand (USD 600 thousand). As of September 30, 2024, the capital increase procedure has not yet been completed, so the amount is recorded as a current prepayments for investments.

Overdue receivables are collected by the merged company in accordance with legal procedures, and adequate allowances for losses are provided.

## 17. Notes Payable and Accounts Payable

|                         | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------------|-----------------------|----------------------|-----------------------|
| <u>Notes payable</u>    |                       |                      |                       |
| Arising from operations | \$ 29,160             | \$ 96,003            | \$ 123,168            |
| <u>Accounts payable</u> |                       |                      |                       |
| Arising from operations | \$ 37,077             | \$ 120,198           | \$ 218,960            |

The average payment terms for accounts payable of the merged company range from 30 to 90 days. The merged company have established financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

## 18. Other Liabilities

|                                 | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---------------------------------|-----------------------|----------------------|-----------------------|
| <u>Current</u>                  |                       |                      |                       |
| Other payables                  |                       |                      |                       |
| Salaries and bonus payable      | \$ 36,275             | \$ 45,711            | \$ 33,147             |
| Employee compensation payable   | 19,652                | 36,767               | 30,683                |
| Leave payment payable           | 4,759                 | 4,481                | 4,553                 |
| Directors' remuneration payable | 2,713                 | 6,953                | 5,435                 |
| Others                          | <u>17,544</u>         | <u>29,032</u>        | <u>26,884</u>         |
|                                 | <u>\$ 80,943</u>      | <u>\$ 122,944</u>    | <u>\$ 100,702</u>     |
| Other Liabilities               |                       |                      |                       |
| Receivables under custody       | \$ 2,048              | \$ 2,483             | \$ 1,424              |
| Others                          | <u>1,033</u>          | <u>1,227</u>         | <u>293</u>            |
|                                 | <u>\$ 3,081</u>       | <u>\$ 3,710</u>      | <u>\$ 1,717</u>       |
| <u>Non-Current</u>              |                       |                      |                       |
| Guarantee deposits received     | \$ 209                | \$ 199               | \$ 4                  |

## 19. Provisions for Liabilities - Current

|   | <b>September 30,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>September 30,<br/>2023</b> |
|---|-------------------------------|------------------------------|-------------------------------|
| <u>Current</u>                              |                               |                              |                               |
| Warranty                                    | \$ 2,277                      | \$ 1,582                     | \$ 1,463                      |
|   |                               |                              |                               |
| <u>Nine months ended September 30, 2024</u> |                               |                              |                               |
| Product warranty provision                  | \$ 1,582                      | \$ 695                       | \$ 2,277                      |
|   |                               |                              |                               |
| <u>Nine months ended September 30, 2023</u> |                               |                              |                               |
| Product warranty provision                  | 1,133                         | 330                          | 1,463                         |

The warranty liability reserve is the present value of the merged company's management's best estimate of future economic benefits outflows arising from warranty obligations, based on the terms of the sales contract. This estimate is based on historical warranty experience and adjusted for new materials, process changes, or other events affecting product quality.

## 20. Retirement Benefit Plans

### (1) Defined Contribution Plans

The pension system applied by the Company under the "Labor Pension Act" is a defined contribution retirement plan administered by the government. The Company contributes 6% of employees' monthly salaries to individual accounts at the Bureau of Labor Insurance. Employees of the merged company's subsidiaries in China are members of a retirement benefit plan operated by the Chinese government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the plan. The merged company's obligation for this government-operated retirement benefit plan is limited to contributing a specified amount.

### (2) Defined Benefit Plan

The related retirement benefit expenses recognized for defined benefit plans during the periods for the three months and the nine months ended September 30, 2024 and 2023, respectively, were calculated using the retirement benefit cost rates determined by actuarial valuations as of December 31, 2023 and 2022, respectively.

The amounts recognized in profit or loss for defined benefit plans are aggregated by function as follows:

|                                  | Three Months Ended<br>September 30 |           | Nine Months Ended<br>September 30 |            |
|----------------------------------|------------------------------------|-----------|-----------------------------------|------------|
|                                  | 2024                               |           | 2023                              |            |
|                                  | \$                                 | 23        | \$                                | 70         |
| Operating costs                  |                                    |           |                                   |            |
| Marketing expenses               |                                    | 13        |                                   | 38         |
| Administrative expenses          |                                    | 4         |                                   | 35         |
| Research and development expense |                                    | 35        |                                   | 112        |
|                                  | <u>\$</u>                          | <u>75</u> | <u>\$</u>                         | <u>226</u> |
|                                  |                                    |           |                                   |            |
|                                  |                                    |           | <u>\$</u>                         | <u>256</u> |

## 21. Equity

### (1) Capital – Common Stock

|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--|-----------------------|----------------------|-----------------------|
|  | <u>70,000</u>         | <u>70,000</u>        | <u>70,000</u>         |
| Authorized shares (in thousands)                         |                       |                      |                       |
| Authorized capital.                                      | <u>\$ 700,000</u>     | <u>\$ 700,000</u>    | <u>\$ 700,000</u>     |
| Number of shares issued and fully paid (in<br>thousands) | <u>57,784</u>         | <u>56,103</u>        | <u>56,103</u>         |
| Issued capital   | <u>\$ 577,838</u>     | <u>\$ 561,030</u>    | <u>\$ 561,030</u>     |

The par value of each issued ordinary share is \$10, with one voting right and the entitlement to receive dividends per share.

The registered share capital reserved for the issuance of employee share option certificates is 2,000 thousand shares.

The Company, after obtaining approval from the shareholders' meeting on June 19, 2024, and the resolution of the Board of Directors on July 4, 2024 authorizing the Chairman to proceed, conducted a capital increase by issuing 1,681 thousand new shares for free distribution. The record date for the capital increase was August 24, 2024, and the paid-in capital of the Company after the capital increase amounted to \$577,838 thousand.

The Company, after obtaining approval from the shareholders' meeting on June 9, 2023, and the resolution of the Board of Directors on the same date authorizing the Chairman to proceed, conducted a capital increase by issuing 1,632 thousand new shares for free distribution. The record date for the capital increase was July 12, 2023, and the paid-in capital of the Company after the capital increase amounted to \$561,030 thousand.

## (2) Capital Surplus

The capital surplus arising from paid-in capital in excess of par value of issuance of shares (including the issuance of ordinary shares or treasury share transactions, etc.) and the portion from donated assets may be used to offset deficits; or if the Company has no deficit, the capital surplus may be distributed as cash dividends or capitalized, provided that a certain ratio of paid-in capital shall be set aside as capital reserve each year.

The capital reserve arising from investments accounted for using the equity method, employee share options, and share warrants shall not be used for any purpose.

## (3) Retained Earnings and Dividend Policy

According to the Company's Articles of Incorporation regarding the profit distribution policy, if there is profit after the annual final accounting, taxes shall be paid, accumulated losses shall be covered, and 10% shall be appropriated as legal reserve except when the accumulated legal reserve has reached the Company's paid-in capital. After appropriating or reversing special reserve as required by laws or the competent authority, the Board of Directors shall propose a profit distribution proposal for the undistributed profits at the beginning of the period and submit it to the shareholders' meeting for resolution. For the policy on the distribution of employee and director remuneration as stipulated in the Articles of Incorporation, please refer to Note 24 (7) Employee and Director Remuneration.

The Company is engaged in the high-tech industry and is currently in the growth stage of its corporate life cycle. In order to maintain a sound financial structure, meet capital expenditure requirements for sustainable development, and protect the interests of investors, the distribution of surplus is comprehensively determined by considering factors such as retained earnings, capital surplus, financial structure, and operating conditions. The company's dividends are distributed in the form of share dividends and cash dividends, with the distribution ratio determined by the company's capital, financial structure, and future funding requirements for its plans. Cash dividends shall account for no less than 10%, but the distribution method and ratio may be adjusted by resolution of the general shareholders' meeting.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the company's paid-in capital. The legal reserve may be used to offset deficits. When the company has no deficit, the portion of legal reserve exceeding 25% of paid-in capital may be distributed in cash or capitalized.

In accordance with Order No. 1090150022 issued by the Financial Supervisory Commission, Order No. 10901500221 issued by the Financial Supervisory Commission, and the "Q&A on the Appropriation and Reversal of Special Reserves after the Adoption of International Financial Reporting Standards (IFRS)," the Company has appropriated and reversed special reserves.

The Company convened the Annual General Shareholders' Meetings on June 19, 2024 and June 9, 2023, respectively, at which the proposals for distribution of surplus earnings for the years 2023 and 2022 were approved as follows:

|                                 | <b>2023</b> | <b>2022</b> |
|---------------------------------|-------------|-------------|
| Legal reserve                   | \$ 25,510   | \$ 19,647   |
| Cash dividend                   | \$ 168,075  | \$ 119,665  |
| Share dividends                 | \$ 16,808   | \$ 16,318   |
| Cash dividends per share (NT\$) | \$ 3.0      | \$ 2.2      |
| Share dividend per share (NT\$) | \$ 0.3      | \$ 0.3      |

#### (4) Other Equity Items

##### 1. Exchange differences on translation of foreign financial statements

|   | <b>Nine Months Ended September 30</b> |             |
|---|---------------------------------------|-------------|
|   | <b>2024</b>                           | <b>2023</b> |
| Balance, begin of period  | (\$ 2,498)                            | (\$ 2,049)  |
| Arising in the period   |                                       |             |
| Exchange differences arising from the translation of the financial statements of foreign operations | 928                                   | 10          |
| Other comprehensive income for the period   | 928                                   | 10          |
| Balance, end of period  | (\$ 1,570)                            | (\$ 2,039)  |

##### 2. Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income

|   | <b>Nine Months Ended September 30</b> |             |
|---|---------------------------------------|-------------|
|   | <b>2024</b>                           | <b>2023</b> |
| Balance, begin of period  | \$ 20,455                             | \$ 17,287   |
| Arising in the period   |                                       |             |
| Unrealized gains (losses) on equity instruments                                     | ( 21,349 )                            | 10,392      |
| Other comprehensive income for the period   | ( 21,349 )                            | 10,392      |
| Cumulative gains on disposal of equity instruments transferred to retained earnings | ( 3,879 )                             | ( 9,164 )   |
| Balance, end of period  | (\$ 4,773 )                           | \$ 18,515   |

## 22. Treasury Shares

(1) The reasons for share buyback and the changes in the number of shares are as follows (in thousands of shares):

| Reasons for Buyback                         | Number of Shares at the Beginning of the Period | Increase for the Period | Decrease for the Period | Number of Shares at the End of the Period |
|---|---|-------------------------|-------------------------|---|
| <u>Nine months ended September 30, 2024</u> |   |                         |                         |   |
| Transfer of shares to employees             | 78  | -                       | -                       | 78  |
| <u>Nine months ended September 30, 2023</u> |   |                         |                         |   |
| Transfer of shares to employees             | 78  | -                       | -                       | 78  |

(2) The Company's Board of Directors resolved on March 23, 2020 to repurchase 800 thousand shares from March 24, 2020 to May 22, 2020 at a price ranging from \$25 to \$32 per share, and if the market price fell below the lower limit of the originally determined price range, the repurchase would continue. By the end of the execution period, a total of 78 thousand shares had been repurchased at a total cost of \$2,341 thousand.

(3) The Securities and Exchange Act prescribes that the number of shares repurchased by a company shall not exceed 10% of the total number of issued shares, and the total amount of repurchased shares shall not exceed the sum of retained earnings, share premium, and realized capital surplus. As of the date of the Board's resolution, the Company is in compliance with the provisions of the Securities and Exchange Act.

(4) The Company's treasury shares, in accordance with securities trading laws and regulations, shall not be pledged, nor shall they entitle the Company to the distribution of dividends or voting rights.

## 23. Revenue

(1) Contract Balances

|                                | September 30,<br>2024 | December<br>31, 2023 | September 30,<br>2023 | January 1,<br>2023 |
|--------------------------------|-----------------------|----------------------|-----------------------|--------------------|
| Accounts receivable (Note 10)  | <u>\$ 137,805</u>     | <u>\$ 351,534</u>    | <u>\$ 207,265</u>     | <u>\$ 96,763</u>   |
| Contract liabilities - current |                       |                      |                       |                    |
| Sales of goods                 | <u>\$ 21,395</u>      | <u>\$ 21,182</u>     | <u>\$ 29,496</u>      | <u>\$ 26,121</u>   |

(2) Unfinished Customer Contracts

The unfulfilled performance obligations of the merged companies, the expected duration of their customer contracts does not exceed one year.

## 24. Net Income from Continuing Operations

### (1) Interest Income

|                          | Three Months Ended<br>September 30 |          | Nine Months Ended<br>September 30 |          |
|--------------------------|------------------------------------|----------|-----------------------------------|----------|
|                          | 2024                               | 2023     | 2024                              | 2023     |
| Bank deposits and others | \$ 3,725                           | \$ 1,642 | \$ 8,996                          | \$ 7,359 |

### (2) Other Revenue

|                      | Three Months Ended<br>September 30 |          | Nine Months Ended<br>September 30 |          |
|----------------------|------------------------------------|----------|-----------------------------------|----------|
|                      | 2024                               | 2023     | 2024                              | 2023     |
| Dividend revenue     | \$ 1,355                           | \$ 2,918 | \$ 1,355                          | \$ 2,918 |
| Miscellaneous income | 843                                | 568      | 2,237                             | 1,623    |
|                      | \$ 2,198                           | \$ 3,486 | \$ 3,592                          | \$ 4,541 |

### (3) Other Gain and Losses

|   | Three Months Ended<br>September 30 |           | Nine Months Ended<br>September 30 |           |
|---|------------------------------------|-----------|-----------------------------------|-----------|
|   | 2024                               | 2023      | 2024                              | 2023      |
| Gain (loss) on financial assets                                     |                                    |           |                                   |           |
| Financial assets designated as<br>fair value through profit or loss | (\$ 2,054)                         | \$ 769    | (\$ 1,893)                        | \$ 3,687  |
| Gain on disposal of property, plant<br>and equipment                | -                                  | -         | 9                                 | -         |
| Net foreign exchange gain (loss)                                    | ( 4,842 )                          | 16,064    | 14,705                            | 22,250    |
|   | (\$ 6,896 )                        | \$ 16,833 | \$ 12,821                         | \$ 25,937 |

### (4) Financial Costs

|                               | Three Months Ended<br>September 30 |       | Nine Months Ended<br>September 30 |       |
|-------------------------------|------------------------------------|-------|-----------------------------------|-------|
|                               | 2024                               | 2023  | 2024                              | 2023  |
| Interest on lease liabilities | \$ 9                               | \$ 15 | \$ 34                             | \$ 30 |
| Others                        | 8                                  | -     | 8                                 | -     |
|                               | \$ 17                              | \$ 15 | \$ 42                             | \$ 30 |

(5) Depreciation and Amortization

|  | Three Months Ended<br>September 30 |                        | Nine Months Ended<br>September 30 |                         |
|--|------------------------------------|------------------------|-----------------------------------|-------------------------|
|  | 2024                               | 2023                   | 2024                              | 2023                    |
| Depreciation expenses summarized by function |                                    |                        |                                   |                         |
| Operating costs                              | \$ 2,100                           | \$ 2,073               | \$ 6,256                          | \$ 5,620                |
| Operating expenses                           | <u>1,567</u>                       | <u>1,708</u>           | <u>5,265</u>                      | <u>5,157</u>            |
|  | <u><u>\$ 3,667</u></u>             | <u><u>\$ 3,781</u></u> | <u><u>\$ 11,521</u></u>           | <u><u>\$ 10,777</u></u> |
| Amortization expenses summarized by function |                                    |                        |                                   |                         |
| Operating costs                              | \$ 32                              | \$ 16                  | \$ 87                             | \$ 56                   |
| Operating expenses                           | <u>336</u>                         | <u>460</u>             | <u>1,182</u>                      | <u>1,378</u>            |
|  | <u><u>\$ 368</u></u>               | <u><u>\$ 476</u></u>   | <u><u>\$ 1,269</u></u>            | <u><u>\$ 1,434</u></u>  |

(6) Employee Benefit Expenses

|                                     | Three Months Ended<br>September 30 |                         | Nine Months Ended<br>September 30 |                          |
|-------------------------------------|------------------------------------|-------------------------|-----------------------------------|--------------------------|
|                                     | 2024                               | 2023                    | 2024                              | 2023                     |
| Retirement benefits (Note 20)       |                                    |                         |                                   |                          |
| Defined contribution plans          | \$ 1,349                           | \$ 1,312                | \$ 4,091                          | \$ 3,939                 |
| Defined benefit plans               | <u>75</u>                          | <u>86</u>               | <u>226</u>                        | <u>256</u>               |
|                                     | <u><u>1,424</u></u>                | <u><u>1,398</u></u>     | <u><u>4,317</u></u>               | <u><u>4,195</u></u>      |
| Other Employee Benefits             |                                    |                         |                                   |                          |
| Salaries and wages                  | 33,972                             | 48,278                  | 113,333                           | 127,472                  |
| Labor and health insurance expenses | 2,812                              | 2,704                   | 8,523                             | 8,320                    |
| Other Employee Benefits             | <u>1,391</u>                       | <u>1,466</u>            | <u>4,091</u>                      | <u>3,883</u>             |
|                                     | <u><u>38,175</u></u>               | <u><u>52,448</u></u>    | <u><u>125,947</u></u>             | <u><u>139,675</u></u>    |
| Total employee benefit expenses     | <u><u>\$ 39,599</u></u>            | <u><u>\$ 53,846</u></u> | <u><u>\$ 130,264</u></u>          | <u><u>\$ 143,870</u></u> |
| Summarized by function              |                                    |                         |                                   |                          |
| Operating costs                     | \$ 8,599                           | \$ 8,666                | \$ 26,777                         | \$ 25,214                |
| Operating expenses                  | <u>31,000</u>                      | <u>45,180</u>           | <u>103,487</u>                    | <u>118,656</u>           |
|                                     | <u><u>\$ 39,599</u></u>            | <u><u>\$ 53,846</u></u> | <u><u>\$ 130,264</u></u>          | <u><u>\$ 143,870</u></u> |

(7) Employee and Directors' Remuneration

In accordance with the Articles of Incorporation, this Company shall appropriate employee compensation at the rate of 7% to 10% and director compensation at a maximum rate of 2% from the pre-tax net income of the current year before deduction of the compensation for employees and directors.

The estimated employee and director compensation for the three months and the nine months ended September 30 of 2024 and 2023, respectively, as follows:

Estimated Ratio

|                         | Three Months Ended<br>September 30 |      | Nine Months Ended<br>September 30 |      |
|-------------------------|------------------------------------|------|-----------------------------------|------|
|                         | 2024                               | 2023 | 2024                              | 2023 |
| Employee' Remuneration  | 10%                                | 10%  | 10%                               | 10%  |
| Directors' Remuneration | 2%                                 | 2%   | 2%                                | 2%   |

Amount

|                         | Three Months Ended<br>September 30 |           | Nine Months Ended<br>September 30 |           |
|-------------------------|------------------------------------|-----------|-----------------------------------|-----------|
|                         | 2024                               | 2023      | 2024                              | 2023      |
| Employee' Remuneration  | \$ 1,551                           | \$ 11,831 | \$ 13,566                         | \$ 27,177 |
| Directors' Remuneration | \$ 310                             | \$ 2,366  | \$ 2,713                          | \$ 5,435  |

The consolidated financial statements for the year are subject to change after their issuance date, and any changes will be treated as changes in accounting estimates and adjustments will be made in the following year.

The employee and director compensation for 2023 and 2022 were approved by the Board of Directors on February 27, 2024 and March 10, 2023, respectively, as follows:

Amount

|                         | 2023      | 2022      |
|-------------------------|-----------|-----------|
| Employee' Remuneration  | \$ 34,766 | \$ 17,667 |
| Directors' Remuneration | \$ 6,953  | \$ 3,534  |

The actual amount of employee and director compensation distributed in 2023 and 2022 is consistent with the recognized amount in the 2023 and 2022 consolidated financial statement.

Information regarding employee and director compensation as resolved by the company's board of directors can be found on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(8) Foreign Currency Translation (Gain) Loss

|                             | Three Months Ended<br>September 30 |           | Nine Months Ended<br>September 30 |            |
|-----------------------------|------------------------------------|-----------|-----------------------------------|------------|
|                             | 2024                               | 2023      | 2024                              | 2023       |
| Total foreign exchange gain | (\$ 437 )                          | \$ 19,263 | \$ 32,859                         | \$ 37,467  |
| Total foreign exchange loss | ( 4,405 )                          | ( 3,199 ) | ( 18,154 )                        | ( 15,217 ) |
| Net gain (loss)             | (\$ 4,842 )                        | \$ 16,064 | \$ 14,705                         | \$ 22,250  |

## 25. Income Tax

### (1) Income Taxes Recognized in Profit or Loss

The main components of income tax expense are as follows:

|   | Three Months Ended<br>September 30                    |  | Nine Months Ended<br>September 30                      |  |
|---|---|--|--|--|
|   | 2024  | 2023   | 2024   | 2023   |
| Current income tax                              |   |  |  |  |
| Arising in the period                           | \$ 6,688  | \$ 20,219  | \$ 22,902  | \$ 46,705  |
| Undistributed earnings surtax                   | -   | -  | 2,236  | 2,042  |
| Adjustment of previous years                    | <u>      </u><br><u>      </u>                        | ( <u>      </u> 616)                                   | <u>      </u><br><u>      </u>                         | ( <u>      </u> 807)                                   |
|   | <u>      </u><br><u>      </u><br><u>      </u> 6,688 | <u>      </u><br><u>      </u><br><u>      </u> 19,603 | <u>      </u><br><u>      </u><br><u>      </u> 25,138 | <u>      </u><br><u>      </u><br><u>      </u> 47,940 |
| Deferred tax                                    |   |  |  |  |
| Arising in the period                           | ( <u>      </u> 2,882)                                | ( <u>      </u> 236)                                   | <u>      </u> 2,427                                    | ( <u>      </u> 478)                                   |
| Income tax expense recognized in profit or loss | <u>      </u><br><u>      </u><br><u>      </u> 3,806 | <u>      </u><br><u>      </u><br><u>      </u> 19,367 | <u>      </u><br><u>      </u><br><u>      </u> 27,565 | <u>      </u><br><u>      </u><br><u>      </u> 47,462 |

### (2) Income Tax Recognized in Other Comprehensive Income

|   | Three Months Ended<br>September 30 |                      | Nine Months Ended<br>September 30 |                    |
|---|------------------------------------|----------------------|-----------------------------------|--------------------|
|   | 2024                               | 2023                 | 2024                              | 2023               |
| <u>Deferred Tax</u>   |                                    |                      |                                   |                    |
| Arising in the period   |                                    |                      |                                   |                    |
| Translation of the financial statements of foreign operations | ( <u>      </u> 61)                | ( <u>      </u> 175) | ( <u>      </u> 231)              | ( <u>      </u> 2) |
| Income tax recognized in other comprehensive income           | ( <u>      </u> 61)                | ( <u>      </u> 175) | ( <u>      </u> 231)              | ( <u>      </u> 2) |

### (3) Income Tax Assessments Status

The Income Tax returns of the Company's profit-seeking enterprise through 2021 have been examined and assessed by the Tax Authorities. The discrepancies between the assessed amount and filed amount have been properly adjusted in the respective year.

## 26. Earnings per Share

Units: NT\$ per share

|                            | Three Months Ended<br>September 30 |         | Nine Months Ended<br>September 30 |         |
|----------------------------|------------------------------------|---------|-----------------------------------|---------|
|                            | 2024                               | 2023    | 2024                              | 2023    |
| Basic earnings per share   | \$ 0.17                            | \$ 1.47 | \$ 1.59                           | \$ 3.32 |
| Diluted earnings per share | \$ 0.17                            | \$ 1.46 | \$ 1.58                           | \$ 3.29 |

When calculating earnings per share, the effect of the share dividends has been retrospectively adjusted, with the ex-rights date being August 24, 2024. Due to the retroactive adjustment, the basic and diluted earnings per share for the three months and the nine months ended September 30 of 2023 were changed as follows:

|                            | Units: NT\$ per share                 |                                      |                                       |                                      |
|----------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
|                            | Before retrospective adjustment       |                                      | After retrospective adjustment        |                                      |
|                            | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2023 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2023 |
| Basic earnings per share   | \$ 1.51                               | \$ 3.42                              | \$ 1.47                               | \$ 3.32                              |
| Diluted earnings per share | \$ 1.50                               | \$ 3.39                              | \$ 1.46                               | \$ 3.29                              |

The following presents profit and weighted average numbers of ordinary shares outstanding for calculation of earnings per share:

#### Net Profit for the Current Period

|   | Three Months Ended September 30 |           | Nine Months Ended September 30 |            |
|---|---------------------------------|-----------|--------------------------------|------------|
|   | 2024                            | 2023      | 2024                           | 2023       |
| Net income used to calculate basic and diluted earnings per share | \$ 9,844                        | \$ 84,748 | \$ 91,815                      | \$ 191,695 |

#### Number of Shares

|  | Unit of shares: Thousands of shares |        |                                |        |
|--|-------------------------------------|--------|--------------------------------|--------|
|  | Three Months Ended September 30     |        | Nine Months Ended September 30 |        |
|  | 2024                                | 2023   | 2024                           | 2023   |
| The weighted average number of ordinary shares used to calculate basic earnings per share. | 57,706                              | 57,706 | 57,706                         | 57,706 |
| Effect of potential dilutive ordinary shares:  |                                     |        |                                |        |
| Employee' remuneration   | 255                                 | 359    | 356                            | 480    |
| The weighted average number of common shares used to calculate diluted earnings per share  | 57,961                              | 58,065 | 58,062                         | 58,186 |

If a merged company has the option to issue employee compensation in the form of shares or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be paid in the form of shares, and the potential ordinary shares will be included in the weighted average number of outstanding shares when they have a dilutive effect to calculate the diluted earnings per share. Such dilutive effect of the potential shares should continue to be considered until approval of number of shares to be distributed to employees as compensation in the following year.

## 27. Capital Risk Management

The group undertakes capital management to ensure that all entities in the group can continue as a going concern while maximizing returns to stakeholders through the optimal balance of debt and equity.

The capital structure of the merged company consists of its net debt and equity (i.e., share capital, capital surplus, retained earnings, and other equity items).

Companies that have merged are not required to comply with other external capital requirements.

## 28. Financial Instruments

### (1) Fair Value Information - Financial Instruments not Measured at Fair Value

The merged company's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values or their fair values cannot be reliably measured.

### (2) Fair Value Information - Financial Instruments Measured at Fair Value on a Recurring Basis

#### 1. Fair Value Measurement Hierarchy

September 30, 2024

|   | <u>Level 1</u>       | <u>Level 2</u>   | <u>Level 3</u>        | <u>Total</u>          |
|---|----------------------|------------------|-----------------------|-----------------------|
| <u>Financial Assets Measured at Fair Value Through Profit or Loss</u> |                      |                  |                       |                       |
| Domestic listed (OTC) and emerging shares                             | \$ 7,175             | \$ -             | \$ -                  | \$ 7,175              |
| Domestic unlisted shares  | <u>    </u> -        | <u>    </u> -    | 24,553                | 24,553                |
|   | <u>    </u> \$ 7,175 | <u>    </u> \$ - | <u>    </u> \$ 24,553 | <u>    </u> \$ 31,728 |

Financial Assets Measured at Fair Value Through Other Comprehensive Income

Equity instrument investment

|   |                       |                  |                       |                       |
|---|-----------------------|------------------|-----------------------|-----------------------|
| Domestic listed (OTC) and emerging shares | \$ 39,962             | \$ -             | \$ -                  | \$ 39,962             |
| Domestic unlisted shares                  | <u>    </u> -         | <u>    </u> -    | 28,858                | 28,858                |
|   | <u>    </u> \$ 39,962 | <u>    </u> \$ - | <u>    </u> \$ 28,858 | <u>    </u> \$ 68,820 |

December 31, 2023

|  | <b>Level 1</b>                   | <b>Level 2</b>              | <b>Level 3</b>                   | <b>Total</b>                     |
|--|----------------------------------|-----------------------------|----------------------------------|----------------------------------|
| <b><u>Financial Assets Measured at Fair Value Through Profit or Loss</u></b>             |                                  |                             |                                  |                                  |
| Domestic listed (OTC) and emerging shares  | \$ 4,911                         | \$ -                        | \$ -                             | \$ 4,911                         |
| Domestic unlisted shares   | <u>        </u> -                | <u>        </u> -           | <u>        </u> 28,710           | <u>        </u> 28,710           |
|  | <u>        </u> <u>\$ 4,911</u>  | <u>        </u> <u>\$ -</u> | <u>        </u> <u>\$ 28,710</u> | <u>        </u> <u>\$ 33,621</u> |
| <b><u>Financial Assets Measured at Fair Value Through Other Comprehensive Income</u></b> |                                  |                             |                                  |                                  |
| Equity instrument investment   |                                  |                             |                                  |                                  |
| Domestic listed (OTC) and emerging shares  | \$ 27,086                        | \$ -                        | \$ -                             | \$ 27,086                        |
| Domestic unlisted shares   | <u>        </u> -                | <u>        </u> -           | <u>        </u> 48,710           | <u>        </u> 48,710           |
|  | <u>        </u> <u>\$ 27,086</u> | <u>        </u> <u>\$ -</u> | <u>        </u> <u>\$ 48,710</u> | <u>        </u> <u>\$ 75,796</u> |

September 30, 2023

|  | <b>Level 1</b>                   | <b>Level 2</b>              | <b>Level 3</b>                   | <b>Total</b>                     |
|--|----------------------------------|-----------------------------|----------------------------------|----------------------------------|
| <b><u>Financial Assets Measured at Fair Value Through Profit or Loss</u></b>             |                                  |                             |                                  |                                  |
| Domestic listed (OTC) and emerging shares  | \$ 5,011                         | \$ -                        | \$ -                             | \$ 5,011                         |
| Domestic unlisted shares   | <u>        </u> -                | <u>        </u> -           | <u>        </u> 25,470           | <u>        </u> 25,470           |
|  | <u>        </u> <u>\$ 5,011</u>  | <u>        </u> <u>\$ -</u> | <u>        </u> <u>\$ 25,470</u> | <u>        </u> <u>\$ 30,481</u> |
| <b><u>Financial Assets Measured at Fair Value Through Other Comprehensive Income</u></b> |                                  |                             |                                  |                                  |
| Equity instrument investment   |                                  |                             |                                  |                                  |
| Domestic listed (OTC) and emerging shares  | \$ 28,386                        | \$ -                        | \$ -                             | \$ 28,386                        |
| Domestic unlisted shares   | <u>        </u> -                | <u>        </u> -           | <u>        </u> 45,470           | <u>        </u> 45,470           |
|  | <u>        </u> <u>\$ 28,386</u> | <u>        </u> <u>\$ -</u> | <u>        </u> <u>\$ 45,470</u> | <u>        </u> <u>\$ 73,856</u> |

There were no transfers between Level 1 and Level 3 fair value measurements in the nine months ended September 30, 2024 and 2023.

## 2. Valuation Techniques and Inputs for Level 3 Fair Value Measurements

| <b>Class of financial instruments</b> | <b>Valuation techniques and inputs</b>   |
|---------------------------------------|--|
| Domestic unlisted shares              | <ol style="list-style-type: none"> <li>1. The market approach using comparable companies listed on the Taiwan Stock Exchange or Over-the-Counter market is based on the transaction prices of comparable targets, taking into account the differences between the subject company and the comparable companies, and estimating the value of the subject company using appropriate valuation multiples.</li> <li>2. The market approach using comparable transactions involves referencing the transaction prices of similar or identical assets, considering the implied valuation multiples and relevant transaction information from these prices, to determine the value of the subject company.</li> </ol> |

### (3) Types of Financial Instruments

|  | <b>September 30,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>September 30,<br/>2023</b> |
|--|-------------------------------|------------------------------|-------------------------------|
| <b><u>Financial Asset</u></b>  |                               |                              |                               |
| Through profit or loss at fair value through profit or loss financial assets - designated as at fair value through profit or loss. | \$ 31,728                     | \$ 33,621                    | \$ 30,481                     |
| Financial assets at amortized cost (Note 1)  | 667,582                       | 917,970                      | 923,097                       |
| Through other comprehensive income at fair value through other comprehensive income - investment in equity instruments             | 68,820                        | 75,796                       | 73,856                        |
| <b><u>Financial Liabilities</u></b>  |                               |                              |                               |
| Measured at amortized cost (Note 2)  | 83,781                        | 245,233                      | 369,012                       |

Note1: The balance includes cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable and a portion of other receivables that are financial assets measured at amortized cost.

Note2: The balances include notes payable, accounts payable and a portion of other payables that are financial liabilities measured at amortized cost.

### (4) Financial Risk Management Objectives and Policies

The merged company's main financial instruments include equity investments, accounts receivable, accounts payable, and lease liabilities. The merged company's finance department provides services to the business units, coordinates access to domestic and international financial markets, and supervises and manages the financial risks related to the merged company's operations through analyzing internal risk reports covering exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The merged company has formulated “Procedures for Acquisition or Disposal of Assets” in accordance with the regulations of the competent authority, describing the control procedures for the acquisition, management, and disposal of various assets. If there is a risk assessment and the use of derivative financial instruments is adopted to hedge the exposure in order to mitigate the impact of such risks, the use of derivative financial instruments is governed by policies approved by the board of directors of the merged company, which are written principles for foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of remaining liquidity. The internal auditors continuously review compliance with policies and exposure limits. The merged company did not engage in derivative financial instrument transactions in the nine months ended September 30, 2024 and 2023.

## 1. Market Risk

The main financial risks undertaken by the merged company due to its operating activities are:

### (1) Foreign Exchange Risk

The Company engages mainly in sales and purchases transactions denominated in U.S. dollars, which naturally hedge foreign currency positions and mitigate the effect of exchange rate fluctuations.

The carrying amounts of the merged company’s foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 33.

With respect to the sensitivity analysis of foreign currency risk, it primarily addresses the adverse effects arising from changes in exchange rates on foreign currency monetary items as of the end of the reporting period. If the foreign currency fluctuates by 1% against the New Taiwan dollar, the merged company’s net income after tax for the nine months ended September 30, 2024 and 2023 will decrease by \$1,733 thousand and \$3,464 thousand, respectively.

### (2) Risk of Interest Rate Fluctuations

The merged company mainly uses its own funds to finance its operating activities, and its exposure to interest rate risk is minimal.

The merged company’s exposures to market risk of financial instruments and the manner in which it manages and measures such exposures have not changed.

## 2. Credit Risk

Credit risk refers to the risk of financial loss to the merged company caused by the counterparty's failure to fulfill contractual obligations. As of the balance sheet date, the maximum credit risk exposure that could cause financial loss to the merged company due to the counterparty's failure to perform its obligations is primarily derived from the carrying amount of financial assets recognized in the consolidated balance sheet.

The merged company does not have significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. The concentration of credit risk from counterparties for the merged company did not exceed 10% of total monetary assets in the nine months ended September 30, 2024 and 2023.

The credit risk of the merged company is mainly concentrated on its customers in the Americas and Europe. As of September 30, 2024, December 31, 2023 and September 30, 2023, European customers accounted for approximately 34.82%、66.53% and 0.83% of total accounts receivable, while American customers accounted for approximately 46.05%、18.67% and 84.23% of total accounts receivable as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

## 3. Liquidity Risk

The merged company manages and maintains adequate cash and cash equivalents to support operations and mitigate the effects of fluctuations in cash flows. The merged company's working capital is sufficient to support operations, and therefore there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

September 30, 2024

|  | <b>1 - 3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1-3 Years</b> |
|--|---------------------|-------------------------------|------------------|
| <b><u>Non-Derivative Financial Liabilities</u></b> |                     |                               |                  |
| Non-interest bearing liabilities                   | \$ 86,990           | \$ 60,190                     | \$ -             |
| Lease liabilities                                  | 1,184               | 1,649                         | -                |
|  | <u>\$ 88,174</u>    | <u>\$ 61,839</u>              | <u>\$ -</u>      |

Further information on the maturity analysis of lease liabilities is as follows:

|                   | <b>Less Than 1 Year</b> | <b>1-3 Years</b> |
|-------------------|-------------------------|------------------|
| Lease liabilities | \$ 2,843                | \$ -             |

December 31, 2023

|   | <b>1 - 3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1-3 Years</b> |
|---|---------------------|-------------------------------|------------------|
| <b>Non-Derivative Financial Liabilities</b> |                     |                               |                  |
| Non-interest bearing liabilities            | \$ 288,592          | \$ 50,553                     | \$ -             |
| Lease liabilities                           | <u>1,175</u>        | <u>3,542</u>                  | <u>1,649</u>     |
|   | <u>\$ 289,767</u>   | <u>\$ 54,095</u>              | <u>\$ 1,649</u>  |

Further information on the maturity analysis of lease liabilities is as follows:

|                   | <b>Less Than 1 Year</b> | <b>1-3 Years</b> |
|-------------------|-------------------------|------------------|
| Lease liabilities | <u>\$ 4,756</u>         | <u>\$ 1,654</u>  |

September 30, 2023

|   | <b>1 - 3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1-3 Years</b> |
|---|---------------------|-------------------------------|------------------|
| <b>Non-Derivative Financial Liabilities</b> |                     |                               |                  |
| Non-interest bearing liabilities            | \$ 361,059          | \$ 81,771                     | \$ -             |
| Lease liabilities                           | <u>957</u>          | <u>2,885</u>                  | <u>1,961</u>     |
|   | <u>\$ 362,016</u>   | <u>\$ 84,656</u>              | <u>\$ 1,961</u>  |

Further information on the maturity analysis of lease liabilities is as follows:

|                   | <b>Less Than 1 Year</b> | <b>1-3 Years</b> |
|-------------------|-------------------------|------------------|
| Lease liabilities | <u>\$ 3,880</u>         | <u>\$ 1,967</u>  |

#### (5) Information on Transfer of Financial Assets

The merged company had no sale of undue accounts receivable on September 30, 2024. The relevant information for the sale of undue accounts receivable on December 31, 2023 and September 30, 2023 is as follows:

December 31, 2023

| <b>Counterparty</b>           | <b>Offered Amount</b> | <b>Transferred to<br/>Other<br/>Receivables</b> | <b>Available<br/>Advance<br/>Amount</b> | <b>Advanced<br/>Amount</b> | <b>Annual Interest<br/>Rate for the<br/>Advanced<br/>Amount (%)</b> |
|-------------------------------|-----------------------|---|---|----------------------------|---|
| Hua Nan<br>Commercial<br>Bank | <u>\$ 28,415</u>      | <u>\$ 28,415</u>                                | <u>\$ 28,415</u>                        | <u>\$ -</u>                | <u>0.85%-0.90%</u>  |

September 30, 2023

| Counterparty            | Offered Amount | Transferred to Other Receivables | Available Advance Amount | Advanced Amount | Annual Interest Rate for the Advanced Amount (%) |
|-------------------------|----------------|----------------------------------|--------------------------|-----------------|--|
| Hua Nan Commercial Bank | \$ 200,380     | \$ 200,380                       | \$ 200,380               | \$ _____ -      | 0.85%-0.90%                                      |

According to the terms of the sale agreement, losses arising from commercial disputes shall be borne by the merged company, while losses arising from credit risks shall be borne by the respective banks.

## 29. Related Party Transactions

The transactions, account balances, revenues, and expenses between the Company and its subsidiaries (entities related to the Company) are fully eliminated upon consolidation; therefore, they are not disclosed in these notes. In addition to those disclosed in other notes, transactions between the merged company and other related parties are as follows:

(1) Name of related parties and relationship

| Name of related parties        | Relationship with the Company |
|--------------------------------|-------------------------------|
| LUNG HWA ELECTRONICS CO., LTD. | Substantive Related Parties   |

(2) Operating revenue

| Item                    | Related Party Categories    | Three Months Ended September 30 |            | Nine Months Ended September 30 |            |
|-------------------------|-----------------------------|---------------------------------|------------|--------------------------------|------------|
|                         |                             | 2024                            | 2023       | 2024                           | 2023       |
| Other operating revenue | Substantive Related Parties | \$ _____ -                      | \$ _____ - | \$ 6,199                       | \$ _____ - |

(3) Compensation of Key Management Personnel

|  | Three Months Ended September 30 |        | Nine Months Ended September 30 |          |
|--|---------------------------------|--------|--------------------------------|----------|
|  | 2024                            | 2023   | 2024                           | 2023     |
|  | Short-term employee benefits    | \$ 240 | \$ 2,453                       | \$ 4,221 |
|  |                                 |        |                                | \$ 7,323 |

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

### 30. Pledged Assets

The following assets of the merged company have been pledged as collateral for the customs duty-deferral arrangement:

|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--|-----------------------|----------------------|-----------------------|
| Pledged time deposits (accounted for as financial assets measured at amortized cost - current) | \$ 16,000             | \$ 16,000            | \$ 16,000             |

### 31. Other matters: None.

### 32. Significant subsequent events: None.

### 33. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is summarized in currencies other than the functional currencies of the consolidated entities, with the disclosed exchange rates being the rates at which those currencies are translated into the functional currencies. Information on foreign currency assets and liabilities with significant influence:

Unit: Each Foreign Currency /NT\$ thousand

#### September 30, 2024

|                              | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|------------------|---------------|-----------------|
| <b>Financial Assets</b>      |                  |               |                 |
| <b>Monetary Items</b>        |                  |               |                 |
| US dollars                   | \$ 7,625         | 31.66         | \$ 241,420      |
| <b>Financial Liabilities</b> |                  |               |                 |
| <b>Monetary Items</b>        |                  |               |                 |
| US dollars                   | 783              | 31.66         | 24,780          |

#### December 31, 2023

|                              | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|------------------|---------------|-----------------|
| <b>Financial Assets</b>      |                  |               |                 |
| <b>Monetary Items</b>        |                  |               |                 |
| US dollars                   | \$ 15,407        | 30.725        | \$ 473,390      |
| <b>Financial Liabilities</b> |                  |               |                 |
| <b>Monetary Items</b>        |                  |               |                 |
| US dollars                   | 3,642            | 30.725        | 111,903         |

September 30, 2023

|                              | <u>Foreign Currency</u> | <u>Exchange Rate</u> | <u>Carrying Amount</u> |
|------------------------------|-------------------------|----------------------|------------------------|
| <b>Financial Assets</b>      |                         |                      |                        |
| <u>Monetary Items</u>        |                         |                      |                        |
| US dollars                   | \$ 18,416               | 32.275               | \$ 594,391             |
| <b>Financial Liabilities</b> |                         |                      |                        |
| <u>Monetary Items</u>        |                         |                      |                        |
| US dollars                   | 5,002                   | 32.275               | 161,427                |

Foreign currency translation gain (loss) for the merged companies is as follows:

|            | <b>Three Months Ended<br/>September 30</b> |                  | <b>Nine Months Ended<br/>September 30</b> |                  |
|------------|--|------------------|---|------------------|
|            | <b>2024</b>                                | <b>2023</b>      | <b>2024</b>                               | <b>2023</b>      |
|            | \$ 3,950                                   | \$ 10,301        | \$ 17,614                                 | \$ 11,061        |
| Realized   |  |                  |   |                  |
| Unrealized | ( 8,800 )                                  | 5,755            | ( 2,926 )                                 | 11,184           |
|            | <u>(\$ 4,850 )</u>                         | <u>\$ 16,056</u> | <u>\$ 14,688</u>                          | <u>\$ 22,245</u> |

#### 34. Notes on Disclosures

(1) Major Transaction Matters and

(2) Information Related to Reinvested Enterprises

1. Funds loaned to others: None.
2. Endorsements/guarantees for others: None.
3. The end-of-period securities holding status (excluding investments in subsidiaries, associates, and joint ventures equity): Appendix 1.
4. The cumulative amount of buying or selling the same securities has reached \$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate with amount reaching \$300 million or 20% of paid-in capital: None.
6. Disposal of real estate with an amount reaching \$300 million or 20% of the paid-in capital: None.
7. The amount of purchases or sales with related parties exceeding \$100 million or 20% of the paid-in capital: None.
8. Accounts receivable from related parties reaching \$100 million or 20% of the paid-in capital: None.

9. Engaging in derivative product transactions: None.
10. Others: Business relationships and important transactions and amounts between the parent company and its subsidiaries and between each subsidiaries: Appendix 2.
11. Information on reinvested businesses: Appendix 3.

(3) Information on Investments in China

1. The name of the invested company in China, its main business items, paid-in capital, investment methods, remittance of funds in and out, shareholding ratio, investment gains and losses, carrying amount of investments at the end of the period, repatriated investment gains and losses, and the investment limit in China: Appendix 4.
2. The significant transactions with investee companies in China, either directly or indirectly through a third area, their prices, payment terms, and unrealized gains or losses: None.
  - (1) The amount and percentage of purchases and the ending balances and percentages of related accounts payable.
  - (2) The amount and percentage of sales revenue, and the ending balance and percentage of related accounts receivable.
  - (3) The amount of property transactions and the amount of profits or losses arising therefrom.
  - (4) The outstanding balance of endorsed or guaranteed notes receivable or provision of collaterals as of the balance sheet date and the purpose thereof.
  - (5) The highest balance, ending balance, range of interest rates, and total interest amount for the period of financing facilities.
  - (6) Other transactions that have a material impact on the current profit or loss or financial position, such as the provision or receipt of services.
- (4) Information on Major Shareholders: Names, Shareholding Amounts and Proportions of Shareholders with a Shareholding Ratio of More Than 5%: Appendix 5.

**35. Segment Information**

Information provided to the chief operating decision maker for the purpose of resource allocation and assessment of department performance focuses on types of products and services delivered or provided. The reportable segments of the merged company are as follows:

Computer and its peripheral equipment: Department 1.  
Computer and its peripheral equipment: Department 2.

(1) Department Revenue and Operating Results

|                                   | Nine Months Ended September 30, 2024 |                  |                     |
|-----------------------------------|--------------------------------------|------------------|---------------------|
|                                   | Department 1                         | Department 2     | Total               |
| Segment revenue                   | \$ 765,588                           | \$ -             | \$ 765,588          |
| Adjustments and layoffs           | <u>-</u>                             | <u>-</u>         | <u>-</u>            |
| Operating revenue                 | <u>\$ 765,588</u>                    | <u>\$ -</u>      | <u>\$ 765,588</u>   |
|                                   |                                      |                  |                     |
| Net profit (loss) from operations | \$ 94,563                            | ( \$ 1,450 )     | \$ 94,013           |
| Other income                      | 2,182                                | 1,410            | 3,592               |
| Other gains and losses            | 12,828                               | -                | 12,828              |
| Finance costs                     | ( 42 )                               | -                | ( 42 )              |
| Interest income                   | <u>8,949</u>                         | <u>47</u>        | <u>8,996</u>        |
| Segment profit                    | 119,380                              | 7                | 119,387             |
| Adjustments and layoffs           | ( <u>7</u> )                         | <u>-</u>         | ( <u>7</u> )        |
| Net profit before tax             | <u>\$ 119,373</u>                    | <u>\$ 7</u>      | <u>\$ 119,380</u>   |
|                                   | Nine Months Ended September 30, 2023 |                  |                     |
|                                   | Department 1                         | Department 2     | Total               |
| Segment revenue                   | \$ 1,324,896                         | \$ -             | \$ 1,324,896        |
| Adjustments and layoffs           | <u>-</u>                             | <u>-</u>         | <u>-</u>            |
| Operating revenue                 | <u>\$ 1,324,896</u>                  | <u>\$ -</u>      | <u>\$ 1,324,896</u> |
|                                   |                                      |                  |                     |
| Net profit (loss) from operations | \$ 202,797                           | ( \$ 1,447 )     | \$ 201,350          |
| Other income                      | 3,197                                | 1,344            | 4,541               |
| Other gains and losses            | 25,867                               | -                | 25,867              |
| Finance costs                     | ( 30 )                               | -                | ( 30 )              |
| Interest income                   | <u>7,326</u>                         | <u>33</u>        | <u>7,359</u>        |
| Segment profit (loss)             | 239,157                              | ( 70 )           | 239,087             |
| Adjustments and layoffs           | <u>70</u>                            | <u>-</u>         | <u>70</u>           |
| Net profit (loss) before tax      | <u>\$ 239,227</u>                    | <u>( \$ 70 )</u> | <u>\$ 239,157</u>   |

Interests of departments refer to the profits earned by each department.

(2) Total Assets and Liabilities of the Segment

|                         | Assets of Segment     |                      |                       |
|-------------------------|-----------------------|----------------------|-----------------------|
|                         | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
| Assets of Department 1  | \$ 1,309,388          | \$ 1,665,558         | \$ 1,703,342          |
| Assets of Department 2  | 29,692                | 29,021               | 29,168                |
| Adjustments and layoffs | ( <u>28,999</u> )     | ( <u>27,833</u> )    | ( <u>28,996</u> )     |
| Total Assets            | <u>\$ 1,310,081</u>   | <u>\$ 1,666,746</u>  | <u>\$ 1,703,514</u>   |

|                         | Liabilities of Segment |                      |                       |
|-------------------------|------------------------|----------------------|-----------------------|
|                         | September 30,<br>2024  | December 31,<br>2023 | September 30,<br>2023 |
|                         |                        |                      |                       |
| Assets of Department 1  | \$ 199,231             | \$ 458,720           | \$ 552,229            |
| Assets of Department 2  | 714                    | 1,209                | 193                   |
| Adjustments and layoffs | ( 21 )                 | ( 21 )               | ( 21 )                |
| Total Liabilities       | <u>\$ 199,924</u>      | <u>\$ 459,908</u>    | <u>\$ 552,401</u>     |

All assets and liabilities are directly attributable to each department, and there are no shared assets or liabilities to be allocated.

RUBY TECH CORP. AND SUBSIDIARIES  
HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD

September 30, 2024

Appendix 1

Unit: Unless otherwise stated, amounts are in NT\$ thousand

| Holding Company | Type and Name of Marketable Securities       | The Relationship Between the Issuer of Marketable Securities and the Company | Accounts   | End of Period          |                 |                    |                     | Remarks       |
|-----------------|--|--|--|------------------------|-----------------|--------------------|---------------------|---------------|
|                 |  |  |  | Number of Shares/Units | Carrying Amount | Shareholding Ratio | Fair Value (Note 2) |               |
| Ruby Tech Corp. | <u>Equity Securities</u>                     | —  | Current financial assets measured at fair value through profit or loss.            | 212,000                | \$ -            | 0.05               | \$ -                | Notes 2 and 4 |
|                 | Green Energy Technology Inc.                 |  | Current financial assets measured at fair value through profit or loss.            | 1,041,707              | 24,553          | 0.08               | 24,553              | Note 2        |
|                 | Powerchip Investment Holding Corporation     |  | Current financial assets measured at fair value through profit or loss.            | 284,720                | 7,175           | 0.71               | 7,175               | Notes 2 and 3 |
|                 | DEXIN CORP                                   |  | Current financial assets measured at fair value through profit or loss.            | 1,041,707              | 24,553          | 0.08               | 24,553              | Note 2        |
|                 | Powerchip Investment Holding Corporation     |  | Current financial assets measured at fair value through other comprehensive income | 250,000                | 5,400           | 0.01               | 5,400               | Notes 2 and 3 |
|                 | VPowerchip Semiconductor Manufacturing Corp. |  | Current financial assets measured at fair value through other comprehensive income | 260,825                | 16,797          | 0.37               | 16,797              | Notes 2 and 3 |
|                 | Vactronics Technologies Inc                  |  | Current financial assets measured at fair value through other comprehensive income | 500,000                | 5,225           | 0.21               | 5,225               | Notes 2 and 3 |
|                 | TEX-RAY INDUSTRIAL CO.,LTD.                  |  | Current financial assets measured at fair value through other comprehensive income | 138,000                | 12,540          | 0.75               | 12,540              | Notes 2 and 3 |
|                 | WINSTON MEDICAL SUPPLY CO., LTD.             |  | Current financial assets measured at fair value through other comprehensive income | 500,000                | 4,305           | 4.50               | 4,305               | Note 2        |
|                 | Videosoft Global Co., Ltd.                   |  | Current financial assets measured at fair value through other comprehensive income |                        |                 |                    |                     |               |

Note 1: The term “securities” as used in this statement refers to shares, bonds, beneficial interest certificates, and securities derived from the aforementioned items that fall within the scope of IFRS 9 “Financial Instruments.

Note 2: For those measured at fair value, the carrying amounts are presented as the balances after fair value adjustments; for those not measured at fair value, the carrying amounts are presented as the amortized cost (net of allowance for losses).

Note 3: Calculated based on the closing prices as of the end of September 2024.

Note 4: Green Energy Technology Inc. has announced the termination of its listing, and the merged company has assessed that the investment has no fair value.

**BUSINESS RELATIONSHIPS AND IMPORTANT TRANSACTIONS  
AND ITS SUBSIDIARIES AND BUSINESS PARTIES**

Nine Months Ended

**Appendix 2**

| <b>Number<br/>(Note 1)</b> | <b>Trade Name</b> | <b>Trading Counterparty</b>   | <b>Relationship with<br/>Counterparties<br/>(Note 2)</b> |
|----------------------------|-------------------|-------------------------------|--|
| 0                          | Ruby Tech Corp.   | Ruby Tech (Beijing) Co., Ltd. | 1  |

Note 1: The transaction information between the parent company and its subsidiaries shall be separately noted in the number of the subsidiary.

(1) Parent company fills in 0.

(2) Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company.

Note 2: There are three types of relationships between traders, and filling in the type is acceptable (if the transaction between the parent company and its subsidiaries has been disclosed by the parent company, it is not required to be disclosed again by the subsidiary).

For example: For the parent company's transaction with a subsidiary, if it has been disclosed by the parent company, it is not required to be disclosed again by the subsidiary.

(1) The parent company to the subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Notes 3: The ratio of transaction amount to consolidated total revenue or total assets shall be calculated as the ratio of end-period cumulative amount to consolidated total revenue or total assets, calculated in a way of period-end cumulative amount to consolidated total revenue.

**RUBY TECH CORP. AND SUBSIDIARIES**  
**NAMES OF INVESTED COMPANIES, LOCATIONS, AND OTHER RELEVANT INFORMATION**

Nine Months Ended September 30, 2024

**Appendix 3**

Unit: Unless otherwise stated, amounts are in NT\$ thousand

| Name of Investee                | Name of Investee                | Place of Operation     | Major Business Activity                         | Original Investment Amount       |                               | Held at the End of the Period |                |                 | Gain (Loss) Income of the Invested Company for the Current Period | Investment (Gains) Losses Recognized for the Period (Note 1) | Remarks  |
|---------------------------------|---------------------------------|------------------------|---|----------------------------------|-------------------------------|-------------------------------|----------------|-----------------|---|--|--|
|                                 |                                 |                        |   | At the End of the Current Period | At the End of the Last Period | Number of Shares              | Percentage (%) | Carrying Amount |   |  |  |
| Ruby Tech Corp.                 | GRAND IMPACT TECHNOLOGY LIMITED | British Virgin Islands | Investment in related businesses                | \$ 58,581                        | \$ 58,581                     | 1,800,000                     | 100            | \$ 28,978       | \$ 7  | \$ 7   | Invested companies evaluated using the equity method |
| GRAND IMPACT TECHNOLOGY LIMITED | Ruby Tech (Beijing) Co., Ltd.   | Beijing (China)        | Computer peripheral equipment trading business. | 53,471                           | 53,471                        | -                             | 100            | 28,978          | 7   | 7  | Invested companies evaluated using the equity method |

Note 1: The share of profit or loss of subsidiaries accounted for using the equity method is calculated based on the reviewed financial statements.

Note 2: Please refer to Appendix 4 for information related to the invested companies in China.

Note 3: The related account amounts of the above transactions have been eliminated in the preparation of the consolidated financial statements.

**RUBY TECH CORP. AND SUBSIDIARIES**  
**INFORMATION ON INVESTMENT IN CHINA**

Nine Months Ended September 30, 2024

**Appendix 4**

Unit: Unless otherwise stated, amounts are in NT\$ thousand

| Name of the Invested Company in China | Major Business Activity                         | Paid-In Capital | Method of Investments | Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Period | Amount of Investments Exported or Recovered This Period |           | Accumulated Investment Amount Remitted from Taiwan at the end of the Period (Note 2) | Gain (Loss) Income of the Invested Company for the Current Period | The Direct or Indirect Investment Shareholding Ratio of the Company | Current Recognition Investment (Loss) Gain (Note 3) | Carrying Amount of Investment at end of Period (Note 3) | Cumulative Investment Income Repatriated up to the Current Period |
|---------------------------------------|---|-----------------|-----------------------|---|---|-----------|--|---|---|---|---|---|
|                                       |   |                 |                       |   | Exported  | Recovered |  |   |   |   |   |   |
| Ruby Tech (Beijing) Co., Ltd.         | Computer peripheral equipment trading business. | \$ 53,471       | (Note 1)              | \$ 53,471   | \$ -  | \$ -      | \$ 53,471  | \$ 7  | 100%  | \$ 7  | \$ 28,978   | \$ -  |

| Accumulated Outward Remittances from Taiwan to China at the End of the Period (Note 2) | Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (Note 2) | Limit of Investment in China in Accordance with the Regulations of the Investment Commission of the Ministry of Economic Affairs M.O.E.A. (Note 4) |
|--|--|--|
| \$53,471<br>(USD1,650,000)   | \$53,471<br>(USD1,650,000)   | \$666,094  |

Note 1: Reinvested in China through Grand Impact Technology Limited.

Note 2: Investments denominated in foreign currencies were recorded using the exchange rates prevailing at the time of the transactions.

Note 3: Recognized based on the financial statements reviewed by the certified public accountants of the parent company in Taiwan.

Note 4: The investment limit is the higher of 60% of net worth or \$80 million.

Note 5: The related account amounts of the above transactions have been eliminated in the preparation of the consolidated financial statements.

**RUBY TECH CORP. AND SUBSIDIARIES**  
**MAJOR SHAREHOLDERS' INFORMATION**

September 30, 2024

**Appendix 5**

Unit: Share

| <b>Major Shareholders' Name</b>  | <b>Shares</b>      |                           |
|----------------------------------|--------------------|---------------------------|
|                                  | <b>Shares Held</b> | <b>Shareholding Ratio</b> |
| Premier Capital Management Corp. | 5,020,717          | 8.94%                     |

Note 1: The major shareholder information in this table is provided by Taiwan Depository & Clearing Corporation (TDCC), calculated based on the shareholders holding 5% or more of the Company's total issued and outstanding ordinary shares and special shares, including treasury shares, on the last business day of the current quarter. The capital recorded in the consolidated financial statements and the actual number of shares that have completed dematerialized delivery may differ due to different calculation bases.

Note 2: For shareholders who have deposited their shares into trust, the shares of the trust account opened by the trustee are disclosed by the respective individual sub-accounts of the trustors. As for shareholders whose shareholding ratios exceed 10% and are required to report their insider shareholdings in accordance with relevant securities regulations, their shareholdings include their personal shareholdings plus the shares they have entrusted and have the decision power over. Please refer to the Market Observation Post System for insider shareholding data.