

RUBY TECH CORPORATION
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT

NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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	%
	Current Assets						
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	Total current assets	1,024,487	78	1,377,776	83	1,426,901	84
	Non-Current Assets						
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	Total non-current assets	285,594	22	288,970	17	276,613	16
1XXX	Total Assets	\$ 1,310,081	100	\$ 1,666,746	100	\$ 1,703,514	100
	Liabilities and Equity						
	Current Liabilities						
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	Total current liabilities	195,210	15	444,705	27	534,130	31
	Non-Current Liabilities						
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	Total Non-Current Liabilities	4,714	-	15,203	1	18,271	1
2XXX	Total Liabilities	199,924	15	459,908	28	552,401	32
	Equity attributable to owners of the Company (Note 21)						
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	Total Equity	1,110,157	85	1,206,838	72	1,151,113	68
	Total Liabilities and Equity	\$ 1,310,081	100	\$ 1,666,746	100	\$ 1,703,514	100

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		For the three months ended September 30		For the three months ended September 30		For the nine months ended September 30		For the nine months ended September 30	
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Operating Revenue (Notes 4, 23 and 29)								
4100	Sales revenue	\$ 185,655	98	\$ 519,826	98	\$ 738,854	97	\$ 1,292,234	98
4800	Other operating revenue	3,026	2	8,731	2	26,734	3	32,662	2
4000	Total operating revenue	188,681	100	528,557	100	765,588	100	1,324,896	100
	Operating Costs (Notes 4, 11, 20 and 24)								
5110	Cost of goods sold	126,665	67	373,859	71	514,852	67	923,574	70
5800	Other operating costs	3,658	2	8,595	1	18,288	3	31,294	2
5000	Total operating costs	130,323	69	382,454	72	533,140	70	954,868	72
5900	Gross Profit	58,358	31	146,103	28	232,448	30	370,028	28
	Operating Expenses (Notes 20 and 24)								
6100	Marketing expenses	10,857	6	27,880	5	43,334	6	67,599	5
6200	Administrative expenses	11,471	6	11,563	2	32,194	4	31,886	3
6300	Research and development expenses	21,027	11	24,238	5	62,496	8	68,914	5
6450	Expected credit impairment losses (Note 10)	363	-	253	-	411	-	279	-
6000	Total operating expenses	43,718	23	63,934	12	138,435	18	168,678	13
6900	Operating Net Profit	14,640	8	82,169	16	94,013	12	201,350	15
	Non-Operating Revenue and Expenses (Note 24)								
7010	Other income	2,198	1	3,486	1	3,592	1	4,541	-
7020	Other gain and losses	(6,896)	(4)	16,833	3	12,821	2	25,937	2
7050	Finance costs	(17)	-	(15)	-	(42)	-	(30)	-
7100	Interest income	3,725	2	1,642	-	8,996	1	7,359	1
7000	Total Non-Operating Income and Expenses	(990)	(1)	21,946	4	25,367	4	37,807	3
7900	Net Profit Before Tax	13,650	7	104,115	20	119,380	16	239,157	18
7950	Income Tax Expense (Notes 4 and 25)	3,806	2	19,367	4	27,565	4	47,462	4
8200	Net Profit for the Current Period	9,844	5	84,748	16	91,815	12	191,695	14
	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)	10,392	1
		(9,968)	(5)	(1,635)	-	(21,349)	(3)	10,392	1
8360	Items that may be subsequently reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	310	-	875	-	1,159	-	12	-
8399	Income tax related to items that may be reclassified (Notes 4 and 25)	(61)	-	(175)	-	(231)	-	(2)	-
		249	-	700	-	928	-	10	-
8300	Other comprehensive income (after tax) for the period	(9,719)	(5)	(935)	-	(20,421)	(3)	10,402	1
8500	The Consolidated Total Comprehensive Income for the Period	\$ 125	-	\$ 83,813	16	\$ 71,394	9	\$ 202,097	15
8610	Net Profit Attributable to the Owner of the Company	\$ 9,844	5	\$ 84,748	16	\$ 91,815	12	\$ 191,695	14
8710	The Total Comprehensive Profit and Loss Attributable to the Owner of the Company	\$ 125	-	\$ 83,813	16	\$ 71,394	9	\$ 202,097	15
	Earnings per Share (Note 26)								
9750	Basic	\$ 0.17		\$ 1.47		\$ 1.59		\$ 3.32	
9850	Dilution	\$ 0.17		\$ 1.46		\$ 1.58		\$ 3.29	

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		Exchange Differences on Translation of Foreign Financial Statements	Other Equity Interest Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
			Share Premium	Received Gift(s)	Treasury Share Transactions	Legal Reserve	Undistributed Earnings				
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

		Nine Months Ended September 30	
Code		2024	2023
Cash Flows from Operating Activities			
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>
Cash Flows from Investing Activities			
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>
Cash Flows from Financing Activities			
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	(161,670)	21,011
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

<u>New/Amendment/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
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:

<u>New/Amendment/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
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

	September 30, 2024	December 31, 2023	September 30, 2023
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:

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Domestic Investment</u>			
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, 2024	December 31, 2023	September 30, 2023
<u>Domestic Investment</u>			
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>\$ 68,820</u>	<u>\$ 75,796</u>	<u>\$ 73,856</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, 2024	December 31, 2023	September 30, 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>\$ 403,801</u>	<u>\$ 247,831</u>	<u>\$ 203,584</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, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
Arising from operations	<u>\$ -</u>	<u>\$ 3,547</u>	<u>\$ -</u>

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 144,306	\$ 353,706	\$ 207,638
Less: allowance for loss	(<u>6,501</u>)	(<u>2,172</u>)	(<u>373</u>)
	<u>\$ 137,805</u>	<u>\$ 351,534</u>	<u>\$ 207,265</u>
<u>Other receivables</u>			
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>
	3,768	33,392	212,784
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<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, 2024	December 31, 2023	September 30, 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 September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Cost of goods sold	\$ 121,223	\$ 366,923	\$ 510,173	\$ 907,705
Loss for inventory depreciation and 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:

Name of Investee	Name of Subsidiaries	Business Nature	Percentage of Shareholding		
			September 30, 2024	December 31, 2023	September 30, 2023
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

	Self-Owned Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Lease Improvements	Other Equipment	Equipment Awaiting Inspection (Work in Progress)	Total
<u>Cost</u>									
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>
<u>Accumulated Depreciation</u>									
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>
<u>Cost</u>									
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>
<u>Accumulated Depreciation</u>									
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, 2024	December 31, 2023	September 30, 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 September 30	Nine Months Ended September 30	
	2024	2023	2024 2023
Additions to right-of-use assets	\$ -	\$ -	\$ - \$ 7,017
Depreciation expense of right-of-use assets			
Buildings	\$ 1,094	\$ 1,087	\$ 3,282 \$ 2,761
Transportation equipment	<u>83</u>	<u>83</u>	<u>252</u> <u>251</u>
	<u>\$ 1,177</u>	<u>\$ 1,170</u>	<u>\$ 3,534</u> <u>\$ 3,012</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, 2024	December 31, 2023	September 30, 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, 2024	December 31, 2023	September 30, 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 September 30		Nine Months Ended 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, 2024	December 31, 2023	September 30, 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 September 30		Nine Months Ended 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, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Current prepayments for investments	<u>\$ 19,393</u>	<u>\$ -</u>	<u>\$ -</u>
Other assets			
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, 2024	December 31, 2023	September 30, 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, 2024	December 31, 2023	September 30, 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	17,544	29,032	26,884
	<u>\$ 80,943</u>	<u>\$ 122,944</u>	<u>\$ 100,702</u>
Other Liabilities			
Receivables under custody	\$ 2,048	\$ 2,483	\$ 1,424
Others	1,033	1,227	293
	<u>\$ 3,081</u>	<u>\$ 3,710</u>	<u>\$ 1,717</u>
<u>Non-Current</u>			
Guarantee deposits received	<u>\$ 209</u>	<u>\$ 199</u>	<u>\$ 4</u>

19. Provisions for Liabilities - Current

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Warranty	\$ 2,277	\$ 1,582	\$ 1,463
	Balance, beginning of period	Provision	Balance, end of period
<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 September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Operating costs	\$ 23	\$ 24	\$ 70	\$ 71
Marketing expenses	13	13	38	38
Administrative expenses	4	12	14	35
Research and development expense	<u>35</u>	<u>37</u>	<u>104</u>	<u>112</u>
	<u>\$ 75</u>	<u>\$ 86</u>	<u>\$ 226</u>	<u>\$ 256</u>

21. Equity

(1) Capital – Common Stock

	September 30, 2024	December 31, 2023	September 30, 2023
Authorized shares (in thousands)	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Authorized capital.	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>
Number of shares issued and fully paid (in 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:

	2023	2022
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

	Nine Months Ended September 30	
	2024	2023
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	<u>928</u>	<u>10</u>
Other comprehensive income for the period	<u>928</u>	<u>10</u>
Balance, end of period	(\$ <u>1,570</u>)	(\$ <u>2,039</u>)

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

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

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, 2024	December 31, 2023	September 30, 2023	January 1, 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 September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits and others	\$ 3,725	\$ 1,642	\$ 8,996	\$ 7,359

(2) Other Revenue

	Three Months Ended September 30		Nine Months Ended 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 September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Gain (loss) on financial assets				
Financial assets designated as fair value through profit or loss	(\$ 2,054)	\$ 769	(\$ 1,893)	\$ 3,687
Gain on disposal of property, plant 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 September 30		Nine Months Ended 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 September 30		Nine Months Ended 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>\$ 3,667</u>	<u>\$ 3,781</u>	<u>\$ 11,521</u>	<u>\$ 10,777</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>\$ 368</u>	<u>\$ 476</u>	<u>\$ 1,269</u>	<u>\$ 1,434</u>

(6) Employee Benefit Expenses

	Three Months Ended September 30		Nine Months Ended 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>1,424</u>	<u>1,398</u>	<u>4,317</u>	<u>4,195</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>38,175</u>	<u>52,448</u>	<u>125,947</u>	<u>139,675</u>
Total employee benefit expenses	<u>\$ 39,599</u>	<u>\$ 53,846</u>	<u>\$130,264</u>	<u>\$ 143,870</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>\$ 39,599</u>	<u>\$ 53,846</u>	<u>\$130,264</u>	<u>\$ 143,870</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 September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Employee' Remuneration	10%	10%	10%	10%
Directors' Remuneration	2%	2%	2%	2%

Amount

	Three Months Ended September 30		Nine Months Ended 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 September 30		Nine Months Ended 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 September 30		Nine Months Ended 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>	<u>(616)</u>	<u>-</u>	<u>(807)</u>
	<u>6,688</u>	<u>19,603</u>	<u>25,138</u>	<u>47,940</u>
Deferred tax				
Arising in the period	<u>(2,882)</u>	<u>(236)</u>	<u>2,427</u>	<u>(478)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,806</u>	<u>\$ 19,367</u>	<u>\$ 27,565</u>	<u>\$ 47,462</u>

(2) Income Tax Recognized in Other Comprehensive Income

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

(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 September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 0.17</u>	<u>\$ 1.47</u>	<u>\$ 1.59</u>	<u>\$ 3.32</u>
Diluted earnings per share	<u>\$ 0.17</u>	<u>\$ 1.46</u>	<u>\$ 1.58</u>	<u>\$ 3.29</u>

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>	<u>24,553</u>	<u>24,553</u>
	<u>\$ 7,175</u>	<u>\$ -</u>	<u>\$ 24,553</u>	<u>\$ 31,728</u>
<u>Financial Assets Measured at Fair Value Through Other Comprehensive Income</u>				
Equity instrument investment				
Domestic listed (OTC) and emerging shares	\$ 39,962	\$ -	\$ -	\$ 39,962
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>28,858</u>	<u>28,858</u>
	<u>\$ 39,962</u>	<u>\$ -</u>	<u>\$ 28,858</u>	<u>\$ 68,820</u>

December 31, 2023

	<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	\$ 4,911	\$ -	\$ -	\$ 4,911
Domestic unlisted shares	-	-	28,710	28,710
	<u>\$ 4,911</u>	<u>\$ -</u>	<u>\$ 28,710</u>	<u>\$ 33,621</u>

Financial Assets Measured at Fair Value Through Other Comprehensive Income

Equity instrument investment				
Domestic listed (OTC) and emerging shares	\$ 27,086	\$ -	\$ -	\$ 27,086
Domestic unlisted shares	-	-	48,710	48,710
	<u>\$ 27,086</u>	<u>\$ -</u>	<u>\$ 48,710</u>	<u>\$ 75,796</u>

September 30, 2023

	<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	\$ 5,011	\$ -	\$ -	\$ 5,011
Domestic unlisted shares	-	-	25,470	25,470
	<u>\$ 5,011</u>	<u>\$ -</u>	<u>\$ 25,470</u>	<u>\$ 30,481</u>

Financial Assets Measured at Fair Value Through Other Comprehensive Income

Equity instrument investment				
Domestic listed (OTC) and emerging shares	\$ 28,386	\$ -	\$ -	\$ 28,386
Domestic unlisted shares	-	-	45,470	45,470
	<u>\$ 28,386</u>	<u>\$ -</u>	<u>\$ 45,470</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

Class of financial instruments	Valuation techniques and inputs
Domestic unlisted shares	<ol style="list-style-type: none"> 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. 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.

(3) Types of Financial Instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial Asset</u>			
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
<u>Financial Liabilities</u>			
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

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

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

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

December 31, 2023

	1 - 3 Months	3 Months to 1 Year	1-3 Years
<u>Non-Derivative Financial Liabilities</u>			
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:

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

September 30, 2023

	1 - 3 Months	3 Months to 1 Year	1-3 Years
<u>Non-Derivative Financial Liabilities</u>			
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:

	Less Than 1 Year	1-3 Years
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

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

September 30, 2023

<u>Counterparty</u>	<u>Offered Amount</u>	<u>Transferred to Other Receivables</u>	<u>Available Advance Amount</u>	<u>Advanced Amount</u>	<u>Annual Interest Rate for the Advanced Amount (%)</u>
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

<u>Name of related parties</u>	<u>Relationship with the Company</u>
LUNG HWA ELECTRONICS CO., LTD.	Substantive Related Parties

(2) Operating revenue

<u>Item</u>	<u>Related Party Categories</u>	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other operating revenue	Substantive Related Parties	\$ -	\$ -	\$ 6,199	\$ -

(3) Compensation of Key Management Personnel

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
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, 2024	December 31, 2023	September 30, 2023
Pledged time deposits (accounted for as financial assets measured at amortized cost - current)	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>

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
Financial Assets			
<u>Monetary Items</u>			
US dollars	\$ 7,625	31.66	\$ 241,420
Financial Liabilities			
<u>Monetary Items</u>			
US dollars	783	31.66	24,780

December 31, 2023

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

September 30, 2023

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

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

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Realized	\$ 3,950	\$ 10,301	\$ 17,614	\$ 11,061
Unrealized	(<u>8,800</u>)	<u>5,755</u>	(<u>2,926</u>)	<u>11,184</u>
	(<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	-	-	-
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>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	-	-	-
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>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, 2024	December 31, 2023	September 30, 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, 2024	December 31, 2023	September 30, 2023
Assets of Department 1	\$ 199,231	\$ 458,720	\$ 552,229
Assets of Department 2	714	1,209	193
Adjustments and layoffs	(<u>21</u>)	(<u>21</u>)	(<u>21</u>)
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>							
	Green Energy Technology Inc.	—	Current financial assets measured at fair value through profit or loss.	212,000	\$ -	0.05	\$ -	Notes 2 and 4
	Powerchip Investment Holding Corporation	—	Current financial assets measured at fair value through profit or loss.	1,041,707	24,553	0.08	24,553	Note 2
	DEXIN CORP	—	Current financial assets measured at fair value through profit or loss.	284,720	7,175	0.71	7,175	Notes 2 and 3
	Powerchip Investment Holding Corporation	—	Current financial assets measured at fair value through other comprehensive income	1,041,707	24,553	0.08	24,553	Note 2
	VPowerchip Semiconductor Manufacturing Corp.	—	Current financial assets measured at fair value through other comprehensive income	250,000	5,400	0.01	5,400	Notes 2 and 3
	Vactronics Technologies Inc	—	Current financial assets measured at fair value through other comprehensive income	260,825	16,797	0.37	16,797	Notes 2 and 3
	TEX-RAY INDUSTRIAL CO.,LTD.	—	Current financial assets measured at fair value through other comprehensive income	500,000	5,225	0.21	5,225	Notes 2 and 3
	WINSTON MEDICAL SUPPLY 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
	Videosoft Global Co., Ltd.	—	Current financial assets measured at fair value through other comprehensive income	500,000	4,305	4.50	4,305	Note 2

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 B

Nine Months Ended

Appendix 2

Number (Note 1)	Trade Name	Trading Counterparty	Relationship with Counterparties (Note 2)
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 (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 subsidiaries). 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 subsidiaries.

(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-of-period 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 (USD1,650,000)	\$53,471 (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

Major Shareholders' Name	Shares	
	Shares Held	Shareholding Ratio
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.