

**CASTLENET TECHNOLOGY INC. AND  
SUBSIDIARIES**

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

**SEPTEMBER 30, 2024 AND 2023**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CastleNet Technology Inc.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of CastleNet Technology Inc. and subsidiaries (the “Group”) as at September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of Review***

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. 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 causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024 and 2023, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Wu, Jen-Chieh

Chang, Shu-Chiung

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 11, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
			<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 174,228	6	\$ 338,008	12	\$ 141,140	6
1110	Current financial assets at fair value through profit or loss	6(2)	1,648,985	56	1,550,470	55	-	-
1170	Accounts receivable, net	6(3)	129,478	4	99,659	4	77,527	3
1200	Other receivables	7	15,223	1	9,213	-	6,281	-
130X	Inventory	6(4)	841,841	29	708,723	25	676,324	26
1479	Other current assets	8	71,023	2	63,591	2	51,207	2
11XX	<b>Total current assets</b>		<u>2,880,778</u>	<u>98</u>	<u>2,769,664</u>	<u>98</u>	<u>952,479</u>	<u>37</u>
<b>Non-current assets</b>								
1510	Non-current financial assets at fair value through profit or loss	6(2)	-	-	-	-	1,544,945	60
1600	Property, plant and equipment	6(5)	13,178	1	16,189	1	21,925	1
1755	Right-of-use assets	6(6)	3,855	-	9,460	-	6,146	-
1780	Intangible assets		295	-	903	-	1,338	-
1840	Deferred income tax assets		41,708	1	22,005	1	20,900	1
1920	Guarantee deposits paid		1,321	-	1,479	-	1,479	-
1990	Other non-current assets		11,626	-	10,703	-	11,623	1
15XX	<b>Total non-current assets</b>		<u>71,983</u>	<u>2</u>	<u>60,739</u>	<u>2</u>	<u>1,608,356</u>	<u>63</u>
1XXX	<b>Total assets</b>		<u>\$ 2,952,761</u>	<u>100</u>	<u>\$ 2,830,403</u>	<u>100</u>	<u>\$ 2,560,835</u>	<u>100</u>

(Continued)

**CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Liabilities</b>								
<b>Current liabilities</b>								
2100	Short-term borrowings	6(7)	\$ 656,568	22	\$ 430,000	15	\$ 423,290	17
2110	Short-term notes and bills payable	6(8)	150,000	5	100,000	4	-	-
2130	Current contract liabilities	6(15)	4,124	-	4,191	-	4,191	-
2170	Accounts payable		99,468	3	96,056	3	4,125	-
2180	Accounts payable - related parties	7	104,656	4	44,087	2	92,199	4
2200	Other payables	6(9)	49,364	2	62,622	2	50,447	2
2220	Other payables - related parties	7	3,374	-	142,778	5	4,378	-
2280	Current lease liabilities		3,590	-	7,472	-	5,212	-
2399	Other current liabilities		22,494	1	4,079	-	1,250	-
21XX	<b>Total current liabilities</b>		<u>1,093,638</u>	<u>37</u>	<u>891,285</u>	<u>31</u>	<u>585,092</u>	<u>23</u>
<b>Non-current liabilities</b>								
2570	Deferred income tax liabilities		41,708	1	22,005	1	20,900	1
2580	Non-current lease liabilities		247	-	2,120	-	1,100	-
2600	Other non-current liabilities		1,222	-	2,271	-	4,982	-
25XX	<b>Total non-current liabilities</b>		<u>43,177</u>	<u>1</u>	<u>26,396</u>	<u>1</u>	<u>26,982</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>1,136,815</u>	<u>38</u>	<u>917,681</u>	<u>32</u>	<u>612,074</u>	<u>24</u>
<b>Equity</b>								
<b>Equity attributable to owners of parent</b>								
Share capital		6(12)						
3110	Common stock		1,928,065	65	1,908,905	68	1,904,995	74
3140	Advance receipts for share capital		250	-	7,445	-	3,765	-
Capital surplus		6(13)						
3200	Capital surplus		149,206	5	145,763	5	144,885	6
Retained earnings (Accumulated deficit)		6(14)						
3310	Legal reserve		18,969	1	18,969	1	18,969	1
3350	Accumulated deficit		( 237,753)	( 8)	( 123,980)	( 4)	( 81,034)	( 3)
Other equity interest								
3400	Other equity interest		( 42,791)	( 1)	( 44,380)	( 2)	( 42,819)	( 2)
31XX	<b>Equity attributable to owners of the parent</b>		<u>1,815,946</u>	<u>62</u>	<u>1,912,722</u>	<u>68</u>	<u>1,948,761</u>	<u>76</u>
3XXX	<b>Total equity</b>		<u>1,815,946</u>	<u>62</u>	<u>1,912,722</u>	<u>68</u>	<u>1,948,761</u>	<u>76</u>
Significant contingent liabilities and unrecognised contract commitments sheet date		9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,952,761</u>	<u>100</u>	<u>\$ 2,830,403</u>	<u>100</u>	<u>\$ 2,560,835</u>	<u>100</u>

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

**CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(15)	\$ 84,863	100	\$ 66,650	100	\$ 244,341	100	\$ 484,596	100
5000 Operating costs	6(4) and 7	( 121,812)	( 144)	( 44,136)	( 66)	( 294,103)	( 120)	( 353,856)	( 73)
5950 Operating margin		( 36,949)	( 44)	22,514	34	( 49,762)	( 20)	130,740	27
Operating expenses	6(17) and 7								
6100 Selling expenses		( 4,358)	( 5)	( 4,253)	( 6)	( 14,342)	( 6)	( 14,744)	( 3)
6200 General and administrative expenses		( 18,986)	( 22)	( 15,023)	( 23)	( 48,270)	( 20)	( 45,510)	( 10)
6300 Research and development expenses		( 33,687)	( 40)	( 36,543)	( 55)	( 95,046)	( 39)	( 97,664)	( 20)
6000 Total operating expenses		( 57,031)	( 67)	( 55,819)	( 84)	( 157,658)	( 65)	( 157,918)	( 33)
6900 Operating loss		( 93,980)	( 111)	( 33,305)	( 50)	( 207,420)	( 85)	( 27,178)	( 6)
Non-operating income and expenses									
7100 Interest income		485	1	705	1	2,999	1	3,959	1
7010 Other income		163	-	55	-	592	-	122	-
7020 Other gains and losses	6(16)	36,077	43	31,869	48	101,893	42	78,405	16
7050 Finance costs	6(6)(7)(8)	( 4,728)	( 6)	( 2,897)	( 4)	( 11,837)	( 5)	( 6,677)	( 1)
7000 Total non-operating income and expenses		31,997	38	29,732	45	93,647	38	75,809	16
7900 Profit (loss) before income tax		( 61,983)	( 73)	( 3,573)	( 5)	( 113,773)	( 47)	48,631	10
7950 Income tax expense	6(19)	-	-	-	-	-	-	-	-
8200 Profit (loss) for the period		( \$ 61,983)	( 73)	( \$ 3,573)	( 5)	( \$ 113,773)	( 47)	\$ 48,631	10
Other comprehensive income									
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Exchange differences on translation		( \$ 477)	( 1)	\$ 1,695	2	\$ 1,589	1	\$ 1,026	-
8300 Other comprehensive income (loss) for the period, net of tax		( \$ 477)	( 1)	\$ 1,695	2	\$ 1,589	1	\$ 1,026	-
8500 Total comprehensive income (loss) for the period		( \$ 62,460)	( 74)	( \$ 1,878)	( 3)	( \$ 112,184)	( 46)	\$ 49,657	10
Profit (loss), attributable to:									
8610 Owners of the parent		( \$ 61,983)	( 73)	( \$ 3,573)	( 5)	( \$ 113,773)	( 47)	\$ 48,631	10
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		( \$ 62,460)	( 74)	( \$ 1,878)	( 3)	( \$ 112,184)	( 46)	\$ 49,657	10
Earnings (loss) per share	6(20)								
9750 Basic earnings (loss) per share		( \$ 0.32)		( \$ 0.02)		( \$ 0.59)		\$ 0.26	
9850 Diluted earnings (loss) per share		( \$ 0.32)		( \$ 0.02)		( \$ 0.59)		\$ 0.25	

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent					Other Equity Interest Financial statements translation differences of foreign operations	Total equity
		Capital		Retained Earnings				
Notes	Share capital - common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Accumulated deficit			
<u>2023</u>								
		\$ 1,886,180	\$ -	\$ 136,511	\$ 18,969	(\$ 129,665)	(\$ 43,845)	\$ 1,868,150
		-	-	-	-	48,631	-	48,631
		-	-	-	-	-	1,026	1,026
		-	-	-	-	48,631	1,026	49,657
	6(11)(13)	-	-	2,905	-	-	-	2,905
	6(13)	18,815	3,765	5,491	-	-	-	28,071
	6(13)	-	-	( 22 )	-	-	-	( 22 )
		\$ 1,904,995	\$ 3,765	\$ 144,885	\$ 18,969	(\$ 81,034)	(\$ 42,819)	\$ 1,948,761
<u>2024</u>								
		\$ 1,908,905	\$ 7,445	\$ 145,763	\$ 18,969	(\$ 123,980)	(\$ 44,380)	\$ 1,912,722
		-	-	-	-	( 113,773 )	-	( 113,773 )
		-	-	-	-	-	1,589	1,589
		-	-	-	-	( 113,773 )	1,589	( 112,184 )
	6(11)(13)	-	-	1,051	-	-	-	1,051
	6(12)(13)	19,160	( 7,195 )	2,420	-	-	-	14,385
	6(13)	-	-	( 28 )	-	-	-	( 28 )
		\$ 1,928,065	\$ 250	\$ 149,206	\$ 18,969	(\$ 237,753)	(\$ 42,791)	\$ 1,815,946

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
(Loss) profit before tax		( \$ 113,773 )	\$ 48,631
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(17)	10,814	11,115
Amortization	6(17)	608	1,328
Gain on expected credit impairment	12(2)	( 23 )	( 193 )
Employee share options	6(11)	1,051	2,905
Interest income		( 2,999 )	( 3,959 )
Interest expense		11,837	6,677
Gain on financial assets at fair value	6(16)	( 98,515 )	( 76,767 )
Cost of provisions		17,600	1,993
Impairment loss for replacement assets	6(5)	-	8,343
Gain on insurance compensation	6(5)	-	( 12,820 )
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		( 29,796 )	191,952
Other receivables		( 5,381 )	( 278 )
Inventory		( 133,118 )	( 121,091 )
Other current assets		( 7,432 )	( 10,760 )
Other non-current assets		( 923 )	791
Changes in operating liabilities			
Current contract liabilities		( 67 )	( 7,098 )
Accounts payable		3,412	( 136,769 )
Accounts payable - related parties		60,569	( 311,277 )
Other payables		( 9,990 )	( 4,869 )
Other payables - related parties		( 139,404 )	( 3,902 )
Other current liabilities		( 234 )	227
Cash outflow generated from operations		( 435,764 )	( 415,821 )
Interest paid		( 11,812 )	( 6,515 )
Income taxes received		83	9
Income taxes paid		( 231 )	( 289 )
Net cash flows used in operating activities		( 447,724 )	( 422,616 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease in receivables from raw materials purchases on behalf of others		-	108,772
Acquisition of property, plant and equipment	6(21)	( 5,491 )	( 11,509 )
Acquisition of property, plant and equipment's insurance compensation	6(5)	-	12,820
Acquisition of intangible assets		-	( 360 )
Decrease (increase) in guarantee deposits paid		158	( 661 )
Interest received		2,518	3,027
Net cash flows (used in) from investing activities		( 2,815 )	112,089

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CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		\$ 1,755,592	\$ 766,737
Decrease in short-term borrowings		( 1,529,024 )	( 598,447 )
Increase in short-term notes and bills payable		150,000	-
Repayments of short-term notes and bills payable		( 100,000 )	-
Repayment of lease liabilities		( 5,755 )	( 3,452 )
Overdue dividends reclaimed by shareholders	6(13)	( 28 )	( 22 )
Exercise of employee share options	6(12)	14,385	28,071
Net cash flows from financing activities		285,170	192,887
Effect of exchange rate changes		1,589	1,026
Net decrease in cash and cash equivalents		( 163,780 )	( 116,614 )
Cash and cash equivalents at beginning of period	6(1)	338,008	257,754
Cash and cash equivalents at end of period	6(1)	\$ 174,228	\$ 141,140

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

CASTLENET TECHNOLOGY INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

CastleNet Technology Inc. (the “Company”) was incorporated as a company limited by shares on June 26, 1998 and obtained its Business Registration Certificate on August 26, 1998. In addition, the Company’s stocks were listed on the Taipei Exchange in March 2010. The Company is primarily engaged in the manufacturing and selling of consumer electronics products such as broadband communications and digital home entertainment.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on November 11, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition

and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 determined by International Accounting
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs” ) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with the basis as of and for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc.	Investment holdings	100	100	100	
CastleNet Technology (BVI) Inc.	CastleNet Technology Inc.- Kunshan	Manufacture and design of broadband communication products such as modem	100	100	100	

The financial statements of the abovementioned subsidiaries, which were included in the consolidated financial statements of the Company, as of and for the nine-month periods ended September 30, 2024 and 2023 were all reviewed by independent auditors.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Restrictions on fund remittance from subsidiaries to the parent company: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

### (4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

- A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

There was no significant change in the reporting period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and revolving funds	\$ 151	\$ 213	\$ 230
Checking accounts and demand deposits	46,181	267,809	104,610
Time deposits	107,896	34,986	36,300
Repo bonds	20,000	35,000	-
	<u>\$ 174,228</u>	<u>\$ 338,008</u>	<u>\$ 141,140</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group's demand deposits pledged to others as collateral had been transferred to "other current asset". Refer to Note 8 for details.

(2) Financial assets at fair value through profit or loss

	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Convertible bonds	\$ 1,334,996	\$ 1,334,996	\$ -
Valuation adjustment	313,989	215,474	-
	<u>1,648,985</u>	<u>1,550,470</u>	<u>-</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Convertible bonds	\$ -	\$ -	\$ 1,361,091
Valuation adjustment	-	-	183,854
	<u>-</u>	<u>-</u>	<u>1,544,945</u>
	<u>\$ 1,648,985</u>	<u>\$ 1,550,470</u>	<u>\$ 1,544,945</u>

- A. The Group has no financial assets at fair value through profit or loss pledged to others.
- B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

September 30, 2024			
Financial instruments	Contract amount (notional principal)		Contract period
Non-current items: Convertible bonds	KRW	54,990,000	2019.12.27~2024.12.26 December 31, 2023
Financial instruments	Contract amount (notional principal)		Contract period
Non-current items: Convertible bonds	KRW	54,990,000	2019.12.27~2024.12.26 September 30, 2023
Financial instruments	Contract amount (notional principal)		Contract period
Non-current items: Convertible bonds	KRW	54,990,000	2019.12.27~2024.12.26

C. On December 27, 2019, the Group acquired convertible bonds issued by SPI for KRW 54,990,000 thousand. In accordance with the contract, both parties may, in the event of any serious occurrence, decide whether to re-negotiate the coupon rate and other contract terms and conditions on a semi-annual basis, and interest will be charged annually at the agreed coupon rate. In addition, the Group has the right to convert the bonds into ordinary shares of SPI at KRW 1,000 per share at expiration date. As of December 31, 2023, the relevant financial assets transferred to financial assets at fair value through profit or loss - current that the maturity date is less than one year.

D. The interest received during the years ended December 31, 2023 and 2022 at the agreed coupon rate was \$26,095 and \$26,297, respectively.

E. The movements of the Company's financial assets measured at fair value through profit or loss are provided in Note 12(3).

(3) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 129,542	\$ 99,746	\$ 77,604
Less: Allowance for uncollectible accounts	( 64)	( 87)	( 77)
	<u>\$ 129,478</u>	<u>\$ 99,659</u>	<u>\$ 77,527</u>

A. The aging analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
	Accounts receivable	Accounts receivable	Accounts receivable
Not past due	\$ 102,944	\$ 78,230	\$ 67,940
Up to 90 days	26,598	21,516	9,664
	<u>\$ 129,542</u>	<u>\$ 99,746</u>	<u>\$ 77,604</u>

B. Accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balances of receivables (including notes receivable) from contracts with customers amounted to \$269,556.

C. The Group has no notes and accounts receivable pledged to others.

D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	September 30, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 940,510	(\$ 100,101)	\$ 840,409
Work in progress	907	( 722)	185
Finished goods	3,242	( 1,995)	1,247
	<u>\$ 944,659</u>	<u>(\$ 102,818)</u>	<u>\$ 841,841</u>
	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 717,300	(\$ 38,110)	\$ 679,190
Work in progress	722	( 722)	-
Finished goods	30,993	( 1,460)	29,533
	<u>\$ 749,015</u>	<u>(\$ 40,292)</u>	<u>\$ 708,723</u>
	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 654,101	(\$ 10,352)	\$ 643,749
Work in progress	722	( 722)	-
Finished goods	33,780	( 1,205)	32,575
	<u>\$ 688,603</u>	<u>(\$ 12,279)</u>	<u>\$ 676,324</u>

The cost of inventories recognised as expense for the three-month and nine-month periods ended September 31, 2024 and 2023 are as follows:

	Three-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 81,713	\$ 43,415
Valuation loss	40,099	721
	<u>\$ 121,812</u>	<u>\$ 44,136</u>
	Nine-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 231,577	\$ 352,891
Valuation loss	62,526	965
	<u>\$ 294,103</u>	<u>\$ 353,856</u>

(5) Property, plant and equipment

	Test equipment	Molding equipment	Implements equipment	Other equipment	Total
<u>At January 1, 2024</u>					
Cost	\$ 36,606	\$ 827	\$ 6,708	\$ 6,251	\$ 50,392
Accumulated depreciation and impairment	( 26,433)	( 707)	( 3,411)	( 3,652)	( 34,203)
	<u>\$ 10,173</u>	<u>\$ 120</u>	<u>\$ 3,297</u>	<u>\$ 2,599</u>	<u>\$ 16,189</u>
<u>2024</u>					
Opening net book amount as at January 1	\$ 10,173	\$ 120	\$ 3,297	\$ 2,599	\$ 16,189
Additions	( 80)	1,990	136	152	2,198
Depreciation charge	( 2,006)	( 784)	( 1,215)	( 1,204)	( 5,209)
Closing net book amount as at September 30	<u>\$ 8,087</u>	<u>\$ 1,326</u>	<u>\$ 2,218</u>	<u>\$ 1,547</u>	<u>\$ 13,178</u>
<u>At September 30, 2024</u>					
Cost	\$ 31,321	\$ 1,989	\$ 6,844	\$ 6,403	\$ 46,557
Accumulated depreciation and impairment	( 23,234)	( 663)	( 4,626)	( 4,856)	( 33,379)
	<u>\$ 8,087</u>	<u>\$ 1,326</u>	<u>\$ 2,218</u>	<u>\$ 1,547</u>	<u>\$ 13,178</u>



	<u>Test equipment</u>	<u>Molding equipment</u>	<u>Implements equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>At January 1, 2023</u>					
Cost	\$ 24,798	\$ 11,459	\$ 6,707	\$ 6,047	\$ 49,011
Accumulated depreciation and impairment	( 12,179)	( 8,490)	( 1,808)	( 2,768)	( 25,245)
	<u>\$ 12,619</u>	<u>\$ 2,969</u>	<u>\$ 4,899</u>	<u>\$ 3,279</u>	<u>\$ 23,766</u>
<u>2023</u>					
Opening net book amount as at January 1	\$ 12,619	\$ 2,969	\$ 4,899	3,279	\$ 23,766
Additions	13,525	-	2	725	14,252
Impairment loss from disaster replacement	( 8,343)	-	-	-	( 8,343)
Depreciation charge	( 2,914)	( 2,683)	( 1,203)	( 950)	( 7,750)
Closing net book amount as at September 30	<u>\$ 14,887</u>	<u>\$ 286</u>	<u>\$ 3,698</u>	<u>\$ 3,054</u>	<u>\$ 21,925</u>
<u>At September 30, 2023</u>					
Cost	\$ 38,173	\$ 1,619	\$ 6,708	\$ 6,458	\$ 52,958
Accumulated depreciation and impairment	( 23,286)	( 1,333)	( 3,010)	( 3,404)	( 31,033)
	<u>\$ 14,887</u>	<u>\$ 286</u>	<u>\$ 3,698</u>	<u>\$ 3,054</u>	<u>\$ 21,925</u>

- A. The Group has no property, plant and equipment pledged to others as collateral for borrowings.
- B. In second half of 2022, the Group experienced a laboratory fire accident that led to the destruction of certain property, plant and equipment. In 2023, insurance compensation totaling \$12,820 was received for the affected property, plant and equipment. The recoverable amount of replacement assets was assessed, resulting in the recognition of an impairment loss of \$8,343 for the related replacement assets. As of September 30, 2024 and December 31, 2023, the replacements were assessed based on their recoverable amount, resulting in the recognition of an impairment loss of \$12,904 for replacement assets related to equipment.

(6) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, office and warehouse. Rental contracts are typically made for periods of 2-5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise part of office. Low-value assets comprise parking space and other office equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings, office and warehouse	\$ 1,654	\$ 5,735	\$ 6,146
Test equipment	2,201	3,725	-
	<u>\$ 3,855</u>	<u>\$ 9,460</u>	<u>\$ 6,146</u>

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings, office and warehouse	\$ 1,360	\$ 1,251
Test equipment	508	-
	<u>\$ 1,868</u>	<u>\$ 1,251</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings, office and warehouse	\$ 4,081	\$ 3,365
Test equipment	1,524	-
	<u>\$ 5,605</u>	<u>\$ 3,365</u>

D. For the three-month and nine-month periods ended September 30, 2024 and 2023, the additions to right-of-use assets were \$0, \$0, \$0 and \$4,438, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 23	\$ 35
Expense on short-term lease contracts	1,194	1,310
Expense on leases of low-value assets	6	41
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 99	\$ 102
Expense on short-term lease contracts	3,690	3,091
Expense on leases of low-value assets	44	92

F. For the nine-month periods ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$9,588 and \$6,737, respectively.

(7) Short-term borrowings

Type of borrowings	September 30, 2024	Borrowing period	Interest rate	Collateral
Bank unsecured borrowings	\$ 656,568	2023/12/26~2025/10/14	2.22% ~ 2.87%	None
Type of borrowings	December 31, 2023	Borrowing period	Interest rate	Collateral
Bank unsecured borrowings	\$ 430,000	2023/1/13~2024/12/26	2.10% ~ 2.68%	None
Type of borrowings	September 30, 2023	Borrowing period	Interest rate	Collateral
Bank unsecured borrowings	\$ 423,290	2023/1/13~2024/10/13	1.78% ~ 2.48%	None

Interest expense recognised in profit or loss amounted to \$3,977, \$2,858, \$10,006 and \$6,565 for the three-month and nine-month periods ended September 30, 2024 and 2023, respectively.

(8) Short-term notes and bills payable

Type of borrowings	September 30, 2024	Borrowing period	Interest rate	Collateral
Commercial paper	\$ 150,000	2024/7/5~2024/11/28	2.40%~2.49%	None
Type of borrowings	December 31, 2023	Borrowing period	Interest rate	Collateral
Commercial paper	\$ 100,000	2023/10/13~2024/3/5	2.22%	None

A. As of September 30, 2023, the Group had no short-term notes and bills payable.

B. Interest expense recognised in profit or loss amounted to \$723, \$0, \$1,717 and \$0 for the three-month and nine-month periods ended September 30, 2024 and 2023, respectively.

(9) Other accounts payables

	September 30, 2024	December 31, 2023	September 30, 2023
Wages and bonuses payable	\$ 24,820	\$ 32,009	\$ 23,119
Payable on spare parts	4,975	3,768	3,981
Payable on service fees	4,596	4,730	4,923
Unused compensated absences payable	2,749	2,378	2,347
Payable on bidding fee	2,596	1,252	-
Payable on machinery and equipment	489	3,942	7,209
Payable on certification fees	-	3,988	-
Others	9,139	10,555	13,246
	<u>\$ 49,364</u>	<u>\$ 62,622</u>	<u>\$ 54,825</u>

(10) Pensions

A. Defined benefit plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on

the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

- (b) For the aforementioned pension plan, no pension cost was recognised by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023.
- (c) The Group has no expected contributions to the defined benefit pension plan for the year ending December 31, 2024.

#### B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$1,228, \$1,239, \$3,719 and \$3,577 for the three-month and nine-month periods ended September 30, 2024 and 2023, respectively.

#### (11) Share-based payment

- A. For the nine-month periods ended September 30, 2024 and 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2019.8.30	8,508	7 years	Note
Employee stock options	2020.12.25	1,663	7 years	Note
Employee stock options	2021.11.24	1,337	7 years	Note

Note: Employee stock options are 50% vested after 2 years of service, 75% vested after 3 years of service and 100% vested after 4 years of service.

B. Details of the share-based payment arrangements are as follows:

	2024		2023	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	4,455	\$ 12.10	8,615	\$ 12.13
Options exercised	( 1,197)	12.13	( 2,258)	12.43
Options forfeited	( 70)	-	( 536)	-
Options outstanding at September 30	<u>3,188</u>	<u>\$ 12.09</u>	<u>5,821</u>	<u>\$ 12.02</u>
Options exercisable at September 30	<u>2,457</u>	<u>\$ 12.38</u>	<u>3,920</u>	<u>\$ 12.50</u>

C. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

Issue date approved	Expiry date	September 30, 2024		December 31, 2023		September 30, 2023	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2019.8.30	2026.8.29	2,026	\$ 12.60	2,918	\$ 12.60	3,590	\$ 12.60
2020.12.25	2027.12.24	697	11.45	847	11.45	1,009	11.45
2021.11.24	2028.11.23	465	10.80	690	10.80	1,232	10.80

D. The fair value of stock options granted on August 30, 2019, December 25, 2020 and November 24, 2021 are measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (Year)	Expected dividends (%)	Risk-free interest rate (%)	Fair value per unit (in dollars)
Employee stock options	2019.8.30	\$ 13.60	\$ 12.60	39.979~41.061%	3.25~4.375	-	0.522 ~ 0.543%	\$ 4.01~4.52
Employee stock options	2020.12.25	11.45	11.45	43.540~46.311%	3.25~4.375	-	0.177 ~ 0.197%	3.73~4.05
Employee stock options	2021.11.24	10.80	10.80	41.68%	4.875	-	0.46%	3.81~4.08

E. For the three-month and nine-month periods ended September 30, 2024 and 2023, the compensation cost arising from employee stock options amounted to \$200, \$909, \$601 and \$3,027, of which \$0, \$119, \$0 and \$482, respectively, pertain to share-based payments paid to the employees of the parent company; and \$200, \$790, \$601 and \$2,545, respectively, pertain to

compensation costs paid to the employees of the Company.

- F. On June 8, 2023, the Company's parent company transferred treasury shares to employees of its subordinate companies, of which the number of shares granted to the employees of the Company was 154 thousand shares at an exercise price of \$11.71 (in dollars) per share. For the nine-month period ended September 30, 2023, the Company's compensation costs arising from the aforementioned share-based payment agreement amounted to \$360.

(12) Share capital

- A. As of September 30, 2024, the Company's authorised capital was \$3,000,000, consisting of 300,000 thousand shares of ordinary stock, and the paid-in capital was \$1,928,315 with a par value of \$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares (include advance receipts for share capital) outstanding are as follows:

	2024	2023
	No. of shares (in thousands)	No. of shares (in thousands)
January 1	191,635	188,618
Exercise of employee share options	1,197	2,258
September 30	192,832	190,876

- B. For the nine-month period ended September 30, 2024, the employees of the Company exercised 1,197 thousand shares of employee share options and paid \$14,385 to the Company. As of September 30, 2024, a total of 25 thousand shares amounting to \$ 250 have not yet been registered, shown as " Advance receipts for share capital ".
- C. To meet the Company's long-term business development needs, replenish working capital and invest in projects that are beneficial to the Company's business development, the stockholders at their stockholders' meeting on November 13, 2019 adopted a resolution to raise additional cash through private placement. On the same date, the Board of Directors resolved to set the effective date of private placement capital increase on November 27, 2019 at the subscription price of \$13.44 (in dollars) per share. The amount of capital raised through the private placement was \$1,377,600, which had been registered. The ordinary shares raised through the private placement must follow the Securities and Exchange Act that they will be able to issue and offer publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(13) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed

10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The overdue dividends unclaimed by shareholders shall be recognised as capital surplus in accordance with Order No. Jing-Shang-10602420200 issued in September 2017 by the Ministry of Economic Affairs, R.O.C.

C. Movements in the capital surplus are as follows:

	2024			
	Share premium	Employee stock options	Others	Total
At January 1	\$ 123,780	\$ 19,082	\$ 2,901	\$ 145,763
Share-based payments	-	1,051	-	1,051
Employee stock options forfeited	283	( 283)	-	-
Exercise of employee share options	7,564	( 5,144)	-	2,420
Overdue dividends unclaimed by shareholders	-	-	( 28)	( 28)
At September 30	<u>\$ 131,627</u>	<u>\$ 14,706</u>	<u>\$ 2,873</u>	<u>\$ 149,206</u>

  

	2023			
	Share premium	Employee stock options	Others	Total
At January 1	\$ 102,028	\$ 31,557	\$ 2,926	\$ 136,511
Share-based payments	( 482)	3,387	-	2,905
Employee stock options forfeited	1,883	( 1,883)	-	-
Exercise of employee share options	14,737	( 9,246)	-	5,491
Overdue dividends unclaimed by shareholders	-	-	( 22)	( 22)
At September 30	<u>\$ 118,166</u>	<u>\$ 23,815</u>	<u>\$ 2,904</u>	<u>\$ 144,885</u>

(14) Retained earnings (accumulated deficit)

- A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with the unappropriated earnings of prior years and current adjustments on unappropriated earnings shall be proposed by the Board of Directors based on actual needs. While, the appropriation of earnings shall be resolved by the shareholders if earnings are distributed by issuing new shares.
- B. If the Company distributed all or partial of appropriate dividend and bonus, capital surplus or the legal reserve in the form of cash, they should be resolved by a majority vote at a meeting of Board of Directors attended by two-third of the total number of the directors, and be reported to the shareholders. Above-mentioned dividends distribution should consider factors of finance, business and operations to appropriate distributable earnings for the period. Cash dividends shall account for at least 10% of the total of cash and stock dividends distributed.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. On May 30, 2023, the shareholders at their annual meeting approved the deficit compensation for 2022. Since the Company had an accumulated deficit, there was no distributable retained earnings. The aforementioned deficit compensation was the same with that proposed by the Board of Directors on March 9, 2023.
- F. On June 6, 2024, the Board of Directors resolved not to distribute earnings for 2023, since the Company had an accumulated deficit. The aforementioned deficit compensation was the same with that proposed by the Board of Directors on March 11, 2024.

Information on the Company's deficit compensation as resolved by the shareholders and the Board of Directors are posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(15) Operating revenue

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers	\$ 84,864	\$ 66,650
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers	\$ 244,341	\$ 484,596

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from external customer contracts		
Asia	\$ 69,736	\$ 52,832
America	15,127	13,818
Europe	-	-
	<u>\$ 84,863</u>	<u>\$ 66,650</u>



	Nine-month periods ended September 30,	
	2024	2023
Revenue from external customer contracts		
Asia	\$ 162,041	\$ 171,684
America	81,895	312,912
Europe	405	-
	<u>\$ 244,341</u>	<u>\$ 484,596</u>

#### B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract liability				
– unearned revenue	<u>\$ 4,124</u>	<u>\$ 4,191</u>	<u>\$ 4,191</u>	<u>\$ 11,289</u>

#### C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	Three-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 67</u>	<u>\$ 7,098</u>

	Nine-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 67</u>	<u>\$ 7,098</u>

#### (16) Other gains and losses

	Three-month periods ended September 30,	
	2024	2023
Gains on financial assets at fair value through profit or loss	\$ 35,777	\$ 32,418
Foreign exchange gains	515	( 2,157)
Others	( 215)	1,608
	<u>\$ 36,077</u>	<u>\$ 31,869</u>

	Nine-month periods ended September 30,	
	2024	2023
Gains on financial assets at fair value through profit or loss	\$ 98,515	\$ 76,767
Foreign exchange gains	3,593	34
Others	( 215)	1,604
	<u>\$ 101,893</u>	<u>\$ 78,405</u>

(17) Expenses by nature

	Three-month periods ended September 30,	
	2024	2023
Employee benefit expense	\$ 35,526	\$ 37,690
Depreciation charges (Note)	3,549	3,449
Amortisation charges on intangible assets	63	461
	<u>\$ 39,138</u>	<u>\$ 41,600</u>
	Nine-month periods ended September 30,	
	2024	2023
Employee benefit expense	\$ 96,889	\$ 103,616
Depreciation charges (Note)	10,814	11,115
Amortisation charges on intangible assets	608	1,328
	<u>\$ 108,311</u>	<u>\$ 116,059</u>

Note: Including depreciation charges on property, plant and equipment and right-of-use assets.

(18) Employee benefit expense

	Three-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 31,249	\$ 33,521
Labour and health insurance fees	2,142	2,194
Pension costs	1,228	1,239
Other personnel expenses	907	736
	<u>\$ 35,526</u>	<u>\$ 37,690</u>
	Nine-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 83,591	\$ 91,151
Labour and health insurance fees	6,841	6,634
Pension costs	3,719	3,577
Other personnel expenses	2,738	2,254
	<u>\$ 96,889</u>	<u>\$ 103,616</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees and not be higher than 2% for directors and supervisors. However, if the Company has accumulated deficit, earnings should first be reserved to cover accumulated deficit.
- B. Due to the accumulated deficit, no employees' compensation and directors' and supervisors' remuneration was estimated and accrued for the three-month and nine-month periods ended September 30, 2024 and 2023.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax expense

Components of income tax expense:

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Current tax:		
Current tax on profits for the period	\$ -	\$ -
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Income tax expense	<u>\$ -</u>	<u>\$ -</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Current tax:		
Current tax on profits for the period	\$ -	\$ -
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(20) Earnings per share

	<u>Three months ended September 30, 2024</u>		
	<u>Amount</u>	<u>Number of ordinary</u>	<u>Loss per</u>
	<u>after tax</u>	<u>shares outstanding</u>	<u>share</u>
		<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and Diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	<u>(\$ 61,983)</u>	<u>192,807</u>	<u>(\$ 0.32)</u>
	<u>Three months ended September 30, 2023</u>		
	<u>Amount</u>	<u>Number of ordinary</u>	<u>Loss per</u>
	<u>after tax</u>	<u>shares outstanding</u>	<u>share</u>
		<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and Diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	<u>(\$ 3,573)</u>	<u>190,265</u>	<u>(\$ 0.02)</u>

	<u>Nine months ended September 30, 2024</u>		
	<u>Amount</u>	<u>Number of ordinary</u>	<u>Loss per</u>
	<u>after tax</u>	<u>shares outstanding</u>	<u>share</u>
		<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic and Diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 113,733)	192,533	(\$ 0.59)

	<u>Nine months ended September 30, 2023</u>		
	<u>Amount</u>	<u>Number of ordinary</u>	<u>Earnings</u>
	<u>after tax</u>	<u>shares outstanding</u>	<u>per share</u>
		<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 48,631	189,230	\$ 0.26
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	48,631	189,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,439	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 48,431	191,669	\$ 0.25

(21) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 2,198	\$ 14,252
Add: Opening balance of payable on equipment	3,942	4,466
Less: Ending balance of payable on equipment	( 649)	( 7,209)
Cash paid during the period	\$ 5,491	\$ 11,509

(22) Changes in liabilities from financing activities

For the nine-month periods ended September 30, 2024 and 2023, liabilities from financing activities include short-term borrowings, short-term notes and bills payable and lease liabilities. Please refer to the changes in the consolidated statements of cash flows.

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company is controlled by Kinpo Electronics Inc. (KPO), which owns 67.40% of the Company's shares.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Kinpo Electronics, Inc.	Parent company
Cal-Comp Electronics & Communications Co., Ltd.	Sister company
Cal-Comp Electronics (Thailand) Public Company Limited	Sister company
SaveCom International Inc.	Other related company
Compal Electronics, Inc. and its subsidiaries	Other related company

(3) Significant related party transactions

A. Purchases:

	Three-month periods ended September 30,	
	2024	2023
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	\$ 41,273	\$ 20,387
	Nine-month periods ended September 30,	
	2024	2023
Sister company		
-Cal-Comp Electronics (Thailand) Public Company Limited	\$ 132,807	\$ 229,047
Other related company	-	3,588
	\$ 132,807	\$ 232,635

Except for those with no similar transactions for reference and the prices and payment terms are determined by negotiations between both parties, the Group makes purchases from the aforementioned related parties at the prevailing market price. The payment terms are 1-4 months to third parties and 3-4 months to related parties.

B. Other expense:

	Three-month periods ended September 30,	
	2024	2023
Human support service fee:		
Sister company		
-Cal-Comp Electronics & Communications Co., Ltd.	\$ 1,180	\$ 1,159
	Nine-month periods ended September 30,	
	2024	2023
Human support service fee:		
Sister company		
-Cal-Comp Electronics & Communications Co., Ltd.	\$ 3,550	\$ 3,476

C. Other receivables:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Receivables from raw materials purchases on behalf of others:			
Sister company			
-Cal-Comp Electronics (Thailand)			
Public Company Limited	\$ <u>11,033</u>	\$ <u>1,358</u>	\$ <u>593</u>

Other receivables arise mainly from raw materials purchases on behalf of others and are due 45days after the date of delivery. The receivables are non-interest bearing.

D. Payables to related parties:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts payable:			
Sister company			
-Cal-Comp Electronics (Thailand)			
Public Company Limited	\$ <u>104,656</u>	\$ <u>44,087</u>	\$ <u>92,199</u>
Other payables – receipts under custody:			
Sister company			
-Cal-Comp Electronics (Thailand)	\$ -	\$ 140,801	\$ -
Other accounts payable-other:			
Parent company	189	80	1,404
Sister company			
-Cal-Comp Electronics (Thailand)			
Public Company Limited	1,846	1,123	1,810
-Other	<u>1,339</u>	<u>774</u>	<u>1,164</u>
	<u>3,374</u>	<u>142,778</u>	<u>4,378</u>
	\$ <u>108,030</u>	\$ <u>186,865</u>	\$ <u>96,577</u>

- (a) Accounts payable arise mainly from purchase transactions and are due 90 to 120 days after the date of purchase. The payables are non-interest bearing.
- (b) Receivables and payables arising from purchases on behalf of related parties were offset as it meets the criteria for derecognition and offsetting of financial assets and financial liabilities, and the net amounts were \$3,868,036, \$3,723,765 and \$4,305,430 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

(E) Property transactions

Acquisition of property, plant and equipment:

		Three-month periods ended September 30,	
		2024	2023
Sister company			
-Cal-Comp Electronics & Communications Co., Ltd.		\$ 152	\$ -
		Nine-month periods ended September 30,	
		2024	2023
Sister company			
-Cal-Comp Electronics & Communications Co., Ltd.		\$ 152	\$ -

(F) Lease transactions — lessee

(a) The Group leases test equipment from parent company. Rental contracts are typically made for periods of 2 years. Rents are paid at the end of every year.

(b) Lease liabilities:

(i) Outstanding balance:

	September 30, 2024	December 31, 2023	September 30, 2023
Parent company	\$ 2,737	\$ 4,572	\$ -

(ii) Interest expense

		Three-month periods ended September 30,	
		2024	2023
Parent company		\$ 15	\$ -
		Nine-month periods ended September 30,	
		2024	2023
Parent company		\$ 55	\$ -

(4) Key management compensation

		Three-month periods ended September 30,	
		2024	2023
Salaries and Other short-term employee benefits		\$ 2,941	\$ 6,962
Post-employment benefits		54	54
		\$ 2,995	\$ 7,016
		Nine-month periods ended September 30,	
		2024	2023
Salaries and Other short-term employee benefits		\$ 12,134	\$ 19,110
Post-employment benefits		162	162
		\$ 12,296	\$ 19,272

## 8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Pledged demand deposits (shown as other current assets)	\$ 12,068	\$ 12,033	\$ 5,018	Collateral for bank borrowings

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Contingencies

None.

### (2) Commitments

As of September 30, 2024, due to the Group's procurement requirements, a promissory note guarantee contract was signed with an amount of \$98,839, and the related accounts are shown as guarantee notes deposit and guarantee notes payable.

## 10. Significant Disaster Loss

None.

## 11. Significant Events after the Balance Sheet Date

None.

## 12. Others

### (1) Capital management

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

### (2) Financial instruments

#### A. Financial instruments by category

For information and amounts related to the Group's financial assets, which comprise financial assets at amortised cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), other current assets, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, accounts payable (including related parties), other payables (including related parties)), financial assets at fair value through profit or loss and lease liabilities, refer to the consolidated balance sheets and Note 8.

#### B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD . Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.



- ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2024						
	Foreign currency	Exchange	Book	Sensitivity analysis		
	amount (In thousands)		value (NTD)	Extent of variation	Effect on profit or loss	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 6,753	31.65	\$ 213,732	1%	\$	2,137
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 6,644	31.65	\$ 210,283	1%	\$	2,103
December 31, 2023						
	Foreign currency	Exchange	Book	Sensitivity analysis		
	amount (In thousands)		value (NTD)	Extent of variation	Effect on profit or loss	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 10,726	30.74	\$ 329,717	1%	\$	3,297
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 9,609	30.74	\$ 295,381	1%	\$	2,954
September 30, 2023						
	Foreign currency	Exchange	Book	Sensitivity analysis		
	amount (In thousands)		value (NTD)	Extent of variation	Effect on profit or loss	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 4,477	32.27	\$ 144,473	1%	\$	1,445
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 3,092	32.27	\$ 99,779	1%	\$	998

- iii. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods and nine-month periods ended September 30, 2024 and 2023, amounted to \$515, (\$2,157), \$3,593, and \$34 respectively.

(b) Price risk

The Group's investments in equity securities comprise hybrid instruments issued by the foreign enterprise. The prices of hybrid instruments would change due to the change of the future value of investee companies. If the prices of these hybrid instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2024 and 2023 would have increased/decreased by \$16,490 and \$15,449, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

(c) Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During September 30, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1% with all other variables held constant, profit, net of tax for the nine-month periods ended September 30, 2024 and 2023 would have decreased/increased by \$1,613 and \$847, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(d) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only banks with good credit and financial institutions with sufficient investment grades or above are deemed acceptable for investing. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group assesses expected credit loss on individual significant defaulted accounts receivable, and classifies remaining customers' accounts receivable in accordance with characteristics of customer types. The Group applies different loss rate methodology or provision matrix as basis to estimate expected credit loss on different groups.

- iv. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. According to abovementioned consideration and information, the Group does not expect any significant default possibility of accounts receivable.
- v. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2024, December 31, 2023 and September 30, 2023, the provision matrix and loss rate methodology is as follows:

	Not past due	Up to 90 days	Total
<u>At September 30, 2024</u>			
Expected loss rate	0.0500%	0.0500%	
Total book value	\$ 102,944	\$ 26,598	\$ 129,542
Loss allowance	(\$ 51)	(\$ 13)	(\$ 64)
	Not past due	Up to 90 days	Total
<u>December 31, 2023</u>			
Expected loss rate	0.0872%	0.0872%	
Total book value	\$ 78,230	\$ 21,516	\$ 99,746
Loss allowance	(\$ 68)	(\$ 19)	(\$ 87)
	Not past due	Up to 90 days	Total
<u>At September 30, 2023</u>			
Expected loss rate	0.1000%	0.1000%	
Total book value	\$ 67,940	\$ 9,664	\$ 77,604
Loss allowance	(\$ 67)	(\$ 10)	(\$ 77)

- vi. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	\$ 87	\$ 270
Provision for impairment	( 23)	( 193)
At September 30	<u>\$ 64</u>	<u>\$ 77</u>

(e) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions. As of November 11, 2024, the Group's unused credit lines amounted to \$651,616.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group's non-derivative financial liabilities (including short-term borrowings, accounts payable, accounts payable to related parties, other payables and other current liabilities) will expire within 1 year.

<u>September 30, 2024</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>			
Lease liability	\$ 3,620	\$ 247	\$ 3,867
<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>			
Lease liability	\$ 7,584	\$ 2,136	\$ 9,720
<u>September 30, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>			
Lease liability	\$ 5,286	\$ 1,211	\$ 6,497

#### (4) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in financial assets at fair value through profit or loss is included in Level 3.

B. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, accounts payable (including related parties) and other payables (including related parties), are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2024, December 31, 2023 and September 30, 2023, is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

<u>September 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Convertible bonds	\$ -	\$ -	\$ 1,648,985	\$ 1,648,985

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Convertible bonds	\$ -	\$ -	\$ 1,550,470	\$ 1,550,470

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Convertible bonds	\$ -	\$ -	\$ 1,544,945	\$ 1,544,945

- (b) The fair values of convertible bonds as of September 30, 2024, December 31, 2023 and September 30, 2023 were measured using the binomial model (one of the lattice models). The main assumptions used are as follows:

	<u>Fair value at September 30, 2024</u>	<u>Expected duration</u>	<u>Risk-free rate of interest</u>	<u>Expected price volatility (%)</u>
Convertible bonds	\$ 1,648,985	0.24 years	3.06%	56.65%
	<u>Fair value at December 31, 2023</u>	<u>Expected duration</u>	<u>Risk-free rate of interest</u>	<u>Expected price volatility (%)</u>
Convertible bonds	\$ 1,550,470	0.99 years	3.36%	41.67%
	<u>Fair value at September 30, 2023</u>	<u>Expected duration</u>	<u>Risk-free rate of interest</u>	<u>Expected price volatility (%)</u>
Convertible bonds	\$ 1,544,945	1.24 years	5.37%	44.00%

- D. For the nine-month periods ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2024 and 2023:

	Nine-month periods ended September 30,	
	2024	2023
	Hybrid instrument	Hybrid instrument
At January 1	\$ 1,550,470	\$ 1,468,178
Gains recognised in profit or loss	98,515	76,767
At September 30	\$ 1,648,985	\$ 1,544,945

F. For the nine-month periods ended September 30, 2024 and 2023, there was no transfer into or out from Level 3.

G. The Group's fair value measurements categorised within Level 3 is valued through outsourced appraisal performed by the external valuer.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	\$ 1,648,985	Binomial Model (one of the lattice models)	Long-term income before taxes Weighted average cost of capital Lack of marketability discount	- 14.24% 20%	The higher the long-term income before taxes, the higher the fair value; The higher the weighted average cost of capital, the lower the fair value; The higher the lack of marketability discount, the lower the fair value.

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	\$ 1,550,470	Binomial Model (one of the lattice models)	Long-term income before taxes Weighted average cost of capital Lack of marketability discount	- 13.74% 20%	The higher the long-term income before taxes, the higher the fair value; The higher the weighted average cost of capital, the lower the fair value; The higher the lack of marketability discount, the lower the fair value.

	Fair value at September 30, 2023	Valuation	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	\$ 1,544,945	Binomial Model (one of the lattice models)	Long-term income before taxes Weighted average cost of capital Lack of marketability discount	- 14.71% 20%	The higher the long-term income before taxes, the higher the fair value; The higher the weighted average cost of capital, the lower the fair value; The higher the lack of marketability discount, the lower the fair value.

I. The Group has carefully assessed the valuation models and assumptions used by external valuer to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

				September 30, 2024	
				Recognised in profit or loss	
	Input	Change		Favourable change	Unfavourable change
Financial assets	Long-term income before taxes				
Hybrid instrument	Weighted average cost of capital	±1%	\$ 16,490	(\$ 16,490)	
				December 31, 2023	
				Recognised in profit or loss	
	Input	Change		Favourable change	Unfavourable change
Financial assets	Long-term income before taxes				
Hybrid instrument	Weighted average cost of capital	±1%	\$ 15,505	(\$ 15,505)	
				September 30, 2023	
				Recognised in profit or loss	
	Input	Change		Favourable change	Unfavourable change
Financial assets	Long-term income before taxes				
Hybrid instrument	Weighted average cost of capital	±1%	\$ 15,449	(\$ 15,449)	

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: None.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

#### (3) Information on investments in Mainland China

- A. Basic information: Refer to table 4.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

#### (4) Major shareholders information

Major shareholders information: Refer to table 5.

### 14. Segment Information

#### (1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

#### (2) Reconciliation for segment income (loss)

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. No reconciliation is needed as the Group's reportable segments income (loss) is the income (loss) before tax.



Castlenet Technology Inc. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2024				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Castlenet Technology Inc.	SPI. Convertible Bond	None	Non-current financial assets at fair value through profit or loss	-	\$ 1,648,985	-	\$ 1,648,985	

Castlenet Technology Inc. and Subsidiaries  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Nine-month period ended September 30, 2024

Table 2 Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote ( Note )
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
			Purchases	\$							
CastleNet Technology Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Subsidiary of the Company's parent, Kinpo Electronics Inc.	Purchases	\$ 132,807	29%	90-120 days after monthly billings	Available to third parties	90-120 days after monthly billings	(\$ 104,655)	51%	Note

Note: The abovementioned accounts payable to related parties are mainly comprised of the balance of accounts payable for purchasing finished goods from sister companies.

Castlenet Technology Inc. and Subsidiaries  
Information on investees  
Nine-month period ended September 30, 2024

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net profit (loss) of the investee for the nine-month period ended	Investment income (loss) recognised by the Company for the nine-month period ended	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	September 30, 2024	September 30, 2024	
CastleNet Technology Inc.	Castlenet Technology (BVI) Inc.	British Virgin Islands	Investment holdings	\$ 302,692	\$ 302,692	8,708	100	\$ 42,926	\$ 423	\$ 423	

Castlenet Technology Inc. and Subsidiaries  
Information on investments in Mainland China  
Nine-month period ended September 30, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 1 )	Investment method ( Note 2 )	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income (loss) of investee for the nine-month period ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2024 ( Note 3 )	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024
CastleNet Technology Inc. - Kunshan	Manufacture and design broadband communication products such as modem and sales of self-produced products	\$ 237,383 USD 7,500	2	\$ 237,383 USD 7,500	\$ -	\$ -	\$ 237,383 USD 7,500	\$ 306	100	\$ 306	\$ 35,254	\$ -
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA									
CastleNet Technology Inc. - Kunshan	\$ 237,383	\$ 237,383	\$ 1,089,568									

Note 1: The numbers in this table are expressed in New Taiwan Dollars. For the amounts denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate used in financial statements.

Note 2: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through establishing Castlent Technology (BVI) Inc. in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 3: The investment income (loss) was recognised based on the financial statements reviewed by independent auditors for the nine-month period ended September 30, 2024.

Castlenet Technology Inc. and Subsidiaries

Major shareholders information

September 30, 2024

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Kinpo Electronics, Inc.	129,959	67.40%