

Stock Code: 6223

**MPI CORPORATION and Subsidiaries**  
**Consolidated Financial Statements**  
**Period Ended September 30, 2024 and 2023 and**  
**Independent Accountants' Review Report**

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# MPI CORPORATION and Subsidiaries

	<u>Page</u>
Cover Page.....	1
Table of Contents.....	2
Independent Accountants' Review Report .....	3
Consolidated Balance Sheets.....	4
Consolidated Statements of Comprehensive Income.....	6
Consolidated Statements of Changes in Equity.....	7
Consolidated Statements of Cash Flows.....	8
Consolidated Notes to the Consolidated Financial Statements	
1. Company Profile.....	10
2. Date and Procedure for Ratification of Financial Report.....	10
3. Application of New and Amended Standards and Interpretations.....	10
4. Summary of Significant Accounting Policies.....	12
5. Significant accounting judgments, estimations, and major sources of hypotheses of uncertainty.....	32
6. Notes to Major Accounting Titles.....	34
7. Transactions with Related Parties.....	61
8. Pledged Assets.....	61
9. Significant Contingent Liability and Unrecognized Contractual Commitment.....	61
10. Significant Disaster Loss.....	62
11. Significant Subsequent Events.....	62
12. Others.....	62
13. Supplementary Disclosures.....	73
(1) Significant transactions information .....	73
(2) Information on investees.....	80
(3) Information on investments in Mainland China.....	83
(4) Major shareholders information.....	84
14. Information by Department.....	84

## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

### **TO the Board of Directors and Stockholders of MPI Corporation**

#### **Introduction**

We have reviewed the accompanying consolidated financial statements of **MPI CORPORATION** and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of September 30, 2024 and 2023 and the consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2024 and 2023, and the changes in equity and cash flows for the nine-month periods ended September 30, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Managements 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**

Except for those described in the following paragraph of basis on qualified conclusion, we conducted our reviews in accordance with the Standards on Review Engagements 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible of 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.

#### **Basis of qualified conclusion**

As described in Note 4(3), the financial statements of certain non-significant subsidiaries and measured based on their unreviewed financial statements as of and for the nine-month periods ended September 30, 2024 and 2023. Total assets of these subsidiaries and investments amounted to NT\$570,292 thousand and NT\$2,272,694 thousand, representing 3.99% and 19.10% of the related consolidated totals, and total liabilities amounted to NT\$253,523 thousand and

NT\$492,685 thousand, representing 4.54% and 10.81% of the related consolidated totals, as of September 30, 2024 and 2023, respectively. Total comprehensive income of these subsidiaries including share of profit of associates were NT\$12,494 thousand and NT\$50,297 thousand, constituting 2.43% and 12.20% of the consolidated totals for the three-month periods ended September 30, 2024 and 2023 respectively. Total comprehensive income of these subsidiaries including share of profit of associates were NT\$17,477 thousand and NT\$158,347 thousand, constituting 0.97% and 14.36% of the consolidated totals for the nine-month periods then ended September 30, 2024 and 2023 respectively.

And these investment amounts as well as additional disclosures in Note 13 “Information about Investees” were based on these non-significant subsidiaries’ unreviewed financial statements for the same reporting periods as those of the Company.

### **Qualified conclusion**

Based on our reviews, except for the effects of adjustments, if any, as might have been required had the financial statements of these non-significant subsidiaries mentioned described in the preceding paragraph been reviewed, nothing has to 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 of September 30, 2024 and 2023, and its consolidated financial performance for the three-month and nine-month periods ended September 30, 2024 and 2023, and its consolidated cash flows for the nine-month periods ended September 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting “ endorsed by the Financial Supervisory Commission of the Republic of China.

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NEXIA Sun Rise CPAs & Company  
Taipei, Taiwan, Republic of China

November 12, 2024

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The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent accountants' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 accountants' review report and consolidated financial statements shall prevail.

**MPI CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS (ASSETS)**

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

(All amounts are expressed in thousand of New Taiwan Dollars unless otherwise stated)

(UNAUDITED)

ASSETS	Note	September 30, 2024		December 31, 2023		September 30, 2023	
		Amounts	%	Amounts	%	Amounts	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	\$ 2,754,479	19	\$ 2,579,316	21	\$ 2,087,200	18
Notes receivable, net	6(3)	155,490	1	161,949	1	147,342	1
Accounts receivable, net	6(4)	1,954,343	14	1,175,905	10	1,298,365	11
Other receivables		8,919	-	29,589	-	12,378	-
Income tax receivable		3,934	-	61	-	2,739	-
Inventories, net	6(5)	3,197,583	22	2,752,384	22	2,794,990	24
Prepayments		202,845	2	153,339	1	127,454	1
Non-current assets (or disposal group) held for sale,net	6(6)	39,075	-	42,128	-	43,380	-
Other current assets	8	19,467	-	9,455	-	11,850	-
Total Current Assets		8,336,135	58	6,904,126	55	6,525,698	55
NONCURRENT ASSETS							
Financial assets at fair value through other comprehensive income — non-current	6(2)	444,755	3	273,202	2	257,294	2
Property, plant and equipment	6(7).8	4,468,000	31	3,390,814	27	3,400,532	29
Right-of-use assets	6(8)	138,938	1	187,986	2	205,173	2
Investment properties, net	6(9)	59,740	1	874,263	7	813,586	7
Intangible assets	6(10)	292,557	2	296,348	3	297,408	2
Deferred income tax assets	6(21)	160,560	1	163,430	1	148,076	1
Other noncurrent assets	6(11).8	389,754	3	349,703	3	248,601	2
Total Noncurrent Assets		5,954,304	42	5,535,746	45	5,370,670	45
TOTAL ASSETS		\$ 14,290,439	100	\$ 12,439,872	100	\$ 11,896,368	100

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

**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (LIABILITIES AND EQUITY)**  
September 30, 2024, December 31, 2023 AND September 30, 2023  
(All amounts are expressed in thousand of New Taiwan Dollars unless otherwise stated)  
(UNAUDITED)

LIABILITIES AND EQUITY	Note	September 30, 2024		December 31, 2023		September 30, 2023	
		Amounts	%	Amounts	%	Amounts	%
<b>CURRENT LIABILITIES</b>							
Short-term loans	6(12)	\$ 660,000	5	\$ -	-	\$ -	-
Contract liabilities – current	6(19)	1,052,961	7	673,419	6	884,085	8
Notes payable		2,676	-	-	-	-	-
Accounts payable		697,063	5	563,656	5	494,342	4
Payables on equipment		67,130	-	142,339	1	45,738	-
Other payables	6(13)	1,071,151	8	1,172,393	9	846,065	7
Income tax payable		154,759	1	241,362	2	179,990	2
Provisions – current	6(14)	20,186	-	17,662	-	14,975	-
Liabilities directly related to non-current assets (or disposal group) held for sale	6(6)	3,865	-	5,160	-	4,086	-
Lease liabilities – current	6(8)	72,636	1	87,253	1	87,499	1
Current portion of long-term loans	6(16)	192,510	1	170,166	1	171,145	1
Other current liabilities		43,219	-	32,061	-	47,380	-
Total Current Liabilities		<u>4,038,156</u>	<u>28</u>	<u>3,105,471</u>	<u>25</u>	<u>2,775,305</u>	<u>23</u>
<b>NONCURRENT LIABILITIES</b>							
Long-term loans	6(16)	1,354,402	9	1,511,023	12	1,564,621	13
Provisions – non-current	6(14)	1,089	-	1,748	-	1,139	-
Deferred income tax liabilities	6(21)	86,559	1	54,505	1	50,322	1
Lease liabilities – non-current	6(8)	68,905	1	105,532	1	121,919	1
Net defined benefit liability	6(17)	29,959	-	26,132	-	30,833	-
Other noncurrent liabilities		1,594	-	14,962	-	15,084	-
Total Noncurrent Liabilities		<u>1,542,508</u>	<u>11</u>	<u>1,713,902</u>	<u>14</u>	<u>1,783,918</u>	<u>15</u>
<b>TOTAL LIABILITIES</b>		<u>5,580,664</u>	<u>39</u>	<u>4,819,373</u>	<u>39</u>	<u>4,559,223</u>	<u>38</u>
<b>EQUITY</b>	6(18)						
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>							
Capital common stock		942,311	7	942,311	7	942,311	8
Capital surplus		1,744,545	12	1,744,545	14	1,744,545	15
Retained earnings							
Appropriated as legal capital reserve		1,032,876	7	901,088	7	901,088	8
Appropriated as special capital reserve		9,089	-	79,853	1	79,853	1
Unappropriated earnings		4,774,357	33	3,955,786	32	3,674,464	31
Total Retained Earnings		<u>5,816,322</u>	<u>40</u>	<u>4,936,727</u>	<u>40</u>	<u>4,655,405</u>	<u>40</u>
Others							
Foreign currency translation adjustments		(19,125)	-	(58,144)	-	(45,099)	(1)
Unrealized gain (losses) on financial assets at fair value through other comprehensive income	6(2)	225,563	2	54,010	-	38,102	-
Equity directly related to non-current assets (or disposal group) held for sale	6(6)	(4,490)	-	(4,954)	-	(4,812)	-
Total others		<u>201,948</u>	<u>2</u>	<u>(9,088)</u>	<u>-</u>	<u>(11,809)</u>	<u>(1)</u>
Equity attributable to shareholders of the parent		<u>8,705,126</u>	<u>61</u>	<u>7,614,495</u>	<u>61</u>	<u>7,330,452</u>	<u>62</u>
<b>NONCONTROLLING INTERESTS</b>		<u>4,649</u>	<u>-</u>	<u>6,004</u>	<u>-</u>	<u>6,693</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>8,709,775</u>	<u>61</u>	<u>7,620,499</u>	<u>61</u>	<u>7,337,145</u>	<u>62</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 14,290,439</u>	<u>100</u>	<u>\$ 12,439,872</u>	<u>100</u>	<u>\$ 11,896,368</u>	<u>100</u>

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

**MPI CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

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

(All amounts are expressed in thousand of New Taiwan Dollars unless otherwise stated)  
(UNAUDITED)

		July 1–September 30, 2024		July 1–September 30, 2023		January 1–September 30, 2024		January 1–September 30, 2023	
	Note	Amounts	%	Amounts	%	Amounts	%	Amounts	%
<b>OPERATING REVENUE, NET</b>	6(19)								
Sales revenue		\$ 2,698,330	99	\$ 2,118,996	98	\$ 7,051,075	98	\$ 5,826,890	98
Less: sales returns		(6,272)	-	(7,929)	-	(8,595)	-	(9,062)	-
sales discounts and allowances		(1,335)	-	134	-	(2,828)	-	(15,049)	-
Commission revenue		38	-	684	-	1,690	-	708	-
Processing Fees revenue		38,589	1	42,243	2	127,694	2	147,255	2
Operating Revenue, net		2,729,350	100	2,154,128	100	7,169,056	100	5,950,742	100
<b>OPERATING COSTS</b>	6(5)	(1,182,077)	(43)	(1,124,691)	(52)	(3,295,826)	(46)	(3,098,662)	(52)
<b>GROSS PROFIT, NET</b>		1,547,273	57	1,029,437	48	3,873,230	54	2,852,080	48
<b>OPERATING EXPENSES</b>									
Selling expenses		(313,626)	(11)	(259,703)	(12)	(879,182)	(12)	(722,174)	(12)
General & administrative expenses		(177,999)	(7)	(151,484)	(7)	(493,966)	(7)	(413,218)	(7)
Research and development expenses	6(9)	(286,369)	(11)	(213,533)	(10)	(753,263)	(11)	(595,648)	(10)
Expected Credit (losses)/gains	6(4)	(24,178)	(1)	(2,775)	-	(17,327)	-	(2,624)	-
Operating expenses, net		(802,172)	(29)	(627,495)	(29)	(2,143,738)	(30)	(1,733,664)	(29)
<b>OPERATING INCOME</b>		745,101	28	401,942	19	1,729,472	24	1,118,416	19
<b>NON-OPERATING INCOME AND EXPENSES</b>									
Other gains and losses, net	6(20)	(6,001)	-	79,700	4	100,400	1	73,347	1
Finance costs	6(20)	(9,773)	(1)	(8,085)	-	(25,550)	-	(19,999)	-
Interest income	6(20)	9,136	-	5,757	-	30,240	1	18,182	-
Dividend revenue		7,080	-	6,995	-	7,080	-	6,995	-
Rent income	6(8)	5,017	-	12,072	-	26,259	-	21,166	-
Other non-operating revenue-other items		21,212	2	7,846	-	27,151	1	27,151	1
Total Non-operating Income and Expenses		26,671	1	104,285	4	208,915	3	126,842	2
<b>INCOME BEFORE INCOME TAX</b>		771,772	29	506,227	23	1,938,387	27	1,245,258	21
<b>INCOME TAX EXPENSE</b>	6(21)	(120,862)	(5)	(92,562)	(4)	(348,244)	(5)	(204,071)	(3)
<b>NET PROFIT FOR CONTINUING OPERATIONS</b>		650,910	24	413,665	19	1,590,143	22	1,041,187	18
<b>GAIN (LOSSES) ON DISCONTINUED OPERATIONS</b>		(1,631)	-	(1,446)	-	(5,265)	-	(6,292)	-
<b>NET INCOME</b>	6(6)	649,279	24	412,219	19	1,584,880	22	1,034,895	18
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>									
Items that are not to be reclassified to profit or loss									
Unrealized gain (losses) on financial assets at fair value	6(2)	(149,980)	(5)	(26,792)	(1)	171,553	2	62,268	1
Items that may be reclassified subsequently to profit or loss									
Exchange differences arising on translation of foreign operations		14,106	-	26,928	1	39,576	1	5,607	-
Other comprehensive income for the period, net of income tax		(135,874)	(5)	136	-	211,129	3	67,875	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		\$ 513,405	19	\$ 412,355	19	\$ 1,796,009	25	\$ 1,102,770	19
<b>NET INCOME (LOSS) ATTRIBUTABLE TO :</b>									
Shareholders of the parent		\$ 649,718	24	\$ 412,737	19	\$ 1,586,328	22	\$ 1,036,559	18
Non-controlling interests		(439)	-	(518)	-	(1,448)	-	(1,664)	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		\$ 649,279	24	\$ 412,219	19	\$ 1,584,880	22	\$ 1,034,895	18
<b>EARNINGS PER COMMON SHARE (NTD)</b>	6(22)								
Basic earnings per share		\$ 6.89		\$ 4.38		\$ 16.83		\$ 11.00	
Diluted earnings per share		\$ 6.89		\$ 4.32		\$ 16.79		\$ 10.94	

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



**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

From January 1 to September 30, 2024 and 2023

(All amounts are expressed in thousand of New Taiwan Dollars unless otherwise stated)

(UNAUDITED)

Item	Capital		Retained Earnings			Others			Total	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	(losses) on financial assets at fair value through other comprehensive	Equity directly related to non-current assets (or disposal group) held for sale			
BALANCE, JANUARY, 1, 2023	\$ 942,311	\$ 1,744,545	\$ 779,739	\$ 80,205	\$ 3,418,520	\$ (55,687)	\$ (24,166)		\$ 6,885,467	\$ 8,526	\$ 6,893,993
Legal capital reserve			121,349		(121,349)				-		-
Special capital reserve				(352)	352				-		-
Cash Dividends of Common Stock					(659,618)				(659,618)		(659,618)
Net Income for the nine months period ended September 30, 2023					1,036,559				1,036,559	(1,664)	1,034,895
Other comprehensive income for the nine months period ended September 30, 2023						10,588	62,268	(4,812)	68,044	(169)	67,875
Total comprehensive income	-	-	-	-	1,036,559	10,588	62,268	(4,812)	1,104,603	(1,833)	1,102,770
BALANCE, SEPTEMBER, 30, 2023	\$ 942,311	\$ 1,744,545	\$ 901,088	\$ 79,853	\$ 3,674,464	\$ (45,099)	\$ 38,102	\$ (4,812)	\$ 7,330,452	\$ 6,693	\$ 7,337,145
BALANCE, JANUARY, 1, 2024	\$ 942,311	\$ 1,744,545	\$ 901,088	\$ 79,853	\$ 3,955,786	\$ (58,144)	\$ 54,010	\$ (4,954)	\$ 7,614,495	\$ 6,004	\$ 7,620,499
Legal capital reserve			131,788		(131,788)				-		-
Special capital reserve				(70,764)	70,764				-		-
Cash Dividends of Common Stock					(706,733)				(706,733)		(706,733)
Net Income for the nine months period ended September 30, 2024					1,586,328				1,586,328	(1,448)	1,584,880
Other comprehensive income for the nine months period ended September 30, 2024						39,019	171,553	464	211,036	93	211,129
Total comprehensive income	-	-	-	-	1,586,328	39,019	171,553	464	1,797,364	(1,355)	1,796,009
BALANCE, SEPTEMBER, 30, 2024	\$ 942,311	\$ 1,744,545	\$ 1,032,876	\$ 9,089	\$ 4,774,357	\$ (19,125)	\$ 225,563	\$ (4,490)	\$ 8,705,126	\$ 4,649	\$ 8,709,775

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

**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

From January 1 to September 30, 2024 and 2023

(All amounts are expressed in thousand of New Taiwan Dollars unless otherwise stated)

(UNAUDITED)

Items	Jan 1 ~ Sep 30, 2024	Jan 1 ~ Sep 30, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (losses) before income tax of continuing operations	\$ 1,938,387	\$ 1,245,258
Income (losses) before tax of discontinued operations	(5,263)	(6,292)
Income before income tax	1,933,124	1,238,966
Adjustments to reconcile net income to net cash		
Depreciation	345,581	345,763
Amortization	58,585	55,736
Expected Credit loss (gain)	17,344	2,671
Interest expense	25,595	20,044
Interest revenue	(30,260)	(18,297)
Dividend revenue	(7,080)	(6,995)
(Gain) loss on disposal of property, plant and equipment	(1,877)	(101)
(Gain) loss on lease modification	(3,365)	(79)
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease (Increase) in notes receivable	6,459	(80,793)
Decrease (Increase) in accounts receivable	(796,806)	(249,962)
Decrease (Increase) in other receivables	19,441	5,622
Decrease (Increase) in inventories	(443,149)	(68,461)
Decrease (Increase) in prepayments	(50,139)	(26,276)
Decrease (Increase) in other current assets	(13,944)	(4,351)
Net changes in operating liabilities		
(Decrease) Increase in contract liabilities	379,542	224,370
(Decrease) Increase in notes payable	2,676	(4,112)
(Decrease) Increase in accounts payable	133,487	(29,392)
(Decrease) Increase in other accounts payable	(101,137)	(248,968)
(Decrease) Increase in provision for liabilities	1,865	2,100
(Decrease) Increase in other current liabilities	11,218	31,441
(Decrease) Increase in net defined benefit liability	3,826	4,182
Cash generated from operations	1,490,986	1,193,108
Interest received	32,124	17,262
Interest paid	(21,934)	(15,011)
Dividend paid	(706,733)	(659,618)
Income taxes paid	(403,759)	(243,208)
Net cash Provided By (Used In) Operating Activities	390,684	292,533

(Continue)

**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

From January 1 to September 30, 2024 and 2023

(All amounts are expressed in thousand of New Taiwan Dollars unless otherwise stated)

(UNAUDITED)

Items	Jan 1 ~ Sep 30, 2024	Jan 1 ~ Sep 30, 2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of non-current assets held for sale	-	(1,335)
Acquisition of property, plant and equipment	(600,899)	(1,080,534)
Proceeds from disposal of property, plant and equipment	4,454	6,873
Acquisition of intangible assets	(24,462)	(33,391)
Decrease in other financial assets	6,437	26,962
Increase in other non-current assets	(64,949)	(17,178)
Dividend received	7,080	6,995
Net cash Provided By (Used In) Investing Activities	(672,339)	(1,091,608)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	660,000	-
Issuance of long-term loans	-	586,278
Repayments of long-term loans	(134,277)	-
Cash payments for the principal portion of the lease liability	(81,036)	(80,586)
Increase in other non-current liabilities	-	13,627
Decrease in other non-current liabilities	(13,368)	-
Decrease in non-controlling interests	93	(169)
Net cash Provided By (Used In) Financing Activities	431,412	(519,150)
Effects of exchange rate change on cash and cash equivalents	26,006	(8,526)
Net increase (decrease) in cash and cash equivalents	175,763	(288,451)
Cash and cash equivalents at beginning of the period	2,584,724	2,382,315
Cash and cash equivalents at end of the period	\$ 2,760,487	\$ 2,093,864
Reconciliation of cash and cash equivalents at end of the period		
Cash and cash equivalents stated in the consolidated balance sheets	\$ 2,754,479	\$ 2,087,200
Cash and cash equivalents classified to non-current assets (or disposal group) held for sale	6,008	6,664
Cash and cash equivalents at end of the period	\$ 2,760,487	\$ 2,093,864

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

# **MPI CORPORATION and its Subsidiaries**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**(Expressed in NT\$1,000, Unless Otherwise Noted)**

**(UNAUDITED)**

### **1. Company profile**

- (1) MPI Corporation (hereinafter referred to as the "Company") was founded according to the Company Law and other related laws on July 25, 1995. Upon capital increase for several times, the Company's paid-in capital has been NT\$942,311 thousand and outstanding stock has been 94,231,106 shares until September 30, 2024. Upon resolution of the shareholders' meeting on June 12, 2018, the Company raised the authorized capital as NT\$1,200,000,000, divided into 120,000,000 shares at par value of NT\$10 per share. The board of directors is authorized to issue the stock in lots. NT\$50,000 thousand is withheld from the gross capital referred to in the preceding paragraph, divided into 5,000,000 shares at par value of NT\$10 per share, available for the subscription by exercise of stock warrants and issued upon resolution of a directors' meeting.
- (2) The Company and its subsidiaries (hereinafter referred to as the "Group" collectively) primarily engage in manufacturing, processing, maintenance, import/export and trading of semi-conductor production process and testing equipments.
- (3) The Company was approved to initiate the IPO in July 2001, and started to trade on Taiwan Stock Exchange as of January 6, 2003.

### **2. Date and procedure for ratification of financial report**

The consolidated financial statements have been approved and released by the Board of Directors on November 12, 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 ("IFRSs") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by 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	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 IFRSs 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) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs 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 Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	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
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, 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 Significant Accounting Policies**

The important accounting policies applied by the financial statements are summarized as follows: Unless otherwise provided, the following accounting policies have been applied during the presentation period of the consolidated financial statements.

##### **(1) Statement of compliance**

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 Standards 34, 'Interim financial reporting' endorsed by the FSC.

##### **(2) Basis for preparation**

###### **A. Basis for measurement**

Except the following important items in the balance sheet, the consolidated financial statement was prepared based on the historical cost:

- (1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (2) Financial assets at fair value through other comprehensive income.
- (3) Defined benefit liability recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

###### **B. Functional currency and presentation of currency**

The functional currency of each of the Group's entities shall be subject to the currency applicable in the main economic environment in which its business place is situated. The consolidated financial statements should be presented based on the Company's functional currency, NTD. Unless otherwise noted, all of the financial information presented in NTD should be held presented in NTD 1,000 as the currency unit.

##### **(3) Basis for consolidation**

###### **A. Principles for preparation of consolidated financial statements**

- (a) The Group included all of the subsidiaries into the consolidated financial statements. Subsidiaries mean the entities controlled by the Group (including structured entities). When the Group is exposed to the changes of remuneration

participated by the entities or is entitled to changes of remuneration, and is able to influence the remuneration by virtue of its power over the entities, the Group is held controlling the entities. The subsidiaries are included into the consolidated financial statements on the date when the Group acquires the controlling power, and the consolidation shall be suspended as of the date when the Group forfeits the controlling power.

- (b) Unrealized gains on transactions between the Group companies are eliminated to the extent of the Group's interest in the associates. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Elements of the income and other comprehensive income shall be vested in parent company shareholders and non-controlling equity. The total comprehensive income shall be vested in parent company shareholders and non-controlling equity, even if the non-controlling equity suffers loss.
  - (d) Where the changes in shareholdings of subsidiaries don't result in forfeiture of controlling power (transactions with non-controlling equity), they shall be processed as equity transactions, which are identified as the transactions with parent company shareholders. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected consideration shall be stated into equity directly.
  - (e) When the Group forfeits control over its subsidiaries, its residual investment in the subsidiaries shall be re-measured based on fair value, and identified as the fair value of financial asset recognized initially or cost of the investment in affiliates or joint ventures recognized initially. The price difference between the fair value and book value is stated into current income. Where the accounting treatment for the values related to the subsidiaries as stated into other comprehensive income previously is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, if the gain or loss stated into other comprehensive income previously would be reclassified into income when the related assets or liabilities are disposed of, the gain or loss shall be reclassified into income from equity, when the Group forfeits control over the subsidiaries.
- B. Subsidiaries included into the consolidated financial statements and status of change thereof:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2024	December, 31, 2023	September 30, 2023	
MPI	Chain-Logic International Corp.	Professional equipment agent and provides technologic service for the manufacturing of high-tech industry such as LED, LCD, Semiconductor, and etc.	100%	100%	100%	Established in March 1, 1994
MPI	MPI TRADING CORP.(Samoa)	Selling Probe Card and Test Equipment	100%	100%	100%	Established in December 22, 2000.
MPI	MMI HOLDING CO., LTD.(Samoa)	Investment activities	100%	100%	100%	Established in August 7, 2002.
MPI	MEGTAS CO., LTD	Test, maintenance, manufacturing and import/export trading of parts of semiconductors	80%	80%	80%	Established in September 1, 2010. (Note1)
MPI	ALLSTRON CORP.	Manufacturing of high frequency wafer foundry measuring probing	100%	100%	100%	Established in March 31, 2006.  The Company started on January 1, 2014 as the acquisition date, acquiring 100% of the shares.
MPI	MPA TRADING CORP.	Investment activities	100%	100%	100%	Established in April 12, 2017.
Chain-Logic International Corp.	CHAIN-LOGIC TRADING CORP. (Mauritius)	International trading business	-	-	100%	Established in November 19, 2001. (Note2)
MMI HOLDING CO., LTD.	Lumitek (ChangZhou) Co.,Ltd.	Selling and manufacturing of high-tech industry such as LED.	100%	100%	100%	Established in January 10, 2014.
MMI HOLDING CO., LTD.	MPI (Suzhou) CORPORATION	Selling and manufacturing of high-tech industry such as LED.	100%	100%	100%	Established in July 11, 2017.
MPA TRADING CORP.	MPI AMERICA INC.	Selling Probe Card and Test Equipment	100%	100%	100%	Established in March 29, 2017.
MPI AMERICA INC.	Celadon Systems, Inc.	Selling and manufacturing of Probe Card , Test Equipment and High-performance cables	100%	100%	100%	Established on May 17, 1996.  The Company started on September 9, 2021 as the acquisition date, acquiring 100% of the shares.

(Note1) The Company has passed the disposal of total share capital of the 80% ownership subsidiary – Megtas Co., Ltd. in the Board of Directors meeting on May 11, 2023. Subsequently, a sales agreement was signed with the buyer. However, the buyer failed to remit the payment to the Company as stipulated in the contract. Therefore, the transaction has been terminated. On March 7, 2024, the Group's Board of Directors approved a resolution to continue searching for a new buyer.

(Note2) The subsidiary of the Group – CHAIN-LOGIC TRADING CORP. has reduced the cash capital US\$1,100,000 (equivalent to NT\$34,234 thousand) in July 2019 and US\$300,000



(equivalent to NT\$8,963 thousand) in January 2020. As of December 31, 2022, the Company has invested a total of US\$100 in the subsidiary, CHAIN-LOGIC TRADING CORP., totaling 100 shares, at the par value of US\$1 per share. The Company's shareholding was 100%.

A motion for the liquidation of the subsidiary – CHAIN-LOGIC TRADING CORP. – was submitted due to its lack of substantial operations. The agent applied for deregistration, which was approved by the ROC in June 2022. The liquidation was completed in 3 November, 2023 and the liquidation amount of US\$88.27 (equivalent to NT\$3 thousand) was remitted in December 2022.

The financial statements of the entity as of and for the nine-month periods ended September 30, 2024 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary except MMI HOLDING CO., LTD., Lumitek (ChangZhou) Co., Ltd., MPI (Suzhou) CORPORATION, MPA TRADING CORP, MPI AMERICA INC and Celadon Systems, Inc.

The financial statements of the entity as of and for the nine-month periods ended September 30, 2023 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary except MMI HOLDING CO., LTD. and Lumitek (ChangZhou) Co., Ltd.

- C. Subsidiaries not included into the consolidated financial statements: N/A.
- D. Different adjustment and treatment by subsidiaries in the accounting period: N/A.
- E. Nature and scope of the important restrictions on enterprise's acquisition or use of the group's assets and solvency: N/A.
- F. Subsidiaries over which the Group holds important non-controlling equity: N/A.

(4) Foreign currency

A. Foreign currency transactions

The foreign currency exchange shall be stated at the functional currency translated at the exchange rate prevailing on the date of transaction. The monetary items denominated in the foreign currency on the reporting date shall be stated at the functional currency translated at the exchange rate on the same day. The exchange gain or loss refers to the difference between the amounts upon adjustment of the valid interest, payment on the same period based on the amortized cost denominated in the functional currency, the amount translated from the amortized cost denominated in foreign currency at the exchange rate on the reporting date. The non-monetary items at fair value denominated in foreign currency shall be stated at the functional currency re-translated at the exchange rate prevailing on the same date of fair value measurement, while the non-monetary items at historical cost denominated in foreign currency shall be stated at the functional currency translated at the exchange rate on the date of transaction. Other than the foreign currency

exchange difference generated from the translation of the application of IFRS 9 foreign currency items which in the process of applying the financial instrument accounting policies, financial liabilities designated as net investment hedge for foreign operations or qualified cash flow hedging, which shall be stated as other comprehensive income, any difference shall be stated as income.

B. Foreign operations

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be translated into functional currency at the exchange rate prevailing on the reporting date. Unless in the case of inflation, the income and expense & loss items shall be translated into functional currency at the average exchange rate in the current period, and the exchange different generated therefore shall be stated as other comprehensive income.

When disposition of foreign operations results in loss of control, common control or any material effect, the accumulated exchange difference related to the foreign operations shall be reclassified into income in whole. If the disposition involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposition involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income on a pro rata basis.

If no repayment program is defined with respect to receivable or payable items of foreign operations denominated in currency and it is impossible to repay the same in the foreseeable future, the foreign currency exchange gain or loss generated therefore shall be held a part of the net investment in the foreign operations and stated as other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Current and non-current assets and liabilities

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after

the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash and cash equivalent

Cash or cash equivalent include cash on hand, demand deposits, and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The bank time deposits to initially expire within one year are intended to satisfy the short-term cash commitment instead of investment or others, which may be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value and, therefore, are stated as cash or cash equivalent.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other

comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

- (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

Including financial assets at amortized cost and accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading-if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(14) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(15) Convertible bonds payable

Convertible bonds or issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by

exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognized initially at net fair value as ‘financial assets or financial liabilities at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as ‘gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss’.
- B. The host contracts of bonds or are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(16) Derecognition of financial liabilities

- A. A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.
- B. Where there has been a renegotiation or modification of the terms of an existing financial liability and resulted in an insignificant discrepancy which is less than ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognized in profit or loss.
- C. Where there has been a substantial renegotiation or modification of the terms of an existing financial liability and resulted in a significant discrepancy which is at least

ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognized in profit or loss.

(17) Inventory

The inventories shall be stated at the lower of cost and net realizable present value. The cost should include the costs of acquisition, production or processing or others incurred when the inventory is sellable or producible and at the location where the inventory is sellable or producible, and calculated under weighted average method. The costs of inventories for finished goods and work in process include the manufacturing expenses amortized based on the normal productivity on a pro rata basis.

Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs under the normal operation.

(18) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell and stop arranging the depreciation.

(19) Investments accounted for using equity method / associates

An affiliate means an entity in which the Group has major influence over the financial and operating policies but has no control over the same. The Group will be assumed having major influence when it holds 20%~50% of the voting right in the investee.

Under the equity method, the investment is stated at cost at time of acquisition initially. The investment includes trading cost. The book value of investment in affiliates includes the goodwill identified at the time of initial investment less any accumulated impairment loss.

The consolidated financial statements shall include the income from the invested affiliates recognized subject to the shareholdings and other comprehensive income upon adjustment made in line with the Group's accounting policy, from the date when the Group has major influence until the date when the Group loses the major influence. The unrealized gains from transactions between the Group and affiliates have been derecognized from the Group's equity in the investees. The unrealized loss shall be derecognized in the same manner applicable to unrealized gains; provided that the unrealized loss is limited to that arises under no impairment evidence is available.

When the Group's share of loss from any affiliate to be recognized on a pro rata basis is equivalent to or more than its equity in the affiliate, it shall stop recognizing the loss,

but shall recognize the additional loss and relevant liabilities only when legal obligation or constructive obligation is incurred or the Group makes payment on behalf of the investee.

Where the Group forfeits its material influence over an affiliate when the Group disposes of the affiliate, the capital surplus related to the affiliate will be stated as income, provided that where it still has material influence over the affiliate, the capital surplus shall be stated as income based on the proportion of disposition.

(20) Property, plant and equipment

A. Recognition and measurement

Property, plant and equipment shall be recognized and measured using a cost model, and measured at the cost less accumulated depreciation and accumulated impairment. The costs include the expenses directly attributable to the acquisition of assets. The costs of self-built assets include the costs of raw materials and direct labor, any other costs directly attributable to usable status of investment assets, costs of dismantling and removal of the items and recovery of premises, and loan cost that meets the requisite asset capitalization. Meanwhile, the costs also include the purchase of property, plant and equipment denominated in foreign currency.

When property, plant and equipment consist of various components, and the total cost for the item is significant and it is advisable to apply different depreciation ratio or methods, the property, plant and equipment should be treated separately (for major components).

The gain or loss on disposal of property, plant and equipment shall be decided based on the price difference between the book value of property, plant and equipment and proceeds on disposal of the same and recognized as the “other gains and losses” in the income statement on a net basis.

B. After cost

If the future economic effect expected to be generated from the after expenses of property, plant and equipment is very likely to flow into the Group and the amount thereof may be measured, the expenses shall be stated as a part of the book value and the relocated book value should be derecognized. The routine maintenance and repairs of property, plant and equipment shall be stated as income when incurred.

C. Depreciation

The depreciation shall be calculated at the cost of assets less residual value using the straight-line method over the estimated useful years, and evaluated based on the various major components of the assets. If the useful years for any component are different from those of other components, the component shall be depreciated separately. The depreciation shall be stated as income.

No depreciation of land is required.



The estimated useful years in the current period and comparative period are stated as follows:

Item	Useful years
House and building	
Plant and dormitory	20-50
Clean room	18-20
Electrical and mechanical facilities	5-20
Others	1-20
Machine and equipment	1-10
Transportation equipment	4-5
Furniture and fixtures	2-10
Research equipment	1-6
Other equipments	2-7

D. Depreciation, useful years and residual value shall be reviewed at the end of each fiscal year. If the expected value is different from the previous estimate, adjustment should be made if necessary, and the changes shall be treated as changes in accounting estimates.

(21) Leasing arrangements (lessor)—lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(22) Leasing arrangements (lessee)—right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term

leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(23) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(24) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Internally generated intangible assets—research and development expenses

(a) Research expenditures are recognized as an expense as incurred.

(b) Development expenditures that do not meet the following criteria are recognized as expenses as incurred, but are recognized as intangible assets when the following criteria are met:

- Ⓐ It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- Ⓑ An entity intends to complete the intangible asset and use or sell it;
- Ⓒ An entity has the ability to use or sell the intangible asset;
- Ⓓ It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Ⓔ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- Ⓕ The expenditure attributable to the intangible asset during its development can be reliably measured.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

D. Patent

Separately acquired patent are stated at historical cost. Patent acquired in a business combination are recognized at fair value at the acquisition date. Patent has a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 11 years.

E. Other intangible assets

Separately acquired other intangible assets are stated at historical cost. Other intangible assets are intangible asset from lease and client base acquired in a business combination are recognized at fair value at the acquisition date. Considering its economic time and should be amortized on a straight-line basis over its economic time of 4-8 years.

(25) Impairment of non-financial assets

- A. The Group will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss would be recognized if the recoverable amount falls below the asset's face value. The recoverable amount means the higher of fair value of one asset less its disposition cost, or its useful value. Impairment loss recognized in previous years on assets other than goodwill may be reversed if the basis of impairment no longer existed or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.
- B. The recoverable amount of goodwill, intangible assets with indefinite useful years and intangible assets not available for use shall be estimated periodically. Impairment loss would be recognized if the recoverable amount falls below the face value. The impairment loss on goodwill shall not be reversed in following years.
- C. Goodwill shall be amortized to cash generation unit for the purpose of testing impairment. The amortization is identified by operations to amortize goodwill into cash generation unit or cash generation unit group expected to benefit from the merger of businesses generating the goodwill.

(26) Reserve for liabilities

The reserve for liabilities shall be recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Group's reserve for liabilities for warranty shall be recognized when the goods or services are sold. The reserve for liabilities shall be measured under weighted method based on the historical warranty information and potential results subject to the relevant possibility.

(27) Treasury stock

The issued stock recalled by the Group is stated based on the consideration paid for repurchase (including direct vested cost), recognized as "treasury stock" at the net after tax and presented as a deduction from equity. Where the gain on disposal of treasury stock is higher than the book value, the difference shall be credited under the title "additional paid-in capital-transaction of treasury stock". Where the gain is lower than the book value, the difference is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. The book value thereof is calculated based on the weighted average method according to the type of stock (common stock or special shares) and causes for the withdrawal.

Cancellation of treasury stock shall be credited under the title "treasury stock", and debited as "additional paid-in capital-stock premium" and "capital stock". Where the book value of treasury stock is higher than the total of the book value and stock

premium, the balance is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. Where the book value of treasury stock is lower than the total of the book value and stock premium, the difference should be credited as the additional paid-in capital generated from the transactions of treasury stock under the same type.

(28) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells a range of semi-conductor production process and testing equipments in the market. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. The sales usually are made with a credit term of 60-210 days after inspection. The term is consistent with market practice, therefore determining that the contract does not include a significant financing component.
- (b) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.
- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Labor service

The Group provides semi-conductor production process and testing equipments proxy services. Revenue from providing services is recognized in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

C. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

D. Incremental costs of obtaining a contract

The Group recognizes an asset (shown as 'Prepayments ') the incremental costs

(mainly comprised of sales commissions) of obtaining a contract with a customer if the Group expects to recover those costs. The recognized asset is amortized on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates. The Group recognizes an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive less the costs that have not been recognized as expenses.

(29) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(30) Government subsidies

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Group, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

(31) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.

B. Pension

(a) Defined contribution plan

Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

(b) Defined benefit plan

- Ⓐ The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary using the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate shall be based on the market yield rate of corporate bonds of high credit standing that have the same

currency exposure and maturity date as the obligations on the balance sheet date, but the market yield rate of government bonds (on the balance sheet date) shall apply in the country where no market of corporate bonds of high credit standing is available.

- Ⓑ The re-measurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.
- Ⓒ The expenses related to the service cost in the previous period shall be recognized as income immediately.
- Ⓓ The interim pension cost applied the pension cost ratio decided upon actuation at the end of the previous fiscal year, and was calculated from the beginning of year until the end of the current period. In the case of material changes in market and material reduction, repayment or other important event at the end, it shall be adjusted and related information shall be disclosed pursuant to said policies.

#### C. Resignation benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group will not state the benefits as expenses until the offer of benefits cannot be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits falling due more than 12 months after balance sheet date are discounted to their present value.

#### D. Remuneration to employee and directors/supervisors

The remuneration to employees and directors/supervisors shall be recognized as expenses and liabilities only when legal or constructive obligation is constituted and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate.

#### (32) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date.

Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(33) Income tax

- A. The tax expenses for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net



basis or realize the asset and settle the liability simultaneously.

- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
- G. The interim period income tax expense is recognized 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.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(34) Business combination

- A. The Group adopts the acquisition method to proceed with business combination. The consideration for combination is calculated at the fair value of the assets to be transferred or liabilities to be derived or borne and the equity instruments to be issued. The consideration for the transfer includes the fair value of any assets and liabilities generated from the contingent consideration agreement. The cost related to acquisition is stated as expense when it is incurred. The identifiable assets and liabilities acquired from the business combination shall be measured at the fair value on the day of acquisition. Based on individual acquisition transaction, the elements of non-controlling equity which refer to the current ownership, of which the holder is entitled to the business's net assets on a pro rata basis at the time of liquidation may choose to measure the fair value based on the fair value on the date of acquisition or subject to proportion of non-controlling equity in the acquired identifiable net assets. The other elements of non-controlling equity shall be measured at the fair value on the date of acquisition.
- B. Goodwill arises when the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held exceeds the fair value of identifiable assets and liabilities. The price difference shall be stated as income on the date of acquisition if the fair value of identifiable assets and liabilities as acquired exceeds the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held.

(35) EPS

The Group will enumerate the basic and diluted EPS vested in the Company's common stock holders. The Group's EPS is calculated based on the income vested in the

Company's common stock holders dividing by the number of shares of the weighted average outstanding common stock. The diluted EPS is calculated upon adjustment of the effect of all potential diluted common stocks based on the income vested in the common stock holders and the number of shares of the weighted average outstanding common stock. The Group's potential diluted common stock includes the stock options granted to employees.

(36) Information by department

The Group consists of various members including the operations engaged in operating activities likely to earn revenue and incur expense (including the revenue and expense from the transactions with the other members within the Group). The operating results of all operations are rechecked by the Group's operating decision maker periodically for making of the decision to allocate resources to each operation and evaluation of each operation's performance. Each operation's financial information is independent from that of the others.

5. **Significant accounting judgments, estimations, and major sources of hypotheses of uncertainty**

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

A. Critical judgements in applying the Group's accounting policies

Revenue recognition on a net/gross basis

- (1) The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.
- (2) Indicators that the Group controls the good or service before it is provided to a customer include the following:
  - (a) The Group is primarily responsible for the provision of goods or services;
  - (b) The Group assumes the inventory risk before transferring the specified goods or

services to the customer or after transferring control of the goods or services to the customer.

(c) The Group has discretion in establishing prices for the goods or services.

## B. Critical accounting estimates and assumptions

### (1) Allowance for uncollectible of receivable accounts

The Group evaluates and estimates the collectible receivable accounts and allowance for uncollectible accounts according to the loan quality and collection of debt from customers and based on the past experience in collecting allowance for uncollectible accounts. If some event or change resulting in failure to collect the debt shows, it is necessary to estimate the allowance for uncollectible accounts. If the projected collected cash is different from the estimation, the difference will affect the book value of receivable accounts and expected credit loss in the year in which the estimation is changed. As of September 30, 2024, the book value of receivable accounts has been NT\$2,109,833 thousand (exclusive of the allowance for uncollectible accounts, NT\$41,929 thousand).

### (2) Evaluation of inventory

The inventories shall be stated at the lower of cost and net realizable present value. Therefore, the Group has to decide the net realizable present value of the inventory on the balance sheet date based on judgment and estimation. Due to the rapid transformation of technology, the Group evaluates the value of inventories after excluding the torn and worn, out-of-fashion or unmarketable ones on the balance sheet date, and offset the cost of inventories against net realizable value. As of September 30, 2024, the book value of the Group's inventories has been NT\$3,197,583 thousand (exclusive of the allowance for inventory devaluation and obsolescence loss, NT\$588,582 thousand).

### (3) Realizability of deferred income tax assets

Deferred income tax assets shall be recognized only when it is very likely that there will be sufficient taxable income afford to deduct temporary difference. To evaluate the realizability of deferred income tax assets, the management has to exert judgment and estimation, including the hypotheses about expectation toward growth and profit rate of future sale revenue, applicable income tax credit and taxation planning. The transformation of global economic environments and industrial environments and changes in laws and regulations, if any, might result in material adjustment on deferred income tax assets. As of September 30, 2024, the deferred income tax assets recognized by the Group have been NT\$160,560 thousand.

### (4) Recognition of revenue

In principle, sales revenue is recognized at the time the earning process. The related reserve for liabilities is provided based on the estimated after-sale warranty cost

potentially incurred due to historical experience and other known causes, and stated as the sale cost in the period in which the product is sold. The reasonableness of estimation is also reviewed periodically. As of September 30, 2024, the reserve for liabilities recognized by the Group have been NT\$21,275 thousand.

(5) Calculation of net defined benefit liability

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations. As of September 30, 2024, the carrying amount of net defined benefit liabilities was NT\$29,959 thousand.

(6) Impairment assessment of goodwill

The Group assesses impairment of goodwill based on subjective judgment which includes identifying allocating assets, liabilities and goodwill to related cash-generating units to determine recoverable amounts of this unit. Please refer to Note 6(10) for the information of goodwill impairment. As of September 30, 2024, the goodwill of the Group amounted to NT\$226,223 thousand.

## 6. Notes to Major Accounting Titles

### (1) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash:			
Cash on hand	\$ 6,768	\$ 4,561	\$ 4,902
Cash in banks:			
Checking deposits	10	10	10
Demand deposits	2,098,665	1,966,210	1,832,955
Time deposits	649,036	608,535	249,333
Deposits in transit	—	—	—
Total	<u>\$ 2,754,479</u>	<u>\$ 2,579,316</u>	<u>\$ 2,087,200</u>

The bank deposits provided by the Group as specific or restricted use have been re-stated as other current assets and other non-current assets. Please see Note 8.

### (2) Financial assets at fair value through other comprehensive income

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:	\$ —	\$ —	\$ —
Non-current items:			
Equity instrument			
Stock in domestic listed company through private placement			
-Spriox Corporation	168,000	168,000	168,000
Domestic innovation board common stock			
-PlayNitride Inc.	51,192	51,192	51,192

Valuation adjustment	225,563	54,010	38,102
Total	<u>\$ 444,755</u>	<u>\$ 273,202</u>	<u>\$ 257,294</u>

A. The Group has passed the acquisition of common stock of PlayNitride Inc. 474 thousand shares in August, 2022. The consideration of acquisition is NT\$51,192 thousand.

B. Investment in equity instruments at fair value through other comprehensive income  
The purpose that the Group invests in the equity instruments is for long-term strategies, but rather for trading purpose. Therefore, those equity instruments are designated as financial assets at fair value through other comprehensive income.

C. The amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Jan 1~ Sep 30, 2024</u>	<u>Jan 1~ Dec 31, 2023</u>	<u>Jan 1~ Sep 30 2023</u>
Equity instruments at fair value through other comprehensive income			
Fair value change recognised in other comprehensive income	<u>\$ 171,553</u>	<u>\$ 78,176</u>	<u>\$ 62,268</u>

D. As of September 30, 2024 and December 31, 2023 and September 30, 2023, financial assets at fair value through other comprehensive income were not pledged as collateral.

E. Information relating to risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

### **(3) Notes receivable, net**

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Notes receivable	<u>\$ 155,490</u>	<u>\$ 161,949</u>	<u>\$ 147,342</u>
Less: Allowance for uncollectible accounts	<u>—</u>	<u>—</u>	<u>—</u>
Notes receivable, net	<u>\$ 155,490</u>	<u>\$ 161,949</u>	<u>\$ 147,342</u>

A. The Group's receivable notes were issued for business and never been provided as collateral.

B. The ageing analysis of notes receivable is stated as follows:

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	<u>Total</u>	<u>Impairment</u>	<u>Total</u>	<u>Impairment</u>	<u>Total</u>	<u>Impairment</u>
Neither past due nor impaired	\$ 155,490	\$ —	\$ 161,949	\$ —	\$147,342	\$ —
Overdue for 1~90 days	—	—	—	—	—	—
Overdue for 91 to 180 days	—	—	—	—	—	—
Overdue for 181 to 360 days	—	—	—	—	—	—
Overdue for 1~2 years	—	—	—	—	—	—
Overdue for more than 2 years	—	—	—	—	—	—
Total	<u>\$ 155,490</u>	<u>\$ —</u>	<u>\$ 161,949</u>	<u>\$ —</u>	<u>\$147,342</u>	<u>\$ —</u>

The above ageing analysis was based on account day.

C. As of September 30, 2024, December 31, 2023 and September 30, 2023, notes receivable were all from contracts with customers.

**(4) Accounts receivable, net**

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Accounts receivable	\$ 1,992,077	\$ 1,199,562	\$ 1,320,954
Less: Allowance for uncollectible accounts	(37,734)	(23,657)	(22,589)
Accounts receivable, net	<u>\$ 1,954,343</u>	<u>\$ 1,175,905</u>	<u>\$ 1,298,365</u>

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Overdue receivable (stated as other non-current assets)	\$ 4,195	\$ —	\$ —
Less: Allowance for uncollectible accounts	(4,195)	—	—
Overdue receivable, net	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

- A. The Group's receivable accounts were incurred for business and never been provided as collateral.
- B. For the information about the changes of allowance for uncollectible accounts provided for the impairment on receivable accounts and account age analysis on loans (for the disclosure of credit risk, please see Note 12(2)):

	<b>Group provision</b>	<b>Individual provision</b>	<b>Total</b>
At January 1, 2024	\$ 23,657	\$ —	\$ 23,657
Provision for impairment	17,344	—	17,344
Reversal of impairment	—	—	—
Write-offs during the period	—	—	—
Reclassify to disposal group held for sale	(17)	—	(17)
Unwinding of discount and premium	945	—	945
At September 30, 2024	<u>\$ 41,929</u>	<u>\$ —</u>	<u>\$ 41,929</u>
At January 1, 2023	\$ 19,570	\$ 1,005	\$ 20,575
Provision for impairment	2,671	—	2,671
Reversal of impairment	—	(1,005)	(1,005)
Write-offs during the period	—	—	—
Reclassify to disposal group held for sale	(85)	—	(85)
Unwinding of discount and premium	433	—	433
At September 30, 2023	<u>\$ 22,589</u>	<u>\$ —</u>	<u>\$ 22,589</u>

C. The ageing analysis of accounts receivable is stated as follows:

	<b>September 30, 2024</b>		<b>December 31, 2023</b>		<b>September 30, 2023</b>	
	<b>Total</b>	<b>Impairment</b>	<b>Total</b>	<b>Impairment</b>	<b>Total</b>	<b>Impairment</b>
Neither past due nor impaired	\$ 1,528,807	\$ —	\$ 1,001,871	\$ —	\$ 1,072,655	\$ —
Overdue for 1~90 days	432,222	30,255	135,295	9,471	203,459	14,242
Overdue for 91~180 days	15,838	2,376	41,643	6,246	31,776	4,766
Overdue for 181~360 days	10,010	2,503	9,745	2,436	11,805	2,952
Overdue for 1~2 years	5,200	2,600	11,008	5,504	1,259	629

Overdue for more than 2 years	4,195	4,195	—	—	—	—
Total	<u>\$ 1,996,272</u>	<u>\$ 41,929</u>	<u>\$ 1,099,562</u>	<u>\$ 23,657</u>	<u>\$ 1,320,954</u>	<u>\$ 22,589</u>

The above ageing analysis was based on past due date.

D. As of September 30, 2024, December 31, 2023 and September 30, 2023, accounts receivable were all from contracts with customers.

## **(5) Inventories**

<b>September 30, 2024</b>			
	<b>Cost</b>	<b>Allowance for valuation loss</b>	<b>Book value</b>
Raw material	\$ 955,331	\$ (345,831)	\$ 609,500
Supplies	209,852	(70,136)	139,716
Work in progress	638,040	(23,620)	614,420
Semi-finished goods	459,424	(129,083)	330,341
Finished goods	1,421,400	(16,364)	1,405,036
Commodity	101,734	(3,548)	98,186
Materials and supplies in transit	384	—	384
Inventory, net	<u>\$ 3,786,165</u>	<u>\$ (588,582)</u>	<u>\$ 3,197,583</u>

  

<b>December 31, 2023</b>			
	<b>Cost</b>	<b>Allowance for valuation loss</b>	<b>Book value</b>
Raw material	\$ 911,558	\$ (349,968)	\$ 561,590
Supplies	209,086	(66,482)	142,604
Work in progress	476,628	(12,814)	463,814
Semi-finished goods	479,887	(119,925)	359,962
Finished goods	1,133,453	(16,758)	1,116,695
Commodity	79,345	(6,294)	73,051
Materials and supplies in transit	34,668	—	34,668
Inventory, net	<u>\$ 3,324,625</u>	<u>\$ (572,241)</u>	<u>\$ 2,752,384</u>

  

<b>September 30, 2023</b>			
	<b>Cost</b>	<b>Allowance for valuation loss</b>	<b>Book value</b>
Raw material	\$ 914,119	\$ (355,046)	\$ 559,073
Supplies	206,922	(61,789)	145,133
Work in progress	510,687	(16,466)	494,221
Semi-finished goods	510,110	(124,471)	385,639
Finished goods	1,133,438	(10,910)	1,122,528

Commodity	96,734	(8,348)	88,386
Materials and supplies in transit	10	—	10
Inventory, net	<u>\$ 3,372,020</u>	<u>\$ (577,030)</u>	<u>\$ 2,794,990</u>

A. Expenses and losses related to inventory recognized in the current period:

	<u>Jul 1~Sep 30, 2024</u>	<u>Jul 1~Sep 30, 2023</u>	<u>Jan 1~Sep 30, 2024</u>	<u>Jan 1~Sep 30, 2023</u>
Cost of inventories sold	\$ 1,124,269	\$ 1,083,754	\$ 3,157,506	\$ 2,964,657
Loss on market price decline inventories (gain from price recovery)	11,488	12,362	15,878	61,608
Loss on obsolescence of inventory	110	291	9,196	291
Other operating costs-employees' bonus	40,882	26,203	102,495	65,661
Estimated warranty liabilities	5,423	1,810	10,288	6,089
Exchange difference, net	( 95)	271	463	356
Operating Cost	<u>\$ 1,182,077</u>	<u>\$ 1,124,691</u>	<u>\$ 3,295,826</u>	<u>\$ 3,098,662</u>

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, the inventory was not pledged as collateral.

**(6) Non-current assets held for sale and disposal group**

A. Discontinued operations

For the market situation and business strategy adjustment, the Group has passed the disposal of total share capital of the 80% ownership subsidiary – Megtas Co., Ltd. and BH equipment, by the Board of Directors meeting in May 11, 2023. Due to the expected selling price was higher than the carrying amount of the related net assets, there was no impairment loss when the units classified as held for sale. Until the date of the accountant's report, the related assets and liabilities was classified as held for sale as the disposal has not completed. The Group considered Megtas Co., Ltd. as a single significant cash-generating unit, and classified the cash-generating unit as discontinued operation.

The profit or loss of the discontinued operation-subsiidiary-MEGTAS CO., LTD. were as follows:



	<u>Jul 1~ Sep 30, 2024</u>	<u>Jul 1~ Sep 30, 2023</u>	<u>Jan 1~ Sep 30, 2024</u>	<u>Jan 1~ Sep 30, 2023</u>
Sales revenue	\$ 6,398	\$ 7,568	\$ 22,557	\$ 19,251
Operating costs	(5,576)	(7,291)	(21,821)	(19,808)
Gross profit (losses)	822	277	736	(557)
Selling expenses	(262)	(291)	(816)	(771)
General & administrative expenses	(1,672)	(1,794)	(5,149)	(5,458)
Expected credit (losses) gains	2	(10)	(17)	(47)
Operating income (losses)	(1,110)	(1,818)	(5,246)	(6,833)
Interest income	1	20	20	114
Other non-operating revenue	—	8	8	19
Other gains and losses, net	(513)	353	—	452
Finance costs	(9)	(9)	(45)	(44)
Income before income tax	(1,631)	(1,446)	(5,263)	(6,292)
Income tax expense	—	—	—	—
Gain (losses) on discontinued operations	<u>\$ (1,631)</u>	<u>\$ (1,446)</u>	<u>\$ (5,263)</u>	<u>\$ (6,292)</u>

There was no income tax gain of losses generated by the gain (losses) on discontinued operations.

#### B. Disposal group held for sale

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Subsidiary- MEGTAS CO.,LTD.			
Cash and cash equivalents	\$ 6,008	\$ 5,408	\$ 6,664
Accounts receivable	6,360	6,282	5,309
Inventories	16,962	19,012	20,870
Other receivables	13	683	119
Prepayments	632	-	765
Property, plant and equipment	1,024	1,201	1,279
Right-of-use assets	884	2,358	1,188
Other noncurrent assets	484	476	478
The Company			
Property, plant and equipment –BH equipment	6,708	6,708	6,708
Total assets directly related to disposal group held for sale	<u>\$ 39,075</u>	<u>\$ 42,128</u>	<u>\$ 43,380</u>
Subsidiary - MEGTAS CO.,LTD.			
Accounts payable	\$ (197)	\$ (117)	\$ (104)
Other payables	(673)	(632)	(672)
Lease liabilities	(904)	(2,379)	(1,205)
Other current liabilities	(2,091)	(2,032)	(2,105)
Total liabilities directly related to disposal group held for sale	<u>\$ (3,865)</u>	<u>\$ (5,160)</u>	<u>\$ (4,086)</u>

Subsidiary - MEGTAS CO.,LTD.

Foreign currency translation adjustments	\$	(4,490)	\$	(4,954)	\$	(4,812)
Total equity directly related to disposal group held for sale	\$	(4,490)	\$	(4,954)	\$	(4,812)

- C. Regarding the Group's disposal of its entire 80% shareholding in its subsidiary MEGTAS CO., LTD. and the related BH equipment, the original sales agreement was signed with the buyer. However, the buyer has not yet fulfilled their commitment under the share and equipment sales contract and the letter of commitment to remit the acquisition funds to the designated custodian bank. As a result, the Group, through its attorney, has terminated the share and equipment sales contract and confiscated the performance bond of RMB 3 million (equivalent to NTD 13,203 thousand), which has been recorded under other income. On March 7, 2024, the Group's Board of Directors resolved to continue the search for a new buyer.

**(7) Property, plant and equipment**

- D. The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:
- B. In June 2023, the Group purchase the land adjoined to Xinpu factory from an unrelated party for NT\$7,680 thousand. The transfer of land rights registration was completed in June 2023. Due to the statutory prohibition, the registration of agricultural land rights was registered in the name of CHEN, SZU-KUEI, and the related party who signed an agreement with the Company. As stipulated in the agreement, the related party will fully cooperate with the Company to transfer the agricultural land right to the Company or a specific person in the future free of charge. The agricultural land has been mortgaged to the Company with a maximum limit of NT\$4,470 thousand.
- C. On May 8, 2024, the Board of Directors of the Group resolved to approve the construction project for the Hukou plant under the Land Commission. In July 2024, the Hukou plant was transferred to the account of unfinished projects at its book value of NT\$78,139 thousand.
- D. The Group signed a construction and electromechanical engineering contract for the Hukou plant with a non-related party in August 2024. The total contract value is approximately NT\$541,329 thousand, of which NT\$75,026 thousand has been invested and recorded under unfinished projects.
- E. Guarantee
- For details about the secured bank loan and facility as for September 30, 2024, December 31, 2023 and September 30, 2023, please see Note 8.
- F. For the capitalized interest, please see Note 6(20) B Financial cost.

	Land	Houses and building	Machine and equipment	Transportation equipment	Furniture and fixtures	Research equipment	Other equipment	Construction in progress	Total
<b>Cost :</b>									
At January 1, 2024	\$ 778,661	\$ 2,516,205	\$ 1,625,132	\$ 2,509	\$ 115,210	\$ 341,519	\$ 32,548	\$ 26,641	\$ 5,438,425
Additions	-	4,490	90,029	-	31,878	11,292	1,052	134,672	273,413
Disposals	-	(25,400)	(46,033)	-	(4,826)	(13,955)	(9,533)	-	(99,747)
Transfer	734,140	73,900	251,136	-	107	972	-	4,239	1,064,494
Reclassify to disposal group held for sale	-	-	-	-	-	-	-	-	-
Effect of movements in exchange rate	-	1,047	30,640	92	1,137	-	911	-	33,827
At September 30, 2024	<u>\$ 1,512,801</u>	<u>\$ 2,570,242</u>	<u>\$ 1,950,904</u>	<u>\$ 2,601</u>	<u>\$ 143,506</u>	<u>\$ 339,828</u>	<u>\$ 24,978</u>	<u>\$ 165,552</u>	<u>\$ 6,710,412</u>
<b>Cost :</b>									
At January 1, 2023	\$ 770,963	\$ 2,432,333	\$ 1,755,048	\$ 1,806	\$ 84,497	\$ 513,394	\$ 47,081	\$ 113,457	\$ 5,718,579
Additions	-	39,078	60,030	746	15,748	14,168	573	14,280	144,623
Disposals	-	-	(161,140)	-	(10,773)	(19,636)	(198)	-	(191,747)
Transfer	7,698	127,737	60,259	-	18,795	7,994	(7,157)	(127,737)	87,589
Reclassify to disposal group held for sale	-	-	(17,820)	-	(2,511)	-	(7,211)	-	(27,542)
Effect of movements in exchange rate	-	23	5,023	20	788	-	56	-	5,910
At September 30, 2023	<u>\$ 778,661</u>	<u>\$ 2,599,171</u>	<u>\$ 1,701,400</u>	<u>\$ 2,572</u>	<u>\$ 106,544</u>	<u>\$ 515,920</u>	<u>\$ 33,144</u>	<u>\$ -</u>	<u>\$ 5,737,412</u>
<b>Accumulated depreciation and impairment:</b>									
At January 1, 2024	\$ -	\$ 706,281	\$ 1,039,772	\$ 1,544	\$ 59,192	\$ 212,650	\$ 28,172	\$ -	\$ 2,047,611
Additions	-	77,337	137,967	276	18,234	30,286	1,107	-	265,207
Disposals	-	(25,400)	(43,928)	-	(4,826)	(13,955)	(9,061)	-	(97,170)
Transfer	-	(261)	-	-	-	-	-	-	(261)
Reclassify to disposal group held for sale	-	-	(252)	-	(17)	-	-	-	(269)
Effect of movements in exchange rate	-	371	25,128	65	901	-	829	-	27,294
At September 30, 2024	<u>\$ -</u>	<u>\$ 758,328</u>	<u>\$ 1,158,687</u>	<u>\$ 1,885</u>	<u>\$ 73,484</u>	<u>\$ 228,981</u>	<u>\$ 21,047</u>	<u>\$ -</u>	<u>\$ 2,242,412</u>
<b>Accumulated depreciation and impairment:</b>									
At January 1, 2023	\$ -	\$ 634,858	\$ 1,197,727	\$ 1,157	\$ 50,230	\$ 366,973	\$ 40,202	\$ -	\$ 2,291,147
Additions	-	74,633	132,529	311	12,516	46,364	1,167	-	267,520
Disposals	-	-	(154,389)	-	(10,752)	(19,636)	(198)	-	(184,975)
Transfer	-	-	(23,021)	-	14,205	-	(5,620)	-	(14,436)
Reclassify to disposal group held for sale	-	-	(16,632)	-	(2,421)	-	(7,210)	-	(26,263)
Effect of movements in exchange rate	-	6	3,191	2	681	-	7	-	3,887
At September 30, 2023	<u>\$ -</u>	<u>\$ 709,497</u>	<u>\$ 1,139,405</u>	<u>\$ 1,470</u>	<u>\$ 64,459</u>	<u>\$ 393,701</u>	<u>\$ 28,348</u>	<u>\$ -</u>	<u>\$ 2,336,880</u>
<b>Book value</b>									
At September 30, 2024	<u>\$ 1,512,801</u>	<u>\$ 1,811,914</u>	<u>\$ 792,217</u>	<u>\$ 716</u>	<u>\$ 70,022</u>	<u>\$ 110,847</u>	<u>\$ 3,931</u>	<u>\$ 165,552</u>	<u>\$ 4,468,000</u>
At December 31, 2023	<u>\$ 778,661</u>	<u>\$ 1,809,924</u>	<u>\$ 585,360</u>	<u>\$ 965</u>	<u>\$ 56,018</u>	<u>\$ 128,869</u>	<u>\$ 4,376</u>	<u>\$ 26,641</u>	<u>\$ 3,390,814</u>
At September 30, 2023	<u>\$ 778,661</u>	<u>\$ 1,889,674</u>	<u>\$ 561,995</u>	<u>\$ 1,102</u>	<u>\$ 42,085</u>	<u>\$ 122,219</u>	<u>\$ 4,796</u>	<u>\$ -</u>	<u>\$ 3,400,532</u>

## **(8) Right-of-use assets and Lease liabilities**

### **A. Leasing arrangements — lessee**

(a) The Group leases various assets including land, buildings, Machine and equipment, and business vehicles. Rental contracts are typically made for periods within 1 to 20 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) The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2024</u>	<u>Jan 1~Sep 30, 2024</u>	<u>September 30, 2023</u>	<u>Jan 1~Sep 30, 2023</u>
	Book value	Depreciation	Book value	Depreciation
Land	\$ 16,713	\$ 6,895	\$ 11,550	\$ 6,327
Buildings	56,906	33,139	83,571	32,285
Machine and equipment	225	12,201	40,851	13,611
Transportation (Business vehicles)	65,094	26,157	69,201	25,497
Total	<u>\$ 138,938</u>	<u>\$ 78,392</u>	<u>\$ 205,173</u>	<u>\$ 77,720</u>

(c) For the nine -month periods ended September 30, 2024 and September 30, 2023, the additions to right-of-use assets were NT\$54,044 thousand and NT\$99,343 thousand respectively.

(d) The information on income and expense accounts relating to lease contracts is as follows:

	<u>Jul 1~Sep 30, 2024</u>	<u>Jul 1~ Sep 30, 2023</u>	<u>Jan 1~Sep 30, 2024</u>	<u>Jan 1~ Sep 30, 2023</u>
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$ 1,100	\$ 1,579	\$ 3,723	\$ 4,879
Expense on short-term lease contracts	\$ 1,210	\$ 1,937	\$ 3,496	\$ 5,969
Gains(losses) on lease modification	\$ 3,352	\$ 73	\$ 3,365	\$ 79

(e) For the nine -month periods ended September 30, 2024 and September 30, 2023, the Group's total cash outflow for leases were NT\$81,036 thousand and NT\$80,586 thousand respectively.

### **B. Lease liabilities**

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current	\$ 72,636	\$ 87,253	\$ 87,499
Noncurrent	68,905	105,532	121,919
Total	<u>\$ 141,541</u>	<u>\$ 192,785</u>	<u>\$ 209,418</u>

(a) Please refer to Note 6(20) B. for the interest expense of lease liabilities.

(b) The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 1.88%~5.34% and 1.15%~4.59% as of nine-month periods September 30, 2024 and September 30, 2023 .

**C. Leasing arrangements – lessor**

- (a) The Group leases various assets including part of office buildings and plant. Rental contracts are typically made for periods within 6 months to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.
- (b) For the three-month and nine-month periods ended September 30, 2024 and 2023, the Group recognized rent income in the amount of NT\$5,017 thousand , NT\$12,072 thousand, NT\$26,259 thousand and NT\$21,166 thousand respectively, based on the operating lease agreement, which does not include variable lease payments.

**(9) Investment properties**

A. The cost, depreciation, and impairment of the investment properties of the Group were as follows:

<b>2024</b>			
	<b>Land</b>	<b>House and building</b>	<b>Total</b>
<b>At January 1</b>			
Cost	\$ 734,140	\$ 170,305	\$ 904,445
Accumulated depreciation and impairment	—	(30,182)	(30,182)
	<u>\$ 734,140</u>	<u>\$ 140,123</u>	<u>\$ 874,263</u>
At January 1	\$ 734,140	\$ 140,123	\$ 874,263
Additions	—	—	—
Transfer	(734,140)	(78,401)	(812,541)
Depreciation expenses	—	(1,982)	(1,982)
At September 30	<u>\$ —</u>	<u>\$ 59,740</u>	<u>\$ 59,740</u>
<b>At September 30</b>			
Cost	\$ —	\$ 90,336	\$ 90,336
Accumulated depreciation and impairment	—	(30,596)	(30,596)
	<u>\$ —</u>	<u>\$ 59,740</u>	<u>\$ 59,740</u>
<b>2023</b>			
	<b>Land</b>	<b>House and building</b>	<b>Total</b>
<b>At January 1</b>			
Cost	\$ —	\$ —	\$ —
Accumulated depreciation and impairment	—	—	—

	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
At January 1	\$ —	\$ —	\$ —
Additions	734,140	79,969	814,109
Depreciation expenses	<u>—</u>	<u>(523)</u>	<u>(523)</u>
At September 30	<u>\$ 734,140</u>	<u>\$ 79,446</u>	<u>\$ 813,586</u>
<b>At September 30</b>			
Cost	\$ 734,140	\$ 79,969	\$ 814,109
Accumulated depreciation and impairment	<u>—</u>	<u>(523)</u>	<u>(523)</u>
	<u>\$ 734,140</u>	<u>\$ 79,446</u>	<u>\$ 813,586</u>

B. In April 2023, the Group purchase the land and building located in Zhongxing section, Hukou Township, Hsinchu County from an unrelated party for NT\$814,109 thousand including the necessary cost. The transfer of rights registration was completed in June 2023. The land and building were leased to unrelated party after the acquisition. The rental period was from June 21, 2023 to March 31, 2025. The land and building was recognized as investment properties and measured subsequently using cost model. The investment properties were terminated early in May 2024 and have been transferred to the property, plant, and equipment account.

C. For details about the investment properties pledged as collateral, please see Note 8.

#### **(10) Intangible assets**

The costs, amortization, and the impairment loss of intangible assets of the Group as of and for the ended of September 30, 2024 and 2023 were as follows:

	<b>Computer software</b>	<b>Goodwill</b>	<b>Patent</b>	<b>Others</b>	<b>Total</b>
<b>2024</b>					
<b>January 1, 2024</b>	\$ 49,308	\$ 219,385	\$ 20,135	\$ 7,520	\$ 296,348
Addition	24,462	—	—	—	24,462
Reclassification	—	—	—	—	—
Amortization expenses	( 32,669)	—	( 1,765)	(1,591)	(36,025)
Impairment	—	—	—	—	—
Exchange difference, net	123	6,838	602	209	7,772
<b>September 30, 2024</b>	<u>\$ 41,224</u>	<u>\$ 226,223</u>	<u>\$ 18,972</u>	<u>\$ 6,138</u>	<u>\$ 292,557</u>

	<b>Computer software</b>	<b>Goodwill</b>	<b>Patent</b>	<b>Others</b>	<b>Total</b>
<b>2023</b>					
<b>January 1, 2023</b>	\$ 36,156	\$ 219,551	\$ 22,469	\$ 9,616	\$ 287,792
Additions-acquired separately	33,391	—	—	—	33,391
Reclassification	—	—	—	—	—
Amortization expenses	(33,130)	—	(1,783)	(1,608)	(36,521)
Impairment	—	—	—	—	—
Exchange difference, net	86	11,119	1,094	447	12,746

<b>September 30, 2023</b>	<u>\$ 36,503</u>	<u>\$ 230,670</u>	<u>\$ 21,780</u>	<u>\$ 8,455</u>	<u>\$ 297,408</u>
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	<b>Goodwill</b>		
	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Goodwill-Celadon	\$ 226,223	\$ 219,385	\$ 230,670
Goodwill-Allstron	45,533	45,533	45,533
Accumulated impairment -Allstron	(45,533)	(45,533)	(45,533)
Net book value	<u>\$ 226,223</u>	<u>\$ 219,385</u>	<u>\$ 230,670</u>

#### A. Recognized amortization and impairment

The amortization expenses for intangible assets and other deferred expenses (stated as other non-current assets) for nine-month periods September 30, 2024 and 2023, respectively, were stated as the following items in the comprehensive income statement:

	<b>Jul 1~Sep 30, 2024</b>	<b>Jul 1~Sep 30, 2023</b>	<b>Jan 1~Sep 30, 2024</b>	<b>Jan 1~Sep 30, 2023</b>
Operating cost	\$ 4,149	\$ 4,768	\$ 11,978	\$ 11,921
Operating expense	15,865	14,960	46,607	43,815
Total amortization expenses	<u>\$ 20,014</u>	<u>\$ 19,728</u>	<u>\$ 58,585</u>	<u>\$ 55,736</u>

#### B. R&D expenditure

For the three-month and nine-month periods September 30, 2024 and September 30, 2023, the R&D spending deriving from intangible assets internally developed amounted to NT\$286,369 thousand, NT\$213,533 thousand, NT\$753,263 and NT\$595,648 thousand respectively, recognized under the title of “Operating expenses — R&D expenses” in the comprehensive income statement.

#### C. Goodwill Impairment - Allstron

Upon the discussion of the management and report to the Board of Directors in 2016, the Group has, according to the forecasted cash flow of the subsidiary of the Group – Allstron Probing Solution, recognized the difference between the investment cost of the original investment day and the net equity value in the goodwill impairment loss with a value of NT\$45,533 thousand on December 2016.

#### D. Goodwill Impairment Evaluation - Celadon

The Group acquired Celadon Systems, Inc. which generated goodwill of NT\$198,424 thousand. Impairment assessment of goodwill is allocated to the Celadon’s CGU. The recoverable amount of the CGU relating to the goodwill arising from acquisition of Celadon was determined based on value-in-use calculation. The calculation uses projected cash flows and owner-specific synergies based on financial budgets for the next five-year period.

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. Cash flows and owner-specific synergies beyond the five-year period are extrapolated using the estimated growth rates. As of December 31, 2023, discount rate is 14.18%~17.13%.

Based on previous assessment, there is no impairment loss on goodwill as of September 30, 2024.

E. Please refer Note 6(23) for details of the mergers and acquisitions.

**(11) Other non-current assets**

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Prepayments for equipment	\$ 195,312	\$ 163,980	\$ 72,831
Refundable deposit	122,309	111,745	102,103
Deferred charges	61,506	60,845	61,220
Other financial assets- non-current	10,627	13,133	12,447
Total	<u>\$ 389,754</u>	<u>\$ 349,703</u>	<u>\$ 248,601</u>

A. About the refundable deposit as follows:

Some of the former employees of the group were being prosecuted for stealing the trade secret of the group to WinWay Technology Co., Ltd. They were prosecuted by the Hsinchu District Prosecutors Office and the criminal justices were currently judged by Taiwan Hsinchu District Court.

The group was asking for civil compensation from the defendants. For the case, the group applied for provisional seizure and deposited the guarantee amount of NT\$80,550 thousand to Intellectual Property and Commercial Court and Taiwan Hsinchu District Court. After the preliminary investigation, there were still a large number of exhibits waiting for identification. The civil justices were currently judged by Taiwan High Court and the Supreme Court.

The above cases have no significant impact on the group's financial condition and operating result. On the position of protecting fair competition and intellectual property rights, the group had engaged the attorney to prosecute the civil and criminal legal liability.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group has deposited the guarantee of processing fee are NT\$80,550 thousand, NT\$69,090 thousand and NT\$69,090 thousand

B. The costs of deferred charges, amortization, and the impairment loss of the Group for the nine-month periods ended September 30, 2024 and 2023 were as follows:

	<b>Deferred Charges</b>		<b>Deferred Charges</b>
<b>January 1, 2024</b>	\$ 60,845	<b>January 1, 2023</b>	\$ 44,026
Addition	23,045	Addition	37,121
Reclassification	—	Reclassification	—
Amortization expenses	(22,560)	Amortization expenses	(19,215)
Transfer	—	Transfer	(709)
Impairment	—	Impairment	—
Exchange difference, net	176	Exchange difference, net	(3)
<b>September 30, 2024</b>	<u>\$ 61,506</u>	<b>September 30, 2023</b>	<u>\$ 61,220</u>

C. The other non-current financial assets are mainly restricted bank deposits and repatriated offshore fund. Please refer to Note 8 for details of the pledge and



guarantee.

## (12) Short-term loan

Nature	September 30, 2024		December 31, 2023		September 30, 2023	
	Amounts	Interest rates	Amounts	Interest rates	Amounts	Interest rates
Credit loan	\$ 200,000	1.85%	\$ —	—	\$ —	—
Secured borrowings	460,000	1.85%~1.89%	—	—	—	—
Total	<u>\$ 660,000</u>		<u>\$ —</u>		<u>\$ —</u>	

A. For the information about exposure of the Group's interest rate and liquidity risks, please refer to Note 12(2).

B. Pledged assets for bank loan

For bank loans secured by the Group's assets, please see Note 8.

## (13) Other payable accounts

	September 30, 2024	December 31, 2023	September 30, 2023
Expenses payable	\$ 777,477	\$ 954,050	\$ 670,843
Employees' remuneration payable	173,285	142,953	109,284
Short-term employee benefits	49,263	20,279	27,172
Others (less than 5%)	71,126	55,111	38,766
Total	<u>\$ 1,071,151</u>	<u>\$ 1,172,393</u>	<u>\$ 846,065</u>

## (14) Reserve for liabilities

	Warranty		Warranty		Warranty
At January 1, 2024	\$ 19,410	At January 1, 2023	\$ 14,013	At January 1, 2023	\$ 14,013
Increase (decrease)	1,865	Increase (decrease)	5,397	Increase (decrease)	2,101
At September 30, 2024	<u>\$ 21,275</u>	At December 31, 2023	<u>\$ 19,410</u>	At September 30, 2023	<u>\$ 16,114</u>
Current	\$ 20,186	Current	\$ 17,662	Current	\$ 14,975
Non-current	1,089	Non-current	1,748	Non-current	1,139
At September 30, 2024	<u>\$ 21,275</u>	At December 31, 2023	<u>\$ 19,410</u>	At September 30, 2023	<u>\$ 16,114</u>

The Group's reserve for warranty and liabilities for the nine-month periods ended September 30, 2024 and 2023 was primarily related to the sale of semi-conductor production process and testing equipments. The reserve for warranty and liabilities was estimated based on the historical warranty information.

## (15) Corporate bonds-payable

No such matter

## (16) Long-term Loans

Lender	Nature	Limit	Period	September 30, 2024
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 1,134,880	2019/11/08~2029/10/15	\$ 425,677
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 1,134,880	2020/09/23~2027/09/23	240,000
Chang Hwa Bank - Chengnei Branch	Secured bank	\$ 1,134,880	2021/11/09~2031/10/15	235,680

	borrowings			
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 653,440	2023/07/26~2043/07/26	645,180
BMO Harris Bank	Secured bank borrowings (note)	USD 405,000	2021/10/21~2024/10/21	375
Less: Long-term Loans payable-current portion				(192,510)
Long-term Loans, net				\$1,354,402
Interest rates for long-term loans				1.505%~1.875%

Lender	Nature	Limit	Period	December 31, 2023
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 1,134,880	2019/11/08~2029/10/15	\$ 488,482
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 1,134,880	2020/09/23~2027/09/23	300,000
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 1,134,880	2021/11/09~2031/10/15	235,680
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 653,440	2023/07/26~2043/07/26	653,440
BMO Harris Bank	Secured bank borrowings (note)	USD 405,000	2021/10/21~2024/10/21	3,587
Less: Long-term Loans payable-current portion				(170,166)
Long-term Loans, net				\$ 1,511,023
Interest rates for long-term loans				1.38%~3.5 %

Lender	Nature	Amount	Period	September 30, 2023
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 1,134,880	2019.11.08~2029.10.15	\$ 509,417
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 1,134,880	2020.09.23~2027.09.23	320,000
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 1,134,880	2021.11.09~2031.10.15	235,680
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	\$ 653,440	2023/07/26~2043/07/26	653,440
BMO Harris Bank	Secured bank borrowings (note)	USD 405,000	2021.10.21~2024.10.21	4,882
BMO Harris Bank	Secured bank borrowings (note)	USD 405,000	2022/12/14~2027/12/14	12,347
Less: Long-term Loans payable-current portion				(171, 145)

Long-term Loans, net	\$ 1,564,621
Interest rates for long-term loans	1.38%~7.85%

(Note) The subsidiary of the Group – Celadon Systems Inc., obtained a long-term loan and the loan is secured by company assets.

A. For the information about exposure of the Group's interest rate and liquidity risks, please refer to Note 12(2).

B. Pledged assets for bank loan

For bank loans secured by the Group's assets, please refer to Note 8.

#### **(17) Pension Benefits**

A. Defined benefit plan

- (a) The Company and its domestic subsidiaries have instituted regulations for the defined pension plan under the "Labor Standards Law" applicable to the years of services of employees before July 1, 2005, which is the day that the new "Labor Pension Act" came into full force, and the following years of services of employees who choose to continue applying the Labor Standard Law upon enforcement of the Labor Pension Act. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last nine months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The Company and its domestic subsidiaries contribute 2% of the total salaries of the employees to the special pension fund account with Bank of Taiwan supervised by the Employee Pension Fund Reserve Supervisory Committee. Until the end of September 30, 2024, the balance of the pension funds contributed to the special pension fund account at Bank of Taiwan was NT\$120,282 thousand.
- (b) For the aforementioned pension plan, the Group recognized pension costs of all NT\$6,423 thousand and NT\$6,431 thousand for the nine-month periods ended September 30, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the next annual reporting period as at December 31, 2023 is NT\$3,450 thousand.

B. Defined contribution plans

- (a) As of July 1, 2005, the Company and domestic subsidiaries instituted the defined contribution retirement plan according to the "Labor Pension Act", applicable to the native employees. The Group shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau, with respect to the labor pension system under the "Labor Pension Act" chosen by

employees. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum.

- (b) Foreign subsidiaries shall contribute specific ratio of the local employees' total salary, on a monthly basis, as the pension or fund of endowment insurance according to the local government regulations. The pension of each employee shall be arranged and managed by government. Except that the subsidiaries shall be obligated to contribute the fund on a monthly basis, the subsidiaries shall bear no other obligations.
- (c) The pension expenses recognized under the Group's defined contributed pension regulations were NT\$68,966 thousand and NT\$63,239 thousand for the nine-month periods ended September 30, 2024 and 2023.

# **(18) Equity**

A. The Company's outstanding common stock at beginning and ending is reconciled as follows:

	Unit: share		
	Jan.1~Sep 30, 2024	Jan.1~Dec. 31, 2023	Jan.1~Sep 30, 2023
Balance, beginning	94,231,106	94,231,106	94,231,106
Convertible Bonds Transferred To Common Stock	—	—	—
Balance, ending	94,231,106	94,231,106	94,231,106

## **B. Capital surplus**

- (a) Pursuant to the R.O.C. Company Law amended in January 2012, capital surplus shall be first used to offset a deficit and then new shares or cash may be allocated based on realized capital surplus subject to shareholdings. Realized capital surplus referred to in the preceding paragraph included the surplus generated from donations and the excess of the issuance price over the par value of capital stock. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be transferred to common stock up to an annual limit of 10% of the paid-in capital.

- (b) The balance of the Company's capital surplus:

	September 30, 2024	December 31, 2023	September 30, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note1)</u>			
Common stock premium	\$ 210,163	\$ 210,163	\$ 210,163
Convertible corporate bond conversion premium	1,428,895	1,428,895	1,428,895
Treasury Stock Transactions	58,623	58,623	58,623
<u>May be used to offset a deficit only (Note2)</u>			
Donation from shareholders	1	1	1
Invalidated employee shareholding pledging	27,005	27,005	27,005
<u>Such capital surplus may not be used for any purpose</u>			
Others-issuance of new shares due to acquisition of	19,858	19,858	19,858

shares of another company  
 Stock option (Elements of equity of convertible  
 corporate bonds)  
 Total

—	—	—
<u>\$ 1,744,545</u>	<u>\$ 1,744,545</u>	<u>\$ 1,744,545</u>

(Note1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

(Note2) Such type of capital reserve pertains to bequeathing to the accepting shareholders without cash inflow or reclassification of invalidated employee shareholding pledging.

Ⓐ The company issued the first , second , third and fourth Domestic unsecured convertible corporate bonds; The company recognized NT\$1,428,895 thousand as paid-in capital in excess of par-common stock and treasury stock transaction NT\$8,864 thousand.

Ⓑ The 3rd domestic unsecured conversion of corporate bonds pay off convertible corporate bonds at expiry, in addition to bondholders with converting right not requesting for the conversion to be invalidated, the initially classified “capital reserve – shareholding pledging” balance at NT\$27,005 thousand is reclassified as “capital reserve – invalidated shareholding pledging” item.

Ⓒ The group issued last time Domestic unsecured convertible corporate bonds; The company recognized NT\$49,759 thousand as paid-in capital in excess of par-common stock.

Ⓓ The Company received the shareholders' waiver of equity and 8 shares were transferred to the Company in June 2013. According to laws, the equity acquired by the Company upon receipt of the shareholders' waiver of the same shall be held as treasury stock and stated at the fair value of the stock on the same day, credited into capital surplus-donation from shareholders, NT\$1 thousand.

Ⓔ The Company issued new shares and swapped the equity with the subsidiary, Chain-Logic International Corp. On June 15, 2002. The Company's shareholding is 100%. The difference between the investment cost and net worth of the acquired equity was NT\$19,858 thousand on the date of investment, stated as capital surplus-others.

#### C. Retained earnings

(a) According to the company laws amended in May 2015, employee remuneration and remuneration to directors/supervisors shall not be allocated from earnings any longer. The Company has had the amended Articles of Incorporation resolved and approved by the board of directors on June 16,

2016. Therefore, if the Company has a profit at the year's final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall be retained.

- (b) The shareholders' meeting resolved to amend the Company Act of Incorporation as following on June 17, 2011: For the time being, the Company's industrial development is still growing, the dividend policy requires that the board of directors shall draft the motion for allocation of earnings each year and submit the same to a shareholders' meeting for ratification, subject to the Company's present and future investment environments, funding demand, status of competition domestically/overseas and capital budget and by taking care of shareholders' interest, balanced stock dividend and the Company's long-term financial planning into consideration. The earnings will be allocated in the form of cash dividend or stock dividend, subject to the funding demand and level of dilution of EPS. The cash dividend to be allocated, if any, shall be no less than 10% of the total stock dividend.

- (c) Legal reserve

According to the Company Law amended in January 2012, the Company shall contribute 10% from the income after tax as the legal reserve until it is equivalent to the gross capital. When the Company suffers no loss, new shares or cash may be allocated from the legal reserve upon resolution of the shareholders' meeting, provided that the new shares or cash allocated shall be no more than 25% of the paid-in capital.

- (d) Special reserve

Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve based on the difference between the amount already set aside and the total debit balance of other shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

- (e) The appropriations of 2023 earnings had been approved by the shareholders during their meeting on June 13, 2024, and the appropriations of 2022

earnings had been approved by the shareholders during their meeting on June 15, 2023. Details are summarised below:

	<b>2023</b>		<b>2022</b>	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 131,788		\$ 121,349	
Special reserve	( 70,764)		(352)	
Cash dividends	706,733	7.50	659,618	7.00

(f) The information about allocation of retained earning approved by the Board of Directors and resolved by a shareholders' meeting may be viewed at the “MOPS”.

D. Treasury stock : None.

E. Share-based payment — employee compensation plan

As of September 30, 2024, information on outstanding ESO is shown below: None.

## **(19) Operating income**

### **A. Operating income**

	<b>Jul 1~Sep 30, 2024</b>	<b>Jul 1~Sep 30, 2023</b>	<b>Jan 1~Sep 30, 2024</b>	<b>Jan 1~Sep 30, 2023</b>
Revenue from contracts with customers				
Sales revenue	\$ 2,697,121	\$ 2,118,769	\$ 7,062,209	\$ 5,822,030
Processing Fees revenue	38,589	42,243	127,694	147,255
Others				
Commission revenue	38	684	1,690	708
Less: operating revenue attributable to the discontinued operation	(6,398)	(7,568)	(22,557)	(19,251)
Total	<u>\$ 2,759,350</u>	<u>\$ 2,154,128</u>	<u>\$ 7,169,036</u>	<u>\$ 5,950,742</u>

### **B. Contract assets and contract liabilities**

The Group recognized the contract assets and contract liabilities of the revenue from contracts with customers as following:

(a) Contract assets: None.

(b) Contract liabilities as following:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Contract liability-current			
Sales revenue received in advance	\$ 1,052,961	\$ 673,419	\$ 884,085
Total	<u>\$ 1,052,961</u>	<u>\$ 673,419</u>	<u>\$ 884,085</u>

Revenue of the contract liabilities recognized in the beginning:

	<b>Jul 1~Sep 30, 2024</b>	<b>Jul 1~Sep 30, 2023</b>	<b>Jan 1~Sep 30, 2024</b>	<b>Jan 1~Sep 30, 2023</b>
At January 1				
Revenue recognized in this				

period

Sales revenue received in advance transfer to revenue	\$ 69,596	\$ 125,243	\$ 643,733	\$ 459,673
Total	<u>\$ 69,596</u>	<u>\$ 125,243</u>	<u>\$ 643,733</u>	<u>\$ 459,673</u>

## (20) Non-operating income and expenses

### A. Other gains and losses, net

	<u>Jul 1~Sep 30, 2024</u>	<u>Jul 1~Sep 30, 2023</u>	<u>Jan 1~Sep 30, 2024</u>	<u>Jan 1~Sep 30, 2023</u>
Gains (losses) on disposal of property, plant and equipment	\$ 1,644	\$ 122	\$ 2,199	\$ 122
Loss on obsolescence of property, plant and equipment	(10)	(1)	(322)	(21)
Net currency exchange gains (losses)	(11,171)	79,930	95,623	73,804
Gains (losses) on lease modification	3,352	73	3,365	79
Others	(329)	(71)	(465)	(185)
Less: other gains and losses attributable to the discontinued operation	513	(353)	—	(452)
Total	<u>\$ (6,001)</u>	<u>\$ 79,700</u>	<u>\$ 100,400</u>	<u>\$ 73,347</u>

### B. Financial cost

	<u>Jul 1~Sep 30, 2024</u>	<u>Jul 1~Sep 30, 2023</u>	<u>Jan 1~Sep 30, 2024</u>	<u>Jan 1~Sep 30, 2023</u>
Interest expense				
Bank loan	\$ 8,682	\$ 6,515	\$ 21,758	\$ 15,028
Imputed interest from deposit	—	—	114	136
Convertible corporate bond	—	—	—	—
Lease liabilities	1,100	1,579	3,723	4,879
Subtotal	<u>9,782</u>	<u>8,094</u>	<u>25,595</u>	<u>20,043</u>
Less: capitalized interest	—	—	—	—
Less: financial cost attributable to the discontinued operation	(9)	(9)	(45)	(44)
Total	<u>\$ 9,773</u>	<u>\$ 8,085</u>	<u>\$ 25,550</u>	<u>\$ 19,999</u>
Capitalized interest rate	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

### C. Interest income

	<u>Jul 1~Sep 30, 2024</u>	<u>Jul 1~Sep 30, 2023</u>	<u>Jan 1~Sep 30, 2024</u>	<u>Jan 1~Sep 30, 2023</u>
Interest income from bank deposits	\$ 9,089	\$ 5,743	\$ 29,975	\$ 18,033
Imputed interest from deposit	48	34	285	263
Less: interest income attributable to the discontinued operation	(1)	(20)	(20)	(114)
Total	<u>\$ 9,136</u>	<u>\$ 5,757</u>	<u>\$ 30,240</u>	<u>\$ 18,182</u>



**(21) Income tax**

A. The Group's income tax expenses (gains) are specified as following:

	<u>Jul 1~Sep 30, 2024</u>	<u>Jul 1~Sep 30, 2023</u>	<u>Jan 1~Sep 30, 2024</u>	<u>Jan 1~Sep 30, 2023</u>
Current tax:				
Current tax on profits for the period	\$ 130,397	\$ 79,991	\$ 306,973	\$ 183,232
Imposition of income tax on undistributed earnings	(8,636)	—	6,538	—
Adjustments in respect of prior years	—	—	(175)	501
Total current tax	<u>121,761</u>	<u>79,991</u>	<u>313,336</u>	<u>183,733</u>
Deferred tax:				
Origination and reversal of temporary differences	(899)	12,572	34,908	20,338
Impact of change in tax rate	—	—	—	—
Total deferred tax	<u>(899)</u>	<u>12,572</u>	<u>34,908</u>	<u>20,338</u>
Income tax expense	<u>\$ 120,862</u>	<u>\$ 92,563</u>	<u>\$ 348,244</u>	<u>\$ 204,071</u>

B. The Group recognized Income tax expenses in other comprehensive income are NT\$0 start from January to September, at 2024 and 2023.

C. The Group income tax expenses recognized under the title of equity are NT\$0 start from January to September, at 2024 and 2023.

D. The investment credit tax on deferred income tax assets which has been recognized by the Company before September, 30, 2024 shall be credited by the following deadline:

<u>Item</u>	<u>Total credit</u>	<u>Deducted amount</u>	<u>Credited balance in current period</u>	<u>Balance to be credited</u>	<u>Last year of credit</u>
R&D expenditure (projected) in 2024	\$ 59,368	\$ —	\$ 59,368	\$ —	(non-deferred)
	<u>\$ 56,368</u>	<u>\$ —</u>	<u>\$ 59,368</u>	<u>\$ —</u>	

(Note) According to the "Regulations Governing Investment Credit Applicable to a Company's R&D Expenditure" promulgated on November 8, 2010, the tax credit shall be no more than 30% of the income tax payable in the year and prohibited from being deferred until next year.

E. Authorization of income tax:

	<u>Year</u>
MPI Corporation	2022
Chain-Logic International Corp.	2022
Allstron Corp	2022

F. Under the amendments to the Income Tax Act which was promulgated in February 7, 2018, the Company's applicable income tax rate was 20% effective from January 1, 2018. The Company has accessed the impact of the change in income tax rate. Besides, the tax rate of undistributed earnings in 2018 was 5%.

**(22) Earnings per common share**

**A. Basic EPS**

The basic EPS is calculated based on the income vested in the Company's common stock holders dividing by the weighted average number of outstanding common stock.

**B. Diluted EPS**

The diluted EPS is calculated upon adjustment of the effect of all potential diluted common stocks based on the income vested in the common stock holders and the weighted average number of outstanding common stock.

**C. The Company's basic EPS and diluted EPS are calculated as follows:**

	<b>Jul 1~ Sep 30, 2024</b>			<b>Jul 1~ Sep 30, 2023</b>		
	<b>Amount after tax</b>	<b>Weighted average number of outstanding common stock (thousand shares)</b>	<b>EPS (NT\$)</b>	<b>Amount after tax</b>	<b>Weighted average number of outstanding common stock (thousand shares)</b>	<b>EPS (NT\$)</b>
<b>Basic EPS</b>						
Net profit attributed to the Company's continued operation	\$ 651,475		\$ 6.90	\$414,808		\$ 4.40
Net loss attributed to the Company's discontinued operation	(1,757)		(0.01)	(2,071)		(0.02)
Net profit attributed to the Company's common stock shareholders	\$ 649,718	94,231	\$ 6.89	\$ 412,737	94,231	\$ 4.38
<b>Diluted EPS</b>						
Net profit attributed to the Company's continued operation	\$ 651,475	94,231		\$ 414,808	94,231	
Effect of all potential diluted common stocks						
Employees stock bonus	—	91		—	213	
Net profit attributed to the Company's continued operation plus effect of potential common stocks	651,475		\$ 6.90	414,808		\$ 4.34
Net loss attributed to the Company's discontinued operation	(1,757)		(0.01)	(2,071)		(0.02)
Net profit attributed to the Company's common stock shareholders plus	\$ 649,718	94,322	\$ 6.89	\$ 12,737	95,444	\$ 4.32

effect of potential  
common stocks

	Jan 1~ Sep 30, 2024			Jan 1~ Sep 30, 2023		
	Amount after tax	Weighted average number of outstanding common stock (thousand shares)	EPS (NT\$)	Amount after tax	Weighted average number of outstanding common stock (thousand shares)	EPS (NT\$)
<b>Basic EPS</b>						
Net profit attributed to the Company's continued operation	\$1,592,122		\$ 16.89	\$1,043,216		\$ 11.07
Net loss attributed to the Company's discontinued operation	(5,794)		(0.06)	(6,657)		(0.07)
Net profit attributed to the Company's common stock shareholders	\$1,586,328	94,231	\$ 16.83	\$1,043,216	94,231	\$ 11.00
<b>Diluted EPS</b>						
Net profit attributed to the Company's common stock shareholders	\$1,592,122	94,231		\$1,043,216	94,231	
Effect of all potential diluted common stocks						
Employees stock bonus	—	228		—	533	
Net profit attributed to the Company's continued operation plus effect of potential common stocks	\$1,592,122		\$ 16.85	\$1,043,216		\$ 11.01
Net loss attributed to the Company's discontinued operation	(5,794)		(0.06)	(6,657)		(0.07)
Net profit attributed to the Company's common stock shareholders plus effect of potential common stocks	\$ 1,586,328	94, 459	\$ 16.79	\$1,036,559	94,764	\$ 10.94

For the details about capital increase, please see Note 6(18).

**(23) Business combinations - acquisition of subsidiaries**

A. For the business development strategy, the Group has acquired 100% of the share capital of Celadon Systems Inc. (hereinafter referred to as the “Celadon”) for US\$10,200,000 (equivalent to NT\$283,471 thousand) in September, 2021 and obtained the control over Celadon. The main operating activities of Celadon are selling and manufacturing the Probe Cards, Test systems and High-Performance Cables and its main customers are semiconductor manufacturers and semiconductor equipment distributors. The Group has expected the acquisition will enhance the competitive advantages of the Group’s engineering probe cards and equipment, and expand the market business scale.

B. The following table summarizes the consideration paid for Celadon and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the acquisition date:

	<b><u>Acquisition Date September 9, 2021</u></b>
Purchase consideration	
Cash paid	\$ 283,471
Fair value of the identifiable assets acquired and liabilities assumed	\$ 85,047
Goodwill	<u>\$ 198,424</u>

The fair value of the assets and liabilities of Celadon (excluding identifiable intangible assets-patent and others) were according to the book value as of September 9, 2021 audited by public accountant. The fair value was the optimum expectation at acquisition date.

The Group has hired expert for the valuation of fair value of the identifiable intangible assets. The Group received the purchase price allocation report in January 2022 which indicated that the fair value of identifiable intangible assets (including patent, intangible asset from lease and client base) of Celadon.

The goodwill is attributable mainly from expanding the U.S market and the business scope and creating momentum for operational growth to the Group by merging Celadon. It will enhance the competitive advantage of the Group’s products, provide completing solution services to the customers and expand the scale of the U.S market etc., as well as the synergies expected to be achieved from integrating business.

**(24) Employee benefits, depreciation, depletion and amortization expenses are summarized as follow**

Nature \ Function	Jul 1~ Sep 30, 2024			Jul 1~ Sep 30, 2023		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expense						
Wages and salaries	478,855	381,863	860,718	42,341	322,347	364,688
Labor and health insurance expense	24,323	22,705	47,028	31,310	19,035	50,345
Pension costs	13,827	12,064	25,891	13,044	11,321	24,365
Director remuneration	—	17,026	17,026	—	10,929	10,929
Other personnel expense (Note)	41,207	15,568	56,775	30,222	13,446	43,668
Depreciation expenses	80,427	37,427	117,854	76,915	37,141	114,056
Depletion expenses	—	—	—	—	—	—
Amortization expenses	4,149	15,866	20,015	4,768	14,960	19,728
Less: operating cost and expense attributable to the discontinued operation	(2,659)	(1,389)	(4,048)	(2,221)	(1,405)	(3,626)

  

Nature \ Function	Jan 1~ Sep 30, 2024			Jan 1~ Sep 30, 2023		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expense						
Wages and salaries	1,240,002	1,240,620	2,264,622	709,580	873,647	1,583,227
Labor and health insurance expense	72,206	66,115	138,321	76,947	58,309	135,256
Pension costs	40,092	35,297	75,389	37,632	32,038	69,670
Director remuneration	—	42,653	42,653	—	27,321	27,231
Other personnel expense (Note)	116,297	44,624	160,921	88,083	37,596	125,679
Depreciation expenses	233,989	111,592	345,581	235,298	110,465	345,763
Depletion expenses	—	—	—	—	—	—
Amortization expenses	11,978	46,607	58,585	11,921	43,815	55,736
Less: operating cost and expense attributable to the discontinued operation	(8,031)	(4,099)	(12,130)	(7,252)	(4,236)	(11,488)

(Note) The other personnel expenses including food stipend, overtime pay and employee benefits.

- A. According to the Company's existing articles of incorporation, the Company shall allocate remuneration to employees and remuneration to directors/supervisors when allocating the earnings.
- B. The Company has approved the motion for amendments to the Articles of Incorporation on June 15, 2020:

If the Company retains income before tax after the account settlement, it shall allocate 0.1%~15% thereof as the remuneration to employees, and not be higher than 3% thereof as the remuneration to directors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors on a pro rata basis as referred to in the preceding paragraph.

The allocation of remuneration to employees and directors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by

more than two-thirds of the whole directors, and reported to a shareholders' meeting.

Employees' remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria.

- C. The Company estimated the remuneration to employees was NT\$68,103 thousand, NT\$43,715 thousand, NT\$170,611 thousand and NT\$109,284 thousand, respectively for the three-month and nine-month periods ended September 30, 2024 and 2023, and the remuneration to directors was NT\$17,026 thousand, NT\$10,929 thousand, NT\$42,653 thousand and NT\$27,321 thousand, respectively for the three-month and nine-month periods ended September 30, 2024 and 2023. Said values were stated into salary expenses. The values were estimated based on the earnings gained until the current period.
- D. The remuneration to employees and directors 2023 resolved to be allocated at the shareholders' meeting on June 13, 2024 by the Board of Directors meeting were NT\$138,653 thousand and NT\$34,663 thousand, respectively, identical with that recognized in the financial statement 2023, and the remuneration to employees will be paid in cash. The remuneration will be paid after the amended Articles of Incorporation is resolved at the general shareholders' meeting 2024.
- E. The remuneration to employees and directors 2022 resolved to be allocated at the shareholders' meeting on June 15, 2023 by the Board of Directors meeting were NT\$127,800 thousand and NT\$31,950 thousand, respectively, identical with that recognized in the financial statement 2022, and the remuneration to employees will be paid in cash. The remuneration will be paid after the amended Articles of Incorporation is resolved at the general shareholders' meeting 2023.
- F. The information about remuneration to employees and remuneration to directors approved by the Board of Directors and resolved by a shareholders' meeting may be viewed at the "MOPS".

**(25) Supplemental cash flow information**

A. Investing activities paid in cash in part only:

	<u>Jan 1~Sep 30, 2024</u>	<u>Jan 1~Sep 30, 2023</u>
Purchase of fixed assets	\$ 525,690	\$ 1,066,131
Add: opening balance of payable on equipment	142,339	60,141
Less: ending balance of payable on equipment	( 67,130)	(45,738)
Cash paid during the period	<u>\$ 600,899</u>	<u>\$ 1,080,534</u>

## 7. Transactions with related parties

(1) Parent company and ultimate controller

The Company is the ultimate controller of the Group.

(2) The names and relationship of related parties: None.

(3) Important transactions with related parties

The balance and transaction between the Company and its subsidiaries have been derecognized from the consolidated financial statements and were not disclosed accordingly. There was no transaction between the Group and other related parties for the nine months ended September 30, 2024 and 2023.

(4) Information about remuneration to the management

Information about remuneration to the Group's management is stated as follows:

	Jul 1~Sep 30, 2024	Jul 1~Sep 30, 2023	Jan 1~Sep 30, 2024	Jan 1~Sep 30, 2023
Salary and other short-term employee benefits	\$ 8,064	\$ 6,428	\$ 16,601	\$ 13,084
Resignation benefits	—	—	—	—
Retirement benefits	—	—	—	—
Other long-term benefits	—	—	—	—
Share-based payments	—	—	—	—
Total	\$ 8,064	\$ 6,428	\$ 16,601	\$ 13,084

Said remuneration to the management is decided by the Remuneration Committee subject to personal performance and market trend. For the relevant information, please see the annual report of the general shareholders' meeting.

## 8. Pledged assets

The following assets have been provided to the Group to pledge for bank loans, import business tax, sale commitment, notes payable, payment commitment and repatriated offshore funds. The book value thereof is stated as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land(Including investment properties)	\$ 1,505,103	\$ 1,505,103	\$ 770,963
Buildings(Including investment properties)	1,439,811	1,550,251	1,482,072
Pledged bank deposit (stated as other current assets)	1,727	5,658	5,740
Other non-current financial assets (stated as other non-current assets)	10,627	13,133	12,447
Total	\$ 2,957,268	\$ 3,074,145	\$ 2,271,222

## 9. Significant contingent liability and unrecognized contractual commitment

(1) Contingency: None.

(2) Commitment:

- A. Balance of unused letter of credit issued by the Group, guarantee money paid and service charges: None.
- B. The outstanding capital expenditure amount under the purchase orders signed is stated as following:

	September 30, 2024	December 31, 2023	September 30, 2023
Purchases of property, plant and equipment	\$ 1,042,315	\$ 117,576	\$ 54,934

- C. The Group signed a technology transfer agreement with a Non-related party, and the main contents are as follow:

Duration of agreement	Transferred Technology Product	Terms of Payment	Important Notes
5 years (4 <sup>th</sup> Quarter 2023 to 3 <sup>rd</sup> Quarter 2028)	The Transfer of Technology of Thermal Chuck Systems	The Total Agreement Price is €8,000,000, with the amount of €2,400,000 (equivalent to NT\$ 83,148 thousand) was paid in September 30 2024. The remaining amount should be paid is €5,600,000 (€3,200,000 should be paid in the next year and then, in the following 2-5 years should pay €2,400,000).	<p>1. If the Group terminates the Agreement before validation of Block 1, the Group shall be responsible for 100% of the Total Agreement Price.</p> <p>2. If the Group terminates the Agreement after the validation of Block 1 but before the validation of Block 2, the Group will pay 100% of the Total Agreement Price plus 2 years of royalties.</p> <p>3. If the Group terminates the Agreement after the validation of Block 2, the Group will pay 3 years of royalties.</p>

**10. Significant disaster loss: None.**

**11. Significant subsequent events: None.**

**12. Others**

**(1) Capital management**

The Group's capital management objective is intended to protect the Group's continued operation and ensure maintenance of well-founded credit ratings and optimal capital structure to reduce capital cost, in order to support the enterprise's operation and maximization of shareholders' return. The Group manages and adjusts the capital structure subject to the economic condition. The Group might adjust the stock dividend to be paid, refund of capital, issuance of new shares or realization of assets to reduce liabilities, in order to maintain and adjust the capital structure.

The Group controls its capital structure based on the debt/equity ratio. Said ratio is net liabilities dividing by the net worth. The Group maintained the same strategy in 2024 as that in 2023, dedicated to maintaining the debt/equity ratio less than 50%~100%. The Group's debt ratios on September 30, 2024, December 31, 2023 and September 30, 2023 are stated as follows:



	September 30, 2024	December 31, 2023	September 30, 2023
Total liabilities	\$ 5,580,664	\$ 4,819,373	\$ 4,559,223
Total net worth	8,709,775	7,620,499	7,337,145
Debt/equity ratio	64%	63%	62%

(2) Financial instruments by category

A. The financial instruments of the group are stated as follows:

- (a) Financial assets: Including financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid and other financial assets.
- (b) Financial liabilities: Including financial liabilities at fair value through profit or loss, short-term loans, notes payable, accounts payable, other payables, lease liabilities, corporate bonds payable (including current portion), long-term loans (including current portion), guarantee deposits received and other financial liabilities.

B. Risk management policies

- (a) The Group's financial risk management aims to manage the market risk, credit risk and liquidity risk related to operating activities, and to identify measure and administer said risks based on policies and risk preference.
- (b) The Group has established adequate policies, procedures and internal controls pursuant to the related regulations, in order to manage said financial risk. The important financial activities shall be audited and approved by the board of directors according to the related regulations and internal control system. In the duration of financial management activities, the Group shall strictly comply with the requirements related to financial risk management defined by the Company.

C. Significant financial risks and degrees of financial risks

- (a) Market risk

The Group's market risk arises from market price fluctuation resulting in fluctuation of the fair value or cash flow of financial instruments. The market risk primarily includes foreign exchange risk, interest rate risk and other pricing risks.

Practically, few single risk variances would change independently. Additionally, changes of various risk variances are generally correlative to each other. Notwithstanding, the sensitivity analysis of the following risks does not take the interaction of related risk variances into consideration.

- Ⓐ Foreign exchange risk

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 currencies, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets.

The Group's receivable accounts denominated in foreign currency are identical with payable accounts denominated in foreign currency in some currencies and, therefore, the equivalent positions would produce the hedging effect naturally. Considering that said natural hedging did not meet the hedging accounting policy, the Group did not adopt the hedging accounting policy. Further, the net investment in foreign operations was identified as strategic investment. Therefore, the Group did not adopt any hedging policy against it.

The sensitivity analysis on the Group's foreign exchange risk was primarily intended to be conducted against the titles in foreign currencies at the end of the financial reporting and the effect produced by the revaluation/devaluation of related foreign currencies on the Group's income and equity. The Group's foreign exchange risk arises primarily from fluctuation in the foreign exchange rate of USD, Japanese Yen and Euro and RMB.

The Group's business lines involved some non-functional currencies (the functional currency of the Company and some of its subsidiaries was NTD, and that of some subsidiaries is USD, RMB or KRW). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

September 30, 2024				
	Currency unit	Amount in foreign currency (thousand dollars)	Applicable foreign exchange rate, ending (Dollar)	Book value (NTD) (thousand dollars)
<b>Financial assets</b>	NTD/USD	\$ 55,156	31.6286	\$ 1,744,494
	NTD/JPY	\$ 76,376	0.22264	\$ 17,004
	NTD/EUR	\$ 7,082	35.347	\$ 250,342
	NTD/RMB	\$ 199,633	4.4955	\$ 892,945
	NTD/KRW	\$ 6,394	0.02433	\$ 156
	NTD/HKD	\$ 6	4.02100	\$ 26
	NTD/MYR	\$ 21	7.4205	\$ 157
	NTD/SGD	\$ 20	24.595	\$ 482
	NTD/PHP	\$ 79	0.5649	\$ 45

	NTD/INR	\$	10	0.3800	\$	4
	NTD/GBP	\$	278	42.37293	\$	11,779
	NTD/RUB	\$	1	0.3400	\$	1
	NTD/THB	\$	32	0.848	\$	27
	NTD/CAD	\$	-	23.43175	\$	-
<b>Financial liabilities</b>	NTD/USD	\$	2,713	31.694	\$	85,992
	NTD/JPY	\$	79,235	0.2246	\$	17,796
	NTD/EUR	\$	799	35.542	\$	28,389
	NTD/RMB	\$	107	4.549	\$	486

<b>December 31, 2023</b>						
	<b>Currency unit</b>		<b>Amount in foreign currency (thousand dollars)</b>	<b>Applicable foreign exchange rate, ending (Dollar)</b>		<b>Book value (NTD) (thousand dollars)</b>
<b>Financial assets</b>	NTD/USD	\$	37,660	30.67520	\$	1,155,220
	NTD/JPY	\$	44,062	0.21715	\$	9,568
	NTD/EUR	\$	4,735	33.91600	\$	160,609
	NTD/RMB	\$	164,361	4.32770	\$	11,304
	NTD/KRW	\$	2,909	0.02391	\$	70
	NTD/HKD	\$	9	3.87500	\$	37
	NTD/SGD	\$	8	23.16500	\$	184
	NTD/MYR	\$	13	6.411	\$	83
	NTD/GBP	\$	170	39.13304	\$	6,655
	NTD/INR	\$	10	0.37000	\$	4
	NTD/PHP	\$	89	0.55450	\$	50
	NTD/CAD	\$	189	23.19825	\$	4,394
<b>Financial liabilities</b>	NTD/USD	\$	2,571	30.75700	\$	79,077
	NTD/JPY	\$	74,407	0.21910	\$	16,299
	NTD/EUR	\$	1,279	34.16000	\$	3,681
	NTD/RMB	\$	296	4.37800	\$	1,297
	NTD/GBP	\$	4	39.35650	\$	145
	NTD/CAD	\$	17	23.29000	\$	389

<b>September 30, 2023</b>						
	<b>Currency unit</b>		<b>Amount in foreign currency (thousand dollars)</b>	<b>Applicable foreign exchange rate, ending (Dollar)</b>		<b>Book value (NTD) (thousand dollars)</b>
<b>Financial assets</b>	NTD/USD	\$	35,272	32.2431	\$	1,137,262
	NTD/JPY	\$	71,714	0.21614	\$	15,501
	NTD/EUR	\$	2,081	33.885	\$	70,509
	NTD/RMB	\$	142,937	4.3903	\$	627,542
	NTD/KRW	\$	3,559	0.02403	\$	86
	NTD/HKD	\$	9	4.069	\$	38
	NTD/MYR	\$	11	6.574	\$	74
	NTD/SGD	\$	7	23.405	\$	166
	NTD/PHP	\$	89	0.5665	\$	51
	NTD/INR	\$	10	0.38280	\$	4
	NTD/GBP	\$	56	39.15735	\$	2,183

	NTD/RUB	\$	1	0.4269	\$	1
	NTD/CAD	\$	305	23.91225	\$	7,300
<b>Financial liabilities</b>	NTD/USD	\$	1,969	32.320	\$	63,623
	NTD/JPY	\$	73,649	0.2180	\$	16,052
	NTD/EUR	\$	703	34.112	\$	23,990
	NTD/RMB	\$	352	3.547	\$	1,247
	NTD/GBP	\$	4	39.4204	\$	145

In consideration of the Group's multiple functional currency types, the information about exchange gain or loss for currency is disclosed by summarization. The foreign currency exchange gain (loss) (including the realized and unrealized) was NT\$95,623 thousand and NT\$73,804 thousand until September 30, 2024 and 2023.

⑤ Cash flow and fair value interest rate risk

The interest rate risk arises when the fluctuation of market interest rate results in fluctuation in fair value of financial instruments or in future cash flow. The Group's interest rate risk arises primarily from the loan with floating interest rate.

The Group maintained adequate portfolio with fixed and floating interest rates to manage the interest rate risk.

⑥ Equity price risk

a. Equity securities held by the Group are susceptible to price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors shall review all equity investment decisions and approve where appropriate.

b. As of September 30, 2024, December 31, 2023 and September 30, 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

Stock in domestic listed company through private placement

	September 30, 2024		December 31, 2023		September 30, 2023	
Prices of securities at the reporting date	Sensitivity of Profit or Loss	Sensitivity of other comprehensive income	Sensitivity of Profit or Loss	Sensitivity of other comprehensive income	Sensitivity of Profit or Loss	Sensitivity of other comprehensive income
Increasing 1%	\$ —	\$ 4,060	\$ —	\$ 2,240	\$ —	\$ 2,030
Decreasing 1%	\$ —	\$ (4,130)	\$ —	\$ (2,240)	\$ —	\$ (2,100)

Domestic innovation board common stock

	September 30, 2024		December 31, 2023		September 30, 2023	
Prices of securities at the reporting date	Sensitivity of Profit or Loss	Sensitivity of other comprehensive income	Sensitivity of Profit or Loss	Sensitivity of other comprehensive income	Sensitivity of Profit or Loss	Sensitivity of other comprehensive income

Increasing 1%	\$ —	\$ 379	\$ —	\$ 502	\$ —	\$ 521
Decreasing 1%	\$ —	\$ (370)	\$ —	\$ (507)	\$ —	\$ (517)

④ Other risks over market value

In addition to meeting expected consumption and sale needs, the Group did not sign any product contract which did not apply net settlement.

⑤ Under the circumstance that all of the other factors remained unchanged, the sensitivity analysis on the changes in related risks before tax on September 30, 2024, December 31, 2023 and September 30, 2023, are stated as following:

September 30, 2024		
Primary risk	Range of change	Sensitivity of Profit or Loss
Foreign exchange risk	Fluctuation in foreign exchange rate+/- 3%	+/-83,54 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	+/-5,517 thousand
December 31, 2023		
Primary risk	Range of change	Sensitivity of Profit or Loss
Foreign exchange risk	Fluctuation in foreign exchange rate+/- 3%	+/-57,224 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	+/- 4,203 thousand
September 30, 2023		
Primary risk	Range of change	Sensitivity of Profit or Loss
Foreign exchange risk	Fluctuation in foreign exchange rate+/- 3%	+/- 52,655 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	+/- 4,339 thousand

(b) Credit risk

① 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, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

② The group set up the management of credit risk by Group perspective. According to the loan policy expressly defined internally in the Group, each business dept. Within the Group shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, and past experience and other factors. The individual risk limit is set by the management according to the internal or external ratings. The management will also control the periodic

- drawdown of credit limits. The main credit risk results from derivative financial instruments and the balance deposited in banks and financial organizations, and customers' credit risk, including the unearned accounts receivable and undertaken transactions. The Group also applied some credit enhancement instruments (e.g. advance sale receipts) in a timely manner to reduce customers' credit risk.
- Ⓒ For the nine-month periods ended September 30, 2024 and 2023, no circumstances resulting in excess of the credit limit have taken place. Meanwhile, the management expects no material loss resulting from trading counterpart's failure to perform contract.
  - Ⓓ The Group's Finance Dept. Manages the credit risk over the deposits in banks and other financial instruments according to the Group's policy. The Group's trading counterparts were decided by the internal control procedure, who were trustworthy banks and corporations which were not expected to breach the contracts. Therefore, there should be no significant credit risk.
  - Ⓔ Guarantee  
According to the Group's policy, the Group may only make financial guarantee for the subsidiaries wholly owned by the Group. Before September 30, 2024, December 31, 2023 and September 30, 2023, the Group has never made any endorsements/guarantees.
  - Ⓕ The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - Ⓖ The Group in line with credit risk management procedure, when the counterparty of transaction has financial difficulties, business accidents, restrictions on the acceptance of orders due to legal restrictions, refunds of company bills and any factors (such as fires, earthquakes and natural disasters). A default is considered to have occurred in the event that the possibility of recovering the receivable is very low, the default has occurred.
  - Ⓗ The Group classifies customer's notes receivable, accounts receivable, contract assets and rents receivable in accordance with geographic area, product types, credit rating of customer, collaterals, credit risk on trade and customer types. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision

matrix basis.

- ① The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- ② The Group used the foreseeable of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the loss allowance of notes receivable and accounts receivable. The group use provision matrix to estimate expected credit loss under the provision matrix basis. The provision matrix basis based on historical default rates observed during the lifetime of accounts receivable to adjust. On each reporting day, the Group updated the observed historical default rates and analyzed changes. On September 30, 2024, December 31, 2023 and September 30 2023, the group expected credit loss rate during the lifetime is stated as follow:

	Notes Receivable	Accounts Receivable					
	dishonoured check	Without past due	1~90 days	91 to 180 days	181 to 360 days	1 to 2 years	More than 2 year
Expected loss rate	100%	0%	7%	15%	25%	50%	100%

- ③ The Group grants the loan period varying based on the evaluation on each trading customer, generally O/A 60 days or 210 days. For the information about the changes of loss allowance provided for the Group's impairment on receivable accounts and account age analysis on loans, please see Note 6(3) and Note 6(4).

(c) Liquidity risk

- ④ The liquidity risk arises when the Group fails to deliver cash or other financial assets to repay financial liabilities and to perform the related obligation. The Group managed the liquidity in a manner ensuring that the Group has sufficient working fund to repay matured liabilities under the general and critical circumstances, so as to avoid unacceptable loss or impairment on the Group's goodwill.
- ⑤ The Group's will call the management meeting periodically to assist Financial Accounting Dept. Control the need for cash flow and the optimal investment return in cash. Generally, the Group will ensure that it has sufficient cash to meet the need for expected operating expenditure for 90 days, including performance of financial obligation, but excluding the potential effect which it is impossible to expect reasonably under extreme circumstances, e.g. natural calamity. The unused limit of the

Group's loan totaled NT\$1,255,030 thousand on September 30, 2024.

- © The following table refers to the non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. Nevertheless, the Group did not hold derivative financial liabilities.

Non-derivative financial liabilities	September 30, 2024			
	Within 1 year	1~2 years	More than 2 years	Total
Short-term loan	\$ 660,000	\$ -	\$ -	\$ 660,000
Payable accounts (including related party)	699,739	-	-	699,739
Other payable accounts (including related party)	1,138,281	-	-	1,138,281
Lease liabilities (note)	72,636	44,495	24,210	141,541
Long-term loan (including the current portion)	192,510	204,139	1,150,263	1,546,912
Total	<u>\$ 2,763,166</u>	<u>\$ 248,834</u>	<u>\$ 1,174,473</u>	<u>\$ 4,186,473</u>

Non-derivative financial liabilities	December 31, 2023			
	Within 1 year	1~2 years	More than 2 years	Total
Short-term loan	\$ -	\$ -	\$ -	\$ -
Payable accounts (including related party)	563,656	-	-	563,656
Other payable accounts (including related party)	1,314,732	-	-	1,314,732
Lease liabilities (note)	87,253	72,706	32,826	192,785
Long-term loan (including the current portion)	170,166	197,814	1,313,209	1,681,189
Total	<u>\$ 2,135,807</u>	<u>\$ 270,520</u>	<u>\$ 1,346,035</u>	<u>\$ 3,752,362</u>

Non-derivative financial liabilities	September 30, 2023			
	Within 1 year	1~2 years	More than 2 years	Total
Short-term loan	\$ -	\$ -	\$ -	\$ -
Payable accounts (including related party)	494,342	-	-	494,342
Other payable accounts (including related party)	891,803	-	-	891,803
Lease liabilities (note)	87,499	73,448	48,471	209,418
Long-term loan (including the current portion)	171,145	195,422	1,369,199	1,735,766
Total	<u>\$ 1,644,789</u>	<u>\$ 268,870</u>	<u>\$ 1,417,670</u>	<u>\$ 3,331,329</u>

<Note>

Lease payments are low-value asset leases or short-term leases that are exempt from recognition of lease liabilities. If lease payment are significant, it should be disclose the maturity analysis of the contractual cash flow amounts.

### (3) 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 takes 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. The fair value of the Group's investment in Equity instruments- Stock in domestic listed company through private placement, financial products and corporate bonds is included in Level 2.
- Ⓒ Level 3: Unobservable inputs for the asset or liability.

**B. Financial instruments not measured at fair value**

The carrying amounts of cash and cash equivalents, financial assets at amortized cost-current, notes receivable, accounts receivable, other receivables, pledged deposit, bank loan, notes payable, accounts payable and other payables are approximate to their fair values.

**C. The related information of 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 are as follows:**

- Ⓐ The Group measured at fair value by level on the basis of the assets and liabilities:

	<b>September 30, 2024</b>			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income-Noncurrent items				
Equity instruments	\$ 408,380	—	\$ 408,380	—
-Stock in domestic listed company through private placement				
Financial assets at fair value through other comprehensive income-Noncurrent items	36,375	—	6,375	—
Equity instruments				
-Domestic innovation board common stock				
<u>Non-recurring fair value measurements</u>	—	—	—	—
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>	—	—	—	—

	December 31, 2023			
		Fair value		
	Book value	Level 1	Level 2	Level 3
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income-Noncurrent items				
Equity instruments	\$ 226,940	—	\$ 226,940	—
-Stock in domestic listed company through private placement				
Financial assets at fair value through other comprehensive income-Noncurrent items	46,262	—	46,262	—
Equity instruments				
-Domestic innovation board common stock				
<u>Non-recurring fair value measurements</u>	—	—	—	—

#### **Liabilities**

<u>Recurring fair value measurements</u>	—	—	—	—
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	September 30, 2023			
		Fair value		
	Book value	Level 1	Level 2	Level 3
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income-Noncurrent items				
Equity instruments	\$206,500	—	\$206,500	—
-Stock in domestic listed company through private placement				
Financial assets at fair value through other comprehensive income-Noncurrent items				
Equity instruments	50,794	—	50,794	—
-Domestic innovation board common stock				
<u>Non-recurring fair value measurements</u>	—	—	—	—

#### **Liabilities**

<u>Recurring fair value measurements</u>	—	—	—	—
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⑤ The methods and assumptions of fair value estimate are as follows:

Equity instruments

Valuation techniques and inputs applied for Level 2 fair value measurement

Financial instruments	Instruments and inputs
Equity instruments -Stock in domestic listed company through private placement	Black-Scholes valuation model : Observing the parameters at the end of the period, such as restriction period, stock price, strike price, volatility, and risk-free interest rate, estimate the put value and liquidity discount to obtain the fair value of the privately placed common stock.
Equity instruments -Domestic innovation board stocks	Market approach: Based on the indicators of comparable business items, products, scale and financial ratios, the listed OTC companies are considered to have similar performance and value. Therefore, the value of the rated company should be estimated from the value of the analogous company. In addition, for companies on the innovation board, their stock market liquidity is not good, and the stock price should consider the liquidity discount.

D. There were no transfer between Level 1 and Level 2 for the nine months ended September 30, 2024 and 2023.

### 13. Supplementary Disclosures

(1) Significant transactions information

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group shall also disclose the information about important transactions: (The following transactions with consolidated subsidiaries have been eliminated in the accompanying consolidated financial statement.)

No.	Contents	January ~ September 2024
1	Loans to others	Attached table 1
2	Endorsement/guarantees made for others	N/A
3	Marketable securities-ending	Attached table 2
4	Cumulative amount of the same marketable securities purchased or sold reaching 300 million NTD or more than 20% of the paid-in capital in the current period.	N/A
5	Acquisition amount of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	N/A
6	Amount on disposal of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	N/A

7	Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital.	N/A
8	Accounts receivable-related party reaching 100 million NTD or more than 20% of the Paid-in capital.	N/A
9	Transactions of derivative instruments.	N/A
10	Business relationship and important transactions between parent company and subsidiaries.	Attached table 3

Attached table 1 : Loans to others

No. (Note 1)	Lender	Borrower	Account titles	Related party	Maximum balance in current period (Note 2)	Balance, ending (Note 3)	Drawdown	Interest rate range	Nature of loans to others	Amount of transaction	Reasons necessary for offering short-term loans	Allowance for bad debt	Collateral		Limit of loans to particular borrower (Note 5)	Limit of total loans (Note 5)
													Name	Value		
1	Chain-Logic International Corp.	MEGTAS CO.,LTD.	Other receivable accounts-related party	Yes	\$ 6,248	\$ 6,248	\$ 6,248	3.19%	Short-term loans	—	Working capital	—	—	—	\$ 26,410	\$ 105,640

Note 1: "0" for the Company and each investee are numbered in sequential order starting from 1.

Note 2: The maximum balance of the loan to others accumulated in the current year until the reporting month.

Note 3: The facility of the loan to others still effective until the reporting month

Note 4: On February 20, 2024, the Board of Directors of the subsidiary Chain-Logic International Corp. resolved to approve a loan to its affiliate MEGTAS CO., LTD. The approved loan amount is NTD \$6,248 thousand, with the contract term from February 22, 2024, to February 21, 2025.

Note 5: According to the Company's Operating Procedure for Loaning to Others of the subsidiary Chain-Logic International Corp., the limit of loan shall be set in the following manners:

- (a) The limit of total loans to others shall be no more than 40% of the net worth in the Company's latest financial statement: NT\$264,099 thousand (the Company's net worth on December 31, 2023) X 40% = NT\$105,640 thousand.
- (b) The limit of loan to any single subsidiary shall be no more than 10% of the net worth in the Company's latest financial statement: NT\$264,099 thousand (the Company's net worth on December 31, 2023) X 10% = NT\$ 26,410 thousand.

Attached table 2 : Holding of marketable securities (not including subsidiaries, associates and joint ventures)

Securities held by	Marketable Securities	Relationship with the securities issuer	Financial Statement Account	Ending Balance				Note
				Number of shares (In thousand shares or thousand units)	Book Value	Percentage of Ownership (%)	Fair Value	
MPI	Private equity of domestic listed company – Spirox Corporation	–	Note 1	7,000	\$408,380	6.09%	\$408,380	–
MPI	Common stock – PlayNitride Inc.	–	Note 1	380	29,161	0.35%	29,161	–
Chain-Logic International Corp.	Common stock – PlayNitride Inc.	–	Note 1	94	7,214	0.09%	7,214	–

Note 1 : Financial Statement Account : Financial assets at fair value through other comprehensive income - non-current.

Attached table 3 : Business relationship and important transactions between parent company and subsidiaries

a. For the nine months ended September 30, 2024

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	To consolidated operating revenue or total assets (Note 3)
0	MPI Corporation	Chain-Logic International Corp.	1	Sales revenue	\$ 114,403	Note 4	2%
				Receivable accounts	\$ 37,385	Note 6	-
				Advance sale receipts	\$ 27,084	Note 4	-
				Other receivable accounts	\$ 585	Note 8	-
				Rent revenue	\$ 2,762	Note 7	-
				Other gains	\$ 300	Note 4	-
0	MPI Corporation	Lumitek (Changchou) Co. Ltd.	1	Sales revenue	\$ 2,780	Note 4	-
				Receivable accounts	\$ 1,813	Note 6	-
				Other receivable accounts	\$ 18,205	Note 4	-
				Other gains	\$ 17,877	Note 4	-
0	MPI Corporation	MPI AMERICA INC.	1	Sales revenue	\$ 1,194,772	Note 4	17%
				Receivable accounts	\$ 1,086,330	Note 6	8%
				Advance sale receipts	\$ 55,549	Note 4	-
				Other receivable accounts	\$ 24	Note 8	-

				Temporary receipts	\$ 886	Note 4	-
				Other gains	\$ 15,268	Note 4	-
0	MPI Corporation	MPI (SUZHOU) CORPORATION	1	Sales revenue	\$ 1,607,490	Note 4	22%
				Receivable accounts	\$ 842,480	Note 6	6%
				Other receivable accounts	\$ 18,205	Note 4	-
				Other gains	\$ 18,034	Note 4	-
0	MPI Corporation	MEGTAS CO.,LTD.	1	Receivable accounts	\$ 1,350	Note 6	-
0	MPI Corporation	Celadon Systems Inc.	1	Sale revenue	\$ 11,048	Note 4	-
				Other gains	\$ 9	Note 4	-
1	Chain-Logic International Corp.	MPI Corporation	2	Sales revenue	\$ 14,555	Note 4	-
				Receivable accounts	\$ 9,140	Note 6	-
				Advance sale receipts	\$ 168	Note 4	-
				Revenue from commission	\$ 41,055	Note 5	1%
				Receivable Commission	\$ 18,609	Note 6	-
				Other receivable accounts	\$ 328	Note 8	-
				Other gains	\$ 2,305	Note 4	-
1	Chain-Logic International Corp.	Lumitek (Changchou) Co. Ltd.	3	Sale revenue	\$ 141	Note 4	-
				Receivable accounts	\$ 101	Note 6	-
1	Chain-Logic International Corp.	MEGTAS CO.,LTD.	3	Revenue from commission	\$ 2,055	Note 5	-
				Receivable Commission	\$ 628	Note 6	-
				Other receivable accounts	\$ 6,444	Note 9	-
				Interest income	\$ 124	Note 9	-
1	Chain-Logic International Corp.	MPI (SUZHOU) CORPORATION	3	Sale revenue	\$ 4,046	Note 4	-
				Receivable accounts	\$ 13,630	Note 6	-
				Advance sale receipts	\$ 17,443	Note 4	-
1	Chain-Logic International Corp.	Celadon Systems, Inc.	3	Revenue from commission	\$ 98	Note 5	-
				Receivable Commission	\$ 35	Note 6	-
1	Chain-Logic International Corp.	MPI AMERICA INC.	3	Sale revenue	\$ 132	Note 4	-
2	MEGTAS CO.,LTD.	Chain-Logic International Corp.	3	Sales revenue	\$ 3,488	Note 4	-
				Receivable accounts	\$ 1,356	Note 6	-
2	MEGTAS CO.,LTD.	MPI (SUZHOU) CORPORATION	3	Sales revenue	\$ 7,346	Note 4	-
				Receivable accounts	\$ 1,507	Note 6	-
3	MPI (SUZHOU)	MPI Corporation	2	Sales revenue	\$ 988	Note 4	-

	CORPORATION			Receivable accounts	\$ 285	Note 6	-
				Revenue from commission	\$ 17,116	Note 5	-
3	MPI (SUZHOU) CORPORATION	Chain-Logic International Corp	3	Sales revenue	\$ 1,221	Note 4	-
4	MPI AMERICA INC.	MPI Corporation	2	Sales revenue	\$ 33,549	Note 4	-
				Other gains	\$ 4	Note 4	-
4	MPI AMERICA INC.	Celadon Systems Inc.	1	Sales revenue	\$ 331	Note 4	-
				Revenue from commission	\$ 252	Note 5	-
5	Celadon Systems Inc.	MPI Corporation	2	Sales revenue	\$ 1,563	Note 4	-
				Receivable accounts	\$ 311	Note 6	-
5	Celadon Systems Inc.	Chain-Logic International Corp.	3	Sales revenue	\$ 4,050	Note 4	-
				Receivable accounts	\$ 189	Note 6	-
5	Celadon Systems Inc.	MPI AMERICA INC.	2	Sales revenue	\$ 1,403	Note 4	-
6	Lumitek (Changchou) Co. Ltd.	MPI (SUZHOU) CORPORATION	3	Sales revenue	\$ 3,277	Note 4	-
				Receivable accounts	\$ 1,298	Note 6	-
				Other receivable accounts	\$ 724	Note 8	-
				Other gains	\$ 184	Note 4	-
				Rent revenue	\$ 49	Note 7	-

b. For the nine months ended September 30, 2023

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	To consolidated operating revenue or total assets (Note 3)
0	MPI Corporation	Chain-Logic International Corp.	1	Sales revenue	\$ 64,299	Note 4	1%
				Receivable accounts	\$ 43,827	Note 6	-
				Advance sale receipts	\$ 42,346	Note 4	-
				Other gains	\$ 535	Note 8	-
				Rent revenue	\$ 2,762	Note 7	-
				Other revenue	\$ 94	Note 4	-

0	MPI Corporation	Lumitek (Changchou) Co. Ltd.	1	Sales revenue	\$ 510	Note 4	-
				Receivable accounts	\$ 57	Note 6	-
				Other receivable accounts	\$ 19,755	Note 8	-
				Other gains	\$ 19,698	Note 4	-
0	MPI Corporation	MPI AMERICA INC.	1	Sales revenue	\$ 678,032	Note 4	11%
				Receivable accounts	\$ 667,137	Note 6	6%
				Advance sale receipts	\$ 63,480	Note 4	-
				Other receivable accounts	\$ 24	Note 8	-
				Others gains	\$ 9,099	Note 4	-
				Temporary receipts	\$ 606	Note 6	-
0	MPI Corporation	MPI (SUZHOU) CORPORATION	1	Sales revenue	\$ 1,189,589	Note 4	20%
				Receivable accounts	\$ 570,709	Note 6	5%
				Advance sale receipts	\$ 85	Note 4	-
				Other receivable accounts	\$ 21,730	Note 8	-
				Other gains	\$ 23,158	Note 4	-
0	MPI Corporation	MEGTAS CO.,LTD.	1	Sales revenue	\$ 1,588	Note 4	-
				Receivable accounts	\$ 1,653	Note 6	-
				Other receivable accounts	\$ 322	Note 8	-
0	MPI Corporation	Celadon Systems, Inc.	1	Sales revenue	\$ 11,522	Note 4	
				Other gains	\$ 20	Note 4	
1	Chain-Logic International Corp.	MPI Corporation	2	Sales revenue	\$ 13,391	Note 4	-
				Receivable accounts	\$ 8,837	Note 6	-
				Revenue from commission	\$ 37,514	Note 5	1%
				Receivable Commission	\$ 18,989	Note 6	-
				Other receivable accounts	\$ 1,451	Note 8	-
				Other gains	\$ 1,874	Note 4	-
1	Chain-Logic International Corp.	Lumitek (Changchou) Co. Ltd.	3	Sale revenue	\$ 125	Note 4	-
				Receivable accounts	\$ 41	Note 6	-
1	Chain-Logic International Corp.	MEGTAS CO.,LTD.	3	Revenue from commission	\$ 1,664	Note 5	-



				Receivable accounts	\$ 717	Note 6	-
1	Chain-Logic International Corp.	MPI (SUZHOU) CORPORATION	3	Sale revenue	\$ 8,647	Note 4	-
				Receivable accounts	\$ 4,170	Note 6	-
				Advance sale receipts	\$ 218	Note 4	-
1	Chain-Logic International Corp.	MPI AMERICA INC.	3	Sale revenue	\$ 406	Note 4	-
1	Chain-Logic International Corp	Chain-Logic International Corp.	3	other unearned revenue	\$ 3	Note8	-
2	MEGTAS CO., LTD.	Chain-Logic International Corp	3	Sales revenue	\$ 3,294	Note 4	-
				Receivable accounts	\$ 1,588	Note 6	-
2	MEGTAS CO.,LTD.	MPI (SUZHOU) CORPORATION	3	Sales revenue	\$ 6,101	Note 4	-
				Receivable accounts	\$ 1,489	Note 6	-
3	MPI (SUZHOU) CORPORATION	MPI Corporation	2	Sales revenue	\$ 6,522	Note 4	-
				Revenue from commission	\$ 2,055	Note 6	-
				Receivable Commission	\$ 12,661	Note 5	-
3	MPI (SUZHOU) CORPORATION	Lumitek (Changchou) Co. Ltd.	3	Sales revenue	\$ 1,078	Note 4	-
				Receivable accounts	\$ 424	Note 6	-
3	MPI (SUZHOU) CORPORATION	MPI AMERICA INC.	3	Sales revenue	\$ 480	Note 4	-
3	MPI (SUZHOU) CORPORATION	Chain-Logic International Corp	3	Sales revenue	\$ 58	Note 4	-
4	MPI AMERICA INC.	MPI Corporation	2	Sales revenue	\$ 16,757	Note 4	-
4	MPI AMERICA INC.	Celadon Systems, Inc.	1	Sales revenue	\$ 36	Note 4	-
				Receivable accounts	\$ 37	Note 6	-
				Revenue from commission	\$ 685	Note 5	-
5	Celadon Systems, Inc.	MPI Corporation	2	Sales revenue	\$ 119	Note 4	-
				Receivable accounts	\$ 10	Note 6	-
5	Celadon Systems Inc.	Chain-Logic International Corp.	3	Sales revenue	\$ 1,244	Note 4	-
				Receivable accounts	\$ 329	Note 6	-
5	Celadon Systems, Inc.	MPI AMERICA INC	2	Sales revenue	\$ 2,873	Note 4	-
				Receivable accounts	\$ 286	Note 6	-
6	Lumitek (Changchou) Co. Ltd.	MPI (SUZHOU) CORPORATION	3	Sales revenue	\$ 873	Note 4	-
				Other gains	\$ 1,193	Note 4	-

				Other receivable accounts	\$	96	Note 8	
				other unearned revenue	\$	210	Note 8	

Note 1: Transactions between parent company and its subsidiaries are numbered as follows:

- (1) "0" for parent company.
- (2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related-party transactions are divided into the three categories as follows (If it refers to the same transaction between parent company and subsidiary or subsidiary and subsidiary, the transaction is not required to be disclosed repeatedly. For example, if the parent company has disclosed any transaction between it and its subsidiary, the subsidiary is not required to disclose the same transaction again. If either of the subsidiaries which trade with each other has disclosed the transaction, the other subsidiary is not required to disclose the same transaction again.)

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: For assets and liabilities, the proportion to the consolidated total income or total assets is shown as the Ratio of Shareholding to the consolidated total assets for the period ended on September 30. For income, it shall be shown as a Ratio of Shareholding to the consolidated Total incomes for the period ended on September 30.

Note 4: Processed under the general trading conditions and price.

Note 5: Based on the price agreed by both parties.

Note 6: O/A 60~210 days, same as that applicable to the general customers or suppliers.

Note 7: Based on the rent agreed by both parties.

Note 8: Out-of-pocket expenses of the general expenditure.

## **(2) Information on investees**

The information about name, territory, business lines, original investment amount, shares held at ending, income and investment income recognized in the current period of the investees in which the Group may exert material influence or control directly or indirectly (exclusive of investees in Mainland China) for the nine months ended September 30, 2024 is stated as following:

Investor	Investee	Territory	Business lines	Original investment amount		Held at ending			Investee income(losses) recognized in current period (Note 1)	Investment income(losses) recognized in the current period (Note 2) (Note 3)	Remark
				End of the period	End of last year	Quantity	Ratio	Book value			
MPI Corporation	MPI TRADING CORP.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Trading of probe cards and semi-automatic probers	\$ 32	\$ 32	1,000	100%	\$ 59,409	\$ 352	\$ 352	Subsidiary of MPI Corporation
MPI Corporation	MMI HOLDING CO.,LTD.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Holding company	\$ 573,502	\$ 573,502	18,267,987	100%	\$ 989,242	\$ 110,009	\$ 111,161	Subsidiary of MPI Corporation
MPI Corporation	MEGTAS CO.,LTD.	134 Gunseo-ri, Jikson-eub, Seobuk-gu, Cheonan, Chungnam,331-811, Korea	Manufacturing, processing and sale of semi-conductor equipment and industrial mechanical spare parts, and manufacturing and sale of pottery and electronic spare parts	\$ 53,767	\$ 53,767	400,000	80%	\$ 18,158	\$ (7,243)	\$ (5,731)	Subsidiary of MPI Corporation
MPI Corporation	Chain-Logic International Corp.	No.988 2F, Litoushan Sec., Wunshan Rd., Hsinpu, Hsinchu, 30543, Taiwan	Professional agent of semi-conductor	\$ 50,000	\$ 50,000	5,000,000	100%	\$ 245,958	\$ 24,294	\$ 23,753	Subsidiary of MPI Corporation
MPI Corporation	Allstron Corporation	No. 8, Lane 98, Jiaren Street, Neighborhood 36, Xinan Vil., Zhubei City, Hsinchu County	High-frequency wafer measurement probe card manufacturer	\$ 50,000	\$ 50,000	1,550,000	100%	\$ 870	\$ (220)	\$ (220)	Subsidiary of MPI Corporation
MPI Corporation	MPA TRADING CORP.	Vistra (Anguilla) Limited, Vistra Corporate Services Centre, Albert Lake Drive, The Valley, Anguilla, British West Indies.	Holding company	\$ 321,352	\$ 321,352	11,450,000	100%	\$ 100,045	\$ 53,960	\$ 54,408	Subsidiary of MPI Corporation
MPI Corporation	MPI America Inc.	2360 QUME DRIVE,SUITE C,SAN JOSE,CA	Trading of probe cards and semi-automatic probers	\$ 319,837	\$ 319,837	6,300,000	100%	\$ 105,129	\$ 53,968	—	Subsidiary of MPA TRADING CORP.
MPI AMERICA INC.	Celadon Systems Inc.	13795 Frontier Ct Burnsville, Minnesota 55337 , USA	Selling and manufacturing of Probe Card , Test Equipment and High-performanc e cables	\$ 283,471	\$ 283,471	1,000	100%	\$ 406,677	\$ 22,428	—	Subsidiary of MPI AMERICA INC.

Note 1: Except MMI HOLDING CO., LTD., MPA TRADING CORP., MPI America Inc. and Celadon Systems Inc. which recognized the investment income based on the financial statements reviewed by other external auditors, the investment income of the others were recognized based on the financial statements reviewed by the parent company's external auditors.

Note 2: The investment income recognized in the current period includes the investment income recognized under equity method and realized (unrealized) gain recognized from upstream/side stream transactions.

Note 3: The subsidiaries' income recognized in the current period includes the investment

income to be recognized for their re-investment pursuant to the requirements.

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

#### A. Information related to investments in the territories of Mainland China

Name of Chinese investee	Business lines	Paid-in capital	Mode of investment	Accumulated investment balance, beginning	Amount remitted or recovered in the current period		Accumulated investment balance, ending	Investee income recognized in current period	Direct and indirect shareholding of the Company	Investment income(losses) recognized in the current period (Note 2)	Book value, ending	Accumulated investment income received until the end of period
					outflow	inflow						
Lumitek (Changzhou) Co. Ltd.	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and new electronic components; procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.	USD 16,000,000 (\$ 502,470)	(Note 1)	USD 16,000,000 (\$ 502,470)	—	—	USD 16,000,000 (\$502,470)	\$ 12,282	100 %	\$ 12,282	\$635,951	—
MPI (Suzhou) Corporation	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and new electronic components; procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.	USD 2,000,000 (\$60,180) Registered Capital USD 3,000,000 (\$ 90,270)	(Note 1)	USD 2,000,000 (\$60,180)	—	—	USD 2,000,000 (\$ 60,180)	\$ 97,218	100 %	\$ 97,218	\$353,690	—

Note 1: Reinvest the company in Mainland China via the offshore subsidiary, MMI HOLDING CO., LTD.

Note 2: The recognition of investment income was on the basis of the financial statement audited by CPA of the parent company.

## B. Information related to ceiling on investment in Mainland China

Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (Note)
USD 18,000,000 (NTD 562,650)	USD 19,410,272.42 (NTD 611,455)	NTD 5,225,865

Note 1: The ceiling shall be the higher of the net worth or 60% of the consolidated net worth.

Note 2: (a) Investment amount approved by the Investment LEDA-ONE (Shenzhen) Co. was liquidated and Written off in May 2017 and remitted the surplus investment US\$155,857.58 (equivalent to NT\$4,677 thousand) to offset the investment amount approved by the MOEA. The original investment amount at US\$1,800,000(equivalent to NT\$54,111 thousand) is still in total of US\$1,644,142.42(equivalent to NT\$49,434 thousand) that could not be offset the investment amount.

(b) MJC Microelectronics (Kunshan) Co., Ltd. was transferred to Japanese MJC Corporation in March, 2018, and the transfer amount of USD2,857,000 (equivalent to NT\$84,006 thousand) was used to deduct the mainland investment quota in April, 2018.

(c) MJC Microelectronics (Shanghai) Co., Ltd. was liquidated in August, 2018, and in September, 2018, the liquidation amount of US\$936,870 (equivalent to NT\$28,669 thousand) was used to deduct the accumulated amount of investment in Mainland China.

(d) The subsidiary of the Group – CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP. has passed the reduction of cash capital US\$1,100,000 (equivalent to NT\$34,234 thousand) by the Board of Directors meeting, and the amount of cash capital reduction has remitted to CHAIN-LOGIC TRADING CORP. in July, 2019. The amount was used to deduct the accumulated amount of investment in Mainland China.

(e) The subsidiary of the Group – CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP. was liquidated and written down in November, 2019. Part of the liquidation amount of US\$300,000 (equivalent to NT\$8,963 thousand) has remitted to Chain-Logic International Corp. by CHAIN-LOGIC TRADING CORP. in January, 2020 and was used to deduct the accumulated amount of investment in Mainland China. The Investment been approved by Commission on MOEA put on record on February 27, 2020.

C. Important transactions:

For the important transactions of the Group with the investees in Mainland China, direct or indirect, for the nine months ended September 30, 2024 (which have been eliminated when preparing the consolidated financial statements), please see the “Information related to the investees” and “Major business dealings and transactions between the parent company and its subsidiaries”.

(4) **Major shareholders information**

Name of major shareholders	Shares	Total Shares Owned	Ownership Percentage
MPI Investment Corporation		8,334,626	8.84%

Note1: The table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of MPI Corporation stocks completed the process of registration and book-entry delivery in dematerialized form on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the Company's consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decision on trust property. Information on insider equity declaration is available on the Market Observation Post System website.

Note3: The principle of this table is based on the list of securities owners at the book closure date announced by the interim shareholders meeting without margin trading-short.

Note4: Ratio of holding shares (%) = total number of shares holding by the shareholder / total number of shares delivered in dematerialized form

Note5: The total number of common stock and preferred stock delivered in dematerialized form (including treasury stock) were 94,231,106 shares = 94,231,106 (common stock) + 0 (preferred stock).

#### **14. Information by department**

(1) General information

The Group primarily engages in manufacturing, processing, maintenance, import/export and trading of semi-conductor production process and testing equipments.

(2) To report the information about department income, assets and liabilities, and basis of measurement and reconciliation

The department income, department assets and department liabilities are consistent with those identified in the financial statements. Please see the balance sheet and comprehensive income statement.

(3) By product and labor service:

The Group engages in a single industry. Its revenue from customers is primarily generated from the sale of semi-conductor production process and testing equipment.