

Actron Technology Corporation and Subsidiaries

Consolidated Financial Statements with Independent Auditors' Review Report For the Three Months Ended March 31, 2024 and 2023

Address: 1F., No. 22, Sec. 2, Nankan Rd., Luzhu Dist.,
Taoyuan City

Tel: (03)3115555

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors and Shareholders of Actron Technology Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Actron Technology Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 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 for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$1,303,491 thousand and NT\$1,140,971 thousand, respectively, representing 8% and 10%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$171,704 thousand and NT\$143,999 thousand, respectively, representing 3% and 2%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2024 and 2023, the amounts of the combined comprehensive income (loss) of these non-significant subsidiaries were NT\$(6,689) thousand and NT\$12,475 thousand, respectively, representing (1)% and 4% of the consolidated total comprehensive income, respectively. In addition, as disclosed in Note 12 to the consolidated financial statements, the total carrying amounts of the investment accounted for using the equity method were NT\$2,988,071 thousand and NT\$2,567,074 thousand as of March 31, 2024 and 2023, respectively. The shares of profit (loss) of associates and joint ventures accounted for using the equity method were NT\$59,754 thousand and NT\$39,613 thousand for the three months ended March 31, 2024 and 2023, respectively. The amounts of the related equity-method investments were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews and the review reports of the other independent auditors, as described in the other matter section of our report, except for the effect on the consolidated financial statements of such adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity-method investees as described in the preceding section been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the three months then ended 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.

Other Matters

We did not review the financial statements of Mosel Vitelic Inc., recognized in subsidiaries and associates in the accompanying consolidated financial statements (please refer to Notes 11 and 12), and its financial statements were reviewed by other independent auditors. Therefore, the amounts with respect to the financial statements of Mosel Vitelic Inc., stated in our conclusion expressed on the consolidated financial statements herein, were solely based on the review reports of the other independent auditors. The total assets of Mosel Vitelic Inc. as of March 31, 2024 accounted for 20% of the consolidated total assets, and its operating revenue for the three months ended March 31, 2024 represented 11% of the consolidated total operating revenues for the same period. The total investment in the said investee accounted for using the equity method was \$1,250,618 thousand, representing 11% of the total consolidated assets as of March 31, 2023. The total comprehensive income recognized for the said associate using the equity method for the three months ended March 31, 2023 was NT\$(14,159) thousand, representing (5)% of the corresponding consolidated total comprehensive income.

Deloitte Taiwan

Partner Meng Chieh Chiu

Partner Ming Hsien Liu

Financial Supervisory Commission Certificate
Jin-Guan-Zheng-Shen-Zi No. 1020025513

Financial Supervisory Commission Certificate
Jin-Guan-Zheng-Shen-Zi No. 1100356048

May 8, 2024

Notice to Readers

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 auditors’ 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 auditors’ report and consolidated financial statements shall prevail.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Actron Technology Corporation and Subsidiaries

Consolidated balance sheets

As of March 31, 2024 and 2023 and December 31, 2023

Unit: NT\$ thousand

Code	Asset	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	Current asset						
1100	Cash and cash equivalents (Note 6)	\$ 2,384,230	15	\$ 1,920,457	13	\$ 832,145	7
1136	Financial assets at amortized cost - current (Note 8 and 31)	320,945	2	966,134	6	91,654	1
1170	Trade receivables (Note 9)	1,095,438	7	1,015,016	7	710,081	6
1200	Other receivables	35,325	-	44,657	-	26,456	-
1220	Current tax assets	6,183	-	4,520	-	-	-
130X	Inventories (Note 10)	1,206,762	8	1,217,420	8	899,747	8
1470	Other current assets (Note 17 and 30)	<u>99,290</u>	<u>1</u>	<u>43,567</u>	<u>-</u>	<u>167,287</u>	<u>2</u>
11XX	Total current assets	<u>5,148,173</u>	<u>33</u>	<u>5,211,771</u>	<u>34</u>	<u>2,727,370</u>	<u>24</u>
	non-current assets						
1517	Financial assets at fair value through other comprehensive income -non-current (Note 7)	1,140,279	7	984,006	7	680,700	6
1535	Financial assets at amortized cost - non-current (Note 8 and 31)	18,412	-	18,412	-	501	-
1550	Investments accounted for using the equity method (Note 12)	2,988,071	19	2,789,250	18	3,817,692	33
1600	Property, Plant and Equipment (Note 13 and 31)	4,298,449	27	4,302,105	28	3,177,314	28
1755	Right-of-use assets (Note 14)	351,982	2	356,323	2	34,617	-
1805	Goodwill (Note 15)	1,137,538	7	1,137,538	7	225,142	2
1821	Other intangible assets (Note 16)	7,417	-	8,426	-	9,894	-
1840	Deferred tax assets (Note 24)	94,515	1	94,515	1	38,681	-
1915	Prepayments for equipment	589,164	4	494,301	3	597,397	5
1990	Other non-current assets (Note 17 and 30)	<u>17,690</u>	<u>-</u>	<u>16,989</u>	<u>-</u>	<u>218,084</u>	<u>2</u>
15XX	Total non-current assets	<u>10,643,517</u>	<u>67</u>	<u>10,201,865</u>	<u>66</u>	<u>8,800,022</u>	<u>76</u>
1XXX	Total assets	<u>\$ 15,791,690</u>	<u>100</u>	<u>\$ 15,413,636</u>	<u>100</u>	<u>\$ 11,527,392</u>	<u>100</u>
Code	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Note 18)	\$ 900,100	6	\$ 1,350,100	9	\$ 2,115,020	18
2150	Notes payable	163	-	163	-	293	-
2170	Trade payables	685,210	4	622,185	4	280,830	2
2180	Trade payables - related parties (Note 30)	84,579	1	89,434	-	82,850	1
2200	Other payables (Note 19)	1,112,489	7	632,299	4	729,689	6
2230	Current tax liabilities (Note 24)	144,947	1	104,535	1	126,294	1
2280	Lease liabilities - current (Note 14)	16,309	-	16,239	-	3,940	-
2305	Guarantee deposits - current	235,869	1	145,487	1	-	-
2320	Current liabilities -current portion (Note 18 and 31)	190,000	1	196,667	1	191,357	2
2399	Other current liabilities	<u>119,147</u>	<u>1</u>	<u>122,544</u>	<u>1</u>	<u>52,687</u>	<u>1</u>
21XX	Total current liabilities	<u>3,488,813</u>	<u>22</u>	<u>3,279,653</u>	<u>21</u>	<u>3,582,960</u>	<u>31</u>
	non-current liabilities						
2530	Corporate bonds payable	765,569	5	762,039	5	-	-
2540	Long-term borrowings (Note 18 and 31)	1,005,000	6	753,333	5	2,191,765	19
2570	Deferred tax liabilities (Note 24)	101,906	1	101,906	1	19,925	-
2580	Lease liabilities - non-current (Note 14)	324,558	2	328,639	2	1,483	-
2640	Defined benefit liabilities - non-current, net	5,306	-	6,585	-	-	-
2645	Guarantee deposits - non-current	<u>40,047</u>	<u>-</u>	<u>147,231</u>	<u>1</u>	<u>22</u>	<u>-</u>
25XX	Total non-current liabilities	<u>2,242,386</u>	<u>14</u>	<u>2,099,733</u>	<u>14</u>	<u>2,213,195</u>	<u>19</u>
2XXX	Total liabilities	<u>5,731,199</u>	<u>36</u>	<u>5,379,386</u>	<u>35</u>	<u>5,796,155</u>	<u>50</u>
	Equity attributable to owners of the parent company (Note 22)						
	Share capital						
3110	Ordinary shares	<u>1,014,475</u>	<u>7</u>	<u>1,014,475</u>	<u>7</u>	<u>914,470</u>	<u>8</u>
3200	Capital surplus	<u>3,330,101</u>	<u>21</u>	<u>3,317,903</u>	<u>22</u>	<u>1,763,117</u>	<u>15</u>
	Retained earnings						
3310	Legal reserve	763,987	5	763,987	5	706,576	6
3350	Undistributed earnings	<u>1,619,241</u>	<u>10</u>	<u>1,901,258</u>	<u>12</u>	<u>1,338,337</u>	<u>12</u>
3300	Total retained earnings	<u>2,383,228</u>	<u>15</u>	<u>2,665,245</u>	<u>17</u>	<u>2,044,913</u>	<u>18</u>
	Other equity						
3410	Exchange difference on translating foreign operations	(15,279)	-	(23,206)	-	(13,151)	-
3420	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	1,432,281	9	1,136,455	7	733,448	6
3490	Estimated employee compensation	(<u>6,023</u>)	<u>-</u>	(<u>7,097</u>)	<u>-</u>	<u>-</u>	<u>-</u>
3400	Total other equity	<u>1,410,979</u>	<u>9</u>	<u>1,106,152</u>	<u>7</u>	<u>720,297</u>	<u>6</u>
31XX	Total equity attributable to owners of the parent company	8,138,783	52	8,103,775	53	5,442,797	47
36XX	Non-controlling interests	<u>1,921,708</u>	<u>12</u>	<u>1,930,475</u>	<u>12</u>	<u>288,440</u>	<u>3</u>
3XXX	Total equity	<u>10,060,491</u>	<u>64</u>	<u>10,034,250</u>	<u>65</u>	<u>5,731,237</u>	<u>50</u>
	Total liabilities and equity	<u>\$ 15,791,690</u>	<u>100</u>	<u>\$ 15,413,636</u>	<u>100</u>	<u>\$ 11,527,392</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 8, 2024)

Chairman: Dang-Liang Yao

Manager: Hsien-Chung Wu

Accountant: Mei-Ying Chiu

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Actron Technology Corporation and Subsidiaries

Consolidated statements of comprehensive income

For the three months ended March 31, 2024 and 2023

Unit: In thousands of New Taiwan Dollars, except that Earnings Per Share are stated in NT\$

Code		For the three months ended March 31, 2024		For the three months ended March 31, 2023	
		Amount	%	Amount	%
4000	Net operating revenue	\$ 1,760,124	100	\$ 1,127,715	100
5000	Operating costs (Note 10, 23 and 30)	(1,299,198)	(74)	(805,950)	(72)
5900	Gross profit	460,926	26	321,765	28
	Operating expenses (Note 23)				
6100	Selling and marketing expenses	(34,003)	(2)	(21,831)	(2)
6200	Administrative expenses	(127,064)	(7)	(72,030)	(6)
6300	Research and Development expenses	(177,591)	(10)	(100,588)	(9)
6000	Total operating expenses	(338,658)	(19)	(194,449)	(17)
6900	Operating income	122,268	7	127,316	11
	Non-operating income and expenses (Note 23)				
7100	Interest income	13,930	1	3,765	-
7010	Other income	8,005	-	7,124	1
7020	Other gains and losses	72,986	4	(7,336)	-
7050	Finance costs	(21,706)	(1)	(21,396)	(2)
7060	Share of profit of investment in associates and joint ventures accounted for using equity method	59,754	3	25,454	2
7000	Total non-operating income and expenses	132,969	7	7,611	1
7900	Profit before tax	255,237	14	134,927	12
7950	Income tax expense (Note 24)	(40,780)	(2)	(17,120)	(2)
8200	Net profit for the period	214,457	12	117,807	10

(to be continued)

(continued)

Code		For the three months ended March 31, 2024		For the three months ended March 31, 2023	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items not reclassified subsequently to profit or loss:				
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	\$ 156,273	9	\$ 54,575	5
8320	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	139,028	8	123,997	11
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translating foreign operations	<u>7,927</u>	<u>-</u>	<u>2,214</u>	<u>-</u>
8300	Other comprehensive income for the period, net of income tax	<u>303,228</u>	<u>17</u>	<u>180,786</u>	<u>16</u>
8500	Total comprehensive income for the period	<u>\$ 517,685</u>	<u>29</u>	<u>\$ 298,593</u>	<u>26</u>
	Net profit attributable to:				
8610	Owners of the parent company	\$ 225,220	13	\$ 113,967	10
8620	Non-controlling interests	(<u>10,763</u>)	(<u>1</u>)	<u>3,840</u>	<u>-</u>
8600		<u>\$ 214,457</u>	<u>12</u>	<u>\$ 117,807</u>	<u>10</u>
	Total comprehensive income (loss) attributable to:				
8710	Owners of the parent company	\$ 528,973	30	\$ 294,753	26
8720	Non-controlling interests	(<u>11,288</u>)	(<u>1</u>)	<u>3,840</u>	<u>-</u>
8700		<u>\$ 517,685</u>	<u>29</u>	<u>\$ 298,593</u>	<u>26</u>
	Earnings per share (Note 25)				
9710	Basic	<u>\$ 2.22</u>		<u>\$ 1.25</u>	
9810	Diluted	<u>\$ 2.14</u>		<u>\$ 1.23</u>	

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

(With Deloitte & Touche review report dated May 8, 2024)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Actron Technology Corporation and Subsidiaries

Consolidated statements of changes in equity

For the three months ended March 31, 2024 and 2023

Unit: NT\$ thousand

		Equity attributable to owners of the parent company								
		Retained earnings				Other equity				
						Exchange difference on translating foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	Estimated employee compensation	Non-controlling interests	Total equity
Code		Ordinary shares	Capital surplus	Legal reserve	Undistributed earnings					
A1	Balance on January 1, 2023	\$ 914,470	\$ 1,747,491	\$ 706,576	\$ 1,590,158	(\$ 15,365)	\$ 554,876	\$ -	\$ 284,600	\$ 5,782,806
B5	Appropriation of 2022 earnings Cash dividend	-	-	-	(365,788)	-	-	-	-	(365,788)
N1	Share-based payment transactions	-	15,626	-	-	-	-	-	-	15,626
D1	Net profit for the three months ended March 31, 2023	-	-	-	113,967	-	-	-	3,840	117,807
D3	Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	2,214	178,572	-	-	180,786
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	113,967	2,214	178,572	-	3,840	298,593
Z1	Balance on March 31, 2023	<u>\$ 914,470</u>	<u>\$ 1,763,117</u>	<u>\$ 706,576</u>	<u>\$ 1,338,337</u>	(<u>\$ 13,151</u>)	<u>\$ 733,448</u>	<u>\$ -</u>	<u>\$ 288,440</u>	<u>\$ 5,731,237</u>
A1	Balance on January 1, 2024	\$ 1,014,475	\$ 3,317,903	\$ 763,987	\$ 1,901,258	(\$ 23,206)	\$ 1,136,455	(\$ 7,097)	\$ 1,930,475	\$ 10,034,250
B5	Appropriation of 2023 earnings Cash dividend	-	-	-	(507,237)	-	-	-	-	(507,237)
N1	Share-based payment transactions	-	12,198	-	-	-	-	1,074	2,521	15,793
D1	Net profit for the three months ended March 31, 2024	-	-	-	225,220	-	-	-	(10,763)	214,457
D3	Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	7,927	295,826	-	(525)	303,228
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	225,220	7,927	295,826	-	(11,288)	517,685
Z1	Balance on March 31, 2024	<u>\$ 1,014,475</u>	<u>\$ 3,330,101</u>	<u>\$ 763,987</u>	<u>\$ 1,619,241</u>	(<u>\$ 15,279</u>)	<u>\$ 1,432,281</u>	(<u>\$ 6,023</u>)	<u>\$ 1,921,708</u>	<u>\$ 10,060,491</u>

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

(With Deloitte & Touche review report dated May 8, 2024)

Chairman: Dang-Liang Yao

Manager: Hsien-Chung Wu

Accountant: Mei-Ying Chiu

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

Actron Technology Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

Unit: NT\$ thousand

Code		For the three months ended March 31, 2024	For the three months ended March 31, 2023
	Cash flows from operating activities		
A00010	Profit before tax	\$ 255,237	\$ 134,927
A20010	Adjustments for:		
A20100	Depreciation expenses	131,605	89,374
A20200	Amortization expenses	1,407	1,956
A20300	Gain on reversal of expected credit impairment loss	(97)	-
A20900	Finance costs	21,706	21,396
A21200	Interest income	(13,930)	(3,765)
A21300	Dividend income	(7,000)	(6,400)
A21900	Compensation cost related to share-based payment	15,793	15,626
A22300	Share of profit of investment in associates and joint ventures accounted for using equity method	(59,754)	(25,454)
A22500	Gain on disposal of property, plant and equipment	(2,441)	(870)
A23700	Impairment loss and obsolescence on inventory (gain from price recovery)	3,397	(10,802)
A24100	Net gain (loss) on foreign currency exchange	(10,483)	(6,031)
A30000	Net changes in operating assets and liabilities		
A31150	Trade receivables	(47,411)	127,028
A31180	Other receivables	6,856	1,198
A31200	Inventory	7,261	(88,897)
A31240	Other current assets	(55,723)	(866)
A31990	Other non-current assets	(2,378)	81
A32130	Notes payable	-	26
A32150	Trade payables	48,536	(28,614)
A32160	Trade payables to related parties	(11,446)	(77,557)
A32180	Other payables	14,859	(8,527)
A32230	Other current liabilities	(3,397)	14,885
A32240	Net defined benefit liabilities	(1,279)	-
A33000	Net cash generated from operating activities	291,318	148,714
A33100	Interest received	16,406	3,571
A33200	Dividend received	7,000	53,324

(to be continued)

(continued)

Code		For the three months ended March 31, 2024	For the three months ended March 31, 2023
A33300	Interest paid	(\$ 18,038)	(\$ 19,872)
A33500	Income tax paid	(2,031)	(503)
AAAA	Net cash inflows from operating activities	<u>294,655</u>	<u>185,234</u>
	Cash flows from investing activities		
B00040	Purchases of financial assets at amortized cost	-	(34,308)
B00050	Disposal of financial assets at amortized cost	645,189	-
B01800	Acquisition of investments accounted for using the equity method	-	(1,491,750)
B02700	Purchases of property, plant and equipment	(105,294)	(28,471)
B02800	Proceeds from disposal of property, plant and equipment	2,441	870
B03800	Decrease in refundable deposits	326	24,290
B04500	Purchases of intangible assets	(398)	(371)
B07100	Increase in prepayments for equipment	(149,243)	(33,181)
BBBB	Net cash inflows (outflows) from investing activities	<u>393,021</u>	(<u>1,562,921</u>)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	-	415,010
C00200	Decrease in short-term borrowings	(450,000)	-
C01600	Proceeds from long-term borrowings	350,000	1,600,000
C01700	Repayments of long-term borrowings	(105,000)	(588,389)
C03000	Increase in guarantee deposits	-	22
C03100	Decrease in guarantee deposits received	(16,802)	-
C04020	Repayments of the principal portion of lease liabilities	(4,036)	(1,687)
CCCC	Net cash inflows (outflows) from financing activities	(<u>225,838</u>)	<u>1,424,956</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>1,935</u>	<u>433</u>
EEEE	Net increase in cash and cash equivalents for the period	463,773	47,702
E00100	Cash and cash equivalents at the beginning of the period	<u>1,920,457</u>	<u>784,443</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 2,384,230</u>	<u>\$ 832,145</u>

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

(With Deloitte & Touche review report dated May 8, 2024)

Chairman: Dang-Liang Yao Manager: Hsien-Chung Wu Accountant: Mei-Ying Chiu

Actron Technology Corporation and Subsidiaries
Notes to consolidated financial statements
For the three months ended March 31, 2024 and 2023
(Unless otherwise stated, in thousands of New Taiwan Dollars)

1. History

Actron Technology Corporation (the "Company") was established in November, 1998 in accordance with the Company Act of the Republic of China. The Company's main businesses are (1) manufacture of power generation, transmission and distribution machinery; (2) wholesale of electronic materials; (3) retail sale of electronic materials; (4) manufacture export; (5) international trade; (6) manufacture of electronic components.

The Company's shares have been listed on the Taipei Exchange since April, 2006.

The consolidated financial statements of the Company and its subsidiaries, hereto forth collectively referred to as the Group, are presented in the Company's functional currency, the New Taiwan Dollar.

2. Date and procedures for approval of financial statements

These consolidated financial statements were approved by the board of directors on May 8, 2024.

3. Application of new, amended and revised standards and interpretations

- (1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

- (2) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	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
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied for annual reporting periods beginning on or after January 1, 2025. At the date of initial application of the amendments, the Company shall not restate comparative information. Instead, it shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or to the cumulative amount of translation differences of foreign financial statements under equity (whichever appropriate) and to the affected assets and liabilities.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements", and major changes to the said standard include:

- All items of income and expense in the statement of profit or loss shall be classified in one of five categories: operating, investing, financing, income taxes and discontinued operations.
- The Company has to present subtotals and totals in the statement of profit or loss for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Introduction of requirements to improve aggregation and disaggregation: The Company is required to identify assets, liabilities, equity, income and expenses that arise from individual transactions or other events, and to

classify them into groups based on shared characteristics, resulting in line items in the primary financial statements that share at least one characteristic. These groups are then separated based on further dissimilar characteristics in the primary financial statements and the notes. The Company uses the label 'other' only when unable to find a more informative label.

- Introduction of disclosures about Management-defined Performance Measures (MPMs): In public communications outside financial statements and communications to users of financial statements regarding management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose about its MPMs in a single note to the financial statements, and the note shall include a description of the MPM, a description of how the MPM is calculated, a reconciliation between the MPM and the total or subtotal required by IFRS Accounting Standards, including the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation, etc. for each MPM.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies

(1) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements by IFRS Accounting Standards.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs, are described as follows:

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

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the “subsidiaries”). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as

equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 11, Table 5 and Table 6 for detailed information on subsidiaries, percentage of ownership and main business activity.

(4) Other significant accounting policies

Except for the followings, please refer to the consolidated financial statements for the year ended December 31, 2023 for the summary of significant accounting policies.

1. Classification of current and non-current assets and liabilities

Current assets include:

- (1) Assets held primarily for the purpose of trading;
- (2) Assets expected to be realized within 12 months after the reporting date; and
- (3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current liabilities includes:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities due to be settled within 12 months after the reporting date, and
- (3) Liabilities the Company on the balance sheet date does not have in substance the right to defer settlement thereof for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

2. Defined benefit post-retirement benefit

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. Critical accounting judgments and key sources of estimation uncertainty

Please refer to the consolidated financial statements for the year ended December 31, 2023 for the critical accounting judgments and key sources of estimation uncertainty.

6. Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 605	\$ 637	\$ 710
Checking accounts and demand deposits	1,009,299	947,525	676,140
Cash equivalents			
Bonds sold under repurchase agreement	240,502	475,734	91,350
Time deposits with original maturity within three months	<u>1,133,824</u>	<u>496,561</u>	<u>63,945</u>
	<u>\$ 2,384,230</u>	<u>\$ 1,920,457</u>	<u>\$ 832,145</u>

7. Financial assets at fair value through other comprehensive income -non-current

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic investments	\$ 726,750	\$ 699,354	\$ 556,929
Foreign investments	<u>413,529</u>	<u>284,652</u>	<u>123,771</u>
	<u>\$ 1,140,279</u>	<u>\$ 984,006</u>	<u>\$ 680,700</u>

The above investments are held for medium to long-term strategic purposes and expected to generate return over the long run. Accordingly, the management elected to designate these investments as at financial assets at fair value through other comprehensive income as it believes that recognizing the

short-term fluctuations of fair value in profit or loss would not be consistent with the Group's long-term investment strategy.

8. Financial assets at amortized cost

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Time deposits with original maturity over three months and restrictions on use	\$ 320,945	\$ 953,884	\$ 77,404
Pledged time deposits	<u>-</u>	<u>12,250</u>	<u>14,250</u>
	<u>\$ 320,945</u>	<u>\$ 966,134</u>	<u>\$ 91,654</u>
<u>Non-current</u>			
Pledged time deposits	<u>\$ 18,412</u>	<u>\$ 18,412</u>	<u>\$ 501</u>

Please refer to Note 31 for information related to investments in financial assets at amortized cost pledged as securities.

9. Trade receivables

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,018,626	\$ 954,767	\$ 667,370
Less: Allowance for impairment loss	(<u>2,168</u>)	(<u>2,265</u>)	(<u>2,083</u>)
	1,016,458	952,502	665,287
At fair value through profit or loss	<u>78,980</u>	<u>62,514</u>	<u>44,794</u>
	<u>\$ 1,095,438</u>	<u>\$ 1,015,016</u>	<u>\$ 710,081</u>

1. Trade receivables at amortized cost

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The lifetime expected credit losses are estimated by reference to the past default history of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the overall

economic condition and industry outlook. As of March 31, 2024, and December 31 and March 31, 2023, the expected credit loss rates on trade receivables were both 0.01%~100%.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, such as liquidation of the debtor; for trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The aging of trade receivables was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Not past due	\$ 1,002,961	\$ 910,433	\$ 639,550
Past due within 30 days	7,525	3,155	142
Past due 31 to 60 days	7,087	38,061	27,651
Past due 61 to 90 days	781	726	-
Past due 91 to 120 days	-	1,929	27
Past due 121 to 150 days	-	-	-
Past due 151 to 180 days	272	235	-
Past due over 181 days	-	228	-
Total	<u>\$ 1,018,626</u>	<u>\$ 954,767</u>	<u>\$ 667,370</u>

The aging of trade receivables above was based on number of past due days.

The movements of the loss allowance of trade receivables were as follows:

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Beginning balance	\$ 2,265	\$ 2,083
Less: Reversal of impairment loss for the period	(97)	-
Ending balance	<u>\$ 2,168</u>	<u>\$ 2,083</u>

2. Trade receivables at fair value through profit or loss

The Group will sell its trade receivables at fair value through profit or loss to banks without recourse, and the risk and return associated to these trade receivables are mostly transferred to banks upon the sale resulting in the derecognition of these trade receivables from the

balance sheet. The objective of the Group's business model is not to hold these trade receivables to collect the contractual cash flows or achieve objective by both collecting contractual cash flows and selling financial assets, so these trade receivables are measured at fair value.

10. Inventory

	March 31, 2024	December 31, 2023	March 31, 2023
Finished good	\$ 332,696	\$ 419,173	\$ 326,176
Work in progress	283,602	263,082	190,086
Raw materials	590,464	535,165	383,485
	<u>\$ 1,206,762</u>	<u>\$ 1,217,420</u>	<u>\$ 899,747</u>

The costs of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 were NT\$1,299,198 thousand and NT\$805,950 thousand, respectively. The losses for market price decline and obsolescence (gains from price recovery) on inventories included in the cost of goods sold for the three months ended March 31, 2024 and 2023 were NT\$3,397 thousand and NT\$(10,802) thousand, respectively.

11. Subsidiaries

(1) Subsidiaries included in consolidated financial statements

The entities included in these consolidated financial statements are as follows:

Investor	Subsidiary	Main business activity	% of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Ding-Wei Technology Co., Ltd.	Manufacture of electronic components and motor parts	100%	100%	100%	1
The Company	Smooth International Limited Corporation	Investment	100%	100%	100%	1
Smooth International Limited Corporation	Smooth Autocomponent Limited	Investment	100%	100%	100%	1

(to be continued)

(continued)

Investor	Subsidiary	Main business activity	% of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Smooth Autocomponent Limited	Smooth Autocomponent Limited	Manufacture of motor parts	100%	100%	100%	1
The Company	Rec Technology Corporation	Manufacture of motor parts	49%	49%	49%	1, 2
The Company	Bigbest Solutions, Inc.	Manufacture of motors	28%	28%	28%	1, 2
The Company	Mosel Vitelic Inc.	Semiconductors	29%	29%	-	3, 4, 5
Mosel Vitelic Inc.	Giant Haven Investments Ltd. (B.V.I)	Holding company	100%	100%	-	4
Mosel Vitelic Inc.	Mou Fu Investment Consultant Ltd.	Leasing, manpower dispatch and various services	100%	100%	-	4
Mosel Vitelic Inc.	Bou-Der Investment, Ltd.	Investment	47%	47%	-	4, 6
Mosel Vitelic Inc.	DenMOS Technology Inc.	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	80%	80%	-	1
Mou Fu Investment Consultant Ltd.	Bou-Der Investment, Ltd.	Investment	50%	50%	-	4, 6
Mou Fu Investment Consultant Ltd.	DenMOS Technology Inc.	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	4%	4%	-	1

Note 1: This is a non-significant subsidiary, of which the financial statements for the three months ended March 31, 2024 and 2023 were not reviewed by independent accountants.

Note 2: The Group is the single shareholder holding the largest portion of equity and had the ability to direct the relevant activities by directing and monitoring investee's strategies on finance, operation and human resources. Thus, the investee is deemed as a subsidiary of the Company.

Note 3: The Group acquired de facto control over the said company on June 2, 2023 and had the ability to direct the relevant activities by directing and monitoring investee's strategies on finance, operation and human resources. Thus, the investee is deemed as a subsidiary of the Company.

Note 4: The Group's independent auditors did not review the financial statements, which were reviewed by other independent directors.

Note 5: The investee is a subsidiary with a material non-controlling interest.

Note 6: The consolidated company's total consolidated shareholding in the company amounts to 97%, so it is classified as a subsidiary. The subsidiary Bou-Der Investment, Ltd. obtained a dissolution approval registration letter from the competent authority on November 23, 2023, and is currently undergoing liquidation procedures.

- (2) Subsidiaries not included in consolidated financial statements: None.
- (3) Information on subsidiaries with a material non-controlling interest.

Company Name	Main business activity	Main business location	% of Ownership and Voting Rights Held by Non-controlling Interests		
			March 31, 2024	December 31, 2023	March 31, 2023
Mosel Vitelic Inc.	Semiconductors	Hsinchu City	71%	71%	-

Please refer to Table 5 for information of main business location and countries of incorporation.

12. Investments accounted for using the equity method

	March 31, 2024	December 31, 2023	March 31, 2023
Investments in Associates	\$ 1,474,387	\$ 1,440,318	\$ 2,758,520
Investments in Joint Ventures	<u>1,513,684</u>	<u>1,348,932</u>	<u>1,059,172</u>
	<u>\$ 2,988,071</u>	<u>\$ 2,789,250</u>	<u>\$ 3,817,692</u>

(1) Investments in Associates

Material Associates

Company Name	Main business activity	Main business location	% of Ownership and Voting Rights		
			March 31, 2024	December 31, 2023	March 31, 2023
Mosel Vitelic Inc.	Semiconductors	Hsinchu City	-	-	30%
Excelliance MOS Corporation	Semiconductors	Hsinchu City	29%	29%	29%

Considering its long-term operational development, the Group has increased its involvement in the supply chain by acquiring 19,000 thousand ordinary shares of Mosel Vitelic Inc. on November 28, 2022. On June 2, 2023, the Group had the de facto ability to direct the company's activities related to finance, business, and human resources by directing and monitoring its relevant strategies. Thus, Mosel Vitelic Inc. has been recognized as a subsidiary in the consolidated financial statements instead of an associate since June 2023. Please refer to Note 11 herein and Note 27 to the

consolidated financial statements for the year ended December 31, 2023. In addition, the Group's board of directors' meeting on January 11, 2023, approved the subscription to the ordinary shares to be issued for the cash capital increase through the private placement of Excelliance MOS Corporation, and the Company obtained 15,000 thousand ordinary shares of Excelliance MOS Corporation.

The Level 1 fair value of associate with open market price is as follow:

Company Name	March 31, 2024	December 31, 2023	March 31, 2023
Mosel Vitelic Inc.	\$ -	\$ -	\$ 2,219,574
Excelliance MOS Corporation	\$ 1,687,500	\$ 1,980,000	\$ 1,972,500

Both Excelliance MOS Corporation and Mosel Vitelic Inc. are listed companies in Taiwan. Their relevant financial information can be found on the Market Observation Post System, so their aggregate financial information is not disclosed.

(2) Investments in Joint Ventures

Material Joint Ventures

Company Name	Main business activity	Main business location
Hong Wang Investment Co., Ltd.	Investment	New Taipei City

	March 31, 2024	December 31, 2023	March 31, 2023
% of Ownership	30%	30%	30%
% of Voting Rights	37%	37%	37%

The share of profit (loss) and other comprehensive income of associates and joint ventures accounted for using the equity method were calculated based on the joint venture's unreviewed financial statements. However, the Group's management believes the unreviewed financial statements will not have any material influence.

13. Property, plant and equipment

	Freehold Land	Building	Machinery Equipment	Transportation Equipment	Other Equipment	Property under construction	Total
<u>Cost</u>							
Balance on January 1, 2023	\$ 405,764	\$ 1,606,094	\$ 2,233,094	\$ 7,764	\$ 545,705	\$ 827,584	\$ 5,626,005
Additions	-	1,070	34,370	-	7,488	8,243	51,171
Disposals	-	(12,786)	(18,485)	-	(2,650)	-	(33,921)
Net exchange differences	-	1,167	652	2	530	-	2,351
Balance on March 31, 2023	<u>\$ 405,764</u>	<u>\$ 1,595,545</u>	<u>\$ 2,249,631</u>	<u>\$ 7,766</u>	<u>\$ 551,073</u>	<u>\$ 835,827</u>	<u>\$ 5,645,606</u>
<u>Accumulated depreciation</u>							
Balance on January 1, 2023	\$ -	\$ 714,892	\$ 1,336,743	\$ 3,324	\$ 358,977	\$ -	\$ 2,413,936
Disposals	-	(12,786)	(18,485)	-	(2,650)	-	(33,921)
Depreciation expenses	-	16,451	56,336	253	14,515	-	87,555
Net exchange differences	-	78	428	2	214	-	722
Balance on March 31, 2023	<u>\$ -</u>	<u>\$ 718,635</u>	<u>\$ 1,375,022</u>	<u>\$ 3,579</u>	<u>\$ 371,056</u>	<u>\$ -</u>	<u>\$ 2,468,292</u>
Net balance on March 31, 2023	<u>\$ 405,764</u>	<u>\$ 876,910</u>	<u>\$ 874,609</u>	<u>\$ 4,187</u>	<u>\$ 180,017</u>	<u>\$ 835,827</u>	<u>\$ 3,177,314</u>
<u>Cost</u>							
Balance on January 1, 2024	\$ 430,240	\$ 5,775,634	\$ 17,361,784	\$ 9,033	\$ 721,548	\$ 5,670	\$ 24,303,909
Additions	-	9,345	69,518	1,200	9,367	28,200	117,630
Disposals	-	-	(471,529)	-	(8,695)	-	(480,224)
Reclassifications	-	2,550	-	-	-	(2,550)	-
Net exchange differences	-	4,112	2,299	7	1,910	-	8,328
Balance on March 31, 2024	<u>\$ 430,240</u>	<u>\$ 5,791,641</u>	<u>\$ 16,962,072</u>	<u>\$ 10,240</u>	<u>\$ 724,130</u>	<u>\$ 31,320</u>	<u>\$ 23,949,643</u>
<u>Accumulated depreciation</u>							
Balance on January 1, 2024	\$ 24,476	\$ 3,639,187	\$ 15,795,821	\$ 3,267	\$ 539,053	\$ -	\$ 20,001,804
Disposals	-	-	(471,529)	-	(8,695)	-	(480,224)
Depreciation expenses	-	31,645	82,580	300	12,192	-	126,717
Net exchange differences	-	363	1,632	6	896	-	2,897
Balance on March 31, 2024	<u>\$ 24,476</u>	<u>\$ 3,671,195</u>	<u>\$ 15,408,504</u>	<u>\$ 3,573</u>	<u>\$ 543,446</u>	<u>\$ -</u>	<u>\$ 19,651,194</u>
Net balance on March 31, 2024	<u>\$ 405,764</u>	<u>\$ 2,120,446</u>	<u>\$ 1,553,568</u>	<u>\$ 6,667</u>	<u>\$ 180,684</u>	<u>\$ 31,320</u>	<u>\$ 4,298,449</u>

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plants	36~56 years
Mechanical and electrical equipment and engineering systems	2~56 years
Machinery Equipment	2~20 years
Transportation Equipment	4~6 years
Other Equipment	2~21 years

Please refer to Note 31 for information related to the property, plant and equipment pledged as security.

14. Lease arrangements

(1) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying Amount			
Land	\$ 321,400	\$ 323,774	\$ 29,364
Building	27,466	29,137	4,470
Transportation Equipment	1,042	1,213	783
Information equipment	2,074	2,199	-
	<u>\$ 351,982</u>	<u>\$ 356,323</u>	<u>\$ 34,617</u>

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Additions to right-of-use assets	\$ -	\$ -
Depreciation expenses for right-of-use assets		
Land	\$ 2,901	\$ 165
Building	1,671	1,503
Transportation Equipment	193	151
Information equipment	123	-
	<u>\$ 4,888</u>	<u>\$ 1,819</u>

Except for the additions and depreciation expenses listed above, there was no major sublease or impairment of the Group's right-of-use assets for the three months ended March 31, 2024 and 2023.

(2) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying Amount			
Current	<u>\$ 16,309</u>	<u>\$ 16,239</u>	<u>\$ 3,940</u>
Non-current	<u>\$ 324,558</u>	<u>\$ 328,639</u>	<u>\$ 1,483</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	2.53%	2.53%	-
Building	1.51%-4.35%	1.51%-4.35%	1.51%-4.35%
Transportation Equipment	0.85%-1.88%	0.85%-1.88%	0.85%-1.81%
Other Equipment	2.53%	2.53%	-

(3) Other lease information

	For the three months ended March 31, 2024	For the three months ended March 31, 2024
Expenses relating to short-term leases	<u>\$ 1,891</u>	<u>\$ 2,462</u>
Expenses relating to low-value asset leases	<u>\$ 85</u>	<u>\$ 46</u>
Total cash (outflow) for leases	<u>(\$ 8,149)</u>	<u>(\$ 2,508)</u>

15. Goodwill

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Cost</u>			
Beginning balance	\$ 1,421,174	\$ 283,636	\$ 283,636
Acquisition in a business combination	-	1,137,538	-
	<u>\$ 1,421,174</u>	<u>\$ 1,421,174</u>	<u>\$ 283,636</u>
<u>Accumulated impairment</u>			
Beginning balance	\$ 283,636	\$ 58,494	\$ 58,494
Recognition in the period	-	225,142	-
Ending balance	<u>\$ 283,636</u>	<u>\$ 283,636</u>	<u>\$ 58,494</u>
Net at the end of the period	<u>\$ 1,137,538</u>	<u>\$ 1,137,538</u>	<u>\$ 225,142</u>

An assessment on the recoverable amount of goodwill was carried out by the Group in 2023, and the impairment losses on goodwill as regards Biggest Solutions, Inc. and Ding-Wei Technology Co., Ltd. were NT\$88,783 thousand and NT\$136,359 thousand, respectively. The recoverable amounts for Biggest Solutions, Inc. and Ding-Wei Technology Co., Ltd. are based on the value in use. The impairment of Biggest Solutions, Inc. mainly arose from the unideal profitability of some products, resulting in the recoverable amount falling below the carrying amount. The products of Ding-Wei Technology Co., Ltd. are gasoline-vehicle-specific. As the market demand for gasoline vehicles in the future is expected to decline, the cash inflow in the future is estimated to fall, resulting in the recoverable amount falling below the carrying amount.

16. Other intangible assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of each category			
Software	\$ 7,417	\$ 8,426	\$ 9,894

Except for amortization expenses recognized, there was no major addition, disposal or impairment of the Group's other intangible assets for the three months ended March 31, 2024 and 2023. The intangible assets with limited useful lives above are amortized on a straight-line basis over 1~6 years.

17. Other assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Overpaid sales tax	\$ 26,764	\$ 9,609	\$ 58,893
Refundable deposits	-	-	53,551
Prepayments	70,190	33,793	50,008
Others	2,336	165	4,835
	<u>\$ 99,290</u>	<u>\$ 43,567</u>	<u>\$ 167,287</u>
<u>Non-current</u>			
Refundable deposits	\$ 15,312	\$ 16,989	\$ 39,661
Prepayments for investments	2,378	-	171,385
Net defined benefit assets	-	-	7,038
Long-term accounts receivable	397,055	397,055	-
Long-term advance payment	58,418	58,418	-
Less: Allowance for impairment loss	(455,473)	(455,473)	-
	<u>\$ 17,690</u>	<u>\$ 16,989</u>	<u>\$ 218,084</u>

With regard to the polycrystalline silicon wafer purchase and sale contracts “Original Contract” and “Supplementary Agreement” between the subsidiary Mosel Vitelic Inc. (referred to as “Mosel Vitelic”) and Jiangxi LDK Solar

High-Tech Co., Ltd. (referred to as "LDK"), since both parties failed to reach a consensus on the unit price of polycrystalline silicon wafers, according to the terms and conditions of the "Original Contract", Mosel Vitelic informed LDK that the Contract shall be terminated automatically on April 1, 2010 and requested LDK to return the prepayment of US\$28,611 thousand (under long-term accounts receivable). With regard to the dispute over the "Original Contract" and "Supplementary Agreement", LDK filed an arbitration proceeding with the Hong Kong International Arbitration Centre. The arbitration court was established on May 27, 2011 and made a verdict with the issuance of a final decision on June 11, 2013. For the claim filed by Mosel Vitelic against LDK and the claim filed by LDK against the Company, each party received one favorable judgment and one unfavorable judgment respectively. According to the result of the arbitration, Mosel Vitelic had not breached the "Original Contract" for the unpurchased remaining quantity; however, Mosel Vitelic should indemnify the loss for the remaining unpurchased quantity according to the "Supplementary Agreement", pay the default fine for not providing IC wafer recovery material according to the "Original Contract" and return the material recovery amount previously paid by LDK. The total amount of these three items was US\$13,532 thousand, recognized under the other losses by Mosel Vitelic. In addition, regarding the payable amount of US\$2,836 thousand to LDK originally credited under accounts payable and the aforementioned total amount of the three items of US\$13,532 thousand of Mosel Vitelic, after offsetting with the long-term accounts receivable of US\$28,611 thousand of Mosel Vitelic from LDK, the prepayment required to be returned by LDK to Mosel Vitelic was US\$12,243 thousand. Accordingly, for this case, Mosel Vitelic has retained an attorney to file a petition for compulsory execution with the Intermediate People's Court of Xinyu Municipality, Jiangxi Province, the People's Republic of China, and the Court has accepted the case and informed LDK to fulfill the obligation specified in the final decision. On December 18, 2017, LDK' reorganizer informed Mosel Vitelic to receive the credit amount of RMB 2,093 thousand. Mosel Vitelic may choose to receive

payment in installments or in the form of shares. Based on the consideration of the timing and possibility of recovering such an amount and the operational status of LDK, Mosel Vitelic chose the payment in the form of shares for LDK's debt. However, until now, Mosel Vitelic has not received any further notice from LDK, and LDK still refuses to assist Mosel Vitelic in understanding relevant matters, such that Mosel Vitelic has not yet received the debt repayment from LDK. In addition to the legal action taken in China, Mosel Vitelic has also filed compulsory execution proceedings on the assets of LDK or creditor's right in order to protect its interest. In addition, the case has been recognized by the first instance of the court in Taiwan. Although the second instance of the court reversed the judgment of the first instance of the court, the third instance of the court also reversed the judgment of the second instance of the court. Presently, the appeal of the judgment of the first instance of the court is under review by the high court in Taiwan.

After evaluating and considering the possibility of recovering the long-term accounts receivable of NT\$397,055, Mosel Vitelic impaired such an account in full in 2017.

Mosel Vitelic also made a long-term advance payment of NT\$58,418 thousand to Company S and recognized a loss of NT\$58,418 thousand (refer to Note 32(2)).

18. Borrowings

(1) Short-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 900,100</u>	<u>\$ 1,350,100</u>	<u>\$ 2,115,020</u>

The interest rate ranges for the revolving bank loans as of March 31, 2024, December 31, 2023 and March 31, 2023 were 1.61%~2.00%, 1.61%~2.00% and 1.25%~2%, respectively.

(2) Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u>			
Bank loans (Note 31)	\$ -	\$ -	\$ 150,000
<u>Unsecured borrowings</u>			
Bank loans	1,195,000	950,000	2,232,353
Other borrowings	-	-	769
	<u>1,195,000</u>	<u>950,000</u>	<u>2,233,122</u>
Less: portion with maturity less than 1 year	(190,000)	(196,667)	(191,357)
Long-term borrowings	<u>\$ 1,005,000</u>	<u>\$ 753,333</u>	<u>\$ 2,191,765</u>
Range of interest rates	1.60% ~ 1.70%	1.60% ~ 1.76%	1.25% ~ 10%

1. The bank loans were secured by the Group's freehold land and buildings, please refer to Note 31 for the details. The use of fund is to replenish mid-to-long-term operating capital.
2. The Group signed an asset sale-leaseback financing agreement amounting to RMB 7,500 thousand with Hua Nan International Leasing Co., Ltd. in June 2019. After the agreed four-year lease term expired (in June 2023), the ownership of the assets was returned unconditionally. The implicit interest rate imputed by the Group based on the contract price was 10%.

19. Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Payables for salaries and bonuses	\$ 108,803	\$ 155,836	\$ 214,931
Payables for equipment	42,342	84,386	17,317
Payables for annual leaves	35,091	36,017	18,426
Employees' compensation and directors' remuneration	148,503	104,199	22,363
Dividends payable	507,237	-	365,788
Others	<u>270,513</u>	<u>251,861</u>	<u>90,864</u>
	<u>\$ 1,112,489</u>	<u>\$ 632,299</u>	<u>\$ 729,689</u>

20. Corporate bonds payable

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic unsecured convertible corporate bonds	\$ 799,900	\$ 799,900	\$ -
Less: Discounts on corporate bonds	(34,331)	(37,861)	-
	<u>\$ 765,569</u>	<u>\$ 762,039</u>	<u>\$ -</u>

Domestic unsecured convertible corporate bonds

On August 9, 2023, the Company issued 8 thousand NTD-denominated unsecured convertible corporate bonds with a face value of NT\$100 thousand

each and an interest rate of 0% at 100.5% of the face value. The principal totaled NT\$800,000 thousand. The issuance period is three years, starting on August 9, 2023 and ending on August 9, 2026. Yuanta Commercial Bank Co., Ltd. is the trustee of the bondholders of the convertible corporate bonds.

Unless the bondholders of the convertible corporate bonds apply for conversion to the ordinary shares of the Company or the Company repurchases the convertible corporate bonds from securities firms for cancellation, the Company will repay the convertible corporate bonds in cash on a lump sum basis within ten days after the maturity date thereof.

From the day following the expiration of three months after the date of issue of the convertible corporate bonds (November 10, 2023) to the maturity date (August 9, 2026), the bondholders may request the Company to convert the convertible corporate bonds to the ordinary shares at any time except (1) when the transfer of ordinary shares is suspended in accordance with the law; (2) during the period from 15th business day prior to the book closure date for stock grants, the book closure date for cash dividends, or the book closure date for cash capital increase subscription to the rights distribution record date; (3) from the record date for capital reduction to the day prior to the start date of the trading of new shares issued to replace old shares for the capital reduction; (4) from the start date of the cessation of conversion for the change of the face value of shares to the day prior to the start date of the trading of newly-issued shares.

August 1, 2023 was fixed as the base date for setting the conversion price of the convertible corporate bonds. The simple arithmetic mean of the closing prices of the Company's ordinary shares for either the business day, three business days, or five business days prior to the base date (excluded) is used as the base price. The base price is then multiplied by the conversion premium rate of 115.7% to calculate the conversion price (calculated and rounded up to the nearest NT\$0.1). If the ex-right date or ex-dividend date is before the base date, the sample closing prices used to calculate the conversion price shall be imputed as the post-ex-right or post-ex-dividend prices; if the ex-right date or

ex-dividend date falls within the period from the day the conversion is determined to the actual issue date, the conversion price shall be adjusted according to the conversion price adjustment formula. Based on the above methods, the conversion price of the convertible corporate bonds was set at NT\$210 per share at issue.

Due to the issuance of ordinary shares for a cash capital increase, the conversion price shall be adjusted in accordance with the Regulations Governing the Initial Issuance and Conversion of Domestic Unsecured Convertible Corporate Bonds. As a result, the price for the initial conversion of the domestic unsecured convertible corporate bonds was adjusted from NT\$210 to NT\$208 on September 25, 2023.

The convertible corporate bonds include liability and equity components. The equity components are stated as capital reserves - stock warrants in equity. The effective interest rate initially recognized for the liability components was 1.8659%.

Issue proceeds (less the transaction cost and the adjustments related to income tax effects)	\$ 800,740
Equity components (less the transaction cost allocated to equity and the adjustments related to income tax effects)	(43,937)
Deferred tax assets	<u>36</u>
Liability components on the issue date (less the transaction cost allocated to liabilities)	756,839
Interest is calculated at the effective interest rate of 1.8659%	5,296
Conversion of corporate bonds payable into ordinary shares	(<u>96</u>)
Liability components as of December 31, 2023	762,039
Interest is calculated at the effective interest rate of 1.8659%	<u>3,530</u>
Liability components as of March 31, 2024	<u>\$ 765,569</u>

21. Retirement benefit plans

Pension expenses in respect of defined benefit plans as of March 31, 2024 and 2023 were NT\$2,589 thousand and NT\$244 thousand, respectively, calculated using the actuarially determined pension cost rate on December 31, 2023 and 2022.

22. Equity

(1) Share capital

Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousand shares)	300,000	300,000	300,000
Authorized share capital	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Number of shares issued and fully paid (in thousand shares)	101,447	101,447	91,447
Share capital issued	\$ 1,014,475	\$ 1,014,475	\$ 914,470

The change in the Company's equity was mainly due to the resolution of the board of directors on May 3, 2023 to issue 10,000 thousand new shares at a par value of NT\$10 per share for a cash capital increase. The shares were issued at a premium of NT\$155 per share, and after the capital increase, the paid-in capital amounted to NT\$1,014,470 thousand. The above-mentioned cash capital increase was approved and registered effectively with the Securities and Futures Bureau of the Financial Supervisory Commission on July 20, 2023, and the board of directors resolved to set September 25, 2023 as the capital increase record date. The change registration was completed in October 2023. In addition, the holders of the unsecured corporate bonds issued by the Company for the first time have requested to convert 480 ordinary shares at NT\$208 per share. February 26, 2024 was set as the record date, and the change of registration was completed on March 26, 2024.

(2) Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Available for offsetting deficits, distributing cash or transferring to share capital (1)</u>			
Additional paid-in capital	\$ 3,182,887	\$ 3,182,887	\$ 1,711,680
Corporate bond conversion premium	96	96	-
Treasury Shares	27,193	27,193	27,193
Difference between consideration and carrying amount of subsidiaries acquired or disposed	3,562	3,562	3,562
<u>Limited to offsetting deficits</u>			
Recognized changes in ownership interests in subsidiaries (2)	5,912	5,912	-
Exercise of right of disgorgement	1,024	1,024	1,024
<u>May not be used for any purpose</u>			
Employee stock warrants	65,495	53,297	19,658
Equity components of the convertible corporate bonds issued by the Company	43,932	43,932	-
	<u>\$ 3,330,101</u>	<u>\$ 3,317,903</u>	<u>\$ 1,763,117</u>

1. Capital surplus in this category may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital, limited to a certain percentage of the Company's paid-in capital each year.
 2. This type of capital surplus represents the equity transaction effects recognized due to changes in the equity of subsidiaries that the Company has not actually acquired or disposed of, or the adjustments to the capital surplus of subsidiaries recognized by the Company using the equity method. The change in 2023 was caused by the issuance of restricted shares by the subsidiary Mosel Vitelic Inc.
- (3) Retained earnings and dividend policy

The Company stipulates that the Company's board of directors is authorized to adopt a special resolution to pay distributable dividends and bonuses in the form of cash, which shall be reported to the shareholders' meeting.

In accordance with the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as legal reserve, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings from prior years shall be used by the board of directors as the basis for proposing a distribution plan for the resolution in a shareholders' meeting. In the event that whole or part of the dividend and bonus is paid in cash, the distribution can be made by a majority vote at a board of directors' meeting attended by over two-thirds of the directors and reported to the shareholders' meeting.

The Company's dividend policy is based on the Company's earnings and considerations of the future funding needs and impact of taxation on the Company and its shareholders, as well as the Company's sustainable development and the steady growth of earnings per share. The cash dividend shall not be less than 50% of the total dividend, and the distribution

shall be made after the resolution by a shareholders' meeting. Please refer to Note 23(6) "Employees' compensation and directors' remuneration" for the policy on the distribution of employees' compensation and directors' remuneration as stipulated in the Company's Articles of Incorporation.

The amendment to the Company's Articles of Incorporation was approved by its Shareholders' Meeting on May 27, 2022. It has expressly stipulated that when the Company appropriated the special capital reserve lawfully, it shall allocate an amount of special reserve for any difference between the amount it has already allocated and the amount of special reserve equal to the "cumulative amount of net increase in fair value of investment property in a preceding period" and the "cumulative net amount of other deductions from equity in a preceding period" it is required to allocate. If there remains any insufficiency, the Company shall allocate the special reserve from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 were as follows:

	2023	2022
Legal reserve	\$ 73,430	\$ 57,411
Cash dividends	\$ 507,237	\$ 365,788
Cash dividends per share (NT\$)	\$ 5	\$ 4

The appropriations for cash dividends above had been resolved by the Company's board of directors' meeting on February 23, 2024 and March 8, 2023, respectively; the other proposed appropriations for 2022 had been resolved by the shareholders' meeting on May 26, 2023 and the other proposed appropriations for 2023 were submitted for the resolution by shareholders' meeting to be held on May 24, 2024.

23. Net profit from continuing operations

(1) Other income

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Dividend income	\$ 7,000	\$ 6,400
Others	<u>1,005</u>	<u>724</u>
	<u>\$ 8,005</u>	<u>\$ 7,124</u>

(2) Other gains and losses

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Gross gains on foreign exchange	\$ 128,984	\$ 13,403
Gross losses on foreign exchange	(58,145)	(21,529)
Gain (loss) on disposal of property, plant and equipment	2,441	870
Others	(<u>294</u>)	(<u>80</u>)
	<u>\$ 72,986</u>	<u>(\$ 7,336)</u>

(3) Finance costs

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Interest on bank loans	\$ 16,039	\$ 21,361
Interest on lease liabilities	2,137	35
Interest on corporate bonds	<u>3,530</u>	<u>-</u>
	<u>\$ 21,706</u>	<u>\$ 21,396</u>

(4) Depreciation and amortization

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Depreciation expenses by function		
Operating cost	\$ 70,823	\$ 61,352
Operating expense	<u>60,782</u>	<u>28,022</u>
	<u>\$ 131,605</u>	<u>\$ 89,374</u>
Amortization expenses by function		
Operating cost	\$ 201	\$ 201
Operating expense	<u>1,206</u>	<u>1,755</u>
	<u>\$ 1,407</u>	<u>\$ 1,956</u>

(5) Employee benefit expenses

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Post-employment benefits		
Defined contribution plan	\$ 10,169	\$ 6,272
Defined benefit plan (Note 21)	<u>2,589</u>	<u>244</u>
	<u>12,758</u>	<u>6,516</u>
Share-based payment (Note 26)	15,793	15,626
Others employee benefits	<u>423,448</u>	<u>211,992</u>
Total employee benefit expenses	<u>\$ 451,999</u>	<u>\$ 234,134</u>
Summary by function		
Operating cost	\$ 261,554	\$ 124,167
Operating expense	<u>190,445</u>	<u>109,967</u>
	<u>\$ 451,999</u>	<u>\$ 234,134</u>

(6) Employees' compensation and directors' remuneration

If there is profit in a fiscal year, the Company shall accrue employees' compensation and directors' remuneration as follows; however, if there is a deficit, the Company shall set aside the amount for offsetting the deficit before the appropriation. The aforementioned profit is the net profit before taxes net of employees' compensation and directors' remuneration.

1. Employees' compensation shall not be less than 5% in the form of share dividend or cash dividend by the resolution in a board of directors' meeting. The recipients include certain qualified employees of the Company's affiliates.
2. Directors' remuneration shall be no more than 3%.

The appropriation of employees' compensation and directors' remuneration shall be reported to the shareholders' meeting.

For the three months ended March 31, 2024 and 2023, the estimated employees' compensation and directors' remuneration were as follows:

Amount

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Employees' compensation	<u>\$ 35,072</u>	<u>\$ 19,051</u>
Directors' remuneration	<u>\$ 7,624</u>	<u>\$ 3,312</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

The appropriations of employees' compensation and directors' remuneration for 2023 and 2022, which were approved by the Company's board of directors on February 23, 2024 and March 8, 2023, respectively, were as follows:

	2023	2022
	Cash	Cash
Employees' compensation	\$ 78,182	\$ 85,238
Directors' remuneration	19,200	20,748

There was no difference between the actual amounts of employees' compensation and directors' remuneration paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and directors' remuneration resolved by the Company's board of directors' meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. Income taxes relating to continuing operations

(1) Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Current income tax		
In respect of the current year	\$ 40,780	\$ 17,120

(2) Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

25. Earnings per share

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the period

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Net profit attributable to owners of the parent company	\$ 225,220	\$ 113,967
Effect of potentially dilutive ordinary shares:		
After-tax interest on convertible corporate bonds	2,824	-
Earnings used in the computation of diluted earnings per share	\$ 228,044	\$ 113,967

Shares

Unit: thousands of shares

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	101,447	91,447
Effect of potentially dilutive ordinary shares:		
Convertible corporate bonds	3,846	-
Employee stock warrants	978	979
Employees' compensation	<u>454</u>	<u>449</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>106,725</u>	<u>92,875</u>

If the Group settles the employees' compensation in shares or cash, the Group presumed that the entire amount of employees' compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. Share-based payment agreement

(1) Mosel Vitelic Inc.'s share-based Payment

- The share-based payment agreement of Mosel Vitelic Inc. in 2023 is as follows:

Type of agreement	Grant date	Fair value (NT\$)	Grant quantity	Agreed price	Contract period	Vesting conditions
Restricted share plan (Note 1)	December 11, 2023	34.65	1,000 thousand shares	-	3 years	(Note 2)

Note 1: Restricted shares issued by the Company shall not be transferred during the vesting period. However, their voting rights are not restricted. If an employee resigns or passes away not due to an occupational disaster before the vested conditions are met, the Company will take back his or her shares at the issue price and cancel them.

Note 2: 30% of the restricted shares will be vested immediately after one year and two years of service following the grant date, respectively, and the remaining 40% will be vested after three years of service. If an employee's performance in any of the three years from the grant date fails to meet the Company's performance conditions, the Company will take back the unvested shares from the employee at the issue price in the current year.

2. The details of the above share-based payment agreement are as follows:

	Number of shares (in thousand shares)
	For the three months ended March 31, 2024
Beginning balance	1,000
Current grant	-
Vested for the period	-
Ending balance	<u>1,000</u>

3. The Company's board of directors adopted a resolution on March 7, 2023 to issue 1,000,000 restricted shares. The record date for the issuance was set on December 11, 2023. The subscription price per share was NT\$10. Before meeting the vesting conditions, employees are not allowed to transfer the restricted shares and are not entitled to share allotment and dividends. All the other rights and obligations for this issuance of ordinary shares are the same as those for the other issued ordinary shares.

- (2) Employee stock warrant plan of the Company

The Company granted 3,000 thousand units of employee warrants, of which, each unit is eligible to subscribe to 1 ordinary share, in December 2022. Employees of the Company are entitled to the warrants. The term of all employee stock warrants is 6 years, and the warrant holders can exercise a specific portion of the warrants granted after 2 years after the issuance date. The exercise price of the stock warrants is 75% of the closing price of the Company's ordinary shares on the date of issuance. If any changes are made

to the Company's ordinary shares, the exercise price shall be correspondingly adjusted using the specific formula.

Information on employee stock warrants is as follows:

Employee stock warrants	For the three months ended March 31, 2024		For the three months ended March 31, 2023	
	Unit (thousand)	Weighted average exercise price (NT\$)	Unit (thousand)	Weighted average exercise price (NT\$)
Outstanding at the beginning of the year	3,000	\$ 115.10	3,000	\$ 115.10
Number of stock warrants granted in the year	-	-	-	-
Number of stock warrants exercised in the year	-	-	-	-
Number of stock warrants expired in the year	-	-	-	-
Outstanding at the end of the year	<u>3,000</u>		<u>3,000</u>	
Number of stock warrants exercisable at the end of the year	<u>-</u>		<u>-</u>	

- (4) The compensation costs recognized for the three months ended March 31, 2024 and 2023 were NT\$15,793 thousand and NT\$15,626 thousand, respectively.

27. Non-cash transactions

For the three months ended March 31, 2024 and 2023, the Group has conducted the following non-cash transactions from investing and finance activities:

- (1) Reclassifications of long-term borrowings with maturity within one year.
- (2) Pending distribution of the cash dividend resolved by the board of directors' meeting as of March 31, 2024 and 2023. (Please refer to Note 19 and 22)

28. Capital management

The Group manages its capital to ensure its ability to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group's key management reviews its capital structure on a quarter basis. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management, the Group may balance its overall capital structure by

the means of dividend payment, issuance of new shares, shares buyback, issuance of new debts or repayment of existing debts. The Group is not subject to any externally imposed capital requirements.

29. Financial instruments

(1) Fair value of financial instruments not measured at fair value

Except items listed below, the Group considers the carrying amounts of financial instruments that are not measured at fair value close to their fair values.

March 31, 2024

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial asset</u>					
Financial liabilities measured at amortized cost					
- Convertible corporate bonds	<u>\$765,569</u>	<u>\$939,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$939,883</u>

December 31, 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial asset</u>					
Financial liabilities measured at amortized cost					
- Convertible corporate bonds	<u>\$762,039</u>	<u>\$911,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$911,886</u>

(2) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2024

	Fair value			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic listed shares	\$ 429,000	\$ -	\$ -	\$ 429,000
Domestic and foreign unlisted shares and investments	-	-	711,279	711,279
Total	<u>\$ 429,000</u>	<u>\$ -</u>	<u>\$ 711,279</u>	<u>\$ 1,140,279</u>

December 31, 2023

	Fair value			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic listed shares	\$ 392,000	\$ -	\$ -	\$ 392,000
Domestic and foreign unlisted shares and investments	-	-	592,006	592,006
	<u>\$ 392,000</u>	<u>\$ -</u>	<u>\$ 592,006</u>	<u>\$ 984,006</u>

March 31, 2023

	Fair value			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic listed shares	\$ 312,000	\$ -	\$ -	\$ 312,000
Domestic and foreign unlisted shares and investments	-	-	368,700	368,700
Total	<u>\$ 312,000</u>	<u>\$ -</u>	<u>\$ 368,700</u>	<u>\$ 680,700</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

2. Valuation techniques and inputs of measuring Level 3 fair value

<u>Class of financial instruments</u>	<u>Valuation techniques and inputs</u>
Domestic and foreign securities	Using the asset-based approach that assesses the fair value by totaling the value of each asset and liability of the target of evaluation. Using the market approach that derives the value of target from the product of the active market price of a comparable company that operates in the same industry with similar operation and financial performance and a corresponding market multiplier.

(3) Categories of financial instruments

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial asset</u>			
At fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ 78,980	\$ 62,514	\$ 44,794
Financial assets at amortized cost (Note 1)	3,790,682	3,912,866	1,708,361
Financial assets at fair value through other comprehensive income	1,140,279	984,006	680,700
<u>Financial liability</u>			
At amortized cost (Note 2)	4,726,629	4,993,790	5,355,465

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings, notes payable, accounts payable, other payables, corporate bonds payable, and guarantee deposits received.

(4) Financial risk management objectives and policies

The Group's major financial instruments include equity and debt instrument investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using financial derivatives to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written guidelines on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest

rates (see (2) below). The Group engaged in a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts and currency swaps to hedge the exchange rate risk arising from trading.

(1) Foreign currency risk

The Group engaged in sales and purchases denominated in foreign currencies, which exposed the Group to foreign currency risk. The Group hedged such foreign currency risk using the forward exchange contracts and currency swaps to the extent approved by policy.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in nonfunctional currencies (including the monetary items denominated in nonfunctional currencies eliminated in the consolidated financial statements) on the balance sheet date are provided in Note 34.

Sensitivity analysis

The Group was mainly exposed to the risk of exchange rate fluctuation of the U.S. Dollar and Euro.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollar (the functional currency) against each foreign currency. 1% increase or decrease is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A 1% foreign exchange rate change is adjusted to the translation at the end of period. In the following table, a positive number below indicates an increase in pre-tax profit due to a 1% depreciation of the New Taiwan dollar against the foreign currency. For a 1% appreciation of the New Taiwan dollar against the foreign currency, there would be an equal and

opposite impact on pre-tax profit and the balances below would be negative.

	Impact of USD		Impact of EUR	
	For the three months ended March 31, 2024	For the three months ended March 31, 2023	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Profit or loss	\$ 12,082 (i)	\$ 9,240 (i)	\$ 2,079 (ii)	\$ 699 (ii)

- (i) It was mainly due to the Group's trade receivables and payables denominated in the U.S. Dollar that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.
- (ii) It was mainly due to the Group's trade receivables and payables denominated in the Euro that were outstanding and yet mitigated by a cash flow hedge at the end of the reporting period.

The management believed the sensitivity analysis did not reflect existing foreign currency risk because the exposure to the foreign currency risk at the end of the reporting period does not fairly represent the risk exposure during the reporting period.

(2) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
- Financial assets	\$ 535,141	\$ 1,585,708	\$ 93,212
- Financial liabilities	1,506,436	1,856,918	6,214
Cash flow interest rate risk			
- Financial assets	2,202,835	1,335,377	922,981
- Financial liabilities	1,695,100	1,550,100	4,497,373

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole reporting period. A 10 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 10 basis point higher/lower and all other variables were held constant, the Group's pre-tax profits for the three-month periods ended March 31, 2024 and 2023 would have increased/decreased by NT\$127 thousand and decreased/increased by NT\$894 thousand, respectively.

(3) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes. The Group does not actively trade these investments. In addition, the Group designated specific team to monitor the price risk and establish the responding strategy.

Sensitivity analysis

The sensitivity analyses below were carried out based on the Company's exposure to equity price on the reporting date.

If equity price had increased/decreased by 15%, the Group's after-tax other comprehensive income for the three-month periods ended March 31, 2024 and 2023 would have increased/decreased by NT\$171,042 thousand and NT\$102,105 thousand, respectively, due to an increase/decrease in fair value of the financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk due to the failure of a counterparty to perform its obligations was the carrying amount of financial assets recognized in the consolidated financial statements.

In the balances of trade receivables as of March 31, 2024 and as of December 31 and March 31, 2023, the sums of trade receivables from group customers accounting for more than 10% of the Group's balance of trade receivables were NT\$638,378 thousand, NT\$600,415 thousand, and NT\$404,094 thousand, respectively, representing 58%, 59%, and 57% of the balances of trade receivables as of the said dates, respectively.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support its operation and minimize the impact of cash flow volatility. The Group's management monitors the use of bank loan facilities and ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As of March 31, 2024, and December 31 and March 31, 2023, the Group's unused bank facilities were set out in (2) borrowing facilities below.

(1) Liquidity and interest rate risk table

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities, in which the payment terms were set, based on the earliest repayment date. The table was prepared with the undiscounted cash flows of financial liabilities that include the cash flows of interests and principles.

March 31, 2024

	On demand or less than 6 month	6~12 months	1~2 years	2~5 years	Over 5 years
<u>Non derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Non-interest					
bearing					
liabilities	\$ 1,690,644	\$ 191,797	\$ -	\$ -	\$ -
Lease liabilities	12,238	12,224	22,847	64,415	347,514
Debt instruments	<u>504,445</u>	<u>604,962</u>	<u>709,331</u>	<u>1,123,332</u>	<u>-</u>
	<u>\$ 2,207,327</u>	<u>\$ 808,983</u>	<u>\$ 732,178</u>	<u>\$ 1,187,747</u>	<u>\$ 347,514</u>

December 31, 2023

	On demand or less than 6 month	6~12 months	1~2 years	2~5 years	Over 5 years
<u>Non derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Non-interest					
bearing					
liabilities	\$ 1,219,452	\$ 124,629	\$ -	\$ -	\$ -
Lease liabilities	12,326	12,316	23,247	65,988	351,508
Debt instruments	<u>1,448,421</u>	<u>114,301</u>	<u>295,907</u>	<u>1,250,671</u>	<u>25,000</u>
	<u>\$ 2,680,199</u>	<u>\$ 251,246</u>	<u>\$ 319,154</u>	<u>\$ 1,316,659</u>	<u>\$ 376,508</u>

March 31, 2023

	On demand or less than 6 month	6~12 months	1~2 years	2~5 years	Over 5 years
<u>Non derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Non-interest					
bearing					
liabilities	\$ 932,415	\$ 161,247	\$ -	\$ -	\$ -
Lease liabilities	3,361	657	1,224	292	-
Debt instruments	<u>2,336,161</u>	<u>316,747</u>	<u>335,147</u>	<u>1,218,064</u>	<u>405,408</u>
	<u>\$ 3,271,937</u>	<u>\$ 478,651</u>	<u>\$ 336,371</u>	<u>\$ 1,218,356</u>	<u>\$ 405,408</u>

(2) Borrowing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank facility			
-Drawn	\$ 2,095,100	\$ 2,300,100	\$ 4,347,546
-Undrawn	<u>2,639,900</u>	<u>3,021,950</u>	<u>1,314,454</u>
	<u>\$ 4,735,000</u>	<u>\$ 5,052,050</u>	<u>\$ 5,662,000</u>
Secured bank facility			
-Drawn	\$ -	\$ -	\$ 150,000
-Undrawn	<u>150,000</u>	<u>150,000</u>	<u>-</u>
	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

(5) Transfers of financial assets

The Group's factored trade receivables are as follows:

Counterparty	Sales amount		Available advance amount		Advance amount used		Annual interest rate on advances received (%)
<u>For the three months ended</u>							
<u>March 31, 2024</u>							
Citibank	USD	7,296	USD	-	USD	7,296	6.62-7.27
	EUR	6,050	EUR	-	EUR	6,050	4.95-5.20
<u>For the three months ended</u>							
<u>March 31, 2023</u>							
Citibank	USD	5,102	USD	-	USD	5,102	6.05-6.70
	EUR	2,025	EUR	-	EUR	2,025	1.05-1.30

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

30. Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

(1) Related parties and relationship

Related parties	Relationship with the Group
GlobalWafers Co., Ltd.	Sino-American Silicon's subsidiary
Sustainable Energy Solution Co., Ltd.	Sino-American Silicon's subsidiary
Mosel Vitelic Inc.	Associate (became a subsidiary on June 2, 2023)

(2) Business transactions

Financial Statement Account	Related parties category/name	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Purchases of goods	GlobalWafers Co., Ltd.	\$ 82,940	\$ 68,671
	Mosel Vitelic Inc.	-	109,681
		<u>\$ 82,940</u>	<u>\$ 178,352</u>

The transactions listed above mainly comprise purchases of flat wafers, and there was no significant difference from other suppliers in terms of the purchase price of flat wafers. The payment terms were 30~90 days end of

month for related party, 90 days end of month for domestic non-related parties, and T/T 50~60 days for foreign parties.

Financial Statement Account	Related parties category/name	March 31, 2024	December 31, 2023	March 31, 2023
Trade payables	GlobalWafers Co., Ltd.	\$ 84,579	\$ 89,434	\$ 51,606
	Mosel Vitelic Inc.	-	-	31,244
		<u>\$ 84,579</u>	<u>\$ 89,434</u>	<u>\$ 82,850</u>

(3) Others

Financial Statement Account	Related parties	March 31, 2024	December 31, 2023	March 31, 2023
Refundable deposits (Note)	Sustainable Energy	\$ 10,000	\$ 10,000	\$ 10,000
	Solution Co., Ltd.	-	-	79,646
	Mosel Vitelic Inc.	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 89,646</u>

Note: recognized as other current assets and other non-current assets.

(4) Compensation of key management personnel

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Short-term employee benefits	\$ 24,848	\$ 18,938
Share-based Payment	6,640	4,792
Post-employment benefits	27	27
	<u>\$ 31,515</u>	<u>\$ 23,757</u>

The remuneration of directors and key executives was determined by the remuneration committee taking into account the performance of individuals and market trends.

31. Assets pledged as collateral or for security

The following assets were pledged as collateral for borrowings:

	March 31, 2024	December 31, 2023	March 31, 2023
Freehold Land	\$ 107,843	\$ 107,843	\$ 107,843
Building	142,065	143,120	146,285
Machinery Equipment	-	-	23,226
Pledged time deposits (classified as financial assets at amortized cost)	<u>18,412</u>	<u>30,662</u>	<u>14,751</u>
	<u>\$ 268,320</u>	<u>\$ 281,625</u>	<u>\$ 292,105</u>

32. Significant contingent liabilities and unrecognized contract commitments

Except described in other notes of this financial statements, the Company had the following significant contingent liabilities and unrecognized commitments as of the end of the reporting period:

- (1) As of March 31, 2024, and December 31 and March 31, 2023, the Group had the contract commitments that was not recognized as property, plant and equipment amounted NT\$874,317 thousand, NT\$776,997 thousand and NT\$66,972 thousand, respectively.
- (2) The subsidiary Mosel Vitelic Inc. entered into a procurement contract with Company S, and, as agreed, S Company shall be committed to supplying the Company a total of 121,500 thousand pieces of solar wafers within the contract period while the Company shall make a certain amount of prepayment. However, both parties have not agreed on a substitute for the said transaction model. As of March 31, 2024, the Company has prepaid US\$112 thousand (NT\$3,573 thousand) and NT\$54,845 thousand in total with the accumulated impairment of NT\$58,418 thousand. In addition, in light of different market conditions between the current solar power industry and that of the time when the contract was entered into, both parties terminated all orders and prepayments in connection to the original contract.
- (3) The subsidiary Mosel Vitelic Inc. entered into several wafer foundry agreements that guaranteed manufacturing capacity with various clients, and it has provided specific amounts of manufacturing capacity to these clients as agreed.

33. Significant subsequent events

None.

34. Significant assets and liabilities denominated in foreign currencies

The Group's significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2024

<u>Financial asset</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Monetary items</u>			
USD	\$ 58,842	32.00 (USD:NTD)	\$ 1,882,933
USD	384	7.26 (USD:CNY)	12,292
EUR	6,100	34.46 (EUR:NTD)	210,205
CNY	17,426	4.408 (CNY:NTD)	76,815
JPY	33,436	0.2215 (JPY:NTD)	7,072
HKD	756	4.089 (HKD:NTD)	3,091

(to be continued)

(continued)

	Foreign currency	Exchange rate	Carrying amount
<u>Non-monetary items</u>			
Foreign investments in securities			
USD	\$ 12,923	32.00 (USD:NTD)	\$ 413,529
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	21,470	32.00 (USD:NTD)	687,037
EUR	66	34.46 (EUR:NTD)	2,279
JPY	74,981	0.2215 (JPY:NTD)	15,858

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
<u>Financial asset</u>			
<u>Monetary items</u>			
USD	\$ 73,619	30.705 (USD:NTD)	\$ 2,260,486
USD	263	7.0827 (USD:CNY)	8,061
EUR	4,637	33.98 (EUR:NTD)	157,567
JPY	38,171	0.2172 (JPY:NTD)	8,291
CNY	18,147	4.327 (CNY:NTD)	78,521
<u>Non-monetary items</u>			
Foreign investments in securities			
USD	9,271	30.705 (USD:NTD)	284,652
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	21,771	30.705 (USD:NTD)	668,469
USD	42	7.0827 (USD:CNY)	1,297
EUR	176	33.98 (EUR:NTD)	5,978
JPY	66,058	0.2172 (JPY:NTD)	14,348

March 31, 2023

	Foreign currency	Exchange rate	Carrying amount
<u>Financial asset</u>			
<u>Monetary items</u>			
USD	\$ 35,687	30.45 (USD:NTD)	\$ 1,086,655
USD	84	6.8717 (USD:CNY)	2,562
EUR	2,121	33.15 (EUR:NTD)	70,034
CNY	6,741	4.431 (CNY:NTD)	29,867
JPY	816	0.2288 (JPY:NTD)	187
<u>Non-monetary items</u>			
Foreign investments in securities			
USD	4,065	30.45 (USD:NTD)	123,771
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	5,427	30.45 (USD:NTD)	165,240
EUR	13	33.15 (EUR:NTD)	438
CNY	23	4.431 (CNY:NTD)	102
JPY	36,960	0.2288 (JPY:NTD)	8,456

The following information was aggregated by the functional currencies of the entities in the Group that hold foreign currencies, and the exchange rates between functional currencies and presentation currency were disclosed. The significant realized and unrealized foreign exchange gains and losses were as follows:

Functional currency	For the three months ended March 31, 2024		For the three months ended March 31, 2023	
	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)	Translation from the functional currency to the presentation currency	Net foreign exchange gains or losses (amount in NTD)
CNY	4.366 (CNY:NTD)	\$ 60	4.425 (CNY:NTD)	(\$ 14)
NTD	1 (NTD:NTD)	70,779	1 (NTD:NTD)	(8,112)
		<u>\$ 70,839</u>		<u>(\$ 8,126)</u>

35. Separately disclosed items

(1) Information about significant transactions:

1. Financing provided to others: None.
2. Endorsements/guarantees provided: None.
3. Marketable securities held at the end of period (excluding investment in subsidiaries, associates and joint ventures): Table 1.
4. Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
9. Trading in derivative instruments: None.
10. Others: Intercompany relationships and significant intercompany transactions: Table 4.

(2) Information on investees: Table 5.

(3) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income for current period, return on investees recognized, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- (4) Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7.

36. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance was focused on each type of products sold or services rendered. The Group's reportable segments were as follows:

Taiwan business segment

Mainland China Qingdao segment

Taiwan Mosel Vitelic segment

Segment revenue and operating result

Analysis on revenue and operating result from continuing operations of the Company and its subsidiaries by reportable segments is as follows:

	Segment revenue		Segment profit or loss	
	For the three months ended March 31, 2024	For the three months ended March 31, 2023	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Taiwan business segment	\$ 1,587,945	\$ 1,116,107	\$ 157,731	\$ 112,070
Mainland China Qingdao segment	59,507	55,371	3,722	1,408
Taiwan Mosel Vitelic segment	351,559	-	(39,442)	-
Others	<u>75,519</u>	<u>104,912</u>	<u>(3,940)</u>	<u>8,476</u>
Total from continuing operations	2,074,530	1,276,390	118,071	121,954
Less: eliminations between operating segments	(<u>314,406</u>)	(<u>148,675</u>)	<u>4,197</u>	<u>5,362</u>
Revenue or profit or loss from transactions between operating segments and external customers	<u>\$ 1,760,124</u>	<u>\$ 1,127,715</u>	122,268	127,316
Interest income			13,930	3,765
Other income			8,005	7,124
Other gains and losses			72,986	(7,336)
Finance costs			(21,706)	(21,396)
Share of profit of investment in associates and joint ventures accounted for using equity method			<u>59,754</u>	<u>25,454</u>
Profit before tax			<u>\$ 255,237</u>	<u>\$ 134,927</u>

Segment profit represented the profit before tax earned by each segment without other income, other gains and losses, finance costs, and share of profit or loss of associates and joint ventures accounted for using the equity method. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Actron Technology Corporation and Subsidiaries
Marketable securities held at the end of period
March 31, 2024

Table 1 Unit: NT\$ thousand

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	At the End of the Period				Remarks
				Number of shares (in thousand shares)	Carrying amount	Percentage of ownership	Fair value	
Actron Technology Corporation	Sino-American Silicon Products Inc.	Major shareholder	Financial assets at fair value through other comprehensive income -non-current	2,000	\$ 429,000	0.34%	\$ 429,000	—
	Phoenix Pioneer Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	15,265	258,744	5.13%	258,744	—
	ANJET CORPORATION	—	Financial assets at fair value through other comprehensive income -non-current	3,108	313,305	22.41%	313,305	—
	AMED VENTURES I, L.P.	—	Financial assets at fair value through other comprehensive income -non-current	-	100,224	-	100,224	—
	Super Energy Materials Inc.	—	Financial assets at fair value through other comprehensive income -non-current	1,425	22,843	5.28%	22,843	—
Mosel Vitelic Inc.	ProMOS Technologies Inc.	—	Financial assets at fair value through other comprehensive income -non-current	603	10,891	1.34%	10,891	—
	Aplus Flash Technology, Inc.	—	Financial assets at fair value through other comprehensive income -non-current	1,492	-	5.28%	-	—
	Pacific Resources Corporation	—	Financial assets at fair value through other comprehensive income -non-current	37	3,430	4.88%	3,430	—
	Soft Device Inc.	—	Financial assets at fair value through other comprehensive income -non-current	7,518	-	-	-	—
	Pegasus Wireless Corp.	—	Financial assets at fair value through other comprehensive income -non-current	1,815	-	-	-	—
	NewMedia Networking Corp.	—	Financial assets at fair value through other comprehensive income -non-current	1,600	-	-	-	—
	Aumos Technologies Inc.	—	Financial assets at fair value through other comprehensive income -non-current	1,365	-	16.24%	-	—
	ProMOS Technologies Inc.	—	Financial assets at fair value through other comprehensive income -non-current	32	585	0.07%	585	—
	Advanced Flash Memory Card Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	340	-	0.41%	-	—
	E-Soft Technologies, Inc.	—	Financial assets at fair value through other comprehensive income -non-current	201	1,250	2.37%	1,250	—
Mou Fu Investment Consultant Ltd.	Harbinger III Venture Capital Corp.	—	Financial assets at fair value through other comprehensive income -non-current	-	6	0.56%	6	—
	Virtual Silicon Technology, Inc.	—	Financial assets at fair value through other comprehensive income -non-current	224	-	-	-	—
	Wavesat Inc.	—	Financial assets at fair value through other comprehensive income -non-current	44	-	-	-	—
			Financial assets at fair value through other comprehensive income -non-current					

Actron Technology Corporation and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

For the three months ended March 31, 2024

Table 2

Unit: NT\$ thousand

Purchaser or seller	Counterparty	Relationship	Transaction Details				Abnormal transaction and reason		Notes/Trade receivables (payables)			Remarks
			Purchase/ sale	Amount	As percentage to total purchase or sale	Payment terms	Unit price	Payment terms	Financial statement account	Ending balance	As percentage to total notes/trade receivables (payables)	
Actron Technology Corporation	Mosel Vitelic Inc.	Subsidiary	Purchases of goods	\$ 138,330	18%	30 days end of month	Note 2	Domestic 90 days end of month	Trade payables and other payables	\$ 110,863	14%	Note 1
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Subsidiary	Purchases of goods	173,930	23%	90 days end of month	Cost markup	Domestic 90 days end of month	Trade payables and other payables	160,185	20%	Note 1
Ding-Wei Technology Co., Ltd.	Actron Technology Corporation	Parent	Sale	173,930	100%	90 days end of month	Cost markup	Domestic 90 days end of month	Trade receivables	160,185	100%	Note 1
Mosel Vitelic Inc.	Actron Technology Corporation	Parent	Sale	138,330	39%	30 days end of month	Note 2	Domestic 90 days end of month	Trade receivables	110,863	43%	Note 1

Note 1: This is a transaction between parent company and its subsidiary and has been eliminated upon consolidation.

Note 2: There was no significant difference from other suppliers in terms of the purchase price of flat wafers.

Actron Technology Corporation and Subsidiaries

Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital

March 31, 2024

Table 3Unit: NT\$ thousand

Company recognizes the receivables	Counterparty	Relationship	Balance of trade receivables - related party		Average turnover ratio	Overdue		Amount collected in subsequent period	Allowance for impairment loss
			Financial statement account	Ending balance		Amount	Action taken		
Ding-Wei Technology Co., Ltd.	Actron Technology Corporation	Parent	Trade receivables	\$ 160,185	3.88	\$ -	-	\$ 89,895	\$ -
Mosel Vitelic Inc.	Actron Technology Corporation	Parent	Trade receivables	110,863	5.60	-	-	33,080	-

Note: eliminated upon consolidation.

Actron Technology Corporation and Subsidiaries
Intercompany relationships and significant intercompany transactions
For the three months ended March 31, 2024

Table 4 Unit: NT\$ thousand

Serial No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial statement account	Amount	Transaction terms	As percentage to total revenue or total assets (Note 3)
0	Actron Technology Corporation	Smooth Autocomponent Limited	1	Other receivables	\$ 2,409	60 days end of month	0%
0	Actron Technology Corporation	Smooth Autocomponent Limited	1	Other income	1,916	60 days end of month	0%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Trade payables and other payables	160,185	90 days end of month	1%
0	Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	1	Cost of sales	173,930	90 days end of month	0%
0	Actron Technology Corporation	Rec Technology Corporation	1	Sales revenue	1,192	60 days end of month	0%
0	Actron Technology Corporation	Rec Technology Corporation	1	Other income	1,320	60 days end of month	0%
0	Actron Technology Corporation	Mosel Vitelic Inc.	1	Trade payables and other payables	110,863	30 days end of month	1%
0	Actron Technology Corporation	Mosel Vitelic Inc.	1	Cost of sales	138,330	30 days end of month	8%
0	Actron Technology Corporation	Mosel Vitelic Inc.	1	Refundable deposits	27,900	According to contract terms	0%
1	Mosel Vitelic Inc.	DenMOS Technology Inc.	1	Trade receivables	3,909	According to general sales conditions	0%
1	Mosel Vitelic Inc.	DenMOS Technology Inc.	1	Sales revenue	6,669	According to general sales conditions	0%

Note 1: Intercompany transactions between the parent company and subsidiaries shall be indicated by number as described below:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1".

Note 2: The relationship between the transaction parties can be classified into three categories below, and it shall be indicated by number:

1. No. 1 represents the transactions from parent company to subsidiary.
2. No. 2 represents the transactions from subsidiary to parent company.
3. No. 3 represents the transactions between subsidiaries.

Note 3: In the calculation of ratio of transaction amount to total consolidated revenue or total assets, for assets or liabilities, the ratio of ending balance to the total assets shall be used; for profit or loss, the ratio between interim accumulated amount to the total revenue shall be used.

Note 4: All transactions above were eliminated upon consolidation.

Actron Technology Corporation and Subsidiaries
Names, locations and related information of investee companies
For the three months ended March 31, 2024

Table 5 Unit: NT\$ thousand

Investor	Investee	Location	Principle business activity	Initial investment		At the end of the period			Net income (loss) of investee company	Investment income (loss) recognized	Remarks
				Ending balance	Beginning balance	Shares	Ratio	Carrying amount			
Actron Technology Corporation	Ding-Wei Technology Co., Ltd.	Taoyuan City	Manufacturing and sale of auto components and parts	\$ 306,900	\$ 306,900	15,000,000	100%	\$ 275,417	\$ 12,171	\$ 17,890	Subsidiary
Actron Technology Corporation	Smooth International Limited Corporation	Samoa	Investment	363,260	363,260	12,000,000	100%	430,890	3,359	3,359	Subsidiary
Smooth International Limited Corporation	Smooth Autocomponent Limited	Hong Kong	Investment	363,260	363,260	12,000,000	100%	430,890	3,359	Not applicable	Subsubsidiary
Actron Technology Corporation	Rec Technology Corporation	Taoyuan City	Manufacturing and sale of auto components and parts	208,102	208,102	8,487,823	49%	91,747	3,619	1,786	Subsidiary
Actron Technology Corporation	Hong Wang Investment Co., Ltd.	New Taipei City	Investment	300,000	300,000	30,000,000 (Note)	30%	1,513,684	85,747	25,724	Joint venture
Actron Technology Corporation	Mosel Vitelic Inc.	Hsinchu City	Semiconductors	1,180,191	1,180,191	46,925,459	29%	1,826,256	(9,959)	(4,107)	Subsidiary
Actron Technology Corporation	Bigbest Solutions, Inc.	Taichung City	Manufacture of motors	245,143	245,143	19,314,319	28%	71,012	(4,297)	(1,186)	Subsidiary
Actron Technology Corporation	Excelliance MOS Corporation	Hsinchu City	Semiconductors	1,491,750	1,491,750	15,000,000	29%	1,474,387	115,452	34,030	Associate
Mosel Vitelic Inc.	DenMOS Technology Inc.	Hsinchu City	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	291,820	291,820	9,113,722	80%	103,722	1,024	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Mou Fu Investment Consultant Ltd.	Hsinchu County	Leasing, manpower dispatch and various services	2,313,124	2,313,124	12,011,900	100%	111,180	233	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Bou-Der Investment, Ltd.	Hsinchu County	Professional investment	1,264,372	1,264,372	6,399,501	47%	35,677	73	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Giant Haven Investments Ltd.(BVI)	British Virgin Islands	General investment	664,061	664,061	1,900	100%	75,317	3,911	Not applicable	Subsubsidiary
Mosel Vitelic Inc.	Integrated Memory Technologies, Inc.	United States	Flash memory design house	44,753	44,753	2,500,000	23%	-	-	Not applicable	Associate
Mou-Fu Investment Consultant., Ltd.	Bou-Der Investment, Ltd.	Hsinchu County	Professional investment	1,356,365	1,356,365	6,839,233	50%	38,132	73	Not applicable	Subsubsidiary
Mou-Fu Investment Consultant., Ltd.	DenMOS Technology Inc.	Hsinchu City	R&D, design, manufacturing and sale of LCD driving ICs and other application-specific ICs	25,863	25,863	471,281	4%	5,518	1,024	Not applicable	Subsubsidiary
Giant Haven Investments Ltd. (BVI)	Third Dimension Semiconductor, Inc.	United States	Power IC design	314,640	314,640	49,182,884	43%	-	4,294	Not applicable	Associate

Note: Among which 468,000 shares were ordinary shares and 29,532,000 shares were preferred shares.

Actron Technology Corporation and Subsidiaries

Information on investments in mainland China

For the three months ended March 31, 2024

Table 6

Unit: NT\$ thousand or US\$ thousand

Investee	Principle business activity	Total paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of the beginning of the period	Investment flows of the period		Accumulated outflow of investment from Taiwan as of the end of the period	Net income (loss) of investee company	The Company’s direct or indirect percentage of ownership	Investment income (loss) recognized for the period (Note 2)	Carrying amount at the end of the period	Accumulated inward remittance of earnings at the end of the period
					outflow	inflow						
Smooth Autocomponent Limited	Manufacture of motor parts	Authorized and paid-in capital were both USD 12,000	Note 1	\$ 363,260 (USD 12,000)	\$ -	\$ -	\$ 363,260 (USD 12,000)	\$ 3,359	100%	\$ 3,359	\$ 430,890	\$ -

Accumulated investment in Mainland China at the end of the period	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 3)
USD 12,000	\$365,520 (USD 12,000)	\$ 4,883,270

Note 1: Indirectly investment in Mainland China through companies registered in a third region.

Note 2: Recognition based on the unreviewed financial statements.

Note 3: The Company’s Investment amounts authorized by Investment Commission, MOEA: 8,138,783 (net equity) ×60% =4,883,270.

Actron Technology Corporation
Information of major shareholders

March 31, 2024

Table 7

Name of major shareholder	Share	
	Number of shareholding	Percentage of ownership
Sino-American Silicon Products Inc.	24,935,299	24.57%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Company's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.