

**TAIFLEX SCIENTIFIC COMPANY LIMITED
AND SUBSIDIARIES**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and 2023 and
Independent Auditors' Review Report**

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Notice to Readers

The English consolidated financial statements are not reviewed nor audited by independent auditors. They have been translated into English from the original Chinese version which are reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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Independent Auditors' Review Report

To Taiflex Scientific Co., Ltd.

Introduction

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

Scope of review

We conducted our reviews in accordance with the Standards on Review Engagement 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.

Conclusion

Based on our reviews, we did not discover matters which would lead us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial status of Taiflex Group as of September 30, 2024 and 2023, its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, and its consolidated cash flows for the nine 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.

Ernst & Young, Taiwan

October 30, 2024

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2024, December 31, 2023 and September 30, 2023
(In Thousands of New Taiwan Dollars)

Assets	Notes	September 30, 2024	December 31, 2023	September 30, 2023
Current assets				
Cash and cash equivalents	4, 6(1)	\$ 2,624,921	\$ 1,965,421	\$ 1,791,265
Financial assets at fair value through profit or loss - current	4, 6(2)	34,485	32,713	25,055
Financial assets at amortized cost - current	4, 6(3)	100,000	-	-
Notes receivable, net	4, 6(4)	623,397	720,982	600,587
Accounts receivable, net	4, 6(5)	3,860,135	3,095,035	3,481,884
Other receivables	7	111,427	52,913	71,157
Inventories, net	4, 6(6)	1,795,026	1,409,726	1,765,678
Prepayments		96,527	48,981	63,224
Other current assets	8	49,774	48,789	48,459
Total current assets		<u>9,295,692</u>	<u>7,374,560</u>	<u>7,847,309</u>
Non-current assets				
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	471,388	426,661	444,463
Investments accounted for using the equity method	4, 6(8)	10,994	15,152	21,798
Property, plant and equipment	4, 6(9)	4,820,628	4,529,075	4,444,459
Right-of-use assets	4, 6(21)	302,031	363,168	369,763
Intangible assets	4, 6(10,11)	144,128	151,100	153,070
Deferred income tax assets		125,134	157,049	148,479
Other non-current assets		17,986	14,697	20,664
Total non-current assets		<u>5,892,289</u>	<u>5,656,902</u>	<u>5,602,696</u>
Total assets		<u>\$ 15,187,981</u>	<u>\$ 13,031,462</u>	<u>\$ 13,450,005</u>

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
September 30, 2024, December 31, 2023 and September 30, 2023
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	September 30, 2024	December 31, 2023	September 30, 2023
Current liabilities				
Short-term loans	6(12)	\$ 318,351	\$ 218,859	\$ 122,102
Financial liabilities at fair value through profit or loss - current	4, 6(13)	5,494	1,570	15,241
Contract liabilities - current	4, 6(19)	17,447	1,473	1,551
Notes payable		38,329	18,578	413
Accounts payable		1,876,050	1,042,424	1,599,455
Other payables	7	816,312	652,002	618,281
Current income tax liabilities	4, 6(24)	233,739	216,706	181,377
Lease liabilities - current	4, 6(21)	24,117	19,775	20,118
Current portion of bonds	6(14)	304,831	1,891,501	-
Current portion of long-term loans	6(15)	22,220	36,457	34,643
Other current liabilities		3,901	3,890	11,059
Total current liabilities		<u>3,660,791</u>	<u>4,103,235</u>	<u>2,604,240</u>
Non-current liabilities				
Bonds payable	6(14)	-	-	1,886,959
Long-term loans	6(15)	329,710	345,524	351,499
Deferred income tax liabilities		151,710	118,076	129,471
Lease liabilities - non-current	4, 6(21)	210,286	247,359	250,643
Net defined benefit liabilities - non-current	4, 6(16)	135,611	132,642	159,343
Other non-current liabilities	4, 12	16,691	15,999	11,408
Total non-current liabilities		<u>844,008</u>	<u>859,600</u>	<u>2,789,323</u>
Total liabilities		<u>4,504,799</u>	<u>4,962,835</u>	<u>5,393,563</u>
Equity attributable to shareholders of the parent				
Capital	6(17)			
Common stock		2,339,347	2,091,197	2,091,197
Capital collected in advance		209,770	-	-
Total capital		<u>2,549,117</u>	<u>2,091,197</u>	<u>2,091,197</u>
Capital surplus	6(17)	2,274,243	1,026,197	1,023,302
Retained earnings				
Legal reserve		1,208,439	1,163,891	1,163,891
Special reserve		164,692	310,176	310,176
Unappropriated earnings		4,172,302	3,560,533	3,484,710
Total retained earnings		<u>5,545,433</u>	<u>5,034,600</u>	<u>4,958,777</u>
Others	4	255,984	(164,692)	(116,961)
Total equity attributable to shareholders of the parent		<u>10,624,777</u>	<u>7,987,302</u>	<u>7,956,315</u>
Non-controlling interests	4, 6(17)	58,405	81,325	100,127
Total equity		<u>10,683,182</u>	<u>8,068,627</u>	<u>8,056,442</u>
Total liabilities and equity		<u>\$ 15,187,981</u>	<u>\$ 13,031,462</u>	<u>\$ 13,450,005</u>

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months and Nine Months Ended September 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

		Three Months Ended September 30		Nine Months Ended September 30	
	Notes	2024	2023	2024	2023
Operating revenue	4, 6(19)	\$ 2,853,719	\$ 2,487,012	\$ 7,707,686	\$ 5,969,125
Operating costs	4, 6(6,22)	(2,247,699)	(1,858,342)	(5,920,481)	(4,650,318)
Gross profit		606,020	628,670	1,787,205	1,318,807
Operating expenses	4, 6(22)				
Sales and marketing expenses		(139,660)	(120,631)	(384,118)	(344,894)
General and administrative expenses		(135,984)	(141,650)	(408,470)	(357,484)
Research and development expenses		(97,171)	(100,931)	(294,893)	(264,653)
Expected credit (loss) gain	6(20)	(4,525)	(3,282)	(30,122)	1,754
Total operating expenses		(377,340)	(366,494)	(1,117,603)	(965,277)
Operating income		228,680	262,176	669,602	353,530
Non-operating income and expenses	6(23)				
Interest income		5,717	3,372	22,037	18,715
Other income		2,324	20,197	21,238	32,473
Other gains and losses		(28,147)	59,660	55,480	51,571
Finance costs		(6,791)	(8,012)	(25,466)	(23,474)
Expected credit loss	6(20)	(207)	-	(29,490)	-
Share of profit or loss of associates accounted for using the equity method	4, 6(8)	(1,520)	(627)	(1,366)	(4,491)
Total non-operating income and expenses		(28,624)	74,590	42,433	74,794
Income before income tax		200,056	336,766	712,035	428,324
Income tax expense	4, 6(24)	(49,615)	(76,806)	(164,161)	(102,577)
Net income from continuing operations		150,441	259,960	547,874	325,747
Net income		150,441	259,960	547,874	325,747
Other comprehensive income	6(23)				
Items that will not be reclassified subsequently to profit or loss					
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income		(3,669)	121,552	500,372	188,774
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		159,717	91,219	217,461	5,546
Income tax related to items that may be reclassified subsequently to profit or loss		(31,943)	(18,244)	(43,438)	(1,109)
Total other comprehensive income, net of tax		124,105	194,527	674,395	193,211
Total comprehensive income		\$ 274,546	\$ 454,487	\$ 1,222,269	\$ 518,958
Net income attributable to:	4, 6(17,25)				
Shareholders of the parent		\$ 159,319	\$ 276,536	\$ 571,379	\$ 369,659
Non-controlling interests		(8,878)	(16,576)	(23,505)	(43,912)
		\$ 150,441	\$ 259,960	\$ 547,874	\$ 325,747
Total comprehensive income attributable to:					
Shareholders of the parent		\$ 283,283	\$ 469,820	\$ 1,245,189	\$ 562,874
Non-controlling interests		(8,737)	(15,333)	(22,920)	(43,916)
		\$ 274,546	\$ 454,487	\$ 1,222,269	\$ 518,958
Earnings per share (NT\$)	4, 6(25)				
Earnings per share - basic		\$ 0.65	\$ 1.26	\$ 2.51	\$ 1.69
Earnings per share - diluted		\$ 0.61	\$ 1.07	\$ 2.36	\$ 1.45

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent										
	Capital			Retained Earnings			Others		Total	Non-Controlling Interests	Total Equity
	Common Stock	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
Balance as of January 1, 2023	\$ 2,091,197	\$ -	\$ 1,140,566	\$ 1,089,400	\$ 235,996	\$ 3,661,049	\$ (171,006)	\$ (139,170)	\$ 7,908,032	\$ 144,043	\$ 8,052,075
Appropriation and distribution of 2022 earnings											
Legal reserve				74,491		(74,491)			-		-
Special reserve					74,180	(74,180)			-		-
Cash dividends for common stocks						(397,327)			(397,327)		(397,327)
Changes in other capital surplus											
Changes from investments in associates accounted for using the equity method			48						48		48
Cash dividends from capital surplus			(125,472)						(125,472)		(125,472)
Net income for the nine months ended September 30, 2023						369,659			369,659	(43,912)	325,747
Other comprehensive income (loss) for the nine months ended September 30, 2023							4,441	188,774	193,215	(4)	193,211
Total comprehensive income	-	-	-	-	-	369,659	4,441	188,774	562,874	(43,916)	518,958
Disposal of investments accounted for using the equity method			(3)						(3)		(3)
Share-based payments			8,163						8,163		8,163
Balance as of September 30, 2023	\$ 2,091,197	\$ -	\$ 1,023,302	\$ 1,163,891	\$ 310,176	\$ 3,484,710	\$ (166,565)	\$ 49,604	\$ 7,956,315	\$ 100,127	\$ 8,056,442
Balance as of January 1, 2024	\$ 2,091,197	\$ -	\$ 1,026,197	\$ 1,163,891	\$ 310,176	\$ 3,560,533	\$ (196,494)	\$ 31,802	\$ 7,987,302	\$ 81,325	\$ 8,068,627
Appropriation and distribution of 2023 earnings											
Legal reserve				44,548		(44,548)			-		-
Cash dividends for common stocks						(209,120)			(209,120)		(209,120)
Stock dividends for common stocks	104,560					(104,560)			-		-
Reversal of special reserve					(145,484)	145,484			-		-
Conversion of convertible bonds	143,590	209,770	1,241,959						1,595,319		1,595,319
Changes in other capital surplus											
Changes from investments in associates accounted for using the equity method			34						34		34
Net income for the nine months ended September 30, 2024						571,379			571,379	(23,505)	547,874
Other comprehensive income (loss) for the nine months ended September 30, 2024							173,438	500,372	673,810	585	674,395
Total comprehensive income	-	-	-	-	-	571,379	173,438	500,372	1,245,189	(22,920)	1,222,269
Disposal of subsidiaries accounted for using the equity method			(29)						(29)		(29)
Share-based payments			6,082						6,082		6,082
Disposal of equity instruments at fair value through other comprehensive income						253,134		(253,134)	-		-
Balance as of September 30, 2024	\$ 2,339,347	\$ 209,770	\$ 2,274,243	\$ 1,208,439	\$ 164,692	\$ 4,172,302	\$ (23,056)	\$ 279,040	\$ 10,624,777	\$ 58,405	\$ 10,683,182

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2024	2023
Cash flows from operating activities:		
Income before income tax	\$ 712,035	\$ 428,324
Adjustments:		
Non-cash income and expense items:		
Depreciation	366,315	324,016
Amortization	16,828	17,374
Expected credit loss (gain)	59,612	(1,754)
Net loss on financial assets (liabilities) at fair value through profit or loss	21,368	11,412
Interest expense	25,466	23,474
Interest income	(22,037)	(18,715)
Compensation costs of share-based payments	6,082	8,163
Share of loss of associates accounted for using the equity method	1,366	4,491
(Gain) loss on disposal of property, plant and equipment	(936)	308
Gain on disposal of investments accounted for using the equity method	(4,178)	(807)
Others	8,086	47,333
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(20,720)	(15,437)
Decrease in notes receivable	97,585	101,508
Increase in accounts receivable	(793,492)	(488,856)
Increase in other receivables	(57,954)	(35,772)
Increase in inventories	(392,568)	(41,775)
Increase in prepayments	(39,186)	(23,812)
Decrease (increase) in other current assets	79	(236)
(Increase) decrease in other non-current assets	(738)	5,343
Increase in contract liabilities	15,974	793
Increase in notes payable	19,751	11
Increase in accounts payable	833,626	847,086
Increase (decrease) in other payables	203,639	(76,496)
Increase in other current liabilities	11	7,369
Increase (decrease) in net defined benefit liabilities	2,969	(19,804)
Cash generated from operations	1,058,983	1,103,541
Interest received	20,969	20,201
Interest paid	(11,756)	(7,004)
Income tax paid	(133,378)	(146,368)
Net cash generated by operating activities	934,818	970,370

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

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TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Nine Months Ended September 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2024	2023
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	\$ 455,645	\$ -
Acquisition of financial assets at amortized cost	(100,000)	-
Disposal of financial assets at amortized cost	-	30,743
Disposal of investments accounted for using the equity method	6,975	2,071
Acquisition of property, plant and equipment	(587,776)	(817,835)
Disposal of property, plant and equipment	1,794	94
Increase in refundable deposits	(2,908)	(2,171)
Acquisition of intangible assets	(75)	(1,101)
Increase in other current assets - other financial assets - current	(1,064)	(102)
Net cash used in investing activities	<u>(227,409)</u>	<u>(788,301)</u>
Cash flows from financing activities:		
Increase in short-term loans	99,492	-
Decrease in short-term loans	-	(132,898)
Proceeds from long-term loans	-	11,666
Repayment of long-term loans	(30,051)	-
Distribution of cash dividends	(209,120)	(522,799)
Increase in guarantee deposits received	692	11,153
Repayment of lease principal	(22,486)	(24,786)
Net cash used in financing activities	<u>(161,473)</u>	<u>(657,664)</u>
Effect of exchange rate changes on cash and cash equivalents	113,564	2,474
Net increase (decrease) in cash and cash equivalents	659,500	(473,121)
Cash and cash equivalents at beginning of period	1,965,421	2,264,386
Cash and cash equivalents at end of period	<u>\$ 2,624,921</u>	<u>\$ 1,791,265</u>

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2024 and 2023

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. History and Organization

Taiflex Scientific Company Limited (the “Company”) was incorporated in August, 1997. Its main operations consist of manufacturing, research and development, and selling of flexible copper-clad laminate, cover-layer, bonding sheet, stiffener and composite film. Shares of the Company commenced trading on the Taipei Exchange on December 19, 2003 and were listed on the Taiwan Stock Exchange (TWSE) on December 17, 2009.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the nine months ended September 30, 2024 and 2023 were approved and authorized for issue in the Board of Directors’ meeting on October 30, 2024.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies due to first-time adoption of International Financial Reporting Standards

The Group has adopted International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations endorsed by the Financial Supervisory Commission (FSC) to take effect for annual periods beginning on January 1, 2024. The first-time adoption of new standards does not have any material impact on the Group.

(2) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised or amended standards and interpretations issued by the International Accounting Standards Board (IASB) and endorsed by the FSC:

No.	Projects of New or Amended Standards and Interpretations	Effective Date
IAS 21	Lack of Exchangeability	January 1, 2025

A. Lack of Exchangeability (Amendments to IAS 21)

The amendments explain the exchangeability and lack of exchangeability between currencies and how to determine the exchange rate as well as additional disclosures required when a currency is not exchangeable.

The aforementioned new, revised or amended standards and interpretations are issued by the IASB and endorsed by the FSC to take effect for annual periods beginning on January 1, 2025. The aforementioned standards or interpretations do not have any material impact on the Group.

(3) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised or amended standards and interpretations issued by the IASB but not yet endorsed by the FSC:

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

No.	Projects of New or Amended Standards and Interpretations	Effective Date
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2023
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Volume 11	Annual Improvements to IFRS Accounting Standards	January 1, 2026

- A. Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The plan deals with the inconsistency between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” in relation to the loss of control over a subsidiary that is contributed to an associate or a joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control over a subsidiary. The amendments place restrictions on the above-mentioned rules of IAS 28. The gains or losses from the sale or contribution of assets defined as a business under IFRS 3 shall be recognized in full.

The amendments also change IFRS 10 so that gains or losses arising from the sale or contributions of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture are recognized only to the extent of their shares owned by non-investors.

- B. IFRS 17 “Insurance Contracts”

The standard provides a comprehensive model for the insurance contracts, including all relevant accounting aspects (the principles of recognition, measurement, presentation and disclosure). The core of IFRS 17 is the General Model where a group of insurance contracts is measured at the sum of fulfilment cash flows and contractual service margin at initial recognition. At the end of each reporting period, the carrying amount of the groups of insurance contracts is the sum of liabilities for remaining coverage and incurred claims.

Besides the General Model, the specific approach for contracts with direct participation features (Variable Fee Approach) and the simplified approach for short-term contracts (Premium Allocation Approach) are also provided.

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Reviewed, Not Audited)
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

After the issuance of IFRS 17 in May 2017, amendments were released in 2020 and 2021. Besides deferring the effective date by two years (i.e., from January 1, 2021 to January 1, 2023) and providing additional exemptions in the transitional provisions, these amendments simplify some requirements to lower the implementation cost and revise some requirements to make explanations in certain circumstances easier. The adoption of IFRS 17 will replace the transitional provisions (i.e., IFRS 4 “Insurance Contracts”).

C. IFRS 18 “Presentation and Disclosure in Financial Statements”

The standard will replace IAS 1 “Presentation of Financial Statements.” Major changes are as follows:

(a) Improve the comparability of the income statement

Income and expenses are classified into one of the five categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new ones to improve the structure of the income statement. Also, all companies are required to provide the new defined subtotals (including operating profit or loss). Through the improved structure of the income statement and newly defined subtotals, investors are given a consistent starting point for analyzing the financial performance of companies, thereby making it easier to perform comparison.

(b) Enhance the transparency of management-defined performance measures

Companies are required to give explanations on company-specific measures (i.e., management-defined performance measures) related to the income statement.

(c) More useful grouping of information in the financial statements

The standard gives guidance on how financial information shall be organized, i.e., whether items shall be presented in the primary financial statements or in the notes. This change is expected to provide more detailed and useful information. The standard also requires companies to provide more transparent operating expense information to assist investors with finding and understanding the information they use.

D. Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)

The Standard simplifies the disclosure requirements for subsidiaries without public accountability, and allows eligible subsidiaries to choose whether to apply the Standard.

E. Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The amendments include:

(a) Clarifying that financial liabilities are derecognized on the settlement date, and explain the accounting treatment for financial liabilities settled via electronic payment before the settlement date.

(b) Clarifying how to assess the cash flow characteristics of financial asset with features linked to environmental, social and governance (ESG) or similar contingent features.

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- (c) Clarifying the treatment of assets with non-recourse features and contractually linked instruments.
 - (d) Additional disclosure requirements under IFRS 7 for financial assets or liabilities with contingent features (including ESG-linked features) and equity instruments classified as at fair value through other comprehensive income.
- F. Annual Improvements to IFRS Accounting Standards (Volume 11)
- (a) Amendments to IFRS 1
The amendments improve the consistency of IFRS 1 with IFRS 9, primarily by providing clearer guidance on hedge accounting for first-time adopters.
 - (b) Amendments to IFRS 7
The amendments update an obsolete cross-reference concerning the derecognition of gains or losses.
 - (c) Amendments to implementation guidance of IFRS 7
The amendments improve some descriptions within the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price, and credit risk disclosures.
 - (d) Amendments to IFRS 9
The amendments add cross-references to clarify doubts concerning lessee's derecognition of lease liabilities and the transaction price.
 - (e) Amendments to IFRS 10
The amendments eliminate the inconsistency between paragraphs B74 and B73 of the Standard.
 - (f) Amendments to IAS 7
The amendments remove the cost method in paragraph 37 of the Standard.

For the aforementioned standards and interpretations issued by the IASB but not yet endorsed by the FSC, the effective dates are to be determined by the FSC. The potential effects of the new or revised standards or interpretations in paragraphs A and C to F on the Group are under assessment; thus, they cannot be reasonably estimated for now. The adoption of other newly issued or revised standards and interpretations does not have any material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements for the nine months ended September 30, 2024 and 2023 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC.

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(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. Unless otherwise stated, the numbers within are expressed in thousands of New Taiwan dollars.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

The Group adopts the same preparation principle as the one used in the preparation of consolidated financial statements for the year ended December 31, 2023. Please refer to the consolidated financial statements for the year ended December 31, 2023 for details.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main Business	Ownership Percentage		
			2024.9.30	2023.12.31	2023.9.30
The Company	Taistar Co., Ltd. (Taistar)	Investment holding	100.00%	100.00%	100.00%
The Company	Leadmax Ltd. (Leadmax)	Trading of electronic materials	- (Note 1)	100.00%	100.00%
The Company	Koatech Technology Corporation (Koatech)	Manufacturing and selling of electronic materials and components	52.97%	52.97%	52.97%
The Company	TFS Co., Ltd. (TFS)	Investment holding	100.00%	100.00%	100.00%
The Company	Taiflex Scientific Japan Co., Ltd. (Japan Taiflex)	Trading and technical support of electronic materials	100.00%	100.00%	100.00%
The Company	Taiflex USA Corporation (USA Taiflex)	Technical support and marketing of electronic materials	100.00%	100.00%	100.00%
The Company	Richstar Co., Ltd. (Richstar)	Investment holding	73.94%	73.94%	73.94%
The Company	Taichem Materials Co., Ltd. (Taichem Materials)	Manufacturing and selling of semiconductor materials	100.00%	100.00%	100.00%
The Company	Taiflex Green Power Co., Ltd. (Taiflex Green Power)	Generation and selling of electricity from renewables	100.00%	100.00%	100.00%
The Company	Taiflex Scientific (Thailand) Co., Ltd. (Thailand Taiflex)	Manufacturing and selling of electronic materials	100.00%	100.00%	100.00%
Taistar	TSC International Ltd. (TSC)	Investment holding	100.00%	100.00%	100.00%
TSC	Kunshan Taiflex Electronic Co., Ltd. (Kunshan Taiflex Electronic)	Selling of chemical products, electronic materials and electronic components	100.00%	100.00%	100.00%
TFS	Richstar Co., Ltd. (Richstar)	Investment holding	26.06%	26.06%	26.06%
Richstar	Shenzhen Taiflex Electronic Co., Ltd. (Shenzhen Taiflex)	Trading of coating materials for high polymer film and copper foil	100.00%	100.00%	100.00%
Richstar	Rudong Fuzhan Scientific Co., Ltd. (Rudong Fuzhan)	Manufacturing and selling of electronic materials	100.00%	100.00%	100.00%
Koatech	KTC Global Co., Ltd. (KTC Global)	Investment holding	100.00%	100.00%	100.00%
KTC Global	KTC PanAsia Co., Ltd. (KTC PanAsia)	Investment holding	100.00%	100.00%	100.00%

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Investor	Subsidiary	Main Business	Ownership Percentage		
			2024.9.30	2023.12.31	2023.9.30
KTC PanAsia	Kunshan Koatech Technology Corporation (Kunshan Koatech)	A wholesaler and a commission agent of electronic materials and components	100.00%	100.00%	100.00%

Note 1: Leadmax was liquidated in February 2024.

- (4) The consolidated financial statements for the nine months ended September 30, 2024 and 2023 adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2023. Please refer to the consolidated financial statements for the year ended December 31, 2023 for a summary of other significant accounting policies.

5. Significant Accounting Judgments and Major Sources of Estimation Uncertainty

The same critical accounting judgments and major sources of estimation uncertainty have been followed in the consolidated financial statements for the nine months ended September 30, 2024 and 2023 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. For the summary of critical accounting judgments and major sources of estimation uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and petty cash	\$ 865	\$ 872	\$ 884
Bank deposits	2,524,462	1,964,549	1,790,381
Repurchased agreements	99,594	-	-
Total	<u>\$ 2,624,921</u>	<u>\$ 1,965,421</u>	<u>\$ 1,791,265</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Mandatorily at fair value through profit or loss:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 4,776	\$ 4,867	\$ -
- Foreign exchange swap contracts	-	92	-
Stocks	28,900	27,754	25,055
Designated as at fair value through profit or loss:			
- Redemption option of convertible bonds	809	-	-
Total	<u>\$ 34,485</u>	<u>\$ 32,713</u>	<u>\$ 25,055</u>

The Group's financial assets at fair value through profit or loss were not pledged.

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(3) Financial assets at amortized cost - current

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits - current	\$ 100,000	\$ -	\$ -

The Group classified certain financial assets as financial assets at amortized cost, which were not pledged. Please refer to Note 12 for information concerning credit risk.

(4) Notes receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable, net	\$ 623,397	\$ 720,982	\$ 600,587

The Group's notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(20) for details on loss allowance and Note 12 for information concerning credit risk.

(5) Accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 3,942,347	\$ 3,146,625	\$ 3,529,503
Less: Loss allowance	(82,212)	(51,590)	(47,619)
Accounts receivable, net	\$ 3,860,135	\$ 3,095,035	\$ 3,481,884

A. The Group's accounts receivables were not pledged.

B. The credit terms of accounts receivables are generally set at monthly settlement with payment in 60 to 180 days. Please refer to Note 6(20) for loss allowance for the nine months ended September 30, 2024 and 2023 and Note 12 for credit risk.

(6) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 733,174	\$ 656,164	\$ 754,299
Inventories in transit	53,135	73,622	60,251
Supplies	14,852	12,616	15,505
Work in progress	130,673	31,946	116,233
Finished goods	517,990	412,160	508,242
Merchandise	345,202	223,218	311,148
Total	\$ 1,795,026	\$ 1,409,726	\$ 1,765,678

The Group recognized NT\$2,247,699 thousand, NT\$1,858,342 thousand, NT\$5,920,481 thousand and NT\$4,650,318 thousand of operating costs associated with inventories for the three months and nine months ended September 30, 2024 and 2023, respectively; including gain on reversal of (or loss on) inventory write-downs of NT\$9,415 thousand, NT\$269 thousand, NT\$5,992 thousand and NT\$(20,458) thousand for the three months and nine months then ended, respectively. Reversal of inventory write-downs was mainly due to a decrease in the associated allowance from price recovery of inventories with allowance for

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inventory valuation losses at beginning of period, inventories sold or inventories used.

The aforementioned inventories were not pledged.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Investments in equity instruments at fair value through other comprehensive income - non-current:			
Publicly traded stocks	\$ 471,388	\$ 426,661	\$ 444,463
Non-publicly traded stocks	-	-	-
Total	<u>\$ 471,388</u>	<u>\$ 426,661</u>	<u>\$ 444,463</u>

The said financial assets at fair value through other comprehensive income were not pledged. Please refer to Table 3 for details.

(8) Investments accounted for using the equity method

Investee	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	Ownership Percentage	Amount	Ownership Percentage	Amount	Ownership Percentage
Investments in associates:						
Innovision FlexTech Corp.	<u>\$ 10,994</u>	10.62%	<u>\$ 15,152</u>	12.97%	<u>\$ 21,798</u>	12.97%

The aforementioned investments accounted for using the equity method were not pledged.

Fair value when there is a quoted market price: Innovision FlexTech Corp. is a company listed on the Emerging Stock Board of Taipei Exchange. The fair value of the Group's investment in Innovision FlexTech Corp. amounted to NT\$27,960 thousand, NT\$33,846 thousand and NT\$33,538 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

- A. The shares of profit or loss of associates accounted for using the equity method based on the investees' unreviewed financial statements for the nine months ended September 30, 2024 and 2023 were as follows:

Investee	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Innovision FlexTech Corp.	<u>\$ (1,520)</u>	<u>\$ (627)</u>	<u>\$ (1,366)</u>	<u>\$ (4,491)</u>

- B. The Group accounted for Innovision FlexTech Corp. (Innovision) using the equity method as it had significant influence over the investee through ownership and representation on Innovision's board of directors.
- C. The summarized financial information of the Group's investments in associates was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Total assets	\$ 261,410	\$ 256,117	\$ 344,732
Total liabilities	\$ 157,834	\$ 139,292	\$ 176,669

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	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue	\$ 14,874	\$ 63,260	\$ 115,023	\$ 153,693
Net income (loss)	\$ (14,317)	\$ (4,830)	\$ (13,567)	\$ (33,612)

(9) Property, plant and equipment

	September 30, 2024	December 31, 2023	September 30, 2023
Owner-occupied property, plant and equipment	<u>\$ 4,820,628</u>	<u>\$ 4,529,075</u>	<u>\$ 4,444,459</u>

A. Owner-occupied property, plant and equipment

	As of January 1, 2024	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of September 30, 2024
<u>Cost</u>						
Land	\$ 335,228	\$ -	\$ -	\$ -	\$ 21,616	\$ 356,844
Buildings	1,997,609	14,041	-	71,739	17,578	2,100,967
Machinery and equipment	4,043,103	191,541	-	191,847	15,067	4,441,558
Hydropower equipment	478,404	9,183	-	39,720	2,518	529,825
Testing equipment	402,702	27,738	(7,541)	28,886	1,437	453,222
Miscellaneous equipment	378,706	13,057	(8,200)	19,056	1,715	404,334
Total	<u>\$ 7,635,752</u>	<u>\$ 255,560</u>	<u>\$ (15,741)</u>	<u>\$ 351,248</u>	<u>\$ 59,931</u>	<u>\$ 8,286,750</u>

Accumulated depreciation and impairment

Buildings	\$ 718,650	\$ 78,112	\$ -	\$ -	\$ 3,004	\$ 799,766
Machinery and equipment	2,581,113	199,562	-	-	5,324	2,785,999
Hydropower equipment	300,765	18,717	-	-	837	320,319
Testing equipment	283,856	24,607	(7,100)	-	962	302,325
Miscellaneous equipment	254,214	22,584	(7,783)	1,063	1,243	271,321
Total	<u>\$ 4,138,598</u>	<u>\$ 343,582</u>	<u>\$ (14,883)</u>	<u>\$ 1,063</u>	<u>\$ 11,370</u>	<u>\$ 4,479,730</u>
Construction in progress and equipment awaiting inspection	1,031,921	292,889	-	(360,412)	49,210	1,013,608
Net	<u>\$ 4,529,075</u>					<u>\$ 4,820,628</u>

	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of September 30, 2023
<u>Cost</u>						
Land	\$ 327,936	\$ -	\$ -	\$ -	\$ 1,302	\$ 329,238
Buildings	1,848,661	116,154	-	-	733	1,965,548
Machinery and equipment	3,597,680	220,920	(727)	-	826	3,818,699
Hydropower equipment	472,741	13,291	-	-	96	486,128
Testing equipment	397,342	6,362	(391)	-	57	403,370
Miscellaneous equipment	328,648	48,266	(1,150)	-	66	375,830
Total	<u>\$ 6,973,008</u>	<u>\$ 404,993</u>	<u>\$ (2,268)</u>	<u>\$ -</u>	<u>\$ 3,080</u>	<u>\$ 7,378,813</u>

Accumulated depreciation and impairment

Buildings	\$ 625,397	\$ 69,116	\$ -	\$ -	\$ 165	\$ 694,678
Machinery and equipment	2,356,965	168,884	(492)	-	236	2,525,593
Hydropower equipment	285,928	17,106	-	-	45	303,079
Testing equipment	252,026	24,375	(285)	-	50	276,166

(Continued)

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	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of September 30, 2023
Miscellaneous equipment	\$ 225,305	\$ 22,584	\$ (1,089)	\$ -	\$ 67	\$ 246,867
Total	\$ 3,745,621	\$ 302,065	\$ (1,866)	\$ -	\$ 563	\$ 4,046,383
Construction in progress and equipment awaiting inspection	678,585	438,833	-	(5,633)	244	1,112,029
Net	\$ 3,905,972					\$ 4,444,459

(Concluded)

B. Please refer to Note 8 for property, plant and equipment pledged.

(10) Intangible assets

	As of January 1, 2024	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of September 30, 2024
<u>Cost</u>						
Trademarks	\$ 627	\$ -	\$ -	\$ -	\$ -	\$ 627
Patents	34,612	75	-	-	-	34,687
Computer software	173,128	-	-	9,403	345	182,876
Goodwill	69,781	-	-	-	-	69,781
Total	\$ 278,148	\$ 75	\$ -	\$ 9,403	\$ 345	\$ 287,971

Accumulated amortization
and impairment

Trademarks	\$ 424	\$ 44	\$ -	\$ -	\$ -	\$ 468
Patents	28,458	477	-	-	-	28,935
Computer software	98,166	15,941	-	-	333	114,440
Total	127,048	\$ 16,462	\$ -	\$ -	\$ 333	143,843
Net	\$ 151,100					\$ 144,128

	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of September 30, 2023
<u>Cost</u>						
Trademarks	\$ 762	\$ 41	\$ (176)	\$ -	\$ -	\$ 627
Patents	48,209	243	(13,840)	-	-	34,612
Computer software	266,934	817	(103,297)	4,971	31	169,456
Goodwill	69,781	-	-	-	-	69,781
Total	\$ 385,686	\$ 1,101	\$ (117,313)	\$ 4,971	\$ 31	\$ 274,476

Accumulated amortization
and impairment

Trademarks	\$ 542	\$ 43	\$ (176)	\$ -	\$ -	\$ 409
Patents	41,542	595	(13,840)	-	-	28,297
Computer software	179,553	16,411	(103,297)	-	33	92,700
Total	221,637	\$ 17,049	\$ (117,313)	\$ -	\$ 33	121,406
Net	\$ 164,049					\$ 153,070

(11) Impairment testing of goodwill

Goodwill acquired through business combinations was allocated to each of the cash-generating units (CGUs) which were expected to benefit from synergies, and impairment evaluation on recoverable amount of goodwill was conducted at each year end. The Group measured recoverable amount at fair value less costs of disposals. The adoption of fair value less costs of disposal was determined by using the comparative approach for evaluation. Fair value less costs of disposal took into account the recent transaction prices or announced land

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value of similar objects with comparability in the region and adjusted for factors including location, scale and purposes. It was a level 3 fair value. Based on the analysis, the Group determined that the goodwill of NT\$69,781 thousand was not impaired.

Key assumption in calculating the fair value less costs of disposal

The calculation of CGUs' fair value less costs of disposal is most sensitive to the following assumption:

Transaction price of comparable object - the transaction price of comparable object is adjusted for conditions, transaction date, local factors, and individual factors.

Sensitivity to changes in assumption

For the evaluation of CGUs' fair value less costs of disposal, the management believes that no reasonably possible change in the above key assumption would cause the carrying value of the unit to materially exceed its recoverable amount.

(12) Short-term loans

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 318,351	\$ 218,859	\$ 122,102

The interest rate ranges of loans were 0.50% to 4.10%, 0.50% to 4.65% and 1.94% to 3.65%; and the unused short-term credit facilities amounted to NT\$3,863,262 thousand, NT\$3,914,140 thousand and NT\$4,024,008 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Held for trading:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 5,119	\$ -	\$ 6,493
- Foreign exchange swap contracts	375	14	189
Designated as at fair value through profit or loss:			
- Convertible bonds - put option	-	1,556	8,559
Total	\$ 5,494	\$ 1,570	\$ 15,241

(14) Bonds payable

	September 30, 2024	December 31, 2023	September 30, 2023
Overseas unsecured convertible bonds payable	\$ 304,831	\$ 1,891,501	\$ 1,886,959
Less: Current portion	(304,831)	(1,891,501)	-
Net	\$ -	\$ -	\$ 1,886,959

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Overseas unsecured convertible bonds payable

	September 30, 2024	December 31, 2023	September 30, 2023
Liability component:			
Overseas unsecured convertible bonds payable			
- principal amount	\$ 311,248	\$ 1,945,300	\$ 1,945,300
Overseas unsecured convertible bonds payable			
- discounts	(6,417)	(53,799)	(58,341)
Subtotal	\$ 304,831	\$ 1,891,501	\$ 1,886,959
Less: Current portion	(304,831)	(1,891,501)	-
Net	\$ -	\$ -	\$ 1,886,959
Embedded derivative financial instruments	\$ 809	\$ (1,556)	\$ (8,559)
Equity component	\$ 11,232	\$ 70,203	\$ 70,203

The Company issued its first overseas unsecured convertible bonds at zero coupon rate on the Singapore Exchange Securities Trading Limited on November 30, 2021. Based on the contractual terms, the bonds contain a liability component (host contract), embedded derivative financial instruments (options for the issuer to redeem the bonds and the bondholders to request for redemption) and an equity component (an option for bondholders to request for conversion into issuer's common stocks). The key terms of the bonds are as follows:

Issue amount: US\$70,000 thousand (NT\$1,945,300 thousand)

Period: November 30, 2021 to November 30, 2026

Major redemption and put option clauses:

- A. The bonds are converted into U.S. dollars equivalent to the New Taiwan dollar amount using a fixed exchange rate for the repayment, repurchase and redemption of the bonds. The fixed exchange rate is determined with reference to the US\$/NT\$ fixing published by Taipei Forex Inc. at 11 a.m. on the pricing date (i.e., the Fixed Exchange Rate is US\$1.00 = NT\$27.79).
- B. After three months of the issuance and prior to the maturity date, the Company may redeem the outstanding convertible bonds in cash at the "Early Redemption Amount" when the closing price (converted into U.S. dollars at the applicable prevailing exchange rate) of the Company's common stocks listed on the TWSE is at least 130% of the total amount determined by multiplying the Early Redemption Amount by the conversion price (translated into U.S. dollars at the Fixed Exchange Rate determined on the pricing date) and divided by the principal amount of the bonds for a period of thirty consecutive trading days. The Early Redemption Amount is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.
- C. When more than 90 percent of the bonds have been redeemed, converted, repurchased and cancelled, the Company may redeem the outstanding bonds early, in whole but not in part, at the "Early Redemption Amount."

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- D. When changes in the tax laws of the ROC would result in an increase in costs for the Company, the Company may redeem the outstanding bonds early, in whole but not in part, at the “Early Redemption Amount.” For bondholders who choose not to have their bonds redeemed, they shall not request the Company to bear the additional taxes or expenses.
- E. The bondholders may request the Company to redeem all or part of the corporate bonds three years after the issue date (i.e., the holder’s put date is November 30, 2024) at the “Early Redemption Price.” The “Early Redemption Price” is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.
- F. When the Company’s common stocks cease to be listed on the TWSE or are suspended from trading for a period of thirty consecutive trading days or more, the bondholders may request the Company to redeem the corporate bonds, in whole but not in part, at the “Early Redemption Price.”
- G. Upon the occurrence of a change of control as defined in the bond indenture, the bondholders may request the Company to redeem the corporate bonds, in whole but not in part, at the “Early Redemption Price.”

Terms of conversion:

- A. Underlying securities: Common stocks of the Company
- B. Conversion period: Bondholders have the right to convert their bonds into the Company’s common stocks from the day immediately following the 90-day period from the issue date to (1) 10 days prior to the maturity date or (2) no later than five business days prior to the holder’s put date or the date when the Company exercises early redemption.
- C. Conversion price and its adjustments: The conversion price is set at NT\$53.5 per share at the time of issuance. When the conversion price needs to be adjusted due to circumstances set out in the bond indenture, it shall be adjusted according to formula in the indenture. The conversion price as of September 30, 2024 was NT\$44.78 per share.
- D. Redemption on maturity date: Upon maturity, the bonds will be redeemed at 100% of the outstanding principal amount (i.e., the “Redemption Amount at Maturity”). The Redemption Amount at Maturity is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.

As of September 30, 2024, the total amount converted was US\$58,800 thousand (NT\$1,634,052 thousand).

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(15) Long-term loans

Details of long-term loans as of September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

Creditor	2024.9.30	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	\$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Taishin International Bank - secured loan	113,850	2024.7.31 - 2029.7.31, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	35,357	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Maxwealth Financial Leasing Co., Ltd. - secured loan	2,723	2023.8.2 - 2025.8.1, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	351,930	
Less: Current portion	(22,220)	
Total	<u>\$ 329,710</u>	

The subsidiary Koatech Technology Corporation entered into a machinery and equipment sale-leaseback financing arrangement with Maxwealth Financial Leasing Co., Ltd. for a term of two years. Under the agreement, machinery and equipment are pledged as collateral. At the end of the term, the ownership of such machinery and equipment would belong to Koatech Technology Corporation. Please refer to Note 8 for machinery and equipment pledged.

Creditor	2023.12.31	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	\$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Bank of Ningbo - credit loan	13,000	2023.8.23 - 2024.9.22, principal to be repaid in 3 equal installments with monthly interest payment
Taishin International Bank - secured loan	122,550	2020.2.26 - 2025.2.25, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	41,250	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Maxwealth Financial Leasing Co., Ltd. - secured loan	5,181	2023.8.2 - 2025.8.1, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	381,981	
Less: Current portion	(36,457)	
Total	<u>\$ 345,524</u>	

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The subsidiary Koatech Technology Corporation entered into a machinery and equipment sale-leaseback financing arrangement with Maxwealth Financial Leasing Co., Ltd. for a term of two years. Under the agreement, machinery and equipment are pledged as collateral. At the end of the term, the ownership of such machinery and equipment would belong to Koatech Technology Corporation. Please refer to Note 8 for machinery and equipment pledged.

Creditor	2023.9.30	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	\$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Bank of Ningbo - credit loan	13,261	2023.8.23 - 2024.9.22, principal to be repaid in 3 equal installments with monthly interest payment
Taishin International Bank - secured loan	123,370	2020.2.25 - 2025.2.25, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	43,214	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Maxwealth Financial Leasing Co., Ltd. - secured loan	6,297	2023.8.2 - 2025.8.1, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	386,142	
Less: Current portion	(34,643)	
Total	<u>\$ 351,499</u>	

- A. The interest rate ranges of loans were 1.8056% to 3.85%, 1.7165% to 3.85% and 1.7165% to 3.65% as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. Please refer to Note 8 for collateral of the long-term loans.
- B. In July 2020, the Group entered into a syndicated loan agreement with eight financial institutions, including the Bank of Taiwan (bookrunner), for a loan facility of NT\$2.5 billion or the equivalent in U.S. dollars. The contract term was five years from the initial drawdown date, i.e., October 2020 to October 2025 and the credit term of the agreement was mid-term loans - current. During the loan term, the Group was required to calculate and maintain the following financial ratios at an agreed level based on the consolidated financial statements audited by CPAs every six months: current ratio, debt ratio, interest coverage ratio and tangible net value. The Group has abided by those terms.

(16) Post-employment benefit plans

A. Defined contribution plan

Expenses under the defined contribution plan for the three months and nine months ended September 30, 2024 and 2023 were NT\$9,580 thousand, NT\$8,677 thousand, NT\$26,644 thousand and NT\$25,550 thousand, respectively.

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B. Defined benefit plan

Expenses under the defined benefit plan for the three months and nine months ended September 30, 2024 and 2023 were NT\$1,677 thousand, NT\$2,046 thousand, NT\$5,029 thousand and NT\$6,140 thousand, respectively.

(17) Equity

A. Capital

(a) Common stock

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Company's authorized capital was NT\$3,000,000 thousand, divided into 300,000 thousand shares (including 15,000 thousand shares with the amount of NT\$150,000 thousand reserved for the exercise of employee stock options, preferred stock with warrants and bond with warrants) at a par value of NT\$10 each.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Company's issued capital was NT\$2,339,347 thousand, NT\$2,091,197 thousand and NT\$2,091,197 thousand, respectively, divided into 233,935 thousand shares, 209,120 thousand shares and 209,120 thousand shares at a par value of NT\$10 each.

(b) Capital collected in advance

As of September 30, 2024, convertible bond holders converted their bonds into 20,977 thousand shares of the Company's common stock, resulting in an increase in common stock capital by NT\$209,770 thousand, which was booked under capital collected in advance. The Board of Directors resolved on October 30, 2024, to set the capital increase record date on November 8, 2024.

B. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
Additional paid-in capital	\$ 1,841,937	\$ 541,007	\$ 541,007
Premium from merger	262,500	262,500	262,500
Donated assets	1,970	1,970	1,970
Treasury stock transactions	27,280	27,280	27,280
Due to recognition of equity component of convertible bonds - stock options	11,232	70,203	70,203
Employee stock options	17,115	11,033	8,163
Others	112,209	112,204	112,179
Total	<u>\$ 2,274,243</u>	<u>\$ 1,026,197</u>	<u>\$ 1,023,302</u>

According to laws and regulations, capital surplus shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute capital surplus related to income derived from issuance of new shares at a premium or income from endowments received by the company as stock dividends up to a certain percentage of paid-in capital. The said capital surplus could also be distributed in the form of cash dividends to shareholders in proportion to the number of shares being held by each of them.

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C. Appropriation of profits and dividend policies

Current year's earnings of the Company, if any, shall be distributed in the following order:

- (a) Taxes and dues.
- (b) Deficit compensation.
- (c) 10% of net profit as legal reserves. However, this shall not apply when the accumulated legal reserve has equaled total capital.
- (d) Special reserve appropriated or reversed as stipulated by relevant laws and regulations or the competent securities authorities.
- (e) For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of earnings. Regarding earnings distributed by an issuance of new shares, the proposal shall be approved by the shareholders' meeting, and for earnings distributed in the form of cash, the proposal shall be submitted to the Board of Directors' meeting for resolution.

The Company authorizes the Board of Directors to approve the distribution of dividends and bonuses or the legal reserve and capital surplus stipulated in Paragraph 1, Article 241 of the Company Act, in whole or in part, in the form of cash with the consent of majority of attending directors which represents more than two-third of all directors pursuant to Paragraph 5, Article 240 of the Company Act and report to the shareholders' meeting.

After taking into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash, the Board of Directors shall draw up an earnings distribution proposal based on the distributable earnings and submit it to the shareholders' meeting for approval. At least forty percent of the distributable earnings shall be appropriated as shareholders' dividends. The cash dividend shall not be lower than 10 percent of the total dividends and shall be capped at 100 percent.

The Company complies with Order No. Jin-Guan-Zheng-Fa-1090150022 issued by the FSC on March 31, 2021, which sets out the following provisions: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserves. Later when the company uses, disposes of, or reclassifies relevant assets, it may reverse to distributable earnings a proportional amount of the special reserves originally set aside.

As of September 30, 2024 and 2023, special reserve set aside for the first-time adoption of IFRS amounted to NT\$75,546 thousand.

Information about the appropriation of 2023 and 2022 earnings resolved in the Board of Directors' meetings on February 20, 2024 and February 22, 2023, respectively, was as follows:

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	Appropriation of Earnings		Dividend per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 44,548	\$ 74,491	-	-
Special reserve	-	74,180	-	-
Reversal of special reserve	(145,484)	-	-	-
Cash dividends	209,120	397,327	\$ 1.00	\$ 1.90
Stock dividends (Note)	104,560	-	0.50	-

(Note) Resolved at the shareholders' meeting on May 24, 2024.

Distribution of cash from capital surplus of NT\$125,472 thousand (i.e., NT\$0.6 per share) was approved in the Board of Directors' meeting on February 22, 2023.

Please refer to Note 6(22) for information on the accrual basis and the amounts recognized for compensation to employees and remuneration to directors.

D. Non-controlling interests (NCIs)

	Nine Months Ended September 30	
	2024	2023
Beginning balance	\$ 81,325	\$ 144,043
Net loss attributable to NCIs	(23,505)	(43,912)
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	585	(4)
Ending balance	\$ 58,405	\$ 100,127

(18) Share-based payment plan

The Group's employees are entitled to receive share-based payments as part of their compensation. Transactions are accounted for as equity-settled share-based payment transactions where employees provide services as consideration for equity instruments.

A. Employee share-based payment plan of the parent company

The Company issued employees stock options of 3,000 units on February 22, 2023. Each unit is entitled to 1,000 common stocks of the Company. Parties eligible to receive the options include employees of the Company and its subsidiaries who met certain conditions. Exercise price of the option is the closing price of the Company's stocks on the grant date. Employees can exercise their options two years after the grant date by the vesting schedule. The Company would issue new shares for settlement when employees exercise their options.

The Black-Scholes-Merton pricing model is used to estimate the fair value of options on the grant date. Parameters and assumptions applied take into account the terms and conditions of the contract.

The options have a duration of five years and cash settlement is not an alternative. The Group has never adopted cash settlement for options granted under such plans in the past.

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Details of the aforementioned share-based payment plan are as follows:

Grant Date	Total Unit (in Thousands)	Exercise Price per Unit (NT\$)
2023.2.22	3,000	42.30

For share-based payment plan granted in the nine months ended September 30, 2024, assumptions used in the pricing model for estimating the fair value of options on the grant date were as follows:

	2023.2.22
Dividend yield ratio (%)	0%
Expected volatility (%)	28.80%~29.49%
Risk-free interest rate (%)	1.15%~1.16%
Expected option life (year)	3.5~4.0
Pricing model	Black-Scholes-Merton option pricing model
Weighted average fair value of options granted during the period (NT\$)	10.12

Details of the parent company's employee stock option plan were as follows:

	Nine Months Ended September 30, 2024			
	No. of Options Outstanding (in thousands)	Weighted Average Exercise Price (NT\$)	Range of Exercise Price (NT\$)	Weighted Average Remaining Life (Year)
Outstanding at beginning of period	2,880	\$ 39.9		
Granted	-	-		
Forfeited	(375)	39.9		
Exercised	-	-		
Expired	-	-		
Outstanding at end of period	2,505	37.6	\$ 37.6	3.33
Exercisable at end of period	-	-		

	Nine Months Ended September 30, 2023			
	No. of Options Outstanding (in thousands)	Weighted Average Exercise Price (NT\$)	Range of Exercise Price (NT\$)	Weighted Average Remaining Life (Year)
Outstanding at beginning of period	-	\$ -		
Granted	3,000	42.3		
Forfeited	(70)	39.9		
Exercised	-	-		
Expired	-	-		
Outstanding at end of period	2,930	39.9	\$ 39.9	4.33
Exercisable at end of period	-	-		

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B. Expenses of the share-based payment plan were as follows:

	Nine Months Ended September 30	
	2024	2023
Expenses recognized for the share-based payment transactions (equity-settled share-based payments)	\$ 6,082	\$ 8,163

(19) Operating revenue

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue from sale of goods	\$ 2,853,719	\$ 2,487,012	\$ 7,707,686	\$ 5,969,125
Contract balances:				
	September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
Contract liabilities - current				
Sale of goods	\$ 17,447	\$ 1,473	\$ 1,551	\$ 758

Beginning balance of contract liabilities reclassified to revenue amounted to NT\$1,473 thousand and NT\$758 thousand for the nine months ended September 30, 2024 and 2023, respectively.

(20) Expected credit (loss) gain

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Operating expenses - expected credit (loss) gain				
Accounts receivable	\$ (4,525)	\$ (3,282)	\$ (30,122)	\$ 1,754
Non-operating income and expenses - expected credit (loss)				
Other receivables (Note)	(207)	-	(29,490)	-
Total	\$ (4,732)	\$ (3,282)	\$ (59,612)	\$ 1,754

(Note) In March 2024, our subsidiary Rudong Fuzhan returned the right-of-use of undeveloped land to Rudong County's land administration agency according to the contract. Land auction proceeds, net of taxes, would be paid as compensation to Rudong Fuzhan. As it was difficult to estimate the timing of the compensation, the Company recognized an equivalent amount of credit loss of RMB 6,635 thousand based on a conservative assessment.

Please refer to Note 12 for information concerning credit risk.

For receivables (including notes and accounts receivables), the Group measured the loss allowance at an amount equal to lifetime expected credit losses. The assessment on the loss allowance as of September 30, 2024, December 31, 2023 and September 30, 2023 was as follows:

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September 30, 2024

		Past Due			
	Not Past Due (Note)	Within 90 Days	91-180 Days	Over 181 Days	Total
Gross carrying amount	\$ 4,442,314	\$ 86,118	\$ 2,876	\$ 34,436	\$ 4,565,744
Expected credit loss ratio	0.33%	35.27%	93.21%	100.00%	
Lifetime expected credit losses	14,723	30,372	2,681	34,436	82,212
Subtotal	\$ 4,427,591	\$ 55,746	\$ 195	\$ -	\$ 4,483,532

December 31, 2023

		Past Due			
	Not Past Due (Note)	Within 90 Days	91-180 Days	Over 181 Days	Total
Gross carrying amount	\$ 3,735,805	\$ 96,216	\$ 7,722	\$ 27,864	\$ 3,867,607
Expected credit loss ratio	0.46%	6.23%	19.99%	96.49%	
Lifetime expected credit losses	17,164	5,996	1,544	26,886	51,590
Subtotal	\$ 3,718,641	\$ 90,220	\$ 6,178	\$ 978	\$ 3,816,017

September 30, 2023

		Past Due			
	Not Past Due (Note)	Within 90 Days	91-180 Days	Over 181 Days	Total
Gross carrying amount	\$ 4,012,135	\$ 88,665	\$ 2,331	\$ 26,959	\$ 4,130,090
Expected credit loss ratio	0.37%	6.02%	19.99%	100%	
Lifetime expected credit losses	14,854	5,340	466	26,959	47,619
Subtotal	\$ 3,997,281	\$ 83,325	\$ 1,865	\$ -	\$ 4,082,471

Note: None of the Group's notes receivables was overdue.

Movements in the loss allowance for receivables in the nine months ended September 30, 2024 and 2023 were as follows:

	Receivables	Other Receivables	Total
Balance as of January 1, 2024	\$ 51,590	\$ -	\$ 51,590
Appropriated in the current period	30,122	29,490	59,612
Write off	(1,230)	-	(1,230)
Effect of exchange rate changes	1,730	508	2,238
Balance as of September 30, 2024	\$ 82,212	\$ 29,998	\$ 112,210

	Receivables	Other Receivables	Total
Balance as of January 1, 2023	\$ 49,836	\$ -	\$ 49,836
Reversed in the current period	(1,754)	-	(1,754)
Write off	(523)	-	(523)
Effect of exchange rate changes	60	-	60
Balance as of September 30, 2023	\$ 47,619	\$ -	\$ 47,619

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(21) Leases

A. The Group being a lessee

The Group leases various assets. The lease terms of these contracts range between 2 and 50 years.

The effects of leases on financial status, financial performance and cash flows of the Group were as follows:

(a) Amounts recognized in the balance sheets

i. Right-of-use assets

Carrying amount of right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 255,615	\$ 325,516	\$ 329,756
Buildings	17,577	14,600	17,054
Transportation equipment	28,839	23,052	22,953
Total	<u>\$ 302,031</u>	<u>\$ 363,168</u>	<u>\$ 369,763</u>

The Group's right-of-use assets increased by NT\$25,777 thousand and NT\$9,346 thousand for the nine months ended September 30, 2024 and 2023, respectively.

ii. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ 24,117	\$ 19,775	\$ 20,118
Non-current	210,286	247,359	250,643
Lease liabilities	<u>\$ 234,403</u>	<u>\$ 267,134</u>	<u>\$ 270,761</u>

Please refer to Note 6(23)D Finance costs for details on interest expenses of lease liabilities for the nine months ended September 30, 2024 and 2023 and Note 12(5) Liquidity risk management for the maturity analysis on lease liabilities as of September 30, 2024 and 2023.

(b) Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Land	\$ 1,667	\$ 2,120	\$ 5,609	\$ 6,369
Buildings	2,866	2,708	8,530	8,177
Transportation equipment	3,066	2,605	8,594	7,405
Total	<u>\$ 7,599</u>	<u>\$ 7,433</u>	<u>\$ 22,733</u>	<u>\$ 21,951</u>

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(c) Lessee's income and expenses associated with leasing activities

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Expense of short-term leases	\$ 23,994	\$ 23,321	\$ 67,145	\$ 67,392
Expense of leases of low value assets (excluding short-term leases of low value assets)	1,644	1,041	4,135	2,933

(d) Lessee's cash outflows associated with leasing activities

The Group's cash outflows from leases amounted to NT\$93,766 thousand and NT\$95,111 thousand for the nine months ended September 30, 2024 and 2023, respectively.

(e) Other information associated with leasing activities

Options to extend or terminate the lease

Some of the Group's property leases contain options to extend or terminate the leases. When determining the lease term, it shall be the non-cancellable period where the lessee has the right to use the underlying asset, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Group is reasonably certain not to exercise that option. The use of those options can maximize the flexibility in managing the contracts. The majority of options to extend or terminate the leases can only be exercised by the Group. The Group would reassess the lease periods when a significant event or a significant change in circumstances occurs (that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term) after the commencement date.

(22) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function Nature	Three Months Ended September 30					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	160,234	128,199	288,433	151,909	144,856	296,765
Labor and health insurance	15,954	11,069	27,023	14,981	10,797	25,778
Pension	6,592	4,665	11,257	6,177	4,546	10,723
Remuneration to directors	-	4,551	4,551	-	6,611	6,611
Other employee benefits expense	19,353	9,932	29,285	15,175	7,920	23,095
Depreciation	107,508	22,603	130,111	90,105	19,819	109,924
Amortization	585	4,887	5,472	786	5,024	5,810

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Function Nature	Nine Months Ended September 30					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	446,324	398,714	845,038	377,559	357,648	735,207
Labor and health insurance	44,144	31,162	75,306	43,659	30,971	74,630
Pension	18,371	13,302	31,673	18,047	13,643	31,690
Remuneration to directors	-	16,208	16,208	-	10,090	10,090
Other employee benefits expense	50,140	26,360	76,500	42,423	23,681	66,104
Depreciation	301,183	65,132	366,315	267,470	56,546	324,016
Amortization	2,071	14,757	16,828	2,411	14,963	17,374

According to the Company's Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to directors shall not be higher than four percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to directors. The above-mentioned compensation to employees can be made in the form of stock or cash by a resolution adopted by a majority vote at a Board of Directors' meeting attended by at least two-thirds of the total number of directors. A report of such distribution shall be submitted to the shareholders' meeting. Information on the compensation to employees and remuneration to directors resolved or reported at the meetings of Board of Directors and shareholders is available at the Market Observation Post System website.

Based on profitability, the compensation to employees and remuneration to directors accrued for the nine months ended September 30, 2024 and 2023 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation to employees	\$ 16,405	\$ 23,732	\$ 58,241	\$ 35,507
Remuneration to directors	4,474	6,511	15,928	9,731

If the Board of Directors resolved to distribute compensation to employees in the form of stock, the closing price of stocks on the date preceding the resolution shall be the basis in calculating the number of stocks to be distributed. If the amount accrued differed from the amount resolved in the Board of Directors' meeting, the difference would be recognized in the profit or loss of the following year.

Information on 2023 and 2022 compensation to employees and remuneration to directors resolved in the Board of Directors' meetings on February 20, 2024 and February 22, 2023, respectively, was as follows:

	Years Ended December 31	
	2023	2022
Compensation to employees	\$ 41,163	\$ 71,668
Remuneration to directors	11,256	19,597

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The difference between 2023 compensation to employees and remuneration to directors resolved in the Board of Directors' meeting in 2024 and the amount accrued was recognized in the profit or loss of the following year.

The 2022 compensation to employees and remuneration to directors reported in the shareholders' meeting were not significantly different from the amounts resolved in the Board of Directors' meeting and the amounts recognized as expenses in the financial statements.

(23) Non-operating income and expenses

A. Interest income

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Interest income	\$ 5,717	\$ 3,372	\$ 22,037	\$ 18,715

B. Other income

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Other income	\$ 2,324	\$ 20,197	\$ 21,238	\$ 32,473

C. Other gains and losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
(Loss) gain on disposal of property, plant and equipment	\$ (37)	\$ (21)	\$ 936	\$ (308)
Foreign exchange (loss) gain, net	(19,691)	73,908	77,967	64,224
(Loss) gain on financial assets (liabilities) at fair value through profit or loss, net	(4,000)	(14,007)	(21,368)	(11,412)
Gain on disposal of investments accounted for using the equity method	396	99	4,178	807
Other losses	(4,815)	(319)	(6,233)	(1,740)
Total	\$ (28,147)	\$ 59,660	\$ 55,480	\$ 51,571

D. Finance costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on bank loans	\$ (4,126)	\$ (2,243)	\$ (11,754)	\$ (6,148)
Interest on lease liabilities	(1,093)	(1,238)	(3,559)	(3,767)
Interest on bonds payable	(1,572)	(4,531)	(10,153)	(13,559)
Total	\$ (6,791)	\$ (8,012)	\$ (25,466)	\$ (23,474)

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E. Components of other comprehensive income

For the three months ended September 30, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (3,669)	\$ -	\$ (3,669)	\$ -	\$ (3,669)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	159,717	-	159,717	(31,943)	127,774
Total	<u>\$ 156,048</u>	<u>\$ -</u>	<u>\$ 156,048</u>	<u>\$ (31,943)</u>	<u>\$ 124,105</u>

For the three months ended September 30, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 121,552	\$ -	\$ 121,552	\$ -	\$ 121,552
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	91,219	-	91,219	(18,244)	72,975
Total	<u>\$ 212,771</u>	<u>\$ -</u>	<u>\$ 212,771</u>	<u>\$ (18,244)</u>	<u>\$ 194,527</u>

For the nine months ended September 30, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 500,372	\$ -	\$ 500,372	\$ -	\$ 500,372
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	217,461	-	217,461	(43,438)	174,023
Total	<u>\$ 717,833</u>	<u>\$ -</u>	<u>\$ 717,833</u>	<u>\$ (43,438)</u>	<u>\$ 674,395</u>

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For the nine months ended September 30, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 188,774	\$ -	\$ 188,774	\$ -	\$ 188,774
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	5,546	-	5,546	(1,109)	4,437
Total	<u>\$ 194,320</u>	<u>\$ -</u>	<u>\$ 194,320</u>	<u>\$ (1,109)</u>	<u>\$ 193,211</u>

(24) Income tax

A. The major components of income tax expense (benefit) were as follows:

Income tax recognized in profit or loss

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Current income tax expense:				
Current income tax payable	\$ 43,958	\$ 58,657	\$ 141,517	\$ 79,476
Income tax adjustments on prior years	(1,848)	-	349	(27,558)
Others	-	-	(5,706)	-
Effect of exchange rate changes	(153)	(1,153)	(198)	(189)
Deferred income tax expense:				
Income tax expense relating to origination and reversal of temporary differences	7,658	19,302	28,199	50,848
Income tax expense	<u>\$ 49,615</u>	<u>\$ 76,806</u>	<u>\$ 164,161</u>	<u>\$ 102,577</u>

Income tax recognized in other comprehensive income

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Deferred income tax expense:				
Exchange differences arising on translation of foreign operations	\$ 31,943	\$ 18,244	\$ 43,438	\$ 1,109
Income tax expense relating to components of other comprehensive income	<u>\$ 31,943</u>	<u>\$ 18,244</u>	<u>\$ 43,438</u>	<u>\$ 1,109</u>

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B. Assessment of income tax returns:

As of September 30, 2024, the assessment of the Group's income tax returns in ROC was as follows:

	Assessment of Income Tax Returns
The Company	Assessed and approved up to 2021
Subsidiary - Koatech Technology Corporation	Assessed and approved up to 2021
Subsidiary - Taichem Materials Co., Ltd.	Assessed and approved up to 2022

(25) Earnings per share (EPS)

	Three Months Ended September 30, 2024		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ 159,319	243,416	\$ 0.65
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	1,258	16,612	
Employee compensation - stock	-	274	
Employee stock options	-	1,579	
Net income attributable to common shareholders of the Company and effect of potential common stocks	\$ 160,577	261,881	\$ 0.61
	Three Months Ended September 30, 2023		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ 276,536	218,736	\$ 1.26
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	3,625	40,859	
Employee compensation - stock	-	556	
Employee stock options	-	2,712	
Net income attributable to common shareholders of the Company and effect of potential common stocks	\$ 280,161	262,863	\$ 1.07

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Nine Months Ended September 30, 2024			
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ 571,379	227,546	<u>\$ 2.51</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	8,123	15,761	
Employee compensation - stock	-	972	
Employee stock options	-	1,594	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ 579,502</u>	<u>245,873</u>	<u>\$ 2.36</u>

Nine Months Ended September 30, 2023			
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ 369,659	218,736	<u>\$ 1.69</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	10,847	40,859	
Employee compensation - stock	-	833	
Employee stock options	-	2,733	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ 380,506</u>	<u>263,161</u>	<u>\$ 1.45</u>

(Note): The EPS calculation had been retrospectively adjusted to account for the impact of stock dividend. The ex-rights date was set on July 29, 2024.

7. Related Party Transactions

Related parties having transactions with the Group during the reporting period were as follows:

Names and relationships

Name	Relationship
Innatech Co., Ltd. (Innatech)	A substantive related party of the Group
SINYA Network System Integration Co., Ltd. (SINYA Network)	A substantive related party of the Group
SINYA Digital Co., Ltd. (SINYA Digital)	A substantive related party of the Group

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(1) Prepayments

	September 30, 2024	December 31, 2023	September 30, 2023
Innatech	\$ 1,237	\$ 468	\$ 1,137
SINYA Digital	134	284	335
Total	<u>\$ 1,371</u>	<u>\$ 752</u>	<u>\$ 1,472</u>

(2) Other payables - related parties

	September 30, 2024	December 31, 2023	September 30, 2023
Innatech	\$ 1,272	\$ 431	\$ 415
SINYA Digital	1,367	1,409	850
Total	<u>\$ 2,639</u>	<u>\$ 1,840</u>	<u>\$ 1,265</u>

(3) Property transaction

Acquisition of property, plant and equipment

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Innatech	\$ -	\$ -	\$ 450	\$ 2,300
SINYA Digital	295	-	295	-
Total	<u>\$ 295</u>	<u>\$ -</u>	<u>\$ 745</u>	<u>\$ 2,300</u>

Acquisition of intangible assets

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Innatech	\$ -	\$ 1,627	\$ -	\$ 1,627

(4) Others

General and administrative expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Innatech	\$ 660	\$ 660	\$ 2,341	\$ 2,597
SINYA Digital	176	152	1,283	655
Total	<u>\$ 836</u>	<u>\$ 812</u>	<u>\$ 3,624</u>	<u>\$ 3,252</u>

(5) Compensation to key management of the Group

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 36,663	\$ 40,496	\$ 94,227	\$ 94,366
Post-employment benefits	612	486	1,612	1,400
Total	<u>\$ 37,275</u>	<u>\$ 40,982</u>	<u>\$ 95,839</u>	<u>\$ 95,766</u>

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8. Pledged Assets

The following table listed assets of the Group pledged as collateral:

	Carrying Amount			Purpose of Pledge
	September 30, 2024	December 31, 2023	September 30, 2023	
Time deposits (Note)	\$ 43,891	\$ 42,827	\$ 43,249	Customs guarantee
Land	100,843	100,843	100,843	Long-term loans
Buildings	54,868	57,788	94,981	Letter of credit, short-term credit facilities and long-term loans
Machinery and equipment	9,425	9,824	10,290	Long-term loans
Total	<u>\$ 209,027</u>	<u>\$ 211,282</u>	<u>\$ 249,363</u>	

Note: These were recognized as other current assets - other.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Details of the Group's unused letters of credit as of September 30, 2024 were as follows:

	L / C Balance
USD	US\$ 17,193 thousand

10. Significant Disaster Loss

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at fair value through profit or loss	\$ 34,485	\$ 32,713	\$ 25,055
Financial assets at fair value through other comprehensive income	471,388	426,661	444,463
Financial assets at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	2,624,056	1,964,549	1,790,381
Financial assets at amortized cost	100,000	-	-
Receivables	4,594,959	3,868,930	4,153,628
Other financial assets - current	43,891	42,827	43,249

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Financial liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities at fair value through profit or loss	\$ 5,494	\$ 1,570	\$ 15,241
Financial liabilities at amortized cost:			
Short-term loans	318,351	218,859	122,102
Payables	2,730,691	1,713,004	2,218,149
Bonds payable (including current portion)	304,831	1,891,501	1,886,959
Long-term loans (including current portion)	351,930	381,981	386,142
Lease liabilities (current and non-current)	234,403	267,134	270,761

(2) Objectives and policies of financial risk management

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures, and manages the aforementioned risks based on its policy and risk preferences.

The Group has established appropriate policies, procedures and internal controls for the aforementioned financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group shall comply with its financial risk management rules at all times.

(3) Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises foreign currency risk, interest rate risk and other price risks.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

A. Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to its operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and net investments in foreign operations.

The Group has certain receivables denominated in the same foreign currency as certain payables; therefore, natural hedge is achieved. The Group also uses forward foreign exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as the said nature hedge and forward foreign exchange contracts do not qualify for hedge accounting criteria. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Group.

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The foreign currency sensitivity analysis focusing on the impact of foreign exchange rate fluctuations on the Group's profit or loss and equity is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates of U.S. dollars and Chinese Yuan.

B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to its variable interest rates for loans.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans.

C. Equity price risk

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

A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through profit or loss could cause the profit or loss for the nine months ended September 30, 2024 and 2023 to increase/decrease by NT\$1,445 thousand and NT\$1,253 thousand, respectively.

A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through other comprehensive income could cause the comprehensive income for the nine months ended September 30, 2024 and 2023 to increase/decrease by NT\$23,569 thousand and NT\$22,223 thousand, respectively.

D. Pre-tax sensitivity analysis was as follows:

For the nine months ended September 30, 2024

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$19,282 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 8,092 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 2,098 thousand

For the nine months ended September 30, 2023

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$16,751 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 7,617 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 1,325 thousand

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(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily accounts and notes receivable) and financing activities (primarily bank deposits and various financial instruments).

Credit risk is managed by each business unit subject to the Group's credit risk policies, procedures and controls. Credit risk of all counterparties is assessed by considering their financial position and ratings from credit rating agencies, past experience, current economic environment, the Group's internal rating criteria, etc. The Group also uses some credit enhancement tools, such as prepayments or insurances, to reduce the credit risk of certain counterparties.

Credit risk from balances with banks and other financial instruments is managed by the Group in accordance with the Group's policies. The counterparties that the Group transacts with are reputable financial institutions both at home and abroad; thus, no significant credit risk is expected.

(5) Liquidity risk management

The Group maintains its financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, convertible bonds and leases. The table below summarized the maturity profile of the Group's financial liability contracts based on the earliest repayment dates and contractual undiscounted cash flows. The amount also included the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates was extrapolated based on the yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>September 30, 2024</u>					
Borrowings	\$ 350,028	\$ 149,257	\$ 195,544	\$ -	\$ 694,829
Payables	2,730,691	-	-	-	2,730,691
Convertible bonds	311,248	-	-	-	311,248
Lease liabilities	28,161	34,473	18,329	221,704	302,667
<u>December 31, 2023</u>					
Borrowings	\$ 265,365	\$ 185,667	\$ 119,289	\$ 52,266	\$ 622,587
Payables	1,713,004	-	-	-	1,713,004
Convertible bonds	1,945,300	-	-	-	1,945,300
Lease liabilities	24,862	35,959	20,328	270,937	352,086
<u>September 30, 2023</u>					
Borrowings	\$ 165,119	\$ 190,592	\$ 119,800	\$ 54,489	\$ 530,000
Payables	2,218,149	-	-	-	2,218,149
Convertible bonds	-	1,945,300	-	-	1,945,300
Lease liabilities	20,162	28,209	19,972	273,098	341,441

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Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>September 30, 2024</u>					
Inflows	\$ 956,665	\$ -	\$ -	\$ -	\$ 956,665
Outflows	958,794	-	-	-	958,794
Net	<u>\$ (2,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,129)</u>

December 31, 2023

Inflows	\$ 25,880	\$ -	\$ -	\$ -	\$ 25,880
Outflows	26,000	-	-	-	26,000
Net	<u>\$ (120)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120)</u>

September 30, 2023

Inflows	\$ 522,533	\$ -	\$ -	\$ -	\$ 522,533
Outflows	532,752	-	-	-	532,752
Net	<u>\$ (10,219)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,219)</u>

The derivative financial liabilities in the table above were expressed using undiscounted net cash flows.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine months ended September 30, 2024:

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Bonds Payable	Total Liabilities from Financing Activities
As of January 1, 2024	\$ 218,859	\$ 381,981	\$ 267,134	\$ 15,999	\$ 1,891,501	\$ 2,775,474
Cash flows	99,492	(30,051)	(22,486)	692	-	47,647
Non-cash movements	-	-	(10,245)	-	(1,586,670)	(1,596,915)
As of September 30, 2024	<u>\$ 318,351</u>	<u>\$ 351,930</u>	<u>\$ 234,403</u>	<u>\$ 16,691</u>	<u>\$ 304,831</u>	<u>\$ 1,226,206</u>

Reconciliation of liabilities for the nine months ended September 30, 2023:

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Bonds Payable	Total Liabilities from Financing Activities
As of January 1, 2023	\$ 255,000	\$ 374,476	\$ 281,770	\$ 255	\$ 1,873,400	\$ 2,784,901
Cash flows	(132,898)	11,666	(24,786)	11,153	-	(134,865)
Non-cash movements	-	-	13,777	-	13,559	27,336
As of September 30, 2023	<u>\$ 122,102</u>	<u>\$ 386,142</u>	<u>\$ 270,761</u>	<u>\$ 11,408</u>	<u>\$ 1,886,959</u>	<u>\$ 2,677,372</u>

(7) Fair values of financial instruments

A. The valuation techniques and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The

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following methods and assumptions are used by the Group in measuring or disclosing the fair values of financial assets and liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, short-term loans, payables and other current liabilities approximates their fair value due to short maturity terms.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on quoted market prices (e.g., listed equity securities).
- (c) For bank loans and bonds payable with no quoted market price, the fair value is determined by the quoted price of the counterparty or valuation techniques. The latter is based on the discounted cash flow analysis with assumptions of interest rates and discount rates primarily founded on relevant information of similar instruments.
- (d) In terms of derivative financial instruments with no quoted market price, the fair value of non-option derivatives is determined by the quoted price of the counterparty or the discounted cash flow analysis using the applicable yield curve for the contract duration. As for option derivatives, the quoted price of the counterparty or the appropriate option pricing models (e.g., the Black-Sholes model or the binomial tree valuation model of convertible bonds) are adopted to calculate the fair value.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Information on the fair value hierarchy of financial instruments

Please refer to Note 12(9) for details.

(8) Derivative instruments

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group's derivative instruments that were not eligible for hedge accounting and were outstanding were listed as follows:

A. Forward foreign exchange contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)
<u>September 30, 2024</u>		
Sell RMB/Buy NTD	2024.05~2025.02	RMB 96,000/NT\$ 429,444
Sell USD/Buy NTD	2024.06~2024.12	US\$ 16,000/NT\$ 509,521
<u>December 31, 2023</u>		
Sell RMB/Buy NTD	2023.09~2024.05	RMB 90,000/NT\$ 392,334
Sell USD/Buy NTD	2023.11~2024.01	US\$ 1,000/NT\$ 31,345

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Currency	Contract Period	Contract Amount (in thousands)
<u>September 30, 2023</u>		
Sell RMB/Buy NTD	2023.05~2024.01	RMB 78,000/NT\$ 337,915
Sell USD/Buy NTD	2023.08~2023.11	US\$ 5,000/NT\$ 158,662

- B. Foreign exchange swap contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)
<u>September 30, 2024</u>		
Sell RMB/Buy NTD	2024.04~2024.12	RMB 4,000/NT\$ 17,700
<u>December 31, 2023</u>		
Sell RMB/Buy NTD	2023.08~2024.04	RMB 6,000/NT\$ 25,880
<u>September 30, 2023</u>		
Sell RMB/Buy NTD	2023.08~2024.04	RMB 6,000/NT\$ 25,956

For transactions involving forward foreign exchange contracts and foreign exchange swap contracts, the main purpose is to hedge the foreign currency risk of net assets or liabilities denominated in foreign currencies. As there will be corresponding cash inflows or outflows upon expiration and the Company has sufficient operation funds, no significant cash flow risk is expected.

Embedded derivative instruments

Embedded derivative instruments identified from convertible bonds were separated from the host contract and measured at fair value through profit or loss. Please refer to Notes 6(2) and (13) for details on the relevant contract.

(9) Fair value hierarchy

A. Definition of fair value hierarchy

For assets and liabilities measured or disclosed in fair values, they are categorized in the level of the lowest level input that is significant to the entire measurement. Inputs of each level are as follows:

Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities at the measurement date

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs are unobservable inputs for the asset or liability

For assets and liabilities measured on a recurring basis, their categories shall be reevaluated at the end of each reporting period to determine if there is any transfer between different levels of fair value hierarchy.

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B. Hierarchy of fair value measurement

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value hierarchy of assets and liabilities measured on a recurring basis was disclosed as follows:

	Level 1	Level 2	Level 3	Total
<u>September 30, 2024</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 4,776	\$ -	\$ 4,776
Stocks	28,900	-	-	28,900
Embedded derivative instruments	-	-	809	809
Financial assets at fair value through other comprehensive income	471,388	-	-	471,388
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	5,119	-	5,119
Foreign exchange swap contracts	-	375	-	375
<u>December 31, 2023</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 4,867	\$ -	\$ 4,867
Foreign exchange swap contracts	-	92	-	92
Stocks	27,754	-	-	27,754
Financial assets at fair value through other comprehensive income	426,661	-	-	426,661
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Foreign exchange swap contracts	-	14	-	14
Embedded derivative instruments	-	-	1,556	1,556
<u>September 30, 2023</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Stocks	\$ 25,055	\$ -	\$ -	\$ 25,055
Financial assets at fair value through other comprehensive income	444,463	-	-	444,463
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	6,493	-	6,493
Foreign exchange swap contracts	-	189	-	189
Embedded derivative instruments	-	-	8,559	8,559

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C. Transfers between Level 1 and Level 2 fair value hierarchy

For the nine months ended September 30, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value hierarchy for assets and liabilities measured on a recurring basis.

D. Movements in Level 3 fair value hierarchy for items measured on a recurring basis

Reconciliation of Level 3 fair value hierarchy for assets and liabilities measured on a recurring basis was as follows:

	Assets	Liabilities
	At Fair Value through Profit or Loss	At Fair Value through Profit or Loss
	Derivatives	Derivatives
January 1, 2024	\$ -	\$ (1,556)
Total income (loss) recognized for the period		
Recognized in profit or loss (under “other gains and losses”)	2,118	1,751
Reclassification	195	(195)
Derecognized during the period	(1,504)	-
September 30, 2024	\$ 809	\$ -
January 1, 2023	\$ -	\$ (16,730)
Total income (loss) recognized for the period		
Recognized in profit or loss (under “other gains and losses”)	-	8,171
September 30, 2023	\$ -	\$ (8,559)

E. Significant unobservable inputs for Level 3 fair value measurement

Significant unobservable inputs for recurring Level 3 fair value measurements of assets were as follows:

	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
<u>September 30, 2024</u>					
Financial assets:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	34.29%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase by NT\$529 thousand/decrease by NT\$405 thousand

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	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
<u>December 31, 2023</u>					
Financial liabilities:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	15.76%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase/decrease by NT\$195 thousand
	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
<u>September 30, 2023</u>					
Financial liabilities:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	16.46%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase by NT\$2,334 thousand/decrease by NT\$5,058 thousand

F. Valuation process for Level 3 fair value measurement

The valuation process for Level 3 fair value measurement involves having the finance department carries out independent fair value verification for financial instruments. Data from independent sources are used to deliver outcomes that reflect the market and are representative of the executable prices. Data sources are examined for independence, reliability and consistency with other resources while inputs and information for the valuation model are remeasured or reassessed periodically along with any other necessary fair value adjustments to ensure the measurements are reasonable.

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(10) Significant financial assets and liabilities denominated in foreign currencies

Information on significant financial assets and liabilities denominated in foreign currencies was listed below:

September 30, 2024				December 31, 2023			
	Foreign Currencies (in thousands)	Exchange Rate	NTD		Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$ 103,349	31.669	\$ 3,272,959	\$ 82,763	30.750	\$ 2,544,948	
JPY	60,474	0.2224	13,449	81,406	0.2175	17,706	
RMB	182,402	4.5209	824,624	190,299	4.3333	824,621	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$ 42,464	31.669	\$ 1,344,792	\$ 29,480	30.750	\$ 906,512	
JPY	191,842	0.2224	42,666	141,825	0.2175	30,847	
RMB	3,405	4.5209	15,394	4,920	4.3333	21,321	

September 30, 2023			
	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 86,241	32.286	\$ 2,784,377
JPY	122,990	0.2161	26,578
RMB	177,956	4.4205	786,654
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 34,364	32.286	\$ 1,109,476
JPY	171,505	0.2161	37,062
RMB	5,654	4.4205	24,994

The data above was disclosed based on the carrying amounts of foreign currencies (already translated to the functional currency).

As entities within the Group transact in various currencies, the exchange gain (loss) of monetary financial assets and liabilities cannot be disclosed by currencies of significant influence. For the three months and nine months ended September 30, 2024 and 2023, the Group's foreign exchange gain (loss) amounted to NT\$(19,691) thousand, NT\$73,908 thousand, NT\$77,967 thousand and NT\$64,224 thousand, respectively.

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(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder return. The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Additional Disclosures

(1) Information on significant transactions and investees

- A. Financing provided to others: Please refer to Table 1.
- B. Endorsement/guarantee provided to others: Please refer to Table 2.
- C. Marketable securities held as of September 30, 2024 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital: Table 4.
- E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital: None.
- F. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital: None.
- G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital: Please refer to Table 5.
- H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital: Please refer to Table 6.
- I. Investees over which the Company exercises significant influence or control directly or indirectly (excluding investees in mainland China): Please refer to Table 7.
- J. Derivative financial instrument transactions: Please refer to Note 12.
- K. Others: intercompany relationships and significant intercompany transactions: Please refer to Table 9.

(2) Information on investments in mainland China: Please refer to Table 8.

(3) Information on major shareholders: Please refer to Table 10.

14. Operating Segment

For management purposes, the Group is organized into operating segments based on business units with independent operations at each region. The two reportable operating segments are as follows:

The general management segment is responsible for the Group's operation planning and owns manufacturing, R&D and sales functions.

The overseas segment owns manufacturing and sales functions.

Operating segments have not been aggregated to form the above reportable operating segments.

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Management monitors the operating results of its business units separately for the purpose of decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements. However, finance costs, financial benefits and income taxes are managed on the Group basis and are not allocated to operating segments.

Segment income (loss)

For the three months ended September 30, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 2,045,691	\$ 808,028	\$ -	\$ 2,853,719
Inter-segment	462,867	474,733	(937,600)	-
Total revenue	<u>\$ 2,508,558</u>	<u>\$ 1,282,761</u>	<u>\$ (937,600)</u>	<u>\$ 2,853,719</u>
Segment income (loss) (before income tax)	<u>\$ 218,905</u>	<u>\$ 11,526</u>	<u>\$ (30,375)</u>	<u>\$ 200,056</u>

Note: Inter-segment revenues were eliminated upon consolidation.

For the three months ended September 30, 2023

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 1,750,558	\$ 736,454	\$ -	\$ 2,487,012
Inter-segment	507,026	333,248	(840,274)	-
Total revenue	<u>\$ 2,257,584</u>	<u>\$ 1,069,702</u>	<u>\$ (840,274)</u>	<u>\$ 2,487,012</u>
Segment income (loss) (before income tax)	<u>\$ 373,391</u>	<u>\$ 3,917</u>	<u>\$ (40,542)</u>	<u>\$ 336,766</u>

Note: Inter-segment revenues were eliminated upon consolidation.

For the nine months ended September 30, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 5,604,640	\$ 2,103,046	\$ -	\$ 7,707,686
Inter-segment	1,406,255	1,160,736	(2,566,991)	-
Total revenue	<u>\$ 7,010,895</u>	<u>\$ 3,263,782</u>	<u>\$ (2,566,991)</u>	<u>\$ 7,707,686</u>
Segment income (loss) (before income tax)	<u>\$ 783,580</u>	<u>\$ (51,637)</u>	<u>\$ (19,908)</u>	<u>\$ 712,035</u>

Note: Inter-segment revenues were eliminated upon consolidation.

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For the nine months ended September 30, 2023

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 4,146,969	\$ 1,822,156	\$ -	\$ 5,969,125
Inter-segment	1,238,396	864,778	(2,103,174)	-
Total revenue	<u>\$ 5,385,365</u>	<u>\$ 2,686,934</u>	<u>\$ (2,103,174)</u>	<u>\$ 5,969,125</u>
Segment income (loss) (before income tax)	<u>\$ 427,191</u>	<u>\$ (8,424)</u>	<u>\$ 9,557</u>	<u>\$ 428,324</u>

Note: Inter-segment revenues were eliminated upon consolidation.

Assets of the Group's operating segments as of September 30, 2024, December 31, 2023 and September 30, 2023 were summarized below:

	General Management	Overseas	Adjustment and Elimination	Total
As of September 30, 2024	<u>\$ 10,741,333</u>	<u>\$ 6,856,708</u>	<u>\$ (2,410,060)</u>	<u>\$ 15,187,981</u>
As of December 31, 2023	<u>\$ 9,209,339</u>	<u>\$ 5,990,101</u>	<u>\$ (2,167,978)</u>	<u>\$ 13,031,462</u>
As of September 30, 2023	<u>\$ 9,620,007</u>	<u>\$ 5,926,979</u>	<u>\$ (2,096,981)</u>	<u>\$ 13,450,005</u>

TABLE 1: FINANCING PROVIDED TO OTHERS

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Financing Company	Borrower	Financial Statement Account (Note 2)	Whether A Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 11)	Amount Actually Drawn (Note 12)	Interest Rate Range	Nature of Financing (Note 4)	Transaction Amount (Note 5)	Reason for Short-term Financing (Note 6)	Loss Allowance	Collateral		Financing Limit for Individual Borrower	Limit on Total Financing Amount	Note
													Item	Value			
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	\$ 262,624	\$ 253,352	\$ -	1.70%~4.00%	2	-	Operating capital	-	-	-	\$ 2,124,955	\$ 4,249,911	(Note 7)
1	Kunshan Taiflex Electronic Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Other receivables - related parties	Y	90,826	90,418	-	2.00%~4.00%	2	-	Operating capital	-	-	-	811,843	811,843	(Note 9)
1	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	635,782	632,926	542,508	2.00%~4.00%	2	-	Operating capital	-	-	-	811,843	811,843	(Note 9)
2	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	Other receivables - related parties	Y	91,445	68,013	63,492	0.00%~4.00%	2	-	Operating capital	-	-	-	69,168	69,168	(Note 10)

Note 1: Companies are coded as follows:

(1) Taiflex Scientific Co., Ltd. is coded "0."

(2) The investees are coded from "1" in the order presented in the table above.

Note 2: Receivables from affiliates and related parties, shareholder transactions, prepayments, temporary payments, etc. are required to be disclosed in this field if they are financing provided to others.

Note 3: The maximum balance of financing provided to others for the nine months ended September 30, 2024.

Note 4: Nature of Financing is coded as follows:

(1) Business transaction is coded "1."

(2) Short-term financing is coded "2."

Note 5: If the nature of financing is business transaction, the transaction amount shall be disclosed. The transaction amount refers to the business transaction amount of the most recent year between the financing company and the borrower.

Note 6: With respect to short-term financing, the reasons of financing and the purpose of use by the borrower shall be specified, such as loan repayment, equipment acquisition or operating capital.

Note 7: The Company's "Procedures for Lending Funds to Other Parties" stipulates that the amount of financing provided shall not exceed 40% of the Company's net worth in the most recent financial statements. The amount of financing provided to a single entity shall not exceed 20% of the Company's net worth in the most recent financial statements.

Note 8: Total amount of financing to firms or companies having business relationship with the Company shall not exceed 20% of the Company's net worth. The financing amount to an individual party is limited to the transaction amount between both parties. The transaction amount means the purchase or sales amount between the parties, whichever is higher, and shall not exceed 10% of the Company's net worth. However, the lending amount to a single entity whose voting rights are 100% held, either directly or indirectly, by the Company shall not exceed 20% of the Company's net worth.

Note 9: For financing between offshore companies that the Company holds, either directly and indirectly, 100% of the voting rights, both the financing provided to a single entity and the total financing shall not exceed 100% of the financing company's net worth in the most recent financial statements.

Note 10: For financing to offshore companies that the financing company holds, either directly and indirectly, 100% of the voting rights, both the financing provided to a single entity and the total financing shall not exceed 40% of the financing company's net worth in the most recent financial statements audited or reviewed by CPAs.

Note 11: If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved before drawdown shall be the publicly-announced balance to disclose the risk they assume; provided however, if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year, to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayments may be made subsequently, as drawdowns are likely to happen again, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 12: This is the ending balance after evaluation.

TABLE 2: ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to A Single Entity	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee Secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement Provided by Parent Company to Subsidiaries (Note 7)	Endorsement Provided by Subsidiaries to Parent Company (Note 7)	Endorsement Provided to Subsidiaries in China (Note 7)	Note
		Name	Relationship (Note 2)											
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	2	\$ 5,312,389	\$ 541,324	\$ 380,028	\$ 6,467	\$ -	3.58%	\$ 5,312,389	Y	N	Y	(Note 3)
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	2	5,312,389	656,560	633,380	74,091	-	5.96%		Y	N	N	
0	Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	2	5,312,389	230,000	230,000	40,000	-	2.16%		Y	N	N	
1	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	2	34,584	31,789	31,646	31,646	-	18.30%	86,460	N	N	Y	(Note 8)

Note 1: Companies are coded as follows:

(1) Taiflex Scientific Co., Ltd. is coded "0."

(2) The investees are coded from "1" in the order presented in the table above.

Note 2: The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following seven types. Please specify the type.

(1) A company that has business relationships with Taiflex.

(2) A company in which Taiflex directly or indirectly holds over 50% of the voting rights.

(3) A company that directly or indirectly holds over 50% of Taiflex's voting rights.

(4) Endorsements/guarantees between companies in which Taiflex directly or indirectly holds over 90% of the voting rights.

(5) Mutual endorsements/guarantees between companies in the same industry or between joint builders which are provided in accordance with contractual terms for construction projects.

(6) Endorsements/guarantees provided by each shareholder for their jointly invested company in proportion to their shareholding percentages.

(7) Joint and several security between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 3: The overall amount of guarantees/endorsements provided shall not exceed 50% of the Company's net worth in the most recent financial statements. The amount of guarantees/endorsements provided to a single entity shall not exceed 20% of the net worth in the most recent financial statements. However, the restriction does not apply to guarantees/endorsements to companies whose voting rights are 100% held, either directly or indirectly, by the Company.

Note 4: The maximum endorsement/guarantee balance for the nine months ended September 30, 2024.

Note 5: This refers to amounts approved by the board of directors. However, where the authority has been delegated by the board to the chairperson in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, this would be the amounts approved by the chairperson.

Note 6: This is the ending balance after evaluation.

Note 7: Fill in "Y" for endorsements/guarantees provided by listed parent companies to subsidiaries and vice versa, and for ones provided to subsidiaries in mainland China.

Note 8: The overall amount of guarantees/endorsements provided shall not exceed 50% of the endorsement/guarantee provider's net worth in the most recent financial statements. The amount of guarantees/endorsements provided to a single entity shall not exceed 20% of the endorsement/guarantee provider's net worth in the most recent financial statements.

TABLE 3: MARKETABLE SECURITIES HELD AS OF SEPTEMBER 30, 2024 (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

(In Thousands of New Taiwan Dollars)

Holder of Marketable Securities	Type of Marketable Securities (Note 1)	Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	September 30, 2024				Note
					Shares (In Thousands)	Carrying Amount (Note 3)	Ownership Percentage	Fair Value	
Taiflex Scientific Co., Ltd.	Non-listed (OTC) stocks	Exploit Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	25	\$ -	0.30%	\$ -	-
	Non-listed (OTC) stocks	Kyoritsu Optronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	741	-	18.10%	-	-
	Listed stocks	APAQ Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,937	471,388	3.30%	471,388	-
	Listed stocks	Zhen Ding Technology Holding Limited	-	Financial assets at fair value through profit or loss - current	255	28,900	0.03%	28,900	-

Note 1: Marketable securities stated in this table refer to stocks, bonds, beneficiary certificates and securities derived from the said items within the scope of IFRS 9 "Financial Instruments."

Note 2: Not required if the issuer of the marketable securities is not a related party.

Note 3: If marketable securities are measured at fair value, please fill in the fair value after valuation adjustment, net of accumulated impairment. If marketable securities are not measured at fair value, please fill in the original cost or amortized cost, net of accumulated impairment.

TABLE 4: INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WITH ACCUMULATED AMOUNT OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note 1)		Disposal (Note 1)				Ending Balance	
					Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Selling Price	Carrying Value	Gain/Loss on Disposal	Shares (In Thousands)	Amount (Note 2)
Taiflex Scientific Co., Ltd.	<u>Listed stocks</u> APAQ Technology Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	-	-	6,139	\$ 426,661	-	-	3,202	\$ 455,645	\$202,511	\$253,134	2,937	\$471,388

Note 1: The cumulative acquisition and disposal amounts shall be calculated separately at market value to determine whether they reach NT\$300 million or 20% of the Company's paid-in capital.

Note 2: The ending balance includes unrealized gain/loss on financial assets.

TABLE 5: RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Sales (Purchases)	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	\$ 547,261	8.45%	Monthly settlement with payment in 180 days	-	-	\$ 387,052	11.68%	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	359,589	5.55%	Monthly settlement with payment in 90 days	-	-	221,119	6.67%	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Holds 100% of the third-tier subsidiary	Purchases	326,200	7.59%	Monthly settlement with payment in 180 days	-	-	(34,167)	(2.09%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	547,261	36.03%	Monthly settlement with payment in 180 days	-	-	(387,052)	(30.71%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	Purchases	815,966	53.72%	Monthly settlement with payment in 180 days	-	-	(781,862)	(62.04%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	The company's associate	Purchases	134,503	8.85%	Monthly settlement with payment in 180 days	-	-	(87,396)	(6.93%)	-
Kunshan Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	359,589	67.96%	Monthly settlement with payment in 90 days	-	-	(221,119)	(61.66%)	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's ultimate parent company	Purchases	161,789	30.58%	Monthly settlement with payment in 180 days	-	-	(132,050)	(36.82%)	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	Sales	815,966	82.62%	Monthly settlement with payment in 180 days	-	-	781,862	84.76%	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	Sales	161,789	16.38%	Monthly settlement with payment in 180 days	-	-	132,050	14.32%	-
Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Sales	326,200	94.56%	Monthly settlement with payment in 180 days	-	-	34,167	83.46%	-
Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	Sales	134,503	99.69%	Monthly settlement with payment in 180 days	-	-	87,396	99.50%	-

Note 1: The sales prices and collection terms of sales to related parties are not significantly different from those of sales to non-related parties.

TABLE 6: RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Lost Allowance	Note
					Amount	Action Taken			
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	\$ 387,052	1.74	\$ -	-	\$ 37,516	\$ -	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	221,119	2.69	-	-	39,163	-	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	781,862	1.64	-	-	62,337	-	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	132,050	1.77	-	-	1,090	-	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	542,508	(Note 1)	-	-	90,418	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	63,185	1.38	10,746	Continued collection efforts	-	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	63,492	(Note 1)	-	-	-	-	-

Note 1: These are recognized as other receivables. Thus, turnover ratio analysis does not apply.

TABLE 7: INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE OR CONTROL DIRECTLY OR INDIRECTLY (EXCLUDING INVESTEEES IN MAINLAND CHINA)
(In Thousands of New Taiwan Dollars)

Investor	Investee	Business Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2024			Net Income (Loss) of Investee	Share of Profit/Loss	Note
				September 30, 2024	December 31, 2023	Shares (In Thousands)	Ownership Percentage	Carrying Amount			
Taiflex Scientific Co., Ltd.	Taistar Co., Ltd.	Belize	Investment holding	\$ 704,536	\$ 704,536	21,825	100.00%	\$ 823,315	\$ (3,949)	\$ (3,949)	(Note 2)
Taiflex Scientific Co., Ltd.	Leadmax Limited	Samoa	Trading of electronic materials	-	337	-	-	-	-	-	(Note 3)
Taiflex Scientific Co., Ltd.	Koatech Technology Corporation	Taiwan	Manufacturing and selling of electronic materials and components	320,761	320,761	16,124	52.97%	150,003	(49,978)	(26,473)	-
Taiflex Scientific Co., Ltd.	Innovision FlexTech Corp.	Taiwan	Manufacturing and selling of electronic materials	72,506	88,568	2,799	10.62%	10,994	(13,567)	(1,366)	-
Taiflex Scientific Co., Ltd.	TFS Co., Ltd.	Belize	Investment holding	478,797	478,797	15,520	100.00%	536,947	(4,103)	(4,103)	(Note 2)
Taiflex Scientific Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	1,316,239	1,316,239	44,000	73.94%	1,523,023	(15,744)	(11,641)	(Note 2)
Taiflex Scientific Co., Ltd.	Taiflex Scientific Japan Co., Ltd.	Japan	Trading and technical support of electronic materials	16,260	16,260	6	100.00%	15,306	217	217	-
Taiflex Scientific Co., Ltd.	Taiflex USA Corporation	U.S.A.	Technical support and marketing of electronic materials	8,820	8,820	1	100.00%	11,463	173	173	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor materials	246,000	246,000	17,000	100.00%	325,603	73,415	73,441	(Note 1)
Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	Taiwan	Generation and selling of electricity from renewables	50,000	50,000	5,000	100.00%	53,057	1,358	1,368	(Note 1)
Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	Thailand	Manufacturing and selling of electronic materials	1,061,848	796,455	120,600	100.00%	1,165,428	(9,089)	(9,089)	-
TFS Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	478,563	478,563	15,510	26.06%	539,896	(15,744)	(4,103)	(Note 2)
Taistar Co., Ltd.	TSC International Ltd.	Cayman Islands	Investment holding	683,946	683,946	21,170	100.00%	811,917	(3,860)	(3,860)	-
Koatech Technology Corporation	KTC Global Co., Ltd.	Samoa	Investment holding	113,517	113,517	3,960	100.00%	10,192	(35,641)	(35,641)	-
KTC Global Co., Ltd.	KTC PanAsia Co., Ltd.	Samoa	Investment holding	113,368	113,368	3,955	100.00%	8,518	(35,641)	(35,641)	-

Note 1: Including depreciation of right-of-use assets and amortization of lease liabilities.

Note 2: Including unrealized gain/loss between companies.

Note 3: Liquidated in February 2024.

TABLE 8: INFORMATION ON INVESTMENTS IN MAINLAND CHINA

(In Thousands of New Taiwan Dollars)

(in Thousands of New Taiwan Dollars)													
Investor	Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflows of Investment from Taiwan as of September 30, 2024	Profit/Loss of Investee	Ownership Percentage (Direct or Indirect Investment)	Share of Profit/Loss (Note 4)	Carrying Amount as of September 30, 2024	Accumulated Inward Remittances of Earnings as of September 30, 2024
						Outflow	Inflow						
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Selling of chemical products, electronic materials and electronic components	\$767,141 (US\$24,000,000)	2	\$ 767,141	\$ -	\$ -	\$ 767,141	\$ (3,860)	100.00%	\$ (3,860)	\$ 811,843	\$ 135,257
	Rudong Fuzhan Scientific Co., Ltd.	Manufacturing and selling of electronic materials	\$1,316,239 (US\$44,000,000)	2	1,316,239	-	-	1,316,239	11,183	100.00%	3,991	1,352,302	-
	Shenzhen Taiflex Electronic Co., Ltd.	Trading of coating materials for high polymer film and copper foil	\$479,160 (US\$15,500,000)	2	479,160	-	-	479,160	(19,735)	100.00%	(19,735)	732,584	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	A wholesaler and a commission agent of electronic materials and components	\$113,219 (US\$3,950,000)	2	113,219	-	-	113,219	(35,641)	52.97%	(18,879)	4,506	-
Accumulated Outflows of Investment from Taiwan to Mainland China as of September 30, 2024					Investment Amounts Approved by the Investment Commission, MOEA					Upper Limit of Investment			
Taiflex Scientific Co., Ltd.			\$2,562,540		\$2,580,303					(Note 3)			
Koatech Technology Corporation			\$113,219		\$140,222					\$103,752			

Note 1: The methods for investment in mainland China are categorized into the following three types. Please specify the type.

- (1) Direct investment in mainland China.
- (2) Investment in mainland China through companies in the third area.
- (3) Others.

Note 2: Significant transactions with the investees in China, either directly or indirectly through the third area, and the relevant prices, payment terms and unrealized gains or losses:

- (1) Purchase and ending balance of related payables and their weightings: see Table 5.
- (2) Sales and ending balance of related receivables and their weightings: see Tables 5 and 6.
- (3) The transaction amount and gain or loss arising from property transactions: N/A.
- (4) Ending balance of endorsements/guarantees or collateral provided and the purposes: see Table 2.
- (5) Maximum balance, ending balance, interest rate range and total interest of current period from financing provided to others: see Table 1.
- (6) Transactions that have significant impact on profit or loss of the current period or the financial position, such as services rendered or received: N/A.

Note 3: The Company received official documents issued by the Industrial Development Bureau, Ministry of Economic Affairs certifying the Company being qualified for operating headquarters. Thus, the limit stipulated in the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" does not apply.

Note 4: The share of profit/loss recognized had taken into account unrealized gain/loss from intercompany transactions.

Note 5: The upper limit of investment is calculated as follows:

Koatech Technology Corporation: NT\$172,920 thousand \times 60% = NT\$103,752 thousand

TABLE 9: INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount (Note 4)	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Sales revenue	\$ 547,261	General trading terms	7.10%
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Accounts receivable	387,052	General trading terms	2.55%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Sales revenue	359,589	General trading terms	4.67%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Accounts receivable	221,119	General trading terms	1.46%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Accounts receivable	69,679	General trading terms	0.46%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Sales revenue	78,345	General trading terms	1.02%
0	Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	1	Other receivables	59,766	General trading terms	0.39%
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	1	Other receivables	39,527	General trading terms	0.26%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	815,966	General trading terms	10.59%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	781,862	General trading terms	5.15%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Sales revenue	161,789	General trading terms	2.10%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Accounts receivable	132,050	General trading terms	0.87%
2	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	3	Other receivables	542,508	Financing, with terms agreed by both parties	3.57%
3	Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Sales revenue	326,200	General trading terms	4.23%
3	Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Accounts receivable	34,167	General trading terms	0.22%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Sales revenue	49,981	General trading terms	0.65%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Other receivables	63,492	Financing, with terms agreed by both parties	0.42%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Accounts receivable	63,185	General trading terms	0.42%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	134,503	General trading terms	0.89%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	87,396	General trading terms	1.13%

Note 1: Transaction information between the parent company and its subsidiaries shall be disclosed by codes below:

(1) Taiflex Scientific Co., Ltd. is coded "0."

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationships are categorized into the following three types. Please specify the type.

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to the consolidated total assets for balance sheet items; and based on the interim accumulated amount to the consolidated net revenue for profit or loss items.

Note 4: Eliminated upon consolidation.

TABLE 10: INFORMATION ON MAJOR SHAREHOLDERS

(In Shares)

Name of Major Shareholder	Share	Total Shares Owned	Ownership Percentage
Chang Wah Electromaterials Inc.		18,011,336	7.10%
Qiao Mei Development Corporation		17,011,579	6.70%

Note 1: Major shareholders in the table above are shareholders owning 5% or more of the Company's common and preferred stocks (only the ones that have completed dematerialized registration and delivery, and include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be the ones owned by the persons plus the ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.