

**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**SEPTEMBER 30, 2024 AND 2023**

---

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

SYSGRATION LTD.  
SEPTEMBER 30, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
TABLE OF CONTENTS

Contents	Page
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Review Report	4 ~ 6
4. Consolidated Balance Sheets	7 ~ 8
5. Consolidated Statements of Comprehensive Income	9 ~ 10
6. Consolidated Statements of Changes in Equity	11
7. Consolidated Statements of Cash Flows	12 ~ 13
8. Notes to the Consolidated Financial Statements	14 ~ 84
(1) HISTORY AND ORGANISATION	14
(2) THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION	14
(3) APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS	14 ~ 15
(4) SUMMARY OF MATERIAL ACCOUNTING POLICIES	15 ~ 28
(5) CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND	28 ~ 29

Contents	Page
KEY SOURCES OF ASSUMPTION UNCERTAINTY	
(6) DETAILS OF SIGNIFICANT ACCOUNTS	29 ~ 67
(7) RELATED PARTY TRANSACTIONS	68
(8) PLEDGED ASSETS	69
(9) SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS	69
(10) SIGNIFICANT DISASTER LOSS	69
(11) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE	69
(12) OTHERS	70 ~ 81
(13) SUPPLEMENTARY DISCLOSURES	82
(14) SEGMENT INFORMATION	82 ~ 84

## INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of SYSGRATION LTD.

### *Introduction*

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

### *Scope of Review*

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Basis for Qualified Conclusion of the Consolidated Financial Statements on September 30, 2023***

As explained in Note 6(7), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$127,822 thousand, constituting 3% of the consolidated total assets; total comprehensive income of NT\$26 thousand, constituting 0% of the consolidated total comprehensive income for the nine months then ended.

***Conclusion and Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

---

Chih, Ping-Chiun

---

Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

November 12, 2024

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

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

Assets		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,615,192	33	\$ 2,164,325	45	\$ 2,171,070	46
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		16,625	-	121	-	-	-
1136	Current financial assets at	6(1)(4) and 8						
	amortised cost		57,571	1	-	-	90,000	2
1140	Current contract assets	6(24)	78,836	2	-	-	-	-
1150	Notes receivable, net	6(5) and 12(2)	5,696	-	4,447	-	22,026	-
1170	Accounts receivable, net	6(5) and 12(2)	966,419	20	970,522	20	855,590	18
1200	Other receivables		8,464	-	24,907	1	7,847	-
1220	Current income tax assets	6(31)	-	-	705	-	907	-
130X	Inventories	6(6)	363,936	7	370,126	8	359,698	8
1470	Other current assets		112,672	2	48,830	1	59,516	1
11XX	Current assets		3,225,411	65	3,583,983	75	3,566,654	75
Non-current assets								
1510	Non-current financial assets at fair	6(2)						
	value through profit or loss		30,720	1	25,103	-	23,389	-
1517	Non-current financial assets at fair	6(3)						
	value through other comprehensive							
	income		221,047	4	231,456	5	257,979	5
1535	Non-current financial assets at	6(1)(4) and 8						
	amortised cost		42,132	1	16,700	-	16,700	-
1550	Investments accounted for using	6(7)						
	equity method		-	-	127,494	3	127,822	3
1600	Property, plant and equipment	6(8) and 8	1,218,172	24	554,777	12	484,497	10
1755	Right-of-use assets	6(9)	44,595	1	71,114	1	127,829	3
1760	Investment property - net	6(10)	3,785	-	3,888	-	3,922	-
1780	Intangible assets	6(11)	25,968	1	26,628	1	25,978	1
1840	Deferred income tax assets	6(31)	40,294	1	40,941	1	29,908	1
1900	Other non-current assets		117,549	2	90,482	2	109,976	2
15XX	Non-current assets		1,744,262	35	1,188,583	25	1,208,000	25
1XXX	Total assets		\$ 4,969,673	100	\$ 4,772,566	100	\$ 4,774,654	100

(Continued)

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

Liabilities and Equity		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2100	Short-term borrowings	6(12)	\$ 19,046	-	\$ -	-	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current	6(13)	1,699	-	3,250	-	3,400	-
2130	Current contract liabilities	6(24)	45,992	1	6,209	-	5,875	-
2150	Notes payable		-	-	936	-	5,521	-
2170	Accounts payable		550,911	11	638,169	14	509,433	11
2200	Other payables	6(16)(34)	193,853	4	243,288	5	198,257	4
2220	Other payables - related parties	7	-	-	195	-	-	-
2230	Current income tax liabilities	6(31)	871	-	-	-	-	-
2250	Current provisions	6(19)	69,920	2	39,323	1	27,491	1
2280	Current lease liabilities		26,044	1	35,601	1	52,725	1
2320	Long-term liabilities, current portion	6(14)(15) and 8	596,968	12	100,953	2	437,406	9
2399	Other current liabilities, others		19,590	-	15,422	-	12,014	-
21XX	<b>Current liabilities</b>		<u>1,524,894</u>	<u>31</u>	<u>1,083,346</u>	<u>23</u>	<u>1,252,122</u>	<u>26</u>
<b>Non-current liabilities</b>								
2530	Bonds payable	6(14)	-	-	469,333	10	466,370	10
2540	Long-term borrowings	6(15) and 8	215,993	4	207,078	4	206,444	4
2550	Non-current provisions	6(19)	15,769	-	-	-	-	-
2570	Deferred income tax liabilities	6(31)	996	-	1,000	-	3,651	-
2580	Non-current lease liabilities		19,552	1	36,000	1	75,577	2
2600	Other non-current liabilities		431	-	715	-	913	-
25XX	<b>Non-current liabilities</b>		<u>252,741</u>	<u>5</u>	<u>714,126</u>	<u>15</u>	<u>752,955</u>	<u>16</u>
2XXX	<b>Total liabilities</b>		<u>1,777,635</u>	<u>36</u>	<u>1,797,472</u>	<u>38</u>	<u>2,005,077</u>	<u>42</u>
Equity attributable to owners of the parent								
Share capital								
3110	Ordinary shares	6(20)	1,903,291	38	1,845,849	39	1,825,577	38
3130	Certificate of entitlement to new shares from convertible bonds		26	-	55,073	1	-	-
3140	Advance receipts for share capital		6,047	-	2,264	-	20,272	1
Capital surplus								
3200	Capital surplus	6(21)	934,013	19	899,048	19	756,067	16
Retained earnings								
3310	Legal reserve	6(22)	30,119	1	4,497	-	4,497	-
3320	Special reserve		76,332	1	1,563	-	1,563	-
3350	Retained earnings		169,334	3	295,125	6	233,054	5
Other equity interest								
3400	Other equity interest	6(23)	(124,679)	(2)	(128,325)	(3)	(71,453)	(2)
31XX	<b>Equity attributable to owners of the parent</b>		<u>2,994,483</u>	<u>60</u>	<u>2,975,094</u>	<u>62</u>	<u>2,769,577</u>	<u>58</u>
36XX	Non-controlling interest	6(33)	<u>197,555</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>3,192,038</u>	<u>64</u>	<u>2,975,094</u>	<u>62</u>	<u>2,769,577</u>	<u>58</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 4,969,673</u>	<u>100</u>	<u>\$ 4,772,566</u>	<u>100</u>	<u>\$ 4,774,654</u>	<u>100</u>

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



01SYSGRATION LTD. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except earnings(losses) per share amounts)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24)	\$ 694,319	100	\$ 776,844	100	\$ 2,345,871	100	\$ 2,399,102	100
5000	Operating costs	6(6)(17)(18)(29)(30) and 7	( 543,443 )	( 78 )	( 594,368 )	( 77 )	( 1,790,318 )	( 76 )	( 1,815,718 )	( 76 )
5900	Gross profit from operations		<u>150,876</u>	<u>22</u>	<u>182,476</u>	<u>23</u>	<u>555,553</u>	<u>24</u>	<u>583,384</u>	<u>24</u>
	Operating expenses	6(17)(18)(29)(30)								
6100	Selling expenses		( 23,095 )	( 3 )	( 28,674 )	( 4 )	( 78,690 )	( 4 )	( 94,770 )	( 4 )
6200	Administrative expenses		( 60,536 )	( 9 )	( 59,313 )	( 7 )	( 172,466 )	( 7 )	( 164,605 )	( 7 )
6300	Research and development expenses		( 81,284 )	( 12 )	( 68,547 )	( 9 )	( 236,875 )	( 10 )	( 183,521 )	( 8 )
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	( 15,447 )	( 2 )	( 7,338 )	( 1 )	( 16,277 )	( 1 )	( 12,022 )	-
6000	Total operating expenses		<u>( 180,362 )</u>	<u>( 26 )</u>	<u>( 163,872 )</u>	<u>( 21 )</u>	<u>( 504,308 )</u>	<u>( 22 )</u>	<u>( 454,918 )</u>	<u>( 19 )</u>
6900	Operating profit (loss)		<u>( 29,486 )</u>	<u>( 4 )</u>	<u>18,604</u>	<u>2</u>	<u>51,245</u>	<u>2</u>	<u>128,466</u>	<u>5</u>
	Non-operating income and expenses									
7100	Interest income	6(4)(25)	4,597	1	3,840	1	25,473	1	11,369	1
7010	Other income	6(26)	3,453	-	2,229	-	7,257	-	5,475	-
7020	Other gains and losses	6(2)(13)(27)	( 13,407 )	( 2 )	32,853	4	18,529	1	51,968	2
7050	Finance costs	6(9)(14)(15)(28)	( 5,198 )	( 1 )	( 4,340 )	-	( 13,822 )	-	( 8,905 )	-
7055	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	-	-	-	-	-	-	4,355	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)	-	-	26	-	( 5,205 )	-	26	-
7000	Total non-operating income and expenses		<u>( 10,555 )</u>	<u>( 2 )</u>	<u>34,608</u>	<u>5</u>	<u>32,232</u>	<u>2</u>	<u>64,288</u>	<u>3</u>
7900	<b>Profit(loss) before income tax</b>		<u>( 40,041 )</u>	<u>( 6 )</u>	<u>53,212</u>	<u>7</u>	<u>83,477</u>	<u>4</u>	<u>192,754</u>	<u>8</u>
7950	Income tax benefit(expense)	6(31)	( 287 )	-	659	-	( 2,916 )	-	659	-
8200	<b>Profit(loss) for the period</b>		<u>( \$ 40,328 )</u>	<u>( 6 )</u>	<u>\$ 53,871</u>	<u>7</u>	<u>\$ 80,561</u>	<u>4</u>	<u>\$ 193,413</u>	<u>8</u>
	<b>Other comprehensive income</b>									
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	6(3)(23)(31)								
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		( \$ 32,337 )	( 5 )	\$ 2,006	-	\$ 17,490	1	\$ 9,690	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		<u>6,468</u>	<u>1</u>	<u>( 401 )</u>	<u>-</u>	<u>1,254</u>	<u>-</u>	<u>( 1,791 )</u>	<u>-</u>
8310	Total other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax		<u>( 25,869 )</u>	<u>( 4 )</u>	<u>1,605</u>	<u>-</u>	<u>18,744</u>	<u>1</u>	<u>7,899</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	6(23)(31)								
8361	Exchange differences on translation		( 22,696 )	( 3 )	17,151	2	12,675	-	17,307	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		<u>4,539</u>	<u>1</u>	<u>( 3,429 )</u>	<u>-</u>	<u>( 2,535 )</u>	<u>-</u>	<u>( 3,461 )</u>	<u>-</u>
8360	Total other comprehensive income (loss) that will be reclassified to profit or loss, net of tax		<u>( 18,157 )</u>	<u>( 2 )</u>	<u>13,722</u>	<u>2</u>	<u>10,140</u>	<u>-</u>	<u>13,846</u>	<u>1</u>
8300	<b>Other comprehensive income (loss) for the period, net of tax</b>		<u>( \$ 44,026 )</u>	<u>( 6 )</u>	<u>\$ 15,327</u>	<u>2</u>	<u>\$ 28,884</u>	<u>1</u>	<u>\$ 21,745</u>	<u>1</u>
8500	<b>Total comprehensive income (loss) for the period</b>		<u>( \$ 84,354 )</u>	<u>( 12 )</u>	<u>\$ 69,198</u>	<u>9</u>	<u>\$ 109,445</u>	<u>5</u>	<u>\$ 215,158</u>	<u>9</u>
	Profit(loss), attributable to:									
8610	Owners of the parent		( \$ 38,299 )	( 6 )	\$ 53,871	7	\$ 82,590	4	\$ 193,413	8
8620	Non-controlling interest		<u>( 2,029 )</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 2,029 )</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Comprehensive income(loss) attributable to:		<u>( \$ 40,328 )</u>	<u>( 6 )</u>	<u>\$ 53,871</u>	<u>7</u>	<u>\$ 80,561</u>	<u>4</u>	<u>\$ 193,413</u>	<u>8</u>
8710	Owners of the parent		( \$ 82,325 )	( 12 )	\$ 69,198	9	\$ 111,474	5	\$ 215,158	9
8720	Non-controlling interest		<u>( 2,029 )</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 2,029 )</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>( \$ 84,354 )</u>	<u>( 12 )</u>	<u>\$ 69,198</u>	<u>9</u>	<u>\$ 109,445</u>	<u>5</u>	<u>\$ 215,158</u>	<u>9</u>

(Continued)

01SYSGRATION LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except earnings(losses) per share amounts)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Basic earnings(losses) per share	6(32)								
9750 Basic earnings(losses) per share		( \$ 0.20 )		\$ 0.30		\$ 0.43		\$ 1.08	
Diluted earnings(losses) per share	6(32)								
9850 Diluted earnings(losses) per share		( \$ 0.20 )		\$ 0.27		\$ 0.43		\$ 0.95	

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

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

		Equity attributable to owners of the parent											
		Share capital			Retained earnings				Other equity interest				
			Certificate of entitlement to new shares from convertible bond	Advance receipts for share capital	Total capital surplus, additional paid-in capital			Retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Notes	Ordinary shares					Legal reserve	Special reserve						
	\$ 1,670,605	\$ 1,360	\$ 8,267	\$ 310,036	\$ -	\$ -	\$ 44,968	(\$ 51,526)	(\$ 40,939)	\$ 1,942,771	\$ -	\$ 1,942,771	
	-	-	-	-	-	-	193,413	-	-	193,413	-	193,413	
6(23)	-	-	-	-	-	-	-	-	13,846	7,899	21,745	-	21,745
	-	-	-	-	-	-	193,413	13,846	7,899	215,158	-	215,158	
6(18)(20)(21)	-	-	-	10,106	-	-	-	-	-	10,106	-	10,106	
6(14)(20)(21)(34)	16,544	( 1,360)	19,776	84,126	-	-	-	-	-	119,086	-	119,086	
6(18)(20)(21)	12,428	-	( 7,771)	6,714	-	-	-	-	-	11,371	-	11,371	
6(20)	126,000	-	-	315,000	-	-	-	-	-	441,000	-	441,000	
6(3)(23)	-	-	-	-	-	-	733	-	( 733)	-	-	-	
6(22)	-	-	-	30,085	-	-	-	-	-	30,085	-	30,085	
	-	-	-	-	4,497	-	( 4,497)	-	-	-	-	-	
	-	-	-	-	-	1,563	( 1,563)	-	-	-	-	-	
	\$ 1,825,577	\$ -	\$ 20,272	\$ 756,067	\$ 4,497	\$ 1,563	\$ 233,054	(\$ 37,680)	(\$ 33,773)	\$ 2,769,577	\$ -	\$ 2,769,577	
	\$ 1,845,849	\$ 55,073	\$ 2,264	\$ 899,048	\$ 4,497	\$ 1,563	\$ 295,125	(\$ 73,333)	(\$ 54,992)	\$ 2,975,094	\$ -	\$ 2,975,094	
	-	-	-	-	-	-	82,590	-	-	82,590	( 2,029)	80,561	
6(23)	-	-	-	-	-	-	-	10,140	18,744	28,884	-	28,884	
	-	-	-	-	-	-	82,590	10,140	18,744	111,474	( 2,029)	109,445	
6(18)(20)(21)	-	-	-	20,678	-	-	-	-	-	20,678	-	20,678	
6(14)(20)(34)	55,073	( 55,047)	-	69	-	-	-	-	-	95	-	95	
6(18)(20)(21)	2,369	-	3,783	14,218	-	-	-	-	-	20,370	-	20,370	
6(3)(23)	-	-	-	-	-	-	25,238	-	( 25,238)	-	-	-	
6(22)	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	25,622	-	( 25,622)	-	-	-	-	-	
	-	-	-	-	-	74,769	( 74,769)	-	-	-	-	-	
	-	-	-	-	-	-	( 133,228)	-	-	( 133,228)	-	( 133,228)	
6(33)	-	-	-	-	-	-	-	-	-	-	199,584	199,584	
	\$ 1,903,291	\$ 26	\$ 6,047	\$ 934,013	\$ 30,119	\$ 76,332	\$ 169,334	(\$ 63,193)	(\$ 61,486)	\$ 2,994,483	\$ 197,555	\$ 3,192,038	

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

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

	Notes	Nine months ended September 30	
		2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 83,477	\$ 192,754
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain (loss) on financial assets at fair value through	6(27)	2,361	( 1,161 )
Expected credit impairment loss	12(2)	16,277	12,022
Depreciation	6(8)(9)(10)(29)	124,183	98,145
Amortisation	6(11)(29)	21,265	16,576
Share of loss (profit) of associates accounted for using equity method	6(7)	5,205	( 26 )
Loss (gain) on disposal of property, plant and equipment	6(27)	1,329	( 176 )
Interest expense	6(9)(14)(15)(28)	13,822	8,905
Interest income	6(25)	( 25,473 )	( 11,369 )
Dividend income	6(26)	( 2,377 )	( 1,648 )
Share-based payments	6(18)	20,678	10,106
Profit from lease modification	6(27)	-	( 4 )
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		2,717	-
Notes receivable		3,872	( 19,689 )
Accounts receivable		( 702 )	52,814
Other receivables		14,862	4,831
Inventories		23,547	63,304
Other current assets		( 60,295 )	16,362
Changes in operating liabilities			
Contract liabilities		37,470	( 4,237 )
Notes payable		( 936 )	3,797
Accounts payable		( 91,622 )	( 79,884 )
Other payables		( 61,629 )	21,751
Other payables - related parties		( 195 )	-
Current provisions		20,495	6,245
Other current liabilities		3,882	( 3,436 )
Cash inflow generated from operations		152,213	385,982
Interest received		27,315	11,008
Interest paid		( 5,180 )	( 6,971 )
Income tax paid		( 1,357 )	( 722 )
Dividend received		2,377	1,648
Net cash flows from operating activities		175,368	390,945

(Continued)

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

	Notes	Nine months ended September 30 2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of financial assets at fair value through profit or loss		\$ 672	\$ -
Acquisition of financial assets at fair value through profit or loss		( 26,705 )	( 9,000 )
Acquisition of investments accounted for using equity method	6(7)	( 5,940 )	( 127,796 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		30,109	5,911
Acquisition of financial assets at fair value through other comprehensive income		( 2,210 )	( 105,981 )
(Increase) decrease in financial assets at amortised cost		( 50,346 )	14,501
Acquisition of property, plant and equipment	6(34)	( 548,797 )	( 104,271 )
Proceeds from disposal of property, plant and equipment		1,280	1,218
Acquisition of intangible assets	6(11)	( 20,490 )	( 22,709 )
Increase in refundable deposits		( 27 )	( 6,230 )
Increase in prepayments for business facilities		( 58,100 )	( 15,762 )
Increase in other non-current assets		( 6,777 )	( 11 )
Acquisition of subsidiaries	6(33)	172,734	-
Net cash flows used in investing activities		( 514,597 )	( 370,130 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Increase) decrease in short-term borrowings	6(35)	9,046	( 8,862 )
Proceeds from long-term borrowings	6(35)	-	57,121
Repayment of long-term borrowings	6(35)	( 80,380 )	( 66,970 )
Proceeds from issuance of bonds	6(35)	-	497,300
Exercise of employee share options	6(20)	20,370	11,371
Payments of lease liabilities	6(35)	( 26,592 )	( 28,991 )
(Decrease) Increase in guarantee deposits received		( 715 )	715
Cash dividends paid	6(22)	( 133,228 )	-
Cash capital increase	6(20)	-	441,000
Net cash flows (used in) from financing activities		( 211,499 )	902,684
Effect of exchange rate changes on cash and cash equivalents		1,595	18,608
Net (decrease) increase in cash and cash equivalents		( 549,133 )	942,107
Cash and cash equivalents at beginning of period	6(1)	2,164,325	1,228,963
Cash and cash equivalents at end of period	6(1)	\$ 1,615,192	\$ 2,171,070

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

SYSGRATION LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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

1. HISTORY AND ORGANISATION

SYSGRATION LTD. (the ‘Company’) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on October 14, 1977, and the Company’s shares have been approved by Securities and Futures Commission, Ministry of Finance to be officially traded on Taipei Exchange from December 1995. The Company and its subsidiaries (the ‘Group’) are primarily engaged in the manufacture and sale of automobile electronics products and power management products.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on November 12, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2024 are as follows:

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.



B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
SYSGRATION LTD.	SYSGRATION USA INC.	Sale of electronic products	100	100	100	
SYSGRATION LTD.	SYSGRATION (SAMOA) LTD.	Investment holding of overseas	100	100	100	
SYSGRATION LTD.	POWER TANK ENERGY LTD.	Manufacturing and sale of energy storage products	100	100	100	Note 1
SYSGRATION LTD.	SYSGRATION INTERNATIONAL INC.	Investment holding of overseas	100	100	100	
SYSGRATION INTERNATIONAL INC.	SYSGRATION AMERICA CORPORATION	Manufacturing and sale of electronic products	100	100	0	
POWER TANK ENERGY LTD. / SYSGRATION LTD.	SYSGRATION TECHNOLOGY (SAMOA) LTD.	Investment holding of overseas companies	100	100	100	Note 2
SYSGRATION TECHNOLOGY (SAMOA) LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	Manufacturing and sale of energy storage products	100	100	100	
SYSGRATION (SAMOA) LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and sale of electronic products	100	100	100	
SYSGRATION LTD.	LEADRAY ENERGY CO., LTD.	Manufacturing and sale of solar energy and green capable equipment	36.62	35	0	Note 3

Note 1: On June 30, 2023, the effective date of the spin-off, the Company split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off. The aforementioned spin-off transaction pertains to a reorganization.

Note 2: On June 19, 2023, POWER TANK ENERGY LTD. was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) to accept the equity interest of SYSGRATION (SAMOA) LTD. and SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.

Note 3: LEADRAY ENERGY CO, LTD. held a shareholders' meeting on June 28, 2024. The Group obtained more than half of the total number of directors; therefore, it was determined that the Group had control over LEADRAY ENERGY, and included

LEADRAY ENERGY in the consolidated financial statements. Please refer to Note 6(7)A(c) for the related information.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet,
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised or are intended to be sold or consumed within the normal operating cycle,
  - (b) Assets held mainly for trading purposes,
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date,
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle,
  - (b) Liabilities arising mainly from trading activities,
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date,
  - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

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

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognise the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognise the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in

profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in "capital surplus" in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will

flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2~55	years
Machinery	1~22	years
Maintenance equipment and tools	2~5	years
Office equipment	1~30	years
Transportation equipment	4~5	years
Leasehold improvements	2~5	years or lease period (whichever is shorter)
Others	1~15	years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.  
Lease payments are comprised of the following:
  - (a) Fixed payments, less any lease incentives receivable.
  - (b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

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

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

(18) Investment property

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

(19) Intangible assets

Intangible assets, mainly computer software and patent rights, are amortised on a straight-line basis over their estimated useful lives of 1 ~ 10 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(21) Borrowings

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

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

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

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(25) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.



(26) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(27) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognise relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value

of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which cases the tax is recognised in other comprehensive income.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- F. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognise the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised

in profit or loss.

(30) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(31) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(32) Revenue recognition

Sales of goods

- A. The Group manufactures and sells automobile electronics products and power management products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Construction revenue

- A. The Group undertakes and outsources construction projects such as solar power generation systems. As the costs incurred for construction are directly related to the stage of completion of the performance obligation, the Group recognizes revenue based on costs incurred relative to the total expected costs of that performance obligation.
- B. The contract assets are recognized based on the proportion of costs incurred for construction over time. Contract assets are reclassified to accounts receivable at the point at which invoices have been billed to customers monthly and at the amount to which the Group has the right to invoice. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(33) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(34) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(35) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

(1) Critical judgements in applying the Group's accounting policies

Judgment of whether the Group has substantive control over its investees.

The Group holds 36.62% of the voting shares and is the sole largest shareholder of LEADRAY ENERGY CO, LTD.. LEADRAY ENERGY CO, LTD. held a shareholders' meeting on June 28, 2024. The Group obtained more than half of the total number of directors; therefore, it was determined that

the Group had control over LEADRAY ENERGY and included LEADRAY ENERGY in the consolidated financial statements.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand and revolving funds	\$ 820	\$ 802	\$ 861
Checking accounts and demand deposits	1,138,747	820,128	897,509
Time deposits	475,625	1,343,395	1,272,700
	<u>\$ 1,615,192</u>	<u>\$ 2,164,325</u>	<u>\$ 2,171,070</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of September 30, 2024, December 31, 2023, and September 30, 2023, cash and cash equivalents amounting to \$42,132, \$16,700 and \$106,700, respectively, were pledged to others as collateral on short-term and long-term borrowings and were classified as financial assets at amortised cost.

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

<u>Items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivatives	\$ 6	\$ 121	\$ -
Listed stocks	17,705	-	-
Valuation adjustment	(1,086)	-	-
	<u>\$ 16,625</u>	<u>\$ 121</u>	<u>\$ -</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Private equity fund	\$ 30,000	\$ 21,000	\$ 21,000
Valuation adjustment	720	4,103	2,389
	<u>\$ 30,720</u>	<u>\$ 25,103</u>	<u>\$ 23,389</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Financial assets mandatorily measured at fair value through profit or loss		
Debt instruments	(\$ 2,076)	\$ 609
Equity instruments	( 312)	-
Derivatives	241	-
	<u>(\$ 2,147)</u>	<u>\$ 609</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Financial assets mandatorily measured at fair value through profit or loss		
Debt instruments	(\$ 3,383)	\$ 1,929
Equity instruments	( 647)	-
Derivatives	118	( 139)
	<u>(\$ 3,912)</u>	<u>\$ 1,790</u>

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	September 30, 2024	
Derivative financial instruments	Contract amount (notional principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 1,000 thousand	2024/9/30-2024/10/25
		December 31, 2023
Derivative financial instruments	Contract amount (notional principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 1,000 thousand	2023/12/21-2024/1/22

C. The Group entered into forward foreign exchange contracts to sell USD to hedge exchange rate risk of export proceeds (buy RMB/sell USD). However, these forward foreign exchange contracts are not accounted for under hedge accounting.

D. Details of the Group's financial assets at fair value through profit or loss pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	September 30, 2024	December 31, 2023	September 30, 2023
Non-current items:			
Equity instruments			
Listed stocks	\$ 5,693	\$ 12,042	\$ 12,042
Emerging stocks	60,786	60,786	60,786
Unlisted stocks	231,426	229,216	229,215
	297,905	302,044	302,043
Valuation adjustment	( 76,858)	( 70,588)	( 44,064)
	<u>\$ 221,047</u>	<u>\$ 231,456</u>	<u>\$ 257,979</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.
- B. For the nine months ended September 30, 2024 and 2023, the Company has disposed stock of the investee company. Realised gain has been transferred to retained earnings from other equity.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended September 30, 2024	Three months ended September 30, 2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 26,397)	\$ 2,006
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ -
Dividend income recognised in profit or loss		
Held at end of period	\$ 2,253	\$ 1,648
	<u>Nine months ended September 30, 2024</u>	<u>Nine months ended September 30, 2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 23,430	\$ 9,690
Cumulative gains reclassified to retained earnings due to derecognition	\$ 25,238	\$ 733
Dividend income recognised in profit or loss		
Held at end of period	\$ 2,377	\$ 1,648

- D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$221,047, \$231,456 and \$257,979 as at September 30, 2024, December 31, 2023, and September 30, 2023, respectively.

E. The Group had no financial assets at fair value through other comprehensive income pledged to others as collateral.

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

(4) Financial assets at amortised cost

Items	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Time deposits	\$ 57,571	\$ -	\$ -
Pledged time deposits	-	-	90,000
	<u>57,571</u>	<u>-</u>	<u>90,000</u>
Non-current items:			
Pledged time deposits	42,132	16,700	16,700
	<u>\$ 99,703</u>	<u>\$ 16,700</u>	<u>\$ 106,700</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Interest income	<u>\$ 43</u>	<u>\$ 3,439</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Interest income	<u>\$ 125</u>	<u>\$ 8,273</u>

B. As at September 30, 2024, December 31, 2023, and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$99,703, \$16,700 and \$106,700, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 5,717	\$ 4,492	\$ 22,235
Less: Allowance for uncollectible accounts	( 21)	( 45)	( 209)
	<u>\$ 5,696</u>	<u>\$ 4,447</u>	<u>\$ 22,026</u>
Accounts receivable	\$ 994,868	\$ 981,587	\$ 872,035
Less: Allowance for uncollectible accounts	( 28,449)	( 11,065)	( 16,445)
	<u>\$ 966,419</u>	<u>\$ 970,522</u>	<u>\$ 855,590</u>



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

	September 30, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 544,847	\$ 5,497	\$ 706,447	\$ 4,447
Up to 30 days	91,308	199	89,906	-
31 to 120 days	236,082	-	165,400	-
121 to 180 days	83,277	-	274	-
Over 180 days	10,905	-	8,495	-
	<u>\$ 966,419</u>	<u>\$ 5,696</u>	<u>\$ 970,522</u>	<u>\$ 4,447</u>

  

	September 30, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 664,716	\$ 22,026
Up to 30 days	84,871	-
31 to 120 days	59,402	-
121 to 180 days	34,321	-
Over 180 days	12,280	-
	<u>\$ 855,590</u>	<u>\$ 22,026</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023, and September 30, 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$927,395.

C. As at September 30, 2024, December 31, 2023, and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$5,696, \$4,447 and \$22,026, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$966,419, \$970,522 and \$855,590, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	September 30, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 242,196	(\$ 38,012)	\$ 204,184
Work in progress	24,021	-	24,021
Finished goods	144,679	( 8,948)	135,731
	<u>\$ 410,896</u>	<u>(\$ 46,960)</u>	<u>\$ 363,936</u>

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 262,573	(\$ 21,590)	\$ 240,983
Work in progress	80,484	-	80,484
Finished goods	53,443	( 4,784)	48,659
	<u>\$ 396,500</u>	<u>(\$ 26,374)</u>	<u>\$ 370,126</u>
	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 272,708	(\$ 24,999)	\$ 247,709
Work in progress	67,281	-	67,281
Finished goods	51,632	( 6,924)	44,708
	<u>\$ 391,621</u>	<u>(\$ 31,923)</u>	<u>\$ 359,698</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Cost of goods sold	\$ 515,862	\$ 591,775
Cost of construction and other	13,488	-
(Gain on reversal of) loss on decline in market value	14,093	2,593
	<u>\$ 543,443</u>	<u>\$ 594,368</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Cost of goods sold	\$ 1,762,140	\$ 1,818,145
Cost of construction and other	13,488	-
Loss on (gain on reversal of) decline in market value	14,690	( 2,427)
	<u>\$ 1,790,318</u>	<u>\$ 1,815,718</u>

A. The Group had no inventories pledged to others as collateral.

B. The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the continuous clearance of inventory.

(7) Investments accounted for using equity method

	2024	2023
At January 1	\$ 127,494	\$ -
Addition of investments accounted for using equity method	5,940	127,796
Share of profit and loss of investments accounted for using new equity method	( 5,205)	26
Effects of new consolidated entities	( 128,229)	-
At September 30	<u>\$ -</u>	<u>\$ 127,822</u>

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Associates:			
LEADRAY ENERGY CO., LTD	\$ <u>-</u>	\$ <u>127,494</u>	\$ <u>127,822</u>

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2023</u>	<u>September 30, 2023</u>		
LEADRAY ENERGY CO., LTD.	R.O.C.	35%	35%	Strategic Investment	Equity method

(b) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of September 30, 2024 and 2023, the carrying amount of the Group's individually immaterial associates were \$0 and \$127,822, respectively.

	<u>Nine months ended September 30, 2024 (Note 1)</u>	<u>Nine months ended September 30, 2023 (Note 2)</u>
Profit or loss for the period from continuing operations	(\$ <u>5,205</u> )	\$ <u>26</u>
Total comprehensive loss	(\$ <u>5,205</u> )	\$ <u>26</u>

Note 1 : Share of operation result from January 1 to June 28 of 2024.

Note 2 : The financial statements of LEADRAY ENERGY CO., LTD. on September 30, 2023 was not reviewed by independent auditors.

(c) The Group is the single largest shareholder of LEADRAY ENERGY CO., LTD. with a 36.62% equity interest. The Group obtained more than half of the total number of directors at the shareholders' meeting of LEADRAY ENERGY on June 28, 2024, and determined that the Group had control over it. Therefore, starting from June 28, 2024, LEADRAY ENERGY has been included in the consolidated financial statements.

(8) Property, plant and equipment

	2024									
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Unfinished projects and equipment to be inspected	Total
At January 1										
Cost	\$ 18,807	\$ 312,056	\$ 505,858	\$ 20,336	\$ 145,574	\$ 20,780	\$ 23,802	\$ 32,947	\$ -	\$ 1,080,160
Accumulated depreciation and impairment	-	( 138,689)	( 224,656)	( 14,769)	( 94,165)	( 10,700)	( 21,675)	( 20,729)	-	( 525,383)
	<u>\$ 18,807</u>	<u>\$ 173,367</u>	<u>\$ 281,202</u>	<u>\$ 5,567</u>	<u>\$ 51,409</u>	<u>\$ 10,080</u>	<u>\$ 2,127</u>	<u>\$ 12,218</u>	<u>\$ -</u>	<u>\$ 554,777</u>
Opening net book amount as at January 1	\$ 18,807	\$ 173,367	\$ 281,202	\$ 5,567	\$ 51,409	\$ 10,080	\$ 2,127	\$ 12,218	\$ -	\$ 554,777
Additions	-	-	25,039	3,371	2,616	-	-	5,376	493,289	529,691
Acquired from business combinations	3,999	59,377	-	-	-	175	-	55,157	-	118,708
Disposals	-	-	( 1,088)	( 751)	( 32)	-	-	( 738)	-	( 2,609)
Transfer	-	-	( 72,131)	1,544	( 37,678)	-	-	136,084	78,064	105,883
Depreciation charge	-	( 7,642)	( 46,567)	( 757)	( 7,984)	( 2,775)	( 1,109)	( 30,334)	-	( 97,168)
Net exchange differences	-	-	6,851	225	2,040	148	72	( 446)	-	8,890
Closing net book amount as at September 30	<u>\$ 22,806</u>	<u>\$ 225,102</u>	<u>\$ 193,306</u>	<u>\$ 9,199</u>	<u>\$ 10,371</u>	<u>\$ 7,628</u>	<u>\$ 1,090</u>	<u>\$ 177,317</u>	<u>\$ 571,353</u>	<u>\$ 1,218,172</u>
At September 30										
Cost	\$ 22,806	\$ 391,057	\$ 462,724	\$ 26,002	\$ 45,664	\$ 19,462	\$ 21,590	\$ 277,638	\$ 571,353	\$ 1,838,296
Accumulated depreciation and impairment	-	( 165,955)	( 269,418)	( 16,803)	( 35,293)	( 11,834)	( 20,500)	( 100,321)	-	( 620,124)
	<u>\$ 22,806</u>	<u>\$ 225,102</u>	<u>\$ 193,306</u>	<u>\$ 9,199</u>	<u>\$ 10,371</u>	<u>\$ 7,628</u>	<u>\$ 1,090</u>	<u>\$ 177,317</u>	<u>\$ 571,353</u>	<u>\$ 1,218,172</u>

2023									
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Total
At January 1									
Cost	\$ 18,807	\$ 306,326	\$ 355,523	\$ 16,639	\$ 151,184	\$ 18,134	\$ 23,769	\$ 23,081	\$ 913,463
Accumulated depreciation and impairment	-	( 133,870)	( 188,672)	( 12,311)	( 81,622)	( 7,431)	( 20,577)	( 15,919)	( 460,402)
	<u>\$ 18,807</u>	<u>\$ 172,456</u>	<u>\$ 166,851</u>	<u>\$ 4,328</u>	<u>\$ 69,562</u>	<u>\$ 10,703</u>	<u>\$ 3,192</u>	<u>\$ 7,162</u>	<u>\$ 453,061</u>
Opening net book amount as at January 1	\$ 18,807	\$ 172,456	\$ 166,851	\$ 4,328	\$ 69,562	\$ 10,703	\$ 3,192	\$ 7,162	\$ 453,061
Additions	-	10,478	73,199	3,342	5,626	2,602	732	5,468	101,447
Disposals	-	-	( 230)	-	( 812)	-	-	-	( 1,042)
Depreciation charge	-	( 7,118)	( 35,618)	( 2,232)	( 16,731)	( 2,473)	( 1,384)	( 3,505)	( 69,061)
Net exchange differences	-	-	58	( 2)	34	3	( 1)	-	92
Closing net book amount as at September 30	<u>\$ 18,807</u>	<u>\$ 175,816</u>	<u>\$ 204,260</u>	<u>\$ 5,436</u>	<u>\$ 57,679</u>	<u>\$ 10,835</u>	<u>\$ 2,539</u>	<u>\$ 9,125</u>	<u>\$ 484,497</u>
At September 30									
Cost	\$ 18,807	\$ 316,804	\$ 417,238	\$ 20,001	\$ 148,738	\$ 20,752	\$ 24,275	\$ 28,490	\$ 995,105
Accumulated depreciation and impairment	-	( 140,988)	( 212,978)	( 14,565)	( 91,059)	( 9,917)	( 21,736)	( 19,365)	( 510,608)
	<u>\$ 18,807</u>	<u>\$ 175,816</u>	<u>\$ 204,260</u>	<u>\$ 5,436</u>	<u>\$ 57,679</u>	<u>\$ 10,835</u>	<u>\$ 2,539</u>	<u>\$ 9,125</u>	<u>\$ 484,497</u>

- A. The significant components of buildings and structures include main plants and structure improvements, which are depreciated over 55 and 2~45 years, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- C. The Group's property, plant and equipment were for self-use.

(9) Leasing arrangements — lessee

A. The Group leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes and sublet without agreement.

B. Short-term leases with a lease term of 12 months or less comprise offices. On September 30, 2024, December 31, 2023, and September 30, 2023, payments of lease commitments for short-term leases amounted to \$751, \$1,731 and \$1,610, respectively.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 40,543	\$ 65,383	\$ 124,222
Transportation equipment	4,052	5,731	3,607
	<u>\$ 44,595</u>	<u>\$ 71,114</u>	<u>\$ 127,829</u>
		<u>Three months ended</u>	<u>Three months ended</u>
		<u>September 30, 2024</u>	<u>September 30, 2023</u>
		<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings		\$ 8,464	\$ 13,997
Transportation equipment		482	526
		<u>\$ 8,946</u>	<u>\$ 14,523</u>
		<u>Nine months ended</u>	<u>Nine months ended</u>
		<u>September 30, 2024</u>	<u>September 30, 2023</u>
		<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings		\$ 25,252	\$ 27,202
Transportation equipment		1,660	1,779
		<u>\$ 26,912</u>	<u>\$ 28,981</u>

D. For the three months and nine months ended September 30, 2024 and 2023, the additions to right-of-use assets were \$0, \$126,623, \$601 and \$127,355, respectively

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

	<u>Three months ended</u>	<u>Three months ended</u>
	<u>September 30, 2024</u>	<u>September 30, 2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 180	\$ 425
Expense on short-term lease contracts	508	1,125
	<u>\$ 688</u>	<u>\$ 1,550</u>

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 642	\$ 588
Expense on short-term lease contracts	751	1,610
	<u>\$ 1,393</u>	<u>\$ 2,198</u>

F. For the three months and nine months ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$8,173, \$14,237, \$26,592 and \$28,991, respectively.

(10) Investment property

	2024	2023
	Buildings	Buildings
At January 1		
Cost	\$ 7,000	\$ 7,000
Accumulated depreciation	( 3,112)	( 2,975)
	<u>\$ 3,888</u>	<u>\$ 4,025</u>
Opening net book amount as at January 1	\$ 3,888	\$ 4,025
Depreciation charge	( 103)	( 103)
Closing net book amount as at September 30	<u>\$ 3,785</u>	<u>\$ 3,922</u>
At September 30		
Cost	\$ 7,000	\$ 7,000
Accumulated depreciation and impairment	( 3,215)	( 3,078)
	<u>\$ 3,785</u>	<u>\$ 3,922</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Rental income from investment property	<u>\$ 62</u>	<u>\$ 62</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 34</u>	<u>\$ 34</u>
	<u>Nine months ended September 30, 2024</u>	<u>Nine months ended September 30, 2023</u>
Rental income from investment property	<u>\$ 185</u>	<u>\$ 189</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 103</u>	<u>\$ 103</u>

B. The fair values of the investment property held by the Group as of September 30, 2024, December 31, 2023, and September 30, 2023, were all \$7,000, which was based on the trading prices of similar prices in the neighboring areas.

C. The Group had no investment property pledged to others as collateral.

(11) Intangible assets

	2024		
	Patent right	Software	Total
At January 1			
Cost	\$ 485	\$ 95,914	\$ 96,399
Accumulated amortisation and impairment	( 348)	( 69,423)	( 69,771)
	<u>\$ 137</u>	<u>\$ 26,491</u>	<u>\$ 26,628</u>
Opening net book amount as at January 1	\$ 137	\$ 26,491	\$ 26,628
Additions	-	20,490	20,490
Disposal on cost	-	( 5,964)	( 5,964)
Disposal on accumulated amortisation	-	5,964	5,964
Amortisation charge	( 37)	( 21,228)	( 21,265)
Net exchange differences	6	109	115
Closing net book amount as at September 30	<u>\$ 106</u>	<u>\$ 25,862</u>	<u>\$ 25,968</u>
At September 30			
Cost	\$ 507	\$ 69,390	\$ 69,897
Accumulated amortisation and impairment	( 401)	( 43,528)	( 43,929)
	<u>\$ 106</u>	<u>\$ 25,862</u>	<u>\$ 25,968</u>
	2023		
	Patent right	Software	Total
At January 1			
Cost	\$ 17,901	\$ 66,188	\$ 84,089
Accumulated amortisation and impairment	( 17,712)	( 46,534)	( 64,246)
	<u>\$ 189</u>	<u>\$ 19,654</u>	<u>\$ 19,843</u>
Opening net book amount as at January 1	\$ 189	\$ 19,654	\$ 19,843
Additions — acquired separately	-	22,709	22,709
Amortisation charge	( 36)	( 16,540)	( 16,576)
Net exchange differences	-	2	2
Closing net book amount as at September 30	<u>\$ 153</u>	<u>\$ 25,825</u>	<u>\$ 25,978</u>
At September 30			
Cost	\$ 17,902	\$ 88,912	\$ 106,814
Accumulated amortisation and impairment	( 17,749)	( 63,087)	( 80,836)
	<u>\$ 153</u>	<u>\$ 25,825</u>	<u>\$ 25,978</u>



Details of amortisation on intangible assets are as follows:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Operating costs	\$ 1,072	\$ 1,398
Selling expenses	265	269
Administrative expenses	2,426	2,153
Research and development expenses	3,508	2,124
	<u>\$ 7,271</u>	<u>\$ 5,944</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Operating costs	\$ 3,065	\$ 2,406
Selling expenses	893	1,150
Administrative expenses	7,090	5,511
Research and development expenses	10,217	7,509
	<u>\$ 21,265</u>	<u>\$ 16,576</u>

(12) Short-term borrowings

Type of borrowings	September 30, 2024	Interest rate range	Collateral
Bank borrowings			
credit borrowings	\$ 9,046	3.00%	None
secured borrowings	10,000	2.83%	Small and Medium Enterprise Credit Guarantee Fund
	<u>\$ 19,046</u>		

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

Items	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Financial liabilities designated as at fair value through profit or loss			
Derivative instruments	<u>\$ 1,699</u>	<u>\$ 3,250</u>	<u>\$ 3,400</u>

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are as follows:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Financial assets designated as at fair value through profit or loss		
Derivative instruments	<u>\$ 1,001</u>	<u>(\$ 629)</u>

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Financial assets designated as at fair value through profit or loss		
Derivative instruments	\$ <u>1,551</u>	(\$ <u>629</u> )

B. Derivatives are call options of the convertible bonds issued by the Company.

(14) Bonds payable

	September 30, 2024	December 31, 2023	September 30, 2023
Bonds payable	\$ 499,900	\$ 500,000	\$ 842,700
Less: Discount on bonds payable	( 22,015)	( 30,667)	( 33,630)
	477,885	469,333	809,070
Less: Current portion or exercise of put options	( 477,885)	-	( 342,700)
	\$ -	\$ 469,333	\$ 466,370

A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

- i. The Company issued \$500,000, 0% of coupon rate, fourth domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (October 20, 2020 ~ October 20, 2023) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on October 20, 2020.
- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after 3 months (January 21, 2021) of the bonds issue to the maturity date (October 20, 2023), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the conversion price of the convertible bonds was NT\$34.1 (in dollars) per share.
- iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5006% of the face value as interests upon two years from the issue date.
- v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common

shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue (January 21, 2021) to 40 days before the maturity date (September 11, 2023), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (January 21, 2021) to 40 days before the maturity date (September 11, 2023).

- vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (b) The terms of the fifth domestic unsecured convertible bonds issued by the Company are as follows:
- i. The Company issued \$500,000, 0% of coupon rate, fifth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (August 8, 2023 ~ August 8, 2026) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 8, 2023.
  - ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after 3 months (November 9, 2023) of the bonds issue to the maturity date (August 8, 2026), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
  - iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the conversion price of the convertible bonds was NT\$39.7 (in dollars) per share. Due to the distribution of cash dividends of the common shares, it has been adjusted in accordance with Article 11 of the Regulations for the Issuance and Conversion of the fifth Unsecured Convertible Corporate Bonds in Taiwan. Since June 17, 2024, the conversion price was adjusted from NT\$39.7 per share to NT\$38.9 per share.
  - iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5006% of the face value as interests upon two years from the issue date.
  - v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (November 9, 2023) to 40

days before the maturity date (June 29, 2026), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (November 9, 2023) to 40 days before the maturity date (June 29, 2026).

- vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
  - vii. As of September 30, 2024, convertible bonds with a total face value of \$100 have been converted into 2,570 shares of common stock. Among these, 2,570 shares were approved by the Board of Directors on November 12, 2024, as the capital increase base date set on November 12, 2024. However, the change in registration has not yet been completed.
- B. Regarding the issuance of convertible bonds, the non-equity conversion options, call options, put options and conversion price resetting options embedded in bonds payable were separated from their host contracts which was classified as ‘capital surplus—share options’ amounting to \$30,085 and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation was 2.4894%.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2024
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.875%	None.	\$ 14,000
Unsecured Borrowing	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.785%	None.	7,118
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	1.625%	Note	21,185
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	2.07%	None.	11,333
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.625%	Note	6,686
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.82%	None.	23,000
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.775%	Note	24,800
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.555%	Note	42,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.625%	Note	14,129

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2024	
Secured borrowings	Borrowing period is from March 10, 2023 to October 15, 2027; interest is repayable monthly.	1.625%	Note	\$	17,127
Secured borrowings	Borrowing period is from September 12, 2023 to October 15, 2027; interest is repayable monthly.	1.625%	Note		23,908
Secured borrowings	Borrowing period is from December 26, 2023 to December 26, 2028; interest is repayable monthly.	1.475%	Note		26,078
Secured borrowings	Borrowing period is from December 16, 2014 to December 16, 2029; interest is repayable monthly.	2.790%	Note		1,755
Secured borrowings	Borrowing period is from March 25, 2021 to March 25, 2028; interest is repayable monthly.	3.720%	Note		3,277
Secured borrowings	Borrowing period is from March 25, 2021 to March 25, 2028; interest is repayable monthly.	2.930%	Note		20,627
Secured borrowings	Borrowing period is from August 20, 2021 to August 20, 2028; interest is repayable monthly.	3.090%	Note		12,629
Secured borrowings	Borrowing period is from December 21, 2022 to December 21, 2034; interest is repayable monthly.	3.180%	Note		11,678
Secured borrowings	Borrowing period is from December 21, 2022 to December 21, 2034; interest is repayable monthly.	2.980%	Note		19,829
Secured borrowings	Borrowing period is from June 4, 2024 to June 4, 2029; interest is repayable monthly.	0.500%	Note		33,250
					335,076
Less: Current portion				(	119,083)
				\$	<u>215,993</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.75%	None.	\$ 23,000
Unsecured Borrowing	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.66%	None.	11,695
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	2%	Note	31,220
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	2%	None.	9,854
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.945%	Note	16,433
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.695%	None.	29,900
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.65%	Note	32,000
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.93%	Note	54,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.5%	Note	17,566
Secured borrowings	Borrowing period is from March 10, 2023 to October 15, 2027; interest is repayable monthly.	1.5%	Note	21,293
Secured borrowings	Borrowing period is from September 12, 2023 to October 15, 2027; interest is repayable monthly.	1.5%	Note	29,723
Secured borrowings	Borrowing period is from December 26, 2023 to December 26, 2028; interest is repayable monthly.	1.85%	Note	30,680
				308,031
Less: Current portion			(	100,953)
			\$	<u>207,078</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2023
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.75%	None.	\$ 26,000
Unsecured Borrowing	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.66%	None.	13,220
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	1.5%	Note	34,565
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	1.945%	None.	18,133
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.5%	Note	10,910
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.695%	None.	32,200
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.65%	Note	34,400
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.43%	Note	58,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.5%	Note	18,711
Secured borrowings	Borrowing period is from March 10, 2023 to October 15, 2027; interest is repayable monthly.	1.5%	Note	22,682
Secured borrowings	Borrowing period is from September 12, 2023 to October 15, 2027; interest is repayable	1.5%	Note	31,662
				301,150
Less: Current portion				( 94,706)
				<u>\$ 206,444</u>

Note: Information about the assets that were pledged to long-term borrowings as collaterals is provided in Note 8.

A. For the three months and nine months ended September 30, 2024 and 2023, interest expense recognised in profit or loss amounted to \$2,151, \$1,128, \$4,457 and \$3,481, respectively.



B. Aforementioned borrowings from financial institutions are guaranteed by related parties as joint guarantor, please refer to Note 7 for details.

(16) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Wages and salaries payable	\$ 117,037	\$ 129,886	\$ 126,910
Payables for machinery and equipment	11,107	30,067	2,317
Others	65,709	83,335	69,030
	<u>\$ 193,853</u>	<u>\$ 243,288</u>	<u>\$ 198,257</u>

(17) Pensions

- A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The second-tier subsidiary, SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD. and the third-tier subsidiary, SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD. have defined contribution pension plans under local regulations.
- C. The pension costs under defined contribution pension plans of the Group for the three months and nine months ended September 30, 2024 and 2023 were \$8,224, \$5,640, \$20,880 and \$17,262, respectively.

(18) Share-based payment

- A. On November 12, 2019 and December 27, 2016, the Board of Directors of the Company resolved to issue employees’ options of 5,000 units (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 5,000,000 shares with the exercise price of \$33.80 (in dollars)) and 4,500 units (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 4,500,000 shares with the exercise price of \$10.00 (in dollars)), except for the 4,731 units were issued out of 5,000 units on August 20, 2020, others were issued 5,000 units on October 15, 2018. The exercise price under the aforementioned stock-based employee compensation plan is at least the closing price of the Company’s common stock at the grant date. There will be adjustment to the exercise price in accordance with specific formula if there is any change in the Company’s ordinary shares or distribution of cash dividend after the issuance of stock options. The life of the option is 5 years. After 2 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.

- B. To attract and retain talents, encourage employees and strengthen coherence of the Company, the Board of Directors at their meeting on October 18, 2022, resolved to issue employees' stock options of 10,000 units. The issuance had been approved by the competent authority and could be issued over several installments within two years. The first issuance of 7,000 units was on July 7, 2023 (every unit can purchase 1,000 shares of the Company's common share, the total number of common shares which can be purchased was 7,000,000 shares with exercise price of \$38.55 (in dollars)) and the second issuance of 3,000 units was on September 6, 2024 (every unit can purchase 1,000 shares of the Company's common share, the total number of common shares which can be purchased was 3,000,000 shares with exercise price of \$35.8 (in dollars)).
- C. As of September 30, 2024, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2020.08.20	4,731	5 years	2 ~ 4 years' service
Employee stock options	2023.07.07	7,000	5 years	2 ~ 4 years' service
Employee stock options	2024.09.06	3,000	5 years	2 ~ 4 years' service

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

- (a). Employees' options which were issued in 2024

Nine months ended September 30, 2024			
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	
Options outstanding at January 1	-	\$	-
Options granted	3,000		35.8
Options exercised	-		-
Options forfeited (Note)	-		-
Options outstanding at September 30	3,000	\$	35.8
Options exercisable at September 30	-		

Note: Due to employees' retirement or termination.

(b). Employees' options which were issued in 2023

	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	6,246	\$ 38.55	7,000	\$ 38.55
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options forfeited (Note)	( 335)	-	( 670)	-
Options outstanding at September 30	<u>5,911</u>	\$ 37.80	<u>6,330</u>	\$ 38.55
Options exercisable at September 30	<u>-</u>		<u>-</u>	

Note: Due to employees' retirement or termination.

(c). Employees' options which were issued in 2020

	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	1,927	\$ 33.80	2,424	\$ 33.80
Options granted	-	-	-	-
Options exercised	( 615)	33.11	( 282)	33.80
Options forfeited (Note)	( 75)	-	( 58)	-
Options outstanding at September 30	<u>1,237</u>	\$ 33.10	<u>2,084</u>	\$ 33.80
Options exercisable at September 30	<u>708</u>		<u>1,203</u>	

Note: Due to employees' retirement or termination.

(d). Employees' options which were issued in 2018

	Nine months ended September 30, 2023	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	336	\$ 10.00
Options granted	-	-
Options exercised	( 184)	10.00
Options forfeited (Note)	( 38)	-
Options outstanding at September 30	<u>114</u>	\$ 10.00
Options exercisable at September 30	<u>114</u>	

Note: Due to employees' retirement or termination.

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

		September 30, 2024		December 31, 2023	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2020.08.20	2025.08.19	1,237	33.10	1,927	33.80
2023.07.07	2028.07.06	5,911	37.80	6,246	38.55
2024.09.06	2029.09.05	3,000	35.80		

  

		September 30, 2023	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)
2018.10.15	2023.10.14	114	\$ 10.00
2020.08.20	2025.08.19	2,084	33.80
2023.07.07	2028.07.06	6,330	38.55

F. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	2018.10.15	\$10.00	43.64% ~44.73%	3.5~4.5 years	0%	0.69% ~0.73%	\$ 1.90 ~2.19
Employee stock options	2020.08.20	33.10	49.75% ~53.32%	3.5~4.5 years	0%	0.28% ~0.31%	13.02 ~13.74
Employee stock options	2023.07.07	37.80	46.02%	3.5~4.5 years	0%	1.07% ~1.10%	13.33 ~15.04
Employee stock options	2024.09.06	35.80	42.21% ~43.05%	3.5~4.5 years	0%	1.41% ~1.44%	11.61 ~13.36

G. Expenses incurred on share-based payment transactions are shown below:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Equity-settled	\$ 7,238	\$ 6,527
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Equity-settled	\$ 20,678	\$ 10,106

(19) Provisions

	2024	2023
	Warranty	Warranty
At January 1	\$ 39,323	\$ 21,246
Additional provisions	35,178	16,972
Provisions for liabilities acquired through merger	25,871	-
Used during the period	( 14,683)	( 10,727)
At September 30	\$ 85,689	\$ 27,491

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ 69,920	\$ 39,323	\$ 27,491
Non-current	\$ 15,769	\$ -	\$ -

The Group gives warranties on automobile electronics products and lighting equipment sold. Provision for warranty are estimated based on historical warranty data of the product.

(20) Share capital

A. As of September 30, 2024, the Company's authorised capital was \$3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 30,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,903,291 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2024 (Note)	2023 (Note)
At January 1	184,585	168,023
Employee stock options exercised	237	3,496
Conversion of convertible bonds	5,507	466
Cash capital increase-private placement	-	12,600
At September 30	190,329	184,585

Note: Expressed in thousands of shares.

- B. To increase the Company's working capital, the shareholders at their meeting on April 29, 2022, resolved to conduct private placements of common shares with a par value at \$10 (in dollars) per share, and the total number of shares issued shall not exceed 25,000 thousand shares which would be issued over several installments within one year from the date of the shareholders' meeting resolution. On October 18, 2022, the Board of Directors resolved the first effective date of capital increase through private placement was set on November 1, 2022, and total number of private ordinary shares amounted to 10,250 thousand with an issuance price of NT\$32 (in dollars) per share. The total amount of private placement was NTD 328,000 thousand and the registration of changes had been completed. On March 9, 2023, the Board of Directors resolved the second effective date of capital increase through private placement was set on March 23, 2023, and total number of private ordinary shares amounted to 12,600 thousand with an issuance price of NT\$35 (in dollars) per share. The total amount of private placement was NTD 441,000 thousand and the registration of changes had been completed. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.
- C. On January 9, 2023, the Company's Board of Directors resolved to issue 826.7 thousand shares of which 631.1 thousand shares with a subscription price of NT\$10 and 195.6 thousand shares with a subscription price of NT\$33.8. The subscription base date was determined by the Board of Directors to be January 9, 2023, the registration of changes had been completed.
- D. On May 9, 2023, the Company's Board of Directors resolved to issue 95.3 thousand shares of which 7.5 thousand shares with a subscription price of NT\$10 and 87.8 thousand shares with a subscription price of NT\$33.8. The subscription base date was determined by the Board of Directors to be May 9, 2023, the registration of changes had been completed.
- E. On August 8, 2023, the Company's Board of Directors resolved to issue 184.8 thousand shares of which 90 thousand shares with a subscription price of NT\$10 and 94.8 thousand shares with a subscription price of NT\$33.8. The subscription base date was determined by the Board of Directors to be August 8, 2023.

- F. On November 8, 2023, the Company's Board of Directors resolved to issue 185.6 thousand shares of which 86.1 thousand shares with a subscription price of NT\$10 and 99.5 thousand shares with a subscription price of NT\$33.8. The subscription base date was determined by the Board of Directors to be November 8, 2023.
- G. On January 17, 2024, the Company's Board of Directors resolved to issue 86.4 thousand shares of which 79 thousand shares with a subscription price of NT\$10 and 7.4 thousand shares with a subscription price of NT\$33.8. The subscription base date was determined by the Board of Directors to be January 17, 2024.
- H. On May 10, 2024, the Company's Board of Directors resolved to issue 150.5 thousand shares with a subscription price of NT\$33.8. The subscription base date was determined by the Board of Directors to be May 10, 2024.
- I. The Company's Board of Directors resolved on November 12, 2024 to convert employee stock warrants into 604,700 shares of common stock, with a subscription price of NT\$33.1 per share. The base date for the capital increase is set on November 12, 2024.

(21) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to offset accumulated deficit unless the legal reserve is insufficient.
- B. The movements of the Company's capital surplus are as follows:

	2024			
	Share premium	Employee stock options	Share options	Total
At January 1	\$ 812,286	\$ 56,472	\$ 30,290	\$ 899,048
Employee stock options exercised	11,544	2,674	-	14,218
Exercise of conversion right of convertible bonds	75	-	( 6)	69
Share-based compensation cost	-	20,678	-	20,678
At September 30	<u>\$ 823,905</u>	<u>\$ 79,824</u>	<u>\$ 30,284</u>	<u>\$ 934,013</u>

	2023			
	Share premium	Employee stock options	Share options	Total
At January 1	\$ 257,567	\$ 41,977	\$ 10,492	\$ 310,036
Employee stock options exercised	5,613	1,101	-	6,714
Exercise of conversion right of convertible bonds	86,784	-	( 2,658)	84,126
Share-based compensation cost	-	10,106	-	10,106
Cash capital increase-private placement	315,000	-	-	315,000
Recognition of share option in issuance of convertible bonds	-	-	30,085	30,085
At September 30	<u>\$ 664,964</u>	<u>\$ 53,184</u>	<u>\$ 37,919</u>	<u>\$ 756,067</u>

(22) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and to be resolved by the stockholders at the stockholders' meeting.
- B. For the long-term business development of the Company, the needs of capital in the future and long-term business plan, the distributable earnings can be distributed no higher than 90% as shareholders' bonus every year. However, the distributable earnings may not to be distributed if the accumulated distributable earnings lower than 5% of paid-in capital. The cash dividend cannot be lower than 10% of total dividends. However, when the cash dividend per share is lower than \$0.5, it can be distributed in stock dividend at full amount.
- C. The appropriations of 2023 and 2022 earnings had been resolved at the shareholders' meeting on May 6, 2024 and April 27, 2023, respectively. Details are summarised as follows:

	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 25,622		\$ 4,497	
Stock dividends	74,769		1,563	
Cash dividends	133,228	\$ 0.7	-	\$ -
	<u>\$ 233,619</u>		<u>\$ 6,060</u>	



- D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- E. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(23) Other equity items

2024			
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 54,992)	(\$ 73,333)	(\$ 128,325)
Revaluation	18,744	-	18,744
Disposal of financial assets at fair value through other comprehensive income	( 25,238)	-	( 25,238)
Currency translation differences	-	10,140	10,140
At September 30	<u>(\$ 61,486)</u>	<u>(\$ 63,193)</u>	<u>(\$ 124,679)</u>
2023			
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 40,939)	(\$ 51,526)	(\$ 92,465)
Revaluation	7,899	-	7,899
Disposal of financial assets at fair value through other comprehensive income	( 733)	-	( 733)
Currency translation differences	-	13,846	13,846
At September 30	<u>(\$ 33,773)</u>	<u>(\$ 37,680)</u>	<u>(\$ 71,453)</u>

(24) Operating revenue

	Three months ended September 30, 2024	Three months ended September 30, 2023
Revenue from contracts with customers	<u>\$ 694,319</u>	<u>\$ 776,844</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenue from contracts with customers	<u>\$ 2,345,871</u>	<u>\$ 2,399,102</u>

A. Disaggregation of revenue from contracts with customers.

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

Three months ended September 30, 2024	Electronics Products	Power management products	All other segments	Total
Total segment revenue	\$ 871,024	\$ 31,979	\$ 31,483	\$ 934,486
Inter-segment revenue	( 218,509)	( 21,364)	( 294)	( 240,167)
Revenue from external customer contracts	<u>\$ 652,515</u>	<u>\$ 10,615</u>	<u>\$ 31,189</u>	<u>\$ 694,319</u>
Timing of revenue recognition				
At a point in time	\$ 652,515	\$ 10,615	\$ 18,846	\$ 681,976
Over time	<u>-</u>	<u>-</u>	<u>12,343</u>	<u>12,343</u>
Revenue from external customer contracts	<u>\$ 652,515</u>	<u>\$ 10,615</u>	<u>\$ 31,189</u>	<u>\$ 694,319</u>
Three months ended September 30, 2023	Electronics Products	Power management products	All other segments	Total
Total segment revenue	\$ 1,057,778	\$ 45,948	\$ 281	\$ 1,104,007
Inter-segment revenue	( 324,179)	( 2,703)	( 281)	( 327,163)
Revenue from external customer contracts	<u>\$ 733,599</u>	<u>\$ 43,245</u>	<u>\$ -</u>	<u>\$ 776,844</u>
Timing of revenue recognition				
At a point in time	\$ 733,599	\$ 43,245	\$ -	\$ 776,844
Over time	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue from external customer contracts	<u>\$ 733,599</u>	<u>\$ 43,245</u>	<u>\$ -</u>	<u>\$ 776,844</u>
Nine months ended September 30, 2024	Electronics Products	Power management products	All other segments	Total
Total segment revenue	\$ 3,054,514	\$ 214,109	\$ 32,267	\$ 3,300,890
Inter-segment revenue	( 861,040)	( 92,901)	( 1,078)	( 955,019)
Revenue from external customer contracts	<u>\$ 2,193,474</u>	<u>\$ 121,208</u>	<u>\$ 31,189</u>	<u>\$ 2,345,871</u>
Timing of revenue recognition				
At a point in time	\$ 2,193,474	\$ 121,208	\$ 18,846	\$ 2,333,528
Over time	<u>-</u>	<u>-</u>	<u>12,343</u>	<u>12,343</u>
Revenue from external customer contracts	<u>\$ 2,193,474</u>	<u>\$ 121,208</u>	<u>\$ 31,189</u>	<u>\$ 2,345,871</u>

Nine months ended September 30, 2023	Electronics Products	Power management products	All other segments	Total
Total segment revenue	\$ 3,147,882	\$ 225,439	\$ 855	\$ 3,374,176
Inter-segment revenue	( 916,455)	( 57,764)	( 855)	( 975,074)
Revenue from external customer contracts	<u>\$ 2,231,427</u>	<u>\$ 167,675</u>	<u>\$ -</u>	<u>\$ 2,399,102</u>
Timing of revenue recognition				
At a point in time	\$ 2,231,427	\$ 167,675	\$ -	\$ 2,399,102
Over time	-	-	-	-
Revenue from external customer contracts	<u>\$ 2,231,427</u>	<u>\$ 167,675</u>	<u>\$ -</u>	<u>\$ 2,399,102</u>

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities as of September 30, 2024, December 31, 2023, September 30, 2023 and January 1, 2023:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>January 1, 2023</u>
Contract assets– construction contract	<u>\$ 78,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>January 1, 2023</u>
Contract liabilities – Advance sales receipts	\$ 45,619	\$ 6,209	\$ 5,875	\$ 10,112
Contract liabilities – construction contract	<u>373</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 45,992</u>	<u>\$ 6,209</u>	<u>\$ 5,875</u>	<u>\$ 10,112</u>

- (a) Significant changes in contract assets and liabilities: the Group included LEADRAY ENERGY in the consolidated financial statements starting from June 28, 2024, the balances of contract assets and liabilities have significantly increased. For more information on the business combination, please refer to Note 6(34).

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Three months ended September 30, 2024	Three months ended September 30, 2023
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 879	\$ 540
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 3,617	\$ 8,490

(25) Interest income

	Three months ended September 30, 2024	Three months ended September 30, 2023
Interest income from bank deposits	\$ 4,542	\$ 401
Interest income from financial assets measured at amortised cost	43	3,439
Other interest income	12	-
	<u>\$ 4,597</u>	<u>\$ 3,840</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Interest income from bank deposits	\$ 25,332	\$ 3,096
Interest income from financial assets measured at amortised cost	125	8,273
Other interest income	16	-
	<u>\$ 25,473</u>	<u>\$ 11,369</u>

(26) Other income

	Three months ended September 30, 2024	Three months ended September 30, 2023
Rent income	\$ 564	\$ 353
Government grant revenues	402	153
Dividend income	2,253	1,648
Other income, others	234	75
	<u>\$ 3,453</u>	<u>\$ 2,229</u>

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Rent income	\$ 1,338	\$ 1,010
Government grant revenues	683	1,922
Dividend income	2,377	1,648
Other income, others	2,859	895
	<u>\$ 7,257</u>	<u>\$ 5,475</u>

(27) Other gains and losses

	Three months ended September 30, 2024	Three months ended September 30, 2023
Foreign exchange gains	(\$ 12,175)	\$ 32,710
Losses on financial assets (liabilities) at fair value through profit or loss	( 1,146)	( 20)
(Losses) gains on disposals of property, plant and equipment	3	163
Gains arising from lease modifications	-	2
Other losses	( 89)	( 2)
	<u>(\$ 13,407)</u>	<u>\$ 32,853</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Foreign exchange gains	\$ 23,260	\$ 50,750
(Losses) gains on financial (liabilities) assets at fair value through profit or loss	( 2,361)	1,161
(Losses) gains on disposals of property, plant and equipment	( 1,329)	176
Gains arising from lease modifications	-	4
Other losses	( 1,041)	( 123)
	<u>\$ 18,529</u>	<u>\$ 51,968</u>

(28) Finance costs

	Three months ended September 30, 2024	Three months ended September 30, 2023
Interest expense on convertible bonds	\$ 2,794	\$ 2,787
Interest expense	2,224	1,128
Interest expense on lease liabilities	180	425
	<u>\$ 5,198</u>	<u>\$ 4,340</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Interest expense on convertible bonds	\$ 8,647	\$ 4,749
Interest expense	4,533	3,568
Interest expense on lease liabilities	642	588
	<u>\$ 13,822</u>	<u>\$ 8,905</u>

(29) Expenses by nature

	Three months ended September 30, 2024	Three months ended September 30, 2023
Employee benefit expense	\$ 170,720	\$ 126,061
Depreciation charges on property, plant and equipment	33,423	24,708
Depreciation charges on right-of-use assets	8,946	14,523
Amortisation charges on intangible assets	7,271	5,944
Depreciation charges on investment property	34	34
	<u>\$ 220,394</u>	<u>\$ 171,270</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Employee benefit expense	\$ 448,072	\$ 390,292
Depreciation charges on property, plant and equipment	97,168	69,061
Depreciation charges on right-of-use assets	26,912	28,981
Amortisation charges on intangible assets	21,265	16,576
Depreciation charges on investment property	103	103
	<u>\$ 593,520</u>	<u>\$ 505,013</u>

(30) Employee benefit expense

	Three months ended September 30, 2024	Three months ended September 30, 2023
Wages and salaries	\$ 137,489	\$ 104,038
Labour and health insurance fees	13,453	8,072
Employee stock options	7,238	6,527
Pension costs	8,224	5,640
Other personnel expenses	4,316	1,784
	<u>\$ 170,720</u>	<u>\$ 126,061</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Wages and salaries	\$ 357,320	\$ 321,133
Labour and health insurance fees	31,947	25,990
Employee stock options	20,678	10,106
Pension costs	20,880	17,262
Other personnel expenses	17,247	15,801
	<u>\$ 448,072</u>	<u>\$ 390,292</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be between 10%~15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

- B. For the three months and nine months ended September 30, 2024 and 2023, employees' compensation was accrued at (\$4,000), \$8,000, \$11,000 and \$25,000, respectively; while directors' remuneration was accrued at (\$1,250), \$1,700, \$2,800 and \$6,500, respectively.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on 11.41% and 2.91% of distributable profit of current year for the nine months ended September 30, 2024.
- D. Employees' compensation and directors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense(benefit)

(a) Components of income tax expense(benefit):

	Three months ended September 30, 2024	Three months ended September 30, 2023
Current tax:		
Current tax on profits for the period	\$ 346	\$ -
Prior year income tax (over) underestimation	( 19)	-
Total current tax	<u>\$ 327</u>	<u>\$ -</u>
Deferred tax:		
Origination and reversal of temporary differences	( 40)	( 659)
Total deferred tax	<u>( 40)</u>	<u>( 659)</u>
Income tax expense(benefit)	<u>\$ 287</u>	<u>(\$ 659)</u>
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Current tax:		
Current tax on profits for the period	\$ 3,060	\$ -
Prior year income tax (over) underestimation	( 19)	-
Total current tax	<u>\$ 3,041</u>	<u>\$ -</u>
Deferred tax:		
Origination and reversal of temporary differences	( 125)	( 659)
Total deferred tax	<u>( 125)</u>	<u>( 659)</u>
Income tax expense(benefit)	<u>\$ 2,916</u>	<u>(\$ 659)</u>

(b) The income tax charge relating to components of other comprehensive income is as follows:

	Three months ended September 30, 2024	Three months ended September 30, 2023
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 6,468)	\$ 401
Currency translation differences	( 4,539)	3,429
	(\$ 11,007)	\$ 3,830
	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 1,254)	\$ 1,791
Currency translation differences	2,535	3,461
	\$ 1,281	\$ 5,252

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(32) Earnings(losses) per share

	Three months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Losses attributable to ordinary shareholders of the parent	(\$ 38,299)	190,700	(\$ 0.20)
<u>Diluted losses per share</u>			
Losses attributable to ordinary shareholders of the parent	( 38,299)	190,700	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds (Note)	-	-	
Employees' compensation (Note)	-	-	
Losses attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ 38,299)	190,700	(\$ 0.20)

Note : Since the group incurred a net loss from July 1 to September 30, 2024, the potential common shares would have an anti-dilutive effect and therefore not included in the calculation of diluted loss per share.



Three months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 53,871	179,354	\$ 0.30
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	53,871	179,354	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	688	24,486	
Employee stock options	-	80	
Employees' compensation	-	746	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 54,559	204,666	\$ 0.27
Nine months ended September 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 82,590	190,452	\$ 0.43
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	82,590	190,452	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	-	
Employees' compensation	-	574	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 82,590	191,026	\$ 0.43
Nine months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 193,413	179,354	\$ 1.08
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	193,413	179,354	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	2,257	26,146	
Employee stock options	-	80	
Employees' compensation	-	746	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 195,670	206,326	\$ 0.95

(33) Business combinations

- A. The Group holds 36.62% of the voting shares and is the sole largest shareholder of LEADRAY ENERGY CO., LTD.. The Group obtained more than half of the total number of directors at LEADRAY ENERGY's shareholders' meeting on June 28, 2024 ; therefore, it was determined that the Group had control over LEADRAY ENERGY and included LEADRAY ENERGY in the consolidated financial statements from June 28, 2024.
- B. The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>June 28,2024</u>
Purchase consideration	
Fair value of equity interest in Leadray Energy held before the business combination.	\$ 128,229
Non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets	<u>199,583</u>
	<u>\$ 327,812</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	\$ 172,734
Contract assets	81,553
Accounts receivable	14,791
Other receivables	261
Current income tax assets	153
Inventories	17,357
Other current assets	3,547
Property, plant and equipment	118,708
Financial assets at amortised cost	32,657
Other non-current assets	68,046
Short-term borrowings	( 10,000)
Contract liabilities	( 2,313)
Accounts payable	( 4,364)
Other payables	( 31,305)
Long-term borrowings, current portion	( 8,785)
Other current liabilities	( 286)
Long-term borrowings, non-current portion	( 98,640)
Provisions	( 25,871)
Other non-current liabilities	( 431)
Total identifiable net assets	<u>\$ 327,812</u>

- C. Prior to the combination, the Group held a 36.62% interest in LEADRAY ENERGY. The gain or loss recognized due to remeasurement at fair value amounted to \$0.
- D. The fair value of the identifiable net assets acquired is pending final valuation.
- E. From June 28, 2024, the date on which LEADRAY ENERGY. was consolidated by the Group, LEADRAY ENERGY. contributed operating revenue of \$31,188 and a pre-tax net loss of (\$3,201). Assuming LEADRAY ENERGY. had been consolidated since January 1, 2024, the

contributed operating revenue and net loss after tax would have been \$89,790 and (\$17,321), respectively.

(34) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Purchase of property, plant and equipment	\$ 529,691	\$ 101,447
Add: Opening balance of payable on equipment	30,213	5,141
Less: Ending balance of payable on equipment	( 11,107)	( 2,317)
Cash paid during the period	<u>\$ 548,797</u>	<u>\$ 104,271</u>

B. Financing activities with no cash flow effects

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Convertible bonds being converted to capital stocks	<u>\$ 95</u>	<u>\$ 119,086</u>

(35) Changes in liabilities from financing activities

2024					
	Short-term borrowings	Long-term borrowings	Lease liabilities	Bonds payable	Liabilities from financing
At January 1	\$ -	\$ 308,031	\$ 71,601	\$ 469,333	\$ 848,965
Changes in cash flow from financing activities	9,046	( 80,380)	( 26,592)	-	( 97,926)
Changes in other non-cash items	<u>10,000</u>	<u>107,425</u>	<u>587</u>	<u>8,552</u>	<u>126,564</u>
At September 30	<u>\$ 19,046</u>	<u>\$ 335,076</u>	<u>\$ 45,596</u>	<u>\$ 477,885</u>	<u>\$ 877,603</u>
2023					
	Short-term borrowings	Long-term borrowings	Lease liabilities	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 8,816	\$ 310,999	\$ 30,442	\$ 458,964	\$ 809,221
Changes in cash flow from financing activities	( 8,862)	( 9,849)	( 28,991)	497,300	449,598
Changes in other non-cash items	<u>46</u>	<u>-</u>	<u>126,851</u>	<u>( 147,194)</u>	<u>( 20,297)</u>
At September 30	<u>\$ -</u>	<u>\$ 301,150</u>	<u>\$ 128,302</u>	<u>\$ 809,070</u>	<u>\$ 1,238,522</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company has no parent company nor ultimate controlling party.

### (2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Lee, I-Ren	The Company's Chairman
Leadray Energy CO., LTD	Affiliate Company-investee accounted for using equity method (Note)
Huang, Ming-Chin	Other related party
Lin, Chen-Feng	Other related party

Note: LEADRAY ENERGY CO., LTD.. was included in the preparation of consolidated financial statements on June 28, 2024. Before being included, it was recorded as an investment accounted for using equity method.

### (3) Significant related party transactions

#### A. Payables to related parties:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other payables			
Associates	<u>\$ -</u>	<u>\$ 195</u>	<u>\$ -</u>

### (4) Key management compensation

	<u>Three months ended September 30, 2024</u>	<u>Three months ended September 30, 2023</u>
Short-term employee benefits	\$ 9,913	\$ 7,570
Share-based payments	653	( 112)
Post-employment benefits	135	135
	<u>\$ 10,701</u>	<u>\$ 7,593</u>
	<u>Nine months ended September 30, 2024</u>	<u>Nine months ended September 30, 2023</u>
Short-term employee benefits	\$ 45,503	\$ 28,818
Share-based payments	1,876	116
Post-employment benefits	486	459
	<u>\$ 47,865</u>	<u>\$ 29,393</u>

### (5) Endorsements and guarantees provided by related parties

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Company borrowed from financial institutions. Lee, I-Ren is the guarantor, and the aforementioned financing facilities which were provided by related parties were \$250,000, \$2,594,200 and \$2,136,840, respectively. Huang, Ming-Chin and Lin, Chen-Feng jointly serve as guarantors, providing guarantee limits of \$113,044, \$0, and \$0, respectively.

## 8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Time deposit (classified as financial assets at amortised cost)	\$ 42,132	\$ 16,700	\$ 106,700	Short-term, long-term borrowings
Land	22,806	18,807	18,807	"
Buildings and structures	208,214	153,491	154,755	"
Machinery	57,751	5,304	5,892	"
	<u>\$ 330,903</u>	<u>\$ 194,302</u>	<u>\$ 286,154</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

On August 6, 2018, the Company received a notification of civil court from the Taiwan Taipei District Court as Tsuzuki Denki Co., Ltd. (Tsuzuki Denki) filed a civil litigation with the Taiwan Taipei District Court. Tsuzuki Denki claimed that the quality problem of tablet computers which were purchased from the Company caused damage to Tsuzuki Denki Co., Ltd. It claimed for a return of the full price of inventories and compensation amounting to US\$5,306 thousand and JPY\$1,225 thousand, respectively. The Company has appointed lawyers to handle the case to protect the rights of the Company and its shareholders. The Company's appointed lawyer's comments are as follows: 'The counterparty complained that there were flaws in the inventory and deferred payment, but refused to return the inventory which should have been repaired by the Company, therefore, the counterparty's claim is not reasonable. In addition, it is reasonable that the Company took counteraction to claim the payment for inventory and rework expenses in the total amount of US\$996 thousand, because the Company had completed the work and delivered the said inventories.' As of September 30, 2024, the case is still under trial with the Taiwan Taipei District Court. The Company has accounts receivable from Tsuzuki Denki Co., Ltd. in the amount of \$19,370 which was provisioned for impairment at full amount.

### (2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	<u>\$ -</u>	<u>\$ 491,280</u>	<u>\$ -</u>

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital management

The Group's objectives when managing capital are to maintain an optimal capital structure to reduce the cost of capital in order to provide returns for shareholders. In order to maintain or adjust the capital structure, the Group may issue new shares, issue convertible bonds or sell assets to reduce debt.

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Total liabilities	\$ 1,777,635	\$ 1,797,472	\$ 2,005,077
Total equity	3,192,038	2,975,094	2,769,577
Total capital	<u>\$ 4,969,673</u>	<u>\$ 4,772,566</u>	<u>\$ 4,774,654</u>
Gearing ratio	<u>36%</u>	<u>38%</u>	<u>42%</u>

### (2) Financial instruments

#### A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	\$ 47,345	\$ 25,224	\$ 23,389
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	221,047	231,456	257,979
Financial assets at amortised cost			
Cash and cash equivalents	1,615,192	2,164,325	2,171,070
Financial assets at amortised cost	99,703	16,700	106,700
Notes receivable	5,696	4,447	22,026
Accounts receivable	966,419	970,522	855,590
Other receivables	8,464	24,907	7,847
Refundable deposits	30,179	15,623	15,709
	<u>\$ 2,994,045</u>	<u>\$ 3,453,204</u>	<u>\$ 3,460,310</u>

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial liabilities</u>			
Short-term borrowings	\$ 19,046	\$ -	\$ -
Financial liabilities mandatorily measured at fair value through profit or loss	1,699	3,250	3,400
Notes payable	-	936	5,521
Accounts payable	550,911	638,169	509,433
Other payables	193,853	243,288	198,257
Other payables - related parties	-	195	-
Bonds payable			
(including current portion)	477,885	469,333	809,070
Long-term borrowings			
(including current portion)	812,961	308,031	301,150
Guarantee deposits received	431	715	913
	<u>\$ 2,056,786</u>	<u>\$ 1,663,917</u>	<u>\$ 1,827,744</u>
Lease liabilities	<u>\$ 45,596</u>	<u>\$ 71,601</u>	<u>\$ 128,302</u>

#### B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

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

##### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(13).
- iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD and other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2024							
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$	30,504	31.65	\$ 965,440	1%	\$ 9,654	\$ -
EUR:NTD		796	35.38	28,156	1%	282	-
GBP:NTD		75	42.43	3,172	1%	32	-
USD:RMB		93	7.00	2,931	1%	29	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$	6,220	7.00	\$ 196,872	1%	\$ 1,969	\$ -
USD:RMB		5,901	31.65	186,763	1%	1,868	-
HKD:NTD		1,353	4.08	5,512	1%	55	-
HKD:RMB		1,260	0.90	5,134	1%	51	-
December 31, 2023							
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$	30,878	30.71	\$ 948,102	1%	\$ 9,481	\$ -
HKD:NTD		1,295	3.93	5,090	1%	51	-
USD:RMB		884	7.10	27,154	1%	272	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	\$	6,792	30.71	\$ 208,551	1%	\$ 2,086	\$ -
USD:RMB		9,758	7.10	299,618	1%	2,996	-
HKD:RMB		3,321	0.91	13,049	1%	130	-



September 30, 2023

(Foreign currency: functional currency)	Foreign currency amount Exchange rate Book value (NTD)			Sensitivity analysis				
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income		
<u>Financial assets</u>								
<u>Monetary items</u>								
USD:NTD	\$	40,173	32.27	\$ 1,296,373	1%	\$ 12,964	\$	-
HKD:NTD		2,654	4.12	10,943	1%	109		-
USD:RMB		1,222	7.31	39,424	1%	394		-
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD:NTD	\$	5,519	32.27	\$ 178,087	1%	\$ 1,781	\$	-
USD:RMB		6,849	7.31	221,005	1%	2,210		-
HKD:RMB		2,901	0.93	11,961	1%	120		-

- vi. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2024 and 2023, amounted to (\$12,175), \$32,710, \$23,260 and \$50,750, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax (loss) profit for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$379 and \$187, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,210 and \$2,580, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the three months and nine months ended September 30, 2024 and 2023, the Group's borrowings at variable

rate were mainly denominated in New Taiwan dollars and RMB Dollars.

- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, (loss) profit, net of tax for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$2,010 and \$1,807, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions with no recent major defaults are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company assumes that if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; if past due over 360 days, a default has been occurred.
- iv. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss.
- v. The following indicators are used to determine whether the credit impairment of debt instruments have occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On September 30, 2024, December 31, 2023, and September 30, 2023, the provision matrix and loss rate methodology is as follows:

<u>At September 30, 2024</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.3%	\$ 551,985	(\$ 1,641)
Up to 30 days	1%	92,441	( 934)
31 to 120 days	1%~5%	242,554	( 6,472)
121 to 180 days	10%	92,667	( 9,390)
Over 180 days	40%~100%	20,938	( 10,033)
		<u>\$ 1,000,585</u>	<u>(\$ 28,470)</u>
<u>At December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.3%	\$ 713,134	(\$ 2,240)
Up to 30 days	1%	90,840	( 934)
31 to 120 days	1%~5%	167,615	( 2,215)
121 to 180 days	10%	305	( 31)
Over 180 days	40%~100%	14,185	( 5,690)
		<u>\$ 986,079</u>	<u>(\$ 11,110)</u>
<u>At September 30, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.3%	\$ 688,897	(\$ 2,155)
Up to 30 days	1%	85,705	( 834)
31 to 120 days	1%~5%	60,947	( 1,545)
121 to 180 days	10%	38,039	( 3,718)
Over 180 days	40%~100%	20,682	( 8,402)
		<u>\$ 894,270</u>	<u>(\$ 16,654)</u>

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	<u>2024</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 11,065	\$ 45
Provision for (reversal of) impairment loss	16,301	( 24)
Increase in business combination	2,885	-
Effect of foreign exchange	( 1,802)	-
At September 30	<u>\$ 28,449</u>	<u>\$ 21</u>
	<u>2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 6,814	\$ 25
Provision for impairment loss	11,838	184
Write-offs	( 2,246)	-
Effect of foreign exchange	39	-
At September 30	<u>\$ 16,445</u>	<u>\$ 209</u>

The Group recognised an expected credit gain for the nine months ended September 30, 2023 due to the recovery of \$4,355 of accounts receivable previously written off and recognised as bad debts.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, capital-guaranteed income-based wealth management products, forward foreign exchange contracts, and convertible bonds (classified as current financial assets at fair value through profit or loss), choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group held money market position of \$1,614,372, \$2,163,253 and \$2,170,209, respectively, listed stocks (classified as current financial assets at fair value through profit or loss) of \$16,619, \$0 and \$0, respectively, derivative instrument (classified as current financial assets at fair value through profit or loss) of \$6, \$121 and \$0, respectively, and private equity fund (classified as non-current financial assets at fair value through profit or loss) of \$30,720, \$25,103 and \$23,389, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group has the undrawn borrowing of \$1,140,469, \$1,430,309 and \$1,307,989, respectively.
- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

September 30, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 19,046	\$ -	\$ -	\$ -
Accounts payable	550,911	-	-	-
Other payables	193,853	-	-	-
Lease liabilities	26,044	18,210	1,342	-
Bonds payable	477,885	-	-	-
Long-term borrowings	119,083	94,481	97,303	24,209

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Notes payable	\$ 936	\$ -	\$ -	\$ -
Accounts payable	638,169	-	-	-
Other payables	243,288	-	-	-
Other payables - related parties	195	-	-	-
Lease liabilities	35,601	22,160	13,840	-
Bonds payable	-	-	469,333	-
Long-term borrowings	100,953	100,718	106,360	-
September 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Notes payable	\$ 5,521	\$ -	\$ -	\$ -
Accounts payable	509,433	-	-	-
Other payables	198,257	-	-	-
Lease liabilities	52,725	50,415	25,162	-
Bonds payable	342,700	-	466,370	-
Long-term borrowings	94,706	96,229	110,215	-

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in convertible bonds and forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and financial assets mandatorily measured at fair value through profit or loss are included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

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

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

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

<u>September 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
<b>Assets</b>				
Financial assets at fair value through profit or loss-current				
Derivative instruments	\$ -	\$ 6	\$ -	\$ 6
Equity instruments	16,619	-	-	16,619
Financial assets at fair value through profit or loss-non-current				
Private equity fund	-	-	30,720	30,720
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	30,132	126,212	64,703	221,047
<b>Liabilities</b>				
Financial assets at fair value through profit or loss-current				
Derivative instruments	-	1,699	-	1,699
	<u>\$ 46,751</u>	<u>\$ 127,917</u>	<u>\$ 95,423</u>	<u>\$ 270,091</u>
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
<b>Assets</b>				
Financial assets at fair value through profit or loss-current				
Derivative instruments	\$ -	\$ 121	\$ -	\$ 121
Financial assets at fair value through profit or loss-non-current				
Private equity fund	-	-	25,103	25,103
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	34,586	131,847	65,023	231,456
<b>Liabilities</b>				
Financial assets at fair value through profit or loss-current				
Derivative instruments	-	3,250	-	3,250
	<u>\$ 34,586</u>	<u>\$ 135,218</u>	<u>\$ 90,126</u>	<u>\$ 259,930</u>

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
<b>Assets</b>				
Financial assets at fair value through profit or loss-current				
Private equity fund	\$ -	\$ -	\$ 23,389	\$ 23,389
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	<u>35,698</u>	<u>80,269</u>	<u>142,012</u>	<u>257,979</u>
	<u>\$ 35,698</u>	<u>\$ 80,269</u>	<u>\$ 165,401</u>	<u>\$ 281,368</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.
- iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the nine months ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the nine months ended September 30, 2024 and 2023:

	<u>2024</u>	
	<u>Equity instrument</u>	<u>Debt instrument</u>
At January 1	\$ 65,023	\$ 25,103
Losses recognised in profit or loss	-	( 3,383)
Losses recognised in other comprehensive income	( 2,530)	-
Acquired in the period	<u>2,210</u>	<u>9,000</u>
At September 30	<u>\$ 64,703</u>	<u>\$ 30,720</u>

	2023	
	Equity instrument	Debt instrument
At January 1	\$ 116,143	\$ 12,460
Gains recognised in profit or loss	-	1,929
Losses recognised in other comprehensive income	( 57)	-
Acquired in the period	105,982	9,000
Transfers into level 3	213	-
Transfers out from level 3	( 80,269)	-
At September 30	\$ 142,012	\$ 23,389

G. The valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of external financial instruments entrusted by finance segment.

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

	Fair value at September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 64,703	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	30,720	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
	Fair value At December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 65,023	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	25,103	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value



	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 142,012	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	23,389	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value

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

			September 30, 2024			
			Recognised in profit or loss		Recognised in other comprehensive income	
Financial assets	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	No open market saleability discount	±1%	\$ -	\$ -	\$ 647	(\$ 647)
Debt instrument	Net asset value method	±1%	\$ 307	(\$ 307)	\$ -	\$ -
			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
Financial assets	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	No open market saleability discount	±1%	\$ -	\$ -	\$ 650	(\$ 650)
Debt instrument	Net asset value method	±1%	\$ 251	(\$ 251)	\$ -	\$ -
			September 30, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
Financial assets	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	No open market saleability discount	±1%	\$ -	\$ -	\$ 1,420	(\$ 1,420)
Debt instrument	Net asset value method	±1%	\$ 234	(\$ 234)	\$ -	\$ -

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

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

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 11.

### 14. SEGMENT INFORMATION

#### (1) General information

The Group is engaged in the manufacturing and sale of automobile electronic products and power management products from a product type perspective. On the manufacturing and sale of products, the Group divided them into two main segments which include automobile electronics business and power management business.

As the nature, production and sales mode of the 2 segments differ from each other, also the Group's management performs the financial management and assesses operating performances separately, these 2 main segments are summarised as the reportable segments in the operating segment information.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

<u>Three months ended September 30, 2024</u>	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
Revenue from external customers	\$ 652,515	\$ 10,615	\$ 31,189	\$ -	\$ 694,319
Inter-segment revenue	218,509	21,364	294	( 240,167)	-
Total segment revenue	<u>\$ 871,024</u>	<u>\$ 31,979</u>	<u>\$ 31,483</u>	<u>(\$ 240,167)</u>	<u>694,319</u>
Segment income (loss)	<u>\$ 76,106</u>	<u>(\$ 27,604)</u>	<u>(\$ 939)</u>	<u>(\$ 1,065)</u>	\$ 46,498
Company general income					( 4,131)
Company general expense					( 77,210)
Interest expense					( 5,198)
Loss from continuing operations before tax					<u>(\$ 40,041)</u>
<u>Nine months ended September 30, 2024</u>	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
Revenue from external customers	\$ 2,193,474	\$ 121,208	\$ 31,189	\$ -	\$ 2,345,871
Inter-segment revenue	861,040	92,901	1,078	( 955,019)	-
Total segment revenue	<u>\$ 3,054,514</u>	<u>\$ 214,109</u>	<u>\$ 32,267</u>	<u>(\$ 955,019)</u>	<u>2,345,871</u>
Segment income (loss)	<u>\$ 302,552</u>	<u>(\$ 62,329)</u>	<u>(\$ 155)</u>	<u>(\$ 79)</u>	\$ 239,989
Company general income					55,984
Company general expense					( 198,674)
Interest expense					( 13,822)
Profit from continuing operations before tax					<u>\$ 83,477</u>
<u>Three months ended September 30, 2023</u>	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
Revenue from external customers	\$ 733,599	\$ 43,245	\$ -	\$ -	\$ 776,844
Inter-segment revenue	324,179	2,703	281	( 327,163)	-
Total segment revenue	<u>\$ 1,057,778</u>	<u>\$ 45,948</u>	<u>\$ 281</u>	<u>(\$ 327,163)</u>	<u>\$ 776,844</u>
Segment income (loss)	<u>\$ 100,061</u>	<u>(\$ 17,845)</u>	<u>\$ 281</u>	<u>\$ 2,943</u>	\$ 85,440
Company general income					6,219
Company general expense					( 34,107)
Interest expense					( 4,340)
Profit from continuing operations before tax					<u>\$ 53,212</u>

<u>Nine months ended September 30, 2023</u>	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
Revenue from external customers	\$ 2,231,427	\$ 167,675	\$ -	\$ -	\$ 2,399,102
Inter-segment revenue	<u>916,455</u>	<u>57,764</u>	<u>855</u>	( 975,074)	-
Total segment revenue	<u>\$ 3,147,882</u>	<u>\$ 225,439</u>	<u>\$ 855</u>	<u>(\$ 975,074)</u>	<u>\$ 2,399,102</u>
Segment income (loss)	<u>\$ 341,961</u>	<u>(\$ 45,304)</u>	<u>\$ 855</u>	<u>\$ 7,580</u>	\$ 305,092
Company general income					22,546
Company general expense					( 125,979)
Interest expense					( 8,905)
Profit from continuing operations before tax					<u>\$ 192,754</u>

(3) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. Details of the adjusted consolidated total profit (loss) and reconciliation for profit before tax of reportable segment for the current period are provided in Note 14(2).

SYSGRATION LTD. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. ( Note 1 )	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2024	Balance at September 30, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party ( Note 2 )	Ceiling on total loans granted ( Note 2 )	Footnote
0	SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Other receivables	Y	\$ 65,737	\$ 65,419	\$ 65,419	-	Having business relationship	\$ 1,324,229	-	\$ -	None	\$ -	\$ 1,197,793	\$ 1,197,793	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders on April 30, 2020, the ceiling on total loans granted and to individuals of the Company's were as follows:

(1) The ceiling on total loans granted to others is 40% of the Company's net assets.

(2) Loans granted to a single party for business transactions: Limit on loans granted to a single party for business transactions is the total value of business transactions in 1 year or 12 months. The value of business transactions refers to the higher of purchase or sales.

The ceiling on single loan granted by the Company to all parties is 40% of the net assets value of Company.

SYSGRATION LTD. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Nine months ended September 30, 2024

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2024 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2024 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
			Relationship with the endorser/ guarantor (Note 2)												
0	SYSGRATION LTD.	SYSGRATION LTD.	1	\$	898,344	\$ 3,000	\$ 3,000	\$ 2,108	\$ -	0.10%	\$ 1,347,517	N	N	N	
0	SYSGRATION LTD.	POWER TANK ENERGY LTD.	2		898,344	372,800	372,800	-	-	12.45%	1,347,517	Y	N	N	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1)The Company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1)Having business relationship.
- (2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.
- (3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract
- (6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) The performance guarantees for the sale of pre-sales contracts under the Consumer Protection Law are jointly guaranteed.

Note 3: In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders on June 14, 2019, the limit on endorsements/guarantees provided for subsidiaries whose 50% of the shares are directly and indirectly held is 30% of the Company's net assets and the ceiling on total amount of endorsements/guarantees provided is 45% of the Company's net assets based on the Company's latest financial statements.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

SYSGRATION LTD. AND SUBSIDIARIES

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

September 30, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of September 30, 2024				
	Marketable securities	Relationship with the securities issuer	General		Book value			Footnote
Securities held by	( Note 1 )	( Note 2 )	ledger account	Number of shares	( Note 3 )	Ownership	Fair value	( Note 4 )
SYSGRATION LTD.	SINTRONIC TECHNOLOGY INC.	None	Financial assets at fair value through other comprehensive income - non-current	16,019	\$ 47	0%	\$ 47	
SYSGRATION LTD.	COREMATE TECHNICAL CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	256,200	-	0%	-	
SYSGRATION LTD.	ARCHERS INC.	None	Financial assets at fair value through other comprehensive income - non-current	1,000,000	-	0%	-	
SYSGRATION LTD.	ORO TECHNOLOGY CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	256,000	-	10%	-	
SYSGRATION LTD.	GOMORE INC.	None	Financial assets at fair value through other comprehensive income - non-current	25,216,865	-	5%	-	
SYSGRATION LTD.	IMEIER GREEN TECHNOLOGY CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	2,000,000	19,260	9%	19,260	
SYSGRATION LTD.	ADAT TECHNOLOGY CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	873,685	6,675	4%	6,675	
SYSGRATION LTD.	BIOMEDICA CORPORATION	None	Financial assets at fair value through other comprehensive income - non-current	156,225	9,738	3%	9,738	
SYSGRATION LTD.	REALWEAR INC.	None	Financial assets at fair value through other comprehensive income - non-current	1,545,955	28,983	1%	28,983	
SYSGRATION LTD.	NEXTRONICS ENGINEERING CORP.	None	Financial assets at fair value through other comprehensive income - non-current	240,100	30,132	1%	30,132	
SYSGRATION LTD.	ION ELECTRONIC MATERIALS CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	1,126,894	126,212	3%	126,212	
SYSGRATION LTD.	FUYOU PRIVATE EQUITY	None	Financial assets at fair value through profit or loss - non-current	2,100,000	30,720	3%	30,720	
SYSGRATION LTD.	ASROCK INC	None	Financial assets at fair value through profit or loss - current	10,000	2,065	0%	2,065	
SYSGRATION LTD.	ADVANCETEK ENTERPRISE CO., LTD.	None	Financial assets at fair value through profit or loss - current	10,000	676	0%	676	
SYSGRATION LTD.	IC PLUS CORP.	None	Financial assets at fair value through profit or loss - current	5,000	428	0%	428	

				As of September 30, 2024				
	Marketable securities	Relationship with the securities issuer	General		Book value			Footnote
Securities held by	( Note 1 )	( Note 2 )	ledger account	Number of shares	( Note 3 )	Ownership	Fair value	( Note 4 )
SYSGRATION LTD.	MACHVISION, INC.	None	Financial assets at fair value through profit or loss - current	5,000	1,740	0%	1,740	
SYSGRATION LTD.	Zhen Ding Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - current	3,000	341	0%	341	
SYSGRATION LTD.	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	None	Financial assets at fair value through profit or loss - current	9,000	8,613	0%	8,613	
SYSGRATION LTD.	LEADTEK RESEARCH, INC.	None	Financial assets at fair value through profit or loss - current	2,000	178	0%	178	
SYSGRATION LTD.	TAIWAN SAKURA CORPORATION	None	Financial assets at fair value through profit or loss - current	2,000	175	0%	175	
SYSGRATION LTD.	VISUAL PHOTONICS EPITAXY CO., LTD.	None	Financial assets at fair value through profit or loss - current	1,000	166	0%	166	
SYSGRATION LTD.	ELAN MICROELECTRONICS CORPORATION	None	Financial assets at fair value through profit or loss - current	2,000	285	0%	285	
SYSGRATION LTD.	ITE TECH. INC.	None	Financial assets at fair value through profit or loss - current	3,000	423	0%	423	
SYSGRATION LTD.	CHUNG HSIN ELECTRIC & MACHINERY MANUFACTURING CORPORATION	None	Financial assets at fair value through profit or loss - current	1,000	173	0%	173	
SYSGRATION LTD.	CHICONY ELECTRONICS CO., LTD.	None	Financial assets at fair value through profit or loss - current	1,000	164	0%	164	
SYSGRATION LTD.	ARGOSY RESEARCH INC.	None	Financial assets at fair value through profit or loss - current	1,000	151	0%	151	
SYSGRATION LTD.	ASE Technology Holding Co., Ltd.	None	Financial assets at fair value through profit or loss - current	4,000	604	0%	604	
SYSGRATION LTD.	SPORTON INTERNATIONAL INC.	None	Financial assets at fair value through profit or loss - current	2,000	437	0%	437	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.



Table 4

SYSGRATION LTD. AND SUBSIDIARIES													
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more													
Nine months ended September 30, 2024													
If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
SYSGRATION AMERICA CORPORATION	Located in 3724 EAST PLANO PARKWAY, BUILDING C PLANO, COLLIN COUNTY, TEXAS 75074 building	November 1, 2023	USD 16million	100% of price was paid	PLANO PROPERTY OWNER II LP	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Based on NATIONAL APPRAISAL PARTNERS, LLP real estate valuation report	Operation and production management needs	Not applicable

SYSGRATION LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Nine months ended September 30, 2024

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Subsidiary	Purchases	\$ 871,098	56%	120 days	Note	Note	(\$ 359,655)	61%	

Note: Based on the mutual agreement since no similar transaction can be compared with.

SYSGRATION LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

September 30, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	Subsidiary	\$ 359,655	2.33	\$ -	-	\$ -	\$ -

SYSGRATION LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods  
Nine months ended September 30, 2024

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount		
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Accounts receivable	\$ 359,655	Note 6	7%
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Sales of goods	871,098	Note 6	37%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

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

Note 3: Transaction amount that did not reach NT\$100 million or 20% of paid-in capital or more will not be disclosed. Additionally, the counter related parties' of the transaction will also not be disclosed.

Note 4: Ratios of asset/liability are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.

Note 5: The loans granted and endorsement and guarantees between the Company and subsidiaries, please refer to tables 1 and 2.

Note 6: There are no comparable transaction to non-related parties. The conditions of transactions are agreed upon by both parties.

SYSGRATION LTD. AND SUBSIDIARIES

Information on investees

Nine months ended September 30, 2024

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net profit (loss) of the investee for the nine months ended September 30, 2024 (Note 2(2))	Investment income(loss) recognised by the Company for the nine months ended September 30, 2024 (Note 2(3))	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership	Book value			
SYSGRATION LTD.	POWER TANK ENERGY LTD.	TAIWAN	Manufacturing and sale of energy storage products	\$ 413,884	\$ 413,884	41,388,434	100%	\$ 285,443	(\$ 82,126)	(\$ 82,126)	Note 3
POWER TANK ENERGY LTD.	SYSGRATION TECHNOLOGY (SAMOA)	SAMOA	Investment holding of overseas companies	218,659	218,659	21,800,000	100%	154,380	( 40,723)	( 40,723)	Note 4
SYSGRATION LTD.	SYSGRATION (SAMOA) LTD.	SAMOA	Investment holding of overseas companies	505,131	505,131	15,938,000	100%	306,638	20,875	20,875	
SYSGRATION LTD.	SYSGRATION USA INC.	U.S.A.	Sale of electronic products	10,062	10,062	300,000	100%	4,517	54	54	
SYSGRATION LTD.	SYSGRATION INTERNATIONAL INC.	U.S.A.	Investment holding of overseas companies	970,806	643,746	30,000,000	100%	965,489	13,758	13,758	
SYSGRATION INTERNATIONAL INC.	SYSGRATION AMERICA CORPORATION	U.S.A.	Manufacturing and sale of electronic products	593,810	97,650	19,000,000	100%	611,997	10,228	10,228	
SYSGRATION LTD.	LEADRAY ENERGY CO., LTD.	TAIWAN	Manufacturing and sale of solar energy and green lighting equipments	133,736	127,796	12,157,851	36.62%	126,999	( 17,321)	( 6,436)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2024' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the nine months ended September 30, 2024' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2024' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3 : On June 30, 2023, the Company split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off.

Note 4 : SYSGRATION TECHNOLOGY (SAMOA) LTD was owned by the Company at the end of last year and was transferred to POWER TANK ENERGY LTD. on June 19, 2023, with the permission of the Department of Investment Review, MOEA. SYSGRATION TECHNOLOGY (SAMOA) LTD's investment profits and losses from January 1 to June 30, 2023 are recognized by the Company, while those from July 1 to December 31, 2023 are recognized by POWER TANK ENERGY LTD.

SYSGRATION LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2024

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 5)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024 (Note 5)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2024 (Note5)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024 (Note 5)	Net income of investee as of September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	Manufacturing and sale of energy storage products	\$ 683,640	2	\$ 222,240	-	-	\$ 222,240	(\$ 40,678)	100%	(\$ 40,678)	\$ 157,299	-	Note 6
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and sale of electronic products	117,105	2	117,105	-	-	117,105	20,035	100%	20,035	244,245	-	Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024 (Note 3, and Note 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)	Footnote
POWER TANK ENERGY LTD.	\$ 222,240	\$ 222,240	\$ 171,265	Note 9
SYSGRATION LTD.	117,105	117,105	1,796,690	

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1)Directly invest in a company in Mainland China.
- (2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3)Others

Note 2: In the 'Investment income (loss) recognised by the Company for the six months ended June 30, 2024' column:

- (1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that were reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that were reviewed by R.O.C. parent company's CPA.
  - C. Others.

Note 3: The Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.' through 'SYSGRATION TECHNOLOGY (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10100477000, No.10200372350, No.10300319430, No.1040023080, No.10500055360 and No.10500105990. Because the Company split its energy storage business segment to newly established company through a spin-off, the Company reinvested in 'SYSGRATION TECHNOLOGY (SAMOA) LTD.' and 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.'through 'POWER TANK ENERGY LTD.' which was approved by Jing-Shen-II-Zi No.11200074130 and No.11200124140. Additionally, the Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.' through 'SYSGRATION (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10400006240, No.10400023090, No.10400163350, No.10400251280 and No.10500072680.

Note 4: The ceiling is NT\$80 million and 60% of the net assets or consolidated net assets, whichever is higher.

Note 5: It was translated to NTD at the exchange rate on September 30, 2024.

Note 6: Through SYSGRATION TECHNOLOGY (SAMOA) LTD..

Note 7: Through SYSGRATION (SAMOA) LTD..

Note 8: Under the approval of Jing-Shen-II-Zi No.11200124140, POWER TANK ENERGY LTD. reinvested in the net value at the spin-off of 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.'s through 'SYSGRATION TECHNOLOGY (SAMOA) LTD.', therefore, it is different from the remitted amount.

Note 9: POWER TANK ENERGY LTD. completed the investment in Mainland China in the third quarter of 2023 and the ceiling on investments was \$236,414 which was calculated based on POWER TANK ENERGY LTD.'s net assets of \$394,024 in the third quarter of 2023.

SYSGRATION LTD. AND SUBSIDIARIES

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area  
Nine months ended September 30, 2024

Table 10

Expressed in thousands of NTD  
(Except as otherwise indicated)

Sale (purchase)		Property transaction		Accounts receivable (payable)		Other accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing						
Investee in Mainland China		Amount	%	Amount	%	Balance at September 30, 2024	%	Balance at September 30, 2024	%	Balance at September 30, 2024	Purpose	Maximum balance during the nine months ended September 30, 2024	Balance at September 30, 2024	Interest rate	Interest for the nine months ended September 30, 2024	Others
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.		(\$ 871,098)	56%	\$ -	-	(\$ 359,655)	61%	\$ 65,493	89%	Note	Note	\$ 65,737	\$ 65,419	-	\$ -	

Note: Please refer to table 2.

SYSGRATION LTD.  
Major shareholders information  
September 30, 2024

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership
Lee, I-Ren	12,880,210	6.74%