

**TAISOL ELECTRONICS CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023**

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	12~35
(7) Related-party transactions	36
(8) Pledged assets	37
(9) Commitments and contingencies	37
(10) Losses due to major disasters	37
(11) Subsequent Events	37
(12) Other	37~38
(13) Other disclosures	
(a) Information on significant transactions	39~40
(b) Information on investees	40~41
(c) Information on investment in Mainland China	41
(d) Major shareholders	42
(14) Segment information	42~43



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Independent Auditors' Review Report

To the Board of Directors of TaiSol Electronics Co., Ltd.:

Introduction

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

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of TaiSol Electronics Co., Ltd. and its subsidiaries as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are Chen, Fu-Jen and Yin, Yuan-Sheng.

KPMG

Taipei, Taiwan (Republic of China)
October 30, 2024

Notes to Readers

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

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

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2024		December 31, 2023		September 30, 2023		Liabilities and Equity		September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 755,561	21	1,001,154	26	865,084	23	2170	Accounts payable	\$ 1,085,346	30	1,254,913	33	1,142,270	31
1136	Current financial assets at amortized cost, net (note 6(b))	382,987	10	159,972	4	123,271	3	2209	Other payables (note 6(m))	341,743	9	376,053	10	374,687	10
1150	Notes receivable, net (notes 6(c) and (r))	268,298	7	234,977	6	194,952	5	2230	Current tax liabilities	28,796	1	45,581	1	46,458	1
1170	Accounts receivable, net (notes 6(c) and (r))	1,240,796	34	1,414,765	37	1,412,464	38	2280	Current lease liabilities (note 6(k))	30,275	1	5,104	-	14,222	-
1200	Other receivables, net (note 6(d))	12,984	-	8,987	-	5,809	-	2399	Other current liabilities (notes 6(m) and (r))	102,735	3	117,588	3	131,652	4
1220	Current tax assets	-	-	253	-	-	-		Total current liabilities	<u>1,588,895</u>	<u>44</u>	<u>1,799,239</u>	<u>47</u>	<u>1,709,289</u>	<u>46</u>
130X	Inventories (note 6(e))	358,805	10	343,093	9	396,890	11		Non-Current liabilities:						
1410	Prepayments (note 6(j))	79,966	2	91,431	3	97,404	3	2570	Deferred tax liabilities	121,790	3	137,274	4	133,314	4
1470	Other current assets (note 8)	893	-	809	-	747	-	2580	Non-current lease liabilities (note 6(k))	10,709	-	1,320	-	1,509	-
	Total current assets	<u>3,100,290</u>	<u>84</u>	<u>3,255,441</u>	<u>85</u>	<u>3,096,621</u>	<u>83</u>	2670	Other non-current liabilities	766	-	1,818	-	18,382	-
	Non-current assets:								Total non-current liabilities	<u>133,265</u>	<u>3</u>	<u>140,412</u>	<u>4</u>	<u>153,205</u>	<u>4</u>
1600	Property, plant and equipment (notes 6(g) and 8)	435,647	12	435,001	11	449,411	12		Total liabilities	<u>1,722,160</u>	<u>47</u>	<u>1,939,651</u>	<u>51</u>	<u>1,862,494</u>	<u>50</u>
1755	Right of use assets (note 6(h))	62,239	2	27,099	1	35,512	1		Equity attributable to owners of parent (note 6(p)):						
1780	Intangible assets (note 6(i))	1,372	-	1,231	-	1,111	-	3110	Ordinary shares	879,081	24	879,081	23	879,081	24
1840	Deferred tax assets	67,074	2	73,280	2	79,004	2	3200	Capital surplus	348,924	9	348,899	9	348,899	9
1990	Other non-current assets (note 12)	20,045	-	43,724	1	57,756	2		Retained earnings:						
	Total non-current assets	<u>586,377</u>	<u>16</u>	<u>580,335</u>	<u>15</u>	<u>622,794</u>	<u>17</u>	3310	Legal reserve	221,358	6	197,029	5	197,029	5
								3320	Special reserve	85,660	2	61,180	2	61,180	2
								3350	Unappropriated retained earnings	472,074	13	512,849	13	446,349	12
										<u>779,092</u>	<u>21</u>	<u>771,058</u>	<u>20</u>	<u>704,558</u>	<u>19</u>
								3410	Exchange differences on translation of foreign financial statements	(25,337)	(1)	(85,660)	(2)	(58,364)	(2)
								3500	Treasury shares	(17,253)	-	(17,253)	(1)	(17,253)	-
									Total equity	<u>1,964,507</u>	<u>53</u>	<u>1,896,125</u>	<u>49</u>	<u>1,856,921</u>	<u>50</u>
Total assets		<u>\$ 3,686,667</u>	<u>100</u>	<u>3,835,776</u>	<u>100</u>	<u>3,719,415</u>	<u>100</u>	Total liabilities and equity		<u>\$ 3,686,667</u>	<u>100</u>	<u>3,835,776</u>	<u>100</u>	<u>3,719,415</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

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

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended September 30				For the nine months ended September 30					
	2024		2023		2024		2023			
	Amount	%	Amount	%	Amount	%	Amount	%		
4000	Operating revenue (notes 6(r) and 7)		\$ 929,521	100	1,042,258	100	2,802,166	100	2,727,058	100
5000	Operating costs (notes 6(e), (k) and 12)		736,582	79	820,605	79	2,232,973	80	2,166,279	79
5900	Gross profit from operations		192,939	21	221,653	21	569,193	20	560,779	21
6000	Operating expenses (notes 6(c), (k), (n), (s) and 12):									
6100	Selling expenses		45,162	5	48,217	5	144,362	5	138,048	5
6200	Administrative expenses		41,026	4	58,763	6	130,979	5	151,048	6
6300	Research and development expenses		43,815	5	34,280	3	115,106	4	103,226	4
6450	Expected credit loss (gain)		(251)	-	536	-	(314)	-	445	-
			129,752	14	141,796	14	390,133	14	392,767	15
6900	Net operating income		63,187	7	79,857	7	179,060	6	168,012	6
7000	Non-operating income and expenses (notes 6(f), (k), (t) and 12):									
7100	Interest income		6,905	1	4,706	-	22,741	1	16,272	1
7010	Other income		5,431	-	8,850	1	23,682	1	24,589	1
7020	Other gains and losses, net		(29,822)	(3)	17,224	2	5,767	-	28,082	1
7050	Finance costs, net		(396)	-	(362)	-	(1,592)	-	(1,449)	-
			(17,882)	(2)	30,418	3	50,598	2	67,494	3
7900	Profit from continuing operations before tax		45,305	5	110,275	10	229,658	8	235,506	9
7950	Less: Income tax expenses (note 6(o))		4,373	-	24,562	2	46,708	1	58,712	2
	Profit		40,932	5	85,713	8	182,950	7	176,794	7
8300	Other comprehensive income (note 6(p)):									
8360	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation of foreign financial statements		21,277	2	38,575	4	59,334	2	2,816	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	-	-	-	-	-	-
8300	Other comprehensive income		21,277	2	38,575	4	59,334	2	2,816	-
8500	Total comprehensive income		\$ 62,209	7	124,288	12	242,284	9	179,610	7
	Profit, attributable to:									
8610	Owners of parent		\$ 40,932	5	85,713	8	182,950	7	176,794	7
	Comprehensive income attributable to:									
8710	Owners of parent		\$ 62,209	7	124,288	12	242,284	9	179,610	7
	Earnings per share (note 6(q))									
9750	Basic earnings per share		\$ 0.47		0.98		2.09		2.02	
9850	Diluted earnings per share		\$ 0.47		0.98		2.09		2.02	

See accompanying notes to consolidated financial statements.

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent								
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings			
Balance at January 1, 2023	\$ 879,081	348,899	170,281	85,614	446,785	702,680	(61,180)	(17,253)	1,852,227
Profit	-	-	-	-	176,794	176,794	-	-	176,794
Other comprehensive income	-	-	-	-	-	-	2,816	-	2,816
Total comprehensive income	-	-	-	-	176,794	176,794	2,816	-	179,610
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	26,748	-	(26,748)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(174,916)	(174,916)	-	-	(174,916)
Reversal of special reserve	-	-	-	(24,434)	24,434	-	-	-	-
Balance at September 30, 2023	\$ 879,081	348,899	197,029	61,180	446,349	704,558	(58,364)	(17,253)	1,856,921
Balance at January 1, 2024	\$ 879,081	348,899	197,029	61,180	512,849	771,058	(85,660)	(17,253)	1,896,125
Profit	-	-	-	-	182,950	182,950	-	-	182,950
Other comprehensive income	-	-	-	-	-	-	59,334	-	59,334
Total comprehensive income	-	-	-	-	182,950	182,950	59,334	-	242,284
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	24,329	-	(24,329)	-	-	-	-
Special reserve appropriated	-	-	-	24,480	(24,480)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(174,916)	(174,916)	-	-	(174,916)
Other changes in capital surplus	-	25	-	-	-	-	-	-	25
Disposal of subsidiaries	-	-	-	-	-	-	989	-	989
Balance at September 30, 2024	\$ 879,081	348,924	221,358	85,660	472,074	779,092	(25,337)	(17,253)	1,964,507

See accompanying notes to consolidated financial statements.

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 229,658	235,506
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	65,995	86,425
Amortization expense	181	441
Expected credit (gain) loss	(314)	445
Interest expense	1,592	1,449
Interest income	(22,741)	(16,272)
Gains on disposal of property, plan and equipment	(55)	(666)
Loss on disposal of investments	990	-
Unrealized foreign exchange loss (gain)	15,438	(2,525)
Gains on modification of leases	(3)	-
Total adjustments to reconcile profit	<u>61,083</u>	<u>69,297</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(22,244)	98,770
Decrease (increase) in accounts receivable	180,404	(55,331)
Increase in other receivables	(4,361)	(1,730)
(Increase) decrease in inventories	(7,256)	13,742
Decrease (increase) in prepayments	15,121	(6,664)
Increase in other current assets	(84)	(122,752)
Decrease in other non-current assets	-	967
Total changes in operating assets	<u>161,580</u>	<u>(72,998)</u>
Changes in operating liabilities:		
(Decrease) increase in accounts payable	(200,496)	229,831
Decrease in other payables	(43,181)	(34,729)
Decrease in other current liabilities	(18,856)	(14,746)
(Decrease) increase in other operating liabilities	(1,052)	5,522
Total changes in operating liabilities	<u>(263,585)</u>	<u>185,878</u>
Total changes in operating assets and liabilities	<u>(102,005)</u>	<u>112,880</u>
Total adjustments	<u>(40,922)</u>	<u>182,177</u>
Cash inflow generated from operations	188,736	417,683
Interest received	23,212	16,126
Interest paid	(1,592)	(1,449)
Income taxes paid	<u>(72,913)</u>	<u>(98,102)</u>
Net cash flows from operating activities	<u>137,443</u>	<u>334,258</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(219,550)	-
Proceeds from disposal of subsidiaries	404	-
Acquisition of property, plant and equipment	(32,937)	(36,537)
Proceeds from disposal of property, plant and equipment	1,180	1,155
Acquisition of intangible assets	(319)	(36)
Decrease in other non-current assets	24,908	1,227
Net cash flows used in investing activities	<u>(226,314)</u>	<u>(34,191)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(23,873)	(27,062)
Cash dividends paid	(174,916)	(174,916)
Other financing activities	25	-
Net cash flows used in financing activities	<u>(198,764)</u>	<u>(201,978)</u>
Effect of exchange rate changes on cash and cash equivalents	42,042	2,392
Net (decrease) increase in cash and cash equivalents	(245,593)	100,481
Cash and cash equivalents at beginning of period	<u>1,001,154</u>	<u>764,603</u>
Cash and cash equivalents at end of period	<u>\$ 755,561</u>	<u>865,084</u>

See accompanying notes to consolidated financial statements.

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

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TaiSol Electronics Co., Ltd. (the “Company”) was incorporated on September 23rd, 1994 under the approval of Ministry of Economic Affairs, Republic of China (“ROC”). The address of its registered office is 3F, No.302, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan. The principal activities of the Company and its subsidiaries (the “Group”) are the manufacturing, the processing and trading of thermal modules, components of electronic computers, electrical wires, automobiles and motorcycles.

The Company’s common shares have been publicly listed on the Taiwan Stock Exchange since December 13, 2013. Please refer to Note 14 for the Group's operating activities and operating segments informations.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements for the nine Months ended September 30, 2024 and 2023 were authorized for issuance by the Board of Directors on October 30, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

(i) Principle of preparation of consolidated financial statements

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received ;and (ii) the assets, liabilities of the subsidiary at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of the subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principle activity	Shareholding		
			September 30, 2024	December 31, 2023	September 30, 2023
The Company	World Window Electronics (H.K.) Limited (hereinafter referred to as "World Window Electronics")	Investment holding and trading	100 %	100 %	100 %
The Company	TaiSol Electronics (HONG KONG) Co., Ltd. (hereinafter referred to as "TaiSol HONG KONG")	Investment holding	100 %	100 %	100 %
The Company	TaiSol Electronics Japan Co., Ltd. (hereinafter referred to as "TaiSol Japan")	Trading	- %	100 %	100 %
The Company	SiYang TaiSol Electronics Co., Ltd. (hereinafter referred to as "SiYang TaiSol")	Manufacturing and trading	100 %	100 %	100 %
The Company	Vietnam TaiSol Electronics Company Limited (hereinafter referred to as "Vietnam TaiSol")	Trading	100 %	100 %	100 %
World Window Electronics	DongGuan TaiSol Electronics Co., Ltd. (hereinafter referred to as "DongGuan TaiSol")	Manufacturing and trading	100 %	100 %	100 %
TaiSol HONG KONG	Suzhou TaiSol Electronics Co., Ltd. (hereinafter referred to as "Suzhou TaiSol")	Manufacturing and trading	100 %	100 %	100 %

In March 2024, the Group signed a Share Purchase Agreement with a non-related party, selling 100% of the shares in TaiSol (Japan) and losing control over it.

There were no subsidiaries excluded from the consolidated financial statements.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B 12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements, in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Cash on hand and revolving funds	\$ 739	618	698
Demand deposits	490,960	490,763	519,764
Time deposits	263,862	494,773	344,622
Repurchase agreement	-	15,000	-
Cash and cash equivalents in the statement of cash flows	<u>\$ 755,561</u>	<u>1,001,154</u>	<u>865,084</u>

(b) Current financial assets at amortized cost

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Time deposits with original maturities exceeding three months	<u>\$ 382,987</u>	<u>159,972</u>	<u>123,271</u>
Interest rate range	<u>1.28~5.39</u>	<u>1.16~5.30</u>	<u>5.30</u>

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

The Group’s held domestic and foreign time deposits, which mature during from October 2024 to March 2025, February 2024 to March 2024 and February 2024 to March 2024, respectively.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's financial assets measured at amortized cost were not pledged as collateral.

(c) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable—measured at amortized cost	\$ 268,298	234,977	194,952
Accounts receivable—measured at amortized cost	1,244,389	1,418,531	1,416,995
Less: Loss allowance	<u>3,593</u>	<u>3,766</u>	<u>4,531</u>
	<u>\$ 1,509,094</u>	<u>1,649,742</u>	<u>1,607,416</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The loss allowance provisions of the clients classified as category A were determined as follows:

	September 30, 2024		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,207,049	-	-
1 to 30 days past due	499	1%	5
31 to 120 days past due	6	1%	-
121 to 365 days past due	<u>56</u>	1%	<u>1</u>
	<u>\$ 1,207,610</u>		<u>6</u>
	December 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,343,100	-	-
1 to 30 days past due	3,623	1%	36
31 to 120 days past due	<u>94</u>	1%	<u>1</u>
	<u>\$ 1,346,817</u>		<u>37</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,332,930	-	-
1 to 30 days past due	6,310	1%	63
31 to 120 days past due	1,727	1%	17
121 to 365 days past due	18	1%	-
	\$ 1,340,985		80

The loss allowance provisions of the clients classified as category B were determined as follows:

	September 30, 2024		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 303,078	1%	3,031
1 to 30 days past due	855	5%	43
31 to 120 days past due	845	5%	42
	\$ 304,778		3,116

	December 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 299,165	1%	2,992
1 to 30 days past due	7,067	5%	353
31 to 120 days past due	155	5%	8
	\$ 306,387		3,353

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 251,168	1%	2,512
1 to 30 days past due	15,173	5%	759
31 to 120 days past due	3,632	5%	182
	\$ 269,973		3,453

The loss allowance provisions of the clients classified as category D were determined as follows:

	September 30, 2024		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
121 to 365 days past due	\$ 72	100%	72
More than 365 days past	227	100%	227
	\$ 299		299

	December 31, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
More than 365 days past	\$ 304	100%	304

	September 30, 2023		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
121 to 365 days past due	\$ 679	100%	679
More than 365 days past	310	100%	310
	\$ 989		989

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in the allowance for notes and accounts receivable were as follows:

	For the nine months ended September 30	
	2024	2023
Balance at January 1	\$ 3,766	4,076
Impairment (reversed) recognized	(314)	445
Effect of changes in exchange rates	141	10
Balance at September 30	\$ 3,593	4,531

The Group's notes and accounts receivable were not pledged as collateral.

(d) Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables	\$ 12,984	8,987	6,373
Less: Loss allowance	-	-	564
	\$ 12,984	8,987	5,809

Other receivables are impaired at the loss allowance based on 12 month expected credit losses. The loss allowance provisions and credit impairments were determined as follows:

	September 30, 2024		December 31, 2023		September 30, 2023	
	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Life time Expected loss— unimpaired	Life time Expected loss— impaired
Current	\$ 12,984	-	8,987	-	5,809	-
More than 365 days past	-	-	-	-	-	564
Gross carrying amounts	12,984	-	8,987	-	5,809	564
Loss allowance	-	-	-	-	-	(564)
Amortized cost (carrying amount)	\$ 12,984	-	8,987	-	5,809	-

The movements in the allowance for other receivables were as follows:

	For the nine months ended September 30, 2024		
	Life time Expected loss— unimpaired	Life time Expected loss— impaired	Total
Balance at September 30 (opening balance)	\$ -	-	-

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2023		
	Life time	Life time	Total
	Expected loss – unimpaired	Expected loss – impaired	
Balance at January 1	\$ -	563	563
Effect of changes in exchange rates	-	1	1
Balance at September 30	<u>\$ -</u>	<u>564</u>	<u>564</u>

(e) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	\$ 158,267	160,368	167,325
Work in progress	40,958	33,818	50,518
Raw materials	63,880	66,391	77,152
Merchandise	95,700	82,516	101,895
Total	<u>\$ 358,805</u>	<u>343,093</u>	<u>396,890</u>

The details of the cost of sales were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Cost of goods sold	\$ 733,113	796,641	2,212,735	2,105,541
Reversal of provisions for inventory valuation	(6,892)	(37,957)	(19,010)	(37,951)
Loss on scrap of inventory	4,594	45,880	16,455	47,587
Gain on physical inventory	-	-	(17)	(26)
Unallocated production overheads	5,767	16,041	22,810	51,128
	<u>\$ 736,582</u>	<u>820,605</u>	<u>2,232,973</u>	<u>2,166,279</u>

The Group disposed portion of inventory which had been written-off in valuation previously, resulting in a reversal of provisions for inventory valuation.

The Group's inventories mentioned above were not pledged as collateral.

(f) Loss of control over a subsidiary

The Group disposed its entire shares in TaiSol (Japan), at the amount of \$1,468 thousand, on March 1, 2024, resulting in a loss on disposal of \$990 thousand, recognized as other gains and losses under total comprehensive income, and a loss of control over the entity.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The carrying amounts of assets and liabilities of TaiSol (Japan) on the date of disposal were as follows:

Cash and cash equivalents	\$	1,064
Other receivables		463
Prepayments		10
Right of use assets		202
Other non-current assets		203
Other payables		(216)
Current tax liabilities		(50)
Current lease liabilities		(203)
Other current liabilities		(4)
Carrying amount of net assets	<u>\$</u>	<u><u>1,469</u></u>

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2024	\$ 107,699	221,805	374,795	46,868	2,982	99,629	853,778
Additions	-	18,052	1,477	5,771	988	4,806	31,094
Disposal	-	-	(22,445)	(1,485)	(219)	(1,187)	(25,336)
Effect of exchange rate changes	-	7,804	16,179	2,192	60	4,305	30,540
Balance at September 30, 2024	<u>\$ 107,699</u>	<u>247,661</u>	<u>370,006</u>	<u>53,346</u>	<u>3,811</u>	<u>107,553</u>	<u>890,076</u>
Balance at January 1, 2023	\$ 107,699	218,971	410,581	46,347	5,811	102,708	892,117
Additions	-	5,177	9,603	5,546	530	17,921	38,777
Disposal	-	-	(32,207)	(5,169)	(2,004)	(12,688)	(52,068)
Effect of exchange rate changes	-	283	282	75	3	345	988
Balance at September 30, 2023	<u>\$ 107,699</u>	<u>224,431</u>	<u>388,259</u>	<u>46,799</u>	<u>4,340</u>	<u>108,286</u>	<u>879,814</u>
Depreciation and impairment loss:							
Balance at January 1, 2024	\$ -	39,127	282,844	14,233	1,194	81,379	418,777
Depreciation	-	7,284	22,816	3,523	694	7,448	41,765
Disposal	-	-	(22,445)	(1,485)	(219)	(62)	(24,211)
Effect of exchange rate changes	-	980	12,662	684	25	3,747	18,098
Balance at September 30, 2024	<u>\$ -</u>	<u>47,391</u>	<u>295,877</u>	<u>16,955</u>	<u>1,694</u>	<u>92,512</u>	<u>454,429</u>
Balance at January 1, 2023	\$ -	32,859	287,216	13,332	3,788	86,800	423,995
Depreciation	-	4,917	34,936	4,978	1,094	11,473	57,398
Disposal	-	-	(31,718)	(5,169)	(2,004)	(12,688)	(51,579)
Effect of exchange rate changes	-	41	392	21	2	133	589
Balance at September 30, 2023	<u>\$ -</u>	<u>37,817</u>	<u>290,826</u>	<u>13,162</u>	<u>2,880</u>	<u>85,718</u>	<u>430,403</u>
Carrying amounts:							
Balance at January 1, 2024	<u>\$ 107,699</u>	<u>182,678</u>	<u>91,951</u>	<u>32,635</u>	<u>1,788</u>	<u>18,250</u>	<u>435,001</u>
Balance at September 30, 2024	<u>\$ 107,699</u>	<u>200,270</u>	<u>74,129</u>	<u>36,391</u>	<u>2,117</u>	<u>15,041</u>	<u>435,647</u>
Balance at January 1, 2023	<u>\$ 107,699</u>	<u>186,112</u>	<u>123,365</u>	<u>33,015</u>	<u>2,023</u>	<u>15,908</u>	<u>468,122</u>
Balance at September 30, 2023	<u>\$ 107,699</u>	<u>186,614</u>	<u>97,433</u>	<u>33,637</u>	<u>1,460</u>	<u>22,568</u>	<u>449,411</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Right of use assets

The Group leases land, buildings, vehicles, and office equipments. Information about leases for which the Group as a lessee was as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2024	\$ 23,830	145,662	14,067	238	183,797
Additions	-	56,589	1,487	-	58,076
Disposal	-	(4,381)	(3,576)	-	(7,957)
Effect of exchange rate changes	1,079	7,273	407	-	8,759
Balance at September 30, 2024	<u>\$ 24,909</u>	<u>205,143</u>	<u>12,385</u>	<u>238</u>	<u>242,675</u>
Balance at January 1, 2023	\$ 24,276	205,968	15,105	238	245,587
Additions	-	-	3,081	-	3,081
Disposal	-	-	(1,946)	-	(1,946)
Effect of exchange rate changes	38	144	21	-	203
Balance at September 30, 2023	<u>\$ 24,314</u>	<u>206,112</u>	<u>16,261</u>	<u>238</u>	<u>246,925</u>
Depreciation:					
Balance at January 1, 2024	\$ 2,592	142,357	11,602	147	156,698
Depreciation	458	21,747	1,989	36	24,230
Disposal	-	(3,911)	(3,576)	-	(7,487)
Effect of exchange rate changes	126	6,487	382	-	6,995
Balance at September 30, 2024	<u>\$ 3,176</u>	<u>166,680</u>	<u>10,397</u>	<u>183</u>	<u>180,436</u>
Balance at January 1, 2023	\$ 2,034	169,861	12,082	99	184,076
Depreciation	453	25,745	2,793	36	29,027
Disposal	-	-	(1,946)	-	(1,946)
Effect of exchange rate changes	6	232	18	-	256
Balance at September 30, 2023	<u>\$ 2,493</u>	<u>195,838</u>	<u>12,947</u>	<u>135</u>	<u>211,413</u>
Carrying amounts:					
Balance at January 1, 2024	<u>\$ 21,238</u>	<u>3,305</u>	<u>2,465</u>	<u>91</u>	<u>27,099</u>
Balance at September 30, 2024	<u>\$ 21,733</u>	<u>38,463</u>	<u>1,988</u>	<u>55</u>	<u>62,239</u>
Balance at January 1, 2023	<u>\$ 22,242</u>	<u>36,107</u>	<u>3,023</u>	<u>139</u>	<u>61,511</u>
Balance at September 30, 2023	<u>\$ 21,821</u>	<u>10,274</u>	<u>3,314</u>	<u>103</u>	<u>35,512</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Intangible assets

	Computer software	Patents	Total
Cost:			
Balance at January 1, 2024	\$ 3,505	1,239	4,744
Acquisition	100	219	319
Disposal	-	(219)	(219)
Effect of exchange rate changes	148	-	148
Balance at September 30, 2024	<u>\$ 3,753</u>	<u>1,239</u>	<u>4,992</u>
Balance at January 1, 2023	\$ 3,944	1,484	5,428
Acquisition	-	36	36
Disposal	-	(237)	(237)
Effect of exchange rate changes	6	-	6
Balance at September 30, 2023	<u>\$ 3,950</u>	<u>1,283</u>	<u>5,233</u>
Amortization:			
Balance at January 1, 2024	\$ 3,169	344	3,513
Amortization	124	57	181
Disposal	-	(219)	(219)
Effect of exchange rate changes	145	-	145
Balance at September 30, 2024	<u>\$ 3,438</u>	<u>182</u>	<u>3,620</u>
Balance at January 1, 2023	\$ 3,431	480	3,911
Amortization	316	125	441
Disposal	-	(237)	(237)
Effect of exchange rate changes	7	-	7
Balance at September 30, 2023	<u>\$ 3,754</u>	<u>368</u>	<u>4,122</u>
Carrying amounts:			
Balance at January 1, 2024	<u>\$ 336</u>	<u>895</u>	<u>1,231</u>
Balance at September 30, 2024	<u>\$ 315</u>	<u>1,057</u>	<u>1,372</u>
Balance at January 1, 2023	<u>\$ 513</u>	<u>1,004</u>	<u>1,517</u>
Balance at September 30, 2023	<u>\$ 196</u>	<u>915</u>	<u>1,111</u>

The Group did not provide any of the aforementioned intangible assets as collateral.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Prepayments

The Group's prepayments were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Prepaid sales tax	\$ 56,594	61,673	59,337
Other prepayments	21,820	29,628	38,067
Prepayments for purchases	1,552	130	-
	<u>\$ 79,966</u>	<u>91,431</u>	<u>97,404</u>

(k) Lease liabilities

The amounts of the Group's lease liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ 30,275	5,104	14,222
Non-current	\$ 10,709	1,320	1,509

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ 394	320	1,204	1,407
Income from sub-leasing right-of-use assets	\$ 1,912	2,034	5,227	4,790
Expenses relating to short-term leases	\$ 1,541	64	4,422	11,884
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 18	18	53	53

The leases amounts recognized in the statement of cash flows for the Group were as follows:

	For the nine months ended September 30	
	2024	2023
Total cash outflow for leases	\$ 29,552	40,406

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases land and buildings for its office space, staff dormitories, research and development centers and factories. The leases of office space and factories typically run for a period of 2 to 5 years, and of staff dormitories for 3 to 8 years, and of R&D centers for 2 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases vehicles and other equipment, with lease terms of one to five years.

(l) Operating lease

There were no significant changes in operating lease for the nine months ended September 30, 2024 and 2023. Please refer to Note 6(l) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

(m) Other payables and other current liabilities

The other payables were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Accrued expenses	\$ 113,524	108,680	109,273
Commission payable	69,832	93,034	96,846
Salary and bonus payable	75,779	77,478	79,702
Remuneration payable to employees and directors	22,523	31,605	25,543
Payable for equipment	20,607	21,516	24,814
Other payables	39,478	43,740	38,509
	\$ 341,743	376,053	374,687

The other current liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Refund liabilities	\$ 95,952	112,302	126,522
Temporary credits	5,215	3,351	3,217
Receipts under custody	1,568	1,574	1,619
Unearned receipts	-	361	294
	\$ 102,735	117,588	131,652

A refund liability is recognized for expected discounts payable to customers in relation to sales made at each reporting date.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Employee benefits – Defined contribution plans

The cost of the pension contributions to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2024 and 2023 amounted to \$1,112 thousand, \$1,245 thousand, \$3,450 thousand and \$3,856 thousand, respectively.

Under the retirement scheme for senior managers of the Group, if the actual salary range of the month is higher than the maximum salary range of the Contribution Classification of Labor Pension (The New Fund), the pension contribution will be calculated at 6% of the monthly salary shortfall. In addition to the previous pension benefit, managers retiring may be granted a separate pension based on their level of contribution, with the approval of the remuneration committee and the chairman of the Company in the year of retirement. Under the contribution pension plan, the Group's pension costs amounted to \$(672) thousand, \$5,075 thousand, \$(1,051) thousand and \$5,410 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

(o) Income taxes

(i) Income tax expenses

The components of income tax for the three months and nine months ended September 30, 2024 and 2023 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ 2,049	17,469	58,650	43,391
Adjustment for prior years	<u>(2,650)</u>	<u>-</u>	<u>(2,664)</u>	<u>(171)</u>
	<u>(601)</u>	<u>17,469</u>	<u>55,986</u>	<u>43,220</u>
Deferred tax expense				
Origination and reversal of temporary differences	<u>4,974</u>	<u>7,093</u>	<u>(9,278)</u>	<u>15,492</u>
Income tax expense	<u>\$ 4,373</u>	<u>24,562</u>	<u>46,708</u>	<u>58,712</u>

There were no income tax expense recognized in equity and other comprehensive income for the nine months ended September 30, 2024 and 2023.

(ii) Assessment of tax

The Company's income tax returns for the years through 2021 have been examined and approved by the R.O.C. tax authorities.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Capital and other equity

There was no significant change in capital and other equity for the periods for the nine months ended September 30, 2024 and 2023. For the related information, please refer to Note 6(p) of the consolidated financial statements for the year ended December 31, 2023.

(i) Retained earnings

In accordance with the Company's articles, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve according to the Securities and Exchange Act and the Company's operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of directors can propose distribution plan to be approved by the shareholders' meeting.

In consideration of the Company's longterm operating plan, funding needs, and satisfying shareholder demand for cash flow, distribution of earnings may be retained in whole or in part as unappropriated retained earnings by resolution of the shareholders' general meeting and shall be paid in subsequent years. The distribution of dividends by shareholders may be in the form of cash dividends or share dividends, where the distribution rate of share dividends shall be not less than 20 percent, provided that the ratio of such earnings to cash dividends or share dividends shall be adjusted by resolution of the shareholders in accordance with the actual profit and fund status for the year.

Earnings distribution for 2023 and 2022 was decided by the resolution adopted, at the general meeting of shareholders held on May 24, 2024 and May 30, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Amount per share (NT dollars)</u>	<u>Amount</u>	<u>Amount per share (NT dollars)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders				
Cash	\$ <u>2.0</u>	<u>174,916</u>	<u>2.0</u>	<u>174,916</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other equity amounts (net of tax)

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2024	\$ (85,660)
Exchange differences on translation of net assets of foreign operations	59,334
Loss (gain) on disposal of foreign operations reclassified to profit or loss	<u>989</u>
Balance as of September 30, 2024	<u>\$ (25,337)</u>
Balance as of January 1, 2023	\$ (61,180)
Exchange differences on translation of net assets of foreign operations	<u>2,816</u>
Balance as of September 30, 2023	<u>\$ (58,364)</u>

(q) Earnings per share

The basic earnings per share were calculated as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Basic earnings per share:				
Profit attributable to the Company	<u>\$ 40,932</u>	<u>85,713</u>	<u>182,950</u>	<u>176,794</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>87,458</u>	<u>87,458</u>	<u>87,458</u>	<u>87,458</u>
Basic earnings per share (in New Taiwan dollars)	<u>\$ 0.47</u>	<u>0.98</u>	<u>2.09</u>	<u>2.02</u>
Diluted earnings per share:				

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Profit attributable to ordinary equity holders of the Company (after adjusting the effect of dilutive potential ordinary share)	\$ <u>40,932</u>	<u>85,713</u>	<u>182,950</u>	<u>176,794</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	87,458	87,458	87,458	87,458
Effect of issuance of share options (in thousands of shares)	217	54	253	177
Weighted average number of common shares outstanding (Diluted) (in thousands of shares)	<u>87,675</u>	<u>87,512</u>	<u>87,711</u>	<u>87,635</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>0.47</u>	<u>0.98</u>	<u>2.09</u>	<u>2.02</u>

(r) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended September 30, 2024				
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Total
Primary geographical markets:					
Asia	\$ 574,526	228,359	87,341	4,737	894,963
America	26,433	-	-	-	26,433
Europe	8,125	-	-	-	8,125
	<u>\$ 609,084</u>	<u>228,359</u>	<u>87,341</u>	<u>4,737</u>	<u>929,521</u>
Merchandise:					
Thermal modules	\$ 454,138	219,168	87,341	4,737	765,384
Other electronic components	154,946	9,191	-	-	164,137
	<u>\$ 609,084</u>	<u>228,359</u>	<u>87,341</u>	<u>4,737</u>	<u>929,521</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended September 30, 2023					
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Total
Primary geographical markets:					
Asia	\$ 620,578	296,941	91,485	669	1,009,673
America	26,883	-	-	-	26,883
Europe	5,702	-	-	-	5,702
	\$ 653,163	296,941	91,485	669	1,042,258
Merchandise:					
Thermal modules	\$ 471,000	294,728	91,485	669	857,882
Other electronic components	182,163	2,213	-	-	184,376
	\$ 653,163	296,941	91,485	669	1,042,258
For the nine months ended September 30, 2024					
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Total
Primary geographical markets:					
Asia	\$ 1,554,785	867,079	248,028	10,617	2,680,509
America	92,274	-	-	-	92,274
Europe	29,383	-	-	-	29,383
	\$ 1,676,442	867,079	248,028	10,617	2,802,166
Merchandise:					
Thermal modules	\$ 1,243,124	827,253	248,028	10,617	2,329,022
Other electronic components	433,318	39,826	-	-	473,144
	\$ 1,676,442	867,079	248,028	10,617	2,802,166
For the nine months ended September 30, 2023					
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Total
Primary geographical markets:					
Asia	\$ 1,579,672	754,878	278,746	7,529	2,620,825
America	84,345	-	-	-	84,345
Europe	21,888	-	-	-	21,888
	\$ 1,685,905	754,878	278,746	7,529	2,727,058
Merchandise:					
Thermal modules	\$ 1,160,622	722,051	278,746	7,529	2,168,948
Other electronic components	525,283	32,827	-	-	558,110
	\$ 1,685,905	754,878	278,746	7,529	2,727,058

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract Balance

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 268,298	234,977	194,952
Accounts receivable	1,244,389	1,418,531	1,416,995
Less: Loss allowance	<u>3,593</u>	<u>3,766</u>	<u>4,531</u>
Total	<u>\$ 1,509,094</u>	<u>1,649,742</u>	<u>1,607,416</u>
Contract liabilities	<u>\$ -</u>	<u>361</u>	<u>294</u>

For details on notes and accounts receivable and allowance for impairment, please refer to Note 6(c).

(s) Employee compensation and directors' remuneration

The Company's Articles of Incorporation stipulate that if there is profit for the year, a minimum of 3% but not exceeding 15% shall be allocated as employee compensation and a maximum of 5% as director compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions.

For the three months ended September 30, 2024 and 2023 and the nine months ended September 30, 2024 and 2023, the Company estimated its employee remuneration amounting to \$3,298 thousand, \$3,392 thousand, \$15,015 thousand and \$7,177 thousand, and directors' remuneration amounting to \$1,649 thousand, \$3,392 thousand, \$7,508 thousand and \$7,177 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's article. These remunerations were expensed under operating expenses during the periods. If there is a difference between the actual distribution amount in the next year and the estimated figure, it will be handled according to the change in accounting estimates, and the difference will be recognized as the profit and loss of the next year.

The Company's employee remuneration in 2023 and 2022 was \$10,768 thousand and \$11,189 thousand respectively, and directors' remuneration was \$9,647 thousand and \$10,300 thousand respectively. The difference of \$750 thousand between the actual amount of remuneration for employees and directors in 2023, and the estimated amount of the 2023 consolidated financial report, was mainly due to the difference in the calculation of directors' remuneration based on the performance indicators. The Company has treated this difference as changes according to accounting estimates and recognized it as gains and losses in 2024. There was no difference between the actual and the estimated amounts in 2022.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Non-operating income and expenses

(i) Interest income

The Group's interest income was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ <u>6,905</u>	<u>4,706</u>	<u>22,741</u>	<u>16,272</u>

(ii) Other income

The Group's other income was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Rental income	\$ 1,912	2,034	5,227	4,790
Others	<u>3,519</u>	<u>6,816</u>	<u>18,455</u>	<u>19,799</u>
Total other income	\$ <u>5,431</u>	<u>8,850</u>	<u>23,682</u>	<u>24,589</u>

The unconditional government grants were recognized amounting to \$118 thousand, \$398 thousand, \$752 thousand and \$2,472 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

(iii) Other gains and losses

The Group's other gains and losses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Gains on disposal of property, plant and equipment	\$ 55	498	55	666
Losses on disposals of investments	-	-	(990)	-
Gains on modification of leases	-	-	3	-
Foreign exchange gains	(27,287)	18,335	17,898	37,169
Others	<u>(2,590)</u>	<u>(1,609)</u>	<u>(11,199)</u>	<u>(9,753)</u>
Other gains and losses, net	\$ <u>(29,822)</u>	<u>17,224</u>	<u>5,767</u>	<u>28,082</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

The Group's finance costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
	Interest expense	\$ 396	362	1,592

(u) Financial Instrument

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk arising from financial instruments. For related information, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2023.

(i) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	Carrying amounts	Cash flows	Less than one year	1-2 years	2-5 years	Over 5 years
September 30, 2024						
Non-derivative financial liabilities						
Accounts payable	\$ 1,085,346	1,085,346	1,085,346	-	-	-
Other payables	341,743	341,743	341,743	-	-	-
Lease liabilities	40,984	42,000	31,197	10,346	457	-
	\$ 1,468,073	1,469,089	1,458,286	10,346	457	-
December 31, 2023						
Non-derivative financial liabilities						
Accounts payable	\$ 1,254,913	1,254,913	1,254,913	-	-	-
Other payables	376,053	376,053	376,053	-	-	-
Lease liabilities	6,424	6,541	5,176	651	714	-
	\$ 1,637,390	1,637,507	1,636,142	651	714	-
September 30, 2023						
Non-derivative financial liabilities						
Accounts payable	\$ 1,142,270	1,142,270	1,142,270	-	-	-
Other payables	374,687	374,687	374,687	-	-	-
Lease liabilities	15,731	16,022	14,458	725	839	-
	\$ 1,532,688	1,532,979	1,531,415	725	839	-

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Currency risk

1) Exposure of foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	September 30, 2024			December 31, 2023			September 30, 2023			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<u>Financial assets</u>										
<u>Monetary items</u>										
CNY	\$	9,079	4.523	41,063	620	4.327	2,682	7,791	4.415	34,397
USD		59,341	31.650	1,878,145	67,993	30.705	2,087,715	56,577	32.270	1,825,730
JPY		24,917	0.222	5,539	19,107	0.217	4,150	22,334	0.216	4,829
HKD		218	4.075	888	39	3.929	153	27	4.123	112
<u>Financial liabilities</u>										
<u>Monetary items</u>										
CNY		2,466	4.523	11,155	2,043	4.327	8,841	1,723	4.415	7,607
USD		29,215	31.650	924,645	32,213	30.705	989,100	29,484	32.270	951,446
JPY		3,216	0.222	715	6,341	0.217	1,377	8,838	0.216	1,911
HKD		46	4.075	189	62	3.929	245	55	4.123	225

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the nine months ended September 30, 2024 and 2023, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to gains of \$17,898 thousand and gains of \$37,169 thousand, respectively.

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.25% of the NTD against all foreign currencies as of September 30, 2024 and 2023 would have increased (decreased) the net profit after tax as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2023.

	Effect of appreciation on net profit after tax	Effect of depreciation on net profit after tax
September 30, 2024		
CNY (0.25% of appreciation or depreciation)	\$ 60	(60)
USD (0.25% of appreciation or depreciation)	1,907	(1,907)
JPY (0.25% of appreciation or depreciation)	10	(10)
HKD (0.25% of appreciation or depreciation)	1	(1)
	\$ 1,978	(1,978)

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Effect of appreciation on net profit after tax	Effect of depreciation on net profit after tax
September 30, 2023		
CNY (0.25% of appreciation or depreciation)	\$ 54	(54)
USD (0.25% of appreciation or depreciation)	1,749	(1,749)
JPY (0.25% of appreciation or depreciation)	6	(6)
	\$ 1,809	(1,809)

(iii) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	Carrying amounts	September 30, 2024			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 755,561	-	-	-	-
Notes and accounts receivable	1,509,094	-	-	-	-
Other receivables	12,984	-	-	-	-
Restricted time deposits (recognized as other current assets)	600	-	-	-	-
Time deposits with original maturities exceeding three months (recognized as current financial assets at amortized cost)	382,987	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	6,663	-	-	-	-
Total	\$ 2,667,889	-	-	-	-

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		September 30, 2024				
		Carrying	Fair value			
		amounts	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Accounts payable	\$	1,085,346	-	-	-	-
Other payables		341,743	-	-	-	-
Lease liabilities		40,984	-	-	-	-
Total	\$	1,468,073	-	-	-	-
		December 31, 2023				
		Carrying	Fair value			
		amounts	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	1,001,154	-	-	-	-
Notes and accounts receivable		1,649,742	-	-	-	-
Other receivables		8,987	-	-	-	-
Restricted time deposits (recognized as other current assets)		600	-	-	-	-
Time deposits with original maturities exceeding three months (financial assets measured at amortized cost)		159,972	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)		19,251	-	-	-	-
Restricted deposits (recognized as other non-current assets)		5,600	-	-	-	-
Total	\$	2,845,306	-	-	-	-
Financial liabilities measured at amortized cost						
Accounts payable	\$	1,254,913	-	-	-	-
Other payables		376,053	-	-	-	-
Lease liabilities		6,424	-	-	-	-
Total	\$	1,637,390	-	-	-	-

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 865,084	-	-	-	-
Notes and accounts receivable	1,607,416	-	-	-	-
Other receivables	5,809	-	-	-	-
Restricted time deposits (recognized as other current assets)	600	-	-	-	-
Time deposits with original maturities exceeding three months (financid assets measured at amortized cost)	123,271	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	19,636	-	-	-	-
Restricted deposits (recognized as other non-current assets)	<u>5,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,627,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable	\$ 1,142,270	-	-	-	-
Other payables	374,687	-	-	-	-
Lease liabilities	<u>15,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,532,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

3) There was no transfer between the fair value hierarchy levels for the nine months ended September 30, 2024 and 2023.

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(v) of the consolidated financial statements for the year ended December 31, 2023.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Capital management

There were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2023 for further details.

(x) Investing and financing activities not affecting current cash flow:

- (i) The cash paid by the Group for the purchase of property, plant and equipment is supplemented by the following information:

	For the nine months ended September 30	
	2024	2023
Increase in property, plant and equipment	\$ 31,094	38,777
Add: Payable for equipment as of January 1	21,516	22,527
Less: Payable for equipment as of September 30	(20,607)	(24,814)
Effect of exchange rate changes	934	47
Cash paid	\$ 32,937	36,537

- (ii) The cash payment from the Group's acquisition of the right of use assets is supplemented by the following cash flow information:

	For the nine months ended September 30	
	2024	2023
Increase in right of use assets	\$ 58,076	3,081
Less: Increase in lease liabilities	(58,076)	(3,081)
Cash paid	\$ -	-

- (iii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-Cash changes			September 30, 2024
			Effect of exchange rate changes	Right-of-use assets increases	Others	
Lease liabilities	\$ 6,424	(23,873)	830	58,076	(473)	40,984

	January 1, 2023	Cash flows	Non-Cash changes			September 30, 2023
			Effect of exchange rate changes	Right-of-use assets increases	Others	
Lease liabilities	\$ 39,792	(27,062)	(80)	3,081	-	15,731

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The following are the entities that have had transactions with the Group during the periods covered in the financial statements.

<u>Name of related party</u>	<u>Relationship with The Group</u>
VSELL ENTERPRISE CO., LTD. (hereinafter referred to as "VSELL")	Other related party (in May 2023, it is no longer to be a related party since the chairman of the Company has not been its principal management)

(b) Significant transactions with related parties

(i) Operating income

The amounts of significant sales transactions between the Group and related parties were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties — VSELL	\$ -	-	-	<u>147</u>

The Group has no other customers to compare with the above related party relating to sales price, and the terms for the related party are approximately 60 days. Collecting period for non-related parties is mainly 30 to 210 days.

(c) Key management personnel transactions

Key management personnel compensation includes:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 5,207	9,839	23,121	36,691
Post-employment benefits	(583)	5,075	(701)	5,410
Other long-term employee benefits	-	-	-	113
	<u>\$ 4,624</u>	<u>14,914</u>	<u>22,420</u>	<u>42,214</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Restricted time deposits (recognized as other current asset)	Custom deposits	\$ 600	600	600
Land and buildings (recognized as property, plant and equipment)	Long-term and short-term loans	143,876	144,756	144,331
		<u>\$ 144,476</u>	<u>145,356</u>	<u>144,931</u>

(9) Commitments and contingencies:

- (a) As of September 30, 2024, December 31 and September 30, 2023, the Group had outstanding notes for guarantee of bank loans, credit limit amounting to \$568,500 thousand, \$639,755 thousand and \$721,510 thousand, respectively.

(10) Losses due to major disasters: None.

(11) Subsequent Events: None.

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function	For the three months ended September 30							
	2024				2023			
	Cost of good sold	Operating expenses	Non-operating expenses	Total	Cost of good sold	Operating expenses	Non-operating expenses	Total
Employee benefits								
Salary	62,155	61,409	-	123,564	72,213	54,806	-	127,019
Labor and health insurance	-	2,168	-	2,168	-	2,085	-	2,085
Pension	-	440	-	440	-	6,320	-	6,320
Remuneration of directors	-	1,849	-	1,849	-	3,602	-	3,602
Others	11,035	5,589	-	16,624	10,629	4,285	-	14,914
Depreciation	13,880	6,700	1,595	22,175	18,569	6,894	1,407	26,870
Amortizations	-	60	-	60	-	133	-	133

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

By function	For the nine months ended September 30							
	2024				2023			
	Cost of good sold	Operating expenses	Non-operating expenses	Total	Cost of good sold	Operating expenses	Non-operating expenses	Total
Employee benefits								
Salary	189,495	185,657	-	375,152	214,847	157,484	-	372,331
Labor and health insurance	-	6,697	-	6,697	-	7,120	-	7,120
Pension	-	2,399	-	2,399	-	9,266	-	9,266
Remuneration of directors	-	7,488	-	7,488	-	7,950	-	7,950
Others	31,915	16,027	-	47,942	31,144	13,804	-	44,948
Depreciation	42,410	18,984	4,601	65,995	63,044	19,850	3,531	86,425
Amortization	-	181	-	181	-	441	-	441

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

- (c) Regarding the announcements involving one of the company's shareholders during the review period of this report, the company's operations and activities are conducted in accordance with the resolutions of the company's board of directors and shareholders' meetings, as stipulated by the Company Act.
- (d) On October 23, 2017, the subsidiary Suzhou TaiSol entered into a lease contract with the plaintiff lessor, with the lease period from April 1, 2018, to March 31, 2023. Upon the expiration of the lease, the plaintiff lessor claimed that the leased factory returned by Suzhou TaiSol was not in a condition suitable for normal use. On July 24, 2023, the plaintiff lessor requested compensation for repair costs, overdue rent, and liquidated damages totaling RMB 4 million and applied to the court for property preservation. The court ruled to freeze Suzhou TaiSol's bank deposits, with balances of RMB 1,233 thousand and RMB 1,208 thousand as of December 31, 2023, and September 30, 2023, respectively (recorded as other non-current assets - others). The case was adjudicated by the Wujiang District People's Court of Suzhou City on March 11, 2024, requiring Suzhou TaiSol to pay the plaintiff lessor a total of RMB 1,112 thousand for occupancy fees, repair costs, litigation fees, and preservation fees. Both parties agreed not to appeal. Suzhou TaiSol paid the relevant fees to the plaintiff lessor in accordance with the final judgment on April 1, 2024, and applied to the court to unfreeze Suzhou TaiSol's bank deposits, which were unfrozen on April 8, 2024.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2024:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	SiYang TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	136,350	135,690	-	- %	2	-	Operating capital	-		-	392,901	785,803
2	DongGuan TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	136,350	135,690	30,756	5.00 %	2	-	Operating capital	-		-	392,901	785,803
2	DongGuan TaiSol Electronics Co., Ltd.	SiYang TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	136,350	135,690	-	- %	2	-	Operating capital	-		-	392,901	785,803

Note 1: Purpose of fund financing for the borrower:

- (1) Those with business contact please fill in 1
- (2) Those necessary for short-term financing please fill in 2.

Note 2: Pursuant to the Company's procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of the Company's net worth, for the Company loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount lendable to any such subsidiary of the Company shall not exceed 40% of the net worth of the Company, and the individual amount shall not exceed 20% of the net worth of the Company.

Note 3: Pursuant to the subsidiary's procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of each company's net worth, for the subsidiary loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount and individual amount lendable to any such enterprises due to short term financing shall not exceed 40% of the net worth of each company. With a foreign subsidiary of the parent company which directly and indirectly holds 100% of the voting shares or a subsidiary loans funds to parent company are excluded from item 1. The group's combined total loan amount is limited to the lower of less than 2,500% of the net value of the Company or 40% of the net value of the ultimate parent company. The respective loan amount is limited to the lower of 2,500% of the net value of the Company or 20% of the net value of the ultimate parent company.

Note 4: The above transactions of loans to Suzhou TaiSol have been eliminated when the consolidated financial statements were prepared.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	the Company	SiYang TaiSol Electronics Co., Ltd.	2	589,352	32,545 (Note 3)	-	-	-	- %	982,253	Y	N	Y
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	2	589,352	32,545 (Note 3)	-	-	-	- %	982,253	Y	N	Y

Note 1: Pursuant to the “endorsement guarantee procedure” established by the Company, the total amount of the Company's endorsement and guarantee does not exceed 50% of the net value of current period. Of these, the single corporate guarantee limit shall not exceed 20% of the current net value except for companies in which the Company directly and indirectly holds more than 50% of the voting shares, which shall not exceed 30% of the current net value.

Note 2: The relationship between the endorser/guarantor and the guaranteed party:

- 1) A company with which it does business.
- 2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- 3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- 4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- 5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- 6) A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Suzhou TaiSol and SiYang TaiSol jointly shared the guarantee amount of NTDS\$32,545 thousand (USDS1 million).

(iii) Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes / accounts receivable (payable)	
The Company	DongGuan TaiSol Electronics Co., Ltd.	Sub-subsidiary of the Company	Purchase	671,271	48.95 %	O/A 75 days	-	-	(577,999)	61.71%	
The Company	Suzhou TaiSol Electronics Co., Ltd.	Sub-subsidiary of the Company	Purchase	170,639	12.44 %	O/A 45 days	-	-	(53,450)	5.71%	

Note: The transactions were eliminated when the consolidated financial statements were prepared.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Actions taken		
DongGuan TaiSol Electronics Co., Ltd.	TaiSol Electronics Co., Ltd.	The ultimate parent company	577,999	1.73	-	-	84,280	-

Note 1: The subsequent information is updated up to October 30, 2024.

Note 2: The transactions were eliminated when the consolidated financial statements were prepared.

- (ix) Trading in derivative instruments: None.

- (x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	1	Purchase	170,639	There are no non-related party purchase price for comparison.	6.09%
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	1	Payables to related parties	53,450	O/A 45 days	1.45%
0	the Company	SiYang TaiSol Electronics Co., Ltd.	1	Purchase	51,063	There are no non-related party purchase price for comparison.	1.82%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Purchase	671,271	There are no non-related party purchase price for comparison.	23.96%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Payables to related parties	577,999	O/A 75 days	15.68%

Note 1: The numbers represent the following.

1. 0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: The transactions are categorized as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: These transactions were disclosed for either the amounts are over 1% of the consolidated assets or 1% of the consolidated revenue.

Note 4: The transactions were eliminated when the consolidated financial statements were prepared.

- (b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance at September 30			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2024	December 31, 2023	Shares	Percentage	Carrying amounts			
TaiSol Electronics Co., Ltd.	World Window Electronics (H.K.) Limited	Hong Kong	Trading of thermal modules and components of electronics and computers and investment in Mainland China	250,119	250,119	64,210	100 %	881,812	75,655	79,566	Subsidiary, (Note1)

Unit: Thousand shares

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance at September 30			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2024	December 31, 2023	Shares	Percentage	Carrying amounts			
TaiSol Electronics Co., Ltd.	TaiSol Electronics (HONG KONG) Co., Ltd.	Hong Kong	Investment in Mainland China	332,470	332,470	31,056	100 %	(24,218)	6,715	5,592	Subsidiary, (Note1)
TaiSol Electronics Co., Ltd.	TaiSol Electronics Japan Co., Ltd.	Japan	Trading	-	2,790	-	- %	-	-	-	Note 2
TaiSol Electronics Co., Ltd.	Vietnam TaiSol Electronics Company Limited	Vietnam	Trading	8,307	8,307	-	100 %	7,045	(318)	(318)	Subsidiary, (Note1)

Note 1: The transactions were eliminated when the consolidated financial statements were prepared.

Note 2: In March 2024, the Group signed a Share Purchase Agreement with a non-related party, selling 100% of the shares in TaiSol(Japan) and losing control over it.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows during current period		Accumulated outflow of investment from Taiwan as of September 30, 2024	Net income (losses) of investee	Percentage of ownership	Share of profit (losses) of investee	Carrying amount	Accumulated remittance of earnings as of September 30, 2024
					Outflow	Inflow						
Suzhou TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of thermal solutions, modules of heat pipe and components of electronic computers, and trading of magnesium-aluminum components.	191,574 (Note 2)	2	319,665	-	-	319,665	6,898	100.00 %	5,776	(24,313)	-
DongGuan TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of thermal modules, components of electronic computers and automobiles.	250,613	2	250,613	-	-	250,613	75,571	100.00 %	79,483	869,369	537,451
SiYang TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of components of electronic computers.	664,650	1	664,650	-	-	664,650	(9,940)	100.00 %	(9,828)	420,258	-

Note 1: Investment methods are classified into the following three categories.

- (1) Direct investment in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Others

Note2: In May 2019, Suzhou TaiSol made a capital reduction of CNY30,220 thousand to cover losses and a capital reduction return of CNY15,332 thousand. Suzhou TaiSol increased its capital by USD2,053 thousand in March 2021, resulting in paid-in capital of USD6,053 thousand.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
1,234,927 (Note 2) (USD 31,100 and HKD61,500)	1,234,927 (Note 2) (USD 31,100 and HKD61,500)	- (Note 1)

Note 1: Since the Company meets the criteria for operational headquarters, the Company is not subject to the limitation as to the amount of investment in Mainland China.

Note 2: Amounts are denominated in New Taiwan Dollars. Foreign currency should be converted at the exchange rates of USD\$: NT\$ = 1:31.650 and HKD\$: NT\$ = 1:4.075 as at the date of the financial report.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the nine months ended September 30, 2024, are disclosed in "Information on significant transactions".

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2023					
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 1,685,905	754,878	278,746	7,529	-	2,727,058
Intersegment revenues	-	781,778	93,461	127,032	(1,002,271)	-
Total revenue	<u>\$ 1,685,905</u>	<u>1,536,656</u>	<u>372,207</u>	<u>134,561</u>	<u>(1,002,271)</u>	<u>2,727,058</u>
Reportable segment profit or loss	<u>\$ 114,059</u>	<u>115,668</u>	<u>(492)</u>	<u>(52,441)</u>	<u>-</u>	<u>176,794</u>

The information of segment assets and liabilities is not disclosed because the Group's chief operating decision maker does not rely on it.