

Leadtrend Technology Corporation and Subsidiaries

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

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders

LEADTREND TECHNOLOGY CORPORATION

Introduction

We have reviewed the accompanying consolidated balance sheets of Leadtrend Technology Co.Ltd. and its subsidiaries (collectively referred to as the “Company”) 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 (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2024 and 2023, its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as 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 No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yu-Feng Huang and Mei-zhen Cai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 7, 2024

Notice to Readers The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

LEADTREND TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In Thousands of New Taiwan Dollars)

Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current asset						
1100	Cash and cash equivalents (Note 6)	\$ 522,574	25	\$ 457,745	24	\$ 396,589	22
1110	Financial Assets measured at fair value through profit and loss - Current (Note 7)	91,053	4	83,823	5	36,697	2
1170	Notes and Accounts Receivable (Note 8)	267,630	13	191,426	10	199,511	11
130X	Inventory (Note 9)	697,713	33	607,755	32	630,154	35
1470	Other current assets (Note 14)	18,827	1	19,210	1	19,015	1
11XX	Total current assets	<u>1,597,797</u>	<u>76</u>	<u>1,359,959</u>	<u>72</u>	<u>1,281,966</u>	<u>71</u>
	Non-Current Assets						
1600	Property, plant and equipment (Note 11)	467,529	22	477,962	26	488,495	27
1755	Right-of-use assets (Note 12)	13,534	1	20,748	1	24,180	1
1780	Intangible assets (Note 13)	8,588	1	11,132	1	13,414	1
1840	Deferred tax assets	-	-	541	-	-	-
1990	Other non-current assets (Note 14)	5,772	-	7,747	-	7,005	-
15XX	Total non-current assets	<u>495,423</u>	<u>24</u>	<u>518,130</u>	<u>28</u>	<u>533,094</u>	<u>29</u>
1XXX	Total assets	<u>\$ 2,093,220</u>	<u>100</u>	<u>\$ 1,878,089</u>	<u>100</u>	<u>\$ 1,815,060</u>	<u>100</u>
	Liabilities and Equity						
	Current liability						
2170	Accounts payable	\$ 165,988	8	\$ 107,636	6	\$ 63,745	3
2200	Remuneration payable to staff and directors (Note 21)	29,284	1	19,215	1	24,192	1
2230	Current tax liabilities (Note 4 and 22)	8,619	1	10,844	-	14,551	1
2280	Current lease liabilities (Note 12)	6,316	-	11,785	1	12,341	1
2320	Long-term bank loan-current portion (Note 15)	5,833	-	-	-	-	-
2399	Other current liabilities (Note 16)	79,472	4	75,259	4	78,954	4
21XX	Total current liabilities	<u>295,512</u>	<u>14</u>	<u>224,739</u>	<u>12</u>	<u>193,783</u>	<u>10</u>
	Non-current liability						
2540	Long-term bank loans (Note 15)	29,167	1	-	-	-	-
2570	Deferred tax liabilities	284	-	-	-	421	-
2580	Lease liabilities - non-current (Note 12)	7,215	-	9,529	1	12,106	1
2645	Deposits received	10,845	1	860	-	945	-
25XX	Total non-current liabilities	<u>47,511</u>	<u>2</u>	<u>10,389</u>	<u>1</u>	<u>13,472</u>	<u>1</u>
2XXX	Total liabilities	<u>343,023</u>	<u>16</u>	<u>235,128</u>	<u>13</u>	<u>207,255</u>	<u>11</u>
	Equity (Notes 18 and 19)						
	Share capital						
3110	Common stock	600,291	29	589,178	31	585,368	32
	Capital surplus						
3210	Share premium	240,702	11	254,672	14	245,361	13
3251	Donations received from shareholders	84,732	4	84,732	4	84,732	5
3273	Restricted stock for employees	38,251	2	50,306	3	37,219	2
3280	Other	131	-	125	-	125	-
	Retained earnings						
3310	Legal reserve	218,171	11	215,284	11	215,284	12
3320	Special reserve	786	-	-	-	-	-
3350	Undistributed earnings	571,135	27	485,253	26	451,323	25
	Other equity						
3410	Exchange differences in conversion of financial statements by foreign operating institutions	13,884	1	(786)	-	5,145	1
3491	Unearned compensation	(17,886)	(1)	(35,803)	(2)	(16,752)	(1)
3XXX	Total equity	<u>1,750,197</u>	<u>84</u>	<u>1,642,961</u>	<u>87</u>	<u>1,607,805</u>	<u>89</u>
	Total liabilities and equity	<u>\$ 2,093,220</u>	<u>100</u>	<u>\$ 1,878,089</u>	<u>100</u>	<u>\$ 1,815,060</u>	<u>100</u>

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

LEADTREND TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		Three Months Ended September 30		Nine Months Ended September 30		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenues (Note 20)								
4110	Sales revenue	\$ 437,041	102	\$ 337,811	101	\$1,136,111	102	\$ 835,554	103
4170	Sales returns and allowances	(8,329)	(2)	(4,590)	(1)	(17,630)	(2)	(22,354)	(3)
4000	Net operating revenue	428,712	100	333,221	100	1,118,481	100	813,200	100
	Operating costs (Notes 9, 17 and 21)								
5110	Cost of goods sold	266,104	62	207,400	62	694,245	62	519,940	64
5900	Operating margin	162,608	38	125,821	38	424,236	38	293,260	36
	Operating expenses (Notes 17 and 21)								
6100	Selling expenses	15,254	4	22,929	7	50,337	5	50,926	7
6200	Administrative expenses	27,331	6	28,144	8	87,877	8	73,894	9
6300	Research and development expenses	72,527	17	75,047	23	205,848	18	203,874	25
6000	Total operating expenses	115,112	27	126,120	38	344,062	31	328,694	41
6900	Net operating income (loss)	47,496	11	(299)	-	80,174	7	(35,434)	(5)
	Non-operating income and expenses (Note 21)								
7100	Interest income	1,417	-	809	1	4,571	1	2,162	-
7010	Other Income	923	-	508	-	3,909	-	2,219	1
7020	Other profits and losses	2,407	1	23,900	7	11,795	1	26,329	3
7050	Finance costs	(124)	-	(122)	-	(401)	-	(342)	-
7000	Total non-operating income and expenses	4,623	1	25,095	8	19,874	2	30,368	4
7900	Pre-tax net profit (loss)	52,119	12	24,796	8	100,048	9	(5,066)	(1)
7950	Income tax expense (benefit) (Notes 4 and 22)	5,978	1	-	-	(1,145)	-	-	-
8200	Net profit (loss) for the year	46,141	11	24,796	8	101,193	9	(5,066)	(1)
	Other Comprehensive Income and loss								
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences arising on translation of foreign operations (Note 18)	6,298	1	7,343	2	14,670	1	(457)	-
8500	Total Comprehensive Income Earnings (loss) Per Share (NT\$, Note 23)	\$ 52,439	12	\$ 32,139	10	\$ 115,863	10	(\$ 5,523)	(1)
9750	Basic earnings (loss) per share	\$ 0.78		\$ 0.42		\$ 1.71		(\$ 0.09)	
9850	Diluted earnings (loss) per share	\$ 0.77		\$ 0.42		\$ 1.69		(\$ 0.09)	

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

LEADTREND TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

		Capital Stock - Common Stock		Capital Surplus			Retained Earnings				Other equity items			
Code		Shares (In Thousands)	Amount	Share premium	Donations received from shareholders	Restricted stock for employees	Other	Legal Reserve	Special Reserve	Undistributed Earnings	Total	Foreign Currency Translation Reserve	Unearned Compensation	Total Equity
A1	Balance at January 1, 2023	56,883	\$ 568,838	\$ 258,027	\$ 84,732	\$ 47,567	\$ 106	\$ 199,793	\$ -	\$ 520,231	\$ 720,024	\$ 5,602	(\$ 31,945)	\$ 1,652,951
	Distribution of 2022 retained earnings :													
B1	Legal reserve	-	-	-	-	-	-	15,491	-	(15,491)	-	-	-	-
B5	Cash dividends to shareholders -\$0.550 per share	-	-	-	-	-	-	-	-	(31,286)	(31,286)	-	-	(31,286)
B9	Stock dividends to shareholders - \$0.300 per share	1,707	17,065	-	-	-	-	-	-	(17,065)	(17,065)	-	-	-
	Total distribution of retained earnings	1,707	17,065	-	-	-	-	15,491	-	(63,842)	(48,351)	-	-	(31,286)
C15	Cash dividends allocated from capital surplus - 0.350 per share	-	-	(19,909)	-	-	-	-	-	-	-	-	-	(19,909)
C17	Changes in other capital surplus	-	-	-	-	-	19	-	-	-	-	-	-	19
D1	Net loss for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	(5,066)	(5,066)	-	-	(5,066)
D3	Other comprehensive (profit) losses from January 1 to September 30, 2023	-	-	-	-	-	-	-	-	-	-	(457)	-	(457)
D5	Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	-	(5,066)	(5,066)	(457)	-	(5,523)
N1	Acquired restricted stock for employees	-	-	7,243	-	(7,243)	-	-	-	-	-	-	-	-
N1	Canceled restricted stock for employees	(53)	(535)	-	-	535	-	-	-	-	-	-	-	-
N1	Compensation cost of restricted stock for employees	-	-	-	-	(3,640)	-	-	-	-	-	-	15,193	11,553
Z1	Balance at September 30, 2023	58,537	\$ 585,368	\$ 245,361	\$ 84,732	\$ 37,219	\$ 125	\$ 215,284	\$ -	\$ 451,323	\$ 666,607	\$ 5,145	(\$ 16,752)	\$ 1,607,805
A1	Balance at January 1, 2024	58,918	\$ 589,178	\$ 254,672	\$ 84,732	\$ 50,306	\$ 125	\$ 215,284	\$ -	\$ 485,253	\$ 700,537	(\$ 786)	(\$ 35,803)	\$ 1,642,961
	Distribution of 2023 retained earnings :													
B1	Legal reserve	-	-	-	-	-	-	2,887	-	(2,887)	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	-	786	(786)	-	-	-	-
B9	Stock dividends to shareholders - \$0.200 per share	1,164	11,638	-	-	-	-	-	-	(11,638)	(11,638)	-	-	-
	Total distribution of retained earnings	1,164	11,638	-	-	-	-	2,887	786	(15,311)	(11,638)	-	-	-
C15	Cash dividends allocated from capital surplus - 0.400 per share	-	-	(23,275)	-	-	-	-	-	-	-	-	-	(23,275)
C17	Changes in other capital surplus	-	-	-	-	-	6	-	-	-	-	-	-	6
D1	Net profit for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	101,193	101,193	-	-	101,193
D3	Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	-	-	14,670	-	14,670
D5	Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	101,193	101,193	14,670	-	115,863
N1	Acquired restricted stock for employees	-	-	9,305	-	(9,305)	-	-	-	-	-	-	-	-
N1	Canceled restricted stock for employees	(53)	(525)	-	-	525	-	-	-	-	-	-	-	-
N1	Compensation cost of restricted stock for employees	-	-	-	-	(3,275)	-	-	-	-	-	-	17,917	14,642
Z1	Balance at September 30, 2024	60,029	\$ 600,291	\$ 240,702	\$ 84,732	\$ 38,251	\$ 131	\$ 218,171	\$ 786	\$ 571,135	\$ 790,092	\$ 13,884	(\$ 17,886)	\$ 1,750,197

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

LEADTREND TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Code		Nine Months Ended September 30	
		2024	2023
	Cash flow from operating activities		
A10000	Pre-tax net profit	\$ 100,048	(\$ 5,066)
A20010	Adjustments for:		
A20100	Depreciation expense	57,121	66,540
A20200	Amortization expense	5,028	7,936
A20400	Net gain on financial assets or liabilities at fair value through profit or loss	(1,151)	(838)
A20900	Finance costs	401	342
A21200	Interest incomes	(4,571)	(2,162)
A21900	Compensation cost on restricted stock for employees	14,642	11,553
A22500	Loss (gain) on disposal of property, plant and equipment	8	(1,843)
A23700	Write-down of inventories	3,705	13,433
A24100	Unrealized foreign exchange gain	(6,731)	(919)
A30000	Net changes in operating assets and liabilities		
A31150	Notes and accounts receivable	(72,923)	(26,656)
A31200	Inventories	(93,663)	164,417
A31240	Other current assets	3,302	2,493
A32150	Accounts payable	58,221	(983)
A32200	Remuneration payable to staff and directors	10,069	(13,316)
A32230	Other current liabilities	936	(15,288)
A32240	Net defined benefit liability	-	(4,840)
A33000	Cash generated from operations	74,442	194,803
A33300	Interest paid	(401)	(342)
A33500	Income tax paid	(3,187)	(57)
AAAA	Net cash generated by operating activities	<u>70,854</u>	<u>194,404</u>

(Continued on next page)

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		<u>Nine Months Ended September 30</u>	
		<u>2024</u>	<u>2023</u>
Cash flow from investment activities			
B00100	Acquisition of financial assets at fair value through profit or loss	(\$ 72,368)	(\$ 57,395)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	70,107	77,263
B02700	Acquisition of property, plant and equipment	(29,498)	(25,772)
B02800	Proceeds from disposal of property, plant and equipment	-	10,395
B03700	Increase in refundable deposits	(191)	15,262
B04500	Acquisition of intangible assets	(2,484)	(7,521)
B07500	Interest received	<u>4,584</u>	<u>2,061</u>
BBBB	Net cash outflows from investment activities	(<u>29,850</u>)	<u>14,293</u>
Cash flows from financing activities			
C00100	Increase in short-term loans	30,000	-
C00200	Decrease in short-term loans	(30,000)	-
C01600	Proceeds from long-term debt	35,000	-
C03000	Increase in guarantee deposits received	9,985	31
C04020	Payments of lease liabilities	(10,374)	(9,892)
C04500	Cash dividends paid	(23,275)	(51,195)
C09900	Other financing activities	<u>6</u>	<u>19</u>
CCCC	Net cash outflow to financing activities	<u>11,342</u>	(<u>61,037</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>12,483</u>	(<u>1,751</u>)
EEEE	Net increase in cash and cash equivalents	64,829	145,909
E00100	Cash and cash equivalents at beginning of period	<u>457,745</u>	<u>250,680</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 522,574</u>	<u>\$ 396,589</u>

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

LEADTREND TECHNOLOGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. History of Company

Leadtrend Technology Corporation (hereinafter referred to as "the Company") was established on September 18, 2002, approved by the Ministry of Economic Affairs. It mainly engages in research, development, production, manufacturing, and sales of analog integrated circuits. The company offered its shares at the Taiwan Stock Exchange on August 14, 2009. These consolidated financial statements of the Company are expressed in the Company's functional currency - New Taiwan Dollar.

II. Date and Procedure of Adopting Financial Statements

These consolidated financial statements were approved and issued by the Board of directors on November 7, 2024

III. Applicability of New and Amended Standards and Interpretations

- (I) International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretation Notices (SIC) recognized and issued by the Financial Supervisory Commission (hereinafter referred to as "IFRSs") as applied initially. The application of the revised IFRSs approved and issued by the FSC will not result in any material change in the accounting policies of Affiliated Companies.
- (II) IFRS approved by the Financial Supervisory Commission applicable in 2025.

Newly issued/amended/revised criteria and interpretations	Effective date of IASB issued
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note1: Applicable to annual reporting periods starting after January 1, 2025. When this amendment is applied for the first time, the comparative period shall not be restated, but the impact shall be recognized in the retained earnings or exchange differences of foreign operating institutions under equity (as appropriate) on the date of initial application and the related affected assets and liabilities.

(III) IFRSs issued by IASB but not approved and issued by FSC.

Newly issued/amended/revised criteria and interpretations	Effective date of IASB issued (Note 1)
Annual Improvement of IFRS Accounting Standards - Volume 11"	January 1, 2026
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 Investors and Their Affiliates or Joint Ventures"	TBD
IFRS 17 "Insurance Contract"	January 1, 2023
Amendment to IFRS 17	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 publicly accountable: Disclosure"	January 1, 2027

Note1: Unless otherwise noted, the above new issued/amended/revised criteria or interpretation shall take effect during the annual reporting period commencing after such date.

As of the date of adopting these consolidated financial statements, the Company continues to evaluate the impact of amendments to other standards and interpretations on financial position and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

IV. Summary of Material Accounting Policies

(I) Statement of compliance

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers and IAS 34 "Interim Financial Reports" approved and issued effective by the Financial Supervisory Commission. This consolidated financial report does not contain all the disclosures required by IFRS accounting standards for the entire annual financial report.

(II) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at present value of defined benefit obligations less the fair value of planned assets.

Fair value measurement is classified as Levels 1 through Level 3 according to the observable degree and importance of relevant input values:

1. Level 1 Input value: Refers to the quotation in the active market (without adjustment) of the same asset or liability available at the measurement date.
2. Level 2 Input value: Refers to the observable input value of an asset or liability, either directly (i.e., price) or indirectly (i.e., derived from price), except as quoted in level 1.
3. Level 3 Input value: Refers to the unobservable input value of an asset or liability.

(III) Basis of consolidation

These consolidated financial statements cover the financial statements of the Company and the entities under its control (i.e. subsidiaries). The financial statements of the subsidiaries has been adjusted to bring their accounting policies in line with those of the Company. In the preparation of consolidated financial statements, all transactions between individual affiliates, account balances, gains and losses have been wiped out. Please refer to Notes 10 and 29 for details on the subsidiaries, shareholding ratios and operating items.

(IV) Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1. The standard for distinguishing between current and non-current assets and liabilities is as follows:

Current assets:

- (1) The assets held primarily for trading purposes.
- (2) Assets expected to be realized within 12 months after the balance sheet date.
- (3) Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities beyond 12 months from the balance sheet date).

Current liability:

- (1) The liabilities held primarily for trading purposes.
- (2) The liabilities due for settlement within 12 months after the balance sheet date.
- (3) Liabilities for which there is no substantive right at the balance sheet date to defer settlement to at least 12 months after the balance sheet date.

Those that are not current assets or current liabilities as mentioned above are classified as non-current assets or non-current liabilities.

2. Retirement benefits

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

3. Taxation

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

V. Material Accounting Judgments and Key Sources of Estimation Uncertainty

Refer to the consolidated financial statements for the year ended December 31, 2023 for the material.

VI. Cash and Cash Equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Foreign currency deposits	\$ 84,923	\$ 63,089	\$ 76,382
Checking accounts and demand deposits	66,447	51,337	81,240
Petty cash and cash on hand	504	619	867
Cash equivalents			
Time deposits	350,700	342,700	238,100
Commercial paper	<u>20,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 522,574</u>	<u>\$ 457,745</u>	<u>\$ 396,589</u>

The interest rate for cash and equivalent cash at the balance sheet date ranges as follows :

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Bank deposit	0.03%~3.93%	0.1%~4.05%	0.1%~1.58%

VII. Financial Assets at fair value through profit or loss

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial Assets - Current</u>			
Non-derivative financial assets at fair value compulsively through profit or loss			
- Fund beneficiary certificate	<u>\$ 91,053</u>	<u>\$ 83,823</u>	<u>\$ 36,697</u>

VIII. Notes and Accounts Receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	<u>\$ 58,790</u>	<u>\$ 22,682</u>	<u>\$ 24,764</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	<u>\$ 208,840</u>	<u>\$ 168,744</u>	<u>\$ 174,747</u>

The Company's average credit period for merchandise sales is 30 to 60 days per month, and accounts receivable are interest-free. The Company will use other publicly available financial information and historical transaction histories to grade major customers. The Company continuously monitors credit risks and the credit ratings of the other trading party. To mitigate credit risks, the management of the Company assigns a dedicated team to determine credit lines, approve credit lines and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been included in unrecoverable receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes allowance losses for accounts receivable on the basis of expected credit losses during the duration of existence. The expected credit loss during the life period is calculated using the reserve matrix, which takes into account the customer's past default record and the current financial position and industrial economic situation, as well as the GDP forecast and industrial outlook. As the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the reserve matrix does not further distinguish between customer groups and only sets the expected credit loss rate based on the overdue days of accounts receivable.

If there is evidence that the other trading party is in serious financial difficulties and the Company cannot reasonably expect the amount to be recovered, the Company will directly write off the relevant accounts receivable, but will continue to pursue recovery activities, as the amount recovered will be recognized as profit or loss.

Refer to the table below for an aging analysis of accounts receivable at the end of the reporting period.

Aging analysis of net accounts receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
No overdue nor derogation	<u>\$ 208,840</u>	<u>\$ 168,744</u>	<u>\$ 174,747</u>

IX. Inventory

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Finished goods	\$ 104,094	\$ 91,849	\$ 95,335
Work in process	399,824	351,405	371,841
Raw materials	<u>193,795</u>	<u>164,501</u>	<u>162,978</u>
	<u>\$ 697,713</u>	<u>\$ 607,755</u>	<u>\$ 630,154</u>

The inventory-related cost of goods sold in the period from July 1 to September 30 of 2024 and 2023 , and from January 1 to September 30 of 2024 and 2023 were \$266,104, \$207,400, \$694,245 and \$519,940 respectively.

The cost of goods sold in the period from July 1 to September 30 of 2024 and 2023 , and from January 1 to September 30 of 2024 and 2023 including losses on inventory decline and stagnation were \$5,471, (\$1,427), \$3,705, and \$13,433 respectively.

The increase in the net realizable value of inventory from July 1 to September 30, 2023 was due to the scrapping of the inventory.

X. Subsidiary

(I) Subsidiaries incorporated into consolidated financial statements

The subjects incorporated into preparation of these consolidated financial statements are listed below:

Name of company invested in	Name of Subsidiary	Nature of business	Percentage of Holdings			NOTE
			September 30, 2024	December 31, 2023	September 30, 2023	
Leadtrend Technology Corporation	Leadtrend Technology (Samoa) Limited	Various investment business	-	-	-	1 、 2
	Leadtrend Technology (Shenzhen) Ltd. ("Leadtrend Shenzhen")	Computer software design service, computer system integration service, wholesale of integrated circuits and related electronic products, and agent import and export business activities.	100%	100%	100%	—

NOTE 1 : As of September 30, 2023, the financial statements of Leadtrend Technology (Samoa) Limited, a non-significant subsidiary of Leadtrend Technology (Samoa) Limited, have not been reviewed by accountants. However, the management believes that the aforementioned financial statements have not been reviewed by accountants, which will not have a significant impact.

NOTE 2 : Leadtrend Technology (Samoa) Limited was liquidated and deregistered in November 2023.

XI. Property, Plant and Equipment

	September 30, 2024	December 31, 2023	September 30, 2023
Assets used by the Company	\$ 460,765	\$ 477,962	\$ 466,935
Assets subject to operating leases	<u>6,764</u>	<u>-</u>	<u>21,560</u>
	<u>\$ 467,529</u>	<u>\$ 477,962</u>	<u>\$ 488,495</u>

(I) Assets used by the Company

	Land	Buildings	R&D equipment	Office equipment	Molding equipment	Leased Improvements	Mask	Total
<u>Cost</u>								
Balance at January 1, 2024	\$ 84,099	\$ 341,041	\$ 291,902	\$ 36,144	\$ 28,168	\$ 24,732	\$ 245,857	\$ 1,051,943
Transfers to assets subject to operating leases	(1,618)	(6,070)	-	-	-	-	-	(7,688)
Additions	-	-	1,314	3,566	5,271	3,720	21,063	34,934
Disposals	-	-	(1,306)	(347)	-	-	-	(1,653)
Effect of exchange rate changes	-	1,946	595	182	69	166	-	2,958
Balance at September 30, 2024	<u>\$ 82,481</u>	<u>\$ 336,917</u>	<u>\$ 292,505</u>	<u>\$ 39,545</u>	<u>\$ 33,508</u>	<u>\$ 28,618</u>	<u>\$ 266,920</u>	<u>\$ 1,080,494</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2024	\$ -	\$ 62,689	\$ 213,209	\$ 30,793	\$ 25,474	\$ 20,357	\$ 221,459	\$ 573,981
Transfers to assets subject to operating leases	-	(833)	-	-	-	-	-	(833)
Additions	-	8,122	18,103	2,306	1,952	1,430	15,372	47,285
Disposals	-	-	(1,306)	(339)	-	-	-	(1,645)
Effect of exchange rate changes	-	193	396	160	26	166	-	941
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 70,171</u>	<u>\$ 230,402</u>	<u>\$ 32,920</u>	<u>\$ 27,452</u>	<u>\$ 21,953</u>	<u>\$ 236,831</u>	<u>\$ 619,729</u>
Carrying amount at September 30, 2024	<u>\$ 82,481</u>	<u>\$ 266,746</u>	<u>\$ 62,103</u>	<u>\$ 6,625</u>	<u>\$ 6,056</u>	<u>\$ 6,665</u>	<u>\$ 30,089</u>	<u>\$ 460,765</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 84,099</u>	<u>\$ 266,746</u>	<u>\$ 78,693</u>	<u>\$ 5,351</u>	<u>\$ 2,694</u>	<u>\$ 4,375</u>	<u>\$ 24,398</u>	<u>\$ 477,962</u>
	Land	Buildings	R&D equipment	Office equipment	Molding equipment	Leased Improvements	Mask	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 86,200	\$ 347,845	\$ 284,890	\$ 35,386	\$ 26,082	\$ 26,192	\$ 275,274	\$ 1,081,869
Transfers to assets subject to operating leases	(5,064)	(19,001)	-	-	-	-	-	(24,065)
Additions	-	-	7,534	912	-	121	15,527	24,094
Disposals	(2,101)	(7,055)	(185)	(202)	-	(1,512)	(49,480)	(60,535)
Effect of exchange rate changes	-	70	22	5	-	6	-	103
Balance at September 30, 2023	<u>\$ 79,035</u>	<u>\$ 321,859</u>	<u>\$ 292,261</u>	<u>\$ 36,101</u>	<u>\$ 26,082</u>	<u>\$ 24,807</u>	<u>\$ 241,321</u>	<u>\$ 1,021,466</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 52,752	\$ 188,290	\$ 27,388	\$ 24,610	\$ 20,266	\$ 239,033	\$ 552,339
Transfers to assets subject to operating leases	-	(2,183)	-	-	-	-	-	(2,183)
Additions	-	7,905	19,219	2,842	617	1,029	24,706	56,318
Disposals	-	(983)	(185)	(188)	-	(1,146)	(49,481)	(51,983)
Effect of exchange rate changes	-	10	18	6	-	6	-	40
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 57,501</u>	<u>\$ 207,342</u>	<u>\$ 30,048</u>	<u>\$ 25,227</u>	<u>\$ 20,155</u>	<u>\$ 214,258</u>	<u>\$ 554,531</u>
Carrying amount at September 30, 2023	<u>\$ 79,035</u>	<u>\$ 264,358</u>	<u>\$ 84,919</u>	<u>\$ 6,053</u>	<u>\$ 855</u>	<u>\$ 4,652</u>	<u>\$ 27,063</u>	<u>\$ 466,935</u>

No impairment losses were recognized or reversed for the nine months ended September 30, 2024 and 2023.

(II) Assets subject to operating leases

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Transfers from assets used by the Company	<u>1,618</u>	<u>6,070</u>	<u>7,688</u>
Balance at September 30, 2024	<u>\$ 1,618</u>	<u>\$ 6,070</u>	<u>\$ 7,688</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Transfers from assets used by the Company	-	833	833
Depreciation	<u>-</u>	<u>91</u>	<u>91</u>
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ 924</u>
Carrying amount at September 30, 2024	<u>\$ 1,618</u>	<u>\$ 5,146</u>	<u>\$ 6,764</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ -	\$ -	\$ -
Transfers from assets used by the Company	<u>5,064</u>	<u>19,001</u>	<u>24,065</u>
Balance at September 30, 2023	<u>\$ 5,064</u>	<u>\$ 19,001</u>	<u>\$ 24,065</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ -	\$ -
Transfers from assets used by the Company	-	2,183	2,183
Depreciation	<u>-</u>	<u>322</u>	<u>322</u>
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 2,505</u>	<u>\$ 2,505</u>
Carrying amount at September 30, 2023	<u>\$ 5,064</u>	<u>\$ 16,496</u>	<u>\$ 21,560</u>

The company leases parking spaces on an operating lease basis, with a lease period of one year. All operating lease contracts include a clause that the lessee will adjust the rent based on the market rent when exercising the right to renew the lease. The lessee does not have preferential purchase rights for the asset at the end of the lease period.

Depreciation costs are calculated on a straight-line basis for the following service life:

	Used by the Company itself	Assets leased under operating leases
Buildings	10 ~ 50 years	50 years
R&D equipment	2 ~ 8 years	-
Office equipment	4 ~ 9 years	-
Molding equipment	3 years	-
Leased Improvements	2 ~ 6 years	-
Mask	2 ~ 3 years	-

XII. Lease Agreements

(I) Right-of-use assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Carrying amount of right-of-use assets			
Buildings	<u>\$ 13,534</u>	<u>\$ 20,748</u>	<u>\$ 24,180</u>
	Three Months Ended September 30 2024 2023		Nine Months Ended September 30 2024 2023
Additions to right-of-use assets			<u>\$ 2,199</u>
Depreciation of right-of-use assets			<u>\$ 16,257</u>
Buildings	<u>\$ 3,264</u>	<u>\$ 3,255</u>	<u>\$ 9,745</u>
			<u>\$ 9,900</u>

Besides the additions and depreciation disclosed above, there was no significant sublease transactions and indication of impairment for the nine months ended September 30, 2024 and 2023.

(II) Lease liability

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Carrying amount of lease liabilities</u>			
Current	<u>\$ 6,316</u>	<u>\$ 11,785</u>	<u>\$ 12,341</u>
Non-Current	<u>\$ 7,215</u>	<u>\$ 9,529</u>	<u>\$ 12,106</u>

The discount rate for lease liabilities ranges as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Buildings	1.96%~2.10%	1.96%~2.10%	1.96%~2.10%

(III) Major leasing activities and terms

The Company has leased several buildings for office use for 3~5 years. At the end of the lease term, the Company has no preferential right to purchase the leased land and buildings and agrees that the Company shall not sublease or transfer all or part of the leased property without the prior consent of the Lessor.

(IV) Other Lease Information

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term lease charges	\$ 171	\$ 739	\$ 484	\$ 1,576
Low-value asset leasing costs	\$ 6	\$ 6	\$ 17	\$ 16
Total cash (outflow) from leases	(\$ 3,798)	(\$ 4,010)	(\$ 11,160)	(\$ 11,825)

XIII. Intangible Assets

	Computer Software	Specialized Technology	Right of Patent	Others	Total
<u>Cost</u>					
Balance at January 1, 2024	\$ 102,517	\$ 33,434	\$ 8,383	\$ 2,922	\$ 147,256
Additions	1,230	1,254	-	-	2,484
Effect of exchange rate changes	3	-	-	-	3
Balance at September 30, 2024	\$ 103,750	\$ 34,688	\$ 8,383	\$ 2,922	\$ 149,743
<u>Cumulative amortization</u>					
Balance at January 1, 2024	\$ 95,961	\$ 32,979	\$ 4,262	\$ 2,922	\$ 136,124
Additions	3,109	1,291	628	-	5,028
Effect of exchange rate changes	3	-	-	-	3
Balance at September 30, 2024	\$ 99,073	\$ 34,270	\$ 4,890	\$ 2,922	\$ 141,155
Carrying amount at September 30, 2024	\$ 4,677	\$ 418	\$ 3,493	\$ -	\$ 8,588
Carrying amount at December 31, 2023 and January 1, 2024	\$ 6,556	\$ 455	\$ 4,121	\$ -	\$ 11,132
<u>Cost</u>					
Balance at January 1, 2023	\$ 100,162	\$ 27,972	\$ 8,383	\$ 2,922	\$ 139,439
Additions	2,059	5,462	-	-	7,521
Balance at September 30, 2023	\$ 102,221	\$ 33,434	\$ 8,383	\$ 2,922	\$ 146,960
<u>Cumulative amortization</u>					
Balance at January 1, 2023	\$ 92,279	\$ 26,984	\$ 3,425	\$ 2,922	\$ 125,610
Additions	2,680	4,629	627	-	7,936
Balance at September 30, 2023	\$ 94,959	\$ 31,613	\$ 4,052	\$ 2,922	\$ 133,546
Carrying amount at September 30, 2023	\$ 7,262	\$ 1,821	\$ 4,331	\$ -	\$ 13,414

The above-mentioned intangible assets with limited durable life shall be amortized on a straight-line basis based on the following years of durability:

Computer software	3~6 years
Specialized technology	5 years
Right of patent	10 years
Other	3 ~ 5 years

XIV. Other Assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Current</u>			
Payment in advance	\$ 4,666	\$ 4,396	\$ 4,498
Tax retained	4,490	4,522	6,969
Tax refund receivable	3,100	813	-
Temporary payments	785	1,408	1,025
Others	<u>5,786</u>	<u>8,071</u>	<u>6,523</u>
	<u>\$ 18,827</u>	<u>\$ 19,210</u>	<u>\$ 19,015</u>
<u>Non-Current</u>			
Refundable deposits	\$ 3,674	\$ 3,483	\$ 3,510
Prepayment for equipment	<u>2,098</u>	<u>4,264</u>	<u>3,495</u>
	<u>\$ 5,772</u>	<u>\$ 7,747</u>	<u>\$ 7,005</u>

XV. Loan

Long-term Loans

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Unsecured borrowing</u>			
Bank loan (NOTE 1)	\$ 35,000	\$ -	\$ -
Less : Current portion	(<u>5,833</u>)	<u>-</u>	<u>-</u>
Long-term Loans	<u>\$ 29,167</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 1:

This bank loan is a government preferential interest rate loan for the "Ministry of Economic Affairs' project to assist small and medium-sized enterprises in the low-carbon and smart transformation and development and management of factories and specific factory infrastructure optimization projects". The subsidy period is 1 year and will be continued before May 2027. At maturity, the interest rate is 2.095% bank borrowing rate minus 1.595% government subsidy interest rate, so the borrowing interest rate is 0.5%.

XVI. Other Current Liabilities

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Bonuses payable	\$ 36,203	\$ 38,349	\$ 43,311
Unpaid leave benefits payable	5,112	5,687	5,593
Insurance premium payable	3,713	3,853	5,052
Equipment payment payable	3,270	-	-
Labor expenses payable	2,363	3,296	3,725
Others	<u>28,811</u>	<u>24,074</u>	<u>21,273</u>
	<u>\$ 79,472</u>	<u>\$ 75,259</u>	<u>\$ 78,954</u>

XVII. Post-Retirement Welfare Plan

(I) Identified allocation plan

The Company's applicable pension program under the Workers' Pensions Ordinance is a defined-contribution retirement scheme administered by the government, which contributes 6% of an employee's monthly salary to the individual account of the Workers' Insurance Bureau. In addition, the basic pension premium paid by Leadtrend Shenzhen under the government management fund program shall be recognized as the current annual expense at the time of provision. Subject to the above relevant provisions, the amounts recognized as expenses in the consolidated income statement of the Company were \$2,589 and \$2,696 for the three months ended September 30, 2024 and 2023, and were \$7,952 and \$8,260 for the nine months ended September 30, 2024 and 2023.

(II) Identified welfare plans

The Company's pension system in accordance with Labor Standards Law is a defined benefit retirement plan administered by the government. Payment of employee's pension is calculated on the basis of the service duration and the average salary of the 6 months prior to approved retirement. The Company shall allocate 2% of the total monthly salary to the employee's pension, which shall be deposited into a special account of the Bank of Taiwan by the Labor Retirement Reserve Supervision Committee in the name of the committee. Before the end of the year, if the estimated balance of the special account is not enough to pay the employees who are expected to reach the retirement conditions within the next year, the difference will be allocated in a lump sum before the end of March of the next year. This special account is entrusted by the Labor Fund Management Bureau of the Ministry of Labor, and the Company has no right to affect the investment management strategy.

The Company reached an agreement with its employees in August 2023 to settle the seniority under the old system and settle pensions in accordance with relevant regulations, which was approved by the competent authority.

For the three months ended September 30, 2023 and for the nine months ended September 30, 2023, the pension expenses of defined benefit plans were \$0 and \$216 respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022.

XVIII. Equity

(I) Capital stock

Common stock

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Rated number of shares (thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Authorized stock	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid up (thousands)	<u>60,029</u>	<u>58,918</u>	<u>58,537</u>
Issued share capital	<u>\$ 600,291</u>	<u>\$ 589,178</u>	<u>\$ 585,368</u>

For each share of the common stock of the Company, with a face value of \$10 per share, the holder is entitled to one vote and the right to receive dividends.

The capital stock reserved for the issuance of employee stock warrants out of the rated capital stock is 7,800 thousand shares.

(II) Capital reserves

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Used to cover losses,</u> <u>distribute cash or</u> <u>allocate capital stock (1.)</u>			
Share premium (including exercised or lapsed employee stock options)	\$ 240,702	\$ 254,672	\$ 245,361
Donations received from shareholders (2.)	84,732	84,732	84,732
<u>Used only to cover losses</u>			
Others	131	125	125
<u>Not used for any purpose</u>			
Restricted stock for employees	<u>38,251</u>	<u>50,306</u>	<u>37,219</u>
	<u>\$ 363,816</u>	<u>\$ 389,835</u>	<u>\$ 367,437</u>

1. Such capital reserves may be used to cover losses or, if the company has no losses, to issue cash or to make up capital stock, subject to a certain percentage of the paid-in capital stock each year.
2. Donations in cash from Delaware Asia Pacific Investment Company.

(III) Retained earnings and dividend policy

In accordance with the earnings distribution policy of the Articles of Association of the Company, if there is any net profit after tax in the current period in the general accounts of each year, it shall be distributed in the following order:

1. Making good of accumulated loss (including adjustment of the amount of undistributed earnings).
2. To provision 10% of the statutory surplus reserve, unless such surplus reserves have reached the amount of the Company's paid-in capital.
3. To provision or reverse special surplus reserves as required by law or the regulatory authority.
4. Any other surpluses, together with undistributed surplus at the beginning of the period (including adjusted amount of undistributed surplus), shall be subject to a resolution on distribution proposed by the board of directors, or be proposed to the board of shareholders for resolution on distribution if it is distributed by issuing new shares.

The Company shall distribute all or part of dividends and dividends or statutory surplus reserves and capital reserves, in the form of cash, by authorizing the Board of Directors to report to the shareholders' meeting with the consent of more than two-thirds of the directors present and more than half of the directors present.

For the remuneration allocation policy in the Articles of Association of the Company, refer to Note 21 (7) Remuneration of employees and directors.

The distribution of dividends of the Company shall be based on the current year's earnings. As per the principle of dividend stability, the distribution ratio shall not be less than 30% of the current year's after-tax earnings, and the annual cash dividend shall not be less than 10% of the total cash and stock dividends of the current year.

The statutory surplus reserve shall be withdrawn till the balance reaches the total amount of paid-in capital stock of the Company. Statutory surplus reserves may be used to cover losses. When the Company has no loss, the portion of the statutory surplus reserve exceeding 25% of the total paid-up capital stock can be distributed in cash in addition to increasing capital stock.

The Company's earnings distribution plans for 2023 and 2022 are as follows:

	2023	2022
Allocated legal reserve	\$ 2,887	\$ 15,491
Allocated Special reserve	\$ 786	\$ -
Cash dividends	\$ -	\$ 31,286
Stock dividends	\$ 11,638	\$ 17,065
Cash dividends per share (\$)	\$ -	\$ 0.550
Stock dividends per share (\$)	\$ 0.200	\$ 0.300

In addition, on April 11, 2024, the board of directors of the Company decided to distribute cash dividends of \$23,275 (\$0.4 per share) from the capital reserves of 2023. Besides the cash dividends, the remaining surplus distribution items were also decided at the regular meeting of shareholders on May 28, 2024.

On May 2, 2023, the board of directors of the Company decided to distribute cash dividends of \$19,909 (\$0.350 per share) from the capital reserves of 2022. Besides the cash dividends, the remaining surplus distribution items were also decided at the regular meeting of shareholders on June 13, 2023.

(IV) Other equity

1. Foreign Currency Translation Reserve

	Nine Months Ended September 30	
	2024	2023
Balance at January 1	(\$ 786)	\$ 5,602
Current year		
Difference in conversion of foreign operators	14,670	(457)
Other comprehensive gains and losses in current year	14,670	(457)
Balance at September 30	<u>\$ 13,884</u>	<u>\$ 5,145</u>

The relevant exchange difference resulting from the conversion of the net assets of the foreign operators from its functional currency to the Company's expressed currency (i.e., New Taiwan dollar) is the exchange difference directly recognized as the conversion of the financial statements of the foreign operating institution under other comprehensive income and loss items. The previously accumulated conversion difference in the financial statements of the foreign operators shall be reclassified to profit or loss when disposed of by the foreign operators.

2. Unearned Stock-Based Employee Compensation

The Board of Shareholders of the Company decided on June 13, 2023, June 9, 2022 and June 23, 2020 respectively to issue new shares with restricted employee option, as explained in Note 19.

	Nine Months Ended September 30	
	2024	2023
Balance at January 1	(\$ 35,803)	(\$ 31,945)
Recognized share-based payment	14,642	11,553
Recovered and canceled in current year	3,275	3,640
Balance at September 30	<u>(\$ 17,886)</u>	<u>(\$ 16,752)</u>

XIX.Share-based payment

Stocks with restricted employee's option

Information on the Company's issued new shares with restricted employee option is given below:

Date of approval by the shareholders' meeting	Number of shares expected to be issued (thousand shares)	Number of shares resolved by the board of directors (thousand shares)	Grant date	Base date for capital increase	Number of actually issued shares (thousand shares)	Fair value on the grant date
2020/06/23	1,200	900	2020/09/11	2020/11/06	900	\$ 34.35
2020/06/23	1,200	300	2021/08/03	2021/08/03	300	122
2022/06/09	420	420	2022/10/07	2022/10/12	420	47.1
2023/06/13	420	420	2023/10/06	2023/10/11	420	66.5

Issuance of restricted stock award shares in a total amount of \$12,000 and was resolved at the shareholders' meeting of the Company on June 23, 2020. A total of 1,200 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" or above in the latest personal performance assessment prior to the vesting date. If the employees still work at the Company upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

Vesting period	Granting ratio
From the grant date to Oct. 15 of the 1st year following the grant date	1/6
From the grant date to Apr. 15 of the 2nd year following the grant date	1/6
From the grant date to Oct. 15 of the 2nd year following the grant date	1/6
From the grant date to Apr. 15 of the 3rd year following the grant date	1/6
From the grant date to Oct. 15 of the 3rd year following the grant date	1/6
From the grant date to Apr. 15 of the 4th year following the grant date	1/6

Measures Taken for Employee Failing to Satisfy the Vesting Conditions:

- (I) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (II) If the employees fail to meet the required personal performance immediately prior to the vesting date, the Company will take back, without payment, the award shares that have not vested in the employees that time.
- (III) The Company will give to the employees, without payment, the dividends allocated based on the award shares prior to the expiration of the vesting period.
- (IV) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock option plan are summarized as follows:

	Employee restricted stock award shares for 2020-1	Employee restricted stock award shares for 2020-2
	Unit (Thousand)	Unit (Thousand)
<u>Nine Months Ended September 30,2024</u>		
Outstanding at the beginning of the year	132.0	105.0
Granted in current year	(132.0)	(35.0)
Recovered for the year	-	(3.0)
Outstanding at the end of the year	-	67.0
Weighted average fair value (NTD)	\$ 34.35	\$ 122
<u>Nine Months Ended September 30,2023</u>		
Outstanding at the beginning of the year	424.5	192.5
Granted in current year	(136.5)	(35.0)
Recovered for the year	(24.0)	(17.5)
Outstanding at the end of the year	264.0	140.0
Weighted average fair value (NTD)	\$ 34.35	\$ 122

Issuance of restricted stock award shares in a total amount of \$ 4,200 was resolved at the shareholders' meeting of the Company on June 9, 2022. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of “Satisfactory” (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the vesting date. If the employees still work at the Company upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

Vesting period	Granting ratio
From the grant date to Oct. 11 of the 1st year following the grant date	1/6
From the grant date to Apr. 11 of the 2nd year following the grant date	1/6
From the grant date to Oct. 11 of the 2nd year following the grant date	1/6
From the grant date to Apr. 11 of the 3rd year following the grant date	1/6
From the grant date to Oct. 11 of the 3rd year following the grant date	1/6
From the grant date to Apr. 11 of the 4th year following the grant date	1/6

Measures Taken for Employees Failing to Satisfy the Vesting Conditions:

- (I) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (II) If the employees fail to meet the required personal performance immediately prior to the vesting date, the Company will take back, without payment, the award shares that have not vested in the employees that time.
- (III) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the vesting period.
- (IV) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock option plan are summarized as follows:

	Employee restricted stock award shares for 2022
	Unit (Thousand)
<u>Nine Months Ended September 30,2024</u>	
Outstanding at the beginning of the year	292.5
Recovered for the year	(58.5)
Outstanding at the end of the year	<u>234.0</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>
<u>Nine Months Ended September 30,2023</u>	
Outstanding at the beginning of the year	420.0
Recovered for the year	(51.0)
Outstanding at the end of the year	<u>369.0</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>

Issuance of restricted stock award shares in a total amount of \$ 4,200 was resolved at the shareholders' meeting of the Company on June 13, 2023. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the vesting date. If the employees still work at the Company upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

Vesting period	Granting ratio
From the grant date to Oct. 11 of the 1st year following the grant date	1/6
From the grant date to Apr. 11 of the 2nd year following the grant date	1/6
From the grant date to Oct. 11 of the 2nd year following the grant date	1/6
From the grant date to Apr. 11 of the 3rd year following the grant date	1/6
From the grant date to Oct. 11 of the 3rd year following the grant date	1/6
From the grant date to Apr. 11 of the 4th year following the grant date	1/6

Measures Taken for Employees Failing to Satisfy the Vesting Conditions:

- (I) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (II) If the employees fail to meet the required personal performance immediately prior to the vesting date, the Company will take back, without payment, the award shares that have not vested in the employees that time.
- (III) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the vesting period.
- (IV) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock option plan are summarized as follows:

	Employee restricted stock award shares for 2023
	<u>Unit (Thousand)</u>
<u>Nine Months Ended September 30,2024</u>	
Outstanding at the beginning of the year	420.0
Recovered for the year	(<u>39.0</u>)
Outstanding at the end of the year	<u>381.0</u>
Granted weighted average fair value (NTD)	<u>\$ 66.5</u>

From January 1 to September 30, 2024 and 2023, 42 and 82.5 thousand shares with restricted employee rights were recovered due to employee resignations respectively, of which 7 and 39 thousand shares respectively have yet to be cancelled.

The compensation costs for the new shares with restricted option as recognized for the nine months ended September 30 of 2024 and 2023 are \$14,642 and \$11,553 respectively.

XX. Operating Revenue

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
Integrated circuits	<u>\$ 428,712</u>	<u>\$ 333,221</u>	<u>\$1,118,481</u>	<u>\$ 813,200</u>
(I) Contractual balance				
	September 30,2024	December 31,2023	September 30,2023	January 1,2023
Notes and accounts receivable (Note 8)	<u>\$ 267,630</u>	<u>\$ 191,426</u>	<u>\$ 199,511</u>	<u>\$ 169,644</u>

(II) Itemized Revenue from Contracts with Customers

Itemized by Areas

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Taiwan (where the Company is located)	\$ 215,312	\$ 183,746	\$ 569,482	\$ 439,914
Mainland China	212,660	146,949	546,902	364,885
Korea	740	830	2,097	1,665
Other countries	-	1,696	-	6,736
	<u>\$ 428,712</u>	<u>\$ 333,221</u>	<u>\$1,118,481</u>	<u>\$ 813,200</u>

XXI. Net Profit(loss) of Operations

(I) Interest Income

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Bank deposits	\$ 1,346	\$ 797	\$ 4,450	\$ 2,110
Commercial paper	61	3	92	25
Deposit interest	10	9	29	27
	<u>\$ 1,417</u>	<u>\$ 809</u>	<u>\$ 4,571</u>	<u>\$ 2,162</u>

(II) Other Incomes

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Lease income				
Other operating leases	\$ 424	\$ 510	\$ 1,414	\$ 1,692
Government subsidy	5	-	701	-
Others	494	(2)	1,794	527
	<u>\$ 923</u>	<u>\$ 508</u>	<u>\$ 3,909</u>	<u>\$ 2,219</u>

(III) Other Gains and Losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Gains and losses on financial assets				
Financial asset at fair value through profit	\$ 377	\$ 133	\$ 1,151	\$ 838
Net gain (loss) on foreign exchange	2,030	8,477	10,652	7,015
Lease Modification Benefit	-	28	-	28
Disposal of property, plant and equipment (losses)	-	(379)	(8)	1,843
Others	-	15,641	-	16,605
	<u>\$ 2,407</u>	<u>\$ 23,900</u>	<u>\$ 11,795</u>	<u>\$ 26,329</u>

(IV) Financial Cost

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Interest expense on lease liabilities	\$ 79	\$ 122	\$ 285	\$ 342
Interest expense on Bank loans	45	-	116	-
	<u>\$ 124</u>	<u>\$ 122</u>	<u>\$ 401</u>	<u>\$ 342</u>

(V) Depreciation and Amortization

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Summary of depreciation by function</u>				
Operating costs	\$ 4,811	\$ 3,905	\$ 14,222	\$ 14,061
Operating Expenses	<u>13,698</u>	<u>17,611</u>	<u>42,899</u>	<u>52,479</u>
	<u>\$ 18,509</u>	<u>\$ 21,516</u>	<u>\$ 57,121</u>	<u>\$ 66,540</u>
<u>Summary of Amortization by function</u>				
Operating costs	\$ 253	\$ 297	\$ 759	\$ 893
Operating Expenses	<u>1,299</u>	<u>2,292</u>	<u>4,269</u>	<u>7,043</u>
	<u>\$ 1,552</u>	<u>\$ 2,589</u>	<u>\$ 5,028</u>	<u>\$ 7,936</u>

(VI) Employee benefit expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Post-retirement benefits (Note 17)				
Identified allocation plan	\$ 2,589	\$ 2,696	\$ 7,952	\$ 8,260
Identified benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>216</u>
	2,589	2,696	7,952	8,476
Share-based payment (Note 19)				
Delivery of equity	4,697	4,181	14,642	11,553
Other employee benefits	<u>88,273</u>	<u>82,253</u>	<u>256,133</u>	<u>222,695</u>
Total employee benefit expenses	<u>\$ 95,559</u>	<u>\$ 89,130</u>	<u>\$ 278,727</u>	<u>\$ 242,724</u>
Summary by function				
Operating costs	\$ 13,601	\$ 10,069	\$ 40,223	\$ 35,997
Operating Expenses	<u>81,958</u>	<u>79,061</u>	<u>238,504</u>	<u>206,727</u>
	<u>\$ 95,559</u>	<u>\$ 89,130</u>	<u>\$ 278,727</u>	<u>\$ 242,724</u>

(VII) Remuneration of employees and directors

In accordance with the Articles of Association, the Company shall set aside no less than 5% and no more than 2% of the pre-tax profit of the current period before deducting the remuneration of employees and directors respectively.

The period from July 1 to September 30, 2023 and from January 1 to September 30, 2023 are net losses before tax, so employee compensation and director compensation are not estimated.

The estimated employee remuneration and directors' remuneration from July 1 to September 30, 2024 and from January 1 to September 30, 2024 are as follows:

Estimated recognized proportion

	Nine Months Ended September 30	
	2024	2023
Employee remuneration	16%	-
Director's remuneration	1%	-

Amount

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Employee remuneration	<u>\$ 9,216</u>	<u>\$ -</u>	<u>\$ 19,125</u>	<u>\$ -</u>
Director's remuneration	<u>\$ 781</u>	<u>\$ -</u>	<u>\$ 1,714</u>	<u>\$ -</u>

If there is still any change in the amount after issuance of annual consolidated financial statements, it will be handled according to the change in accounting estimates and adjusted and recorded in the next year.

The annual employee remuneration and directors' remuneration for 2023 and 2022 were resolved by the Board on February 29, 2024 and March 16, 2023 respectively as follows:

	2023		2022	
	Cash	Stock	Cash	Stock
Employee remuneration	\$ 5,197	\$ -	\$ 32,060	\$ -
Director's remuneration	489	-	2,581	-

There is no difference between the actual amounts allocated for employee remuneration in 2023 and 2022 and the amounts recognized in the annual financial statements of 2023 and 2022.

For information on employee compensation and director compensation as determined by the Board of Directors of the Company, please visit the "Open Information Observatory" of the Taiwan Stock Exchange.

(VIII) Gains/loss in foreign currency exchange

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Foreign currency exchange gains	\$ 5,898	\$ 9,014	\$ 14,783	\$ 14,077
Foreign currency exchange loss	(<u>3,868</u>)	(<u>537</u>)	(<u>4,131</u>)	(<u>7,062</u>)
Net (loss) profit	<u>\$ 2,030</u>	<u>\$ 8,477</u>	<u>\$ 10,652</u>	<u>\$ 7,015</u>

XXII. Income Tax

(I) Income tax recognized in profit and loss

The tax expenses (benefits) mainly comprises the items listed as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Current income tax				
Incurred in current year	\$ 5,896	(\$ 310)	\$ 7,246	(\$ 512)
Undistributed Surplus				
Earnings Additional	-	-	678	-
Adjustments from				
previous years	-	-	(9,894)	-
Deferred income tax				
Incurred in current year	82	310	825	512
Income tax expenses (benefits) recognized in profit or loss	<u>\$ 5,978</u>	<u>\$ -</u>	<u>(\$ 1,145)</u>	<u>\$ -</u>

(II) Approval of income tax

The Company's profit-seeking business income tax declaration cases as of 2022 have been approved by the tax authority.

XXIII. Earnings(loss) per share

Unit: \$ per share

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings(loss) per share	<u>\$ 0.78</u>	<u>\$ 0.42</u>	<u>\$ 1.71</u>	<u>(\$ 0.09)</u>
Diluted earnings(loss) per share	<u>\$ 0.77</u>	<u>\$ 0.42</u>	<u>\$ 1.69</u>	<u>(\$ 0.09)</u>

In calculating earnings per share, the impact of allotment of shares without compensation has been retroactively adjusted and the base date for the allotment on July 17, 2024. Due to retroactive adjustment, the changes in basic and diluted earnings per share for the period from July 1 to September 30 of 2023 and January 1 to September 30 of 2023 are as follows:

	Before retroactive adjustment		After retroactive adjustment	
	Three Months Ended September 30,2023	Nine Months Ended September 30,2023	Three Months Ended September 30,2023	Nine Months Ended September 30,2023
Basic earnings(loss) per share	<u>\$ 0.43</u>	<u>(\$ 0.09)</u>	<u>\$ 0.42</u>	<u>(\$ 0.09)</u>
Diluted earnings(loss) per share	<u>\$ 0.43</u>	<u>(\$ 0.09)</u>	<u>\$ 0.42</u>	<u>(\$ 0.09)</u>

The net (Loss) profit and weighted average shares of common stock used to calculate (Loss) earnings per share are as follows:

Net Profit (loss) of the Year

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Net profit (loss) used to calculate basic and diluted earnings (loss) per share	\$ 46,141	\$ 24,796	\$ 101,193	(\$ 5,066)

Number of Shares

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
The weighted average number of common shares used to calculate basic (Loss) earnings per share	59,337	58,875	59,254	58,790
Impact of dilutive potential common stock:				
Restricted stock for employees	325	522	521	-
Employee remuneration	212	-	223	-
The weighted average number of common shares used to calculate diluted (Loss) earnings per share	59,874	59,397	59,997	58,790

If the Company selects to pay employee remuneration in stock or cash, diluted earnings per share will be calculated on the assumption that employee compensation will be paid in stock and will be included in the weighted average number of outstanding shares to calculate dilutive earnings per share at the time when the potential common stock is dilutive. The dilution effect of such potential ordinary shares also continues to be taken into account in calculating diluted earnings per share prior to the determination of the number of shares to be paid to employees in the next year.

The Company is loss from January 1 to September 30 of 2023, and if the impact of employee compensation and restricted stock for employees are included, it will have a counter-dilution effect, calculated on the basis of excluding diluted earnings per share.

XXIV. Capital Management

The Company manages its capital to ensure that it is able to maximize shareholders' returns as a going concern. There has been no significant change in the Company's overall strategy.

The capital structure of the Company consists of capital stock, capital reserves, retained earnings and other equity.

The Company is not subject to other external capital requirements.

XXV. Financial Instruments

(I) Information of Fair Value - Financial Instruments Not Measured at Fair Value.

The management of the Company believes that the carrying amounts of the financial assets and financial liabilities not measured at fair value are close to fair value.

(II) Fair Value information - financial instruments measured at fair value on a recurring basis.

Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificate	\$ 91,053	\$ -	\$ -	\$ 91,053

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificate	\$ 83,823	\$ -	\$ -	\$ 83,823

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificate	\$ 36,697	\$ -	\$ -	\$ 36,697

There was no transfer of fair value measurement between Class 1 and Class 2 in the period from January 1 to September 30 of 2024 and 2023.

(III) Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial Assets</u>			
Gain (loss) on financial instruments at FVTPL, net			
Mandatorily measured at FVTPL	\$ 91,053	\$ 83,823	\$ 36,697
Financial assets at amortized costs			
Cash and Cash Equivalents	522,574	457,745	396,589
Notes and accounts receivable	267,630	191,426	199,511
Refundable deposits	3,674	3,483	3,510

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	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial liabilities</u>			
Measured at amortized cost			
Accounts payable	\$ 165,988	\$ 107,636	\$ 63,745
Long-term loans (Including due within one year)	35,000	-	-
Deposit received	10,845	860	945

(IV) Purpose and Policy of Financial Risk Management

Main financial instruments of the Company include notes and accounts receivable, refundable deposits, accounts payable, loans and lease liabilities. The financial risk management objective of the Company is to manage the exchange rate risk, interest rate risk, credit risk and liquidity risk relevant to operating activities. For reducing relevant financial risks, the Company is committed to identifying, evaluating and avoiding market uncertainties to reduce the potential negative impact of market changes on the financial performance of the Company.

Important financial activities of the Company are reviewed by the board of directors pursuant to applicable regulations and internal control systems. During the implementation of the financial plan, the Company shall comply with applicable financial operating procedures for overall financial risk management and division of powers and responsibilities.

1. Market Risk

Main financial risks assumed by the Company for its operating activities are exchange rate risk (as stated in (1) below) and interest rate risk (as stated in (2) below). The Company does not change the methods that it has adopted to manage and measure risk exposure with respect to market risk for financial instruments.

(1) Foreign currency Risk

Part of cash used or generated by the Company is in foreign currencies, so the effect of natural hedge exists. The Company manages foreign currency risk just for the purpose of hedging, not for profit.

The management strategy of foreign currency risk is established to review net positions of various currency assets and liabilities, and conduct risk management on net positions.

For carrying amounts of monetary assets and monetary liabilities of the Company in non-functional currencies on the balance sheet date, please refer to Note 28.

Net investments made by foreign operations of the Company are strategic investments; therefore, the Company does not hedge investment risk.

Sensitivity Analysis

The Company is mainly impacted by fluctuation of USD and CNY exchange rates.

The table below shows the Company's sensitivity analysis for the situations when the exchange rate of the NTD (the functional currency) to each foreign currency increases or decreases by 5%. Sensitivity analysis considers outstanding foreign currency monetary items, and the conversion made at the end of the period is adjusted by 5% exchange rate fluctuation. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable and other receivables, accounts payable and other payables. The positive number in the table below shows the amount increasing in the pretax net profit when the NTD against each foreign currency depreciates by 5%. If the NTD against each foreign currency appreciates by 5%, the impact on the pretax net profit will be a negative of the same amount.

	Effect of USD		Effect of CNY	
	Nine Months Ended		Nine Months Ended	
	September 30		September 30	
	2024	2023	2024	2023
Profit (loss)				
before tax	\$ 2,734	\$ 5,952	\$ 4,635	\$ 3,247

Effects mainly derived from the receivables and payables in USD and CNY which were still outstanding on the balance sheet date and of which the cash flows were not hedged by the Company.

The Company's sensitivity to the CNY exchange rate increased for the current period. It was mostly because the balance of accounts receivable in CNY increased so that net CNY assets increased at the end of the year. Decrease in sensitivity to the USD exchange rate was mostly because accounts payable in USD increased so that net USD assets decreased at the end of the year.

(2) Interest Rate Risk

As consolidated entities of the Company possess fixed rate and floating rate assets, interest rate risk exposure is therefore incurred.

The carrying amounts of financial assets of the Company exposed to interest rate risk on the balance sheet date are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Interest rate risk in fair value			
-Financial assets	\$ 370,700	\$ 342,700	\$ 238,100
-Financial liabilities	48,531	21,314	24,447
Interest rate risk in cash flow			
-Financial assets	151,370	114,426	157,622

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate assets, the analysis assumes that the amount of assets outstanding on the balance sheet date is outstanding during the reporting period.

If the interest rate increases/decreases by 0.1%, all other variables held constant, the Company's net profit before tax in the period from January 1 to September 30 of 2024 and 2023 will increase/decrease by \$114 and \$118 respectively, due to the interest rate risk of the Company's variable interest rate net assets.

2. Credit risk

Credit risk refers to the risk of financial loss to the Company caused by default of contractual obligations by the other trading party. As of the balance sheet date, the Company's greatest credit risk exposure to non-performance of obligations by the other trading party is primarily attributable to the carrying value of financial assets recognized in the consolidated balance sheet.

To mitigate credit risk, the management of the Company has appointed a dedicated team responsible for the determination of credit lines, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been included in unrecoverable receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

Accounts receivable cover a large number of customers, dispersed in different industries and geographical regions. The Company continuously evaluates the financial position of its customers involving in accounts receivable.

Except for Customer A, Customer B, Customer C, Customer D, Customer E and Customer F as described below, the Company does not have a material credit risk against any single trading party or any set of trading parties with similar characteristics. When the trading parties are related enterprises to each other, the Company defines them as the trading parties with similar characteristics. As of September 30, 2024, with the exception of Customer A, Customer B, Customer C, Customer D, Customer E and Customer F, the concentration of credit risk with respect to other trading parties did not exceed 5% of total accounts receivable. The credit risks with Customer A, Customer B, Customer C, Customer D, Customer E and Customer F are limited, since they are highly reputable manufacturers.

3. Liquidity Risk

The Company keeps successful business operation and mitigates the impact of cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents.

(1) Liquidity of Non-derivative Financial Liabilities

The table below shows the maturity analysis for the remaining contracts of non-derivative financial liabilities, which is conducted based on the undiscounted cash flows of financial liabilities, including cash flows of interest and principal, on the earliest date that the Company is requested to make the repayment.

September 30, 2024

	Immediate payment or less than 1 month	1 ~ 3 months	3 months Up to 1 year	1 ~ 5 years	Total
Accounts payable	\$ 95,595	\$ 70,393	\$ -	\$ -	\$ 165,988
Lease liabilities	\$ 772	\$ 1,476	\$ 4,235	\$ 7,337	\$ 13,820
Fixed rate instruments	\$ -	\$ -	\$ 5,833	\$ 29,167	\$ 35,000
Other current liabilities	\$ 6,552	\$ 8,414	\$ -	\$ -	\$ 14,966

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1~5 years	> 5 years
Lease liabilities	\$ 6,483	\$ 7,337	\$ -
Fixed rate instruments	5,833	29,167	-
	\$ 12,316	\$ 36,504	\$ -

December 31, 2023

	Immediate payment or less than 1 month	1 ~ 3 months	3 months Up to 1 year	1 ~ 5 years	Total
Accounts payable	\$ 66,255	\$ 41,381	\$ -	\$ -	\$ 107,636
Lease liabilities	\$ 1,114	\$ 2,111	\$ 8,837	\$ 9,754	\$ 21,816
Other current liabilities	\$ 13,175	\$ 5,613	\$ -	\$ -	\$ 18,788

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1 ~ 5 years	> 5 years
lease liabilities	\$ 12,062	\$ 9,754	\$ -

September 30, 2023

	Immediate payment or less than 1 month	1 ~ 3 months	3 months Up to 1 year	1 ~ 5 years	Total
Accounts payable	\$ 32,628	\$ 31,117	\$ -	\$ -	\$ 63,745
Lease liabilities	\$ 1,121	\$ 2,243	\$ 9,609	\$ 12,386	\$ 25,359
Other current liabilities	\$ 12,210	\$ 6,206	\$ -	\$ -	\$ 18,416

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1~5 years	> 5 years
lease liabilities	\$ 12,973	\$ 12,386	\$ -

XXVI. Transactions with Related Parties

- (I) All transactions between the Company and its subsidiaries, account balances, gains and losses have been eliminated at the time of consolidation and are not disclosed in this note. The Company has no dealings with any other affiliated party.
- (II) Remuneration of major management officers

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 6,170	\$ 6,360	\$ 19,276	\$ 19,916
Post-retirement benefits	130	174	393	709
Share-based payment	554	1,014	2,050	2,764
	<u>\$ 6,854</u>	<u>\$ 7,548</u>	<u>\$ 21,719</u>	<u>\$ 23,389</u>

The remuneration of directors and other key officer is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXVII. Major Contingent Liabilities and Unrecognized Contractual Commitments

- (I) Major commitments
- The Company signed a patented technology transfer agreement with a company in March 2018, and the transfer consideration was paid in three phases. The total amount of the first and second contractual amounts was US\$ 600 thousand, and the third-phase was paid based on the profits of the patented derivative products within three years after the offering date, amounting at least US\$ 300 thousand.

XXVIII. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is summarized in terms of foreign currencies other than the Company's individual functional currency. The exchange rate disclosed refers to the exchange rate at which such foreign currencies are converted to functional currency. Foreign currency assets and liabilities with significant impact are listed below:

September 30, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Carrying amount</u>
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$ 4,830	31.650	(USD:NTD)	\$ 152,881
USD	3	6.9976	(USD:CNY)	69
CNY	20,497	4.523	(CNY:NTD)	92,709
				<u>\$ 245,659</u>

Financial liabilities

Monetary item

USD	3,105	31.650	(USD:NTD)	<u>\$ 98,267</u>
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December 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Carrying amount</u>
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$ 4,808	30.705	(USD:NTD)	\$ 147,642
CNY	11,569	4.327	(CNY:NTD)	50,058
				<u>\$ 197,700</u>

Financial liabilities

Monetary item

USD	2,180	30.705	(USD:NTD)	<u>\$ 66,952</u>
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September 30, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Carrying amount</u>
<u>Financial assets</u>				
<u>Monetary item</u>				
USD	\$ 4,685	32.270	(USD:NTD)	\$ 151,171
CNY	14,708	4.415	(CNY:NTD)	64,936
				<u>\$ 216,107</u>

Financial liabilities

Monetary item

USD	995	32.270	(USD:NTD)	<u>\$ 32,123</u>
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The total realized and unrealized net gain (loss) on foreign currency exchange of the Company from July 1 to September 30 of 2024 and 2023 and January 1 to September 30 of 2024 and 2023 were \$2,030 , \$8,477 , \$10,652 and (\$7,015) respectively. Due to the wide variety of individual foreign currencies used in transactions by the affiliates of the Group, it isn't possible to disclose exchange gains and losses by foreign currency with significant impact.

XXIX. Separately disclosed items

- (I) Significant Transactions and (II) Information Relevant to Reinvestments: At the time of preparation of these consolidated financial statements, all significant transactions between the parent and subsidiaries and their balances have been eliminated.

1. Financing provided: none.
2. Endorsements/guarantees provided : none.
3. Marketable securities held:

Holding Company Name	Type of marketable Securities	Names of securities	Relationship with Securities Issuer	Financial Statement Account	September 30, 2024				Remark
					Number of shares or Unit	Carrying amount	Percentage of Ownership	Fair Value	
LEADTREND SHENZHEN	Fund	Fund B on Mainland China Resources YuanDa Cash Connect Money Market	—	Financial assets at fair value through profit or loss - current	-	\$ 45,785	-	\$ 45,785	Note 1
		ICBC Financial Management Corporation Tianlibao Net Value Financial Products	—	Financial assets at fair value through profit or loss - current	-	45,268	-	45,268	Note 1

Note 1: Based on net value as at September 30, 2024.

Note 2: No security, pledged loans or other agreed restriction for use of the securities as listed above has been offered as of September 30, 2024.

4. Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: none.
5. Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: none.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: none.
7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes / account receivable (payable)		Note
			Purchase / Sale	Amount	% to Total	Payment Terms	Unit price	Payment Terms	Balance	% to Total	
LEADTREND TECHNOLOGY CORPORATION	LEADTREND TECHNOLOGY (SHENZHEN) LTD	Parent company	Sale	\$ 327,571	33%	60 days on monthly payment	Note	Equivalent	\$ 76,98	42%	—

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: none.
9. Trading derivative instruments: none.

10. Others: Intercompany Relations And Significant Intercompany Transactions:

For the Nine Months Ended September 30 of 2024

No.	Name of Trader	Trading Party	Relationship (Note 2)	Intercompany Transaction			
				Item	Amount	Transaction terms	% of total sales or assets
0	LEADTREND TECHNOLOGY CORPORATION	LEADTREND TECHNOLOGY (SHENZHEN) LTD	1	Sales	\$327,571	Note 3	29%
0	LEADTREND TECHNOLOGY CORPORATION	LEADTREND TECHNOLOGY (SHENZHEN) LTD	1	Accounts Receivable - related parties	76,989	Note 3	4%

Note 1: The parent company is 0. Subsidiaries are numbered in numerical order from 1, by types of the subsidiaries.

Note 2: " 1 " represents a transaction initiated by the parent company with a subsidiary.

Note 3: There is no appropriate object comparable with the sales price between subsidiaries, and the collection period with the subsidiary is comparable to that with ordinary customers.

11. Information on investees: None.

(III) Information on investments in Mainland China:

The Company has no other matters to be disclosed except the following:

1. Name of investee company in Mainland China, main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the year, investment gain (loss) remitted back already, and limit of investments in Mainland China:

Name of investee company in Mainland China	Min business activities	Paid-in capital	Investment method	Name of investee company in Mainland China	Investment amount remitted or recovered in the year		Investment amount remitted or recovered in the year	Investee company's profit (loss) of the year	Percentage of shares held by the Company through direct or indirect investment	Investment gain (loss) recognized for the year (Note 2)	Ending book value of investment (Note 2)	Investment gain remitted back to Taiwan as of the end of the year
					Remitted	Re mit ted						
LEADTREND TECHNOLOGY CORPORATION	Computer software design service, computer system integration service, wholesale of integrated circuits and related electronic products, and agent import and export business activities	\$ 313,335 (USD 9,900)	Note 1	\$ 223,133 (USD 7,050)	\$ -	\$ -	\$ 223,133 (USD 7,050)	\$ 71,801 (USD 2,241)	100%	\$ 71,801 (USD 2,241)	\$ 308,687 (USD 9,753)	\$ -
Accumulated investment amount remitted from Taiwan to Mainland China at the end of the year				Investment amount approved by Investment Commission, Ministry of Economic Affairs				60% of net worth, the limit of investment provided by Investment Commission, Ministry of Economic Affairs				
\$ 223,133 (USD 7,050)				\$ 313,335 (USD 9,900)				\$1,050,118				

Note1: The investment was made physically in Mainland China.

Note2: It was calculated based on the investee company's financial statements for the same period that have not been reviewed by CPAs.

Note3: The figures in a foreign currency indicated in the table were converted into NTD at the exchange rate announced on the reporting date.

Note 4: At September 30, 2024, Leadtrend Company had an investment amount of US\$9,900 approved by the Investment Review Committee of the Ministry of Economic Affairs, and had actually remitted US\$7,050. The remaining uninvested amount has expired.

2. Information on major transactions with invested companies in Mainland China directly or indirectly through a third-party, and related prices, terms of payment, unrealized gains and losses and any other information which may be helpful to understand the impact of investment in Mainland China on financial statements: Please refer to Section (I) 10. Others.

(IV) Information of Major Shareholders: Name of Shareholder Holding Over 5% of Equity, Number of Shares Held and Percentage of Shareholding:

Name of major shareholder	Shares	
	Number of shares held	Percentage of shareholding (%)
Jie Neng Investment Co., Ltd.	4,880,227	8.12

XXX. Information of Segments

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Therefore, for the segments revenue and operating results reported for the period from July 1 to September 30 and January 1 to September 30 of 2024 and 2023, refer to the consolidated income statement for the period from July 1 to September 30 and January 1 to September 30 of 2024 and 2023. For the operating segments assets to be reported as of September 30, 2024, September 30, 2023 and December 31, 2023, refer to the consolidated balance sheet as of September 30, 2024, September 30, 2023 and December 31, 2023 respectively.