

M31 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
M31 Technology Corporation

Introductions

We have reviewed the accompanying consolidated balance sheets of M31 Technology Corporation and its subsidiaries (collectively referred to as the "Group") as of September 30, 2024 and 2023, the consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and the consolidated statements of cash flows for the nine months ended September 30, 2024 and 2023, and the 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 review.

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 review, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and 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 review resulting in this independent auditors' review report are Mei Chen Tsai and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 6, 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 general 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.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2024, DECEMBER 31, 2023, AND SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars)

ASSETS	SEPTEMBER 30, 2024		DECEMBER 31, 2023		SEPTEMBER 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 355,928	17	\$ 849,121	35	\$ 750,069	33
Financial assets at fair value through profit or loss – current (Note 7)	133,871	6	183,099	8	181,438	8
Financial assets at amortized cost – current (Note 9)	16,827	1	115,718	5	116,357	5
Accounts receivable (Notes 10 and 20)	381,166	18	373,804	16	318,906	14
Other receivables	3,931	-	4,587	-	3,895	-
Current tax assets (Note 4)	96,226	5	82,556	3	71,388	3
Prepayments (Note 15)	180,418	8	44,155	2	98,291	5
Other current assets (Note 15)	1,393	-	1,275	-	262	-
Total current assets	<u>1,169,760</u>	<u>55</u>	<u>1,654,315</u>	<u>69</u>	<u>1,540,606</u>	<u>68</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income – non-current (Note 8)	1,008	-	-	-	-	-
Financial assets at amortized cost – non-current (Note 9)	293,750	14	147,520	6	123,992	6
Property, plant and equipment (Notes 12 and 29)	603,235	29	561,779	23	568,637	25
Right-of-use Assets (Note 13)	18,501	1	11,056	1	4,238	-
Intangible assets (Note 14)	17,066	1	12,136	1	9,902	1
Deferred tax assets (Note 4)	9,186	-	6,975	-	5,007	-
Other non-current assets (Note 15)	3,941	-	3,008	-	1,835	-
Total non-current assets	<u>946,687</u>	<u>45</u>	<u>742,474</u>	<u>31</u>	<u>713,611</u>	<u>32</u>
TOTAL	<u>\$ 2,116,447</u>	<u>100</u>	<u>\$ 2,396,789</u>	<u>100</u>	<u>\$ 2,254,217</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities – current (Note 20)	\$ 28,151	1	\$ 28,151	1	\$ 122,614	6
Accounts payable (Note 16)	2,022	-	4,738	-	526	-
Other payables (Note 17)	79,390	4	227,519	10	129,987	6
Current tax liabilities (Note 4)	1,399	-	52,632	2	27,468	1
Lease liabilities – current (Note 13)	9,287	-	4,756	-	2,135	-
Other current liabilities (Note 17)	9,303	1	8,289	1	7,752	-
Total current liabilities	<u>129,552</u>	<u>6</u>	<u>326,085</u>	<u>14</u>	<u>290,482</u>	<u>13</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 4)	6,166	-	1,138	-	9,846	-
Lease liabilities – non-current (Note 13)	9,937	1	6,547	-	2,158	-
Total non-current liabilities	<u>16,103</u>	<u>1</u>	<u>7,685</u>	<u>-</u>	<u>12,004</u>	<u>-</u>
Total liabilities	<u>145,655</u>	<u>7</u>	<u>333,770</u>	<u>14</u>	<u>302,486</u>	<u>13</u>
EQUITY (Note 19)						
Share capital						
Ordinary shares	418,052	20	348,658	15	348,658	16
Share capital pending cancellation	(50)	-	(180)	-	-	-
Share capital subtotal	<u>418,002</u>	<u>20</u>	<u>348,478</u>	<u>15</u>	<u>348,658</u>	<u>16</u>
Capital surplus	<u>745,237</u>	<u>35</u>	<u>750,042</u>	<u>31</u>	<u>755,547</u>	<u>34</u>
Retained earnings						
Legal reserve	237,808	11	194,211	8	194,211	8
Unappropriated earnings	<u>570,056</u>	<u>27</u>	<u>781,894</u>	<u>33</u>	<u>668,874</u>	<u>30</u>
Total retained earnings	<u>807,864</u>	<u>38</u>	<u>976,105</u>	<u>41</u>	<u>863,085</u>	<u>38</u>
Other equity	(311)	-	(11,606)	(1)	(15,559)	(1)
Total equity	<u>1,970,792</u>	<u>93</u>	<u>2,063,019</u>	<u>86</u>	<u>1,951,731</u>	<u>87</u>
TOTAL	<u>\$ 2,116,447</u>	<u>100</u>	<u>\$ 2,396,789</u>	<u>100</u>	<u>\$ 2,254,217</u>	<u>100</u>

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023		Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 20)	\$ 381,878	100	\$ 432,489	100	\$ 1,153,326	100	\$ 1,093,248	100
GROSS PROFIT	381,878	100	432,489	100	1,153,326	100	1,093,248	100
OPERATING EXPENSES (Notes 14 and 21)								
Selling and marketing expenses	(33,147)	(9)	(21,046)	(5)	(102,535)	(9)	(74,000)	(7)
General and administrative expenses	(30,030)	(8)	(31,655)	(7)	(101,867)	(9)	(94,270)	(9)
Research and development expenses	(268,624)	(70)	(229,815)	(53)	(776,231)	(67)	(642,615)	(59)
Expected credit loss (Note 10)	(5,392)	(1)	(4,008)	(1)	(18,565)	(1)	(4,426)	-
Total operating expenses	(337,193)	(88)	(286,524)	(66)	(999,198)	(86)	(815,311)	(75)
OPERATING INCOME	44,685	12	145,965	34	154,128	14	277,937	25
NON-OPERATING INCOME AND EXPENSES (Note 21)								
Interest income	6,709	1	6,985	2	22,963	2	21,634	2
Other income	2,947	1	893	-	3,868	-	1,051	-
Other gains and losses	(22,520)	(6)	27,353	6	31,324	3	83,037	8
Finance costs	(312)	-	(15)	-	(882)	-	(49)	-
Total non-operating income and expenses	(13,176)	(4)	35,216	8	57,273	5	105,673	10
PROFIT BEFORE INCOME TAX	31,509	8	181,181	42	211,401	19	383,610	35
INCOME TAX EXPENSE (Notes 4 and 22)	(3,500)	(1)	(27,606)	(6)	(31,224)	(3)	(61,460)	(5)
NET PROFIT FOR THE PERIOD	28,009	7	153,575	36	180,177	16	322,150	30
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income (Note 19)	-	-	-	-	-	-	134	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations (Note 19)	(1,249)	-	1,425	-	1,185	-	1,884	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 19, and 22)	250	-	(285)	-	(237)	-	(377)	-
Other comprehensive income (loss) for the period, net of income tax	(999)	-	1,140	-	948	-	1,507	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 27,010	7	\$ 154,715	36	\$ 181,125	16	\$ 323,791	30
EARNINGS PER SHARE (Note 23)								
Basic	\$ 0.67		\$ 3.71		\$ 4.33		\$ 7.78	
Diluted	\$ 0.67		\$ 3.67		\$ 4.31		\$ 7.71	

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Share Capital				Retained Earnings		Exchange Difference on Translating the Financial Statements of Foreign Operations	Other Equity		
	Shares (In Thousands)	Amount	Share Capital Pending Cancellation	Capital Surplus	Legal Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Valuation Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Amount of Treasury Shares
BALANCE AT JANUARY 1, 2023	31,708	\$ 317,080	(\$ 100)	\$ 756,194	\$ 155,904	\$ 669,512	\$ 400	\$ 667	(\$ 42,200)	\$ 1,857,457
Appropriations of 2022 earnings										
Legal capital reserve	-	-	-	-	38,307	(38,307)	-	-	-	-
Cash dividends	-	-	-	-	-	(253,584)	-	-	-	(253,584)
Stock dividends	3,170	31,698	-	-	-	(31,698)	-	-	-	-
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	322,150	-	-	-	322,150
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax (Note 19)	-	-	-	-	-	-	1,507	134	-	1,641
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	322,150	1,507	134	-	323,791
Compensation cost of employee restricted shares (Note 19)	-	-	-	-	-	-	-	-	24,267	24,267
Employee restricted shares cancellation (Note 19)	(12)	(120)	100	(647)	-	-	-	-	467	(200)
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 19)	-	-	-	-	-	801	-	(801)	-	-
BALANCE AT SEPTEMBER 30, 2023	<u>34,866</u>	<u>\$ 348,658</u>	<u>\$ -</u>	<u>\$ 755,547</u>	<u>\$ 194,211</u>	<u>\$ 668,874</u>	<u>\$ 1,907</u>	<u>\$ -</u>	<u>(\$ 17,466)</u>	<u>\$ 1,951,731</u>
BALANCE AT JANUARY 1, 2024	34,866	\$ 348,658	(\$ 180)	\$ 750,042	\$ 194,211	\$ 781,894	\$ 285	\$ -	(\$ 11,891)	\$ 2,063,019
Appropriations of 2023 earnings										
Legal capital reserve	-	-	-	-	43,597	(43,597)	-	-	-	-
Cash dividends	-	-	-	-	-	(278,734)	-	-	-	(278,734)
Stock dividends	6,968	69,684	-	-	-	(69,684)	-	-	-	-
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	180,177	-	-	-	180,177
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax (Note 19)	-	-	-	-	-	-	948	-	-	948
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	180,177	948	-	-	181,125
Compensation cost of employee restricted shares (Note 19)	-	-	-	-	-	-	-	-	6,982	6,982
Employee restricted shares cancellation (Note 19)	(29)	(290)	130	(4,805)	-	-	-	-	3,365	(1,600)
BALANCE AT SEPTEMBER 30, 2024	<u>41,805</u>	<u>\$ 418,052</u>	<u>(\$ 50)</u>	<u>\$ 745,237</u>	<u>\$ 237,808</u>	<u>\$ 570,056</u>	<u>\$ 1,233</u>	<u>\$ -</u>	<u>(\$ 1,544)</u>	<u>\$ 1,970,792</u>

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 211,401	\$ 383,610
Adjustments for:		
Depreciation expenses	40,324	30,987
Amortization expenses	5,381	4,907
Expected credit loss	18,565	4,426
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(2,019)	1,896
Finance costs	882	49
Interest income	(22,963)	(21,634)
Dividend income	(1,747)	(540)
Compensation cost of employee restricted shares	6,982	24,267
Gain on disposal of property, plant and equipment	-	(1,200)
Gain on disposal of non-current assets held for sale	-	(42,916)
Unrealized gain on foreign currency exchange	(18,539)	(26,917)
Changes in operating assets and liabilities		
Accounts receivable	(20,739)	11,099
Other receivables	151	(19)
Prepayments	(136,263)	(41,402)
Other current assets	(33)	(49)
Contract liabilities	-	(143,576)
Accounts payable	(2,801)	(1,599)
Other payables	(147,246)	(52,603)
Other current liabilities	977	223
Cash generated from operations	(67,687)	129,009
Interest received	23,335	21,995
Dividend received	1,747	540
Interest paid	(882)	(49)
Income tax paid	(93,547)	(82,882)
Net cash (used in) generated from operating activities	(137,034)	68,613

(Continued)

	<u>Nine Months Ended September 30, 2024</u>	<u>Nine Months Ended September 30, 2023</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 1,008)	\$ -
Disposal of financial assets at fair value through other comprehensive income	-	956
Acquisition of financial assets at amortized cost	(203,876)	(140,411)
Disposal of financial assets at amortized cost	162,740	301,590
Disposal of financial assets at fair value through profit or loss	51,247	101,561
Disposal of non-current assets held for sale	-	141,767
Acquisition of property, plant and equipment	(75,182)	(29,490)
Disposal of property, plant and equipment	-	1,200
Increase in refundable deposits	(2,222)	(1,678)
Decrease in refundable deposits	-	56
Acquisition of intangible assets	(<u>10,299</u>)	(<u>3,722</u>)
Net cash (used in) generated from investing activities	(<u>78,600</u>)	<u>371,829</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(6,090)	(1,524)
Cash dividends paid	(278,734)	(253,584)
Payment for buy-back of employee restricted shares	(<u>1,600</u>)	(<u>200</u>)
Net cash used in financing activities	(<u>286,424</u>)	(<u>255,308</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>8,865</u>	<u>18,159</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(493,193)	203,293
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>849,121</u>	<u>546,776</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 355,928</u>	<u>\$ 750,069</u>

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

M31 Technology Corporation (the “Company”) was incorporated on October 21, 2011. The Company mainly offers Silicon IP design services in the integrated circuit industry.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since January 2019.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan Dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 6, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The application of the IFRSs Accounting Standards endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies.

- 3.2 IFRSs accounting standards recognized by the FSC applicable in 2025

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by International Accounting Standards Board (IASB)</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: Applicable for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, comparative periods shall not be restated. The impact shall be recognized in retained earnings or equity on the date of initial application as exchange differences for foreign operations (as appropriate) and the related assets and liabilities affected.

3.3 The IFRSs accounting standards issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the classification and measurements of financial instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 – comparison information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

As of the date of the consolidated financial statements were authorized for issue, the Group is still evaluating the impact of the amendments to each of the standards and interpretations on its financial position and financial performance. The related impact will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The consolidated financial statements do not present all required disclosures for a complete set of annual consolidated financial statements prepared under the IFRSs accounting standards.

4.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

4.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 11, Table 5, and Table 6 for the details, the ownership percentage, and the main business of subsidiaries.

4.4 Other significant accounting policies

Except for the following, please refer to the summary of significant accounting policies in the Company's consolidated financial statements for the year ended December 31, 2023.

1. The standard for distinguishing between current and non-current assets and liabilities
Current assets include:
 - (1) Assets held primarily for trading purposes;
 - (2) Assets expected to be realized within 12 months after the balance sheet date; and

- (3) Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

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

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

2. Income Tax Expense

The income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments, estimates and key sources of estimation uncertainty used in the Consolidated Financial Statements are the same as those used in the Consolidated Financial Statements for the year ended 2023.

6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 116	\$ 60	\$ 60
Checking accounts and demand deposits	292,512	381,306	327,309
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	63,300	467,755	422,700
	<u>\$ 355,928</u>	<u>\$ 849,121</u>	<u>\$ 750,069</u>

The market rates of cash in bank at balance sheet dates were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Bank deposits	0.050%~5.18%	0.050%~5.590%	0.050%~5.400%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Mandatorily measured at FVTPL			
Non-derivative financial assets			
— Fund beneficiary certificate	\$ 92,681	\$ 142,561	\$ 142,100
— Listed shares and emerging market shares	41,190	40,538	39,338
	<u>\$ 133,871</u>	<u>\$ 183,099</u>	<u>\$ 181,438</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in equity instrument

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Non-current</u>			
Domestic investment			
Unlisted stock			
Ordinary shares –			
Astro Circuit Design Co., Ltd.	\$ 1,008	\$ -	\$ -

The Group invested in the ordinary shares of Astro Circuit Design Co., Ltd. for a medium to long-term strategic purpose and expects to realize profits through long-term investment. The Group's management has chosen to designate these investments as fair value through other comprehensive income because the Group believes that the short-term fair value fluctuations of these investments in profit or loss would be inconsistent with the long-term investment plan.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months (Note 1)	<u>\$ 16,827</u>	<u>\$ 115,718</u>	<u>\$ 116,357</u>
<u>Non-current</u>			
Corporate Bonds (Note 2)	<u>\$ 293,750</u>	<u>\$ 147,520</u>	<u>\$ 123,992</u>

Note 1: The ranges of interest rates for time deposits with original maturities of more than 3 months were 4.890% ~ 5.300%, 1.400% ~ 4.890% and 1.400% ~ 4.220% as of September 30, 2024, December 31, 2023 and September 30, 2023.

Note 2: In September and October 2021, the Company purchased APPLE INC. bonds for NT\$53,664 thousand and NT\$26,254 thousand, respectively, with a maturity date of August 20, 2050, and a coupon rate of 2.400%; in October 2021, the Company purchased Petróleos Mexicanos bonds for NT\$28,905 thousand, with a maturity date of January 23, 2026, and a coupon rate of 4.500%; in November 2023, the Company purchased Chilean Government International Bonds for NT\$4,120 thousand, with a maturity date of April 15, 2053, and a coupon rate of 3.500%; in November 2023, the Company purchased Corporate Bonds issued by Electricite de France for NT\$12,979 thousand and NT\$13,110 thousand, respectively, with maturity date of September 21, 2048, and a coupon rate of 5.000%; in January 2024, the Company purchased Corporate Bonds issued by Saudi Arabia for NT\$27,482 thousand and NT\$30,295 thousand, with maturity dates of October 26, 2046 and January 16, 2054, and coupon rates of 4.500% and 5.750%, respectively; In April and May 2024, the Company purchased Cathay Life Insurance Bonds for \$15,000 thousand and \$63,140 thousand, with maturity dates of April 24, 2034 and May 9, 2034, and coupon rates of 3.700% and 5.800%, respectively; in May 2024, the Company purchased Chilean Government International Bonds for NT\$4,585 thousand, with a maturity date of April 15, 2053, and a coupon rate of 3.500%.

Note 3: For information on credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 27.

10. ACCOUNTS RECEIVABLE

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 408,072	\$ 383,474	\$ 331,287
Less: Allowance for impairment loss	(<u>26,906</u>)	(<u>9,670</u>)	(<u>12,381</u>)
	<u>\$ 381,166</u>	<u>\$ 373,804</u>	<u>\$ 318,906</u>

Accounts receivable

As provided by contracts, payments shall be received for services rendered by the Group within 30 to 120 days from the completion of each phase. In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable since the date the credit was initially granted to the balance sheet dates.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is

controlled by counterparty limits that are reviewed and approved by the key management personnel annually.

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

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecasted direction of economic conditions at the balance sheet dates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty, and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

September 30, 2024

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected Credit Losses rate	0%~0.29%	0%~1.54%	0%~6.85%	0%~10.55%	0%~12.26%	0%~100%	
Gross carrying amount	\$ 195,979	\$ 82,268	\$ 75,010	\$ 17,439	\$ 21,965	\$ 15,411	\$ 408,072
Loss allowance (lifetime ECL)	(564)	(1,264)	(5,135)	(1,840)	(2,692)	(15,411)	(26,906)
Amortized cost	<u>\$ 195,415</u>	<u>\$ 81,004</u>	<u>\$ 69,875</u>	<u>\$ 15,599</u>	<u>\$ 19,273</u>	<u>\$ -</u>	<u>\$ 381,166</u>

December 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected Credit Losses rate	0%~0.17%	0%~0.93%	0%~4.56%	0%~8.53%	0%~14.43%	0%~100%	
Gross carrying amount	\$ 250,130	\$ 70,420	\$ 39,315	\$ 6,141	\$ 13,080	\$ 4,388	\$ 383,474
Loss allowance (lifetime ECL)	(421)	(656)	(1,794)	(524)	(1,887)	(4,388)	(9,670)
Amortized cost	<u>\$ 249,709</u>	<u>\$ 69,764</u>	<u>\$ 37,521</u>	<u>\$ 5,617</u>	<u>\$ 11,193</u>	<u>\$ -</u>	<u>\$ 373,804</u>

September 30, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected Credit Losses rate	0%~0.29%	0%~1.43%	0%~7.20%	0%~8.99%	0%~11.20%	0%~100%	
Gross carrying amount	\$ 226,769	\$ 24,367	\$ 21,326	\$ 37,562	\$ 16,665	\$ 4,598	\$ 331,287
Loss allowance (lifetime ECL)	(656)	(348)	(1,536)	(3,376)	(1,867)	(4,598)	(12,381)
Amortized cost	<u>\$ 226,113</u>	<u>\$ 24,019</u>	<u>\$ 19,790</u>	<u>\$ 34,186</u>	<u>\$ 14,798</u>	<u>\$ -</u>	<u>\$ 318,906</u>

The movements of the loss allowance of accounts receivable were set out as follows:

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Balance, beginning of period	\$ 9,670	\$ 8,129
Add: Allowance for impairment loss	18,565	4,426
Less: Actual write-off for the period	(1,329)	-
Effect of exchange rate changes	-	(174)
Balance, end of period	<u>\$ 26,906</u>	<u>\$ 12,381</u>

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The subjects of the consolidated financial statements are set out as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	M31 Technology USA, INC.	Product marketing and technical services	100%	100%	100%	(1)
	Sirius Venture Ltd.	Investment holding	100%	100%	100%	(1)
	M31 Technologies India Private Ltd.	Technical services	100%	100%	100%	(2)
	Sirius Venture Ltd.	Product marketing and technical services	100%	100%	100%	(3)

Remark:

- (1) The main operational risk is the exchange rate risk.
- (2) M31 Technologies India Private Ltd. was established on May 26, 2023, with the approval of the Ministry of Corporate Affairs of India. However, as of September 30, 2024, the paid-in capital of the company is INR 500,000.
- (3) The main operational risks are the exchange rate risk and political risk led by changes in political policies and cross-strait relations.

12. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	<u>Land</u>	<u>Buildings</u>	<u>Office Equipment</u>	<u>Leasehold Improvements</u>	<u>Other Facilities</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 126,440	\$ 396,141	\$ 89,359	\$ 3,809	\$ 147,111	\$ 762,860
Additions	-	667	36,158	-	38,286	75,111
Disposal	-	-	(169)	-	(3,800)	(3,969)
Net exchange differences	-	-	10	-	111	121
Balance at September 30, 2024	<u>\$ 126,440</u>	<u>\$ 396,808</u>	<u>\$ 125,358</u>	<u>\$ 3,809</u>	<u>\$ 181,708</u>	<u>\$ 834,123</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 31,996	\$ 66,919	\$ 1,269	\$ 100,897	\$ 201,081
Depreciation expense	-	9,879	8,309	715	14,858	33,761
Disposal	-	-	(169)	-	(3,800)	(3,969)
Net exchange differences	-	-	10	-	5	15
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 41,875</u>	<u>\$ 75,069</u>	<u>\$ 1,984</u>	<u>\$ 111,960</u>	<u>\$ 230,888</u>
Carrying amounts at September 30, 2024	<u>\$ 126,440</u>	<u>\$ 354,933</u>	<u>\$ 50,289</u>	<u>\$ 1,825</u>	<u>\$ 69,748</u>	<u>\$ 603,235</u>
Carrying amounts at December 31, 2023, and January 1, 2024	<u>\$ 126,440</u>	<u>\$ 364,145</u>	<u>\$ 22,440</u>	<u>\$ 2,540</u>	<u>\$ 46,214</u>	<u>\$ 561,779</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 126,440	\$ 391,631	\$ 95,241	\$ 3,809	\$ 122,836	\$ 739,957
Additions	-	4,300	287	-	22,476	27,063
Disposal	-	-	(2,093)	-	-	(2,093)
Net exchange differences	-	-	16	-	30	46
Balance at September 30, 2023	<u>\$ 126,440</u>	<u>\$ 395,931</u>	<u>\$ 93,451</u>	<u>\$ 3,809</u>	<u>\$ 145,342</u>	<u>\$ 764,973</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 19,047	\$ 65,959	\$ 317	\$ 83,665	\$ 168,988
Depreciation expense	-	9,666	6,333	714	12,705	29,418
Disposal	-	-	(2,093)	-	-	(2,093)
Net exchange differences	-	-	16	-	7	23
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 28,713</u>	<u>\$ 70,215</u>	<u>\$ 1,031</u>	<u>\$ 96,377</u>	<u>\$ 196,336</u>
Carrying amounts at September 30, 2023	<u>\$ 126,440</u>	<u>\$ 367,218</u>	<u>\$ 23,236</u>	<u>\$ 2,778</u>	<u>\$ 48,965</u>	<u>\$ 568,637</u>

No impairments or reversal of losses were recognized for the nine months ended September 30, 2024 and 2023.

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

Buildings	5-50 years
Office Equipment	3-5 years
Leasehold Improvements	3 years
Other Facilities	3-6 years

13. LEASE AGREEMENTS

13.1 Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts			
Buildings	<u>\$ 18,501</u>	<u>\$ 11,056</u>	<u>\$ 4,238</u>
	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024
Additions to the right of use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,425</u>
Depreciation of right-of-use assets			Nine Months Ended September 30, 2023
Buildings	<u>\$ 2,455</u>	<u>\$ 379</u>	<u>\$ 6,563</u>
			<u>\$ 1,569</u>

Except for the aforementioned addition and recognized depreciation expenses, the Group has no significant subleasing and impairment losses in right-of-use assets for the nine months ended September 30, 2024 and 2023.

13.2 Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amounts			
Current	<u>\$ 9,287</u>	<u>\$ 4,756</u>	<u>\$ 2,135</u>
Non-current	<u>\$ 9,937</u>	<u>\$ 6,547</u>	<u>\$ 2,158</u>

Discount rate for lease liabilities is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.36%~9.15%	1.36%~8.00%	1.36%

13.3 Other lease information

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Expenses relating to short-term leases	<u>\$ 957</u>	<u>\$ 789</u>	<u>\$ 24,217</u>	<u>\$ 23,587</u>
Total cash outflow for leases	<u>(\$ 3,582)</u>	<u>(\$ 1,321)</u>	<u>(\$ 31,189)</u>	<u>(\$ 25,160)</u>

The Group has elected to apply the recognition exemption to buildings qualified as short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Lease commitments	\$ <u>456</u>	\$ <u>138</u>	\$ <u>305</u>

14. INTANGIBLE ASSETS

	Software	Other Intangible Assets	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ 36,336	\$ -	\$ 36,336
Separately acquired	6,460	3,839	10,299
Net exchange differences	<u>13</u>	<u>-</u>	<u>13</u>
Balance at September 30, 2024	<u>\$ 42,809</u>	<u>\$ 3,839</u>	<u>\$ 46,648</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ 24,200	\$ -	\$ 24,200
Amortization expense	5,189	192	5,381
Net exchange differences	<u>1</u>	<u>-</u>	<u>1</u>
Balance at September 30, 2024	<u>\$ 29,390</u>	<u>\$ 192</u>	<u>\$ 29,582</u>
Carrying amounts at September 30, 2024	<u>\$ 13,419</u>	<u>\$ 3,647</u>	<u>\$ 17,066</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 12,136</u>	<u>\$ -</u>	<u>\$ 12,136</u>
			<u>Software</u>
<u>Cost</u>			
Balance at January 1, 2023			\$ 28,754
Separately acquired			<u>3,722</u>
Balance at September 30, 2023			<u>\$ 32,476</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2023			\$ 17,667
Amortization expense			<u>4,907</u>
Balance at September 30, 2023			<u>\$ 22,574</u>
Carrying amounts at September 30, 2023			<u>\$ 9,902</u>

Intangible assets are amortized on a straight-line basis over estimated useful lives of 3 years.

Software	3 years
Other intangible assets	5 years

An analysis of amortization expense by function:

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Sales expenses	\$ 59	\$ -	\$ 86	\$ -
General and administrative expenses	1,101	778	2,957	2,231
Research and development expenses	916	710	2,338	2,676
	<u>\$ 2,076</u>	<u>\$ 1,488</u>	<u>\$ 5,381</u>	<u>\$ 4,907</u>

15. OTHER ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Prepayments	\$ 180,418	\$ 44,155	\$ 98,291
Temporary Payments	1,203	1,188	-
Refundable deposits	150	80	80
Others	40	7	182
	<u>\$ 181,811</u>	<u>\$ 45,430</u>	<u>\$ 98,553</u>
<u>Non-current</u>			
Refundable deposits	\$ 3,941	\$ 1,752	\$ 1,835
Prepayments	-	1,256	-
	<u>\$ 3,941</u>	<u>\$ 3,008</u>	<u>\$ 1,835</u>

16. ACCOUNTS PAYABLE

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Accounts payable</u>			
Operating	<u>\$ 2,022</u>	<u>\$ 4,738</u>	<u>\$ 526</u>

17. OTHER LIABILITIES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Other payables			
Payables for salaries or bonuses	\$ 36,947	\$ 188,977	\$ 82,720
Payables for annual leave	12,966	10,985	10,488
Payables for professional service fees	7,884	2,634	1,711
Payables for insurance	5,445	5,040	4,924
Payables for retirement benefits	6,035	5,042	4,870
Payables for purchases of equipment	86	1,414	3,339
Payables for business taxes	-	4,492	-
Others	10,027	8,935	21,935
	<u>\$ 79,390</u>	<u>\$ 227,519</u>	<u>\$ 129,987</u>
Other liabilities			
Collection	\$ 8,037	\$ 7,061	\$ 6,461
Temporary collection	1,266	1,228	1,291
	<u>\$ 9,303</u>	<u>\$ 8,289</u>	<u>\$ 7,752</u>

18. RETIREMENT BENEFIT PLANS

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. For subsidiaries located in other countries, the contributions to employees' individual pension accounts are made in accordance with local regulations.

19. EQUITY

19.1 Share capital

Ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (in thousands)	50,000	50,000	50,000
Shares authorized	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands)	41,805	34,866	34,866
Shares issued	<u>\$ 418,052</u>	<u>\$ 348,658</u>	<u>\$ 348,658</u>
Share capital pending cancellation	<u>\$ 50</u>	<u>\$ 180</u>	<u>\$ -</u>

For the nine months ended September 30, 2024, the full year of 2023 and the nine months ended September 30, 2023, the Company has recovered 16, 20 and 2 thousand employee restricted shares due to the termination of employment, respectively, please refer to Note 24.

19.2 Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Shares issuance premium	\$ 644,108	\$ 629,663	\$ 629,663
Treasury Shares Trading	17,313	17,313	17,313
Employee share options (2)	4,040	4,040	4,040
<u>Not to be used for any purpose</u>			
Employee restricted shares	79,776	99,026	104,531
	<u>\$ 745,237</u>	<u>\$ 750,042</u>	<u>\$ 755,547</u>

- (1) Such capital surplus may be used to offset losses, and may also be used to distribute cash or allocate share capital when the company has no losses, provided that the allocation of share capital is limited to a certain ratio of the paid-in share capital each year.
- (2) Such capital surplus refers to the amount transferred from Capital surplus — employee share options during the execution of employee share options.

19.3 Retained earnings and dividend policy

In accordance with the provisions of the Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized in the following order:

- (1) Paying taxes.
- (2) Offsetting deficits of previous years.
- (3) Setting aside as legal reserve 10% of the remaining profit until the amount of the accumulated legal reserve equals the amount of the Company's capital.
- (4) Setting aside or reversing a special reserve in accordance with the laws or the regulations of competent authorities.
- (5) The remaining balance shall be added to the accumulated undistributed earnings of the previous period and the board of directors shall prepare a proposal for the distribution of earnings. If the distribution is made by issuing new shares, a resolution shall be submitted to the shareholders' meeting for distribution. In the case of cash distribution, the board of directors is authorized to distribute all or part of the dividends and bonuses in the form of cash payment and report to the shareholders' meeting by a two-thirds of the directors attending the meeting and a resolution of a majority of the directors present.

In accordance with the Articles of Incorporation, the Company's dividend policy takes into account the Company's sustainable operation, stable growth, protection of shareholders' rights and interests, and healthy financial structure, and the Company's board of directors prepares a proposal for the appropriation of earnings based on future capital requirements and long-term financial planning. Total dividends to shareholders shall not be less than 2% of the appropriated earnings and may be paid in cash or in stock, with cash dividends not less than 10% of the total dividends.

The Company's Articles of Incorporation state the policies on the distribution of employees' compensation and remuneration of directors, refer to "Employees' compensation and remuneration of directors" in Note 21.7.

Legal reserve shall be appropriated until the remaining balance reaches the Company's total paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of 2023 and 2022 earnings were set out as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Legal reserve	<u>\$ 43,597</u>	<u>\$ 38,307</u>
Cash dividends	<u>\$ 278,734</u>	<u>\$ 253,584</u>
Stock dividends	<u>\$ 69,684</u>	<u>\$ 31,698</u>
Cash dividends per share (NT\$)	\$ 8.0	\$ 8.0
Stock dividends per share (NT\$)	\$ 2.0	\$ 1.0

The above cash dividends were resolved for distribution by the Board of Directors on March 6, 2024, and February 23, 2023, respectively. The distribution of remaining appropriation earnings items were approved by the general shareholders' meeting on May 27, 2024, and May 24, 2023, respectively.

The earnings of the Company and Subsidiaries are distributed in accordance with the articles of incorporation of each company and are not subject to contractual restrictions.

19.4 Other equity items

(1) Exchange differences on translating the financial statements of foreign operations

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Balance, beginning of period	<u>\$ 285</u>	<u>\$ 400</u>
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	1,185	1,884
Income tax on translating the financial statements of foreign operations	(237)	(377)
Other comprehensive income (loss) for the period	<u>948</u>	<u>1,507</u>
Balance, end of period	<u>\$ 1,233</u>	<u>\$ 1,907</u>

(2) Unrealized gain (loss) on financial assets at FVTOCI

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Balance, beginning of period	<u>\$ -</u>	<u>\$ 667</u>
Recognized for the period		
Unrealized gain(loss)		
Equity instruments	<u>-</u>	<u>134</u>
Other comprehensive income (loss)		
for the period	<u>-</u>	<u>134</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(801)</u>
Balance, end of period	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(3) Unearned employee benefits

In the meeting of shareholders on August 5, 2021, the Shareholders approved a restricted share plan for employees (see Note 24).

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Balance, beginning of period	<u>(\$ 11,891)</u>	<u>(\$ 42,200)</u>
Share-based payment expenses recognized	6,982	24,267
Employee restricted shares cancellation	<u>3,365</u>	<u>467</u>
Balance, end of period	<u><u>(\$ 1,544)</u></u>	<u><u>(\$ 17,466)</u></u>

20. REVENUE

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Technical service revenue	<u>\$ 296,909</u>	<u>\$ 345,381</u>	<u>\$ 961,190</u>	<u>\$ 872,284</u>
Royalty revenue	<u>84,969</u>	<u>87,108</u>	<u>192,136</u>	<u>220,964</u>
	<u><u>\$ 381,878</u></u>	<u><u>\$ 432,489</u></u>	<u><u>\$ 1,153,326</u></u>	<u><u>\$ 1,093,248</u></u>

20.1 Contract information

(1) Technical service revenue

The department of Silicon IP design service signs contracts based on which the Group offers Silicon IP design service, and the customers shall pay the transaction price when the Group satisfies the performance obligation.

(2) Royalty revenue

Royalty revenue refers to the contract-based royalties received by the Group through licensing standardized Silicon IP to customers for mass production.

20.2 Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Accounts receivable (Note 10)	<u>\$ 381,166</u>	<u>\$ 373,804</u>	<u>\$ 318,906</u>	<u>\$ 325,217</u>
Contract liabilities – current				
Technical service revenue	<u>\$ 28,151</u>	<u>\$ 28,151</u>	<u>\$ 122,614</u>	<u>\$ 266,190</u>

The changes in the contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. The changes for the nine months ended September 30, 2024 and 2023 are as follows:

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Balance, beginning of period	\$ 28,151	\$266,190
Contract liabilities from the beginning of year recognized as revenue	<u>-</u>	<u>(143,576)</u>
Balance, end of period	<u>\$ 28,151</u>	<u>\$122,614</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

The net profit from continuing operations comprises the following items:

21.1 Interest income

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Financial assets at amortized cost	\$ 3,399	\$ 920	\$ 8,486	\$ 2,688
Bank deposits	3,310	6,065	14,476	18,946
Impute interest on deposits	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>\$ 6,709</u>	<u>\$ 6,985</u>	<u>\$ 22,963</u>	<u>\$ 21,634</u>

21.2 Other income

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Dividend income	\$ 1,747	\$ 540	\$ 1,747	\$ 540
Other income	<u>1,200</u>	<u>353</u>	<u>2,121</u>	<u>511</u>
	<u>\$ 2,947</u>	<u>\$ 893</u>	<u>\$ 3,868</u>	<u>\$ 1,051</u>

21.3 Other gains and losses

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net foreign exchange (losses) gains	(\$ 22,188)	\$ 29,714	\$ 29,308	\$ 40,819
Net (losses) gains from financial assets at fair value through profit or loss	(330)	(2,361)	2,019	(1,896)
Gain on disposal of non-current assets held for sale	-	-	-	42,916
Gains on disposal of property, plant and equipment	-	-	-	1,200
Others	(2)	-	(3)	(2)
	<u>(\$ 22,520)</u>	<u>\$ 27,353</u>	<u>\$ 31,324</u>	<u>\$ 83,037</u>

21.4 Finance costs

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Interest on lease liabilities	<u>\$ 312</u>	<u>\$ 15</u>	<u>\$ 882</u>	<u>\$ 49</u>

21.5 Depreciation and amortization

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
An analysis of depreciation by function				
Operating expenses	<u>\$ 14,643</u>	<u>\$ 10,465</u>	<u>\$ 40,324</u>	<u>\$ 30,987</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 2,075</u>	<u>\$ 1,488</u>	<u>\$ 5,380</u>	<u>\$ 4,907</u>

21.6 Employee benefits expenses

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Short-term employee benefits	\$ 177,324	\$ 170,658	\$ 514,118	\$ 454,567
Post-employment benefits				
Defined contribution plans	5,643	5,157	16,905	15,169

(Continued)

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Share-based payment				
Equity-settled	\$ 1,335	\$ 7,287	\$ 6,982	\$ 24,267
Other employee benefits				
Labor and health insurance	9,572	7,959	30,332	25,080
Other employee benefits	<u>5,394</u>	<u>4,068</u>	<u>12,351</u>	<u>9,896</u>
Total employee benefits expenses	<u>\$ 199,268</u>	<u>\$ 195,129</u>	<u>\$ 580,688</u>	<u>\$ 528,979</u>
An analysis of employee benefits expense by function				
Operating expenses	<u>\$ 199,268</u>	<u>\$ 195,129</u>	<u>\$ 580,688</u>	<u>\$ 528,979</u>

21.7 Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, are set out as follows:

Accrual rate

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Employees' compensation	1.20%	1.21%
Remuneration of directors	1.10%	1.21%

Amount

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Employees' compensation	<u>\$ 380</u>	<u>\$ 2,260</u>	<u>\$ 2,560</u>	<u>\$ 4,740</u>
Remuneration of directors	<u>\$ 350</u>	<u>\$ 2,260</u>	<u>\$ 2,340</u>	<u>\$ 4,740</u>

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

The employees' compensation and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 27, 2024 and February 23, 2023, respectively, were set out as follows:

Amount

	Year Ended December 31, 2024	Year Ended December 31, 2023
	Cash	Cash
Employees' compensation	\$ 6,300	\$ 5,450
Remuneration of directors	\$ 5,600	\$ 4,900

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

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

21.8 Gains or losses on foreign currency exchange

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Foreign exchange gains	(\$ 7,887)	\$ 37,993	\$ 95,945	\$ 88,589
Foreign exchange losses	(14,301)	(8,279)	(66,637)	(47,770)
Net (losses) gains	(\$ 22,188)	\$ 29,714	\$ 29,308	\$ 40,819

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

22.1 Income tax recognized in profit or loss

The major components of income tax expense are set out as follows:

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Current Tax				
In respect of the current period	\$ 7,357	\$ 23,946	\$ 29,554	\$ 51,178
Adjustments for prior year	-	-	(2,587)	(1,587)
Non-deductible foreign tax	-	-	1,385	6,182
	7,357	23,946	28,352	55,773
Deferred Tax				
In respect of the current period	(3,857)	3,660	2,872	5,687
Income tax expense recognized in profit or loss	\$ 3,500	\$ 27,606	\$ 31,224	\$ 61,460

22.2 Income tax recognized in other comprehensive income

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
<u>Deferred Tax</u>				
In respect of the current period				
— Translation of foreign operations	(\$ 250)	\$ 285	\$ 237	\$ 377
Income tax recognized in other comprehensive income	(\$ 250)	\$ 285	\$ 237	\$ 377

22.3 Income tax assessments

The tax authorities have examined income tax returns of the Company through 2022. The Group has no pending tax litigation as of September 30, 2024.

23. EARNINGS PER SHARE

	Unit: NT\$ Per Share			
	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Basic earnings per share				
From continuing operations	\$ 0.67	\$ 3.71	\$ 4.33	\$ 7.78
Diluted earnings per share				
From continuing operations	\$ 0.67	\$ 3.67	\$ 4.31	\$ 7.71

When calculating earnings per share, the impact of stock dividends has been retroactively adjusted. The record date for the stock dividends was set on July 1, 2024. Due to this retroactive adjustment, the changes in basic and diluted earnings per share for the three months ended September 30, 2023, and for the nine months ended September 30, 2023, are as follows:

	Unit: NT\$ Per Share			
	<u>Before retrospective adjustments</u> Three Months Ended September 30, 2024	<u>Three Months</u> Ended September 30, 2023	<u>After retrospective adjustment</u> Nine Months Ended September 30, 2024	<u>Nine Months</u> Ended September 30, 2023
Basic earnings per share	\$ 4.45	\$ 9.34	\$ 3.71	\$ 7.78
Diluted earnings per share	\$ 4.41	\$ 9.25	\$ 3.67	\$ 7.71

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share are set out as follows:

Net Profit for the Period

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net profit used in the computation of basic and diluted earnings per share	\$ 28,009	\$ 153,575	\$ 180,177	\$ 322,150

Number of Shares (in thousands of shares)

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	41,649	41,396	41,612	41,389
Effect of potentially dilutive ordinary shares:				
Employee restricted shares	53	406	192	404
Employees' compensation	3	6	4	8
Weighted average number of ordinary shares used in the computation of diluted earnings per share	41,705	41,808	41,808	41,801

If the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per shares, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Restricted Shares

Information regarding the issuance of new employee restricted shares is as follows:

Date of Approval of Shareholders' Meeting	Estimated Number of Shares to be Issued (In Thousands)	Number of Shares Resolved by the Board of Directors (In Thousands)	Shares Granted Date	Capital Increase Date	Actual Number of Shares Issued (In Thousands)	Fair Value at the Date of Shares Granted
08/05/2021	400	300	08/27/2021	09/23/2021	288	\$ 333.5
08/05/2021	400	112	05/06/2022	06/28/2022	110	280.5

On August 5, 2021, the shareholders' meeting of the Company resolved to issue new employee restricted shares in the amount of NT\$4,000 thousand, with 400 thousand shares issued, and the issuance method is as follows:

After employees are allotted new employee restricted shares, they will receive the new shares in accordance with the following schedule and in proportion to the shares they have acquired upon the expiration of their term of office and if their performance in that year during the vesting period is up to the expectations.

Vested Period	Proportion of Vested Shares
Two years from the date of grant	50%
Three years from the date of grant	50%

In the event that employees do not meet the vesting conditions or inheritance occurs:

24.1 General termination of employment (voluntary/retirement/layoff/dismissal/retention without pay)

The Company may buy-back the new employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

24.2 Disability, death due to an occupational disaster or general death

- (1) If the employee is unable to continue to work due to a physical disability caused by an occupational disaster, the employee may acquire all of the new employee restricted shares not yet vested upon termination of employment.
- (2) If the employee dies as a result of an occupational disaster or dies in general, the unvested new employee restricted shares are deemed to be fully vested. The successor may apply to receive his or her shares or disposed interests after completing the necessary legal procedures and providing relevant documents.

24.3 Transfer to affiliates

- (1) If the employee requests to transfer to an affiliated company, the Company may buy-back the new employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.
- (2) If the Company approves the transfer to an affiliate for operational reasons, the rights and obligations of the unvested new employee restricted shares shall not be affected, but shall still be in accordance with these terms and conditions provided that the performance shall be re-measured after the transfer to the affiliate; and the period of vesting shall continue to work for the affiliate or the Company, otherwise the vesting conditions shall be deemed not to be met and the Company may buy-back the new employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

24.4 Employees who have committed gross negligence such as violating labor contracts or work rules

After the employee has acquired the new employee restricted shares granted by the Company, in the event of a violation of Terms of Agreement, the Trust Deed, the Labor Contract, the Non-Disclosure Agreement, the Corporate Governance Practices Principles, the Ethical Corporate Management Practices Principles, the Code of Ethical Conduct, the Information Security Rules, the Non-competition Agreement and the Work Rules, the Company may buy-back the employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

The Company will proceed with the cancellation of the new employee restricted shares bought back by the Company at the issue price.

The restrictions on the entitlement to shares before the vesting condition is satisfied after the employee has been allotted or subscribed for new shares are as follows:

- (1) The employee may not sell, pledge, transfer, donate, set up, or otherwise dispose of the new employee restricted shares before the vesting condition is met.
- (2) Until the vesting conditions are met, the new employee restricted shares may still participate in the allotment and dividend distribution.
- (3) Upon the issuance of new employee restricted shares, employees shall immediately deliver them to the Trust and shall not request the Trustee to return the new employee restricted shares for any reason or in any manner until the vested conditions have been fulfilled.

Other contractual matters are as follows:

Restrictions on employee rights during delivery of new shares to the Trust, the Company shall act as the exclusive agent of the employees (including but not limited) in negotiating, signing, amending, extending, cancelling and terminating the Trust Deed and the delivery, use and disposal instructions of the Trust Property with the Stock Trust.

The circumstances of the grant of new employee restricted shares described above are summarized as follows:

	<u>2021-1 Employee Restricted Shares</u> (In Thousands)	<u>2021-2 Employee Restricted Shares</u> (In Thousands)
<u>Nine months ended September 30, 2024</u>		
Shares outstanding at the beginning of the period	126	98
Shares vested for the period	(114)	(47)
Shares cancelled for the period	(7)	(4)
Shares pending cancellation for the period	(<u>2</u>)	(<u>3</u>)
Shares outstanding at the end of the period	<u>3</u>	<u>44</u>
Employees shares vested	<u>250</u>	<u>47</u>
Weighted-average fair value of shares granted (NTD)	<u>\$ 333.5</u>	<u>\$ 280.5</u>

	2021-1 Employee Restricted Shares (In Thousands)	2021-2 Employee Restricted Shares (In Thousands)
<u>Nine months ended September 30, 2023</u>		
Shares outstanding at the beginning of the period	276	104
Shares vested for the period	(136)	-
Shares pending cancellation for the period	(2)	-
Shares outstanding at the end of the period	<u>138</u>	<u>104</u>
Employees shares vested	<u>136</u>	<u>-</u>
Weighted-average fair value of shares granted (NTD)	<u>\$ 333.5</u>	<u>\$ 280.5</u>

For the nine months ended September 30, 2024 and 2023, 16 and 2 thousand employee restricted shares have been recovered due to employee termination, respectively; but for the nine months ended September 30, 2024, there are still 5 thousand shares for which the Board of Directors has resolved to reduce the capital on the basis of November 13, 2024. However, the registration of the change of the Ministry of Economic Affairs has not been completed, so it is temporarily listed under share capital pending cancellation.

For the nine months ended September 30, 2024 and 2023, the compensation costs recognized for the new employee restricted shares were NT\$6,982 thousand and NT\$24,267 thousand, respectively.

25. CASH FLOW INFORMATION

25.1 Non-cash transactions

Except as disclosed in other notes, the Group conducted the following non-cash transaction investment and financing activities for the nine months ended September 30, 2024 and 2023:

On September 30, 2024, December 31, 2023, and September 30, 2023, the Group respectively acquired property, plant and equipment of \$86 thousand, \$1,414 thousand, and \$3,339 thousand, which are recognized as payables for purchase of equipment. Please refer to Note 17.

25.2 Changes in liabilities arising from financing activities

Nine Months Ended September 30, 2024

			Non-cash Changes		
	January 1, 2024	Cash Flows	New Leasing	Exchange Rate Changes	September 30, 2024
Lease liabilities	<u>\$ 11,303</u>	<u>(\$ 6,090)</u>	<u>\$ 13,425</u>	<u>\$ 586</u>	<u>\$ 19,224</u>

Nine Months Ended September 30, 2023

			Non-cash Changes		
	January 1, 2023	Cash Flows	New Leasing	Exchange Rate Changes	September 30, 2023
Lease liabilities	<u>\$ 2,068</u>	<u>(\$ 1,524)</u>	<u>\$ 3,574</u>	<u>\$ 175</u>	<u>\$ 4,293</u>

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of issued ordinary shares, capital surplus, retained earnings and other equity.

The Group is not subject to any externally imposed capital requirements.

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the number of new shares issued.

27. FINANCIAL INSTRUMENTS

27.1 Fair value of financial instruments not measured at fair value

September 30, 2024

	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost — Corporate Bonds	\$293,750	\$270,173	\$ -	\$ -	\$270,173

December 31, 2023

	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost — Corporate Bonds	\$147,520	\$121,795	\$ -	\$ -	\$121,795

September 30, 2023

	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost—					
Corporate Bonds	\$123,992	\$84,957	\$ -	\$ -	\$84,957

27.2 Fair value of financial instruments measured at fair value on a recurring basis

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Beneficiary certificate of funds	\$ 92,681	\$ -	\$ -	\$ 92,681
Listed shares	41,190	-	-	41,190
	<u>\$ 133,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,871</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Beneficiary certificate of funds	\$ 142,561	\$ -	\$ -	\$ 142,561
Listed shares	40,538	-	-	40,538
	<u>\$ 183,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,099</u>

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Beneficiary certificate of funds	\$ 142,100	\$ -	\$ -	\$ 142,100
Listed shares	39,338	-	-	39,338
	<u>\$ 181,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,438</u>

There were no transfers between levels 1 and 2 for the nine months ended September 30, 2024 and 2023.

27.3 Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 133,871	\$ 183,099	\$ 181,438
Amortized cost (1)	1,055,693	1,492,582	1,315,134
FVTOCI			
Investment in equity instrument	1,008	-	-
<u>Financial liabilities</u>			
Amortized cost (2)	20,019	22,213	27,511

- (1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost – current, accounts receivable, other receivables, and refundable deposits (recognized in other current assets and other non-current assets), and financial assets carried at amortized cost – non-current.
- (2) The balances include financial liabilities measured at amortized cost, which comprise accounts payable and other payables (not including payables for salaries or bonuses, payables for annual leave, payables for retirement benefits, and payables for insurance).

27.4 Financial risk management objectives and policies

The Group's major instruments include equity investments, accounts receivable, accounts payable, and lease liabilities. The Group's corporate financial management function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate financial management function reports quarterly to the board of directors, which functions to monitor risks and policies implemented to mitigate risk exposures.

(1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (1.1) below), interest rates (refer to (1.2) below), and other price risks (refer to (1.3) below).

(1.1) Foreign currency risks

The Group has foreign currency denominated service transactions, which expose the Group to foreign currency risk.

The carrying amounts of the Group's non-functional currency denominated monetary assets and monetary liabilities (including the non-functional currency monetary items that have been written off in the consolidated financial statement) at the balance sheet dates are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuation of the United States Dollar (USD).

The following table details the Group's sensitivity to a 1% increase/decrease in the New Taiwan dollar (NTD, the functional currency) against the USD. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency weakening 1% against the USD. For a 1% strengthening of the functional currency against the USD, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Profit or loss	\$ 8,243	\$ 8,744

The aforementioned profit or loss mainly results from the exposure on outstanding USD denominated bank deposits and accounts receivable at the balance sheet dates.

The Group's sensitivity to foreign currency decreased during the current period, mainly due to the decrease in bank deposits denominated in US dollars during this period.

(1.2) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the balance sheet dates are set out as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
— Financial assets	\$ 373,877	\$ 730,993	\$ 663,049
— Financial liabilities	19,224	11,303	4,293
Cash flow interest rate risk			
— Financial assets	288,146	378,163	324,290
— Financial liabilities	-	-	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the balance sheet dates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 100 basis points increase/decrease and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023, would increase by NT\$2,161 thousand and NT\$2,432 thousand, respectively, mainly resulting from the Group's variable-rate bank deposits.

The Group's sensitivity to interest rates decreased during the current period mainly due to the decrease in variable-rate bank deposits.

(1.3) Other price risk

The Group was exposed to equity price risk mainly through its investments in equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet dates.

If equity prices had been 1% higher/lower, the pre-tax profit for the nine months ended September 30, 2024 and 2023, would have increased/decreased by NT\$1,339 thousand and NT\$1,814 thousand, respectively, resulting from the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the nine months ended September 30, 2024, would have increased/decreased by NT\$10 thousand, resulting from the changes in fair value of financial assets at FVTOCI.

(2) Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the balance sheet dates, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation (not considering collaterals or other credit enhancement instruments, and the irrevocable maximum amount of risk exposure), mainly arises from the carrying amount of the recognized financial assets as stated in the consolidated balance sheets. The Group has adopted a policy of only dealing with creditworthy counterparties.

To reduce credit risks, the Group's management personnel shall appoint a dedicated team to determine the credit limit, conduct credit examination and approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue receivables. Moreover, the Group shall review the recovery of each receivable on each balance sheet date to ensure that adequate allowances are

made for unrecoverable receivables. Therefore, the Group's management believes that the Group's credit risk has been greatly reduced.

The credit risk management of investments in debt instruments with financial assets measured at amortized cost is as follows.

The Company's policy is to invest only in debt instruments with a credit rating of investment grade or higher and with low credit risk in terms of impairment assessment. Credit rating information is provided by independent rating agencies. The Company continuously tracks external rating information to monitor changes in the credit risk of the debt instruments it invests in, and also reviews other information such as bond yield curves and material information about the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

The Company measures the expected 12-month credit loss or expected credit loss over the life of the debt instruments by taking into account the historical default rate and default loss rate of various grades provided by external rating agencies, the debtor's current financial condition and the outlook of the industry in which the debtor is engaged. The Company's current credit risk rating mechanism is as follows:

Credit Rating	Definition	Expected Credit Loss Recognition Basis	Expected Credit Loss Rate
Good	The credit risk of the debtor is low, and the debtor has sufficient ability to settle the contractual cash flows	12-month expected credit loss	-

The Group's concentration of credit risk was mainly attributable to the Group's three largest customers, which accounted for 23%, 52% and 14% of total accounts receivable as of September 30, 2024, December 31, 2023 and September 30 2023, respectively.

(3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

(3.1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including both principal cash and interest) of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

September 30, 2024

	Less than 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 20,019	\$ -	\$ -	\$ -
Lease liabilities	<u>2,611</u>	<u>7,579</u>	<u>10,310</u>	<u>-</u>
	<u>\$ 22,630</u>	<u>\$ 7,579</u>	<u>\$ 10,310</u>	<u>\$ -</u>

Additional information about the maturity analysis of the financial liabilities is as follows:

	Less than 1 Year	1 to 5 Years	Over 5 Years
Lease liabilities	<u>\$ 10,190</u>	<u>\$ 10,310</u>	<u>\$ -</u>

December 31, 2023

	Less than 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 22,213	\$ -	\$ -	\$ -
Lease liabilities	<u>1,306</u>	<u>3,981</u>	<u>6,863</u>	<u>-</u>
	<u>\$ 23,519</u>	<u>\$ 3,981</u>	<u>\$ 6,863</u>	<u>\$ -</u>

Additional information about the maturity analysis of the financial liabilities is as follows:

	Less than 1 Year	1 to 5 Years	Over 5 Years
Lease liabilities	<u>\$ 5,287</u>	<u>\$ 6,863</u>	<u>\$ -</u>

September 30, 2023

	Less than 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 27,511	\$ -	\$ -	\$ -
Lease liabilities	<u>538</u>	<u>1,641</u>	<u>2,173</u>	<u>-</u>
	<u>\$ 28,049</u>	<u>\$ 1,641</u>	<u>\$ 2,173</u>	<u>\$ -</u>

Additional information about the maturity analysis of the financial liabilities is as follows:

	Less than 1 Year	1 to 5 Years	Over 5 Years
Lease liabilities	<u>\$ 2,179</u>	<u>\$ 2,173</u>	<u>\$ -</u>

28. TRANSACTIONS WITH RELATED PARTIES

The transactions, balances, gains and losses between the Company and its subsidiaries (which are related parties of the Company) have been written off in full upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

Compensation of key management personnel

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Short-term employee benefits	\$ 6,400	\$ 5,974	\$ 23,203	\$ 14,757
Post-employment benefits	108	135	432	405
Share-based payment	181	428	726	1,498
	<u>\$ 6,689</u>	<u>\$ 6,537</u>	<u>\$ 24,361</u>	<u>\$ 16,660</u>

The remuneration of directors and key management personnel, as determined by the remuneration committee, was based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	<u>\$ 406,383</u>	<u>\$ 411,156</u>	<u>\$ 412,747</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2024

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
<u>Monetary items</u>			
USD	\$ 26,281	31.650 (USD : NTD)	\$ 831,794
CNY	776	4.523 (CNY : NTD)	3,510
Financial liabilities			
<u>Monetary items</u>			
USD	235	31.650 (USD : NTD)	7,438

December 31, 2023

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
<u>Monetary items</u>			
USD	\$ 34,193	30.705 (USD : NTD)	\$ 1,049,896
CNY	1,418	4.327 (CNY : NTD)	6,136
Financial liabilities			
<u>Monetary items</u>			
USD	398	30.705 (USD : NTD)	12,221

September 30, 2023

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
<u>Monetary items</u>			
USD	\$ 27,560	32.270 (USD : NTD)	\$ 889,361
CNY	1,449	4.415 (CNY : NTD)	6,397
Financial liabilities			
<u>Monetary items</u>			
USD	465	32.270 (USD : NTD)	15,006

The significant unrealized foreign exchange gains (losses) were as follows:

	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Gains
USD	32.301 (USD : NTD)	(\$ 21,700)	31.684 (USD : NTD)	\$ 16,375
	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains	Exchange Rate	Net Foreign Exchange Gains
USD	32.034 (USD : NTD)	\$ 18,539	30.928 (USD : NTD)	\$ 26,917

31. SEPARATELY DISCLOSED ITEMS

31.1 Significant transactions and 31.2 Information about investees:

- (1) Financing provided to others: None.
- (2) Endorsements/guarantees provided: None.
- (3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Table 1.

- (4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (9) Trading in derivative instruments: None.
- (10) Others: intercompany relationships and significant intercompany transactions: Table 3.
- (11) Information on investees: Table 4.

31.3 Information on investments in mainland China

- (1) The name of the investee company in mainland China, the principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss, recognized investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5.
- (2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 5.
 - (2.1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2.2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (2.3) The amount of property transactions and the amount of the resultant gains or losses.
 - (2.4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (2.5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - (2.6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

31.4 Major shareholder information: The name, shares and percentage of shareholding of shareholders whose percentage of ownership is more than 5%.

Shareholder Name	Share	
	Shares Held (Shares)	Percentage of Ownership (%)
Huey-Ling Chen	8,928,647	21.35%
Jui-Chun Investment Company Ltd.	2,179,384	5.21%

32. SEGMENT INFORMATION

32.1 Industrial financial information

The Group is regarded as a significant operating segment that offers services of Silicon IP design. Furthermore, the Group's chief operating decision maker reviews the Group's financial reports for resources allocation and performance assessment. Therefore, the operational information does not need to be disclosed by segments.

TABLE 1

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars, Thousands of Shares/Units)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u>							
	Fubon Financial Holding Co., Ltd. (Type C)	—	Financial assets at fair value through profit or loss — current	300	\$ 15,690	-	\$ 15,690	—
	China Development Financial Holding Corporation (Type B)	—	Financial assets at fair value through profit or loss — current	3,400	25,500	-	25,500	—
	Astro Circuit Design Co., Ltd.	—	Financial assets at fair value through other comprehensive income — non-current	63	1,008	4.99	1,008	—
	<u>Fund beneficiary certificate</u>							
	Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss — current	4,394	61,928	-	61,928	—
	FSITC Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss — current	1,933	30,753	-	30,753	—
	<u>Corporate Bond</u>							
	APPLE INC.	—	Financial assets at amortized cost — non-current	-	89,656	-	62,449	—
	Petróleos Mexicanos	—	Financial assets at amortized cost — non-current	-	31,907	-	30,444	—
	Saudi Arabia	—	Financial assets at amortized cost — non-current	-	27,994	-	27,924	—
	Saudi Arabian International	—	Financial assets at amortized cost — non-current	-	30,799	-	32,109	—
	Electricite de France	—	Financial assets at amortized cost — non-current	-	26,373	-	29,735	—
	Chilean Government International	—	Financial assets at amortized cost — non-current	-	8,721	-	9,554	—
	The First Issue of 2024 for unsecured Cumulative Subordinated Corporate Bonds of Cathay Life Insurance Co., Ltd.	—	Financial assets at amortized cost — non-current	-	15,000	-	14,974	—
	The Second Issue of 2024 for US-dollar-denominated unsecured cumulative subordinated corporate Bonds of Cathay Life Insurance Co., Ltd	—	Financial assets at amortized cost — non-current	-	63,300	-	62,984	—

Note: For relevant information on investment in subsidiaries, please refer to Table 4 and Table 5.

TABLE 2

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLIONS OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company	Counterparty	Relationship	Transaction Details				The Transaction Terms Different from Normal Transactions		Notes& Accounts Receivable (Payable)		Note
			Purchase (Sales)	Amount	Percentage of Total Purchase (Sales)	Credit Terms	Unit Price	Credit Terms	Balance	Percentage of Total Notes& Accounts Receivable and Notes&Accounts Payable	
The Company	M31 Technology USA, INC.	Subsidiaries	Sales	\$ 164,889	14.38%	30~90 Days	\$ -	—	\$ 82,505	20.00%	—

Note: If the terms of the related party transaction are different from the normal terms of the transaction, the differences and the reasons for the differences should be described in the columns of unit price and credit period.

TABLE 3

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
0	M31 Technology Corporation	M31 Technology USA, INC.	1	Service revenue	\$164,889	Decided by mutual agreement based on market price	14
1	M31 Technology USA, INC.	M31 Technology Corporation	1	Accounts receivable— related-party	82,505	Net 90 days from the end of the transaction month	4
			2	Accounts receivable— related-party	4,073	Net 30 days from the end of the transaction month	-
			2	Marketing revenue	45,618	Decided by mutual agreement based on market price	4
2	M31 Technology (Shanghai) Inc	M31 Technology Corporation	2	Marketing revenue	22,855	Decided by mutual agreement based on market price	2
			2	Accounts receivable— related-party	3,087	Net 30 days from the end of the transaction month	-
			1	Accounts receivable— related-party	8,723	Net 30 days from the end of the transaction month	-
3	M31 Technologies India Private Ltd.	M31 Technology Corporation	2	Unearned sales revenue —related-party	3,010	According to the contract terms	-
			2	Technical service revenue	63,496	Decided by mutual agreement based on market price	6

Note 1: Transactions between parent company and subsidiaries should be detailed on the column of No. The meaning of the numbers are as follow:

- (1) Number 0 represents the parent company.
- (2) Subsidiaries are numbered in sequence from Number 1.

Note 2: The transaction relationships are classified as the following three types. Just mark the number of the relationship type:

- (1) Transactions from parent company to subsidiary.
- (2) Transactions from subsidiary to parent company.
- (3) Transactions from subsidiary to subsidiary.

Note 3: In the computation of percentage of consolidated revenue/assets, if the amount is the ending balance of assets or liabilities, the accounts percentage will be calculated by dividing the consolidated assets; if the amount is the amount of income or expense, the accounts percentage will be cumulated by dividing the consolidated revenues in the same period.

Note 4: This form is presented in New Taiwan Dollar (NTD). The amount that involves foreign currencies will be translated into NTD at the exchange rate on balance sheet dates, while the amount related to gains and losses are translated into NTD at the average exchange rate in the first, second, and third quarters.

Note 5: This table only shows one-way transaction information. The above transactions have been written off when the consolidated financial statement was prepared.

TABLE 4

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Company	M31 Technology USA, INC.	USA	Product marketing and technical service	\$ 30,416	\$ 30,416	1,000,000	100	\$ 44,569	\$ 5,369	\$ 5,369	Subsidiaries accounted by USD
	Sirius Venture Ltd.	Republic of Seychelles	Investment Holdings	5,364	5,364	167,000	100	3,687	1,560	1,560	Subsidiaries accounted by USD
	M31 Technologies India Private Limited	India	Technical service	194	194	49,990	100	9,483	7,959	7,959	Subsidiaries accounted by INR

Note 1: The above transactions have been written off when the consolidated financial statement was prepared.

Note 2: For relevant information on investee companies in mainland China, please refer to Table 5.

TABLE 5

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars or United States Dollars)**

1. The name of investee companies in mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment gain or loss, carrying amount of the investment, repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 and Note 3)	Carrying Amount as of September 30, 2024 (Note 2 and Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2024	Note
					Outward	Inward							
M31 Technology (Shanghai) Inc.	Product marketing and technical service	USD 100	(2)	\$ 3,340	\$ -	\$ -	\$ 3,340	\$ 1,560	100%	\$ 1,560	\$ 3,654	\$ -	—

2. Limit on the amount of investment in the mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$3,340	\$3,340	\$1,182,475

Note 1: Three investment methods are listed below. Just mark the method number.

- (1) Direct investment in mainland China companies.
- (2) Indirect investment in mainland China companies through a company in a third region (Sirius Venture Ltd.).
- (3) Other methods of investing in mainland China.

Note 2: Columns for the current Investment Gain (Loss) and the Carrying Value as of September 30, 2024:

Sirius Venture Ltd. had recognized the Investment Loss on the investment in the Investee Company M31 Technology (Shanghai) Inc. for the nine months ended September 30, 2024, and the carrying value as of September 30, 2024.

Note 3: Calculated based on the reviewed quarterly financial report of the parent company in Taiwan.

Note 4: The above transactions have been written off when the consolidated financial statement was prepared.

3. Significant transaction with investee companies in mainland China, either directly or indirectly through a third party:

- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
- (3) The amount of property transactions and the amount of the resultant gains or losses: None.
- (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.
- (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.