

**Aethertek Technology Co., Ltd. and  
Subsidiaries**

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

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Stockholders  
Aethertek Technology Co., Ltd.

### **Introduction**

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

### **Scope of Review**

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, the consolidated financial position of the Group as of September 30, 2024 and 2023, and 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 reviews resulting in this independent auditors' review report are Ming-Chung Hsieh and Yi-Hua Peng.

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 generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.*

# AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 830,959	39	\$ 856,765	42	\$ 857,756	39
Trade receivables (Notes 7 and 18)	320,590	15	189,035	9	227,485	11
Other receivables	8,401	-	2,584	-	4,262	-
Current tax assets	3,923	-	22,280	1	22,313	1
Inventories (Note 8)	174,466	8	143,843	7	188,433	9
Prepayments	11,711	1	8,943	1	8,243	-
Other current assets	465	-	1,086	-	290	-
Total current assets	<u>1,350,515</u>	<u>63</u>	<u>1,224,536</u>	<u>60</u>	<u>1,308,782</u>	<u>60</u>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment (Notes 10 and 27)	476,908	22	475,916	23	488,647	22
Right-of-use assets (Note 11)	24,412	1	22,439	1	35,460	2
Goodwill (Note 12)	106,717	5	106,546	5	106,829	5
Other intangible assets (Note 13)	170,696	8	187,476	9	204,279	9
Deferred tax assets	17,722	1	19,712	1	23,279	1
Prepayments for equipment	172	-	2,554	-	1,602	-
Refundable assets	13,031	-	9,415	1	11,061	1
Total non-current assets	<u>809,658</u>	<u>37</u>	<u>824,058</u>	<u>40</u>	<u>871,157</u>	<u>40</u>
<b>TOTAL</b>	<u>\$ 2,160,173</u>	<u>100</u>	<u>\$ 2,048,594</u>	<u>100</u>	<u>\$ 2,179,939</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Contract liabilities (Note 18)	\$ 5,940	-	\$ 4,828	-	\$ 6,707	-
Trade payables	60,220	3	32,613	2	65,443	3
Dividends payable (Note 15)	168,266	8	183,203	9	189,950	9
Other payables (Note 15)	109,300	5	89,535	4	81,443	4
Current tax liabilities	-	-	7,358	-	10,702	-
Lease liabilities - current (Note 11)	14,895	1	16,017	1	22,892	1
Long-term liabilities - current portion (Notes 14 and 27)	12,374	-	15,996	1	15,996	1
Other current liabilities	60	-	21	-	462	-
Total current liabilities	<u>371,055</u>	<u>17</u>	<u>349,571</u>	<u>17</u>	<u>393,595</u>	<u>18</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 14 and 27 )	164,965	8	173,340	8	177,339	8
Deferred tax liabilities	29,665	1	17,585	1	33,823	2
Lease liabilities - non-current (Note 11)	4,091	-	759	-	6,538	-
Total non-current liabilities	<u>198,721</u>	<u>9</u>	<u>191,684</u>	<u>9</u>	<u>217,700</u>	<u>10</u>
Total liabilities	<u>569,776</u>	<u>26</u>	<u>541,255</u>	<u>26</u>	<u>611,295</u>	<u>28</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)</b>						
Ordinary shares	709,418	33	704,285	34	704,285	32
Capital surplus	185,808	9	165,576	8	165,576	8
Retained earnings						
Legal reserve	62,629	3	59,765	3	59,765	3
Unappropriated retained earnings	331,479	15	318,345	16	339,914	16
Total retained earnings	394,108	18	378,110	19	399,679	19
Other equity	24,424	1	22,946	1	50,642	2
Equity attributable to owners of the Company	1,313,758	61	1,270,917	62	1,320,182	61
<b>NON-CONTROLLING INTERESTS (Note 17)</b>	<u>276,639</u>	<u>13</u>	<u>236,422</u>	<u>12</u>	<u>248,462</u>	<u>11</u>
Total equity	<u>1,590,397</u>	<u>74</u>	<u>1,507,339</u>	<u>74</u>	<u>1,568,644</u>	<u>72</u>
<b>TOTAL</b>	<u>\$ 2,160,173</u>	<u>100</u>	<u>\$ 2,048,594</u>	<u>100</u>	<u>\$ 2,179,939</u>	<u>100</u>

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

# AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 18)	\$ 365,918	100	\$ 429,229	100	\$ 929,082	100	\$ 953,471	100
OPERATING COSTS (Notes 8 and 19)	<u>(146,117)</u>	<u>(40)</u>	<u>(210,076)</u>	<u>(49)</u>	<u>(383,008)</u>	<u>(41)</u>	<u>(454,977)</u>	<u>(48)</u>
GROSS PROFIT	<u>219,801</u>	<u>60</u>	<u>219,153</u>	<u>51</u>	<u>546,074</u>	<u>59</u>	<u>498,494</u>	<u>52</u>
OPERATING EXPENSES (Note 19)								
Selling and marketing expenses	(62,348)	(17)	(56,064)	(13)	(171,397)	(18)	(152,897)	(16)
General and administrative expenses	(26,821)	(7)	(25,575)	(6)	(81,690)	(9)	(72,853)	(8)
Research and development expenses	(82,301)	(23)	(73,931)	(17)	(246,170)	(27)	(237,120)	(25)
Expected credit gain (loss) (Note 7)	<u>2,283</u>	<u>1</u>	<u>(5,457)</u>	<u>(1)</u>	<u>6,155</u>	<u>1</u>	<u>(6,094)</u>	<u>-</u>
Total operating expenses	<u>(169,187)</u>	<u>(46)</u>	<u>(161,027)</u>	<u>(37)</u>	<u>(493,102)</u>	<u>(53)</u>	<u>(468,964)</u>	<u>(49)</u>
PROFIT FROM OPERATIONS	<u>50,614</u>	<u>14</u>	<u>58,126</u>	<u>14</u>	<u>52,972</u>	<u>6</u>	<u>29,530</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Note 19)								
Interest income	6,308	2	2,261	1	19,462	2	4,003	-
Other income	2,729	1	11,462	3	9,690	1	16,123	2
Other gains and losses	(16,305)	(5)	5,607	1	8,257	1	18,107	2
Finance costs	<u>(2,388)</u>	<u>(1)</u>	<u>(2,262)</u>	<u>(1)</u>	<u>(4,595)</u>	<u>(1)</u>	<u>(3,847)</u>	<u>-</u>
Total non-operating income and expenses	<u>(9,656)</u>	<u>(3)</u>	<u>17,068</u>	<u>4</u>	<u>32,814</u>	<u>3</u>	<u>34,386</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	40,958	11	75,194	18	85,786	9	63,916	7
INCOME TAX EXPENSE (Note 20)	<u>(9,390)</u>	<u>(2)</u>	<u>(11,051)</u>	<u>(3)</u>	<u>(14,008)</u>	<u>(1)</u>	<u>(1,573)</u>	<u>-</u>
NET PROFIT FOR THE PERIOD	<u>31,568</u>	<u>9</u>	<u>64,143</u>	<u>15</u>	<u>71,778</u>	<u>8</u>	<u>62,343</u>	<u>7</u>

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# AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations (Note 17)	\$ (17,815)	(5)	\$ 42,764	10	\$ 35,454	4	\$ 37,397	4
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 17 and 20)	<u>3,054</u>	<u>1</u>	<u>(6,385)</u>	<u>(2)</u>	<u>(5,049)</u>	<u>(1)</u>	<u>(6,504)</u>	<u>(1)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(14,761)</u>	<u>(4)</u>	<u>36,379</u>	<u>8</u>	<u>30,405</u>	<u>3</u>	<u>30,893</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 16,807</u>	<u>5</u>	<u>\$ 100,522</u>	<u>23</u>	<u>\$ 102,183</u>	<u>11</u>	<u>\$ 93,236</u>	<u>10</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 20,176	6	\$ 56,135	13	\$ 41,771	5	\$ 50,206	5
Non-controlling interests	<u>11,392</u>	<u>3</u>	<u>8,008</u>	<u>2</u>	<u>30,007</u>	<u>3</u>	<u>12,137</u>	<u>2</u>
	<u>\$ 31,568</u>	<u>9</u>	<u>\$ 64,143</u>	<u>15</u>	<u>\$ 71,778</u>	<u>8</u>	<u>\$ 62,343</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 7,960	2	\$ 81,676	19	\$ 61,966	7	\$ 76,223	8
Non-controlling interests	<u>8,847</u>	<u>3</u>	<u>18,846</u>	<u>4</u>	<u>40,217</u>	<u>4</u>	<u>17,013</u>	<u>2</u>
	<u>\$ 16,807</u>	<u>5</u>	<u>\$ 100,522</u>	<u>23</u>	<u>\$ 102,183</u>	<u>11</u>	<u>\$ 93,236</u>	<u>10</u>
EARNINGS PER SHARE (Note 21)								
From continuing operations								
Basic	<u>\$ 0.29</u>		<u>\$ 0.80</u>		<u>\$ 0.59</u>		<u>\$ 0.71</u>	
Diluted	<u>\$ 0.29</u>		<u>\$ 0.80</u>		<u>\$ 0.59</u>		<u>\$ 0.71</u>	

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

(Concluded)

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
							Others		Total	Non-controlling Interests	Total Equity
							Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unearned Share-based Employee Compensation			
	Capital Stock - Common Stock		Capital Surplus	Retained Earnings			Unappropriated Earnings				
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve						
BALANCE, JANUARY 1, 2023	70,351	\$ 703,512	\$ 162,225	\$ 44,490	\$ 7,875	\$ 369,570	\$ 29,700	\$ (3,530)	\$ 1,313,842	\$ 231,356	\$ 1,545,198
Appropriation of 2022 earnings											
Legal reserve	-	-	-	15,275	-	(15,275)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(72,462)	-	-	(72,462)	-	(72,462)
Special reserve	-	-	-	-	(7,875)	7,875	-	-	-	-	-
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	50,206	-	-	50,206	12,137	62,343
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax (Note 17)	-	-	-	-	-	-	26,017	-	26,017	4,876	30,893
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	50,206	26,017	-	76,223	17,013	93,236
Share-based payment arrangement (Note 22)	77	773	3,351	-	-	-	-	(1,545)	2,579	-	2,579
Increase in non-controlling interests (Note 17)	-	-	-	-	-	-	-	-	-	93	93
BALANCE, SEPTEMBER 30, 2023	70,428	\$ 704,285	\$ 165,576	\$ 59,765	\$ -	\$ 339,914	\$ 55,717	\$ (5,075)	\$ 1,320,182	\$ 248,462	\$ 1,568,644
BALANCE, JANUARY 1, 2024	70,428	\$ 704,285	\$ 165,576	\$ 59,765	\$ -	\$ 318,345	\$ 26,601	\$ (3,655)	\$ 1,270,917	\$ 236,422	\$ 1,507,339
Appropriation of 2023 earnings											
Legal reserve	-	-	-	2,864	-	(2,864)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(25,773)	-	-	(25,773)	-	(25,773)
Net profit for the nine months ended September 30, 2024	-	-	-	-	-	41,771	-	-	41,771	30,007	71,778
Other comprehensive income for the nine months ended September 30, 2024, net of income tax (Note 17)	-	-	-	-	-	-	20,195	-	20,195	10,210	30,405
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	41,771	20,195	-	61,966	40,217	102,183
Share-based payment arrangements (Note 22)	568	5,682	20,745	-	-	-	-	(19,779)	6,648	-	6,648
Cancelled restricted shares	(55)	(549)	(513)	-	-	-	-	1,062	-	-	-
BALANCE, SEPTEMBER 30, 2024	70,941	\$ 709,418	\$ 185,808	\$ 62,629	\$ -	\$ 331,479	\$ 46,796	\$ (22,372)	\$ 1,313,758	\$ 276,639	\$ 1,590,397

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

# AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 85,786	\$ 63,916
Adjustments for:		
Depreciation expense	46,313	42,979
Amortization expense	23,563	22,535
Expected credit (gain) loss	(6,155)	6,094
Finance costs	4,595	3,847
Interest income	(19,462)	(4,003)
Share-based compensation	6,648	2,579
Loss (gain) on disposal of property, plant and equipment	(228)	205
Write-down of inventories	-	32,126
Gain on lease modifications	(1)	-
Net changes in operating assets and liabilities		
Notes receivable	-	453
Trade receivables	(125,749)	98,532
Other receivables	(5,055)	(1,302)
Inventories	(35,091)	30,752
Prepayments	(2,768)	274
Other current assets	621	667
Contract liabilities	1,112	452
Trade payables	27,607	(397)
Other payables	19,082	(118,204)
Other current liabilities	39	145
Cash generated from operations	20,857	181,650
Interest received	18,700	4,003
Interest paid	(5,093)	(4,397)
Income tax paid	14,106	(6,189)
Net cash generated from operating activities	48,570	175,067
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(20,167)	(300,461)
Proceeds from disposed of property, plant and equipment	919	-
Increase in refundable deposits	(3,616)	-
Decrease in refundable deposits	-	871
Payments for intangible assets	(995)	(3,933)
Increase in prepayments for equipment	-	(1,196)
Decrease in prepayments for equipment	2,382	-
Net cash used in investing activities	(21,477)	(304,719)

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# AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	\$ -	\$ 200,000
Repayments of long-term borrowings	(11,997)	(6,665)
Repayment of the principal portion of lease liabilities	(19,340)	(16,810)
Dividends paid to owners of the Company	(25,773)	(72,462)
Dividends paid to non-controlling interests	(22,537)	-
Change in noncontrolling interests	<u>-</u>	<u>93</u>
Net cash (used in) generated from financing activities	<u>(79,647)</u>	<u>104,156</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>26,748</u>	<u>30,346</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(25,806)	4,850
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>856,765</u>	<u>852,906</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 830,959</u>	<u>\$ 857,756</u>

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

(Concluded)

# AETHERTEK TECHNOLOGY CO., LTD. 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)

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### 1. GENERAL INFORMATION

Aethertek Technology Co., Ltd. (the “Company”) was incorporated in Taipei City in September 1992. On April 14, 2021, it received approval from Ministry of Economic Affairs and had changed its name from “Service & Quality Group Co., Ltd.” to “Aethertek Technology Co., Ltd.” The Company involves in equipment manufacturing, product design, software service, etc.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since March 2004.

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 AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

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

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between 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 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

1) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments mainly amend the requirements for the classification of financial assets, including if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if:

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

The amendments also stipulate that, when settling a financial liability in cash using an electronic payment system, an entity can choose to derecognize the financial liability before the settlement date if, and only if, the entity has initiated a payment instruction that resulted in:

- The entity having no practical ability to withdraw, stop or cancel the payment instruction;
- The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

a. Statement of compliance

These interim 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” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

c. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions 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.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 9, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

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

Income tax expense

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group will consider the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Please refer to the material accounting judgments and key sources of estimation uncertainty of the consolidated financial statements for the year ended December 31, 2023.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 317	\$ 211	\$ 284
Demand deposits	292,592	549,504	657,398
Cash equivalent (investments with original maturities of 3 months or less)	<u>538,050</u>	<u>307,050</u>	<u>200,074</u>
	<u>\$ 830,959</u>	<u>\$ 856,765</u>	<u>\$ 857,756</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, the annual interest rate for time deposits are 4.69%-4.80%, 4.93%-5.10% and 4.85%-4.95%, respectively.

## 7. TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 323,450	\$ 197,701	\$ 254,754
Less: Allowance for impairment loss	<u>(2,860)</u>	<u>(8,666)</u>	<u>(27,269)</u>
	<u>\$ 320,590</u>	<u>\$ 189,035</u>	<u>\$ 227,485</u>

The Group's average credit period of sales of goods is 30 to 90 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Company 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 trade debt at the end of the period to ensure that adequate allowance 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 trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. 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 a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables 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 trade receivables based on the Group's provision matrix.

September 30, 2024

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%-1%	0%-2%	2%-13%	17%-32%	100%	
Gross carrying amount	\$ 214,479	\$ 80,646	\$ 25,941	\$ 2,115	\$ 269	\$ 323,450
Loss allowance (Lifetime ECL)	<u>(377)</u>	<u>(1,055)</u>	<u>(700)</u>	<u>(459)</u>	<u>(269)</u>	<u>(2,860)</u>
Amortized cost	<u>\$ 214,102</u>	<u>\$ 79,591</u>	<u>\$ 25,241</u>	<u>\$ 1,656</u>	<u>\$ -</u>	<u>\$ 320,590</u>

December 31, 2023

	Not Past Due	1 to 60 Days	61 to 180 Days	181 to 365 Days	Over 366 Days	Individual Assessment	Total
The expected credit loss rate	0%-2%	0%-8%	8%-16%	25%-100%	100%	0%	
Gross carrying amount	\$ 142,883	\$ 17,729	\$ 22,707	\$ 8,198	\$ 224	\$ 5,960	\$ 197,701
Loss allowance (Lifetime ECL)	<u>(1,617)</u>	<u>(744)</u>	<u>(3,521)</u>	<u>(2,560)</u>	<u>(224)</u>	<u>-</u>	<u>(8,666)</u>
Amortized cost	<u>\$ 141,266</u>	<u>\$ 16,985</u>	<u>\$ 19,186</u>	<u>\$ 5,638</u>	<u>\$ -</u>	<u>\$ 5,960</u>	<u>\$ 189,035</u>

September 30, 2023

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%-2%	0%-8%	8%-16%	26%-100%	100%	
Gross carrying amount	\$ 146,692	\$ 59,284	\$ 18,373	\$ 17,850	\$ 12,555	\$ 254,754
Loss allowance (Lifetime ECL)	<u>(742)</u>	<u>(2,646)</u>	<u>(2,820)</u>	<u>(8,506)</u>	<u>(12,555)</u>	<u>(27,269)</u>
Amortized cost	<u>\$ 145,950</u>	<u>\$ 56,638</u>	<u>\$ 15,553</u>	<u>\$ 9,344</u>	<u>\$ -</u>	<u>\$ 227,485</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Nine Months Ended September 30	
	2024	2023
Beginning of the period	\$ 8,666	\$ 21,041
Add: Net remeasurement of loss allowance	-	6,094
Less: Net remeasurement of loss allowance	(6,155)	-
Less: Amounts written off	-	(395)
Foreign exchange gains and losses	<u>349</u>	<u>529</u>
End of the period	<u>\$ 2,860</u>	<u>\$ 27,269</u>

## 8. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 70,736	\$ 83,674	\$ 113,359
Semi-finished products	14,581	11,513	13,755
Work in progress	4,702	5,257	4,545
Finished goods	<u>84,447</u>	<u>43,399</u>	<u>56,774</u>
	<u>\$ 174,466</u>	<u>\$ 143,843</u>	<u>\$ 188,433</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Cost of inventories sold	\$ 146,117	\$ 206,765	\$ 383,008	\$ 422,851
Write-downs of inventories	<u>-</u>	<u>3,311</u>	<u>-</u>	<u>32,126</u>
	<u>\$ 146,117</u>	<u>\$ 210,076</u>	<u>\$ 383,008</u>	<u>\$ 454,977</u>

## 9. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2024	December 31, 2023	September 30, 2023	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Sales of precision testing equipment	100	100	100	-
Aethertek Technology Co., Ltd.	Trantest Enterprise (India) Private Limited	Sales of precision testing equipment	99	99	99	(1)
Trantest Enterprise Ltd.	Trantest Precision (China) Ltd	Manufacture and sales of precision testing equipment	51	51	51	-
Trantest Enterprise Ltd.	Topone Automatic Co., Ltd.	Manufacture of precision testing equipment	100	100	-	(2)
Trantest Enterprise Ltd.	Trantest Enterprise (Vietnam) Company Limited	Sales of precision testing equipment	100	-	-	(3)

Note 1: The Group established Trantest Enterprise (India) Private Limited in India on June 1, 2023, with a share proportion of 99%. The Company invested US\$291 thousand in 2023.

Note 2: The Group's board of directors resolved in September 2023, to acquire and had acquired 100% ownership of Topone Automatic Co., Ltd. through its subsidiary Trantest Enterprise Ltd. The transaction amount was US\$798 thousand.

Note 3: The Group established Trantest Enterprise (Vietnam) Company Limited in Vietnam on February 16, with a share proportion of 100%. The Company invested US\$300 thousand in 2024.



b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interest		
		September 30, 2024	December 31, 2023	September 30, 2023
Trantest Precision (China) Ltd.	Shenzhen China	49%	49%	49%

See Tables 5 and 6 for the information on the place of incorporation and principal place of business.

Summarized financial information in respect of each of the Group's subsidiary that have material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Trantest Precision (China) Ltd.

	September 30	
	2024	2023
Current assets	\$ 729,153	\$ 627,092
Non-current assets	185,100	221,404
Current liabilities	(307,008)	(318,822)
Non-current liabilities	<u>-</u>	<u>(4,948)</u>
Equity	<u>\$ 607,245</u>	<u>\$ 524,726</u>
Equity attributable to:		
Owners of the Company	\$ 309,695	\$ 267,611
Non-controlling interests	<u>297,550</u>	<u>257,116</u>
	<u>\$ 607,245</u>	<u>\$ 524,727</u>
	For the Nine Months Ended September 30	
	2024	2023
Revenue	<u>\$ 818,756</u>	<u>\$ 651,469</u>
Gain for the period	<u>\$ 91,649</u>	<u>\$ 437</u>
Net loss attributable to:		
Owners of the Company	\$ 46,741	\$ 223
Non-controlling interests	<u>44,908</u>	<u>214</u>
	<u>\$ 91,649</u>	<u>\$ 437</u>

## 10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold Improvements	Office Equipment	Transportation Equipment	Construction in Progress and Machinery under Installation	Total
<b>Cost</b>								
Balance at January 1, 2024	\$ 225,756	\$ 140,978	\$ 274,619	\$ 24,665	\$ 47,507	\$ 567	\$ 32	\$ 714,124
Additions	-	-	4,900	441	1,409	-	14,598	21,348
Disposals	-	-	(4,596)	-	(281)	-	-	(4,877)
Reclassification	-	-	5,798	8,422	813	-	(15,033)	-
Transferred to expenses	-	-	-	-	-	-	(647)	(647)
Effects of foreign currency exchange differences	-	4,557	9,616	6	1,260	23	1,050	16,512
Balance at September 30, 2024	<u>\$ 225,756</u>	<u>\$ 145,535</u>	<u>\$ 290,337</u>	<u>\$ 33,534</u>	<u>\$ 50,708</u>	<u>\$ 590</u>	<u>\$ -</u>	<u>\$ 746,460</u>
<b>Accumulated depreciation</b>								
Balance at January 1, 2024	\$ -	\$ 34,773	\$ 163,589	\$ 7,724	\$ 31,568	\$ 554	\$ -	\$ 238,208
Depreciation expense	-	4,920	14,406	3,579	3,594	-	-	26,499
Disposals	-	-	(3,930)	-	(256)	-	-	(4,186)
Effects of foreign currency exchange differences	-	1,436	6,501	1	1,070	23	-	9,031
Balance at September 30, 2024	<u>\$ -</u>	<u>\$ 41,129</u>	<u>\$ 180,566</u>	<u>\$ 11,304</u>	<u>\$ 35,976</u>	<u>\$ 577</u>	<u>\$ -</u>	<u>\$ 269,552</u>
Carrying amount at June 30, 2024	<u>\$ 225,756</u>	<u>\$ 104,406</u>	<u>\$ 109,771</u>	<u>\$ 22,230</u>	<u>\$ 14,732</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 476,908</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 225,756</u>	<u>\$ 106,205</u>	<u>\$ 111,030</u>	<u>\$ 16,941</u>	<u>\$ 15,939</u>	<u>\$ 13</u>	<u>\$ 32</u>	<u>\$ 475,916</u>
<b>Cost</b>								
Balance at January 1, 2023	\$ -	\$ 111,086	\$ 238,365	\$ 24,125	\$ 47,575	\$ 576	-	\$ 421,727
Additions	225,756	31,766	41,102	540	1,367	-	-	300,531
Disposals	-	-	(243)	-	(1,192)	-	-	(1,435)
Effects of foreign currency exchange differences	-	2,148	4,536	-	590	11	-	7,285
Balance at September 30, 2023	<u>\$ 225,756</u>	<u>\$ 145,000</u>	<u>\$ 283,760</u>	<u>\$ 24,665</u>	<u>\$ 48,340</u>	<u>\$ 587</u>	<u>\$ -</u>	<u>\$ 728,108</u>
<b>Accumulated depreciation</b>								
Balance at January 1, 2023	\$ -	\$ 28,981	\$ 149,916	\$ 3,631	\$ 28,080	\$ 563	-	\$ 211,171
Depreciation expense	-	4,771	13,591	3,060	3,901	-	-	25,323
Disposals	-	-	(199)	-	(1,031)	-	-	(1,230)
Effects of foreign currency exchange differences	-	644	3,041	-	501	11	-	4,197
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 34,396</u>	<u>\$ 166,349</u>	<u>\$ 6,691</u>	<u>\$ 31,451</u>	<u>\$ 574</u>	<u>\$ -</u>	<u>\$ 239,461</u>
Carrying amount at September 30, 2023	<u>\$ 225,756</u>	<u>\$ 110,604</u>	<u>\$ 117,411</u>	<u>\$ 17,974</u>	<u>\$ 16,889</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 488,647</u>

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 to 50 years
Equipment	3 to 10 years
Leasehold improvements	5 years
Office equipment	2 to 10 years
Transportation equipment	4 to 5 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 27.

## 11. LEASE ARRANGEMENTS

### a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Buildings	\$ 18,022	\$ 15,933	\$ 6,874
Lands	<u>6,390</u>	<u>6,506</u>	<u>28,586</u>
	<u>\$ 24,412</u>	<u>\$ 22,439</u>	<u>\$ 35,460</u>
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u> <u>2023</u>
<u>Additions to right-of-use assets</u>			<u>\$ 20,979</u> <u>\$ 12,570</u>
<u>Depreciation charge for right-of-use assets</u>			
Lands	\$ 129	\$ 126	\$ 386
Buildings	<u>6,737</u>	<u>5,715</u>	<u>19,428</u>
	<u>\$ 6,866</u>	<u>\$ 5,841</u>	<u>\$ 19,814</u> <u>\$ 17,656</u>

In addition to the additions and depreciation expenses above, the Group have no major subleases and impairments of the right-of-use assets for the nine months ended September 30, 2024 and 2023.

### b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Current	<u>\$ 14,895</u>	<u>\$ 16,017</u>	<u>\$ 22,892</u>
Non-current	<u>\$ 4,091</u>	<u>\$ 759</u>	<u>\$ 6,538</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	1.61%-3.85%	1.36%-3.85%	1.36%-3.85%

### c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of office, plant and dormitories, with lease terms of 2 to 3 years. The Group also buys land use right for the offices with use term of 50 years in mainland China specifies that payments will be paid at the time of contract and can be renewed upon the expiration of the period. The Group does not have purchase options to acquire the land and buildings at the end of the contract.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 2,320	\$ 2,602	\$ 7,160	\$ 8,936
Expenses relating to low-value asset leases	\$ 27	\$ 14	\$ 86	\$ 44
Total cash outflow for leases			\$ (27,074)	\$ (26,650)

The Group's leases of certain building and office equipment qualify as short-term and low-value leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 12. GOODWILL

	For the Nine Months Ended September 30	
	2024	2023
<u>Cost</u>		
Beginning of the period	\$ 106,546	\$ 106,547
Effects of foreign currency exchange differences	171	282
End of the period	\$ 106,717	\$ 106,829

## 13. OTHER INTANGIBLE ASSETS

	Customer Relationships	Computer Software	Amount
<u>Cost</u>			
Balance, January 1, 2024	\$ 250,798	\$ 46,228	\$ 297,026
Additions	-	995	995
Effects of foreign currency exchange differences	7,719	1,266	8,985
Balance, September 30, 2024	\$ 258,517	\$ 48,489	\$ 307,006
<u>Accumulated amortization</u>			
Balance, January 1, 2024	\$ 70,920	\$ 38,630	\$ 109,550
Amortization expenses	20,179	3,384	23,563
Effects of foreign currency exchange differences	1,940	1,257	3,197
Balance, September 30, 2024	\$ 93,039	\$ 43,271	\$ 136,310

(Continued)

	<b>Customer Relationships</b>	<b>Computer Software</b>	<b>Amount</b>
Carrying amount at September 30, 2024	<u>\$ 165,478</u>	<u>\$ 5,218</u>	<u>\$ 170,696</u>
Carrying amount December 31, 2023 and January 1, 2024	<u>\$ 179,878</u>	<u>\$ 7,598</u>	<u>\$ 187,476</u>
<u>Cost</u>			
Balance, January 1, 2023	\$ 250,839	\$ 42,816	\$ 293,655
Additions	-	3,933	3,933
Effects of foreign currency exchange differences	<u>12,724</u>	<u>597</u>	<u>13,339</u>
Balance, September 30, 2023	<u>\$ 263,581</u>	<u>\$ 47,346</u>	<u>\$ 310,927</u>
<u>Accumulated amortization</u>			
Balance, January 1, 2023	\$ 45,138	\$ 35,246	\$ 80,384
Amortization expenses	19,482	3,053	22,535
Effects of foreign currency exchange differences	<u>3,139</u>	<u>590</u>	<u>3,729</u>
Balance, September 30, 2023	<u>\$ 67,759</u>	<u>\$ 38,889</u>	<u>\$ 106,648</u>
Carrying amount at September 30, 2023	<u>\$ 195,822</u>	<u>\$ 8,457</u>	<u>\$ 204,279</u>
			(Concluded)
Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:			
Customer relationships			10 years
Computer software			1 to 5 years

## 14. BORROWINGS

### Long-term Borrowings

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<u>Secured borrowings (Note 27)</u>			
Bank loans	\$ 155,000	\$ 155,000	\$ 151,001
<u>Unsecured borrowings</u>			
Bank loans	<u>22,339</u>	<u>34,336</u>	<u>42,334</u>
	177,339	189,336	193,335
Less: Current portion	<u>(12,374)</u>	<u>(15,996)</u>	<u>(15,996)</u>
Long-term borrowings	<u>\$ 164,965</u>	<u>\$ 173,340</u>	<u>\$ 177,339</u>

During the year ended December 31, 2023, the Group acquired new bank borrowing facilities in the amounts of \$200,000 thousand, the bank loan secured by the Company's proprietary land and buildings (refer to Note 27), with interests rates of 2.0538% to 2.2693%, 2.04% to 2.22% and 1.9124% to 2.0924% on September 30, 2024, December 31, 2023, and September 30, 2023, respectively. Loan will be repayable in the next 25 years. Subject to the terms set forth in the loan agreement, the Group's debt service coverage ratios must be 100% annually or semi-annually. The purpose of these bank borrowing facilities was for the acquisition of land, plant and equipment.

## 15. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Payables for salaries or bonuses	\$ 67,948	\$ 66,674	\$ 57,378
Payables for compensation of employees	531	235	586
Payables for dividends (Note)	168,266	183,203	189,950
Payable for professional fees	2,839	2,368	2,468
Payable for purchases of equipment	1,277	96	245
Others	<u>36,705</u>	<u>20,162</u>	<u>20,766</u>
	<u>\$ 277,566</u>	<u>\$ 272,738</u>	<u>\$ 271,393</u>

Note: Payables for dividends were the Group's appropriation of earnings from Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. resolved in the shareholders' meeting before the acquisition date by the original shareholders.

## 16. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The subsidiary of the Group in China is a member of state-managed retirement benefit plans operated by the government of the People's Republic of China. Based on a certain percentage of the total salary of all local employees, the subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group is to make the specified contributions.

## 17. EQUITY

### a. Ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
Shares authorized (in thousands of shares)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>70,941</u>	<u>70,428</u>	<u>70,428</u>
Shares issued and fully paid	<u>\$ 709,418</u>	<u>\$ 704,285</u>	<u>\$ 704,285</u>

The issued ordinary shares have a par value of NT\$10 per share, and each share has one voting right and the right to receive dividends. The Company issued 295 thousand shares of employee restricted stocks on September 2, 2024, and completed the registration of the change on October 21, 2024.

b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
May be used to offset a deficit, distributed as cash dividends, <u>or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 161,852	\$ 157,852	\$ 157,852
<u>May not be used for any purpose (2)</u>			
Employee restricted shares	<u>23,956</u>	<u>7,724</u>	<u>7,724</u>
	<u>\$ 185,808</u>	<u>\$ 165,576</u>	<u>\$ 165,576</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) It may not be used for any purpose that capital surplus generated from employee restricted shares.

c. Retained earnings and dividend policy

The content of the earnings distribution policy in accordance with the articles of incorporation of the Company is as follows:

- 1) The Company's profit in a fiscal year shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19-g.
- 2) The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, as well as shareholders' interests.

The legal reserve may be used to offset deficit. 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 appropriation of earnings for 2023 and 2022, which had been proposed by the shareholders' meetings on May 21, 2024 and May 31, 2023, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 2,864	\$ 15,275
Special reserve	\$ -	\$ (7,875)
Cash dividends	\$ 25,773	\$ 72,462
Dividends per share (NT\$)	\$ 0.3647	\$ 1.03

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 26,601	\$ 29,700
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	25,244	32,521
Income tax that may be reclassified subsequently to profit or loss	<u>(5,049)</u>	<u>(6,504)</u>
Balance at September 30	<u>\$ 46,796</u>	<u>\$ 55,717</u>

2) Unearned share-based employee compensation

The Company resolved at the shareholders' meeting to issue 800 thousand shares of new employee restricted stocks at no consideration on May 31, 2023 and June 22, 2022. In 2024, 2023 and 2022, the board of directors had resolved to issue 568, 77 and 67 thousand shares of new employee restricted stock, respectively, and cancelled 25 and 30 thousand shares of new employee restricted stocks in March and August of 2024, respectively. Please refer to Note 22 for relevant information.

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (3,655)	\$ (3,530)
Issuance of shares	(26,427)	(4,124)
Cancelled of shares	1,062	-
Share-based payment expenses recognized	<u>6,648</u>	<u>2,579</u>
Balance at September 30	<u>\$ (22,372)</u>	<u>\$ (5,075)</u>



e. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 236,422	\$ 231,356
Share in loss for the year	30,007	12,137
Other comprehensive income during the year		
Exchange differences on the translation of the financial statements of foreign entities	10,210	4,876
Non-controlling interests from acquisition of TT (INDIA) Company	<u>-</u>	<u>93</u>
Balance at September 30	<u>\$ 276,639</u>	<u>\$ 248,462</u>

**18. REVENUE**

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenue from the sale of goods	\$ 358,210	\$ 417,217	\$ 905,735	\$ 925,166
Revenue from the rendering of services	<u>7,708</u>	<u>12,012</u>	<u>23,347</u>	<u>28,305</u>
	<u>\$ 365,918</u>	<u>\$ 429,229</u>	<u>\$ 929,082</u>	<u>\$ 953,471</u>
	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>January 1, 2023</b>
<u>Contract balances</u>				
Trade receivables (Note 7)	<u>\$ 320,590</u>	<u>\$ 189,035</u>	<u>\$ 227,485</u>	<u>\$ 332,640</u>
Contract liabilities				
Sale of goods	<u>\$ 5,940</u>	<u>\$ 4,828</u>	<u>\$ 6,707</u>	<u>\$ 6,255</u>

**19. NET PROFIT (LOSS)**

a. Interest income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest income				
Bank deposits	\$ 6,303	\$ 2,257	\$ 19,448	\$ 3,991
Others	<u>5</u>	<u>4</u>	<u>14</u>	<u>12</u>
	<u>\$ 6,308</u>	<u>\$ 2,261</u>	<u>\$ 19,462</u>	<u>\$ 4,003</u>

b. Other income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Government grants	\$ 402	\$ 10,238	\$ 3,188	\$ 11,465
Others	<u>2,327</u>	<u>1,224</u>	<u>6,502</u>	<u>4,658</u>
	<u>\$ 2,729</u>	<u>\$ 11,462</u>	<u>\$ 9,690</u>	<u>\$ 16,123</u>

c. Other gains and (losses)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net foreign exchange gains	\$ (16,304)	\$ 5,297	\$ 8,072	\$ 18,432
Gain (loss) on disposal of property, plant and equipment	1	(76)	228	(205)
Gain on lease modifications	-	-	1	-
Others	<u>(2)</u>	<u>386</u>	<u>(44)</u>	<u>(120)</u>
	<u>\$ (16,305)</u>	<u>\$ 5,607</u>	<u>\$ 8,257</u>	<u>\$ 18,107</u>

d. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	\$ 128	\$ 243	\$ 488	\$ 860
Interest on bank loans	2,260	957	4,107	1,924
Others	<u>-</u>	<u>1,062</u>	<u>-</u>	<u>1,063</u>
	<u>\$ 2,388</u>	<u>\$ 2,262</u>	<u>\$ 4,595</u>	<u>\$ 3,847</u>

e. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
An analysis of depreciation by function				
Operating cost	\$ 6,571	\$ 5,081	\$ 18,206	\$ 16,008
Operating expenses	<u>9,535</u>	<u>9,294</u>	<u>28,107</u>	<u>26,971</u>
	<u>\$ 16,106</u>	<u>\$ 14,375</u>	<u>\$ 46,313</u>	<u>\$ 42,979</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
An analysis of amortization by function				
Operating cost	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>7,698</u>	<u>7,519</u>	<u>23,563</u>	<u>22,535</u>
	<u>\$ 7,698</u>	<u>\$ 7,519</u>	<u>\$ 23,563</u>	<u>\$ 22,535</u>

(Concluded)

f. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Short-term benefits				
Salary	\$ 109,919	\$ 95,044	\$ 318,834	\$ 294,690
Labor and health insurance	7,288	6,689	22,795	20,211
Post-employment benefits				
Defined contribution plans	1,570	1,380	4,359	3,951
Other employee benefits	<u>1,629</u>	<u>1,499</u>	<u>5,374</u>	<u>4,396</u>
Total employee benefits expense	<u>\$ 120,406</u>	<u>\$ 104,612</u>	<u>\$ 351,362</u>	<u>\$ 323,248</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 21,200	\$ 20,651	\$ 63,186	\$ 63,755
Operating expenses	<u>99,206</u>	<u>83,961</u>	<u>288,176</u>	<u>259,493</u>
	<u>\$ 120,406</u>	<u>\$ 104,612</u>	<u>\$ 351,362</u>	<u>\$ 323,248</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The estimated compensation of employees and the remuneration of directors for the three months ended September 30, 2024 and 2023 and the nine months ended September 30, 2024 and 2023 is as follows:

Accrual rate

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Compensation of employees	1%	1%	1%	1%
Remuneration of directors	0%	0%	0%	0%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Compensation of employees	\$ 260	\$ 586	\$ 531	\$ 586
Remuneration of directors	\$ -	\$ -	\$ -	\$ -

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

The compensation of employees and the remuneration of directors for 2023 and 2022 had been approved by the Company's board of directors on March 6, 2024 and March 14, 2023, as illustrated below:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	1%	1%
Remuneration of directors	0%	0%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 235	\$ 1,832
Remuneration of directors	-	-

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

Information on the compensation of employees 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.

## 20. INCOME TAXES

### a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current year	\$ 4,192	\$ 3,399	\$ 4,343	\$ 9,671
Income tax on unappropriated earnings	-	-	-	3,644
Adjustments for prior year	<u>80</u>	<u>-</u>	<u>(120)</u>	<u>(7,238)</u>
	4,272	3,399	4,223	6,077
Deferred tax				
In respect of the current year	<u>5,118</u>	<u>7,652</u>	<u>9,785</u>	<u>(4,504)</u>
Income tax expense recognized in profit or loss	<u>\$ 9,390</u>	<u>\$ 11,051</u>	<u>\$ 14,008</u>	<u>\$ 1,573</u>

### b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current year				
Exchange differences on the translation of foreign operations	<u>\$ (3,054)</u>	<u>\$ 6,385</u>	<u>\$ 5,049</u>	<u>\$ 6,504</u>

### c. Income tax assessment

The income tax returns through 2022 have been assessed by the tax authorities. The companies in other jurisdictions have been examined according to their local laws.

## 21. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 0.29</u>	<u>\$ 0.80</u>	<u>\$ 0.59</u>	<u>\$ 0.71</u>
Diluted earnings per share	<u>\$ 0.29</u>	<u>\$ 0.80</u>	<u>\$ 0.59</u>	<u>\$ 0.71</u>

The weighted average number of shares outstanding used for the earnings per share computation was as follows:

### Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Profit for the year attributable to owners of the Company	<u>\$ 20,176</u>	<u>\$ 56,135</u>	<u>\$ 41,771</u>	<u>\$ 50,206</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 20,176</u>	<u>\$ 56,135</u>	<u>\$ 41,771</u>	<u>\$ 50,206</u>

### Ordinary Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Weighted-average number of ordinary shares used in computation of basic earnings per share	70,755	70,406	70,647	70,371
Effect of potential dilutive common stock:				
Compensation of employees	<u>10</u>	<u>12</u>	<u>12</u>	<u>21</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>70,765</u>	<u>70,418</u>	<u>70,659</u>	<u>70,392</u>

## 22. SHARE-BASED PAYMENT ARRANGEMENTS

### Employee Restricted Stocks

On May 31, 2023 and June 22, 2022, the Company resolved at the shareholders' meeting to issue 800 thousand shares of employee restricted stocks at \$10 per share at no consideration. In 2024, 2023 and 2022, the board of directors had resolved to issue 568 thousand shares, 77 thousand shares and 67 thousand shares of employee restricted stocks. The grant date and the issuance date were September 2, 2024, March 7, 2024, August 11, 2023, June 1, 2023 and August 11, 2022. The fair value of the employee restricted stocks at grant date is \$55.3 per share, \$40.45 per share, \$53.5 per share, \$52.5 per share and \$75 per share, respectively.

On March 7, 2024, and August 8, 2024, the board of directors had resolved to cancelled 25 thousand shares and 30 thousand shares, of new employee restricted stocks with the low which did not meet the vested conditions, respectively.

Employee restricted stocks that have been granted but have not yet met the vesting conditions are as follows:

- a. Employees may not sell, pledge, transfer, give as a gift, create a guarantee or otherwise dispose of the new employee restricted stocks until they have met the vesting conditions after being granted the new stocks.
- b. Except for the restrictions in the preceding paragraph, before the vesting conditions are fulfilled, any other shareholder rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of ordinary shares of the Company.
- c. The shares should be held in a stock trustee designated by the Company. The restricted stocks should be held in a trust after being issued and non-refundable before eligible for the vesting conditions.
- d. During the vesting period, if the company carry out a capital reduction, RSAs will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under trustee designated by the Company, and be paid to the employees when vesting condition is fulfilled; if the employee does not meet the vesting condition, all shares the employees subscribed shall be bought back by the Company based on the original subscription price and canceled accordingly.
- e. Attendance, proposals, speeches, voting rights and other matters related to shareholders' rights and interests at shareholders' meetings are entrusted to trust custodians.

Participant shall become vested in the new employee restricted stocks at certain percentage, only if Participant achieves the specific performance-based goal specified by the Company and remains continuously employed by the Company from the grant date through applicable vesting schedule presented as follows.

- 1) Participants who have served the Company or an entity controlled or affiliated by the Company for less than 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:
  - a) One-year anniversary of the grant, grantees are eligible for 60% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 48% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 36% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.
  - b) Over one year less than three year since the date of grant, grantees are eligible for 20% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 16% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 12% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.
- 2) Participants who have served the Company or an entity controlled or affiliated by the Company over 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:

One-year anniversary of the grant, grantees are eligible for 100% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 80% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 60% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.

The new shares issued with restricted employee rights, the relevant information were as follows:

	<b>Unit: In Thousands Per Stock</b>	
	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	144	67
Issuance of the current year	568	77
Cancelled of the current year	<u>(55)</u>	<u>-</u>
Balance at September 30	<u>657</u>	<u>144</u>

Employee compensation cost recognized for the three months ended September 30, 2024 and 2023, were \$3,304 thousand, \$1,875 thousand, \$6,648 thousand and \$2,579 thousand, respectively.

## 23. CASH FLOW INFORMATION

### a. Non-cash transactions

For the nine months ended September 30, 2024 and 2023, the Group acquired property, plant and equipment with a fair value of \$21,348 thousand and \$300,531 thousand, respectively, and paid \$20,167 thousand and \$300,461 thousand in cash, respectively. Other payables for facility increased by \$1,181 thousand and decreased by \$70 thousand, respectively.

### b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2024

	<b>Balance as of January 1, 2024</b>	<b>Cash Flows</b>	<b>New Leases</b>	<b>Non-cash Changes</b>	<b>Balance as of September 30, 2024</b>
				<b>Effects of Foreign Currency Exchange Differences</b>	
Lease liabilities	\$ 16,776	\$ (19,340)	\$ 20,979	\$ 571	\$ 18,986
Long term borrowing	\$ 189,336	\$ (11,997)	\$ -	\$ -	\$ 177,339

For the nine months ended September 30, 2023

	<b>Balance as of January 1, 2023</b>	<b>Cash Flows</b>	<b>New Leases</b>	<b>Non-cash Changes</b>	<b>Balance as of September 30, 2023</b>
				<b>Effects of Foreign Currency Exchange Differences</b>	
Lease liabilities	\$ 33,276	\$ (16,810)	\$ 12,570	\$ 403	\$ 29,430
Long term borrowing	\$ -	\$ 193,335	\$ -	\$ -	\$ 193,335



## 24. 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 shareholders through the optimization of the debt and equity balance. The Group's key management reviews the Group's capital structure on a quarterly basis, which includes consideration of the costs and risks of various operations. Based on the recommendations of the key management, the Group finances its working capital by borrowing from banks and raising additional capital in cash.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

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

## 25. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amount of the Group's financial instruments not measured at fair value are close to the fair value.

### b. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 1,172,981	\$ 1,057,799	\$ 1,100,564
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	446,646	427,778	472,207

Note 1: The balances included financial assets at amortized cost, which comprise cash, trade receivables, other receivables and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise trade payables, part of other payables (excluding salary, and bonus), current portion of long-term borrowings and long-term borrowings.

### c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, equity and debt investments, trade receivables, other receivables, trade payables, other payables, borrowings and lease liabilities. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

## 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

### a) Foreign currency risk

The Group is a multinational operation, so it is subject to foreign currency risks arising from a variety of different currencies. Foreign currency risks arise from future commercial transactions and recognized assets and liabilities.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 31.

#### Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. 1% is the sensitivity rate 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 reporting 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 strengthened by 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss) and the balances below would be negative.

	<b>U.S. Dollar</b>	
	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2024</b>	<b>2023</b>
Pre-tax profit	\$ 5,430	\$ 4,653

The result was mainly attributable to the exposure on the foreign currency bank deposits, outstanding other receivables and payables that were not hedged at the end of the period.

### b) Interest rate risk

The Group's exposure to fair value interest rate risk is on the Group's borrowings at fixed interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to cash flow interest rate at the end of the reporting period were as follows:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Financial value interest rate risk			
Financial assets	\$ 538,050	\$ 307,050	\$ 200,074
Financial liabilities	18,986	16,776	29,430
Cash flows interest rate risk			
Financial assets	292,592	549,504	657,398
Financial liabilities	177,339	189,336	193,335

### 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 end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$216 thousand and \$870 thousand, respectively, which was mainly a result of variable-interest-rate bank deposits and other financial assets.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase in variable-interest-rate bank deposits.

### 2) Credit risk

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 end of the period, 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 could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

It is the Group's policy that transactions only be dealt with creditworthy counterparties. Credit information of transaction parties are gathered by independent rating agencies by conducting credit search and analysis. Credits are then given to parties, according to its nature of transaction, financial status and conditions of collateral, with terms to be renewed after careful reexamination to ensure credit risk of counterparties are within scope of the Group. The clients of the Group are widely spread and the Group analyzes its numerous clients' financial status continuously.

The Group's concentration of credit risk was related to the five largest customers within the Group. As of September 30, 2024, December 31, 2023 and September 30, 2023, the percentage of total trade receivables from the top five customers was 68%, 55% and 59%.

### 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.

a) Liquidity and interest rate risk table of non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

September 30, 2024

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 269,005	\$ -	\$ -
Lease liabilities	14,835	5,694	-
Floating interest rate	<u>14,027</u>	<u>41,503</u>	<u>161,599</u>
	<u>\$ 297,867</u>	<u>\$ 47,197</u>	<u>\$ 161,599</u>

December 31, 2023

	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 238,442	\$ -	\$ -
Lease liabilities	16,327	759	-
Floating interest rate	<u>16,553</u>	<u>43,015</u>	<u>167,287</u>
	<u>\$ 271,322</u>	<u>\$ 43,774</u>	<u>\$ 167,287</u>

September 30, 2023

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 278,872	\$ -	\$ -
Lease liabilities	23,433	6,560	-
Floating interest rate	<u>16,636</u>	<u>40,762</u>	<u>173,648</u>
	<u>\$ 318,941</u>	<u>\$ 47,322</u>	<u>\$ 173,648</u>

b) Financing facilities

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 45,000	\$ 45,000	\$ 45,000
Amount unused	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>
	<u>\$ 255,000</u>	<u>\$ 255,000</u>	<u>\$ 255,000</u>
Secured bank overdraft facilities:			
Amount used	\$ 155,000	\$ 155,000	\$ 155,000
Amount unused	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 155,000</u>	<u>\$ 155,000</u>	<u>\$ 155,000</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Ericson Capital Co., Ltd., which held 52.72% of the ordinary shares of the Company at September 30, 2024.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

### Remuneration of Key Management Personnel

Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 6,145	\$ 4,478	\$ 17,107	\$ 13,319
Post-employment benefits	<u>193</u>	<u>156</u>	<u>551</u>	<u>474</u>
	<u>\$ 6,338</u>	<u>\$ 4,634</u>	<u>\$ 17,658</u>	<u>\$ 13,793</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	September 30, 2024	December 30, 2023	September 30, 2023
Land	\$ 225,756	\$ 225,756	\$ 225,756
Buildings	<u>30,708</u>	<u>31,184</u>	<u>31,343</u>
	<u>\$ 256,464</u>	<u>\$ 256,940</u>	<u>\$ 257,099</u>

## 28. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

The Group has a product sales agreement with a major customer, which stipulates the Group should pay rebates to the customer based on the total amount of sales at the rate stipulated in the agreement.

## 29. OTHER ITEMS: NONE

## 30. EXPLANATION OF SEASONALITY OR PERIODICITY OF INTERIM OPERATIONS

The Group is mainly engaged in the production of precision testing equipment and has the characteristics of low and high seasons of operation in response to the period when major customers launch new products. The Group conducts mass production and deliveries 3 to 4 months before customers launch new products. According to historical experience, the Group's sales peak is between June and September each year. Therefore, the Group's inventory from May to August is relatively higher than other months. Usually, the operating income in the first quarter of each year is the lowest, compared to the other three quarters. The peak season of shipment begins at the end of the second quarter, continuing until the end of the third quarter.

## 31. 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 of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of Foreign Currency and New Taiwan Dollars)

September 30, 2024

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 18,586	31.65 (USD:NTD)	\$ 588,245
<u>Financial liabilities</u>			
Monetary items			
USD	1,431	31.65 (USD:NTD)	45,283

December 31, 2023

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items USD	\$ 18,419	30.705 (USD:NTD)	\$ 565,544
<u>Financial liabilities</u>			
Monetary items USD	640	30.705 (USD:NTD)	19,659

September 30, 2023

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items USD	\$ 15,385	32.27 (USD:NTD)	\$ 496,467
<u>Financial liabilities</u>			
Monetary items USD	966	32.27 (USD:NTD)	31,171

**32. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: Table 1
- 3) Marketable securities held (excluding investment in subsidiaries and associates): None
- 4) Marketable securities acquired and 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: Table 3

- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions: Table 4
- b. Information on investees: Table 5
- c. Information on investments in mainland China
  - 1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and investment limits in mainland China: Table 6
  - 2) The following significant transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: Table 7
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) 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 receiving of services.
- d. Information of major shareholders
 

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8

### 33. SEGMENTS INFORMATION

For the purpose of resources allocation and performance assessment, the Group's chief operating decision maker reviews operating results and financial information on a product-by-product basis with a focus on the operating results of each product. As the products share similar economic characteristics, and sell the same types of products in a uniform management approach, the Group's products are aggregated into a single reportable segment. The Group's chief operating decision maker reviews segment information measured on the same basis as the consolidated financial statements. Information about reportable segment sales and profit or loss is referenced from the consolidated statements of comprehensive income for the nine months ended September 30, 2024 and 2023 and information on assets is referenced from the consolidated balance sheets as of September 30, 2024, December 31, 2023 and September 30, 2023.



Information about major customers:

Single customer contributing 10% or more to the Group's revenue is as follows:

Customer Name	For the Nine Months Ended September 30			
	2024		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Customer 1	\$ 516,838	56	\$ 672,678	71

**TABLE 1**

**AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (US\$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Limited	Subsidiary	\$ 262,752	\$ 227,150	\$ 221,550	\$ -	\$ -	17%	\$ 525,503	Y	N	N	
		Trantest Enterprise (India) Private Limited	Subsidiary	262,752	97,350	94,950	-	-	7%	525,503	Y	N	N	

Note: The Company’s maximum total endorsement amount is 40% of the net equity in the financial statements. The Company’s maximum endorsement amount for each endorsed entity is 20% of the net equity in latest financial statements of the Company or the net value of the endorsee company, whichever is lower.

**TABLE 2**

**AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Subsidiary	Service income	\$ 132,642	14	150 days from the end of the month	\$ -	-	\$ 85,195	4	-
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Subsidiary	Sales	391,479	42	30 days from the end of the month	-	-	236,430	11	-

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

**TABLE 3**

**AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Subsidiary	\$ 236,430	3.5	\$ -	-	\$ -	\$ -

**TABLE 4**

**AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

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

Number (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	1	Service income	\$ 132,642	Depends on contract	14
		Trantest Enterprise Ltd.	1	Trade receivables	85,195	Depends on contract	4
		Trantest Precision (China) Ltd.	1	Purchases	25,762	Depends on contract	3
		Trantest Precision (China) Ltd.	1	Trade payables	16,072	Depends on contract	1
		Trantest Precision (China) Ltd.	1	Technical service income	52,493	Depends on contract	6
		Trantest Precision (China) Ltd.	1	Trade receivables	18,507	Depends on contract	1
		Topone Automatic Co., Ltd.	1	Other receivables	16,322	Depends on contract	1
1	Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	3	Service income	10,790	It trading price depends on its function within the Group	1
		Trantest Enterprise Ltd.	3	Sales	391,479	//	42
		Trantest Enterprise Ltd.	3	Trade receivables	236,430	//	11

Note 1: Intercompany relationships and significant intercompany transactions information are represented within the number column as follows:

- a. Number 0 represents the parent company.
- b. Number 1 represents subsidiaries.

Note 2: The flow of transactions between the counterparties of the transactions are represented as follows:

- a. “1” represents transactions from parent company to subsidiary.
- b. “2” represents transactions from subsidiary to parent company.
- c. “3” represents transactions between subsidiaries.

Note 3: The amounts of asset accounts and liability accounts are calculated as a percentage of the consolidated total assets. The amounts of income accounts are calculated as a percentage of the consolidated total sales.

TABLE 5

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income of the Investee	Share of Profit	Note
				September 30, 2024	December 31, 2023	Stocks (Thousands)	%	Carrying Amount			
Aethertek Technology Co., Ltd.	Trantest Enterprise., Ltd.	Hong Kong	Sales of precision testing equipment	\$ 682,513 (US\$ 24,000)	\$ 682,513 (US\$ 24,000)	24,000	100	\$ 916,347	\$ 50,646	\$ 35,157	-
	Trantest Enterprise (India) Private Limited	India	Sales of precision testing equipment	9,280 (INR 23,760)	9,280 (INR 23,760)	2,376	99	6,570	(1,963)	(1,943)	-
Trantest Enterprise., Ltd.	Topone Automatic Co., Ltd	Taiwan	Manufacture of precision testing equipment	25,000	25,000	25,000	100	20,667	(4,249)	(4,249)	-
	Trantest Enterprise (Vietnam) Company Limited	Vietnam	Sales of precision testing equipment	9,735 (US\$ 300)	-	702,000	100	9,139	3	3	-

TABLE 6

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Investment Flows		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)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outflow	Inflow						
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment.	\$ 238,747 (RMB 55,000)	(2)	\$ 228,419 (US\$ 8,025)	\$ -	\$ -	\$ 228,419 (US\$ 8,025)	\$ 91,649	51	\$ 46,741 (Note 2, b, 3)	\$ 315,420	\$ -

Name	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Aethertek Technology Co., Ltd.	\$289,108 (US\$9,944)	\$289,581 (US\$9,960)	\$954,238

Note 1: Methods of investment have following type:

- a. Direct investment in mainland China.
- b. Indirect investment through a company registered in a third region.
- c. Others.

Note 2: The amount recognized in investment income in the current year:

- a. Should be indicated if currently under preparation and not generating investment income.
- b. The basis of recognition of investment profit (loss) should be indicated and is classified as follows:
  - 1) Amounts was recognized based on the financial statements audited by international audit firms with business relationship with audit firms in the ROC.
  - 2) Amount was recognized based on the parent company’s audited financial statements.
  - 3) Others.

Note 3: The relevant figures in this table should be presented in New Taiwan dollars.

TABLE 7

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(In Thousands of New Taiwan Dollars)

Purchase and Sale Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Trantest Enterprise., Ltd.	Trantest Precision (China) Ltd.	Purchases	\$ 391,479	42	30 days after sales for parts	Its trading price depends on its function within the Group	\$ 236,430	11	\$ 18,109	-
Aethertek Technology Co., Ltd.	Trantest Precision (China) Ltd.	Purchases	25,762	3	"	"	16,072	1	3,741	-



**TABLE 8****AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Eriksson Capital Co., Ltd.	37,251,000	52.72
Indicate Investment Ltd.	10,671,847	15.10
La Ge Na Capital Co., Ltd.	10,543,000	14.92

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter.