

EVERFOCUS ELECTRONICS CORP. AND
SUBSIDIARIES
Consolidated Financial Statements
With Independent Auditor's Review Report Thereon
March 31, 2024 and 2023
(Stock Code: 5484)

Address: 7F.-1, No. 133, Ln. 235, Baoqiao Rd., Xindian
Dist., New Taipei City, Taiwan
Tel: (02)2662-2338

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

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
Consolidated Financial Statements
With Independent Auditor’s Review Report Thereon March 31, 2024 and 2023
Table of Contents

Item	Page No.
1. Cover	1
2. Table of Contents	2
3. Auditors’ Review Report	3
4. Consolidated Balance Sheets	5
5. Consolidated Statements of Comprehensive Income	7
6. Consolidated Statements of Changes in Equity	8
7. Consolidated Statements of Cash Flows	9
8. Notes to Consolidated Financial Statements	10
I. Company History	10
II. Date and Procedures for the Authorization of Financial Reports	10
III. Application of New, Amended and Revised Standards and Interpretations	10
IV. Summary Of Significant Accounting Policies	11
V. Critical Accounting Judgements, Estimates And Key Sources Of Assumption Uncertainty	13
VI. Explanation of Significant Accounts	14
VII. Related Party Transactions	32
VIII. Pledged Assets	36
IX. Significant contingent liabilities and unrecognized commitments	36
X. Significant Disaster Loss	36
XI. Significant events after the reporting period	36
XII. Others	36
XIII. SUPPLEMENTARY DISCLOSURES	49
XIV. Segment Information	49

Auditor's Review Report

(2024) Financial Audit Report No. 24000364

To EVERFOCUS ELECTRONICS CORP :

Introduction

We have reviewed the accompanying consolidated balance sheets of EVERFOCUS ELECTRONICS CORP. and its subsidiaries ("the Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies. It is the responsibility of the management to prepare and ensure fair presentation of consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, international financial reporting standards approved by the Financial Supervisory Commission, and IAS 34 - "Interim Financial Reporting". Our responsibility as auditor is to form a conclusion based on our reviews.

Scope of Review

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

The basis for the qualified conclusion on the consolidated financial statements for the first quarter of 2024

As described in Note 6(7) to the consolidated financial statements, the financial statements of investments accounted for under the equity method, included in the consolidated financial statements for the first quarter of 2024, have not been reviewed by auditors. The balance of these investments as of March 31, 2024, was NT\$21,795 thousand, representing 2.39% of total consolidated assets. The share of profit and other comprehensive income recognized under the equity method for the period from January 1 to March 31, 2024, was NT\$3,911 thousand, accounting for (24.53%) of total consolidated comprehensive income.

Qualified conclusion and Unqualified conclusion

Based on our review, except for the possible adjustments to the consolidated financial statements that might be necessary if the financial statements of the investments accounted for under the equity method, as described in the basis for the qualified conclusion on the consolidated financial statements for the first quarter of 2024, had been reviewed by auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the the Group as of March 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the three months ended March 31, 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" as endorsed and issued into effect by the Financial Supervisory Commission.

PricewaterhouseCoopers Taiwan

Mavis Chang

CPA

Shih-Jung Weng

Former Financial Supervisory Commission, Executive Yan

Approval reference: Jin-Guan-Zheng-Shen-Zi

No.0990042602

Securities and Futures Commission, Ministry of Finance

Approval reference: (1999) Tai-Tsai-Cheng (VI) No. 95577

May 8, 2024

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

For March 31, 2024 and 2023

Unit: NT\$ thousands

Assets	Note	31-Mar-24		31-Dec-23		31-Mar-23		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 114,552	13	\$ 111,254	12	\$ 133,881	15
1110	Current financial assets at fair value through profit or loss	6(2)	79,021	9	91,526	10	65,455	7
1136	Current financial assets at amortized cost	6(3) and 8	71,873	8	68,840	8	68,347	8
1150	Notes receivable, net	6(4)	4,134	-	4,932	1	599	-
1170	Accounts receivable, net	6(4)	43,865	5	45,080	5	66,994	8
1180	Accounts receivable-related parties	6(4) and 7	9,635	1	13,930	1	200	-
1200	Other receivables		3,217	-	2,006	-	695	-
1210	Other receivables- related parties	7	47,614	5	42,539	5	-	-
130X	Inventories	6(5)	128,532	14	120,905	13	143,990	16
1479	Other current assets - other		20,246	2	23,176	3	21,101	2
11XX	Total current assets		<u>522,689</u>	<u>57</u>	<u>524,188</u>	<u>58</u>	<u>501,262</u>	<u>56</u>
Non-current assets								
Non-current financial assets at								
1517	fair value through Other comprehensive income or loss	6(6)	4,000	1	4,000	1	12,800	1
1550	Investments accounted for using the equity method	6(7)	21,795	3	17,884	2	-	-
1600	Property, plant and equipment	6(8) and 8	17,390	2	10,085	1	132,131	15
1755	Right-of-use assets	6(9)	21,366	2	23,206	3	1,098	-
1760	Investment property, net	6(10) and 8	210,959	23	211,592	23	86,168	10
1840	Deferred income tax assets	6(24)	73,932	8	76,902	8	94,632	11
1930	Long-term notes and accounts receivable	6(4)	11,100	1	12,114	1	15,135	2
1990	Other non-current assets - other	6(11) and 7	28,932	3	30,786	3	47,126	5
15XX	Total non-current assets		<u>389,474</u>	<u>43</u>	<u>386,569</u>	<u>42</u>	<u>389,090</u>	<u>44</u>
1XXX	Total assets		<u>\$ 912,163</u>	<u>100</u>	<u>\$ 910,757</u>	<u>100</u>	<u>\$ 890,352</u>	<u>100</u>

Chairman:




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

Manager:



Accounting Officer:




EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
For March 31, 2024 and 2023

Unit: NT\$ thousands

Liabilities and Equity	Note	31-Mar-24		31-Dec-23		31-Mar-23		
		Amount	%	Amount	%	Amount	%	
Current Liabilities								
2100	Short-term borrowings	6(12)	\$ 182,649	20	\$ 133,636	14	\$ 133,713	15
2130	Contract liabilities - current	6(18)	7,341	1	5,776	1	5,720	1
2150	Notes payable		-	-	100	-	-	-
2170	Accounts payable		67,989	8	56,839	6	49,074	5
2180	Accounts payable- related parties	7	1,331	-	6,227	1	71	-
2200	Other payables	6(13)	41,070	5	42,225	5	33,853	4
2220	Other payables- related parties	7	3,851	-	39,916	4	27	-
2250	Provisions - current		1,908	-	1,928	-	2,616	-
2280	Lease liabilities - current		9,474	1	9,171	1	593	-
2399	Other current liabilities - other		2,739	-	3,119	0	6,073	1
21XX	Total current liabilities		<u>318,352</u>	<u>35</u>	<u>298,937</u>	<u>33</u>	<u>231,740</u>	<u>26</u>
Non-current liabilities								
2550	Provisions - noncurrent		591	-	558	-	4,082	1
2570	Deferred income tax liabilities	6(24)	3,371	1	3,371	-	2,802	-
2580	Lease liabilities - non-current		12,061	1	14,160	2	517	-
2670	Other non-current liabilities - other		988	-	988	-	870	-
25XX	Total non-current liabilities		<u>17,011</u>	<u>2</u>	<u>19,077</u>	<u>2</u>	<u>8,271</u>	<u>1</u>
2XXX	Total liabilities		<u>335,363</u>	<u>37</u>	<u>318,014</u>	<u>35</u>	<u>240,011</u>	<u>27</u>
Equity								
Equity attributable to owners of the Company								
	Capital stock	6(15)						
3110	Ordinary share		668,010	73	668,010	73	668,010	75
	Capital Surplus	6(16)						
3200	Capital Surplus		55,312	6	55,312	6	55,312	6
	Deficit to be offset	6(17)						
3350	Deficit to be offset		(172,261)	(19)	(158,023)	(17)	(98,668)	(11)
	Other equity items							
3400	Other equity items		25,739	3	27,444	3	25,687	3
31XX	Total equity attributable to owners of the Company		<u>576,800</u>	<u>63</u>	<u>592,743</u>	<u>65</u>	<u>650,341</u>	<u>73</u>
3XXX	Total equity		<u>576,800</u>	<u>63</u>	<u>592,743</u>	<u>65</u>	<u>650,341</u>	<u>73</u>
	Significant contingent liabilities and unrecognized commitments	9						
3X2X	Total Liabilities and Equity		<u>\$ 912,163</u>	<u>100</u>	<u>\$ 910,757</u>	<u>100</u>	<u>\$ 890,352</u>	<u>100</u>

Chairman:



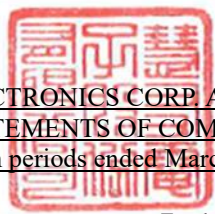
Company notes are an integral part of the consolidated financial statements.

Manager:



Accounting Officer:




EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month periods ended March 31, 2024 and 2023

Unit: NT\$ thousands

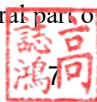
Item	Note	For the three-month periods ended March 31,			
		2024		2023	
		Amount	%	Amount	%
4000	Operating income	\$ 82,179	100	\$ 96,267	100
5000	Operating cost	(54,535)	(66)	(67,914)	(70)
5900	Operating gross profit	27,644	34	28,353	30
	Operating expense				
6100	Selling expense	(9,431)	(12)	(12,530)	(13)
6200	General and administrative expenses	(15,892)	(19)	(12,383)	(13)
6300	Research and development expense	(42,746)	(52)	(10,187)	(11)
6450	Expected credit impairment gains(losses)	31	-	(113)	0
6000	Total operating expenses	(68,038)	(83)	(35,213)	(37)
6900	Operating loss	(40,394)	(49)	(6,860)	(7)
	Non-operating income and expenses				
7100	Interest income	1,121	1	718	1
7010	Other income	2,351	3	2,434	2
7020	Other gains and losses	22,410	27	16,969	17
7050	Finance costs	(1,052)	(1)	(1,262)	(1)
7055	Expected credit profits	399	1	-	-
7060	The share of profits and losses from associates	4,069	5	-	-
7000	Non-operating income and expenses	29,298	36	18,859	19
7900	Gain(Loss) before income tax	(11,096)	(13)	11,999	12
7950	Income tax expenses	(3,142)	(4)	(16)	-
8200	Net gain(loss) for the period	(14,238)	(17)	\$ 11,983	12
	Other comprehensive income (loss)				
8361	Exchange differences arising on translation of	(\$ 1,705)	(2)	\$ 1,426	2
8360	Total components of other comprehensive	(1,705)	(2)	1,426	2
8300	Net other comprehensive income	(\$ 1,705)	(2)	\$ 1,426	2
8500	Total comprehensive income (loss) for the period	(\$ 15,943)	(19)	\$ 13,409	14
	Net profit (loss) attributable to:				
8610	Owners of the Company	(\$ 14,238)	(17)	\$ 11,983	12
	Comprehensive income attributable to:				
8710	Owners of the Company	(\$ 15,943)	(19)	\$ 13,409	14
	Basic earnings (losses) per share				
9750	Total basic earnings (losses) per share	(\$ 0.21)		\$ 0.18	
	Diluted earnings (losses) per share				
9850	Total diluted earnings (losses) per share	(\$ 0.21)		\$ 0.18	

Chairman:



Companying notes are an integral part of the consolidated financial statements.

Manager:



Accounting Officer:





EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three-month periods ended March 31, 2024 and 2023

Unit: NT\$ thousands

	Note	Capital Surplus			Deficit to be offset	Other equity	Total equity
		Common share capital	Capital Surplus - Additional Paid-In Capital	Capital Surplus - Other		Exchange differences arising on translation of foreign operations	
<u>For the three months period ended March 31, 2023</u>							
BALANCE, JANUARY 1, 2023		\$668,010	\$55,051	\$261	(\$110,651)	\$24,261	\$636,932
Net profit for the period		-	-	-	11,983	-	11,983
Other comprehensive income (loss) for the period		-	-	-	-	1,426	1,426
Total comprehensive income (loss) for the period		-	-	-	11,983	1,426	13,409
BALANCE, March 31, 2023		\$668,010	\$55,051	\$261	(\$98,668)	\$25,687	\$650,341
<u>For the three months period ended March 31, 2024</u>							
BALANCE, JANUARY 1, 2024		\$668,010	\$55,051	\$261	(\$158,023)	\$27,444	\$592,743
Net loss for the period		-	-	-	(14,238)	-	(14,238)
Other comprehensive income (loss) for the period		-	-	-	-	(1,705)	(1,705)
Total comprehensive income (loss) for the period		-	-	-	(14,238)	(1,705)	(15,943)
BALANCE, March 31, 2024		\$668,010	\$55,051	\$261	(\$172,261)	\$25,739	\$576,800

Chairman:



Company notes are an integral part of the consolidated financial statements.

Manager:



Accounting Officer:





EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three-month periods ended March 31, 2024 and 2023

Unit: NT\$ thousands

	Note	For the three-month periods ended March 31	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net(loss) gain before income tax		(\$ 11,096)	\$ 11,999
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(10)	(22) 3,748	1,389
Amortization expense	6(22)	383	425
Expected credit impairment(gain) losses	7and 12(2)	(430)	113
Net loss (gain) on financial assets and liabilities at fair value through profit	6(2)(20)	(15,061)	(19,007)
Finance costs	6(9)(12)(21)	1,052	1,262
Interest income		(1,121)	(718)
Dividend income	6(19)	(75)	(118)
The share of profits and losses from associates and joint ventures accounted for using the equity method	6(7)	(4,069)	-
lease modification benefits	6(9)(20)	(2)	-
Unrealized (gain)loss on financial assets measured at amortized cost		(2,521)	504
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		27,566	53,099
Notes receivable		798	3,462
Accounts receivable		2,344	13,899
Accounts receivable- related parties		4,295	(7)
Other receivables		(1,211)	957
Other receivables- related parties		(5,075)	-
Inventories		(7,451)	4,791
Other current assets		3,003	(6,434)
Other non-current assets		210	(199)
Changes in operating liabilities			
Contract liabilities		1,530	(1,130)
Notes payable		(100)	(11)
Accounts payable		11,105	(3,764)
Accounts payable- related parties		(4,896)	38
Other payables		(1,925)	(10,192)
Other payables- related parties		(36,065)	27
Provisions		(24)	(897)
Other current liabilities		(380)	(16)
Other non-current liabilities		-	(102)
Cash flows used in operations		(35,468)	49,370
pay income tax		(61)	(16)
Interest received		1,121	718
Dividends received		75	-
Interest paid		(1,052)	(1,262)
Net cash flows used in operating activities		(35,385)	48,810
Cash flows from investing activities			
Acquisition of financial assets at amortized cost		(\$ 512)	(\$ 324)
Acquisition of property, plant and equipment	6(8)(26)	(6,541)	(78)
Disposal of subsidiary	4(3) and 7	399	-
Acquisition of intangible assets		(378)	(411)
Refundable deposits (paid) refunded		89	(235)
Net cash flows used in investing activities		(6,943)	(1,048)
Cash flows from financing activities			
Increase in short-term borrowings	6(27)	50,138	10,456
Payment of lease liabilities	6(27)	(2,283)	(167)
Net cash generated by financing activities		47,855	10,289
Effect of exchange rate change		(2,229)	272
Increase in cash and cash equivalents		3,298	58,323
Cash and cash equivalents at beginning of period		111,254	75,558
Cash and cash equivalents at end of period		\$ 114,552	\$ 133,881

Chairman:



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

Manager:



Accounting Officer:



EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024 and 2023

Unit: NT\$ in thousands
(Unless Specified Otherwise)



I. Company History

EVERFOCUS ELECTRONICS CORP. (hereinafter referred to as the "Company") was established in Taiwan. The Company and its subsidiaries (hereinafter referred to as "the Group") are primarily engaged in the design, production, installation, sales, and agency import/export business of various electronic surveillance products and equipment, including image processors and electronic cameras. The Company's shares have been listed on the Taipei Exchanges (OTC) in March 2001 and subsequently listed on the TWSE in August 2003.

II. Date and Procedures for the Authorization of Financial Reports

These consolidated financial reports were approved by the board of directors on May 8, 2024.

III. Application of New, Amended and Revised Standards and Interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 regarding "Lease Liability in a sale and leaseback"	January 1, 2024
Amendments to IAS 1 regarding "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 regarding "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 regarding "Supplier Finance Arrangements"	January 1, 2024

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

(II) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

None.

(III) Impact of IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 regarding "Sale or contribution of Assets Between an Investor and its Associate or Joint Venture"	To be determined by International

	Accounting Standards Board
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IFRS 18 “Presentation and Disclosure of Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

Except as described below, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment:

Amendments to IFRS 18 “Presentation and Disclosure of Financial Statements”

Amendments to IFRS 18 'Presentation and Disclosure of Financial Statements' replaces IAS 1 and updates the structure of the comprehensive income statement, adds disclosures on management performance measures, and strengthens the principles of aggregation and disaggregation applied to the primary financial statements and notes.

IV. Summary Of Significant Accounting Policies

Except as described in the statements of compliance, basis of preparation, and basis of consolidation below, the significant accounting policies are the same as those in Note 4 of the consolidated financial statements for the year 2023. Unless otherwise stated, these policies are applied consistently throughout all reporting periods.

(I) Statement of compliance

1. These consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission.
2. These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year 2023.

(II) Basis of preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Financial assets measured at fair value through other comprehensive income.
 - (3) Defined benefit liabilities (or assets) recognized based on the net amount of pension fund assets less present value of defined benefit obligations.
2. The preparation of financial reports in accordance with the International Financial Reporting Standards (IFRSs) endorsed and issued into effect by the Financial Supervisory Commission requires the use of significant accounting estimates. In applying the accounting policies of the Group, management also exercises judgment in processes involving highly judgmental or complex matters, or significant assumptions and estimates in the preparation of consolidated financial statements. Please refer to Note 5 for detailed explanations.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:

The preparation principles of these consolidated financial statements are the same as those of the consolidated financial statements for the year 2023.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Business Nature	Ownership (%)			Description
			31-Mar-24	31-Dec-23	31-Mar-23	
The Company	EVER FOCUS ELECTRONICS CORP. (EverFocus USA)	Selling products and providing customer service for the Company	100%	100%	100%	
The Company	EverFocus Electronics (Shenzhen) Co., Ltd. (EverFocus Shenzhen)	Develop, manufacture and sell commercial surveillance equipment	100%	100%	100%	
The Company	EVERFOCUS JAPAN CORP. (EverFocus Japan)	Selling products and providing customer service for the Company	100%	100%	100%	
The Company	EVERHIGHLIGHT TECHNOLOGY CORP. (Everhighlight)	Manufacture and sale of optical electronic devices	100%	100%	100%	Note 1

3. Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Business Nature	Ownership (%)			Description
			31-Mar-24	31-Dec-23	31-Mar-23	
The Company	EVERHIGHLIGHT TECHNOLOGY CORP. (Everhighlight)	Manufacture and sale of optical electronic devices	100%	-	-	Note 1
The Company	EVERFOCUS ELECTRONICS LIMITED. (EverFocus UK)	Selling products and providing customer service for the Company	75%	75%	75%	Note 2
The Company	EVERFOCUS ELECTRONICS (EUROPE) GMBH (EverFocus Germany)	Selling products and providing customer service for the Company	-	-	100%	Note 3

Note 1: Everhighlight filed for dissolution and liquidation with the local court on December 27, 2023. Therefore, the Group will no longer recognize investment (loss) income related to that company from that date onwards.

Note2: EverFocus UK filed for liquidation in 2013. Therefore, the Group will no longer consolidate its financial statements starting from 2023. EverFocus UK has remitted a portion of funds amounting to \$2,048 (GBP 50,969.89) in August 2023 and March 2024, totaling \$2,048 (GBP 50,969.89) and \$399 (GBP 9,939.13), respectively.

Note3: EverFocus Germany has filed for bankruptcy and liquidation with the local court on in 2018 and ceased operations as of September 28, 2018; therefore, the Group no longer includes it in the consolidated financial statements since September 28, 2018. EverFocus Germany completed the dissolution and liquidation process in April 2023, and remitted funds totaling \$20,422 (EUR 628,185.69).

4. Adjustment for subsidiaries with different balance sheet dates: None.

5. Significant restrictions: None.

6. Subsidiaries that have non-controlling interests that are material to the Group: None.

V. Critical Accounting Judgements, Estimates and Key Sources Of Assumption Uncertainty

There have been no significant changes in the Group. Please refer to Note 5 of the consolidated financial statements for 2023.

VI. Explanation of Significant Accounts

(I) Cash and cash equivalents

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Cash on hand and working fund	\$ 373	\$ 410	\$ 403
Checking accounts and demand deposits	85,379	83,191	124,343
Time deposits	28,800	27,653	9,135
Total	<u>\$ 114,552</u>	<u>\$ 111,254</u>	<u>\$ 133,881</u>

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. As information for the Group pledged its cash and cash equivalents to others, please refer to Note 8 for more information.

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

<u>Item</u>	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Current items:			
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Stocks of listed companies	\$ 72,761	\$ 97,802	\$ 69,677
Valuation adjustments	6,260	(6,276)	(4222)
	<u>\$ 79,021</u>	<u>\$ 91,526</u>	<u>\$ 65,455</u>

1. Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Equity Instruments	<u>\$ 15,061</u>	<u>\$ 19,007</u>

2. The Group does not provide financial assets measured at fair value through profit or loss as collateral.

(III) Financial assets at amortized cost

Item	2024/3/31	2023/12/31	2023/3/31
Current items:			
Restricted bank deposits	\$ 71,860	\$ 68,827	\$ 65,547
Restricted time deposits	13	13	2,800
	\$ 71,873	\$ 68,840	\$ 68,347

1. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	For the three-month periods ended March 31,	
	2024	2023
Interest income	\$ 811	\$ 564

2. Excluding collateral held or other credit enhancements, the maximum exposure to credit risk for the Group's financial assets measured at amortized cost as of March 31, 2024, December 31, 2023, and March 31, 2023, was \$71,873, \$68,840, and \$68,374, respectively.
3. The information for the Group pledged its financial assets measured at amortized costs, please refer to Note 8.
4. Please refer to Note 12 for information on the credit risk of financial assets measured at amortized cost, The Group invests in fixed deposits with financial institutions of good credit quality and expects that the probability of default is very low.

(IV) Notes and accounts receivable

	2024/3/31	2023/12/31	2023/3/31
Notes receivable	\$ 4,134	\$ 4,932	\$ 599
Accounts receivable	\$ 40,909	\$ 42,159	\$ 68,421
Accounts receivable-related parties	9,635	13,930	200
Installment receivables	4,228	4,228	4,228
Less: Unrealized interest income	(193)	(207)	(251)
Less: Loss allowance	(1,079)	(1,100)	(5,404)
	\$ 53,500	\$ 59,010	\$ 67,194
Long-term installment receivables	\$ 11,324	\$ 12,380	\$ 15,551
Less: Unrealized interest income - long-term installment receivables	(224)	(266)	(416)
	\$ 11,100	\$ 12,114	\$ 15,135

1. The aging analysis of accounts receivable and notes receivable (both current and non-current) are as follows:

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Not yet due	\$ 59,610	\$ 74,950	\$ 77,078
Up to 30 days	4,365	1,561	3,237
31 to 60 days	4,380	578	1,849
61 to 90 days	1,374	5	2,660
91 to 180 days	36	73	37
181 to 360 days	289	462	-
Over 360 days	176	-	4,138
	<u>\$ 70,230</u>	<u>\$ 77,629</u>	<u>\$ 88,999</u>

The above ageing analysis was based on past due date.

2. The Group does not hold any collateral over the accounts and notes receivables.
3. The accounts receivable and notes receivable balances as of March 31, 2024, December 31, 2023, and March 31, 2023, all arose from customer contracts. Additionally, as of January 1, 2023, the balances for customer contract receivables, unearned interest income, and allowance for losses were \$106,632, \$739, and \$5,292, respectively.
4. Without considering the collateral held or other credit enhancements, the maximum exposure to credit risk for the Group's notes receivable as of March 31, 2024, December 31, 2023, and March 31, 2023, was \$4,134, \$4,932, and \$599, respectively. The maximum exposure to credit risk for the Group's accounts receivable (including both current and non-current) as of March 31, 2024, December 31, 2023, and March 31, 2023, was \$64,600, \$71,124, and \$82,329, respectively.
5. Please refer to Note 12(2) for information on the credit risk of notes and accounts receivable.

(V) Inventories

	2024/3/31		
	Cost	Allowance for decline in value	Carrying amount
Raw materials	\$ 100,663	(\$ 57,404)	\$ 43,259
Semi-finished goods	24,571	(7,690)	16,881
Work in progress	16,030	(57)	15,973
Finished goods	77,355	(29,083)	48,272
Merchandise Inventory	5,465	(1,954)	3,511
Goods in transit	636	-	636
Total	<u>\$ 224,720</u>	<u>(\$ 96,188)</u>	<u>\$ 128,532</u>

	2023/12/31		
	Cost	Allowance for decline in value	Carrying amount
Raw materials	\$ 97,503	(\$ 61,872)	\$ 35,721
Semi-finished goods	22,913	(8,986)	13,927
Work in progress	34,459	(159)	34,300
Finished goods	52,312	(27,518)	24,794
Merchandise Inventory	12,867	(2,409)	10,458
Goods in transit	1,705	-	1,705
Total	<u>\$ 221,849</u>	<u>(\$ 100,944)</u>	<u>\$ 120,905</u>

	2023/12/31		
	Cost	Allowance for decline in value	Carrying amount
Raw materials	\$ 110,633	(\$ 35,777)	\$ 74,856
Semi-finished goods	28,357	(11,623)	16,734
Work in progress	15,064	(209)	14,855
Finished goods	60,557	(27,270)	33,287
Merchandise Inventory	5,276	(2,236)	3,040
Goods in transit	1,218	-	1,218
Total	<u>\$ 221,105</u>	<u>(\$ 77,115)</u>	<u>\$ 143,990</u>

The cost of inventories recognized as expense for the year:

	For the three-month periods ended March 31,	
	2024	2023
Cost of goods sold	\$ 59,526	\$ 59,423
Gain (Loss) on reversal of decline in market value of inventory(Note)	(4,991)	8,491
	<u>\$ 54,535</u>	<u>\$ 67,914</u>

Note: The Group recognized a reversal gain in 2024 due to the disposal of inventory for which a write-down loss had been previously recognized in prior years.

(VI) Financial assets measured at fair value through other comprehensive income

Item	2024/3/31	2023/12/31	2023/3/31
Non-current assets:			
Equity Instruments			
Unlisted and non-OTC stock	\$ 4,000	\$ 4,000	\$ 12,800

1. The Group has chosen to classify the aforementioned stocks, which are considered strategic investments, as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of March 31, 2024, December 31, 2023, and March 31, 2023, were \$4,000, \$4,000, and \$12,800, respectively.
2. The Group has not provided any collateral with financial assets measured at fair value through other comprehensive income.

(VII) Investments accounted for using the equity method.

Item	2024
At January 1	\$ 17,884
Equity method investment share of profit or loss	4,069
Other equity changes	(158)
At March 31	\$ 21,795

At March 31,2023: None.

Affiliates	2024/3/31	
	Shareholding rate %	Carrying amount
Acrosser Technology Co.,LTD.(Acrosser)	15.25%	\$ 21,795
Affiliates	2023/12/31	
	Shareholding rate %	Carrying amount
Acrosser Technology Co.,LTD.(Acrosser)	15.25%	\$ 17,884

At March 31,2023: None.

1. The group originally held a 10% stake in Acrosser. After participating in its capital increase on July 5, 2023, the shareholding increased to 15.25%. Although this does not reach 20%, the group's shares, combined with those of other related parties—Fuli Investment Co., Ltd. (the chairman of the company is also the chairman of our company)—total 20%. Additionally, the group is one of the top five single largest shareholders. Therefore, due to the assessment that the group has significant influence, from July 5, 2023, the equity method will be used for evaluation.
2. The investment in Acrosser held by the group, accounted for using the equity method, is evaluated and recognized based on the unaudited financial statements of the investee company for the same period.

(VIII) Property, plant and equipment

	2024						
	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	construction in progress	Total	
At January 1							
Cost	\$ 27,819	\$ 1,428	\$ 5,099	\$ 22,640	\$ 1,791	\$ 58,777	
Accumulated depreciation and impairment	(27,051)	(1,093)	(1,836)	(18,712)	-	(48,692)	
	<u>\$ 768</u>	<u>\$ 335</u>	<u>\$ 3,263</u>	<u>\$ 3,928</u>	<u>\$ 1,791</u>	<u>\$ 10,085</u>	
At January 1	\$ 768	\$ 335	\$ 3,263	\$ 3,928	\$ 1,791	\$ 10,085	
Additions	1,566	-	5,061	1,464	-	8,091	
Reclassification	-	-	1,791	-	(1,791)	-	
Depreciation expense	(77)	(14)	(406)	(295)	-	(792)	
Net exchange differences	4	-	-	2	-	6	
At March 31	<u>\$ 2,261</u>	<u>\$ 321</u>	<u>\$ 9,709</u>	<u>\$ 5,099</u>	<u>\$ -</u>	<u>\$ 17,390</u>	
At March 31							
Cost	\$ 29,414	\$ 1,428	\$ 11,951	\$ 24,150	\$ -	\$ 66,943	
Accumulated depreciation and impairment	(27,153)	(1,107)	(2,242)	(19,051)	-	(49,553)	
	<u>\$ 2,261</u>	<u>\$ 321</u>	<u>\$ 9,709</u>	<u>\$ 5,099</u>	<u>\$ -</u>	<u>\$ 17,390</u>	
	2023						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Total
At January 1							
Cost	\$ 86,068	\$ 67,856	\$ 27,428	\$ 1,235	\$ 2,230	\$ 20,842	\$ 205,659
Accumulated depreciation and impairment	-	(26,344)	(26,255)	(1,063)	(1,262)	(17,836)	(72,760)
	<u>\$ 86,068</u>	<u>\$ 41,512</u>	<u>\$ 1,173</u>	<u>\$ 172</u>	<u>\$ 968</u>	<u>\$ 3,006</u>	<u>\$ 132,899</u>
At January 1	\$ 86,068	\$ 41,512	\$ 1,173	\$ 172	\$ 968	\$ 3,006	\$ 132,899
Additions	-	-	78	-	-	-	78
Depreciation expense	-	(258)	(219)	(7)	(139)	(224)	(847)
Net exchange differences	-	-	1	-	-	-	1
At March 31	<u>\$ 86,068</u>	<u>\$ 41,254</u>	<u>\$ 1,033</u>	<u>\$ 165</u>	<u>\$ 829</u>	<u>\$ 2,782</u>	<u>\$ 132,131</u>
At March 31							
Cost	\$ 86,068	\$ 67,903	\$ 27,514	\$ 1,235	\$ 2,230	\$ 20,854	\$ 205,804
Accumulated depreciation and impairment	-	(26,649)	(26,481)	(1,070)	(1,401)	(18,072)	(73,673)
	<u>\$ 86,068</u>	<u>\$ 41,254</u>	<u>\$ 1,033</u>	<u>\$ 165</u>	<u>\$ 829</u>	<u>\$ 2,782</u>	<u>\$ 132,131</u>

Note: In 2023, the group converted its land, houses, and buildings to rental properties. Therefore, these assets were reclassified from property, plant, and equipment to investment property. For more details, please refer to Note 6(10).

1. The property, plant and equipment mentioned above are assets held for self-use.

- For information on the pledge of property, plant and equipment by the Group, please refer to Note 8.

(IX) Leasing arrangements-lessee

- The Group leases various assets including buildings, and transportation equipment. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- The lease period of certain premises leased by the Group does not exceed 12 months.
- The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
	Carrying amount	Carrying amount	Carrying amount
Buildings	\$ 205,983	\$ 22,322	\$ 1,013
Transportation equipment	773	884	85
	<u>\$ 21,366</u>	<u>\$ 23,206</u>	<u>\$ 1,098</u>

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
	Depreciation expense	Depreciation expense
Buildings	\$ 2,213	\$ 126
Transportation equipment	110	42
	<u>\$ 2,323</u>	<u>\$ 168</u>

- The group's additions to right-of-use assets amounted to \$2,115 and \$0 for the periods from January 1 to March 31 in 2024 and 2023, respectively.
- Information on profit or loss in relation to lease contracts is as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 129	\$ 6
Expense on short-term lease contracts	192	4
Lease modification gains	2	-

- The total cash outflows for leases by the group for the periods from January 1 to March 31 in 2024 and 2023 were \$2,604 and \$177, respectively.

(X) Investment property

	2024		
	<u>Lands</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Cost	\$ 119,615	\$ 151,395	\$ 271,010
Accumulated depreciation and impairment	-	(59,418)	(59,418)
	<u>\$ 119,615</u>	<u>\$ 91,977</u>	<u>\$ 211,592</u>
January 1	\$ 119,615	\$ 91,977	\$ 211,592
Reclassification			
Depreciation expense	-	(633)	(633)
March 31	<u>\$ 119,615</u>	<u>\$ 91,344</u>	<u>\$ 210,959</u>
March 31			
Cost	\$ 119,615	\$ 151,573	\$ 271,188
Accumulated depreciation and impairment	-	(60,229)	(60,229)
	<u>\$ 119,615</u>	<u>\$ 91,344</u>	<u>\$ 210,959</u>

	2023		
	<u>Lands</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Cost	\$ 33,547	\$ 83,722	\$ 117,269
Accumulated depreciation and impairment	-	(30,727)	(30,727)
	<u>\$ 33,547</u>	<u>\$ 52,995</u>	<u>\$ 86,542</u>
January 1	\$ 33,547	\$ 52,995	\$ 86,542
Reclassification			
Depreciation expense	-	(374)	(374)
March 31	<u>\$ 33,547</u>	<u>\$ 52,621</u>	<u>\$ 86,168</u>
March 31			
Cost	\$ 33,547	\$ 83,722	\$ 117,269
Accumulated depreciation and impairment	-	(31,101)	(31,101)
	<u>\$ 33,547</u>	<u>\$ 52,621</u>	<u>\$ 86,168</u>

Note: In 2023, the group converted its land, houses, and buildings to rental properties. Therefore, these assets were reclassified from property, plant, and equipment to investment properties.

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	\$ 1,514	\$ 1,340
Direct operating expenses arising from investment property that generated rental income	\$ 633	\$ 374

2. The investment properties held by the group include the Xizhi office building and the Shengkeng factory and office building. The fair values as of March 31, 2024, December 31, 2023, and March 31, 2023, were \$570,920, \$570,920, and \$228,537, respectively. These valuations are based on the assessments of independent appraisers on June 29, 2023, and December 31, 2022. The valuations were conducted using the comparison method and the income method. According to the assessment by the group's management, there have been no significant changes in the fair value of the investment properties. The aforementioned fair values are categorized as Level 3 fair values, with the main assumptions as follows:

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Gross margin	2.94%	2.94%	2.94%
Earnings capitalization rate	0.61~1.85%	0.61~1.85%	0.61%

3. The Group pledged its investment properties, please refer to Note 8 for more information.

(XI) Other non-current assets

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
overdue receivables- related parties	\$ -	\$ -	\$ 20,667
Net defined benefit assets	23,092	23,019	19,989
Guarantee deposits paid	3,811	3,900	3,035
Others	2,029	3,867	3,435
	<u>\$ 28,932</u>	<u>\$ 30,786</u>	<u>\$ 47,126</u>

Please refer to Note 7(2) for details of the collections.

(XII) Short-term borrowings

Type of borrowings	2024/3/31	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 44,849	1.13%~2.05%	Time deposits
Secured borrowings	133,000	2.20%~2.21%	Land, buildings and construction (recognized as investment property)
Secured borrowings	4,800	8.28%~8.56%	Land, buildings and construction (recognized as investment property)
	<u>\$ 182,649</u>		

Type of borrowings	2023/12/31	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 46,099	1.13%~2.05%	Time deposits
Secured borrowings	86,000	2.20%~2.21%	Land, buildings and construction (recognized as investment property)
Secured borrowings	1,537	7.85%~8.56%	Land, buildings and construction (recognized as investment property)
	<u>\$ 133,636</u>		

Type of borrowings	2023/3/31	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 48,038	1.15%~2.04%	Time deposits
Secured borrowings	40,000	2.07%~2.08%	Land, buildings and construction (recognized as investment property)
Secured borrowings	45,675	7.85%	Land, buildings and construction (recognized as investment property)
	<u>\$ 133,713</u>		

1. The group recognized interest expenses in profit or loss of \$907 and \$1,256 for the periods from January 1 to March 31 in 2024 and 2023, respectively.

2. Please refer to Note 8 for the information on short-term loans pledge.

(XIII) Other payables

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Salaries and bonuses payable	\$ 10,738	\$ 12,732	\$ 5,162
Payable for labor services	1,160	1,910	1,130
Labor insurance payable	843	848	478
National health insurance payable	740	747	429
Others	27,589	25,988	26,654
	<u>\$ 41,070</u>	<u>\$ 42,225</u>	<u>\$ 33,853</u>

(XIV) Pensions

1. (1) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005, and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next end of March.

The company was approved by the New Taipei City Government Labor Bureau to suspend contributions to the labor retirement reserve fund for the years 2024 and 2023.

(2) For the periods from January 1 to March 31 in 2024 and 2023, the group recognized pension costs of (\$73) and (\$61), respectively, in accordance with the aforementioned pension plan.

(3) The company expects to make contributions of \$0 to the pension plan for the year 2024.

2. (1) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the

employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (2) EverFocus Electronics (ShenZhen)CO., Ltd. contributes monthly to the old-age insurance fund at a certain rate based on the total salary of local employees in accordance with the PRC's defined pension insurance system. Each employee's pension is managed and arranged by the PRC government and EverFocus Shenzhen has no further obligation other than making monthly contributions.
- (3) EverFocus America and EverFocus Japan make pension contributions in accordance with local laws and regulations.
- (4) For the periods from January 1 to March 31 in 2024 and 2023, the group recognized pension costs of \$1,084 and \$1,028, respectively, in accordance with the aforementioned pension plan.

(XV) Capital stock

1. As of December 31, 2022, the Company's authorized capital was \$2,070,000, consisting of 207 million shares of ordinary stock (including 30 million shares reserved for employee stock options), and the paid-in capital was \$668,010, divided into 66,801 thousand shares with par value of \$10 per share. All proceeds from shares issued have been collected.
2. Movements in the number of the Company's ordinary shares (shares in thousands) outstanding are as follows:

	2024	2023
January 1 (i.e., March 31)	66,801	66,801

(XVI) Capital surplus

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

(XVII) Deficit to be offset

1. According to Article of Incorporation, if the Company has earnings surplus as evidenced by the year-end accounting settlement, it shall pay taxes and make up for losses in accordance with the law and set aside 10% as a legal reserve, except when the legal reserve has reached the Company's total paid-in capital. The remainder shall be set aside or reversed as a special reserve in accordance with the laws and regulations. The Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders to resolve the distribution of dividends to shareholders if there is still a balance available, together with the accumulated undistributed earnings to allocate 0% to 100% of the distributable earnings.

The distributable dividends or bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended

by two-thirds of the total number of directors; and in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

2. Dividends are distributed on the basis that maintaining a sound financial structure and matching future business growth of the Company. In accordance with the Company Act, the Board of Directors prepares a proposal for the distribution of earnings each year after the approval of the shareholders' meeting, taking into account the Company's profitability and future operating needs and to protect the interests of investors. The Company adopts the following three methods to distribute dividends: capitalization of earnings, capitalization of capital surplus and cash dividends. If there is an appropriate investment plan that can increase the Company's profitability, the capitalization of earnings or capitalization of capital surplus will be used. When the capital increase affects the dividend level, cash dividends will be paid. Stock dividends will account for 0% to 90% while cash dividends will account for 10% to 100% of the total amount of dividends paid. The actual number of dividends paid will be determined by the amount approved at the shareholders' meeting.
3. On June 14, 2023, the company's shareholders' meeting approved the proposal for loss compensation for the year 2022. Details regarding the board of directors' approval of the proposed loss compensation and the shareholders' meeting resolution can be found on the "Market Observation Post System (MOPS)" of the TWSE.
4. On March 12, 2024, the Board of Directors approved that there are no distributable earnings due to operational losses for the year 2024. This proposal is pending approval by the shareholders' meeting.
5. As of March 31, 2024, and for the period from January 1 to March 31, 2023, the company has no distributable earnings available.

(XVIII) Operating income

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from Contracts with Customers	<u>\$ 82,179</u>	<u>\$ 96,267</u>

1. Disaggregation of revenue from contracts with customers

The Group's revenue comes from the provision of goods and services that are transferred over time and at a point in time. The revenues are segmented into the following types:

<u>For the three-month periods ended March 31, 2024</u>	<u>Sales revenue</u>	<u>Service revenue</u>	<u>Total</u>
Revenue from contracts	<u>\$ 79,510</u>	<u>\$ 2,669</u>	<u>\$ 82,179</u>
Time of income recognition			
Income recognized at a point in time	\$ 79,510	\$ -	\$ 79,510
Revenue recognized over time	-	2,669	2,669
Total	<u>\$ 79,510</u>	<u>\$ 2,669</u>	<u>\$ 82,179</u>
<u>For the three-month periods ended March 31, 2023</u>	<u>Sales revenue</u>	<u>Service revenue</u>	<u>Total</u>

Revenue from contracts	\$ 95,483	\$ 784	\$ 96,267
Time of income recognition			
Income recognized at a point in time	\$ 95,483	\$ -	\$ 95,483
Revenue recognized over time	-	784	784
Total	\$ 95,483	\$ 784	\$ 96,267

2.Contract liability

(I) Recognized contract liabilities relative to revenue from contracts with customers are as follows:

	2024/3/31	2023/12/31	2023/3/31	2023/1/1
Contract liability - Sales contract	\$ 7,341	\$ 5,776	\$ 5,720	\$ 6,850

(II) Recognized income of contract liabilities at January 1

	For the three-month periods ended March 31,	
	2024	2023
Beginning balance of contract liabilities	\$ 1,598	\$ 5,226
Recognized income-Sales contract		

(XIX) Other income

	For the three-month periods ended March 31,	
	2024	2023
Rental income	\$ 1,598	\$ 1,742
Dividend income	75	118
Other incomes-other	678	574
	\$ 2,351	\$ 2,434

(XX) Other gains and losses

	For the three-month periods ended March 31,	
	2024	2023
Net (loss) income from financial assets and liabilities measured at fair value through profit or loss	\$ 15,061	\$ 19,007
Gain (Loss) on foreign exchange	7,360 (	1,426)
Lease modification gains	2	-
Other loss	(13 ) (	612)
	\$ 22,410	\$ 16,969

(XXI) Finance costs

	For the three-month periods ended March 31,	
	2024	2023
Interests on bank borrowings	\$ 907	\$ 1,256
Interests on lease borrowings	129	6
Other interest expenses	16	-
	<u>\$ 1,052</u>	<u>\$ 1,262</u>

(XXII) Costs and Expenses by nature

	For the three-month periods ended March 31,					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 7,705	\$ 21,380	\$ 29,085	\$ 8,101	\$ 21,169	\$ 29,270
Depreciation expense	876	2,872	3,748	287	1,102	1,389
Amortization expense	-	383	383	8	417	425

(XXIII) Employee benefit expenses

	For the three-month periods ended March 31,	
	2024	2023
Wages and salaries	\$ 24,311	\$ 24,525
Labor and health insurance fees	2,516	2,736
Pension costs	1,011	967
Other personnel expenses	1,247	1,042
	<u>\$ 29,085</u>	<u>\$ 29,270</u>

1. According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of 3%~10.5% and remuneration of directors and supervisors at rates of no higher than 2.5% of the remaining profit after deducting accumulated losses.
2. For the period from January 1 to March 31, 2024, the company incurred a pre-tax net loss from operations, therefore no provision was made for employee and director remuneration.
3. For the period from January 1 to March 31, 2023, the company generated pre-tax net profit, but there were accumulated losses. According to the company's articles, there was no requirement to provision for employee and director remuneration.
4. Information on remuneration of employees, directors and supervisors approved by the board of directors is disclosed on the MOPS.

(XXIV) Income tax

1. Income tax expense

Components of income tax expense:

	For the three-month periods ended March 31,	
	<u>2024</u>	<u>2023</u>
Current Income Tax:		
Underestimation of Income Tax from Prior Years	\$ 61	\$ 16
Deferred income tax:		
Origination and reversal of temporary differences	<u>3,081</u>	<u>-</u>
Income tax expense	<u>\$ 3,142</u>	<u>\$ 16</u>
2. The company's and Everhighlight 's corporate income tax filings have been assessed and approved by the tax authorities up to 2022.		
3. Reconciliation between income tax expense and accounting profit		

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Deferred Income Tax Assets			
-Temporary differences:			
Tax losses	\$ 48,782	\$ 48,782	\$ 53,050
Provisions of bad debt expense	4,788	5,006	18,861
Allowance to reduce inventory to market	18,942	19,945	12,905
Unrealized loss on loans receivable	-	-	4,765
Others	<u>1,420</u>	<u>3,169</u>	<u>5,051</u>
Subtotal	<u>73,932</u>	<u>76,902</u>	<u>94,632</u>
Deferred income tax liabilities:			
Re-measurement of defined benefit plans	(<u>3,371</u>)	(<u>3,371</u>)	(<u>2,802</u>)
Subtotal	(<u>3,371</u>)	(<u>3,371</u>)	(<u>2,802</u>)
Total	<u>\$ 70,561</u>	<u>\$ 73,531</u>	<u>\$ 91,830</u>

(XXV) Losses per share

	For the three-month periods ended March 31,2024		
	Profit after tax	Retroactively adjusted weighted-average common shares outstanding (in thousands)	Earnings per share (NT\$)
<u>Basic/Diluted Losses Per Share</u>			
Net loss for the period attributable to common shareholders of the Parent company	(\$ 14,238)	66,801	(\$ 0.21)

	For the three-month periods ended March 31,2023		
	Profit after tax	Retroactively adjusted weighted-average common shares outstanding (in thousands)	Earnings per share (NT\$)
<u>Basic/Diluted Losses Per Share</u>			
Net loss for the period attributable to common shareholders of the Parent company	\$ 11,983	66,801	\$ 0.18

(XXVI) Supplementary Cash Flow Information

Partial Cash Payment for Investment Activities:

	For the three-month periods ended March 31,	
	2024	2023
Acquisition of real estate, plants, and equipment	\$ 8,091	78
Add: Beginning Balance of Equipment Payables	179	-
Less: Beginning Balance of Prepaid Equipment	(1,729)	-
Current period cash payments	\$ 6,541	\$ 78

(XXVII) Changes in liabilities arising from financing activities

2024		
Short-term borrowings	Lease liabilities	Total liabilities from financing activities

January 1	\$	133,636	\$	23,331	\$	156,967
Changes in financing cash flows		50,138	(	2,283)		47,855
Additions to lease liabilities		-		2,115		2,115
Current Period Disposal of Lease Liabilities		-	(	1,628)	(	1,628)
Impact of changes in foreign exchange rate	(	1,125)		-	(	1,125)
March 31	\$	182,649	\$	21,535	\$	204,184

	2023					
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities			
January 1	\$	124,555	\$	1,299	\$	125,854
Changes in financing cash flows		10,456	(	167)		10,289
Impact of changes in foreign exchange rate	(	1,298)	(	22)	(	1,320)
March 31	\$	133,713	\$	1,110	\$	134,823

VII. Related Party Transactions

(I) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
EVERFOCUS ELECTRONICS INDIA PRIVATE LIMITED	Affiliates (Note 1)
EVERFOCUS ELECTRONICS LIMITED.	Subsidiaries in the liquidation (Note 2)
EVERFOCUS ELECTRONICS (EUROPE) GMBH	Subsidiaries in the liquidation (Note 2)
EVERHIGHLIGHT TECHNOLOGY CORP.	Subsidiaries in the liquidation (Note 2)
Acrosser Technology Co.,LTD.	Affiliates (Note 3)
AAEON Technology Inc.	Other related parties
AAEON TECHNOLOGY (SU ZHOU) INC.	Other related parties
Onyx Healthcare Inc.	Other related parties
LYDS TECHNOLOGIES INC.	Other related parties
Spark Technologies Inc.	Other related parties
AREC Inc.	Other related parties (Note 4)
JetWay Information Co. Ltd.	Other related parties
AAEON TECHNOLOGY (EUROPE) B.V.	Other related parties

Note 1: The Company owns 75% of the ownership of that entity. However, since January 1, 2015, the Company has lost control over that entity due to the Company's inability to manage

relevant activities, so the Company has recognized a 100% provision for the related debt. Additionally, the investment accounted for using the equity method was derecognized in 2023. Therefore, as of December 31, 2023, EVERFOCUS ELECTRONICS INDIA PRIVATE LIMITED is no longer an associated company of the Group.

Note 2: Please refer to Note 4(3)3.

Note 3: On July 5, 2023, the Company participated in Acrosser Technology Co.,LTD.'s cash capital increase and subsequently recognized it as an investee accounted for using the equity method. Therefore, Acrosser Technology Co.,LTD. has been considered an associated enterprise of the Company since its participation in the cash capital increase.

Note 4: The Company changed its manager on November 9, 2023. Therefore, it has been recognized as another related party of the Company since that date.

(II) Significant transactions and balances with related parties

1. Operating income

	For the three-month periods ended March 31,	
	2024	2023
Sales of goods		
Affiliates - Other	\$ 2,658	\$ -
Other related parties-Other	3,061	63
Total	<u>\$ 5,719</u>	<u>\$ 63</u>
Service sales		
Affiliates- Acrosser Technology Co.,LTD.	\$ 1,494	\$ -
Other related parties- LYDS TECHNOLOGIES INC.	583	-
	<u>\$ 2,077</u>	<u>\$ -</u>

- (1) The transaction price and payment terms for the sales of goods to related parties by the Company are based on the agreed price and terms between both parties.
- (2) The group provides procurement services for its related party, Acrosser from January 1 to March 31, 2024, the group purchased goods from another related party and then sold them to Acrosser, with the cost of goods purchased amounting to \$26,591 and the sales revenue presented on a net basis.
- (3) The group procured raw materials from related parties, and part of these materials were resold as semi-finished and finished products. From January 1 to March 31, 2024, the cost of raw materials purchased amounted to \$8,051, and the sales were presented on a net basis.

2. Purchases

	For the three-month periods ended March 31,	
	2024	2023
Purchases of goods		
Affiliates - Other	\$ 666	\$ -
Other related parties-Other	3,741	347
Total	<u>\$ 4,407</u>	<u>\$ 347</u>

The payment terms of abovementioned purchases are the same with third parties (suppliers),

and the credit terms are 30 days or advanced payment.

3. Accounts receivable

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Affiliates - Acrosser	\$ 4,427	\$ 9,441	\$ -
Other related parties-Other	5,208	4,489	200
Total	<u>\$ 9,635</u>	<u>\$ 13,930</u>	<u>\$ 200</u>

4. Accounts payable

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Subsidiaries-other	\$ 344	\$ 344	\$ -
Affiliates - Acrosser	39,167	42,195	-
Other related parties- LYDS	7,383	-	-
Other related parties-Other	720	-	-
Total	<u>\$ 47,614</u>	<u>\$ 42,539</u>	<u>\$ -</u>

5. Accounts payable

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Affiliates - Other	\$ 959	\$ 1,381	\$ -
Other related parties- Other	372	4,846	71
Total	<u>\$ 1,331</u>	<u>\$ 6,227</u>	<u>\$ 71</u>

6. Other payable

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Other related parties-Aeeon	\$ -	\$ 35,738	\$ -
Other related parties-Other	3,851	4,178	27
Total	<u>\$ 3,851</u>	<u>\$ 39,916</u>	<u>\$ 27</u>

7. Receivables from related parties (included in other non-current assets)

	<u>2024/3/31</u>	<u>2023/12/31</u>	<u>2023/3/31</u>
Subsidiary - EVERFOCUS UK	\$ 24,944	\$ 25,343	\$ 26,930
Subsidiary - EverFocus Germany	-	-	82,181
Affiliate - EverFocus India	-	-	26,040
Less: Allowance for doubtful accounts	(24,944)	(25,343)	(114,484)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,667</u>

(1) In March 2024, the company received a partial payment from EVERFOCUS UK,

recognizing expected credit turnover benefits of \$399.

- (2) EVERFOCUS Germany completed the liquidation process in April 2023 and repatriated funds totaling \$20,422 (EUR628,185.69).
- (3) The Company assessed in 2023 that the receivables from EVERFOCUS ELECTRONICS INDIA PRIVATE LIMITED were irrecoverable, and therefore, wrote off the entire amount in 2023.

8. Lease Transaction – Lessee

- (1) The group leases office space from another related party, AREC, for a period of 2 years. Rent is paid at the beginning of each month.
- (2) Acquisition of Right-of-Use Assets

	For the three-month periods ended March 31,	
	2024	2023
Other related parties-AREC	\$ 2,115	\$ -

(3) Lease Liabilities

A. Ending Balance:

	2024/3/31	2023/3/31
Other related parties-AREC	\$ 2,059	\$ -

B. Interest expense:

	For the three-month periods ended March 31,	
	2024	2023
Other related parties-AREC	\$ 2	\$ -

9. Software licensing fees (recognized as cost of goods sold)

	For the three-month periods ended March 31,	
	2024	2023
Other related parties-Others	\$ 2,155	\$ -

10. Operating expense

	For the three-month periods ended March 31,	
	2024	2023
Other related parties-Others	\$ 783	\$ 182

The above operating expenses mainly consist of management consulting fees and rental expenses, which are recorded under administrative expenses.

(III) Key management compensation

	For the three-month periods ended March 31,	
	2024	2023

Salaries and other employee benefits	\$ 1,222	\$ 515
--------------------------------------	----------	--------

VIII. Pledged Assets

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

Pledged assets	Book value			Guarantee purpose
	2024/3/31	2023/12/31	2023/3/31	
Restricted time deposit (Listed in current financial assets at amortized cost)	\$ 71,860	\$ 68,827	\$ 65,547	Performance bonds for tenders, customs declarations and bank loans
Restricted time deposit (Listed in Amortized cost financial assets - current)	13	13	2,800	Government grant project guarantee deposit
Land, Building and Construction (Listed in property, plant and equipment)	-	-	127,321	Bank credit line guarantee
Land, Building and Construction (Listed in investment property)	210,959	211,592	86,168	Bank Loan Guarantee
	<u>\$ 282,832</u>	<u>\$ 280,432</u>	<u>\$ 281,836</u>	

IX. Significant contingent liabilities and unrecognized commitments

(I) Contingencies

None.

(II) Commitments

- As of March 31, 2024, December 31, 2023, and March 31, 2023, the group issued promissory notes totaling \$470,888, \$470,450, and \$452,863, respectively, for bank comprehensive credit lines and performance bonds required under customer contracts.
- As of March 31, 2024, December 31, 2023, and March 31, 2023, the group commissioned financial institutions to issue guarantee letters for performance bonds required to execute government subsidy projects, each amounting to \$90,750.
- As of March 31, 2024, December 31, 2023, and March 31, 2023, the company has signed contracts but has not incurred any payments for property, plant, and equipment, totaling \$0, \$3,104, and \$0, respectively.

X. Significant Disaster Loss

None

XI. Significant events after the reporting period

None.

XII. Others

(I) Capital risk management

The Group has set up capital management objectives to ensure continued operation, maintain

the best capital structure for the reduction in cost of capital, and protect shareholders interests. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(II) Financial instruments

1. Financial instruments by category

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or low			
Financial assets mandatorily measured at fair value through profit or loss, mandatorily measured at fair value	\$ 79,021	\$ 91,526	\$ 65,455
Designation of equity instrument	4,000	4,000	12,800
Financial assets at amortized cost			
Cash and cash equivalents	114,552	111,254	133,881
Financial assets at amortized cost	71,873	68,840	68,347
Notes receivable	4,134	4,932	599
Accounts receivable (including related parties)	53,500	59,010	67,194
Other receivables (including related parties)	50,831	44,545	695
Long-term notes and accounts receivable	11,100	12,114	15,135
Guarantee deposits paid	3,811	3,900	3,035
(Listed as other non-current assets)			
overdue receivables	-	-	20,667
(Listed as other non-current assets)			
	<u>\$ 392,822</u>	<u>\$ 400,121</u>	<u>\$ 387,808</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 182,649	\$ 133,636	\$ 133,713
Notes payable	-	100	-
Accounts payable (including related parties)	69,320	63,066	49,145
Other receivable (including related parties) s	44,921	82,141	33,880
	<u>\$ 296,890</u>	<u>\$ 278,943</u>	<u>\$ 216,738</u>
Lease liabilities	<u>\$ 21,535</u>	<u>\$ 23,331</u>	<u>\$ 1,110</u>

2. Financial risk management policies

The Group adopts a comprehensive risk management system for the management to clearly identify, measure and control all risks to achieve effective control and measurement.

The Group's Control and management strategies are as follows:

(1) Interest rate risk:

The Group continuously keep track on the trend of interest rates and set up stop-loss points to control interest rate risks.

(2) Foreign exchange risk:

The Group uses derivative financial instruments such as forward foreign exchange transactions to hedge for foreign currency assets or liabilities or highly probable transactions to reduce the risks in cash flows and fair value from fluctuation in foreign exchange rates. In addition, the changes foreign exchange rate is closely monitored, with a stop loss point to mitigate exchange rate risks.

(3) Credit risk:

The Group has a stringent credit evaluation policy and only trades with counterparties of good credit quality, with regular application of credit protection measures to mitigate credit risk.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

A. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, JPY and CNY. Exchange rate risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

B. The Group's management formulated policies to manage exchange rate risks relative to the functional currency of the Group and its subsidiaries. The finance department is responsible for hedging the overall exchange rate risk. Exchange rate risk is measured through highly probable forecast transactions that involves expenditures denominated in USD. Accordingly, the Group uses foreign currency forward contracts to mitigate the impact of exchange rate fluctuations on the costs of purchasing inventories.

C. The Group's businesses involve some non-functional currency operations (The functional currency of the Company and some subsidiaries is New Taiwan Dollars). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

2024/3/31		
Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)		
<u>Financial assets</u>		

<u>Monetary items</u>			
USD: NTD	\$	4,297	32.000 \$ 137,504
JPY: NTD		11,466	0.212 2,431
EUR: NTD		123	40.391 4,968
CNY: NTD		426	4.409 1,878
USD: CNY		109	7.258 3,488

Financial liabilities

Monetary items

USD: NTD	\$	631	32.000 \$ 20,192
USD: CNY		154	7.258 4,928

2023/12/31

Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NTD)
---	------------------	-----------------------------

**(Foreign currency:
Functional currency)**

Financial assets

Monetary items

USD: NTD	\$	6,181	30.725 \$ 189,911
JPY: NTD		10,608	0.217 2,302
EUR: NTD		86	34.028 2,926
CNY: NTD		399	4.330 1,728
GBP: NTD		222	39.191 8,700

Financial liabilities

Monetary items

USD: NTD	\$	543	30.725 \$ 16,684
USD: CNY		140	7.096 4,302

2023/3/31

Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NTD)
---	------------------	-----------------------------

**(Foreign currency:
Functional currency)**

Financial assets

Monetary items

USD: NTD	\$	4,966	30.450 \$ 151,215
EUR: NTD		661	33.140 21,906
CNY: NTD		442	4.432 1,959
USD: CNY		222	6.870 6,760

Financial liabilities

<u>Monetary items</u>				
USD: NTD	\$	456	30.450	\$ 13,885
USD: CNY		361	6.870	10,992

- D. The group's total exchange gains (losses) (including realized and unrealized) from monetary items significantly affected by exchange rate fluctuations for the periods from January 1 to March 31 in 2024 and 2023 amounted to \$7,360 and (\$1,426), respectively.
- E. The analysis of the Group's foreign currency market risk due to material exchange rate fluctuations is as follows:

<u>For the three-month periods ended March 31,2024</u>				
<u>Sensitivity analysis</u>				
	<u>Extent of change</u>	<u>Effect on income</u>	<u>Effect on other comprehensive income</u>	
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 1,375	\$	-
JPY: NTD	1%	24		-
EUR: NTD	1%	50		-
CNY: NTD	1%	19		-
USD: CNY	1%	35		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 202	\$	-
USD: CNY	1%	49		-

<u>For the three-month periods ended March 31,2023</u>				
<u>Sensitivity analysis</u>				
	<u>Extent of change</u>	<u>Effect on income</u>	<u>Effect on other comprehensive income</u>	
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 1,512	\$	-

EUR: NTD	1%		219	-
CNY: NTD	1%		20	-
USD: CNY	1%		68	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$	139	\$ -
USD: CNY	1%		110	-

Price risk

- A. The Group is exposed to equity instrument price risk because of investments classified as financial assets at fair value through profit or loss. To manage the price risk arising from investments in equity instruments, the Group has diversified its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The group primarily invests in equity instruments issued by domestic companies, and the prices of these equity instruments are influenced by the uncertainty of the future value of the investments. If the prices of these equity instruments were to increase or decrease by 1%, with all other factors remaining constant, the impact on net profit after tax for the periods from January 1 to March 31 in 2024 and 2023, due to gains or losses from equity instruments measured at fair value through profit or loss, would increase or decrease by \$790 and \$654, respectively. The impact on other comprehensive income due to gains or losses from equity investments classified as measured at fair value through other comprehensive income would increase or decrease by \$40 and \$128, respectively.

Cash flow and fair value interest rate risk

- A. The group's interest rate risk primarily arises from short-term borrowings issued at floating interest rates, exposing the group to cash flow interest rate risk. Part of this risk is offset by cash and cash equivalents held at floating interest rates. For the periods from January 1 to March 31 in 2024 and 2023, the group's borrowings issued at floating interest rates were primarily denominated in USD, JPY, and TWD.
- B. If the borrowing interest rate were to increase or decrease by 0.25%, with all other factors remaining constant, the net profit after tax for the periods from January 1 to March 31 in 2024 and 2023 would decrease or increase by \$91 and \$67, respectively. This is mainly due to changes in interest expenses resulting from borrowings at floating interest rates.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- B. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group is responsible for managing and analyzing the credit risk for its new clients before standard payment and delivery terms and conditions are offered. To control internal risk, the Group assesses the credit quality of the customers, taking into account their financial

position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

C. The Group adopts the assumptions under IFRS 9. The Group determines that the default occurs when the contract payments were past due over 90 days based on the terms.

D. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

E. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(1) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties.

(2) The disappearance of an active market for that financial asset because of financial difficulties.

(3) Default or delinquency in interest or principal repayments.

F. The customers' accounts receivables are segmented based on customer type. A simplified loss rate approach is used for ECL measurement based on the provision matrix.

G. The group writes off the amounts of financial assets that are not expected to be recoverable after collection procedures, but the group will continue to pursue legal action to safeguard its creditor rights. As of March 31, 2024, December 31, 2023, and March 31, 2023, the group had not written-off receivables that were still subject to collection efforts.

H.(1) The expected loss rate for customers with good credit quality is 0.03%. As of March 31, 2024, December 31, 2023, and March 31, 2023, the total carrying amounts of accounts receivable and notes receivable (including current and non-current) was \$29,321, \$35,470, and \$20,578, respectively. Since the expected credit losses were not significant, the allowance for losses was \$0.

(2)The group adjusts the loss rates, established based on historical and current information over specific periods, by incorporating forward-looking information from global economic conditions to estimate the allowance for losses on notes and accounts receivable from customers with general credit conditions. The provision matrices as of March 31, 2024, December 31, 2023, and March 31, 2023, are as follows:

	Not yet due	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 180 days past due	181 - 360 days past due	Over 360 days past due	Total
<u>2024/3/31</u>								
Expected loss rate	0%~0.70%	0.5%~8.60%	2%~34.91%	3%~79.89%	100%	100%	100%	
Total book value	\$ 37,879	\$ 1,396	\$ 1,133	\$ -	\$ 36	\$ 289	\$ 176	\$ 40,909
Loss allowance	\$ 265	\$ 121	\$ 192	\$ -	\$ 36	\$ 289	\$ 176	\$ 1,079

	Not yet due	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 180 days past due	181 - 360 days past due	Over 360 days past due	Total
<u>2023/12/31</u>								
Expected loss rate	0%~0.58%	0.5%~8.60%	2%~34.91%	3%~79.89%	100%	100%	100%	
Total book value	\$ 39,480	\$ 1,561	\$ 578	\$ 5	\$ 73	\$ 462	\$ -	\$ 42,159
Loss allowance	\$ 230	\$ 132	\$ 199	\$ 4	\$ 73	\$ 462	\$ -	\$ 1,100

	Not yet due	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 180 days past due	181 - 360 days past due	Over 360 days past due	Total
<u>2023/3/31</u>								
Expected loss rate	0%~0.35%	0.5%~4.02%	2%~13.19%	3%~92.33%	100%	100%	100%	
Total book value	\$ 56,500	\$ 3,237	\$ 1,849	\$ 2,660	\$ 37	\$ -	\$ 4,138	\$ 68,421
Loss allowance	\$ 199	\$ 134	\$ 220	\$ 676	\$ 37	\$ -	\$ 4,138	\$ 5,404

I. The Group's simplified approach of notes receivable and changes in allowance for doubtful accounts are as follows:

	Notes and accounts receivable (including related parties)	
	2024	2023
January 1	\$ 1,100	\$ 5,292
Provision (Reversal) of impairment loss	(31)	113
Effect of exchange rate change	10	(1)
March 31	\$ 1,079	\$ 5,404

For the periods from January 1 to March 31 in 2024 and 2023, the impairment losses (reversal benefits) on receivables arising from customer contracts were (\$31) and \$113, respectively.

J. For financial assets at amortized cost, the credit rating levels are presented below:

	2024/3/31			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	\$ 71,873	\$ -	\$ -	\$ 71,873
	2023/12/31			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	\$ 68,840	\$ -	\$ -	\$ 68,840

	2023/3/31			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	\$ 68,347	\$ -	\$ -	\$ 68,347

The financial assets at amortized cost are restricted bank deposits, and there is no major material in credit risk assessment.

(3) Liquidity risk

- A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group's financial department. Group's financial department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- B. The group's unused borrowing capacities as of March 31, 2024, December 31, 2023, and March 31, 2023, were \$179,489, \$229,977, and \$212,725, respectively.
- C. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities			
2024/3/31	Within 1 year	1 to 2 years	2 to 5 years
Short-term borrowings	\$ 183,273	\$ -	\$ -
Accounts Payable (including related parties)	69,320	-	-
Other payables (including related parties)	44,921	-	-
Lease liabilities	9,846	8,576	3,629

Non-derivative financial liabilities			
2023/12/31	Within 1 year	1 to 2 years	2 to 5 years
Short-term borrowings	\$ 134,270	\$ -	\$ -
Notes Payable	100	-	-

Accounts payable (including related parties)	63,066	-	-
Other payables (including related parties)	82,141	-	-
Lease liabilities	9,592	8,977	5,717
<u>Non-derivative financial liabilities</u>			
2023/3/31	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>
Short-term borrowings	\$ 134,361	\$ -	\$ -
Accounts payable (including related parties)	49,145	-	-
Other payables (including related parties)	33,880	-	-
Lease liabilities	623	522	-

D. The Group's cash flows are not expected to occur significantly earlier than the maturity date, or to be significantly different from the actual amount.

(III) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for assets or liabilities, including all non-listed stocks invested by the Group.

2. The fair value information of investment properties measured at cost is detailed in Note 6(10). Please refer to the note for details.

3. Financial instruments not measured at fair value

The cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), long-term notes and accounts receivable and amounts due, deposits for guarantee (presented as other non-current assets), overdue receivable (presented as other non-current

assets), short-term borrowings, notes payable, accounts payable (including related parties), and other payables (including related parties) of the Group are recorded at amounts that reasonably approximate their fair values

4. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

- (1) The related information of the nature of the assets and liabilities:

2024/3/31	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 79,021	\$ -	\$ -	\$ 79,021
Financial assets measured at fair value through other comprehensive income				
Equity securities	-	-	4,000	4,000
Total	<u>\$ 79,021</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 83,021</u>

2023/12/31	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 91,526	\$ -	\$ -	\$ 91,526
Financial assets measured at fair value through other comprehensive income				
Equity securities	-	-	4,000	4,000
Total	<u>\$ 91,526</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 95,526</u>

2023/3/31	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 65,455	\$ -	\$ -	\$ 65,455
Financial assets measured at fair value through other comprehensive income				
Equity securities	-	-	12,800	12,800
Total	\$ 65,455	\$ -	\$ 12,800	\$ 78,255

(2) The Group's approaches and assumptions for fair value measurement are as follows:

A. The Group adopts quoted prices as inputs used to measure fair value (1st level), which are classified as follows based on the characteristics of the financial instruments:

Quoted market price	Shares of listed (OTC) companies	Open-end funds
	Closing market prices	Net value

B. Except for the aforementioned financial instruments in an active market, the fair values of other financial instruments are obtained by using valuation techniques, or by reference to the quoted prices of counterparties.

C. The output of the valuation models represents estimated approximations, and the valuation techniques may not capture all relevant factors related to the financial and non-financial instruments held by the Group. Therefore, the estimated values from the valuation models are appropriately adjusted based on additional parameters, such as model risk or liquidity risk. In accordance with the Group's fair value measurement policies and related control procedures, management believes that these valuation adjustments are necessary and appropriate to fairly represent the fair value of financial and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process are carefully evaluated and adjusted as deemed appropriate considering the current market conditions.

5. For the periods from January 1 to March 31 in 2024 and 2023, there were no transfers between Level 1 and Level 2.

6. The following table shows the changes in Level 3 for the periods from January 1 to March 31 in 2024 and 2023:

2024	2023
------	------

	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1 (i.e., March 31)	\$ 4,000	\$ 12,800

7. There were no transfers into or out of Level 3 for the periods from January 1 to March 31 in 2024 and 2023.
8. The Company's valuation process for financial instruments classified in the third level of fair value is conducted by the Finance and Accounting department. It involves independent fair value verification of the financial instruments, using data from independent sources to ensure that the valuation results reflect market conditions. The data sources are independent, reliable, consistent with other resources, and representative of executable prices. The department also regularly updates the input values and data required by the valuation models, as well as any necessary fair value adjustments, to ensure the reasonableness of the valuation results.
9. The quantifiable information on significant unobservable input values used in the valuation models for items classified in the third level of fair value measurement and the sensitivity analysis of significant unobservable input value changes are explained as follows:

	<u>2024/3/31 Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between input and fair value</u>
Non-derivative equity instruments					
Unlisted and non-OTC stocks	\$ 4,000	Discounted Cash Flow method	Note 1	Not applicable	Note 2

	<u>2023/12/31 Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between input and fair value</u>
Non-derivative equity instruments					
Unlisted and non-OTC stocks	\$ 4,000	Discounted Cash Flow method	Note 1	Not applicable	Note 2

	<u>2023/3/31 Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between input and fair value</u>
Non-derivative equity instruments					
Unlisted and non-OTC stocks	\$ 12,800	Discounted Cash Flow method	Note 1	Not applicable	Note 2

Note 1: Long-term revenue growth rate weighted average cost of capital, long-term pretax operating income, lack of market liquidity discount, minority interest discount.

Note 2: The higher the long-term revenue growth rate and long-term pretax operating income, the

higher the fair value; the higher the weighted average cost of capital and minority interest discount, the lower the fair value; the higher the lack of market liquidity discount, the lower the fair value.

XIII. SUPPLEMENTARY DISCLOSURES

(I) Significant transactions information

1. Lending funds to others: Please refer to table 1.
2. Provision of endorsements and guarantees to others: Please refer to table 2.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to relate parties reaching NT\$100 million or 20% of the Company's paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments undertaken during the reporting periods: None.
10. Information for significant inter-company transactions during the reporting periods: Please refer to table 4.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(III) Information on investments in Mainland China

1. Basic information: Please refer to table 6.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(IV) Major shareholders information

The names of shareholders with at least 5% shareholding: Please refer to Table 7.

XIV. Segment Information

(I) General information

The management of the Group has identified reporting segments based on the information used by the Board of Directors in making decisions. The Group's Board of Directors operates the business from a regional perspective, with a focus on Taiwan and the United States as the two

major sales regions. The operating results of other regions are consolidated and presented under the "Other segments" category. There have been no significant changes in the composition of the Group, the basis for segment allocation, or the measurement basis of segment information during the current period.

(II) Measurement of segment information

The Group's segment profit (loss) is measured with the segment revenue and the profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(III) Segment Information

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

	For the three-month periods ended March 31, 2024				
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Write off</u>	<u>Total</u>
External revenue	\$ 72,774	\$ 2,853	\$ 6,552	\$ -	\$ 82,179
Internal revenue	5,608	-	9,223	(14,831)	-
Segment revenue	<u>\$ 78,382</u>	<u>\$ 2,853</u>	<u>\$ 15,775</u>	<u>(\$ 14,831)</u>	<u>\$ 82,179</u>
Segment income (loss)	(\$ 7,326)	(\$ 3,432)	(\$ 338)	\$ -	(\$ 11,096)
Segment income (loss) includes:					
Depreciation and amortization	<u>\$ 3,867</u>	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 4,131</u>

	For the three-month periods ended March 31, 2023				
	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Write off</u>	<u>Total</u>
External revenue	\$ 83,708	\$ 7,110	\$ 5,449	\$ -	\$ 96,267
Internal revenue	2,236	891	5,680	(8,807)	-
Segment revenue	<u>\$ 85,944</u>	<u>\$ 8,001</u>	<u>\$ 11,129</u>	<u>(\$ 8,807)</u>	<u>\$ 96,267</u>
Segment income (loss)	<u>\$ 16,528</u>	<u>(\$ 3,074)</u>	<u>(\$ 1,455)</u>	<u>\$ -</u>	<u>\$ 11,999</u>
Segment income (loss) includes:					
Depreciation and amortization	<u>\$ 1,644</u>	<u>\$ -</u>	<u>\$ 170</u>	<u>\$ -</u>	<u>\$ 1,814</u>

Note: Inter-segment revenue has been written off to \$0.

(IV) Reconciliation for segment income (loss)

The Group's reportable segment profit or loss is the same as that of the continuing operations. Therefore, no reconciliation is required.

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
Lending funds to others
January 1 to March 31, 2024

Table 1

Unit: NT\$ in thousands

(Unless Specified Otherwise)

Serial No. (Note 1)	Lending company	Loan recipient	Transaction item	Related party or not	Maximum amount of the current period (Note 3)	Ending balance	Actual drawdown amount	Interest rate range %	Loan nature (Note 4)	Business transaction amount	Reason for short-term financing	Provision for bad debts	Collateral		Loans and limits to individual objects (Note 7)	Loans and total limit (Note 7)	Remark	
													Name	Value				
0	EVERFOCUS ELECTRONICS CORP.	EVER FOCUS ELECTRONICS CORP.	Other receivables - related parties	Yes	\$59,942	\$59,942	\$59,942	2.21%	Financing	\$-	Operation turnover	\$ -	-	None	\$ -	\$57,680	\$115,360	None

Note 1: The description of the number column is as follows:

- (1). Fill in 0 for the issuer.
- (2). Investee companies are numbered in sequence in each company type starting from Arabic numeral 1.

"Note 2: This field shall be filled in for accounts receivable from affiliated enterprises, receivables from related parties, transactions with shareholders, prepayments, provisional payments, etc., if the nature is lending funds to others."

Note 3: The maximum balance of lending funds to others in the current year.

Note 4: The nature of the lending funds to other shall be filled in if it is a business transaction or if there is a need for short-term financing.

Note 5: Where the nature of the lending funds to other is a business transaction, the amount of the business transaction shall be filled in. The business transaction amount refers to the amount of business transactions between the lending company and the borrowing object in the most recent year."

"Note 6: If the nature of the lending funds to other is necessary for short-term financing, the reason for the loan and the purpose of the loan borrower shall be specified, such as loan repayment, purchase of equipment, business turnover, etc."

"Note 7: (1) For lending funds to companies or firms with which the Company has business transactions, the total loan amount shall not exceed 20% of the Company's net value; and the amount of individual loans shall not exceed the amount of business transactions between the two parties in the most recent year. The business transaction amount refers to the higher of the purchase or sale amount between the parties."

" (2) For lending funds to companies or firms with short-term financing needs, the total amount of such lending shall not exceed 20% of the Company's net value; the amount of individual lending shall not exceed 10% of the Company's net value."

"Note 8: If a public company submits its lending to the board of directors' meeting for resolution one by one in accordance with paragraph 1, Article 14 of the Regulations Governing Lending Funds to Others and Making of Endorsements Guarantees by Public Companies, the amount of the resolution of the board of directors' meeting shall be included in the announced balance to disclose the risks it bears before the funds are lent out; if the funds are repaid later, the balance after repayment shall be disclosed to reflect the adjustment of risks. If the board of directors' meeting of a public company authorizes the chairman of the board to extend loans in several trenches or recycle the loan balance within a certain limit in a year in accordance with paragraph 2, Article 14 of the Regulations, the loan limit approved by the board of directors' meeting shall still be used as the balance for the public announcement and declaration. Although the funds will be repaid later, other loans may still be extended again, so the loan limit approved by the board of directors' meeting shall still be used as the balance for the public announcement and declaration."

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES

Endorsements for others

January 1 to March 31, 2024

Table 2

Unit: NT\$ in thousands
(Unless Specified Otherwise)

Serial No. (Note 1)	Name of Endorsement / guarantor company	Counterparty of guarantee and endorsement Company name	Relationship (Note 2)	Limitation on number of guarantees and endorsements for one party (Note 3)	Maximum balance of endorsements / guarantees in the current period (Note 4)	Ending balance of endorsements and guarantees (Note 5)	Actual drawdown amount (Note 6)	Endorsement / guarantee amount secured by property	Ratio of accumulated endorsements / guarantees amount to the net value in the latest financial statements	Maximum endorsement / guarantee amount (Note 3)	Parent company endorsement / guarantees to others on behalf of subsidiary (Note 7)	Subsidiary endorsement / guarantees to others on behalf of parent company (Note 7)	Endorsements / guarantees to others on behalf of company in Mainland China (Note 7)	Remark
0	EVERFOCUS ELECTRONICS CORP.	EVERFOCUS JAPAN CORP.	2	\$ 173,040	\$ 52,888	\$ 52,888	\$ 44,849	\$ 52,888	9.17	\$ 288,400	Y	N	N	
0	EVERFOCUS ELECTRONICS CORP.	EVER FOCUS ELECTRONICS CORP.	2	173,040	48,000	48,000	4,800	48,000	8.32	288,400	Y	N	N	

Note 1: The description of the number column is as follows:

- (1). Fill in 0 for the issuer.
- (2). Investee companies are numbered in sequence in each company type starting from Arabic numeral 1.

Note 2: There are 6 kinds of relations between the endorsement / guarantor and the endorsed / guaranteed indicated as follows:

- (1). A company with business contacts.
- (2). A company with more than 50% of its voting shares held by the Company.
- (3). The total common stock held by the parent and the subsidiary exceeds 50% of the investee company.
- (4). Parent company that directly holds or indirectly holds through its subsidiaries more than 50% of the total common stock.
- (5). A company with mutual guarantees in accordance with the contract which is in the same industry for the purpose of contracting the project.
- (6). A company that has been endorsed / guaranteed by the contributing shareholders in accordance with their shareholding ratios due to a joint investment relationship.

Note 3: The Company's endorsement / guarantee limits for individual counterparty and the maximum endorsement / guarantee limits stipulated in the procedures for endorsement / guarantee for others.

- (1) The limit of endorsement and guarantee provided to a single party shall not exceed 20% of the Company's net value, except that for a single overseas affiliate, the limit shall not exceed 30% of the net value.
- (2) The total amount of external endorsements / guarantees shall not exceed 50% of the Company's net value.

Note 4: The maximum balance of Endorsements for others in the current year.

Note 5: The Company shall assume the obligation of endorsement or guarantee when the endorsement or guarantee contract or note lines are approved by the bank at the end of the period. Any other related endorsement or guarantee should be included in the endorsement or guarantee balance.

Note 6: The actual amount of the Company's disbursement within the range of using the balance of the endorsements / guarantees shall be entered.

Note 7: For the parent company providing endorsement guarantees to its subsidiary, for the subsidiary providing endorsement guarantees to the parent company, and for endorsers from mainland China, please indicate "Y" in the respective columns.

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures)
31-Mar-24

Table 3

Unit: NT\$ in thousands
(Unless Specified Otherwise)

Holding company	Type and name of securities		Relationship with the securities issuer	General ledger account	As of December 31, 2023				
	Type	Name (Note 1)			Number of shares	Carrying amount (Note 2)	Shareholding percentage	Fair value	Remark
EVERFOCUS ELECTRONICS CORP.	Stock	MACHVISION, INC.	-	Financial assets at fair value through profit or loss - current	25,000	\$ 10,262	0.04%	\$ 10,262	None
"	"	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	10,000	7,790	-	7,790	"
"	"	ONENESS BIOTECH CO., LTD.	-	"	60,000	10,530	0.01%	10,530	"
"	"	TOP UNION ELECTRONICS CORP.	-	"	340,000	11,543	0.25%	11,543	"
"	"	Castles Technology Co., Ltd.	-	"	122,000	17,080	0.12%	17,080	"
"	"	Advantech Co., Ltd.	-	"	54,000	21,816	0.01%	21,816	"
						<u>\$ 79,021</u>		<u>\$ 79,021</u>	
EVERFOCUS ELECTRONICS CORP.	Stock	AREC INC.	other related parties	Financial assets at fair value through profit or loss - non currentnon current	400,000	4,000	2.64%	4,000	None
						<u>\$ 4,000</u>		<u>\$ 4,000</u>	

Note 1: The term "securities" in this table refers to the stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial instruments."

Note 2: For those measured at fair value, the column for the carrying amount should be the balance of the carrying amount after fair value adjustment and net of accumulated impairment. For those who are not measured at fair value, the column for the carrying amount should be the carrying amount of the initial acquisition cost or amortized cost less accumulated impairment..

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
Business relations and important transactions between the parent and the subsidiaries and the amounts
January 1 to March 31, 2024

Table 4

Unit: NT\$ in thousands
(Unless Specified Otherwise)

Serial No. (Note 1)	Name of transaction party	Transaction counterparty	Relationship with the counterparty (Note 2)	Transaction situation			
				Account name	Amount	Terms of transaction	Percentage of the total consolidated revenue or total assets (Note 3)
0	EVERFOCUS ELECTRONICS CORP.	EVER FOCUS ELECTRONICS CORP.	1	Accounts receivable	\$ 5,543	Credit on180 days	0.61%
"	"	"	"	Sales	3,256	"	3.96%
"	"	"	"	Other receivables- related parties	59,942	Lending funds	6.57%
"	"	"	"	Service fees	1,436	Credit on 60 days	1.75%
"	"	EverFocus Electronics (Shenzhen) Co., Ltd.	"	Accounts receivable	5,045	Credit on180 days	0.55%
"	"	"	"	Sales	1,789	"	2.18%
"	"	"	"	Accounts payable	2,712	Credit on 60 days	0.30%
"	"	"	"	Purchases	9,200	"	11.20%
"	"	EVERFOCUS JAPAN CORP.	"	Accounts receivable	1,971	Credit on180 days	0.22%

Note 1: Information on business transactions between the parent company and its subsidiaries should be noted separately in the reference column, with the numbering method as follows:

- (1). Fill in 0 for the parent company.
- (2). Subsidiaries are numbered in sequence within each company type, starting from Arabic numeral 1.

Note 2: There are three types of relationship with the trading party; just indicate the type (There is no need to disclose repeatedly if the same transaction occurs between the parent and subsidiary or between subsidiaries). For example, if a parent company has disclosed a transaction with a subsidiary, the subsidiary does not need to disclose the same transaction.

If one subsidiary has disclosed a transaction with another subsidiary, the other subsidiary does not need to disclose it again.):

- (1.) Represents parent company to subsidiary transactions.
- (2.) Represents subsidiary to parent transactions.

(3). Represents transactions between subsidiaries.

Note 3: For the calculation of the ratio of the transaction amount to the total consolidated revenue or total assets, if it belongs to the account of assets and liabilities, it shall be calculated in the way that the ending balance accounts for the total consolidated assets; if it belongs to the account of income, it shall be calculated in the way that the accumulated amount in the period accounts for the total consolidated revenue.

Note 4: Individual transactions less than \$1,000 will not be disclosed; in addition, the asset income is used as the disclosure method, and its relative transactions will not be disclosed.

EVERFOCUS ELECTRONICS CORP.
information on investees (excluding the investees in Mainland China)
January 1 to March 31, 2024

Table 5

Unit: NT\$ in thousands
(Unless Specified Otherwise)

Name of Investor	Name of investee	Location	Main business items	Initial investment amount		Holding at the end of the period		Carrying amount	Current income (loss) of the investee	Investment Income (loss) for the period	Remark
				End of the period	End of last year	Number of shares	Ratio (%)				
EVERFOCUS ELECTRONICS CORP.	EVER FOCUS ELECTRONICS CORP.	U.S.A.	Selling products and providing customer service for the Company	\$ 93,941	\$ 93,941	8,934,000	100	(\$ 77,395)	(\$ 3,432)	(\$ 3,432)	Subsidiary of the Company
"	EVERFOCUS JAPAN CORP.	Japan	Selling products and providing customer service for the Company	35,697	35,697	200	100	(45,366)	(317)	(317)	Subsidiary of the Company
"	EVERFOCUS ELECTRONICS LIMITED.	UK	Selling products and providing customer service for the Company	44,719	45,212	-	-				Subsidiary of the Company and Note
"	Acrosser Technology Co.,LTD.	Taiwan	Selling or rental of computer products, peripherals, and information-related products from domestic and international manufacturers	18,000	18,000	1,800,000	15.25	21,794	24,684	4,069	The Company's investees accounted for using the equity method

Note: EVERFOCUS ELECTRONICS LIMITED. filed for liquidation in 2013. Consequently, the Company no longer recognizes the investment (losses) gains related to that company from 2013. Everfous Electronics (UK) repatriated partial liquidation funds of GBP 50,969.89 in August 2023 and GBP 9,939.13 in March 2024.

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
Basic Information on investment in Mainland China
January 1 to March 31, 2024

Table 6

Unit: NT\$ in thousands
(Unless Specified Otherwise)

Investee in Mainland China	Main business items	Paid-in capital (Note 2)	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021 (Note 3)	Amount remitted from Taiwan to Mainland China Amount remitted back to Taiwan for this period		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 3)	Net profit (loss) of the investee for this period	Percentage of shares held by the Company (direct or indirect)	Investment gains losses recognized for the current period (Note 4)	Carrying amount of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Remark
					Remitted from Taiwan	Remitted back to Taiwan							
EverFocus Electronics (Shenzhen) Co., Ltd.	Develop, manufacture and sell commercial surveillance equipment	\$ 64,748	Note 1	\$ 64,748	\$ -	\$ -	\$ 64,748	(\$ 81)	100%	\$ 419	\$ 9,067	\$ -	

Note 1: Invested in Mainland China by other remittances.

Note 2: That Company's paid-in capital was RMB15,119 thousand in original currency.

Note 3: The accumulated amount of remittance from Taiwan to Mainland China in original currency at the beginning and end of the period were both US\$2,050 thousand.

Note 4: The investment gains or losses recognized in the current period were evaluated and disclosed in accordance with the financial statements audited by the parent company's accountants in Taiwan.

2. The limit for investing in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (Note 2)	The investment limit in Mainland China is in accordance with the rules set by the Investment Commission of the Ministry of Economic Affairs.
EVERFOCUS ELECTRONICS CORP.	\$ 64,748	\$ 64,748	\$ 346,080

Note 1: The accumulated amount of remittance from Taiwan to Mainland China in original currency was US\$2,050 thousand at the end of the period.

Note 2: The amount of investment approved by the Investment Commission of the Ministry of Economic Affairs is US\$2,050 thousand.

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
Major shareholders information
31-Mar-24

Table 7

Major Shareholders	Number of shares held	Shares	Shareholding percentage (%)
Yung-Shun Chuang	10,655,686		15.95%
LCL CAPITAL INC.	3,768,021		5.64%
Chia-Ming Huang	3,479,485		5.20%

Note 1: The major shareholder information in this table is based on the Central Depository's record of common shares and special shares of the Company (including treasury shares) held by shareholders, which reached 5% or more on the last business day at the end of the quarter. There may be a difference between the number of shares recorded in the Company's consolidated financial statements and the number of shares actually delivered for scripless registration due to a different calculation basis.

Note 2: If the above information is about the shareholder delivered the shares to the trust, it shall be disclosed as individual subaccounts of the trustee who opened the trust account. As for the shareholders who report their insider shares in excess of 10% under the Securities and Exchange Act, the insider shares include their own shares plus shares held in a trust with discretionary power over the trust property. Please refer to the Market Observation Post System for information on insider ownership reporting.