

EVERFOCUS ELECTRONICS CORP. AND
SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditor's Review Report

September 30, 2024 and 2023

(Stock Code:5484)

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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

June 30, 2024 and 2023

Table of Contents

Item	Page
1. Cover	1
2. Table of Contents	2 ~ 3
3. Auditors' Review Report	4 ~ 5
4. Consolidated Balance Sheets	6 ~ 7
5. Consolidated Statements of Comprehensive Income	8
6. Consolidated Statements of Changes in Equity	9
7. Consolidated Statements of Cash Flows	10 ~ 11
8. Notes to Consolidated Financial Statements	12 ~ 55
I. Company History	12
II. Date and Procedures for the Authorization of Financial Reports	12
III. Application of New, Amended and Revised Standards and Interpretations	12 ~ 13
IV. Summary Of Significant Accounting Policies	13 ~ 16
V. Critical Accounting Judgements, Estimates And Key Sources Of Assumption Uncertainty	16
VI. Explanation of Significant Accounts	16 ~ 36
VII. Related Party Transactions	36 ~ 41
VIII. Pledged Assets	41
IX. Significant contingent liabilities and unrecognized commitments	42
X. Significant Disaster Loss	42

Item	Page
XI. Significant events after the reporting period	42
XII. Others	42 ~ 54
XIII. Supplementary Disclosures	54
XIV. Segment Information	54 ~ 55

Auditor's Review Report

(2024) Financial Audit Report No. 24001359

To Everfocus Electronics Co. :

The consolidated balance sheets of Everfocus Electronics Co., Ltd. and its subsidiaries (hereinafter referred to as " Everfocus Group") as of September 30, 2024 and 2023, the consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, along with the notes to the consolidated financial statements (including a summary of significant accounting policies), have been reviewed by this accountant. The preparation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" as approved and issued by the Financial Supervisory Commission is the responsibility of management. The responsibility of this accountant is to express a conclusion on the consolidated financial statements based on the review.

Scope

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" of 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.

Basis for Qualified Conclusion on the Consolidated Financial Statements for the Third Quarter of the 2024

As stated in Note 6(7) of the consolidated financial statements, the financial statements for the same period of investments accounted for using the equity method included in the consolidated financial statements for the third quarter of the 2024 have not been reviewed by an accountant. The balance of these investments accounted for using the equity method as of September 30, 2024, was NT\$19,119 thousand, representing 2.09% of the total consolidated assets. From July 1 to September 30, 2024, and from January 1 to September 30, 2024, the share of profit or loss of associates and joint ventures accounted for using the equity method and the share of other comprehensive income were NT\$(1,936) thousand and NT\$1,235 thousand, respectively, accounting for 6.03% and (2.46%) of the total consolidated comprehensive income.

Qualified conclusion and Unqualified conclusion


Based on the review by our accountants, except for the potential adjustments to the consolidated financial statements due to the financial statements of investments accounted for using the equity method as described in the basis for qualified conclusion section of the consolidated financial statements for the third quarter of the 2024, no significant discrepancies were found in the aforementioned consolidated financial statements in all material respects. These statements have been prepared in accordance with the Financial Reporting Standards for Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" as approved and effective by the FSC of the Republic of China, thereby fairly presenting the consolidated financial position of the Everfocus Group as of September 30, 2024 and 2023, the consolidated financial performance for the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, as well as the consolidated cash flows for the period from January 1 to September 30, 2024 and 2023.

P r i c e w a t e r h o u s e C o o p e r s T a i w a n

CPA Mavis Chang

CPA Shih-Jung Weng

November 12, 2024.


EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2024, December 31, 2023 and September 30, 2023

Unit: NT\$ thousands

Assets	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 133,778	15	\$ 111,254	12	\$ 144,325	17
1110	Current financial assets at fair value through profit or loss	6(2)	88,163	10	91,526	10	86,286	10
1136	Current financial assets at amortized cost	6(3)&8	72,151	8	68,840	8	71,412	8
1150	Notes receivable, net	6(4)	784	-	4,932	1	2,562	-
1170	Accounts receivable, net	6(4)	52,392	6	45,080	5	52,512	6
1180	Accounts receivable-related parties	6(4)&7	1,460	-	13,930	1	1,561	-
1200	Other receivables		3,533	-	2,006	-	1,410	-
1210	Other receivables- related parties	7	5,759	-	42,539	5	185	-
130X	Inventories	6(5)	128,256	14	120,905	13	112,966	13
1479	Other current assets - other		16,718	2	23,176	3	17,337	2
11XX	Total current assets		<u>502,994</u>	<u>55</u>	<u>524,188</u>	<u>58</u>	<u>490,556</u>	<u>56</u>
Non-current assets								
1517	Non-current financial assets at fair value through Other comprehensive income or loss	6(6)	4,000	-	4,000	1	4,000	-
1550	Investments accounted for using the equity method	6(7)	19,119	2	17,884	2	16,565	2
1600	Property, plant and equipment	6(8)&8	18,135	2	10,085	1	130,536	15
1755	Right-of-use assets	6(9)	18,827	2	23,206	3	10,052	1
1760	Investment property, net	6(10)&8	209,694	23	211,592	23	85,421	10
1840	Deferred income tax assets	6(24)	69,905	8	76,902	8	94,789	11
1930	Long-term notes and accounts receivable	6(4)	9,060	1	12,114	1	13,125	2
1990	Other non-current assets - other	6(11)&7	62,163	7	30,786	3	26,025	3
15XX	Total non-current assets		<u>410,903</u>	<u>45</u>	<u>386,569</u>	<u>42</u>	<u>380,513</u>	<u>44</u>
1XXX	Total assets		<u>\$ 913,897</u>	<u>100</u>	<u>\$ 910,757</u>	<u>100</u>	<u>\$ 871,069</u>	<u>100</u>

(Continued)

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2024, December 31, 2023 and September 30, 2023

Unit: NT\$ thousands

Liabilities and Equity	Notes	September 30, 2024			December 31, 2023		September 30, 2023	
		Amount	%		Amount	%	Amount	%
Current Liabilities								
2100	Short-term borrowings	6(12)	\$ 203,623	22	\$ 133,636	15	\$ 134,236	15
2130	Contract liabilities - current	6(18)	3,819	1	5,776	1	6,262	1
2150	Notes payable		-	-	100	-	251	-
2170	Accounts payable		80,459	9	56,839	6	43,976	5
2180	Accounts payable- related parties	7	222	-	6,227	1	173	-
2200	Other payables	6(13)	45,747	5	42,225	5	42,536	5
2220	Other payables- related parties	7	7,808	1	39,916	4	96	-
2250	Provisions - current		1,865	-	1,928	-	2,196	-
2280	Lease liabilities - current		9,893	1	9,171	1	4,174	-
2399	Other current liabilities - other		3,579	-	3,119	-	4,370	1
21XX	Total current liabilities		<u>357,015</u>	<u>39</u>	<u>298,937</u>	<u>33</u>	<u>238,270</u>	<u>27</u>
Non-current liabilities								
2550	Provisions - noncurrent		777	-	558	-	4,424	1
2570	Deferred income tax liabilities	6(24)	3,371	1	3,371	-	2,802	-
2580	Lease liabilities - non-current		9,160	1	14,160	2	5,915	1
2670	Other non-current liabilities - other		1,006	-	988	-	988	-
25XX	Total non-current liabilities		<u>14,314</u>	<u>2</u>	<u>19,077</u>	<u>2</u>	<u>14,129</u>	<u>2</u>
2XXX	Total liabilities		<u>371,329</u>	<u>41</u>	<u>318,014</u>	<u>35</u>	<u>252,399</u>	<u>29</u>
Equity								
Equity attributable to owners of the Company								
	Capital stock	6(15)						
3110	Ordinary share		668,010	73	668,010	73	668,010	77
	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		(205,552)	(23)	(158,023)	(17)	(129,042)	(15)
	Other equity items							
3400	Other equity items		24,798	3	27,444	3	24,390	3
31XX	Total equity attributable to owners of the Company		<u>542,568</u>	<u>59</u>	<u>592,743</u>	<u>65</u>	<u>618,670</u>	<u>71</u>
3XXX	Total equity		<u>542,568</u>	<u>59</u>	<u>592,743</u>	<u>65</u>	<u>618,670</u>	<u>71</u>
	Significant contingent liabilities and unrecognized commitments	9						
3X2X	Total Liabilities and Equity		<u>\$ 913,897</u>	<u>100</u>	<u>\$ 910,757</u>	<u>100</u>	<u>\$ 871,069</u>	<u>100</u>

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

Chairman :



Manager :



Accounting Officer :



EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the nine-month periods ended September 30, 2024 and 2023



Unit: NT\$ thousands

(Except for the loss per share in New Taiwan Dollars)

Item	Note	For the three-month periods ended Sep. 30,				For the nine-month periods ended Sep. 30,			
		2024		2023		Amount		Amount	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating income	\$ 102,068	100	\$ 87,588	100	\$ 359,605	100	\$ 274,263	100
5000	Operating cost	(71,096)	(69)	(66,327)	(76)	(260,294)	(72)	(214,399)	(78)
5900	Operating gross profit	30,972	31	21,261	24	99,311	28	59,864	22
	Operating expense	(17,865)	(17)	(17,031)	(19)	(101,053)	(28)	(49,444)	(18)
6100	Selling expense	(10,389)	(10)	(8,827)	(10)	(34,690)	(10)	(34,468)	(13)
6200	General and administrative	(14,594)	(14)	(14,290)	(16)	(47,743)	(13)	(38,699)	(14)
6300	Research and development	(23,491)	(23)	(14,137)	(16)	(117,348)	(33)	(34,691)	(13)
6450	Expected credit impairment	(363)	(1)	(1,038)	(1)	(583)	-	(1,450)	-
6000	Total operating expenses	(48,837)	(48)	(38,292)	(43)	(200,364)	(56)	(109,308)	(40)
6900	Operating loss	(17,865)	(17)	(17,031)	(19)	(101,053)	(28)	(49,444)	(18)
	Non-operating income and loss	540	1	1,016	1	3,965	1	2,831	1
7100	Interest income	540	1	1,016	1	3,965	1	2,831	1
7010	Other income	3,051	3	5,276	6	43,654	12	11,221	4
7020	Other gains and losses	(9,714)	(10)	(4,025)	(4)	14,876	4	20,514	7
7050	Finance costs	(691)	(1)	(1,488)	(2)	(3,626)	(1)	(4,126)	(2)
7055	Expected credit profits	-	-	2,048	2	399	-	2,048	1
7060	The share of profits and loss	(1,934)	(2)	(761)	(1)	1,395	1	(761)	-
7000	Non-operating income and loss	(8,748)	(9)	2,066	2	60,663	17	31,727	11
7900	Gain(Loss) before income tax	(26,613)	(26)	(14,965)	(17)	(40,390)	(11)	(17,717)	(7)
7950	Income tax expenses	(3,455)	(3)	-	-	(7,139)	(2)	-	-
8200	Net gain(loss) for the period	<u>(\$ 30,068)</u>	<u>(29)</u>	<u>(\$ 14,965)</u>	<u>(17)</u>	<u>(\$ 47,529)</u>	<u>(13)</u>	<u>(\$ 17,717)</u>	<u>(7)</u>
	Other comprehensive income								
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$ -	-	(\$ 674)	(1)	\$ -	-	(\$ 674)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss	-	-	(674)	(1)	-	-	(674)	-
8361	Exchange Differences on Translation of Foreign Financial Statements	(2,029)	(2)	(2,380)	(3)	(2,646)	(1)	129	-
8360	Components of other comprehensive income that will be reclassified to profit or loss	(2,029)	(2)	(2,380)	(3)	(2,646)	(1)	129	-
8300	Total other comprehensive income	<u>(\$ 2,029)</u>	<u>(2)</u>	<u>(\$ 3,054)</u>	<u>(4)</u>	<u>(\$ 2,646)</u>	<u>(1)</u>	<u>(\$ 545)</u>	<u>-</u>
8500	Total comprehensive income	<u>(\$ 32,097)</u>	<u>(31)</u>	<u>(\$ 18,019)</u>	<u>(21)</u>	<u>(\$ 50,175)</u>	<u>(14)</u>	<u>(\$ 18,262)</u>	<u>(7)</u>
	Net profit (loss) attributable to :								
8610	Owners of the Company	<u>(\$ 30,068)</u>	<u>(29)</u>	<u>(\$ 14,965)</u>	<u>(17)</u>	<u>(\$ 47,529)</u>	<u>(13)</u>	<u>(\$ 17,717)</u>	<u>(7)</u>
	Comprehensive income :								
8710	Owners of the Company	<u>(\$ 32,097)</u>	<u>(31)</u>	<u>(\$ 18,019)</u>	<u>(21)</u>	<u>(\$ 50,175)</u>	<u>(14)</u>	<u>(\$ 18,262)</u>	<u>(7)</u>
9750	Total basic earnings per share	<u>(\$ 0.45)</u>	<u>0.45</u>	<u>(\$ 0.22)</u>	<u>0.22</u>	<u>(\$ 0.71)</u>	<u>0.71</u>	<u>(\$ 0.27)</u>	<u>0.27</u>
9850	Total diluted earnings per share	<u>(\$ 0.45)</u>	<u>0.45</u>	<u>(\$ 0.22)</u>	<u>0.22</u>	<u>(\$ 0.71)</u>	<u>0.71</u>	<u>(\$ 0.27)</u>	<u>0.27</u>

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

Chairman :



Manager :



Accounting Officer :



EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended September 30, 2024 and 2023



Unit: NT\$ thousands

Note	Total equity attributable to owners of company						
	Capital Surplus				Other equity		
	Common share capital	Capital Surplus - Additional Paid- In Capital	Capital Surplus - Other	Deficit to be offset	Exchange differences arising on translation of foreign operations	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Total equity
<u>For the nine- months period ended September 30, 2023</u>							
	\$ 668,010	\$ 55,051	\$ 261	(\$ 110,651)	\$ 24,261	\$ -	\$ 636,932
	-	-	-	(17,717)	-	-	(17,717)
	-	-	-	-	129	(674)	(545)
	-	-	-	(17,717)	129	(674)	(18,262)
	-	-	-	(674)	-	674	-
	<u>\$ 668,010</u>	<u>\$ 55,051</u>	<u>\$ 261</u>	<u>(\$ 129,042)</u>	<u>\$ 24,390</u>	<u>\$ -</u>	<u>\$ 618,670</u>
<u>For the nine- months period ended September 30, 2024</u>							
	\$ 668,010	\$ 55,051	\$ 261	(\$ 158,023)	\$ 27,444	\$ -	\$ 592,743
	-	-	-	(47,529)	-	-	(47,529)
	-	-	-	-	(2,646)	-	(2,646)
	-	-	-	(47,529)	(2,646)	-	(50,175)
	<u>\$ 668,010</u>	<u>\$ 55,051</u>	<u>\$ 261</u>	<u>(\$ 205,552)</u>	<u>\$ 24,798</u>	<u>\$ -</u>	<u>\$ 542,568</u>

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

Chairman :



Manager :



Accounting Officer :



EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended June 30, 2024 and 2023

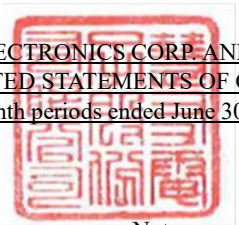


Unit: NT\$ thousands

Note	For the nine-month periods ended September 30	
	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net(loss) gain before income tax	(\$ 40,390)	(\$ 17,717)
Adjustments for:		
Adjustments to reconcile profit (loss)		
Depreciation expense	6(8)(9)(10) (22) 12,203	5,070
Amortization expense	6(22) 1,356	1,359
Expected credit impairment(gain) losses	7 983	(598)
Net loss (gain) on financial assets and liabilities at fair value through profit	6(2)(20) (8,707)	(12,726)
Finance costs	6(9)(12) (21) 3,626	4,126
Interest income	(3,965)	(2,831)
Dividend income	6(19) (1,689)	(1,460)
The share of profits and losses from associates and joint ventures accounted for using the equity method	6(7) (1,395)	761
Unrealized gain on financial assets measured at amortized cost	(1,806)	(3,025)
Gain on Lease modification	6(9) (2)	-
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	12,070	25,987
Notes receivable	4,149	1,499
Accounts receivable	(4,499)	29,371
Accounts receivable- related parties	12,471	(1,359)
Other receivables	(1,526)	47
Other receivables- related parties	36,779	(185)
Inventories	(7,133)	36,217
Other current assets	6,626	(2,679)
Other non-current assets	519	419
Changes in operating liabilities		
Contract liabilities	(2,161)	(588)
Notes payable	(100)	240
Accounts payable	23,448	(8,577)
Accounts payable- related parties	(6,004)	(140)
Other payables	3,482	(2,429)
Other payables- related parties	(32,109)	(96)
Provisions	130	(1,029)
Other current liabilities	460	(1,719)
Other non-current liabilities	-	16
Cash flows used in operations	6,816	47,954
Pay income tax	(61)	-
Interest received	3,965	2,831
Dividends received	1,689	1,537
Interest paid	(3,626)	(4,126)
Net cash from operating activities	8,783	48,196

(Continued)

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended June 30, 2024 and 2023



Unit: NT\$ thousands

	Note	For the nine-month periods ended September 30	
		2024	2023
<u>Cash flows from investing activities</u>			
Acquisition of Investments accounted for using equity method		\$ -	(\$ 9,200)
Acquisition of financial assets at amortized cost		(1,505)	(2,660)
Disposal of financial assets at amortized cost		-	2,800
Acquisition of property, plant and equipment	6(8)(26)	(9,322)	(199)
Disposal of subsidiary	4(3)&7	399	22,470
Acquisition of intangible assets		(5,069)	(711)
Refundable deposits refunded		(532)	(808)
Prepaid Investment Payment		(30,000)	-
Net cash flows from investing activities		(46,029)	11,692
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	6(27)	69,962	10,889
Increase in guarantee deposits received		18	-
Payments of lease liabilities	6(27)	(7,364)	(1,366)
Net cash flows from financing activities		62,616	9,523
Effect of exchange rate change		(2,846)	(644)
Increase in cash and cash equivalents		22,524	68,767
Cash and cash equivalents at beginning of period		111,254	75,558
Cash and cash equivalents at end of period		\$ 133,778	\$ 144,325

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

Chairman :



Manager :



Accounting Officer :



EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 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 June 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 November 12, 2024.

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

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.

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

New standards interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
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Amendments to IAS 21“Lack of Exchangeability”	January 1, 2025
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The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

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:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
-------------------------------------------------------	----------------------------------

Amendments to IFRS 9 and IFRS 7, “Amendments to the Classification and Measurement of Financial Instruments. ”	January 1, 2026
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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
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IFRS 17, “Insurance Contracts”	January 1, 2023
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Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
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Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
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Amendments to IFRS 18 “Presentation and Disclosure of Financial Statements”	January 1, 2027
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IFRS 19: Subsidiaries without Public Accountability: Disclosures.	January 1, 2027
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Annual Improvements to IFRS Standards - Volume 11.	January 1, 2026
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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.

① 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.

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) A defined benefit liability (or asset) recognized as the net amount of the assets of the pension fund less the present value of the determination benefit obligation.
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.

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
			2024/09/30	2023/12/31	2023/09/30	
The Company	EVER FOCUS ELECTRONICS CORP. (EverFocus USA)	Selling products and providing customer service for the Company	100%	100%	100%	

Name of Investor	Name of Subsidiary	Business Nature	Ownership (%)			Description
			2024/09/30	2023/12/31	2023/09/30	
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%	Note 1

3.Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Business Nature	Ownership (%)			Description
			2024/09/30	2023/12/31	2023/09/30	
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

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.

Note 2 : 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 June 2024, totaling \$2,048 (GBP 50,969.89) and \$399 (GBP 9,939.13), respectively.

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>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Cash on hand and working fund	\$ 327	\$ 410	\$ 359
Checking accounts and demand deposits	104,966	83,191	114,918
Time deposits	28,485	27,653	29,048
Total	<u>\$ 133,778</u>	<u>\$ 111,254</u>	<u>\$ 144,325</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.

Financial assets at fair value through profit or loss

Item	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Current items:			
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Stocks of listed companies	\$ 93,578	\$ 97,802	\$ 98,252
Valuation adjustments	(5,415)	(6,276)	(11,966)
	<u>\$ 88,163</u>	<u>\$ 91,526</u>	<u>\$ 86,286</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:

Financial assets at fair value through profit or loss, mandatorily measured at fair value	For three-month periods ended September 30,	
	2024	2023
Equity Instruments	(\$ 6,901)	(\$ 10,544)

Financial assets at fair value through profit or loss, mandatorily measured at fair value	For nine-month periods ended September 30,	
	2024	2023
Equity Instruments	\$ 8,707	\$ 10,544

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

Financial assets at amortized cost

Item	2024/9/30	2023/12/31	2023/9/30
Current items:			
Restricted bank deposits	\$ 72,117	\$ 68,827	\$ 71,406
Restricted time deposits	34	13	6
	<u>\$ 72,151</u>	<u>\$ 68,840</u>	<u>\$ 71,412</u>

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

	For the three-month periods ended Sep. 30,	
	2024	2023
Interest income	\$ 806	\$ 533
	For the nine-month periods ended Sep. 30,	
	2024	2023
Interest income	\$ 2,488	\$ 1,871

2. Under the scenario where collateral or other credit enhancements held are not considered, the maximum exposure to credit risk for financial assets measured at amortized cost held by the Group as of September 30, 2024, December 31, 2023, and September 30, 2023, was \$72,151, \$68,840, and \$71,412, respectively.
3. The Group will provide financial assets measured at amortized cost as collateral, please refer to Note 8 for details.

4. For information on credit risk of financial assets measured at amortized cost, please refer to Note 12. The counterparties for this group's investments in time deposits are financial institutions with good credit quality, and the likelihood of default is considered very low.

Accounts receivable and notes receivable

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Notes receivable	\$ <u>784</u>	\$ <u>4,932</u>	\$ <u>2,562</u>
Accounts receivable	\$ 50,030	\$ 42,159	\$ 52,655
Accounts receivable-related parties	1,460	13,930	-
Installment receivables	4,229	4,228	4,229
Less: Unrealized interest income	(163)	(207)	(222)
Less: Loss allowance	(<u>1,704</u>)	(<u>1,100</u>)	(<u>2,589</u>)
	\$ <u>53,852</u>	\$ <u>59,010</u>	\$ <u>54,073</u>
Long-term installment receivables	\$ 9,209	\$ 12,380	\$ 13,437
Less: Unrealized interest income - long-term installment receivables	(149)	(266)	(312)
	\$ <u>9,060</u>	\$ <u>12,114</u>	\$ <u>13,125</u>

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

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Not yet due	\$ 59,306	\$ 74,950	\$ 66,377
Up to 30 days	4,616	1,561	2,253
31 to 60 days	466	578	86
61 to 90 days	814	5	2,383
91 to 180 days	300	73	1,607
181 to 360 days	-	462	177
Over 360 days	210	-	-
	<u>\$ 65,712</u>	<u>\$ 77,629</u>	<u>\$ 72,883</u>

The above ageing analysis was based on past due date.

2. The Group does not hold any collateral for the bills and accounts receivable listed in the accounts.
3. The balances of accounts receivable and notes receivable as of September 30, 2024, December 31, 2023, and September 30, 2023, were all generated from customer contracts. Additionally, as of January 1, 2023, the balances of receivables from customer contracts, unrealized 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 September 30, 2024, December 31, 2023, and September 30, 2023, was \$784, \$4,932, and \$2,562, respectively; the maximum exposure to credit risk for

the Group's accounts receivable (including current and non-current) as of September 30, 2024, December 31, 2023, and September 30, 2023, was \$62,912, \$71,124, and \$67,198, respectively.

5. For information on credit risk related to notes receivable and accounts receivable, please refer to Note 12(2).

Inventory

2024/9/30			
	Cost	Allowance for decline in value	Carrying amount
Raw materials	\$ 87,652	(\$ 43,011)	\$ 44,611
Semi-finished goods	28,705	(7,754)	20,951
Work in progress	37,341	-	37,341
Finished goods	37,683	(15,019)	22,664
Merchandise Inventory	3,867	(1,776)	2,091
Goods in transit	598	-	598
Total	\$ 195,846	(\$ 67,590)	\$ 128,256
2023/12/31			
	Cost	Allowance for decline in value	Carrying amount
Raw materials	\$ 97,593	(\$ 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	\$ 221,849	(\$ 100,944)	\$ 120,905
2023/9/30			
	Cost	Allowance for decline in value	Carrying amount
Raw materials	\$ 99,706	(\$ 56,205)	\$ 43,501
Semi-finished goods	26,898	(13,314)	13,584
Work in progress	14,639	-	14,639
Finished goods	59,531	(28,689)	30,842
Merchandise Inventory	12,186	(2,735)	9,451
Goods in transit	949	-	949
Total	\$ 213,909	(\$ 100,943)	\$ 112,966

The cost of inventory recognized as an expense for the current period by the Group:

	For the three-month periods ended Sep. 30,	
	2024	2023
Cost of goods sold	\$ 85,761	\$ 64,334
Gain (Loss) on reversal of decline in market value of inventory (Note)	(14,665)	1,993
	<u>\$ 71,096</u>	<u>\$ 66,327</u>

	For the nine-month periods ended Sep. 30,	
	2024	2023
Cost of goods sold	\$ 284,269	\$ 182,358
Gain (Loss) on reversal of decline in market value of inventory (Note)	(23,975)	32,041
	<u>\$ 260,294</u>	<u>\$ 214,399</u>

Note: The group recognized recovery gains for the period from July 1, 2024, to September 30, 2024, and from January 1, 2024, to September 30, 2024, due to the reversal of previously recognized inventory write-downs from prior years.

Financial assets measured at fair value through other comprehensive income

Item	2024/9/30	2023/12/31	2023/9/30
Non-current assets:			
Equity Instruments			
Unlisted and non-OTC stock	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 12,800</u>

1. The Group has chosen to classify the aforementioned stocks, which are strategic investments, as financial assets measured at fair value through other comprehensive income. The fair value of these investments as of September 30, 2024, December 31, 2023, and September 30, 2023, was \$4,000.
2. The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	For the three-month periods ended Sep. 30,	
	2024	2023
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	\$ - (\$ 674)	
Accumulated losses transferred to retained earnings	\$ - (\$ 674)	

	For the nine-month periods ended Sep. 30,	
	2024	2023
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	\$ -	(\$ 674)
Accumulated losses transferred to retained earnings	\$ -	(\$ 674)

3. The Group has not pledged any financial assets measured at fair value through other comprehensive income as collateral.

Investments accounted for using the equity method.

	2024	2023
At January 1 st	\$ 17,884	\$ -
Increase investments accounted for using the equity method		9,200
Reclassification of financial assets measured at fair value through other comprehensive income to investments accounted for using the equity method		8,126
Equity method investment share of profit or loss	1,395	(761)
Other equity changes	(160)	-
At September 30	\$ 19,119	\$ 16,565

Affiliates	2024/9/30	
	Shareholding rate %	Carrying amount
Acrosser Technology Co.,LTD.(Acrosser)	15.25%	\$ 19,119
Affiliates	2023/12/31	
	Shareholding rate %	Carrying amount
Acrosser Technology Co.,LTD.(Acrosser)	15.25%	\$ 17,884
Affiliates	2023/6/30	
	Shareholding rate %	Carrying amount
Acrosser Technology Co.,LTD.(Acrosser)	15.25%	\$ 16,565

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 Group's investment in Acrosser, accounted for using the equity method, was evaluated and recognized based on the unaudited financial statements of the investee for the period from January 1st to September 30, 2024.

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		3,952	53	5,061	1,806	-	10,872
Reclassification		-	-	1,791	-	(1,791)	-
Depreciation expense	(	366)	(43)	(1,450)	(981)	-	(2,840)
Net exchange differences		4	-	-	14	-	18
At September 30	\$	<u>4,358</u>	\$ <u>345</u>	\$ <u>8,665</u>	\$ <u>4,767</u>	\$ -	\$ <u>18,135</u>
At September 30							
Cost	\$	31,837	\$ 1,480	\$ 11,951	\$ 24,568	\$ -	\$ 69,836
Accumulated depreciation and impairment	(	27,479)	(1,135)	(3,286)	(19,801)	-	(51,701)
	\$	<u>4,358</u>	\$ <u>345</u>	\$ <u>8,665</u>	\$ <u>4,767</u>	\$ -	\$ <u>18,135</u>
		2023					
		Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
At January 1							
Cost	\$	86,068	\$ 67,856	\$ 27,428	\$ 1,235	\$ 23,072	\$ 205,659
Accumulated depreciation and impairment	-	(26,344)	(26,255)	(1,063)	(19,098)	(72,760)	
	\$	<u>86,068</u>	\$ <u>41,512</u>	\$ <u>1,173</u>	\$ <u>172</u>	\$ <u>3,974</u>	\$ <u>132,899</u>
At January 1	\$	86,068	\$ 41,512	\$ 1,173	\$ 172	\$ 3,974	\$ 132,899
Additions		-	-	187	-	12	199
Depreciation expense	-	(776)	(655)	(20)	(1,105)	(2,556)	
Net exchange differences		-	-	-	-	6	(6)
At September 30	\$	<u>86,068</u>	\$ <u>40,736</u>	\$ <u>705</u>	\$ <u>58</u>	\$ <u>2,875</u>	\$ <u>130,536</u>
At September 30							
Cost	\$	86,068	\$ 67,865	\$ 27,616	\$ 1,235	\$ 23,079	\$ 205,863
Accumulated depreciation and impairment	-	(27,129)	(26,911)	(1,083)	(20,204)	(75,327)	
	\$	<u>86,068</u>	\$ <u>40,736</u>	\$ <u>705</u>	\$ <u>152</u>	\$ <u>2,875</u>	\$ <u>130,536</u>

Note: In 2023, the Group reclassified land, buildings, and structures for rental purposes from property, plant, and equipment to investment property. For

more details, please refer to Note 6(10).

- 1.The above real estate, factories, and equipment are all assets for self-use.
- 2.For information on guarantees provided by real estate, factories, and equipment, please refer to the explanation in Note 8.

Leasing arrangements-lessee

- 1.The assets leased by the Group include buildings and transportation equipment, with lease terms typically ranging from 1 to 3 years. Lease agreements are individually negotiated and include various terms and conditions, with no additional restrictions imposed.
- 2.The lease term for some of the properties rented by the Group does not exceed 12 months.
- 3.The carrying amount of right-of-use assets and the depreciation expenses recognized are as follows:

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
	Carrying amount	Carrying amount	Carrying amount
Buildings	\$ 18,275	\$ 22,322	\$ 9,058
Transportation equipment	552	884	994
	<u>\$ 18,827</u>	<u>\$ 23,206</u>	<u>\$ 10,052</u>

	<u>For the three-month periods ended Sep. 30,</u>	
	<u>2024</u>	<u>2023</u>
	Depreciation expense	Depreciation expense
Buildings	\$ 2,499	\$ 685
Transportation equipment	110	374
	<u>\$ 2,609</u>	<u>\$ 1,059</u>

	<u>For the nine-month periods ended Sep. 30,</u>	
	<u>2024</u>	<u>2023</u>
	Depreciation expense	Depreciation expense
Buildings	\$ 7,134	\$ 934
Transportation equipment	331	459
	<u>\$ 7,465</u>	<u>\$ 1,393</u>

- 4.The additions to right-of-use assets for the Group from January 1 to September 30, 2024 and 2023 were \$4,698 and \$10,231, respectively.
- 5.Information on income and expense items related to lease agreements is as follows:

For the three-month periods ended Sep. 30,

	2024		2023	
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$	114	\$	58
Expense on short-term lease contracts		387		266
For the nine-month periods ended Sep. 30,				
	2024		2023	
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$	367	\$	69
Expense on short-term lease contracts		1,022		1,591
Lease modification gains		2		-

6. The total cash outflow from leases for the Group for the period from January 1 to September 30, 2024 and 2023 was \$8,753 and \$3,026, respectively.

Investment property

	2024		
	Lands	Buildings and structures	Total
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
Depreciation expense	-	(1,898)	(1,898)
September 30	<u>\$ 119,615</u>	<u>\$ 90,079</u>	<u>\$ 209,694</u>
September 30			
Cost	\$ 119,615	\$ 151,829	\$ 271,444
Accumulated depreciation and impairment	-	(61,750)	(61,750)
	<u>\$ 119,615</u>	<u>\$ 90,079</u>	<u>\$ 209,694</u>

	2023		
	Lands	Buildings and structures	Total
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
Depreciation expense	-	(1,121)	(1,121)
September 30	<u>\$ 33,547</u>	<u>\$ 51,874</u>	<u>\$ 85,421</u>
September 30			
Cost	\$ 33,547	\$ 83,722	\$ 117,269
Accumulated depreciation and impairment	-	(31,848)	(31,848)
	<u>\$ 33,547</u>	<u>\$ 51,874</u>	<u>\$ 85,421</u>

Note: In 2023, the Group reclassified land, buildings, and structures as investment properties for rental purposes, transferring them from property, plant, and equipment to investment property.

1. Rental income and direct operating expenses from investment properties:

	For the three-month periods ended Sep. 30,	
	2024	2023
Rental income from investment property	\$ 1,434	\$ 1,436
Direct operating expenses arising from investment property that generated rental income	\$ 633	\$ 374

	For the nine-month periods ended Sep. 30,	
	2024	2023
Rental income from investment property	\$ 4,546	\$ 4,020
Direct operating expenses arising from investment property that generated rental income	\$ 1,898	\$ 1,121

2. The investment properties held by the Group are the Xizhi office building and the Shenkeng factory and office building. As of September 30, 2024, December 31, 2023, and September 30, 2023, their fair values were \$570,920, \$570,920, and \$228,537 respectively. These values were determined based on the valuation results from independent valuation experts on June 29, 2023, and December 31, 2022, using the comparison method and the income approach. After evaluation by the Group's management, there has been no significant change in the fair value of the investment properties. The aforementioned fair values are all categorized as Level 3 fair values, with

the following key assumptions:

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Gross margin	2.94%	2.94%	2.94%
Earnings capitalization rate	0.61~1.85%	0.61~1.85%	0.61%

3. For information on the 3 Group's investment properties provided as collateral, please refer to the explanation in Note 8.

(XI) Other non-current assets

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Net defined benefit assets	\$ 24,236	\$ 23,019	\$ 20,111
Guarantee deposits paid	4,432	3,900	3,608
Advance payments for investments ^(Note)	30,000	-	-
Other assets	4,495	3,867	2,306
	<u>\$ 62,163</u>	<u>\$ 30,786</u>	<u>\$ 26,025</u>

Note: This is the prepayment for the establishment of the invested company, which has completed its registration on October 7, 2024.

(XII) Short-term borrowings

Type of borrowings	2024/9/30	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 47,128	2.16%	Time deposits
Secured borrowings	147,000	2.33%~2.40%	Land, buildings and construction (recognized as investment property)
Secured borrowings	9,495	8.11%~8.36%	Land, buildings and construction (recognized as investment property)
	<u>\$ 203,623</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	2023/9/30	Interest rate range	Collateral
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Bank borrowings				
Secured borrowings	\$	45,823	1.14%~2.05%	Time deposits
Secured borrowings		40,000	2.07%~2.21%	Land, buildings and construction (recognized as investment property)
Secured borrowings		48,413	7.33%~8.76%	Land, buildings and construction (recognized as investment property)
	\$	<u>134,236</u>		

1. The Group recognized interest expenses in profit or loss for the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, amounting to \$576 and \$1,430, and \$3,242 and \$4,057, respectively.
2. For details on short-term loan guarantees, please refer to Note 8.

(XIII) Other payables

	2024/9/30	2023/12/31	2023/9/30
Salaries and bonuses payable	\$ 13,356	\$ 12,732	\$ 11,500
Payable for labor services	1,164	1,910	2,142
Labor insurance payable	949	848	469
National health insurance payable	830	747	426
Others	29,448	25,988	27,999
	<u>\$ 45,747</u>	<u>\$ 42,225</u>	<u>\$ 42,536</u>

(XIV) Pensions

- 1.(1)The Company has established a defined benefit retirement plan in accordance with the "Labor Standards Act," which applies to the service years of all regular employees before the implementation of the "Labor Pension Act" on July 1, 2005, as well as the subsequent service years of employees who chose to continue under the Labor Standards Act after its implementation. Employees who meet the retirement criteria receive retirement benefits calculated based on their service years and the average salary of the six months prior to retirement. For service years up to and including 15 years, two units are granted for each full year of service; for service years exceeding 15 years, one unit is granted for each full year, with a maximum accumulation of 45 units. The Company contributes 2% of the total salary monthly to the retirement fund, which is deposited in a special account under the name of the Labor Pension Supervisory Committee at the Bank of Taiwan. Additionally, the Company estimates the balance of the labor pension reserve fund account before the end of each year. If the balance is insufficient to cover the estimated retirement benefits for employees expected to retire in the following year, the Company will make a one-time contribution to cover the shortfall by the end of March of the following year.

The company was approved by the New Taipei City Government's

Department of Labor to suspend the allocation of labor retirement reserves for the years 2024 and 2023.

- (2) From July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, the retirement benefit costs recognized by the Group in accordance with the aforementioned retirement plan were (\$72) and (\$61), and (\$216) and (\$183), respectively.
 - (3) The company expects to contribute \$0 to the retirement plan for the year 2024.
- 2.(1) Since July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution retirement plan in accordance with the "Labor Pension Act," applicable to employees of Taiwanese nationality. For employees who choose to be subject to the labor pension system as stipulated in the "Labor Pension Act," the Company and its domestic subsidiaries contribute 6% of the employees' monthly salary to the employees' individual accounts at the Bureau of Labor Insurance. The payment of employee pensions is based on the amount in the individual retirement accounts and accumulated earnings, and can be received either as a monthly pension or a lump-sum payment.
- (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) From July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, the retirement costs recognized by this group under the aforementioned retirement plan were \$1,292 and \$972, and \$3,638 and \$2,989, respectively.

(XV) Capital stock

1. As of September 30, 2024, 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., September 30)	<u>66,801</u>	<u>66,801</u>

(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. The company's loss compensation plan for the fiscal years 2023 and 2022 was approved by the shareholders' meeting on June 21, 2024, and June 14, 2023, respectively. Details regarding the board's proposal and the shareholders' approval of the loss compensation can be found on the "Market Observation Post System (MOPS)" of the TWSE.
4. As of September 30, 2024, and 2023, the company has no distributable

earnings available.

(XVIII) Operating income

	<u>For the three-month periods ended Sep. 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from Contracts with Customers	<u>\$ 102,068</u>	<u>\$ 87,588</u>

	<u>For the nine-month periods ended Sep. 30,</u>	
	<u>2024</u>	<u>2023</u>
Revenue from Contracts with Customers	<u>\$ 359,605</u>	<u>\$ 274,263</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 Sep. 30, 2024</u>	<u>Sales revenue</u>	<u>Service revenue</u>	<u>Total</u>
Revenue from contracts	<u>\$ 100,388</u>	<u>\$ 1,680</u>	<u>\$ 102,068</u>
Time of income recognition			
Income recognized at a point in time	\$ 100,388	\$ -	\$ 100,388
Revenue recognized over time	-	1,680	1,680
Total	<u>\$ 100,388</u>	<u>\$ 1,680</u>	<u>\$ 102,068</u>

<u>For the three-month periods ended Sep. 30, 2023</u>	<u>Sales revenue</u>	<u>Service revenue</u>	<u>Total</u>
Revenue from contracts	<u>\$ 86,585</u>	<u>\$ 1,003</u>	<u>\$ 87,588</u>
Time of income recognition			
Income recognized at a point in time	\$ 86,585	\$ -	\$ 86,585
Revenue recognized over time	-	1,003	1,003
Total	<u>\$ 86,585</u>	<u>\$ 1,003</u>	<u>\$ 87,585</u>

<u>For the nine-month periods ended Sep. 30, 2024</u>	<u>Sales revenue</u>	<u>Service revenue</u>	<u>Total</u>
Revenue from contracts	<u>\$ 354,245</u>	<u>\$ 5,360</u>	<u>\$ 359,605</u>
Time of income recognition			
Income recognized at a point in time	\$ 354,245	\$ -	\$ 354,245
Revenue recognized over time	-	5,360	5,360
Total	<u>\$ 354,245</u>	<u>\$ 5,360</u>	<u>\$ 359,605</u>

For the nine-month periods ended Sep. 30, 2023	Sales revenue	Service revenue	Total
Revenue from contracts	\$ 271,797	\$ 2,466	\$ 274,263
Time of income recognition			
Income recognized at a point in time	\$ 271,797	\$ -	\$ 271,797
Revenue recognized over time	-	2,466	2,466
Total	\$ 271,797	\$ 2,466	\$ 274,263

2. Contract liability

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

	2024/9/30	2023/12/31	2023/9/30	2023/1/1
Contract liability - Sales contract	\$	\$ 5,776	\$ 6,262	\$ 6,850

(2) Recognized income of contract liabilities at January 1

	For the three-month periods ended Sep. 30,	
	2024	2023
Beginning balance of contract liabilities Recognized income- Sales contract	\$ 239	\$ 1,276
	For the nine-month periods ended Sep. 30,	
	2024	2023
Beginning balance of contract liabilities Recognized income- Sales contract	\$ 4,329	\$ 6,552

(XIX) Other income

	For the three-month periods ended Sep. 30,	
	2024	2023
Rental income	\$ 1,442	\$ 1,605
Dividend income	774	78
Government subsidy income _(Note)	-	2,800
Other incomes-other	835	793
	\$ 3,051	\$ 5,276

	For the nine-month periods ended Sep. 30,	
	2024	2023
Rental income	\$ 4,569	\$ 4,760
Dividend income	1,689	1,460
Government subsidy income	33,500	2,800
Other incomes-other	3,896	2,201
	<u>\$ 43,654</u>	<u>\$ 11,221</u>

Note: Primarily refers to subsidies from Ministry of Transportation projects.

(XX) Other gains and losses

	For the three-month periods ended Sep. 30,	
	2024	2023
Net (loss) income from financial assets and liabilities measured at fair value through profit or loss	(\$ 6,901)	(\$ 10,544)
Gain on foreign exchange	(2,813)	6,543
Other loss	- (	24)
	<u>(\$ 9,714)</u>	<u>(\$ 4,025)</u>

	For the nine-month periods ended Sep. 30,	
	2024	2023
Net (loss) income from financial assets and liabilities measured at fair value through profit or loss	\$ 8,707	\$ 12,726
Gain on foreign exchange	6,181	8,489
Lease modification gains	2	-
Other loss	(14)	(701)
	<u>\$ 14,876</u>	<u>\$ 20,514</u>

(XXI) Finance costs

	For the three-month periods ended Sep. 30,	
	2024	2023
Interests on bank borrowings	\$ 576	\$ 1,430
Interests on lease borrowings	114	58
Other interest expenses	1	-
	<u>\$ 691</u>	<u>\$ 1,488</u>
	For the nine-month periods ended Sep. 30,	
	2024	2023
Interests on bank borrowings	\$ 3,242	\$ 4,057
Interests on lease borrowings	367	69
Other interest expenses	17	-
	<u>\$ 3,626</u>	<u>\$ 4,126</u>

(XXII) Cost and Expenses by nature

	For the three-month periods ended Sep. 30,					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 8,510	\$ 25,017	\$ 33,527	\$ 6,963	\$ 20,497	\$ 27,460
Depreciation expense	1,309	2,915	4,224	292	1,999	2,291
Amortization expense	10	562	572	-	455	455

	For the nine-month periods ended Sep. 30,					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 25,292	\$ 72,420	\$ 97,712	\$ 21,978	\$ 61,836	\$ 83,814
Depreciation expense	3,594	8,609	12,203	871	4,199	5,070
Amortization expense	19	1,337	1,356	13	1,346	1,359

(XXIII) Employee benefit expenses

	For the three-month periods ended Sep. 30,	
	2024	2023
	Wages and salaries	\$ 27,912	$ 23,176
Labor and health insurance fees	2,883	2,372
Pension costs	1,220	911
Other personnel expenses	1,512	1,001
	<u>\$ 33,527</u>	<u>\$ 27,460</u>
	For the nine-month periods ended Sep. 30,	
	2024	2023
	Wages and salaries	\$ 81,810	$ 70,800
Labor and health insurance fees	8,213	7,174
Pension costs	3,422	2,806
Other personnel expenses	4,267	3,034
	<u>\$ 97,712</u>	<u>\$ 83,814</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. The company incurred a pre-tax net loss due to operations from April 1 to September 30, 2024 and 2023, as well as from January 1 to September 30, 2024 and 2023. Therefore, employee and director/supervisor compensation were not estimated.

3.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 Sep. 30,	
	2024	2023
Current Income Tax:		
Underestimation of Income Tax from Prior Years	\$ -	\$ -
Deferred income tax:		
Origination and reversal of temporary differences	3,455	-
Income tax expense	<u>\$ 3,455</u>	<u>\$ -</u>

	For the nine-month periods ended Sep. 30,	
	2024	2023
Current Income Tax:		
Underestimation of Income Tax from Prior Years	\$ 61	\$ -
Deferred income tax:		
Origination and reversal of temporary differences	7,078	-
Income tax expense	<u>\$ 7,139</u>	<u>\$ -</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. The amounts of deferred income tax assets or liabilities arising from temporary differences and tax losses are as follows:

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Deferred Income Tax Assets			
-Temporary differences:			
Tax losses	\$ 48,782	\$ 48,782	\$ 53,050
Provisions of bad debt expense	4,935	5,006	18,861
Allowance to reduce inventory to market	13,190	19,945	12,943
Unrealized loss on loans receivable	-	-	4,765
Others	2,998	3,169	5,170
Subtotal	<u>69,905</u>	<u>76,902</u>	<u>94,789</u>

(XXV) Losses per share

			For the three-month periods ended Sep. 30,2024		
			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			(\$ 30,068)	66,801	(\$ 0.45)
			For the three-month periods ended Sep. 30,2023		
			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			(\$ 14,965)	66,801	(\$ 0.22)
			For the nine-month periods ended Sep. 30,2024		
			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			(\$ 47,529)	66,801	(\$ 0.71)
			For the nine-month periods ended Sep. 30,2024		
			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			(\$ 17,717)	66,801	(\$ 0.27)

(XXVI) Supplementary Cash Flow Information

Partial Cash Payment for Investment Activities:

	For the nine-month periods ended Sep. 30,	
	2024	2023
Acquisition of real estate, plants, and equipment	\$ 10,872	-
Add: Beginning Balance of Equipment Payables	179	-
Less: Beginning Balance of Prepaid Equipment	(1,729)	-
Current period cash payments	<u>\$ 9,322</u>	<u>\$ -</u>

(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	69,962	(7,364)	62,597
Additions to lease liabilities	-	4,698	4,698
Current Period Disposal of Lease Liabilities	-	(1,628)	(1,628)
Impact of changes in the foreign exchange rate	25	16	41
September 30	<u>\$ 203,623</u>	<u>\$ 19,053</u>	<u>\$ 222,676</u>

	2023		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	\$ 124,555	\$ 1,299	\$ 125,854
Changes in financing cash flows	10,899	(1,366)	9,523
Impact of changes in the foreign exchange rate	-	10,231	10,231
	(1,208)	(75)	(1,283)
September 30	<u>\$ 134,236</u>	<u>\$ 10,089</u>	<u>\$ 144,325</u>

VII. Related Party Transactions

(i) Names of related parties and relationships

<u>Names of related parties</u>	<u>Relationship with the Group</u>
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EVERFOCUS ELECTRONICS INDIA PRIVATE LIMITED	Affiliates (Note 1)
EVERFOCUS ELECTRONICS LIMITED.	Subsidiaries in the liquidation (Note 2)
EVERHIGHLIGHT TECHNOLOGY CORP.	Subsidiaries in the liquidation (Note 2)
Acrosser Technology Co.,LTD.	Affiliates (Note 3)
Shenzhen Xinyangtong Electronics 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
AAEON Electronics Inc.	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.

(III) Significant transactions and balances with related parties

1. Operating income

	For the three-month periods ended Sep. 30,	
	2024	2023
Sales of goods		
Affiliates - Other	\$ 1,052	\$ 564
Other related parties-Other	2,354	1,002
Total	\$ 3,406	\$ 1,566

	For the nine-month periods ended Sep. 30,	
	2024	2023
Sales of goods		

Affiliates - Other	\$	12,219	\$	564
Other related parties-Other		<u>8,003</u>		<u>1,241</u>
Total	\$	<u>20,222</u>	\$	<u>1,805</u>
Service sales				
Affiliates- Acrosser Technology Co.,LTD.	\$	1,356	\$	-
Other related parties- LYDS TECHNOLOGIES INC.		<u>583</u>		<u>-</u>
	\$	<u>1,939</u>	\$	<u>-</u>

- (1)The transaction prices and payment terms for the sale of goods and services by the Group to related parties are based on the prices and terms agreed upon by both parties.
- (2)The Group provides procurement services to the related party, Acrosser. From July 1, 2024, to September 30, 2024, and from January 1, 2024, to September 30, 2024, the cost of goods purchased from another related party and sold to Acrosser was \$0 and \$26,551 respectively, with sales revenue reported on a net basis.
- (3)The Group purchases raw materials and services from related parties and non-related parties, and sells semi-finished products, finished products, and services to related parties and non-related parties. From July 1, 2024, to September 30, 2024, and from January 1, 2024, to September 30, 2024, the costs of purchasing raw materials and services are \$8,921 and \$19,383 respectively, and the sales and service income are presented net.

2.Purchases

	For the three-month periods ended Sep. 30,	
	2024	2023
Purchases of goods		
Affiliates - Other	\$ 40	\$ -
Other related parties - AAEON	2,440	981
Other related parties-Other	<u>262</u>	<u>1,253</u>
Total	<u>\$ 2,742</u>	<u>\$ 2,234</u>
	For the nine-month periods ended Sep. 30,	
	2024	2023
Purchases of goods		
Affiliates - Other	\$ 40	\$ -
Other related parties - AAEON	24,420	1,262
Other related parties-Other	<u>2,306</u>	<u>1,347</u>
Total	<u>\$ 26,766</u>	<u>\$ 2,609</u>

The payment terms of the abovementioned purchases are the same with third parties (suppliers), and the credit terms are 30 days or advanced payment.

3.Accounts receivable

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Affiliates - Other	\$ 1,117	\$ 9,441	\$ 601
Other related parties-Other	343	4,489	960
Total	<u>\$ 1,460</u>	<u>\$ 13,930</u>	<u>\$ 1,561</u>

4. Other receivable

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Subsidiaries-other	\$ 344	\$ 344	\$ -
Affiliates - Acrosser	4,395	42,195	185
Other related parties- LYDS	420	-	-
Other related parties-Other	600	-	-
Total	<u>\$ 5,759</u>	<u>\$ 42,539</u>	<u>\$ 185</u>

5. Accounts payable

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Affiliates - Other	\$ -	\$ 1,381	\$ -
Other related parties- Other	222	4,846	173
Total	<u>\$ 222</u>	<u>\$ 6,227</u>	<u>\$ 173</u>

6. Other payable

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Affiliates - Other	\$ 3,810	\$ -	\$ -
Other related parties-Aaeon	31	35,738	38
Other related parties-Other	3,967	4,178	58
Total	<u>\$ 7,808</u>	<u>\$ 39,916</u>	<u>\$ 96</u>

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

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</u>
Subsidiary - EVERFOCUS UK	\$ 24,944	\$ 25,343	\$ 26,930
Affiliate - EverFocus India	-	-	26,040
Less: Allowance for doubtful accounts	(24,944)	(25,343)	(52,970)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) In March 2024, the company received a partial payment from EVERFOCUS UK, recognizing expected credit turnover benefits of \$399.

(2) 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 Sep. 30,	
	2024	2023
Other related parties-AREC	\$ -	\$ 2,198
	For the nine-month periods ended Sep. 30,	
	2024	2023
Other related parties-AREC	\$ 2,115	\$ 2,198

(3) Lease Liabilities

A. Ending Balance:

	2024/9/30	2023/9/30
Other related parties-AREC	\$ 1,539	\$ 1,954

B. Interest expense:

	For the three-month periods ended Sep. 30,	
	2024	2023
Other related parties-AREC	\$ 9	\$ 15
	For the nine-month periods ended Sep. 30,	
	2024	2023
Other related parties-AREC	\$ 22	\$ 15

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

	For the three-month periods ended Sep. 30,	
	2024	2023
Other related parties-Others	\$ 2,710	\$ -
	For the nine-month periods ended Sep. 30,	
	2024	2023
Other related parties-Others	\$ 7,763	\$ -

10. Operating expenses

	For the three-month periods ended Sep. 30,	
	2024	2023
Affiliates - Other	\$ 5	\$ -
Other related parties-Others	458	190
	\$ 463	\$ 190

	For the nine-month periods ended Sep. 30,	
	2024	2023
Affiliates - Other	\$ 5	\$ -
Other related parties-Others	2,103	556
	<u>\$ 2,108</u>	<u>\$ 556</u>

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 Sep. 30,	
	2024	2023
Salaries and other employee benefits	<u>\$ 1,180</u>	<u>\$ 317</u>

	For the nine-month periods ended Sep. 30,	
	2024	2023
Salaries and other employee benefits	<u>\$ 3,692</u>	<u>\$ 1,221</u>

VIII. Pledged Assets

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

Pledged assets	Book value			Guarantee purpose
	2024/9/30	2023/12/31	2023/9/30	
Restricted time deposit (Listed in current financial assets measured at amortized cost)	\$ 72,117	\$ 68,827	\$ 71,406	Performance bonds for tenders, customs declarations and bank loans
Restricted deposit (Listed in current financial assets measured at amortized cost)	34	13	6	Government grant project guarantee deposit
Land, Building and Construction (Listed in property, plant and equipment)	-	-	126,804	Bank credit line guarantee
Land, Building and Construction (Listed in investment property)	209,694	211,592	85,421	Bank Loan Guarantee
	<u>\$ 281,845</u>	<u>\$ 280,432</u>	<u>\$ 283,637</u>	

IX. Significant contingent liabilities and unrecognized commitments

(IV) Contingencies

None.

(V) Commitments

- 1.As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group issued promissory notes amounting to \$473,050, \$470,450, and \$472,450 respectively, for the purpose of applying for bank credit lines and providing performance bonds as required by customer contracts.
- 2.As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group has issued letters of guarantee by financial institutions as performance bonds for government grant projects, amounting to \$90,750.
- 3.As of September 30, 2024, December 31, 2023, and September 30, 2023, the Company had signed contracts for but not yet incurred expenditures on property, plant, and equipment amounting to \$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's capital management objectives are to ensure the Group's ability to continue as a going concern, maintain an optimal capital structure to minimize the cost of capital, and provide returns to shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(II) Financial instruments

1. Financial instruments by category

	<u>2024/9/30</u>	<u>2023/12/31</u>	<u>2023/9/30</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	\$ 88,163	\$ 91,526	\$ 86,286
Designation of equity instrument	4,000	4,000	12,800
Financial assets at amortized cost			
Cash and cash equivalents	133,778	111,254	144,325
Financial assets at amortized cost	72,151	68,840	71,412
Notes receivable	784	4,932	2,562

Accounts receivable (including related parties)	53,852	59,010	54,073
Other receivables (including related parties)	9,292	44,545	1,595
Long-term notes and accounts receivable	9,060	12,114	13,125
Guarantee deposits paid			
(Listed as other non-current assets)	4,432	3,900	3,608
(Listed as other non-current assets)			
	\$ 375,512	\$ 400,121	\$ 380,986
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 203,623	\$ 133,636	\$ 134,236
Notes payable	-	100	-
Accounts payable (including related parties)	80,681	63,066	44,149
Other receivable (including related parties) s	53,555	82,141	42,632
	\$ 337,859	\$ 278,943	\$ 221,268
Lease liabilities	\$ 19,053	\$ 23,331	\$ 10,089

2. Risk Management Policy

The Group employs a comprehensive risk management and control system to clearly identify, measure, and control all types of risks, enabling the Group's management to effectively engage in controlling and measuring various risks.

The control strategies adopted by our group are as follows:

(1) Interest rate risk:

The Group continues to monitor interest rate trends and sets stop-loss points to manage interest rate risk.

(2) Foreign exchange risk:

The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge recognized foreign currency assets or liabilities or highly probable forecast transactions, thereby reducing the fair value risk of cash flows caused by exchange rate fluctuations. It also continuously monitors exchange rate movements and sets stop-loss points to mitigate exchange rate risk.

(3) Credit risk:

The Group has established strict credit assessment policies, only conducting transactions with counterparties who have good credit standing, and timely employs debt protection measures to mitigate credit risk.

3. Nature and Extent of Significant Financial Risks

(1) Market risk

Exchange rate risk

A. Our group operates internationally, thus facing exchange rate risks arising from transactions in currencies different from the functional

currencies of the company and its subsidiaries, mainly the US dollar, Japanese yen, and Chinese yuan. These exchange rate risks stem from future commercial transactions and recognized assets and liabilities.

- B. The management of the Group has established policies that require each company within the Group to manage its exposure to foreign exchange rate risk relative to its functional currency. Each company should hedge its overall foreign exchange risk through the finance department.
- C. The Group's operations involve several non-functional currencies (the functional currency of the Company and some subsidiaries is New Taiwan Dollar, while the functional currency of some subsidiaries is US Dollar and Renminbi, etc.), thus affected by exchange rate fluctuations. The information on foreign currency assets and liabilities significantly impacted by exchange rate fluctuations is as follows:

2024/9/30			
	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 8,141	31.650	\$ 257,663
JPY: NTD	3,266	0.222	725
CNY: NTD	180	4.523	814
USD: CNY	489	6.998	15,477
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 1,105	31.650	\$ 34,973
USD: CNY	106	6.998	3,355
2023/12/31			
	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 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
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	\$	543	30.725	\$ 16,684
USD: CNY		140	7.096	4,302

2023/9/30

		Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	\$	6,432	32.275	\$ 207,593
JPY: NTD		8,386	0.216	1,811
EUR: NTD		73	33.944	2,478
CNY: NTD		439	4.415	1,938
GBP: NTD		121	39.275	4,752
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	\$	268	32.275	\$ 8,650
USD: CNY		126	7.310	921

D. The total exchange gains (including realized and unrealized) of the Group's monetary items significantly affected by exchange rate fluctuations for the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, were (\$2,813) and \$6,543, and \$6,181 and \$8,489, respectively.

E. The analysis of foreign currency market risk due to significant exchange rate fluctuations for our group is as follows:

For nine-month periods ended Sep. 30, 2024

	<u>Sensitivity analysis</u>		
	Extent of change	Effect on income	Effect on other comprehensive income
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 2,577	\$ -
JPY: NTD	1%	7	-
CNY: NTD	1%	8	-

USD: CNY	1%		155	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$	350	\$ -
USD: CNY	1%		34	-

For nine-month periods ended Sep. 30,2023

Sensitivity analysis

	Extent of change	Effect on income	Effect on other comprehensive income	
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$	2,076	\$ -
JPY: NTD	1%	\$	18	\$ -
EUR: NTD	1%		25	-
CNY: NTD	1%		19	-
USD: CNY	1%		48	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$	87	\$ -
USD: CNY	1%		9	-

Price risk

- A. The Group is exposed to price risk on equity instruments held, which are classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. To manage the price risk of equity instrument investments, the Group diversifies its investment portfolio, with diversification based on the limits set by the Group.
- B. The Group primarily invests in equity instruments issued by domestic companies. The prices of these equity instruments are affected by the uncertainty of the future value of the investment targets. If the prices of these equity instruments rise or fall by 1%, while all other factors remain unchanged, the net income after tax for the period from January 1 to September 30, 2024 and 2023, due to gains or losses from equity instruments measured at fair value through profit or loss, would increase or decrease by \$882 and \$863, respectively; the 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 \$40, 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 rates, exposing the Group to cash flow interest rate risk. This risk is partially offset by cash and cash equivalents held at floating rates. From January 1 to September 30,

2024 and 2023, the Group's borrowings issued at floating rates were mainly denominated in USD, JPY, and TWD.

B. When the borrowing interest rate rises or falls by 0.25%, and all other factors remain unchanged, the net income after tax for the period from January 1 to September 30, 2024, and 2023, will decrease or increase by \$305 and \$201, respectively, mainly due to the change in interest expenses resulting from floating rate borrowings.

(2) Credit risk

A. The credit risk of the Group arises from the risk of financial loss due to the failure of customers or counterparties in financial instruments to fulfill their contractual obligations. This primarily stems from the inability of counterparties to settle receivables under the terms of collection and the contractual cash flows from debt instrument investments measured at amortized cost.

B. The Group manages credit risk from a group perspective. According to the internally defined credit policy, each operating entity within the Group must conduct management and credit risk analysis on each new customer before setting payment terms and delivery conditions. Internal risk control involves assessing the customer's credit quality by considering their financial condition, past experience, and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings and are regularly monitored for credit limit usage.

C. The Group adopts IFRS 9 assumptions, considering a contract to be in default when the payment terms are overdue by more than 90 days.

D. The Group adopts IFRS 9 to provide the following assumptions as the basis for determining whether the credit risk of financial instruments has significantly increased since initial recognition:

When the contract amount exceeds the agreed payment terms by more than 30 days, it is considered that the credit risk of the financial asset has significantly increased since initial recognition.

E. The indicators used by the E Group to determine credit impairment of debt instrument investments are as follows:

(1) The issuer is experiencing significant financial difficulties, or the likelihood of entering bankruptcy or undergoing other financial restructuring has greatly increased;

(2) The issuer's financial difficulties have caused the active market for the financial asset to disappear;

(3) The issuer delays or fails to pay interest or principal.

F. The F Group categorizes accounts receivable by customer type characteristics, using a simplified approach based on a matrix and loss rate method to estimate expected credit losses.

G. After pursuing recovery procedures, the Group writes off the amount of financial assets that are not reasonably expected to be recoverable. However, the Group will continue to pursue legal recovery procedures to preserve the rights of the creditors. As of September

30, 2024, December 31, 2023, and September 30, 2023, the Group had no written-off receivables with ongoing recovery activities.

H.(1) The expected loss rate for customers in the excellent credit group is 0.03%. As of September 30, 2024, December 31, 2023, and September 30, 2023, the total book value of accounts receivable and notes (including current and non-current) was \$15,682, \$35,470, and \$20,228, respectively. Since the expected credit loss is not significant, the allowance for losses is \$0 for all periods

(2)The Group incorporates global economic information into forward-looking considerations to adjust the loss rates established based on historical and current information over specific periods, in order to estimate the allowance for doubtful accounts for receivables and notes from customers with general credit conditions. The provision matrix as of September 30, 2024, December 31, 2023, and September 30, 2023, is 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>2024/9/30</u>								
Expected loss rate	0%~0.63%	0.5%~8.60%	2%~34.91%	3%~79.89%	100%	100%	100%	
Total book value	\$ 43,967	\$ 4,616	\$ 344	\$ 593	\$ 300	\$ -	\$ 210	\$ 50,030
Loss allowance	\$ 277	\$ 396	\$ 117	\$ 404	\$ 300	\$ -	\$ 210	\$ 1,704
	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>2023/9/30</u>								
Expected loss rate	0%~0.14%	0.5%~4.41%	2%~13.19%	3%~92.33%	100%	100%	100%	
Total book value	\$ 46,169	\$ 2,253	\$ 86	\$ 2,383	\$ 1,607	\$ 177	\$ -	\$ 52,655
Loss allowance	\$ 66	\$ 90	\$ 9	\$ 640	\$ 1,607	\$ 177	\$ -	\$ 2,589

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	584	1,450
The amount written off due to inability to recover	- (	4,163)
Effect of exchange rate change	20	10
September 30	\$ 1,704	\$ 2,589

The impairment losses on receivables arising from customer

contracts recognized for the period from January 1 to September 30, 2024 and 2023 were \$584 and \$1,450, respectively.

- J. The credit risk rating information for the Group's debt instrument investments measured at amortized cost is as follows:

	2024/9/30			Total
	12 months	Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	<u>\$ 72,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,151</u>

	2023/12/31			Total
	12 months	Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	<u>\$ 68,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,840</u>

	2023/9/30			Total
	12 months	Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	<u>\$ 71,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,412</u>

The financial assets held by the Group, measured at amortized cost, consist of restricted bank deposits and time deposits, with no significant abnormalities in credit risk ratings.

(3)Liquidity risk

- A. Cash flow forecasts are executed by each operating entity within the group and are consolidated by the group's finance department. The group's finance department monitors the forecast of the group's liquidity needs to ensure there are sufficient funds to meet operational requirements.
- B. The unused credit lines of the Group as of September 30, 2024, December 31, 2023, and September 30, 2023, were \$161,202, \$229,977, and \$229,051, respectively.
- C. The table below shows the Group's non-derivative financial liabilities and derivative financial liabilities settled net or gross, grouped by their respective maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date; derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flows disclosed in the table below are undiscounted amounts.

Non-derivative financial liabilities	Within 1 year	1 to 2 years	2 to 5 years
2024/9/30			

Short-term borrowings	\$ 204,490	\$ -	\$ -
Accounts Payable (including related parties)	80,681	-	-
Other payables (including related parties)	53,555	-	-
Lease liabilities	10,197	8,365	857
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
Non-derivative financial liabilities			
2023/9/30	Within 1 year	1 to 2 years	2 to 5 years
Short-term borrowings	\$ 134,901	\$ -	\$ -
Notes Payable	251	-	-
Accounts payable (including related parties)	44,149	-	-
Other payables (including related parties)	42,632	-	-
Lease liabilities	4,372	4,432	2,199

D. The Group does not expect that the timing of cash flows from the maturity analysis will be significantly earlier, or that the actual amounts will be significantly different.

(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. Financial and non-financial instruments measured at fair value are classified by the Group based on the nature, characteristics, and risks of assets and liabilities, as well as the levels of fair value. The relevant information is as follows:

(1) The Group classifies assets and liabilities based on their nature, with the relevant information as follows:

	2024/9/30	Level 1	Level 2	Level 3	Total
Assets					
Recurring fair value measurements					
Financial assets at fair value through profit or loss					
Equity securities	\$ 88,163	\$ -	\$ -	\$ -	\$ 88,163
Financial assets measured at fair value through other comprehensive income					
Equity securities				4,000	4,000
Total	\$ 88,163	\$ -	\$ -	\$ 4,000	\$ 92,163
	2023/12/31	Level 1	Level 2	Level 3	Total
Assets					
Recurring fair value measurements					
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
			<u>4,000</u>	<u>4,000</u>
Total	\$	<u>91,526</u>	\$ -	\$ <u>4,000</u>
	2023/9/30	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
				<u>Total</u>
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	\$	86,286	\$ -	\$ -
				86,286
Financial assets measured at fair value through other comprehensive income				
Equity securities			4,000	4,000
			<u>4,000</u>	<u>4,000</u>
Total	\$	<u>86,286</u>	\$ -	\$ <u>4,000</u>
				<u>90,286</u>

(2) The methods and assumptions used by the Group to measure fair value are described as follows:

A. The Group uses market quotes as fair value inputs (i.e., Level 1) and categorizes them by the characteristics of the instruments as follows:

Shares of listed (OTC) companies	<u>Open-end funds</u>
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Quoted market price	Closing market prices	Net value
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B. Apart from the financial instruments that activate the market mentioned above, the fair value of other financial instruments is obtained through valuation techniques or by referencing counterparty quotes.

C. The output of the valuation model is an estimated value, and the valuation techniques may not reflect all relevant factors of the financial and non-financial instruments held by the Group. Therefore, the estimated values from the valuation model are appropriately adjusted based on additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policy and related control procedures, the management believes that the valuation adjustments are appropriate and necessary to fairly present 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 appropriately adjusted according to current market conditions.

5. There were no transfers between the first and second levels from January

1 to September 30, 2024 and 2023.

6. The following table shows the changes in the third grade from January 1 to September 30, 2024 and 2023:

	2024	2023
	Equity instruments	Equity instruments
January 1st	\$ 4,000	\$ 12,800
Recognized in other comprehensive profit or loss (Note)	0	(674)
Transfer out of Level 3	0	(8,126)
September 30	<u>\$ 4,000</u>	<u>\$ 4,000</u>

7. From January 1st to September 30, 2024, there were no transfers in or out of the Level 3; from January 1 to September 30, 2023, the Level 3 transfer out involved the transfer of the equity investment in Acrosser, originally classified as Level 3. For further details, please refer to Note 6(7).

8. The Group's valuation process for financial instruments classified as Level 3 fair value is conducted by the Finance Department, which performs independent fair value verification. This involves using data from independent sources to ensure that the valuation results reflect market conditions, confirming that the data sources are independent, reliable, consistent with other resources, and represent executable prices. The valuation models are regularly updated with necessary inputs and data, along with any other required fair value adjustments, to ensure the reasonableness of the valuation results.

9. The following is an explanation of the quantitative information on significant unobservable inputs used in the valuation models for Level 3 fair value measurement items, as well as a sensitivity analysis of changes in these significant unobservable inputs:

	2024/9/30 Fair value	Valuation techniques	Significant unobservable	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments					
Unlisted and non-OTC stocks	\$ 4,000	Discounted Cash Flow method	Note 1	Not applicable	Note 2

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

	2023/9/30 Fair value	Valuation techniques	Significant unobservable	Range (weighted average)	Relationship between input and fair value
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Non-derivative equity instruments

Unlisted and non-OTC stocks	\$	12,800	Discounted Cash Flow method	Note 1	Not applicable	Note 2
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Note 1: Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating profit, lack of market liquidity discount, minority interest discount.

Note 2: The higher the long-term revenue growth rate and long-term pre-tax operating profit, the higher the fair value; the higher the weighted average cost of capital and the discount for minority interest, the lower the fair value; the higher the discount for lack of marketability, the lower the fair value.

XIII. Notes Disclosure Items

(I) Information on Major Transaction Matters

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 team of the Group has identified reportable segments based

on the reporting information used by the Board of Directors in making decisions. The Group's Board of Directors manages the business from a regional perspective, currently focusing on two major sales regions, Taiwan and the United States, with the operating results of other regions being consolidated under the "Other Segments" category. There have been no significant changes in the Group's corporate composition, the basis for segment division, or the measurement basis of segment information during the current period.

(V) Measurement of Information by Department

The operating segments' profit or loss of the Group is measured based on segment revenue and profit before tax, and serves as the basis for performance evaluation. Additionally, the accounting policies of the operating segments are consistent with the significant accounting policies summarized in Note 4.

(VI) Department Information

The information to be reported to the chief operating decision maker for each reportable segment is as follows:

	For the nine-month periods ended September 30, 2024					
	Taiwan	USA	Japan	Others	Write off	Total
External revenue	\$ 273,688	\$ 12,772	\$ 56,992	\$ 16,153	\$ -	\$ 359,605
Internal revenue	64,895	2,743	-	35,987	(103,625)	-
Segment revenue	\$ 338,583	\$ 15,515	\$ 56,992	\$ 52,140	(\$ 103,625)	\$ 359,605
Segment income (loss)	(\$ 44,877)	\$ 202	\$ 2,513	\$ 1,772	\$ -	(\$ 40,390)
Segment income (loss) includes:						
Depreciation and amortization	\$ 12,756	\$ -	\$ 328	\$ 475	\$ -	\$ 12,559

	For the nine-month periods ended September 30, 2023					
	Taiwan	USA	Japan	Others	Write off	Total
External revenue	\$ 239,438	\$ 16,837	\$ 2,776	\$ 15,212	\$ -	\$ 274,263
Internal revenue	13,056	907	-	12,986	(26,949)	-
Segment revenue	\$ 252,494	\$ 17,744	\$ 2,776	\$ 28,198	(\$ 26,949)	\$ 274,263
Segment income (loss)	(\$ 1,062)	(\$ 10,690)	(\$ 1,061)	(\$ 4,904)	\$ -	(\$ 17,717)
Segment income (loss) includes:						
Depreciation and amortization	\$ 5,910	\$ -	\$ 388	\$ 131	\$ -	\$ 6,429

Note: Inter-departmental revenue has been offset to \$0.

(VII) Departmental profit and loss adjustment information

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

EVERFOCUS ELECTRONICS CORP. AND SUBSIDIARIES

Lending funds to others
January 1 to September 30, 2024

Table 1

Unit: NT\$ in thousands

(Unless Specified Otherwise)

Serial No.	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
(Note 1)													Name	Value			
0	EVERFOCUS ELECTRONICS CORP.	EverFocus USA	Other receivables related parties	- Yes	\$110,076	\$54,538	\$54,538	2.35%	Financing	\$ -	Operation turnover	\$ -	None	\$ -	\$54,257	\$108,514	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 tranches 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 September 30, 2024

Table 2

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

Serial No. (Note 1)	Name of Endorsement/ guarantor company	Counterparty of guarantee and endorsement		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
		Company name	Relationship (Note 2)											
0	EVERFOCUS ELECTRONICS CORP.	EVERFOCUS JAPAN CORP.	2	\$ 162,770	\$ 55,575	\$ 55,575	\$ 47,128	\$ 55,575	10.24	\$ 271,284	Y	N	N	
0	EVERFOCUS ELECTRONICS CORP.	EverFocus USA	2	162,770	49,253	47,475	9,495	47,475	8.97	271,284	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. If the endorsement and guarantee is for business purposes, it shall not exceed the total amount of transactions with the Company in the most recent year (whichever is the higher of purchase or sale between the two parties).
- (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 September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures)
30 September,2024

Table 3

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

Holding company	Type and name of securities		Relationship with the securities issuer	General ledger account	Number of shares	As of June 30, 2024		Fair value	Remark
	Type	Name (Note 1)				Carrying amount	Shareholding percentage		
EVERFOCUS	Stock	MACHVISION, INC.	-	Financial assets at fair	33,000	\$ 11,484	0.06%	\$ 11,484	None
"	"	Taiwan Semiconductor	-	"	17,000	16,269	-	16,269	"
"	"	ONENESS BIOTECH	-	"	62,998	9,009	0.01%	9,009	"
"	"	TOP UNION	-	"	356,660	11,413	0.25%	11,413	"
"	"	Castles Technology Co.,	-	"	122,000	14,823	0.12%	14,823	"
"	"	Allied Supreme Corp	-	"	8,000	2,660	0.01%	2,660	"
"	"	Advantech Co., Ltd.	-	"	70,000	22,505	0.01%	22,505	"
						<u>\$ 88,163</u>		<u>\$ 88,163</u>	
EVERFOCUS	Stock	AREC INC.	Other related parties	Financial assets at fair	400,000	<u>4,000</u>	2.64%	<u>4,000</u>	Note3
						<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 September 30, 2024

Table 4

Unit: NT\$ in thousands

(Unless Specified Otherwise)

Serial No. (Note 1)	Name of transaction party	Transaction counterparty	Relationship with the counterparty	Transaction situation			
				Account name	Amount	Terms of transaction	Percentage of the total consolidated
0	EVERFOCUS ELECTRONICS	EVERFOCUS USA	1	Accounts receivable	\$ 6,434	Credit on 180 days	0.70%
"	"	"	"	Sales	8,865	"	2.47%
"	"	"	"	Accounts payable	4,314	Credit on 60 days	0.47%
"	"	"	"	Purchases	2,743	"	0.76%
"	"	"	"	Other receivables-	54,538	Lending funds	5.97%
"	"	"	"	Service fees	8,182	Credit on 60 days	2.28%
"	"	EVERFOCUS Shenzhen	"	Accounts receivable	3,371	Credit on 180 days	0.37%
"	"	"	"	Sales	4,446	"	1.24%
"	"	"	"	Accounts payable	7,972	Credit on 60 days	0.87%
"	"	"	"	Purchases	35,128	"	9.77%
"	"	"	"	Prepayment	7,578	Advance payment for materials	0.83%
"	"	"	"	Service fees	1,656	"	0.46%
"	"	EVERFOCUS JAPAN	"	Sales	51,584	Credit on 180 days	14.34%
"	"	"	"	Other receivables	1,662	"	0.18%

(Continued)

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.

(1). If one subsidiary has disclosed a transaction with another subsidiary, the other subsidiary does not need to disclose it again.): 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 September 30, 2024

Table 5

Unit: NT\$ in thousands

(Unless Specified Otherwise)

<u>Name of Investor</u>	<u>Name of investee</u>	<u>Location</u>	<u>Main business items</u>	<u>Initial investment amount</u>		<u>Holding at the end of the period</u>		<u>Current</u>	<u>Investment Income</u>	<u>Remark</u>
				<u>End of the period</u>	<u>End of last year</u>	<u>Number of shares</u>	<u>Ratio (%)</u>	<u>income (loss) of the investee</u>	<u>(loss) for the period</u>	
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	(\$72,392)	\$ 202	(\$ 98) Subsidiary of the Company
"	EVERFOCUS JAPAN CORP.	Japan	Selling products and providing customer service for the Company	35,697	35,697	200	100	(44,638)	2,452	2,452 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
"	Acrosser Technology Co.,LTD.	Taiwan	Selling or rental of computer products, peripherals, and information-related products	18,000	18,000	1,800,000	15.25	19,119	9,378	1,395 The Company's investees

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 September 30, 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	Amount remitted from Taiwan to Mainland China Amount remitted		Accumulated amount of remittance from Taiwan to Mainland China as of Sep. 30, 2024	Net profit (loss) of the investee for this	Percentage of shares held by the Company (direct or	Investment gains losses recognized for the current period	Carrying amount of investments in Mainland China as of Sep. 30,	Accumulated amount of investment income remitted back to Taiwan	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	\$1,772	100%	(\$528)	\$8,643		\$-

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 Sep. 30, 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	\$325,541

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
30 September,2024

Table 7

<u>Major Shareholders</u>	<u>Shares</u>	
	<u>Number of shares held</u>	<u>Shareholding percentage (%)</u>
Yung-Shun Chuang	10,655,686	15.95%
LCL CAPITAL INC.	3,768,021	5.64%

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.