

# **Niching Industrial Corporation and Subsidiaries**

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

**Address : Room 5E, No.767, Sec 4, Taiwan**

**Bld., Taichung, Taiwan**

**TEL : (04)2358-8966**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

To the Board of Directors and Shareholders of

NICHING INDUSTRIAL CORP. :

### **Introduction**

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

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As described in Note 10, the financial statements of certain non-significant subsidiaries and in , investments accounted for using the equity method were prepared and not reviewed by the independent auditors as of and for the Nine Months Ended September 30, 2024 and 2023. Total assets of these subsidiaries amounted to \$45,996 thousand and \$ 54,348 thousand, representing 3% and 4% of the related consolidated totals, and total liabilities amounted to \$ 5,510 thousand and \$ 7,085 thousand, respectively, each accounting for 1% and 2% of the related consolidated totals, as at September 30, 2024 and 2023, respectively ; for the three months ended September 30, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries

were NT\$534 thousand and NT\$(1,736) thousand, representing 5% and (4%), respectively, of the consolidated total comprehensive income, and for the nine months ended September 30, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$59 thousand and NT\$(4,737) thousand, representing 0% and (6%), respectively, of the consolidated total comprehensive income.

As described in Note 11 indicated, the un-reviewed balance of investment amounted to \$186,222 thousand and \$203,498 thousand; the recognized share of profits of associates under the equity method of these investments for the three months Ended September 30, 2024 and 2023, amounted to \$8,349 thousand and \$6,076 thousand, respectively ; for the nine months Ended September 30, 2024 and 2023, amounted to \$22,582 thousand and \$21,728 thousand, respectively. Additionally, the relevant information disclosed in Note 29 to the consolidated financial statements, pertaining to the aforementioned non-significant subsidiaries and investee companies, has also not been reviewed by auditors.

### **Qualified Conclusion**

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Jui-Lung Hsu, and Ting-Chien Su.

Deloitte & Touche

Taipei, Taiwan

Republic of China

November 6, 2024 ◦

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

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

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**(In Thousands of New Taiwan Dollars)**

ASSET	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6)	\$ 299,668	21	\$ 398,797	28	\$ 364,631	26
Notes receivable (Notes 7)	61	-	41	-	94	-
Trade receivables from unrelated parties(Notes 7)	463,837	33	397,705	28	445,434	31
Trade receivables from related parties(Notes 7 and 25)	47,695	3	45,727	3	47,074	3
Other receivables (Notes 25)	4,786	-	1,875	-	2,332	-
Inventories (Notes 8)	53,267	4	67,008	5	51,871	4
Other current assets	7,194	1	7,061	-	3,015	-
Total current assets	<u>876,508</u>	<u>62</u>	<u>918,214</u>	<u>64</u>	<u>914,451</u>	<u>64</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Notes 9)	50,447	4	64,603	5	68,190	5
Investments accounted for using the equity method (Notes 11 and 25)	186,222	13	198,831	14	203,498	14
Property, plant and equipment (Notes 12 and 26)	284,479	20	223,341	16	220,647	16
Right-of-use assets (Notes 13)	8,581	1	8,997	1	8,242	1
Other intangible assets	102	-	623	-	623	-
Deferred tax assets (Notes 4 and 21)	6,067	-	7,081	-	5,621	-
Prepaid investments	2,450	-	1,726	-	2,962	-
Other non-current assets	6,966	-	6,884	-	5,578	-
Total non-current assets	<u>545,314</u>	<u>38</u>	<u>512,086</u>	<u>36</u>	<u>515,361</u>	<u>36</u>
<b>TOTAL</b>	<u>\$ 1,421,822</u>	<u>100</u>	<u>\$ 1,430,300</u>	<u>100</u>	<u>\$ 1,429,812</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 14)	\$ 10,000	1	\$ -	-	\$ -	-
Notes payable	155	-	942	-	24	-
Trade payables	265,694	19	233,559	16	237,249	17
Other payables (Notes 15)	51,767	3	50,741	4	47,135	4
Current tax liabilities (Notes 4 and 21)	10,288	1	20,727	2	14,723	1
Lease liabilities - current (Notes 13)	4,910	-	4,131	-	3,663	-
Other current liabilities	4,377	-	4,170	-	4,056	-
Total current liabilities	<u>347,191</u>	<u>24</u>	<u>314,270</u>	<u>22</u>	<u>306,850</u>	<u>22</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities (Notes 4 and 21)	6,565	1	2,871	-	6,440	-
Lease liabilities - non-current (Notes 13)	3,917	-	5,058	-	4,741	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	16,623	1	20,833	2	22,678	2
Guarantee deposits	805	-	799	-	799	-
Total non-current liabilities	<u>27,910</u>	<u>2</u>	<u>29,561</u>	<u>2</u>	<u>34,658</u>	<u>2</u>
Total liabilities	<u>375,101</u>	<u>26</u>	<u>343,831</u>	<u>24</u>	<u>341,508</u>	<u>24</u>
<b>EQUITY</b>						
Ordinary shares	449,969	32	441,146	31	441,146	31
Capital surplus	261,106	18	261,106	18	261,106	18
Retained earnings						
Legal reserve	153,426	11	143,923	10	143,923	10
Special reserve	10,465	1	-	-	-	-
Unappropriated earnings	191,870	13	250,760	18	246,603	17
Other equity						
Exchange differences on translation of foreign financial statements	( 4,074)	-	( 8,826)	( 1)	( 5,414)	-
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	( 16,041)	( 1)	( 1,640)	-	940	-
Total equity	<u>1,046,721</u>	<u>74</u>	<u>1,086,469</u>	<u>76</u>	<u>1,088,304</u>	<u>76</u>
<b>TOTAL</b>	<u>\$ 1,421,822</u>	<u>100</u>	<u>\$ 1,430,300</u>	<u>100</u>	<u>\$ 1,429,812</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 6, 2024)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 18 and 25)								
Sales revenue	\$ 262,062	86	\$ 223,132	86	\$ 728,264	86	\$ 628,545	86
Service revenue	<u>42,477</u>	<u>14</u>	<u>36,187</u>	<u>14</u>	<u>115,746</u>	<u>14</u>	<u>101,893</u>	<u>14</u>
SALES	<u>304,539</u>	<u>100</u>	<u>259,319</u>	<u>100</u>	<u>844,010</u>	<u>100</u>	<u>730,438</u>	<u>100</u>
COST OF GOODS SOLD (Notes 8 and 19)	<u>225,386</u>	<u>74</u>	<u>191,370</u>	<u>74</u>	<u>627,931</u>	<u>74</u>	<u>538,664</u>	<u>74</u>
GROSS PROFIT	<u>79,153</u>	<u>26</u>	<u>67,949</u>	<u>26</u>	<u>216,079</u>	<u>26</u>	<u>191,774</u>	<u>26</u>
OPERATING EXPENSES								
Selling and marketing expenses (Notes 19)	26,019	9	20,880	8	76,284	9	60,180	8
General and administrative expenses (Notes 19)	16,185	5	17,355	7	48,822	6	51,015	7
Research and development expenses (Notes 19)	8,715	3	8,253	3	24,354	3	28,082	4
Expected credit loss (gain) (Notes 7)	( 1)	-	( 38)	-	3,166	-	256	-
Total operating expenses	<u>50,918</u>	<u>17</u>	<u>46,450</u>	<u>18</u>	<u>152,626</u>	<u>18</u>	<u>139,533</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>28,235</u>	<u>9</u>	<u>21,499</u>	<u>8</u>	<u>63,453</u>	<u>8</u>	<u>52,241</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES								
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 11)	8,349	3	6,076	2	22,582	3	21,728	3
Interest income	1,392	1	1,280	1	4,267	-	4,706	1
Rental income	898	-	1,196	1	2,900	-	3,620	-
Dividend income	-	-	-	-	1,680	-	1,008	-
Other income (Note 25)	459	-	473	-	1,399	-	4,303	1
Net foreign exchange gain	( 11,664)	( 4)	15,807	6	6,571	1	21,562	3
Finance costs (Notes 19)	( 151)	-	( 106)	-	( 359)	-	( 946)	-
Other expenses	-	-	-	-	( 1,530)	-	( 363)	-
Total non-operating income and expenses	<u>( 717)</u>	<u>-</u>	<u>24,726</u>	<u>10</u>	<u>37,510</u>	<u>4</u>	<u>55,618</u>	<u>8</u>
PROFIT BEFORE INCOME TAX	27,518	9	46,225	18	100,963	12	107,859	15
INCOME TAX EXPENSE (Notes 4 and 21)	<u>20,245</u>	<u>6</u>	<u>8,234</u>	<u>3</u>	<u>29,598</u>	<u>4</u>	<u>16,932</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>7,273</u>	<u>3</u>	<u>37,991</u>	<u>15</u>	<u>71,365</u>	<u>8</u>	<u>90,927</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	3,810	1	( 1,306)	( 1)	( 14,156)	( 2)	( 11,421)	( 1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	( 671)	-	( 74)	-	( 245)	-	( 281)	-
	<u>3,139</u>	<u>1</u>	<u>( 1,380)</u>	<u>( 1)</u>	<u>( 14,401)</u>	<u>( 2)</u>	<u>( 11,702)</u>	<u>( 1)</u>

(Continued)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 44	-	\$ 1,579	1	\$ 1,798	-	\$ 1,084	-
Exchange differences on translation, associates and joint ventures accounted for using equity method	340	-	2,283	1	2,954	1	872	-
	<u>384</u>	<u>-</u>	<u>3,862</u>	<u>2</u>	<u>4,752</u>	<u>1</u>	<u>1,956</u>	<u>-</u>
Other comprehensive income for the year	<u>3,523</u>	<u>1</u>	<u>2,482</u>	<u>1</u>	(9,649)	(1)	(9,746)	(1)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 10,796</u>	<u>4</u>	<u>\$ 40,473</u>	<u>16</u>	<u>\$ 61,716</u>	<u>7</u>	<u>\$ 81,181</u>	<u>11</u>
<b>EARNINGS PER SHARE (Note 22)</b>								
Basic	<u>\$ 0.16</u>		<u>\$ 0.84</u>		<u>\$ 1.59</u>		<u>\$ 2.08</u>	
Diluted	<u>\$ 0.16</u>		<u>\$ 0.84</u>		<u>\$ 1.58</u>		<u>\$ 2.07</u>	

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

(With Deloitte & Touche auditors' review report dated November 6, 2024)

(Concluded)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

**(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation					Other Equity		Total Equity
	Ordinary Shares(Note 17)	Capital Surplus (Note 17)	Retained Earnings (Note 17)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Through Other Comprehensive Income	
			Legal Reserve	Special reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2023	\$ 391,146	\$ 56,611	\$ 124,129	\$ -	\$ 343,159	(\$ 7,370)	\$ 12,588	\$ 920,263
Appropriation of 2022 earnings								
Legal reserve	-	-	19,794	-	(19,794)	-	-	-
Cash dividends	-	-	-	-	(167,635)	-	-	(167,635)
Issuance of ordinary shares for cash	50,000	198,995	-	-	-	-	-	248,995
Share-based payments arrangements	-	5,500	-	-	-	-	-	5,500
Net profit for the nine months ended September 30, 2023	-	-	-	-	90,927	-	-	90,927
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	1,956	(11,702)	(9,746)
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	90,927	1,956	(11,702)	81,181
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(54)	-	54	-
BALANCE AT SEPTEMBER 30, 2023	\$ 441,146	\$ 261,106	\$ 143,923	\$ -	\$ 246,603	(\$ 5,414)	\$ 940	\$ 1,088,304
BALANCE AT JANUARY 1, 2024	\$ 441,146	\$ 261,106	\$ 143,923	\$ -	\$ 250,760	(\$ 8,826)	(\$ 1,640)	\$ 1,086,469
Appropriation of 2023 earnings								
Legal reserve	-	-	9,503	-	(9,503)	-	-	-
Special reserve	-	-	-	10,465	(10,465)	-	-	-
Cash dividends	-	-	-	-	(101,464)	-	-	(101,464)
Stock dividends	8,823	-	-	-	(8,823)	-	-	-
Net profit (loss) for the nine months ended September 30, 2024	-	-	-	-	71,365	-	-	71,365
Other comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	-	4,752	(14,401)	(9,649)
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	71,365	4,752	(14,401)	61,716
BALANCE AT SEPTEMBER 30, 2024	\$ 449,969	\$ 261,106	\$ 153,426	\$ 10,465	\$ 191,870	(\$ 4,074)	(\$ 16,041)	\$ 1,046,721

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

(With Deloitte & Touche auditors' review report dated November 6, 2024)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**  
(In Thousands of New Taiwan Dollars)

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 100,963	\$ 107,859
Adjustments for:		
Depreciation expenses	13,310	12,349
Amortization expenses	48	47
Expected credit loss	3,166	256
Finance costs	359	946
Interest income	( 4,267)	( 4,706)
Dividend income	( 1,680)	( 1,008)
Share-based compensation	-	5,500
Share of profit or loss of subsidiaries and associates accounted for using the equity method	( 22,582)	( 21,728)
Loss on disposal of property, plant and equipment	308	6
Loss on disposal of intangible assets	473	-
Impairment loss(income) recognized on non-financial assets	3,029	( 797)
Unrealized foreign currency exchange gain	( 2,884)	( 12,580)
Amortization of prepayments	1,521	1,352
Changes in operating assets and liabilities		
Notes receivable	( 20)	207
Trade receivables	( 66,508)	55,190
Other receivables	( 3,474)	( 1,282)
Inventories	10,726	8,974
Prepayments	( 104)	2,919
Other current assets	( 787)	( 357)
Notes payable	30,529	6,158
Trade payables	1,110	( 21,182)
Other payables	205	( 3,219)
Other current liabilities	( 4,210)	( 11)
Net defined benefit liabilities	59,231	134,893
Cash generated from operations	4,812	4,630
Interest received	( 359)	( 946)
Interest paid	( 35,574)	( 22,578)
Income tax paid	28,110	115,999

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**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**  
(In Thousands of New Taiwan Dollars)

	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 27,200)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	14
Acquisition of investments accounted for using equity method	( 35,628)	-
Payments for property, plant and equipment	( 69,808)	( 1,400)
Proceeds from disposal of property, plant and equipment	1,202	-
Decrease (Increase) in refundable deposits	( 670)	208
Increase in other non-current assets	( 895)	( 1,186)
Increase in prepayments for machinery and equipment	( 3,704)	( 3,760)
Dividends received	<u>75,453</u>	<u>24,932</u>
Decrease in refundable deposits	<u>( 34,050)</u>	<u>( 8,392)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	10,000	-
Decrease in short-term borrowings	-	( 150,000)
Increase (decrease) in guarantee deposits received	6	( 4)
Repayment of the principal portion of lease liabilities	( 3,321)	( 2,910)
Cash dividends paid	( 101,464)	( 167,635)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>248,995</u>
Net cash from (used in) financing activities	<u>( 94,779)</u>	<u>( 71,554)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>1,590</u>	<u>1,147</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>( 99,129)</u>	<u>37,200</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>398,797</u>	<u>327,431</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 299,668</u>	<u>\$ 364,631</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' review report dated November 6, 2024)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

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

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**1. GENERAL INFORMATION**

Niching Industrial Corporation (the “Company”) was incorporated in May, 1993. Its main business activities include the import, export, trading, and manufacturing of various raw materials, components, and equipment required for the semiconductor and optoelectronic industries.

The Company obtained approval from the Financial Supervisory Commission (the "FSC") Securities and Futures Bureau for public issuance in August 2004. In June 2008, it was approved for listing on the Taipei Exchange. Subsequently, in September 2008, the Company's shares were officially listed and traded on the exchange.

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

**2. APPROVAL OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB(Note )</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

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

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

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

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

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

##### a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

##### b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

##### c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

Refer to Note 10, Tables 3 and 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

##### d. Other material accounting policies

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

###### 1) Classification of current and non-current assets and liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period; and
- c) Liabilities for which there is no substantive right to defer settlement for at least 12 months after the balance sheet date.

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

## 2) Retirement benefits

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

## 3) Income tax expense

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

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

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profit abilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The material accounting judgments and key sources of estimation uncertainty of these interim consolidated financial statements are the same as those applied to the preparation of the consolidated financial statements for the year ended December

## 6. CASH AND CASH EQUIVALENTS

	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Cash on hand	\$ 1,130	\$ 1,044	\$ 944
Checking accounts and demand deposits	162,934	219,030	121,421
Cash equivalents			
Investments with original maturities of 3 months or less	<u>135,604</u>	<u>178,723</u>	<u>242,266</u>
	<u>\$ 299,668</u>	<u>\$ 398,797</u>	<u>\$ 364,631</u>

## 7. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30,2024	December 31,2023	September 30,2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 61	\$ 41	\$ 94
Less: Allowance for impairment loss	-	-	-
	<u>\$ 61</u>	<u>\$ 41</u>	<u>\$ 94</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 515,813	\$ 444,547	\$ 493,625
Less: Allowance for impairment loss	( 4,281)	( 1,115)	( 1,117)
	<u>\$ 511,532</u>	<u>\$ 443,432</u>	<u>\$ 492,508</u>

The average collection period for selling products and rendering services of the Group is 75 to 150 days, excluding accounts receivable. The Group's policy is to only engage in transactions with counterparties rated investment grade or higher (inclusive), and to obtain sufficient collateral, if necessary, to mitigate the risk of financial loss due to defaults. The Group evaluates the creditworthiness of its major customers using publicly available financial information and historical transaction records. It continuously monitors credit exposures and the credit ratings of counterparties, and diversifies total transaction amounts among credit-rated qualified customers. Additionally, the management annually reviews and approves credit limits for counterparties to manage credit exposures.

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

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

The following table details the loss allowance of trade receivables:

	Less than 150 days	151 to 365 Days	Over 365 Days	The transaction partner has shown signs of default	Total
<u>September 30, 2024</u>					
Expected credit loss rate (%)	-	0-23.38	100	100	
Gross carrying amount	\$ 510,774	\$ 1,938	\$ -	\$ 3,162	\$ 515,874
Loss allowance	-	( 1,119)	-	( 3,162)	( 4,281)
Amortized cost	<u>\$ 510,774</u>	<u>\$ 819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,593</u>

	Less than 150 days	151 to 365 Days	Over 365 Days	The transaction partner has shown signs of default	Total
<u>December 31, 2023</u>					
Expected credit loss rate (%)	-	0.01-8.71	100	100	
Gross carrying amount	\$ 439,390	\$ 5,198	\$ -	\$ -	\$ 444,588
Loss allowance	-	( 1,115)	-	-	( 1,115)
Amortized cost	<u>\$ 439,390</u>	<u>\$ 4,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 443,473</u>
<u>September 30, 2023</u>					
Expected credit loss rate (%)	-	5	100	100	
Gross carrying amount	\$ 489,275	\$ 4,444	\$ -	\$ -	\$ 493,719
Loss allowance	-	( 1,117)	-	-	( 1,117)
Amortized cost	<u>\$ 489,275</u>	<u>\$ 3,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492,602</u>

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

	<u>For the Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 1,115	\$ 861
Net remeasurement of loss allowance	3,166	256
Balance at September 30	<u>\$ 4,281</u>	<u>\$ 1,117</u>

## 8. INVENTORIES

	<u>September 30,2024</u>	<u>December 31,2023</u>	<u>September 30,2023</u>
Merchandise	<u>\$ 53,267</u>	<u>\$ 67,008</u>	<u>\$ 51,871</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2024 and 2023 was \$225,386 thousand and \$191,370 thousand, respectively, and the cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2024 and 2023 was \$627,931 thousand and \$538,664 thousand, respectively.

Operating costs include the following items:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Inventory loss from write-down (reversal of write-down)	<u>\$ 104</u>	<u>(\$ 212)</u>	<u>\$ 3,029</u>	<u>(\$ 797)</u>

The recovery of the net realizable value of inventories is due to the clearance of inventory.

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

<u>Name of Investee Company</u>	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Unlisted ordinary shares			
Advanced Processing Equipment Technology Co., Ltd. ( APET )	\$ 22,324	\$ 21,328	\$ 27,682
Global Simmtech Co., Ltd. ( GST )	17,942	17,713	16,390
Eliting Technology Corporation ( ELITING )	10,181	10,490	9,832
Precision Chemtech Company Limited ( PCCL )	-	14,949	13,991
QiangFang Technology Co., Ltd. ( QiangFang )	-	123	295
	<u>\$ 50,447</u>	<u>\$ 64,603</u>	<u>\$ 68,190</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In March 2023, the Board of Directors of the Group passed a resolution to dispose of all shares of ProMOS at a price of \$10 dollar per share, with a net selling price of \$14 thousand, and accumulated fair value changes of \$54 thousand transferred directly to retained earnings.

## 10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

<b>Investor</b>	<b>Investee</b>	<b>Main Business</b>	<b>% of Ownership</b>		
			<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
The Company	Advanced Corporation (Advanced)	Holding company	100	100	100
Advanced	Niching Co., LTD (Niching Suzhou)	Trading industry	100	100	100

The subsidiaries are immaterial subsidiaries; their financial statements have not been reviewed for the Nine Months Ended September 30, 2024 and 2023.



## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	September 30,2024		December 31,2023		September 30,2023	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Private entity</u> Enplas niching technology corporation ( ENPLAS )	\$ 154,475	30	\$ 147,716	30	\$ 149,799	30
STNC Hong Kong Holdings Limited ( STNC )	<u>31,747</u>	49	<u>51,115</u>	30	<u>53,699</u>	30
	<u>\$ 186,222</u>		<u>\$ 198,831</u>		<u>\$ 203,498</u>	

Considering the business strategy for group development and strengthening cooperative relationships, the consolidated company resolved in the board of directors meeting on December 28, 2023, to acquire shares of STNC from the related party, Simmtech International Pte., Ltd. (SI Company). On March 29, 2024, the company acquired a 19% equity interest at a contract price of NT\$35,575 thousand and related costs of NT\$53 thousand, increasing the shareholding ratio to 49%.

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on the financial statements that have not been reviewed.

Refer to Table 3 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the joint ventures.

## 12. PROPERTY, PLANT AND EQUIPMENT

	September 30,2024	December 31,2023	September 30,2023
Assets used by the Company	\$ 213,095	\$ 151,078	\$ 148,091
Assets subject to operating leases	<u>71,384</u>	<u>72,263</u>	<u>72,556</u>
	<u>\$ 284,479</u>	<u>\$ 223,341</u>	<u>\$ 220,647</u>

a. Assets used by the Company

<b>For the Nine Months Ended September 30, 2024</b>						
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassified Amount</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
<u>Cost</u>						
Land	\$ 42,733	\$ -	\$ -	\$ -	\$ -	\$ 42,733
Buildings and improvements	123,990	996	-	776	-	125,762
Machinery and equipment	29,104	230	( 827)	1,400	-	29,907
Transportation equipment	3,884	-	( 2,186)	580	78	2,356
Office equipment	8,437	2,445	( 364)	224	148	10,890
Miscellaneous equipment	97	-	-	-	4	101
Construction in progress	-	65,885	-	-	-	65,885
	<u>208,245</u>	<u>\$ 69,556</u>	<u>(\$ 3,377)</u>	<u>\$ 2,980</u>	<u>\$ 230</u>	<u>277,634</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	38,508	\$ 2,905	\$ -	\$ -	\$ -	41,413
Machinery and equipment	12,514	4,457	( 543)	-	-	16,428
Transportation equipment	2,256	337	( 984)	-	70	1,679
Office equipment	3,833	1,355	( 340)	-	107	4,955
Miscellaneous equipment	56	5	-	-	3	64
	<u>57,167</u>	<u>\$ 9,059</u>	<u>(\$ 1,867)</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>64,539</u>
	<u>\$ 151,078</u>					<u>\$ 213,095</u>
<b>For the Nine Months Ended September 30, 2023</b>						
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassified Amount</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
<u>Cost</u>						
Land	\$ 42,733	\$ -	\$ -	\$ -	\$ -	\$ 42,733
Buildings and improvements	122,990	224	-	-	-	123,214
Machinery and equipment	27,393	488	( 3,547)	2,586	-	26,920
Transportation equipment	5,186	-	( 290)	-	3	4,899
Office equipment	7,701	544	( 286)	-	5	7,964
Miscellaneous equipment	58	40	-	-	-	98
Construction in progress	<u>206,061</u>	<u>\$ 1,296</u>	<u>(\$ 4,123)</u>	<u>\$ 2,586</u>	<u>\$ 8</u>	<u>205,828</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	34,870	\$ 2,716	\$ -	\$ -	\$ -	37,586
Machinery and equipment	12,799	4,199	( 3,547)	-	-	13,451
Machinery and equipment	2,778	613	( 290)	-	2	3,103
Transportation equipment	2,844	974	( 280)	-	4	3,542
Office equipment	52	3	-	-	-	55
Miscellaneous equipment	<u>53,343</u>	<u>\$ 8,505</u>	<u>(\$ 4,117)</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>57,737</u>
	<u>\$ 152,718</u>					<u>\$ 148,091</u>

No impairment losses were recognized or reversed for the Nine Months Ended September 30, 2024 and 2023.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	
Main buildings	50 years
Decoration equipment	5-10 years
Machinery and equipment	2-8 years
Transportation equipment	3-7 years
Office equipment	3-11 years
Miscellaneous equipment	3-9 years

Considering the operational development needs, the consolidated company resolved in the board of directors meeting in March 2024 to purchase a corporate operations headquarters. The contract was signed in March 2024 with a total contract price of \$371,580 thousand. An amount of \$65,885 thousand has been recorded as construction in progress according to the payment schedule. As of September 30, 2024, the property has not yet been inspected or handed over. Please refer to Note 27 and Table 2.

Property, plant and equipment used by the Company pledged as collateral for bank borrowings are set out in Note 26.

b. Assets subject to operating leases

	<b>For the Nine Months Ended September 30, 2024</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<u>Cost</u>				
Land	\$ 27,567	\$ -	\$ -	\$ 27,567
Buildings and improvements	<u>58,215</u>	<u>-</u>	<u>-</u>	<u>58,215</u>
	<u>85,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>85,782</u>
<u>Accumulated depreciation</u>				
Buildings and improvements	<u>13,519</u>	<u>\$ 879</u>	<u>\$ -</u>	<u>14,398</u>
	<u>\$ 72,263</u>			<u>\$ 71,384</u>

	<b>For the Nine Months Ended September 30, 2023</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<u>Cost</u>				
Land	\$ 27,567	\$ -	\$ -	\$ 27,567
Buildings and improvements	<u>58,215</u>	<u>-</u>	<u>-</u>	<u>58,215</u>
	<u>85,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>85,782</u>
<u>Accumulated depreciation</u>				
Buildings and improvements	<u>12,346</u>	<u>\$ 880</u>	<u>\$ -</u>	<u>13,226</u>
<u>Cost</u>	<u>\$ 73,436</u>			<u>\$ 72,556</u>

The Group leases certain office space and parking lots under operating leases, with lease terms of 1 to 5 years. Upon the termination of the lease period, the lessee has no bargain purchase option for the contacts.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	
Main buildings	50 years
Decoration equipment	5-10 years

Property, plant and equipment subject to operating leases pledged as collateral for bank borrowings are set out in Note 26.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
<u>Carrying amounts</u>			
Land	\$ 220	\$ 270	\$ 288
Buildings and improvements	2,467	3,571	4,055
Transportation equipment	5,894	5,156	3,899
	<u>\$ 8,581</u>	<u>\$ 8,997</u>	<u>\$ 8,242</u>

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets			<u>\$ 2,817</u>	<u>\$ 6,521</u>
Depreciation charge for right-of-use assets				
Land	\$ 17	\$ 17	\$ 50	\$ 49
Buildings and improvements	419	408	1,243	1,217
Transportation equipment	765	569	2,079	1,698
	<u>\$ 1,201</u>	<u>\$ 994</u>	<u>\$ 3,372</u>	<u>\$ 2,964</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the Nine Months Ended September 30, 2024 and 2023.

#### b. Lease liabilities

	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
<u>Carrying amounts</u>			
Current	<u>\$ 4,910</u>	<u>\$ 4,131</u>	<u>\$ 3,663</u>
Non-current	<u>\$ 3,917</u>	<u>\$ 5,058</u>	<u>\$ 4,741</u>

Range of discount rate for lease liabilities was as follows:

	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Land	5.84%	5.84%	5.84%
Buildings and improvements	4.45%	4.45%-4.75%	4.45%-4.75%
Transportation equipment	5.74%-6.48%	5.74%-5.84%	5.74%

#### c. Material leasing activities and terms

The Group leases certain land and transportation equipment with lease terms of 3 to 10 years. Upon the termination of the lease period, the Group has no renewal and bargain purchase option for the contacts.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 244	\$ -	\$ 1,144	\$ 58
Expenses relating to low-value asset leases	\$ 18	\$ 20	\$ 64	\$ 65
Total cash outflow for leases			(\$ 4,846)	(\$ 3,303)

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

**14. SHORT TERM BORROWINGS**

	September 30,2024	December 31,2023	September 30,2023
Line of credit borrowings	\$ 10,000	\$ -	\$ -
<u>Rate of interest per annum (%)</u>			
Line of credit borrowings	2.05	-	-

**15. OTHER PAYABLES**

	September 30,2024	December 31,2023	September 30,2023
Salaries and rewards	\$ 29,544	\$ 29,145	\$ 27,573
Compensation of employees and remuneration of directors	10,107	8,548	8,243
Payables for annual leave	3,473	3,467	3,476
Others	8,643	9,581	7,843
	<u>\$ 51,767</u>	<u>\$ 50,741</u>	<u>\$ 47,135</u>

**16. RETIREMENT BENEFIT PLANS**

For the three months ended September 30, 2024 and 2023, the pension expenses of defined benefit plans were \$114 thousand and \$111 thousand, respectively, and for the nine months ended September 30, 2024 and 2023, the pension expenses of defined benefit plans were \$344 thousand and \$335 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

## 17. EQUITY

### a. ordinary shares

	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Number of shares authorized (in thousands)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Shares authorized	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands)	<u>44,997</u>	<u>44,115</u>	<u>44,115</u>
Shares issued	<u>\$ 449,969</u>	<u>\$ 441,146</u>	<u>\$ 441,146</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On November 3, 2022, the Company's board of directors resolved to issue 5,000 thousand ordinary shares, with a par value of \$10, and authorized the chairman to handle subsequent matters. On January 5, 2023, the above transaction was approved by the SFB and FSC and the subscription base date set March 7, 2023, with approval from the chairman on February 2, 2023, for a consideration of \$50 per share.

According to the Company Act, the issuance of ordinary shares shall appropriate 10% of the total amount of new shares for subscription by employees. According to IFRS 2 "Share-based Payment", the Company recognized salary expense and capital surplus amounted to \$5,500 thousand in 2023.

The company resolved to distribute 882,000 shares as stock dividends at the annual shareholders' meeting in June 2024. The board of directors set July 29, 2024, as the ex-dividend date, and the distribution was approved by the Securities and Futures Bureau of the Financial Supervisory Commission as of June 18, 2024.

### b. Capital surplus

	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Issuance of ordinary shares	\$ 261,040	\$ 261,040	\$ 261,040
Invalid employee shares	<u>66</u>	<u>66</u>	<u>66</u>
	<u>\$ 261,106</u>	<u>\$ 261,106</u>	<u>\$ 261,106</u>

The capital surplus generated from donations and the excess of the issuance price over the par value of capital stock may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.

### c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of

directors as the basis for proposing a distribution plan. When the distribution is made by issuing new shares, it shall be distributed upon resolution at the shareholders' meeting. When it is made in cash, it shall be distributed upon resolution by the board of directors.

Dividends and bonuses or all or part of the statutory surplus reserve and capital reserve to be distributed by the Company in cash shall be distributed upon resolution by the board of directors attended by two-thirds or more of the directors and approved by more than half of the directors present, as stipulated in Article 240, Paragraph 5 of the Company Law, and shall be reported to the shareholders' meeting.

The Company's dividend policy is to distribute dividends in consideration of the current and future development plans, investment environment, funding needs, and domestic and international competitive conditions, while also taking into account shareholders' interests. When distributing shareholders' dividends, at least 40% of the distributable surplus for the year shall be allocated as shareholders' dividends, which may be in cash or stock, with cash dividends not being less than 10% of the total dividends.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to Note 20.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company specifies that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if there is a reversal of the deduction in the current year, the amount can only be allocated from the previous period's undistributed earnings.

The appropriations of earnings for 2023 and 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 9,503	\$ 19,794
Special reserve	10,465	-
Cash dividends	101,464	167,635
Stock dividends	8,823	-
Cash dividend per share (NT\$)	2.3	3.8
Stock dividends per share (NT\$)	0.2	-

The dividends were distributed according to the resolutions made by the Board of Directors in March 2024 and 2023, respectively. The remaining profit distribution items were also resolved at the annual shareholders' meetings in June 2024 and 2023, respectively.

## 18. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Sales revenue				
Semiconductor products	\$ 152,797	\$ 124,416	\$ 405,684	\$ 342,111
Optoelectronics products	105,461	94,154	306,580	273,740
Other	<u>3,804</u>	<u>4,562</u>	<u>16,000</u>	<u>12,694</u>
	262,062	223,132	728,264	628,545
Service revenue	<u>42,477</u>	<u>36,187</u>	<u>115,746</u>	<u>101,893</u>
	<u>\$ 304,539</u>	<u>\$ 259,319</u>	<u>\$ 844,010</u>	<u>\$ 730,438</u>

### Contract information

	September 30,2024	December 31,2023	September 30,2023	January 1,2023
Notes receivable and trade receivables	<u>\$ 511,593</u>	<u>\$ 443,473</u>	<u>\$ 492,602</u>	<u>\$ 532,548</u>

## 19. NET PROFIT FROM CONTINUING OPERATIONS

### a. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ 109	\$ 106	\$ 317	\$ 269
Interest on bank loans	<u>42</u>	<u>-</u>	<u>42</u>	<u>677</u>
	<u>\$ 151</u>	<u>\$ 106</u>	<u>\$ 359</u>	<u>\$ 946</u>

### b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended September 30, 2024</u>			
Employee benefits			
Salaries and bonuses	\$ 799	\$ 30,580	\$ 31,379
Defined contribution plans	35	1,244	1,279
Defined benefit plans	7	107	114
Other employee benefits	126	3,613	3,739
Depreciation expenses	416	4,073	4,489
Amortization expenses	-	-	-



	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
<u>For the Three Months Ended September 30, 2023</u>			
Employee benefits			
Salaries and bonuses	\$ 747	\$ 29,454	\$ 30,201
Defined contribution plans	32	1,076	1,108
Defined benefit plans	7	104	111
Other employee benefits	107	2,807	2,914
Depreciation expenses	460	3,653	4,113
Amortization expenses	-	-	-

For the Nine Months Ended September 30, 2024

Employee benefits			
Salaries and bonuses	2,053	90,636	92,689
Defined contribution plans	102	3,699	3,801
Defined benefit plans	21	323	344
Other employee benefits	351	9,913	10,264
Depreciation expenses	1,250	12,060	13,310
Amortization expenses	-	48	48

For the Nine Months Ended September 30, 2023

Employee benefits			
Salaries and bonuses	2,179	88,089	90,268
Defined contribution plans	95	3,238	3,333
Defined benefit plans	21	314	335
Other employee benefits	299	8,348	8,647
Depreciation expenses	1,534	10,815	12,349
Amortization expenses	-	47	47

## 20. COMPENSATION OF EMPLOYEES AND REMUNERATION OF DIRECTORS

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. For the Nine Months Ended September 30, 2024 and 2023, the compensation of employees and the remuneration of directors were as follows:

	<u>For the Nine Months Ended September 30</u>	
	<b>2024</b>	<b>2023</b>
<b>Accrual rate</b>		
Compensation of employees	7%	5%
Remuneration of directors	2.1%	2.1%
	<u>For the Three Months Ended September 30</u>	
	<b>2024</b>	<b>2023</b>
<b>Amount</b>		
Compensation of employees	<u>\$ 2,120</u>	<u>\$ 2,488</u>
Remuneration of directors	<u>\$ 635</u>	<u>\$ 1,045</u>
	<u>For the Nine Months Ended September 30</u>	
	<b>2024</b>	<b>2023</b>
Compensation of employees	<u>\$ 7,775</u>	<u>\$ 5,805</u>
Remuneration of directors	<u>\$ 2,332</u>	<u>\$ 2,438</u>

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

The appropriations of compensation of employees and remuneration of directors for 2023 and 2022 which were resolved by the board of directors in March,2024 and March 2023, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 6,020	\$ 12,673
Remuneration of directors	2,528	6,657

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year sended December 31, 2023 and 2022

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

## 21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current tax				
In respect of the current year	\$ 17,724	\$ 6,923	\$ 27,734	\$ 14,554
Income tax on unappropriated earnings	-	( 25)	-	287
Adjustment for prior years	<u>-</u>	<u>-</u>	<u>( 2,599)</u>	<u>( 1,111)</u>
	<u>17,724</u>	<u>6,898</u>	<u>25,135</u>	<u>13,730</u>
Deferred tax				
In respect of the current year	561	1,336	2,503	3,202
Adjustment for prior years	<u>1,960</u>	<u>-</u>	<u>1,960</u>	<u>-</u>
	<u>2,521</u>	<u>1,336</u>	<u>4,463</u>	<u>3,202</u>
Income tax expense recognized in profit or loss	<u>\$ 20,245</u>	<u>\$ 8,234</u>	<u>\$ 29,598</u>	<u>\$ 16,932</u>

Advanced Company, according to the laws of the Independent State of Samoa, is exempt from tax on its offshore income.

Niching Suzhou Company, in accordance with the Enterprise Income Tax Law of the People's Republic of China, is subject to an income tax rate of 25%.

b. Income tax expense in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Deferred tax income</u> <u>(expenses)</u>				
In respect of the current period – unrealized Gain (Loss) on Financial Through Other Comprehensive Income	<u>(\$ 671)</u>	<u>(\$ 74)</u>	<u>(\$ 245)</u>	<u>(\$ 281)</u>

c. The tax returns of the Company through 2022 have been assessed by the tax authorities.

**22. EARNINGS PER SHARE**

	For the Three Months Ended September 30		Unit: NT\$ Per Share For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 0.16</u>	<u>\$ 0.84</u>	<u>\$ 1.59</u>	<u>\$ 2.08</u>
Diluted earnings per share	<u>\$ 0.16</u>	<u>\$ 0.84</u>	<u>\$ 1.58</u>	<u>\$ 2.07</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 29, 2024. The basic and diluted earnings per share adjusted retrospectively for the three months and nine months ended September 30, 2023 were as follows:

	Before Retrospective Adjustment		Unit: NT\$ Per Share After Retrospective Adjustment	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 0.86</u>	<u>\$ 2.12</u>	<u>\$ 0.84</u>	<u>\$ 2.08</u>
Diluted earnings per share	<u>\$ 0.86</u>	<u>\$ 2.11</u>	<u>\$ 0.84</u>	<u>\$ 2.07</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Profit for the year attributable to owners of the Company	<u>\$ 7,273</u>	<u>\$ 37,991</u>	<u>\$ 71,365</u>	<u>\$ 90,927</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	44,997	44,997	44,997	43,782
Effect of potentially dilutive ordinary shares :				
Compensation of employees	<u>86</u>	<u>66</u>	<u>99</u>	<u>124</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>45,083</u>	<u>45,063</u>	<u>45,096</u>	<u>43,906</u>

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

## 23. CAPITAL MANAGEMENT

The objectives, policies, and procedures for the consolidated company's capital risk management, as well as the composition of the consolidated company's capital structure, are the same as those described in the consolidated financial statements for the year 2023.

## 24. FINANCIAL INSTRUMENTS

### a. Financial instruments that are not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate its fair value or its fair value cannot be reliably measured.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

<u>September 30, 2024</u>	<b>Level 1</b>	<b>Leve2</b>	<b>Leve3</b>	<b>Total</b>
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,447</u>	<u>\$ 50,447</u>

<u>December 31, 2023</u>	<b>Level 1</b>	<b>Leve2</b>	<b>Leve3</b>	<b>Total</b>
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>64,603</u>	\$ <u>64,603</u>
 <u>September 30, 2023</u>				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>68,190</u>	\$ <u>68,190</u>

There was no transfer of fair value measurements between Level 1 and Level 2 for the Nine Months Ended September 30, 2024 and 2023.

2) Reconciliation of Level 3 fair value measurements on financial instruments

	<b>Financial assets at financial assets at fair value through other comprehensive income Equity instruments</b>	
	<b>For the Nine Months Ended September 30</b>	
<u>Financial assets</u>	<b>2024</b>	<b>2023</b>
Balance at the beginning of the year	\$ 64,603	\$ 52,425
Unrealized gains (loss) from financial assets measured at fair value through other comprehensive income	( 14,156)	( 11,421)
Purchases	-	27,200
Sales	-	( 14)
Balance at the end of the year	\$ <u>50,447</u>	\$ <u>68,190</u>

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The securities of emerging stocks held by the Group have no market price reference and thus are evaluated under the cost approach. Its fair value is computed in reference to investment assets.

c. Categories of financial instruments

	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<u>Financial assets</u>			
Financial assets at amortized cost	\$ 821,159	\$ 848,559	\$ 863,242
Financial assets at FVTOCI	50,447	64,603	68,190
 <u>Financial liabilities</u>			
Financial liabilities at amortized cost	\$ 284,306	\$ 243,999	\$ 245,125

Balance of financial assets measured at amortized cost includes cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits, and other financial assets measured at amortized cost.

Balance of financial liabilities measured at amortized cost includes short term bank borrowings, notes payable, accounts payable, other payables, 1 and guarantee deposits received and other financial liabilities measured at amortized cost.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity, trade receivables, trade payables, short-term borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

i. Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 53 %~59 % of sales revenue is not denominated in functional currency and approximately 42 %~45 % of the cost is not denominated in functional currency. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes foreign exchange forward contracts to hedge its currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. Numbers below indicate the change in pre-tax profit or equity associated with the New Taiwan dollar strengthening 5% against the relevant currency:

	<b>Impact of fluctuations in exchange rate on profit or loss</b>	
	<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>
USD	\$ 19,922	\$ 22,986

ii. Interest rate risk

The Group is exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. borrowed money at both fixed and variable rate. The Group maintains an appropriate fixed and floating rate for portfolio to manage interest rate risk. The hedge is evaluated on a regular basis, which makes its point of view and the established risk preference identical, to ensure the most efficient hedging strategy is adopted.

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

	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Fair value interest rate risk			
Financial assets	\$ 135,604	\$ 178,723	\$ 242,266
Lease liabilities	18,827	9,189	8,404
Cash flow interest rate risk			
Financial assets	162,434	218,188	121,171

#### Sensitivity analysis

If interest rates had been 0.25% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the Nine Months Ended September 30, 2024 and 2023 would have increased/decreased by \$305 thousand and \$227 thousand, respectively. A 0.25% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- i. The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- ii. The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group uses other publicly available financial information and mutual transaction records to rate major customers, continuously monitoring credit exposure and counterparties' credit ratings. The total transaction amount is distributed among customers with qualified credit ratings, and the credit limits for each counterparty are reviewed and approved annually by management to control credit risk.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the balances of accounts receivable from the top two customers were \$205,771 thousand, \$176,669 thousand and \$246,045 thousand, respectively. For the Nine Months Ended September 30, 2024 and 2023, the concentration of credit risk for these companies did not exceed 29% of the total monetary assets, and the concentration of credit risk for other counterparties did not exceed 32% of the total monetary assets.

### 3) Liquidity risk

The ultimate responsibility for liquidity risk management lies with the board of directors. The Group has established an appropriate liquidity risk management framework to meet short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient bank financing facilities, borrowing commitments, continuously monitoring forecasted and actual cash flows, and planning to settle liabilities with financial assets of similar maturities. The undrawn loan amounts are as follows:

	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Undrawn loan amounts	\$ 555,000	\$ 565,000	\$ 565,000

#### Liquidity and interest rate risk tables

The Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods is based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>
<u>Non-derivative financial liabilities</u>		
<u>September 30, 2024</u>		
Non-interest bearing	\$ 274,306	\$ -
Lease liabilities	5,357	4,083
Fixed interest rate liabilities	<u>10,000</u>	<u>-</u>
	<u>\$ 289,663</u>	<u>\$ 4,083</u>
<u>December 31, 2023</u>		
Non-interest bearing	\$ 243,999	\$ -
Lease liabilities	4,518	5,312
	<u>\$ 248,517</u>	<u>\$ 5,312</u>
<u>September 30, 2023</u>		
Non-interest bearing	\$ 245,125	\$ -
Lease liabilities	3,980	4,940
	<u>\$ 249,105</u>	<u>\$ 4,940</u>



## 25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed below.

### 1) Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
Simmtech Co., Ltd. (Simmtech)	Other related party
Simmtech Graphics Co., Ltd. (STG)	Other related party
SI	Other related party
ENPLAS	Associate

### 2) Service revenue

<b>Related Party Category/Name</b>	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Other related party				
SI	\$ 25,122	\$ 22,254	\$ 70,320	\$ 33,170
Simmtech	7,633	3,598	16,080	36,319
Others	-	-	-	1,466
	<u>\$ 32,755</u>	<u>\$ 25,852</u>	<u>\$ 86,400</u>	<u>\$ 70,955</u>

The commission rates for intermediary services provided above are not significantly different from those charged to non-related parties; the payment terms are also not materially different.

### 3) Non-operating income - other income

<b>Related Party Category/Name</b>	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Associate				
ENPLAS	<u>\$ 15</u>	<u>\$ 13</u>	<u>\$ 43</u>	<u>\$ 41</u>

### 4) Receivables to related parties

<b>Related Party Category/Name</b>	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Other related party			
SI			
Gross carrying amount	\$ 35,256	\$ 36,444	\$ 29,061
Less: Allowance for impairment loss	( 2)	( 10)	-
	<u>35,254</u>	<u>36,434</u>	<u>29,061</u>

<b>Related Party Category/Name</b>	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Simmtech			
Gross carrying amount	\$ 12,499	\$ 9,495	\$ 18,171
Less: Allowance for impairment loss	( <u>58</u> )	( <u>202</u> )	( <u>158</u> )
	<u>12,441</u>	<u>9,293</u>	<u>18,013</u>
	<u>\$ 47,695</u>	<u>\$ 45,727</u>	<u>\$ 47,074</u>

The consolidated company has not secured guarantees for the outstanding receivables from related parties. For the Nine Months Ended September 30,2024 and 2023, allowances for doubtful accounts of \$152 thousand and \$644 thousand, respectively, were provided.

5) Other receivables

<b>Related Party Category/Name</b>	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Other related party			
Simmtech	<u>\$ 2,045</u>	<u>\$ 515</u>	<u>\$ 67</u>

6) Acquisition of financial assets

September 30,2024

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
Other related party				
SI	Investments accounted for using the equity method	190 thousand shares	STNC	<u>\$ 35,575</u>

7) Remuneration of key management personnel

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 9,531	\$ 8,616	\$ 25,238	\$ 23,364
Post-employment benefits	98	102	303	299
Share-based payments	-	-	-	1,364
	<u>\$ 9,629</u>	<u>\$ 8,718</u>	<u>\$ 25,541</u>	<u>\$ 25,027</u>

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

## 26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral for long-term bank loans:

	<b>September 30,2024</b>	<b>December 31,2023</b>	<b>September 30,2023</b>
Property, plant and equipment	<u>\$ 66,694</u>	<u>\$ 67,553</u>	<u>\$ 67,839</u>

## 27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at September 30, 2024 were as follows:

Unrecognized contractual commitments of the Group

	<u>September 30,2024</u>	<u>December 31,2023</u>	<u>September 30,2023</u>
Acquisition of property, plant and equipment	\$ 305,695	\$ -	\$ -

## 28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	<u>September 30,2024</u>			<u>December 31,2023</u>		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 16,331	31.65	\$ 516,867	\$ 13,866	30.705	\$ 425,761
RMB	97	4.507	438	288	4.311	1,242
JPY	12,776	0.222	2,836	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	3,741	31.65	118,418	3,634	30.705	111,596
<u>September 30,2023</u>						
	Foreign Currency	Exchange Rate	Carrying Amount			
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 17,978	32.27	\$ 580,157			
RMB	1,214	4.399	5,339			
JPY	3,131	0.216	676			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	3,732	32.27	120,439			

For three months and nine months ended September 30, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$(11,664) thousand, \$15,807 thousand, \$6,571 thousand, and \$21,562 thousand respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

## 29. SEPARATELY DISCLOSED ITEMS

### a. Information on significant transactions and investees:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 1.
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: Table 2.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table None.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Trading in derivative instruments: None.
- 10) Other: intercompany relationships and significant intercompany transactions: Table 4

### b. Information on investees: Table 3

### c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 5.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
  - i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 4.
  - ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4.
  - iii. The amount of property transactions and the amount of the resultant gains or losses: None.

- iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
  - v. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
  - vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Table 4.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 6.

### 30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

#### a. Segment revenue and results

<u>For the Nine Months Ended</u> <u>September 30, 2024</u>	<b>Domestic</b>	<b>Asia</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Consolidated</b>
Income from customers other than the Company and consolidated subsidiaries	\$ 839,644	\$ 4,187	\$ 179	\$ -	\$ 844,010
Income from the Company and consolidated subsidiaries	-	10,696	-	( 10,696 )	-
Total departmental income	<u>\$ 839,644</u>	<u>\$ 14,883</u>	<u>\$ 179</u>	<u>( 10,696 )</u>	<u>\$ 844,010</u>
Department profit and loss	<u>\$ 101,220</u>	<u>\$ 390</u>	<u>( \$ 1,740 )</u>	<u>\$ 1,452</u>	<u>\$ 101,322</u>
Interest expense					( 359 )
Net profit before tax from continuing operations					<u>\$ 100,963</u>
<u>September 30, 2024</u>					
Non-current assets	<u>\$ 297,821</u>	<u>\$ 4,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,476</u>
<u>For the Nine Months Ended</u> <u>September 30, 2023</u>	<b>Domestic</b>	<b>Asia</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Consolidated</b>
Income from customers other than the Company and consolidated subsidiaries	\$ 720,214	\$ 4,364	\$ 5,860	\$ -	\$ 730,438
Income from the Company and consolidated subsidiaries	132	5,515	-	( 5,647 )	-
Total departmental income	<u>\$ 720,346</u>	<u>\$ 9,879</u>	<u>\$ 5,860</u>	<u>( 5,647 )</u>	<u>\$ 730,438</u>
Department profit and loss	<u>\$ 108,705</u>	<u>( \$ 3,392 )</u>	<u>( \$ 3,652 )</u>	<u>\$ 7,144</u>	<u>\$ 108,805</u>
Interest expense					( 946 )
Net profit before tax from continuing operations					<u>\$ 107,859</u>



**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**September 30, 2024**

**(In Thousands of New Taiwan Dollars / Per share)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Shares</u>							
	APET	None	Financial assets at FVTOCI - non current	282,700	\$ 22,324	6	\$ 22,324	
	GST	Other related party	Financial assets at FVTOCI - non current	147,972	17,942	1	17,942	
	ELITING	None	Financial assets at FVTOCI - non current	335,925	10,181	12	10,181	
	PCCL	None	Financial assets at FVTOCI - non current	1,360,000	-	17	-	
	QiangFang	None	Financial assets at FVTOCI - non current	225,000	-	15	-	

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30 ,2024  
(In Thousands of New Taiwan Dollars)**

Buyer	Property	Event Date	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Land and Buildings	113.03.07	\$ 371,580	As of the end of September 2024, an amount of \$65,885 has been paid	Lien Jade Construction Co., Ltd.	—	—	—	—	\$ -	Appraisal report, agreed upon by both parties	Operational needs	—

Note: Amounts are in contractual values.



**TABLE 3****NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30 , 2024  
(In Thousands of New Taiwan Dollars / Per share)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income Loss of the Investee	Share of Profit Loss	Note
				September 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Company	Advanced	Samoa	General investment business and import-export trade	\$ 45,496	\$ 45,496	1,800,293	100	\$ 45,033	(\$ 1,740)	(\$ 1,740)	(Note 1)
	ENPLAS	Hsinchu City	Import and sale of electronic materials	52,621	52,621	633,000	30	154,475	50,523	15,142	
	STNC	Hongkong	General investment business and import-export trade	44,506	8,878	490,000	49	31,747	18,611	7,440	

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: For information on investments in mainland China, see Table 5.

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

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

No.	Investee Company	Counterparty (Note 3)	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Terms % to Total Sales or Assets
0	The Company	Advanced Niching Suzhou	Note 1 Note 1	Other income	\$ 20	—	-
				Cost of goods sold	10,696	—	1
				Trade payables	4,123	—	-
				Other payables	424	—	-

Note 1: Parent company to subsidiary.

Note 2: Significant intercompany accounts and transactions have been eliminated

**TABLE 5**

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**

**For The Nine Months Ended September 30 , 2024**

**(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Investee Company (Note 1)	Main Businesses and Products	Paid in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain Loss (Note 3)	Carrying Amount as of September 30, 2024 (Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outward	Inward						
Niching Co., LTD	Wholesale, import and export, commission agency (excluding auctions), and related supporting businesses for equipment, materials, and parts required for the manufacturing of semiconductor, optoelectronic, electronic, and mechanical products.	\$ 64,492 (USD 2,100)	(Note 2)	\$ 53,366 (美金 1,735)	\$ -	\$ -	\$ 53,366 ( USD 1,735 )	\$ 288	100%	\$ 288	\$ 27,661	\$ -
Simmtech Niching (Suzhou) Co., Ltd.	Wholesale, import and export, commission agency (excluding auctions), and related supporting businesses for equipment, materials, and parts required for the manufacturing of semiconductor, optoelectronic, electronic, and mechanical products.	29,570 (USD 1,000)	(Note 2)	8,878 (USD 300)	35,575 (USD 1,138)	-	44,453 ( USD 1,438 )	18,712	49%	7,491	30,536	65,304

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA(Note4)
\$ 97,819 ( USD 3,173 )	\$ 101,956 ( USD 3,238 )	\$ 628,032

Note 1: This investment project has been approved by the Investment Commission, with an investment amount of USD \$3,238 thousand. However, as of September 30, 2024, USD \$3,173 thousand has been remitted.

Note 2: Investment in Mainland China companies through a company invested and established in a third region.

Note 3: In accordance with reports audited by the CPA from the parent company.

Note 4: Limitation is calculated under 'Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China'.

Note 5: Significant intercompany accounts and transactions have been eliminated.

**TABLE 6****NICHING INDUSTRIAL CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****September 30, 2024**

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Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Jutai Investment Co., Ltd.	3,867,071	8.59%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.