

Tul Corp. and Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Review
Report
For the Three Months Ended March 31, 2024
and 2023

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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Independent Auditors' Review Report

To Tul Corp.:

Introduction

We have duly audited the consolidated balance sheet of Tul Corp. and its subsidiaries as of March 31, 2024 and 2023, and the consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement from January 1 to March 31, 2024 and 2023, as well as notes to consolidated financial statements (including the summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except for those described in the paragraph of basis of qualified conclusion, we conducted our reviews in accordance with the Standard on Review Engagements 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 of Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the accompanying consolidated financial statements were not reviewed by independent auditors. The total assets of these non-significant subsidiaries amounted to NT\$488,510 thousand and NT\$ 147,864 thousand, constituting 13%

and 4% of the consolidated total assets, and the total liabilities of these non-significant subsidiaries amounted to NT\$139,088 thousand and NT\$27,193 thousand, constituting 7% and 1% of the consolidated total liabilities, as of March 31, 2024 and 2023, respectively. The total comprehensive income of these non-significant subsidiaries amounted to NT\$3,152 thousand and NT\$(8,250) thousand, constituting (10)% and 204% of the consolidated total comprehensive income for the three months ended March 31, 2024 and 2023.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position as of March 31, 2024 and 2023, and its consolidated financial performance and its cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting,” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte Taiwan

Chiu, Meng-Chie, CPA

Chang, Ching-Hsia, CPA

Financial Supervisory Commission’s
approval number

Jin-Guan-Zheng-Shen-Zi No.
1020025513

Financial Supervisory Commission’s approval
number

Jin-Guan-Zheng-Shen-Zi No. 1090347472

May 3, 2024

Tul Corp. and Subsidiaries
Consolidated Balance Sheet
As of March 31, 2024, December 31 and March 31, 2023

Unit: NT\$1,000

Code	Assets	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	Current Assets						
1100	Cash and cash equivalents (Notes 6)	\$ 512,556	14	\$ 602,591	14	\$ 649,077	18
1110	Current financial assets at fair value through profit or loss (note 7)	1,527	-	6,682	-	6,091	-
1136	Current financial assets at amortized cost (notes 9 and 29)	5,447	-	5,447	-	5,185	-
1140	Current contract assets (note 22)	14,021	-	16,344	-	30,492	1
1150	Notes receivable, net (notes 10 and 22)	-	-	700	-	-	-
1170	Accounts receivable, net (notes 10, 22, and 28)	844,450	23	901,008	21	701,892	19
1200	Other receivables	40,705	1	29,589	1	5,478	-
130X	Inventories (note 11)	1,175,910	31	1,536,973	36	1,092,315	30
1410	Prepayments (note 28)	45,906	1	40,350	1	51,990	1
1470	Other current assets	19,152	1	16,693	1	19,875	1
11XX	Total Current Assets	2,659,674	71	3,156,377	74	2,562,395	70
	Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income (note 8)	24,590	1	25,810	1	44,067	1
1550	Investments accounted for using equity method (note 13)	697	-	702	-	557	-
1600	Property, plant and equipment (notes 14 and 29)	930,143	25	938,937	22	939,567	26
1755	Right-of-use assets (note 15)	8,140	-	3,635	-	4,995	-
1760	Investment property (notes 16 and 29)	33,242	1	33,323	1	33,565	1
1780	Intangible Assets	6,284	-	6,850	-	4,274	-
1840	Deferred income tax assets	70,804	2	67,689	2	37,850	1
1920	Guarantee deposits paid	15,588	-	16,315	-	16,085	1
1975	Net defined benefit asset - non-current (note 20)	11,766	-	11,754	-	11,813	-
15XX	Total Non-Current Assets	1,101,254	29	1,105,015	26	1,092,773	30
1XXX	Total Assets	\$ 3,760,928	100	\$ 4,261,392	100	\$ 3,655,168	100
	Liabilities and Equity						
	Current Liabilities						
2100	Short-term borrowings (notes 17, 28, and 29)	\$ 620,638	16	\$ 842,569	20	\$ 546,112	15
2130	Contract liabilities (note 22)	90,348	2	90,359	2	26,391	1
2170	Accounts payable (note 28)	567,522	15	1,130,249	26	765,062	21
2200	Other payables (Note 19)	155,385	4	248,087	6	206,543	5
2230	Current tax liabilities	3	-	3,729	-	25,396	1
2250	Provision for liabilities - current	34,017	1	29,115	1	23,655	-
2280	Current lease liabilities (note 15)	4,018	-	2,181	-	2,034	-
2150	Corporate bonds payable due within one year (note 18)	221,621	6	220,905	5	-	-
2399	Other current liabilities	21,891	1	36,099	1	26,983	1
21XX	Total Current Liabilities	1,715,443	45	2,603,293	61	1,622,176	44
	Non-current Liabilities						
2530	Corporate bonds payable (note 18)	374,959	10	-	-	218,768	6
2570	Deferred tax liabilities	9,929	-	16,721	-	13,984	-
2580	Non-current lease liabilities (note 15)	4,151	-	1,469	-	2,982	-
2670	Other non-current Liabilities	19,048	1	17,687	1	22,842	1
25XX	Total Non-current Liabilities	408,087	11	35,877	1	258,576	7
2XXX	Total Liabilities	2,123,530	56	2,639,170	62	1,880,752	51
	Equity attributable to owners of the company (note 21)						
3110	Common share capital	483,460	13	483,460	11	483,460	13
3200	Capital surplus	840,250	23	791,911	19	791,911	22
	Retained earnings						
3310	Legal reserve	148,988	4	148,988	3	148,988	4
3320	Special reserve	28,156	1	28,156	1	-	-
3350	Undistributed earnings	167,339	4	200,251	5	372,913	11
3300	Total retained earnings	344,483	9	377,395	9	521,901	15
	Other Equity						
3410	Exchange differences on translation of foreign financial statements	346	-	(254)	-	(1,911)	-
3420	Unrealized gains and losses of financial assets at fair value through other comprehensive income	(34,339)	(1)	(33,119)	(1)	(26,862)	(1)
3400	Total Other Equity	(33,993)	(1)	(33,373)	(1)	(28,773)	(1)
31XX	Total equity of company owner	1,634,200	44	1,619,393	38	1,768,499	49
36XX	Non-controlling interests (note 12)	3,198	-	2,829	-	5,917	-
3XXX	Total Equity	1,637,398	44	1,622,222	38	1,774,416	49
	Total Liabilities and Equity	\$ 3,760,928	100	\$ 4,261,392	100	\$ 3,655,168	100

The accompanying notes are a part of this consolidated financial report.
(Please refer to the review report by Deloitte Taiwan dated May 3, 2024)

Chairman: Mao-Sung Chang

Manager: Chien-Wei Chen

Accounting Supervisor: Wen-Bi Hsieh

Tul Corp. and Subsidiaries
Consolidated Comprehensive Income Statement
January 1 to March 31, 2024 and 2023

Unit: NT\$1,000, but NT\$ for loss per share

Code		January 1 to March 31, 2024		January 1 to March 31, 2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 22 and 28)	\$ 1,317,636	100	\$ 1,315,189	100
5000	Operating costs (notes 11 and 23)	(1,275,721)	(97)	(1,233,460)	(94)
5900	Gross profit	41,915	3	81,729	6
	Operating expenses (note 23)				
6100	Selling expenses	(54,573)	(4)	(40,083)	(3)
6200	Administrative expenses	(30,364)	(2)	(21,839)	(1)
6300	Research and development expenses	(10,609)	(1)	(10,527)	(1)
6450	Reversal of expected credit losses	1,113	-	736	-
6000	Total operating expenses	(94,433)	(7)	(71,713)	(5)
6900	Net operating profit	(52,518)	(4)	10,016	1
	Non-operating income and expenses (note 23)				
7100	Interest income	457	-	456	-
7010	Other income	1,224	-	1,062	-
7020	Other gains and losses	13,657	1	1,013	-
7050	Financial costs (note 28)	(11,352)	(1)	(8,749)	(1)
7060	Share of profit (loss) of associates accounted for using equity method (note 13)	(5)	-	(313)	-
7000	Total non-operating income and expenses	3,981	-	(6,531)	(1)
7900	Profit (loss) before tax	(48,537)	(4)	3,485	-
7950	Income tax benefits (expenses) (notes 4 and 24)	15,994	1	(6,908)	-
8200	Net loss of the current period	(32,543)	(3)	(3,423)	-

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Code		January 1 to March 31, 2024		January 1 to March 31, 2023	
		Amount	%	Amount	%
	Other comprehensive income				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains of equity instrument investment at fair value through other comprehensive income	(\$ 1,220)	-	(\$ 647)	-
8310		(1,220)	-	(647)	-
	Components of other comprehensive income that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	750	-	37	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(150)	-	(7)	-
8360		600	-	30	-
8300	Total other comprehensive income for the current period (net, after-tax)	(620)	-	(617)	-
8500	Total Comprehensive Income - Current	(\$ 33,163)	(3)	(\$ 4,040)	-
	Net loss attributable to:				
8610	Owners of parent	(\$ 32,912)	(3)	(\$ 2,838)	-
8620	Non-controlling Interests	369	-	(585)	-
8600		(\$ 32,543)	(3)	(\$ 3,423)	-
	Comprehensive income attributable to:				
8710	Owners of parent	(\$ 33,532)	(3)	(\$ 3,455)	-
8720	Non-controlling Interests	369	-	(585)	-
8700		(\$ 33,163)	(3)	(\$ 4,040)	-
	Loss per share (note 25)				
9710	Basic	(\$ 0.68)		(\$ 0.06)	
9810	Diluted	(\$ 0.68)		(\$ 0.06)	

The accompanying notes are a part of this consolidated financial report.

(Please refer to the review report by Deloitte Taiwan dated May 3, 2024)

Chairman: Mao-Sung Chang Manager: Chien-Wei Chen Accounting Supervisor: Wen-Bi Hsieh

Tul Corp. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to March 31, 2024 and 2023

Unit: NT\$1,000

		Equity attributable to owners of the company									
							Other Equity				
		Share capital		Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains and losses of financial assets at fair value through other comprehensive income	Total	Non-controlling Interests	Total Equity
Code		Common share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings					
A1	Balance on January 1, 2023	\$ 483,460	\$ 792,496	\$ 148,988	\$ -	\$ 375,751	(\$ 1,941)	(\$ 26,215)	\$ 1,772,539	\$ 6,939	\$ 1,779,478
D1	Net loss for the three months ended March 31, 2023	-	-	-	-	(2,838)	-	-	(2,838)	(585)	(3,423)
D3	Other comprehensive income net of tax for the three months ended March 31, 2023	-	-	-	-	-	30	(647)	(617)	-	(617)
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	(2,838)	30	(647)	(3,455)	(585)	(4,040)
M7	Changes in ownership of and equity in subsidiaries (note 26)	-	(585)	-	-	-	-	-	(585)	585	-
N1	Decrease in non-controlling interests (notes 12 and 26)	-	-	-	-	-	-	-	-	(1,026)	(1,026)
O1	Increase in non-controlling interests (note 12)	-	-	-	-	-	-	-	-	4	4
Z1	Balance on March 31, 2023	<u>\$ 483,460</u>	<u>\$ 791,911</u>	<u>\$ 148,988</u>	<u>\$ -</u>	<u>\$ 372,913</u>	(<u>\$ 1,911</u>)	(<u>\$ 26,862</u>)	<u>\$ 1,768,499</u>	<u>\$ 5,917</u>	<u>\$ 1,774,416</u>
A1	Balance on January 1, 2024	\$ 483,460	\$ 791,911	\$ 148,988	\$ 28,156	\$ 200,251	(\$ 254)	(\$ 33,119)	\$ 1,619,393	\$ 2,829	\$ 1,622,222
D1	Net income (loss) for the three months ended March 31, 2024	-	-	-	-	(32,912)	-	-	(32,912)	369	(32,543)
D3	Other comprehensive income net of tax for the three months ended March 31, 2024	-	-	-	-	-	600	(1,220)	(620)	-	(620)
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	(32,912)	600	(1,220)	(33,532)	369	(33,163)
C5	Equity component of convertible corporate bonds issued by the Company (note 18)	-	48,339	-	-	-	-	-	48,339	-	48,339
Z1	Balance on March 31, 2024	<u>\$ 483,460</u>	<u>\$ 840,250</u>	<u>\$ 148,988</u>	<u>\$ 28,156</u>	<u>\$ 167,339</u>	<u>\$ 346</u>	(<u>\$ 34,339</u>)	<u>\$ 1,634,200</u>	<u>\$ 3,198</u>	<u>\$ 1,637,398</u>

The accompanying notes are a part of this consolidated financial report.
(Please refer to the review report by Deloitte Taiwan dated May 3, 2024)

Chairman: Mao-Sung Chang

Manager: Chien-Wei Chen

Accounting Supervisor: Wen-Bi Hsieh

Tul Corp. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to March 31, 2024 and 2023

Unit: NT\$1,000

Code		January 1 to March 31, 2024	January 1 to March 31, 2023
	Cash flows from (used in) operating activities		
A10000	Current profit (loss) before tax	(\$ 48,537)	\$ 3,485
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	13,372	8,676
A20200	Amortization expense	978	746
A20300	Reversal of expected credit losses	(1,113)	(736)
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	130	(730)
A20900	Financial costs	11,352	8,749
A21200	Interest income	(457)	(456)
A22300	Share of loss of associates accounted for using equity method	5	313
A22500	Losses on disposals and obsolescence of property, plant and equipment	-	294
A23700	Inventory valuation and retirement losses	6,577	19,616
A24100	Unrealized foreign currency exchange gains and losses	44,812	(1,370)
A29900	Other items	9	-
A30000	Net change in operating assets and liabilities		
A31125	Contract asset	2,323	1,244
A31130	Notes receivable	700	-
A31150	Accounts receivable	67,107	121,322
A31180	Other receivables	(11,038)	265
A31200	Inventories	354,213	(1,945)
A31230	Prepayments	(4,037)	(1,478)
A31240	Other current assets	(875)	(723)
A32125	Contract liabilities	(11)	(965)
A32130	Notes payable	-	(3,708)
A32150	Accounts payable	(603,434)	(88,390)
A32180	Other payables	(95,971)	(88,455)
A32200	Provisions	5,561	(16,538)
A32230	Other current liabilities	7,361	23,386
A32240	Net defined benefit asset	(13)	-
A33000	Cash generated from operating activities	(250,986)	(17,398)

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Code		January 1 to March 31, 2024	January 1 to March 31, 2023
A33100	Interest received	\$ 379	\$ 306
A33300	Interest paid	(9,187)	(5,557)
A33500	Income tax paid	(275)	(20)
AAAA	Net cash outflow from operating activities	(260,069)	(22,669)
	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(257)
B00040	Decrease in financial assets at amortized cost	-	30,000
B00200	Disposal of financial assets at fair value through profit or loss	6,288	80,547
B02400	Proceeds from capital reduction of investments on investees under the equity method	-	3,150
B02700	Acquisition of property, plant, and equipment	(16,826)	(17,283)
B03700	Decrease in refundable deposits	797	9
B04500	Acquisition of intangible assets	(412)	(852)
BBBB	Net cash inflow (outflow) from investing activities	(10,153)	95,314
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	-	132,102
C00200	Decrease in short-term loans	(244,432)	-
C01200	Issuance of corporate bonds	421,954	-
C04020	Payments of lease liabilities	(732)	(523)
C05800	Change in non-controlling Interests	-	(1,022)
CCCC	Net cash flows from financing activities	176,790	130,557
DDDD	Effect of exchange rate changes on cash and cash equivalents	3,397	323
EEEE	Net increase (decrease) in cash and cash equivalents for the current period	(90,035)	203,525
E00100	Opening cash and cash equivalents	602,591	445,552
E00200	Closing cash and cash equivalents	\$ 512,556	\$ 649,077

The accompanying notes are a part of this consolidated financial report.

(Please refer to the review report by Deloitte Taiwan dated May 3, 2024)

Chairman: Mao-Sung Chang Manager: Chien-Wei Chen Accounting Supervisor: Wen-Bi Hsieh

Tul Corp. and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to March 31, 2024 and 2023
(unless otherwise specified, the amount is in NT\$ thousand)

I. Company History

Tul Corp. (hereinafter referred to as “The Company”) was established in October 1997, mainly engaged in the research, development, and sales of computer display cards.

The Company’s stock was traded on the GreTai Securities Market since March 2002.

On May 4, 2023, the Board of Directors resolved to divest the design and manufacturing services and embedded application business units to our wholly-owned subsidiary, Sparkle Computer Co., Ltd. (hereinafter referred to as “Sparkle Computer”), to implement specialized division of labor within the group. This aims to diversify operations and enhance overall operational performance and market competitiveness through independent operation.

The company will transfer the related business operations of the design and manufacturing services and embedded applications to Sparkle Computer. This transfer will serve as consideration for Sparkle Computer issuing new shares to our company. As a result of this division, Sparkle Computer has issued 11,000 ordinary shares at a par value of NT\$10 per share, with the division base date being June 30, 2023.

This consolidated financial report is expressed in New Taiwan dollars, the functional currency of the Company.

II. Approval Date and Procedure of the Financial Statements

This consolidated financial report was approved by the Board of Directors on May 3, 2024.

III. Application of New Standards, Amendments, and Interpretations

- (I) The first application of the Financial Supervisory Commission (hereinafter referred to as the “FSC”) recognized and issued International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations Announcements (SICs) (hereinafter referred to as “IFRS Accounting Standards”).

The application of the revised IFRS Accounting Standards recognized and issued by the FSC will not result in significant changes in the accounting policies of the consolidated company.

- (II) IFRS accounting standards issued by the IASB but not yet endorsed and issued into effect by the FSC

Newly Issued, Amended and Revised Standards and Interpretations	IASB release date (note 1)
Amendments to IFRS 10 and IAS 28 “Asset Sale or Investment between the Investor and Its Related Enterprises or Joint Ventures”	Undetermined.
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “First Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Convertibility”	January 1, 2025 (note 2)

Note 1: Unless otherwise specified, the newly issued, amended or revised standards or interpretations shall come into effect in the period of annual reporting starting after each such date.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. Upon the initial application of the amendments, the financial statements for comparative period shall not be restated. Instead, the effect shall be recognized in the retained earnings on the date of initial application or the exchange differences of foreign operation under equity (if appropriate), along with affected assets and liabilities.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements” and the main changes include:

- Items of income and expenses included in the income statement shall be classified into operating, investing, financing, income tax, and discontinued operations categories.
- The income statement shall present subtotals and totals for operating profit or loss, profit or loss before financing and income tax, and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The consolidated company shall identify the assets, liabilities, equity, income, expenses, and cash flows that arise from individual transactions or other events

and 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. Items with dissimilar characteristics shall be disaggregated in the primary financial statements and in the notes. The consolidated company labels items as “other” only if it cannot find a more informative label.

- Adds disclosures on management-defined performance measures: 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 consolidated company as a whole, the consolidated company shall disclose related information about its management-defined performance measures 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.

Further to the aforementioned influence, as of the date of publication of this consolidated financial report, the consolidated company has continued evaluating the impact of amendments to other standards and interpretations on its financial condition and performance, and will disclose the relevant impact when the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC. The consolidated financial statements do not include all IFRSs disclosures required for the full-year financial statements.

(II) Basis of Preparation

Other than financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of planned assets, the consolidated financial statements are prepared based on historical cost.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of relevant input values:

1. Level 1 input value: refers to the quoted price (unadjusted) of the same assets or liabilities available in the active market on the measurement date.
2. Level 2 input value: refers to the directly (i.e. price) or indirectly (i.e. derived from price) observable input value of assets or liabilities other than the quotation of level 1.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

(III) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The consolidated comprehensive income statement already includes the operating profit and/or loss of subsidiaries, which were acquired or disposed of during the current period, from the date of acquisition until the date of disposal. The financial statements of the subsidiaries have been adjusted, so that their accounting policies are consistent with those of the consolidated company. In the preparation of the consolidated financial statements, all transactions, account balances, income and expense among the entities have been eliminated. The total comprehensive incomes of the subsidiaries were attributed to the Company's owners.

Please refer to note 12 and Appendix 6 for the details of subsidiaries, shareholding ratios and business items.

(IV) Other significant accounting policies

In addition to the information below, please refer to the summary of significant accounting policies in the 2023 consolidated financial statements.

1. Criteria for Distinguishing Current and Non-current Assets and Liabilities

Non-current assets include:

- (1) Assets held primarily for trading purposes.
- (2) Assets expected to be realized within 12 months of the balance sheet date;
and
- (3) Cash and cash equivalents (other than those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

- (1) Liabilities held primarily for trading purposes.
- (2) Liabilities due for settlement within 12 months of the balance sheet date,
and

(3) The entity on the balance sheet date does not have in substance the right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current assets or liabilities not classified as current assets or liabilities are classified as non-current assets or non-current liabilities.

2. Defined benefit post-employment 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 fiscal year, adjusted for significant market fluctuations since that time and significant plan amendments, settlements, or other significant one-off events.

3. Income Tax Expenses

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

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

Please refer to the 2023 consolidated financial statements for descriptions of the main source of significant accounting judgment, estimates, and assumptions uncertainty.

VI. Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 446	\$ 420	\$ 522
Bank notes and demand deposit	411,210	592,371	395,730
Cash equivalents			
Time deposits with an original maturity within 3 months	<u>100,900</u>	<u>9,800</u>	<u>252,825</u>
	<u>\$ 512,556</u>	<u>\$ 602,591</u>	<u>\$ 649,077</u>

VII. Financial assets at fair value through profit or loss

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current financial assets</u>			
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Derivatives (not specified for risk hedging)			
- redemption right for convertible bonds (note 18)	\$ 680	\$ -	\$ 45
Non-derivative financial assets			
- domestic TWSE (TPEX) listed stocks	847	846	888
- beneficiary certificates of mutual funds	-	5,836	5,158
	<u>\$ 1,527</u>	<u>\$ 6,682</u>	<u>\$ 6,091</u>

VIII. Financial assets at fair value through other comprehensive income

Equity instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investment			
TWSE (TPEX) listed and emerging market stocks	\$ 6,688	\$ 7,378	\$ 11,495
TWSE (TPEX) unlisted stocks	17,902	18,432	32,572
	<u>\$ 24,590</u>	<u>\$ 25,810</u>	<u>\$ 44,067</u>

The consolidated company invests in the ordinary shares of domestic companies for medium to long-term strategic purposes, and expects to make profits through long-term investments. In the opinion of the management of the consolidated company, if the short-term fair value fluctuation of such investment is included in the income, it is not consistent with the aforesaid long-term investment plan, so they chose to designate such investment as measured at fair value through other comprehensive income.

From January 1 to March 31, 2023, the consolidated company purchased ordinary shares of domestic companies, amounting to NT\$257 thousand. As investments for medium to long-term strategic purposes, they were designated to be measured at fair value through other comprehensive income.

IX. Financial assets measured at amortized cost

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Pledged bank deposits	\$ -	\$ 5,247	\$ 5,185
Pledged time deposit (I)	5,447	200	-
	<u>\$ 5,447</u>	<u>\$ 5,447</u>	<u>\$ 5,185</u>

Please refer to note 29 for financial assets measured at amortized cost.

X. Notes receivable and accounts receivable, net

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ -	\$ 700	\$ -
Less: loss allowance	-	-	-
	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ -</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 851,300	\$ 908,876	\$ 709,008
Less: loss allowance	(6,850)	(7,868)	(7,116)
	<u>\$ 844,450</u>	<u>\$ 901,008</u>	<u>\$ 701,892</u>

The average credit period of the consolidated company for commodity sales is 60 days, and accounts receivable are not subject to interest. The policy adopted by the consolidated company is to use other publicly available financial information and historical transaction records to rate major customers and, if necessary, purchase sufficient insurance to mitigate the risk of financial losses caused by default.

In order to reduce credit risk, the management of the consolidated company has assigned a special team to be responsible for the decision of credit facilities, credit approval and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the consolidated company will review the recoverable amounts of the receivables one by one on the balance sheet date to ensure that appropriate impairment loss has been provided for the receivables

that cannot be recovered. Therefore, the management of the Company thinks that the credit risk of the consolidated company has been significantly reduced.

The consolidated company shall recognize the loss allowance of accounts receivable according to the expected credit loss during the period of existence. The expected credit loss during the existence is calculated by a preparation matrix, which considers the past default records of customers, their current financial situation and the industrial economic situation. As the historical experience of credit loss of the consolidated company shows that there is no significant difference in the loss pattern of different customer groups, the preparation matrix does not further distinguish customer groups, and only uses the overdue days of accounts receivable to determine the expected credit loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount, for example, if the transaction counterparty is in liquidation, the consolidated company will directly write off the relevant receivables, but will continue recourse actions, and the amount recovered due to recourse will be recognized as income.

The consolidated company measures the loss allowance of accounts receivable according to the preparation matrix as follows:

March 31, 2024

	Not overdue	1~90 days overdue	More than 90 days overdue	Total
Expected credit loss rate	0.00%~0.44%	0.00%~10.07%	0.00%~100%	
Total carrying amount	\$ 670,988	\$ 169,214	\$ 11,098	\$ 851,300
Loss allowance	(419)	(1,161)	(5,270)	(6,850)
Cost after amortization	<u>\$ 670,569</u>	<u>\$ 168,053</u>	<u>\$ 5,828</u>	<u>\$ 844,450</u>

December 31, 2023

	Not overdue	1~90 days overdue	More than 90 days overdue	Total
Expected credit loss rate	0.00%~0.20%	0.00%~1.31%	1.27%~100%	
Total carrying amount	\$ 690,837	\$ 210,803	\$ 7,936	\$ 909,576
Loss allowance	(535)	(1,687)	(5,646)	(7,868)
Cost after amortization	<u>\$ 690,302</u>	<u>\$ 209,116</u>	<u>\$ 2,290</u>	<u>\$ 901,708</u>

March 31, 2023

	<u>Not overdue</u>	<u>1~90 days overdue</u>	<u>More than 90 days overdue</u>	<u>Total</u>
Expected credit loss rate	0.00%~0.30%	0.00%~8.90%	0.00%~100%	
Total carrying amount	\$ 484,711	\$ 216,265	\$ 8,032	\$ 709,008
Loss allowance	(<u>256</u>)	(<u>134</u>)	(<u>6,726</u>)	(<u>7,116</u>)
Cost after amortization	<u>\$ 484,455</u>	<u>\$ 216,131</u>	<u>\$ 1,306</u>	<u>\$ 701,892</u>

Information on changes in loss allowance of accounts receivable is as follows:

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Beginning balance	\$ 7,868	\$ 7,855
Less: reversal of impairment loss in the current period	(1,113)	(736)
Foreign currency translation difference	<u>95</u>	(<u>3</u>)
Ending balance	<u>\$ 6,850</u>	<u>\$ 7,116</u>

XI. Inventories

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Finished good	\$ 708,322	\$ 671,179	\$ 432,422
Work in process	152,438	167,368	250,378
Raw materials	315,150	639,883	409,144
Inventory in transit	<u>-</u>	<u>58,543</u>	<u>371</u>
	<u>\$ 1,175,910</u>	<u>\$ 1,536,973</u>	<u>\$ 1,092,315</u>

The nature of operating cost is as follows:

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Cost of inventories sold	\$ 1,272,837	\$ 1,207,550
Others	<u>2,884</u>	<u>25,910</u>
	<u>\$ 1,275,721</u>	<u>\$ 1,233,460</u>

XII. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The subjects of the consolidated financial statements are as follows:

Name of Investment company	Name of Subsidiary	Nature of Business	Percentage of equity held		
			March 31, 2024	December 31, 2023	March 31, 2023
The Company	TUL Corporation (HK) Limited (note 1)	Product or business promotion and consulting services.	-	-	-
The Company	TUL Inc.	Sales of information software and hardware products.	100	100	100
The Company	IOTU CORPORATION (notes 2 and 3)	Contracting of information and communication projects.	93.08	93.08	93.08
The Company	TUL B.V.	Sales of information software and hardware products.	100	100	100
The Company	Technology Created Medicine Corporation (note 4)	Health food sales, medical machine OEM, computer peripheral equipment agency management and sales.	100	100	100
The Company	Sparkle Computer Co., Ltd.	Sales of information software and hardware products.	100	100	100

Note 1: The consolidated company passed a board resolution on November 4, 2021 to liquidate its subsidiary TUL Corporation (HK) Limited, and completed its deregistration on January 6, 2023.

Note 2: IOTU CORPORATION has signed an equity agreement with its suppliers, which stipulates to provide IOTU CORPORATION with a purchase discount within a certain period of time. This will be considered the supplier's investment in IOTU CORPORATION. As of March 31, 2024, December 31 and March 31, 2023, the investment amounted to NT\$2,465 thousand, NT\$2,465 thousand, and NT\$2,369 thousand, respectively. The registration change for this investment has not been completed.

Note 3: On March 10, 2023, the consolidated Company acquired its 100 thousand shares in IOTU CORPORATION, resulting in an increase of shareholding from 92.31% to 93.08%.

Note 4: On May 4, 2023, the Board of Directors of the consolidated company resolved to divest the design and manufacturing services and embedded application business unit to Sparkle Computer Co., Ltd., a wholly-owned subsidiary of the consolidated company. This move aimed to implement

specialized division of labor within the group. In exchange for the divestiture, Sparkle Computer Co., Ltd. issued 11,000 new ordinary shares to the consolidated company, with a par value of NT\$10 per share. The division's base date was set for June 30, 2023, with the assets and liabilities related to the business operations as of the division base date listed as follows:

	<u>Segmentation department</u>
Current Assets	
Cash and cash equivalents	\$ 122,978
Accounts receivable, net	24,503
Other accounts receivable	13,493
Inventories	20,327
Prepayments	266
Non-current assets	
Property, Plants, and Equipment	6,265
Intangible assets	78
Deferred income tax assets	274
Current Liabilities	
Contract liabilities	(41,067)
Accounts payable	(10,561)
Other payables	(12,704)
Other current liabilities	(11,315)
Non-current Liabilities	
Provision for liabilities - non-current	(2,537)
Business value of the segment to be divided	<u>\$ 110,000</u>

Note 5: Except for TUL Inc. and TUL B.V., the aforementioned companies are non-significant subsidiaries, whose financial statements have not been reviewed by independent auditors.

(II) Subsidiaries not included in the consolidated financial statements: None.

XIII. Investment accounted for using the equity method

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Individual insignificant affiliated enterprises</u>			
Investment in affiliated enterprises	<u>\$ 697</u>	<u>\$ 702</u>	<u>\$ 557</u>

Summary of individual insignificant affiliated enterprises

	January 1 to March 31, 2024	January 1 to March 31, 2023
Share of the consolidated company		
Net loss of the current period	\$ 5	\$ 313

On August 3, 2022, the consolidated Company invested NT\$12,000 thousand in cash for 302 thousand shares of Lithium Ion Battery Recycling Co., Ltd. to acquire 10% of the equity, which was measured at fair value through other comprehensive income; on September 26, 2023, has a significant influence on the company due to the acquisition of one of the four seats on the board of directors of the company. Therefore, the financial assets measured at fair value through other comprehensive income on the date of acquisition of the significant influence are classified as an associate of the consolidated company.

The investment accounted for using the equity method and the consolidated company's share of its profit (loss) and other comprehensive income were recognized based on the associates' financial statements for the same period, which have not been reviewed by independent auditors. However, in the opinion of the management of the consolidated company, the aforementioned associates' financial statements, which have not been reviewed by independent auditors, will not have a significant influence.

XIV. Property, Plants, and Equipment

	Land	Buildings and structures	Transportation equipment	Money-generati ng apparatus	Other equipment	Unfinished project and equipment pending acceptance	Total
<u>Cost</u>							
Balance on January 1, 2023	\$ 316,298	\$ 401,263	\$ 9,880	\$ 129,713	\$ 416	\$ 182,564	\$ 1,040,134
Addition	-	-	-	2,366	-	6,816	9,182
Disposal	-	-	-	(1,719)	-	-	(1,719)
Net exchange differences	(94)	(67)	(44)	(19)	(1)	-	(225)
Reclassification	-	-	-	28,209	-	(29,534)	(1,325)
Balance on March 31, 2023	<u>\$ 316,204</u>	<u>\$ 401,196</u>	<u>\$ 9,836</u>	<u>\$ 158,550</u>	<u>\$ 415</u>	<u>\$ 159,846</u>	<u>\$ 1,046,047</u>
<u>Accumulated depreciation</u>							
Balance on January 1, 2023	\$ -	\$ 34,101	\$ 5,781	\$ 60,445	\$ 132	\$ -	\$ 100,459
Disposal	-	-	-	(1,425)	-	-	(1,425)
Depreciation expense	-	2,240	197	5,636	21	-	8,094
Net exchange differences	-	(27)	(44)	(9)	(1)	-	(81)
Reclassification	-	-	-	(567)	-	-	(567)
Balance on March 31, 2023	<u>\$ -</u>	<u>\$ 36,314</u>	<u>\$ 5,934</u>	<u>\$ 64,080</u>	<u>\$ 152</u>	<u>\$ -</u>	<u>\$ 106,480</u>
Net on March 31, 2023	<u>\$ 316,204</u>	<u>\$ 364,882</u>	<u>\$ 3,902</u>	<u>\$ 94,470</u>	<u>\$ 263</u>	<u>\$ 159,846</u>	<u>\$ 939,567</u>

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	Land	Buildings and structures	Transportation equipment	Money-generating apparatus	Other equipment	Unfinished project and equipment pending acceptance	Total
<u>Cost</u>							
Balance on January 1, 2024	\$ 316,296	\$ 547,407	\$ 11,944	\$ 172,794	\$ 4,557	\$ 12,801	\$ 1,065,799
Addition	-	-	-	970	50	1,873	2,893
Disposal	-	-	-	(507)	-	-	(507)
Net exchange differences	469	332	309	93	4	-	1,207
Reclassification	-	-	-	501	124	(625)	-
Balance on March 31, 2024	<u>\$ 316,765</u>	<u>\$ 547,739</u>	<u>\$ 12,253</u>	<u>\$ 173,851</u>	<u>\$ 4,735</u>	<u>\$ 14,049</u>	<u>\$ 1,069,392</u>
<u>Accumulated depreciation</u>							
Balance on January 1, 2024	\$ -	\$ 48,600	\$ 3,235	\$ 74,103	\$ 924	\$ -	\$ 126,862
Disposal	-	-	-	(507)	-	-	(507)
Depreciation expense	-	5,564	502	6,237	286	-	12,589
Net exchange differences	-	150	86	65	4	-	305
Balance on March 31, 2024	<u>\$ -</u>	<u>\$ 54,314</u>	<u>\$ 3,823</u>	<u>\$ 79,898</u>	<u>\$ 1,214</u>	<u>\$ -</u>	<u>\$ 139,249</u>
Net on December 31, 2023 and January 1, 2024	<u>\$ 316,296</u>	<u>\$ 498,807</u>	<u>\$ 8,709</u>	<u>\$ 98,691</u>	<u>\$ 3,633</u>	<u>\$ 12,801</u>	<u>\$ 938,937</u>
Net on March 31, 2024	<u>\$ 316,765</u>	<u>\$ 493,425</u>	<u>\$ 8,430</u>	<u>\$ 93,953</u>	<u>\$ 3,521</u>	<u>\$ 14,049</u>	<u>\$ 930,143</u>

Depreciation expenses are calculated on a straight-line basis based on the following years of service:

Buildings and structures	5 to 50 years
Transportation equipment	4 to 5 years
Money-generating apparatus	2 to 6 years
Other equipment	3 to 5 years

Please refer to note 29 for the amount of property and factory buildings designated as loan guarantees.

XV. Lease agreement

(I) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of right-of-use assets			
Buildings	<u>\$ 8,140</u>	<u>\$ 3,635</u>	<u>\$ 4,995</u>
	January 1 to March 31, 2024	January 1 to March 31, 2023	
Addition of right-of-use assets	<u>\$ 4,947</u>	<u>\$ -</u>	
Depreciation expenses of right-of-use assets			
Buildings	<u>\$ 702</u>	<u>\$ 501</u>	

Except for the aforementioned additions and depreciation expenses recognized, there were no subleases or impairments of the consolidated company's right-of-use assets for the three months ended March 31, 2024 and 2023.

(II) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 4,018</u>	<u>\$ 2,181</u>	<u>\$ 2,034</u>
Non-current	<u>\$ 4,151</u>	<u>\$ 1,469</u>	<u>\$ 2,982</u>

The range of discount rate of lease liabilities is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.03%~6.00%	1.03%~6.00%	4.66%~6.00%

(III) Other lease information

	January 1 to March 31, 2024	January 1 to March 31, 2023
Short term lease expenses	<u>NT\$1,750</u>	<u>NT\$2,145</u>
Lease expenses of low value assets	<u>NT\$ 15</u>	<u>NT\$ 12</u>
Total cash (outflow) for leases	<u>(\$ 2,540)</u>	<u>(\$ 2,707)</u>

The consolidated company chooses to exempt the recognition of certain equipment leases meeting the short-term and low value asset lease requirement, and does not recognize the relevant right-of-use assets and lease liabilities.

XVI. Investment property

	March 31, 2024	December 31, 2023	March 31, 2023
Cost			
Land	\$ 24,970	\$ 24,970	\$ 24,970
Buildings and structures	<u>16,728</u>	<u>16,728</u>	<u>16,728</u>
	41,698	41,698	41,698
Less: accumulated depreciation	<u>(8,456)</u>	<u>(8,375)</u>	<u>(8,133)</u>
	<u>\$ 33,242</u>	<u>\$ 33,323</u>	<u>\$ 33,565</u>

Except for the aforementioned depreciation expenses recognized, there were no significant additions, disposal, or impairments of the consolidated company's investment property for the three months ended March 31, 2024 and 2023. Investment property is depreciated on a straight-line basis over a useful life of 35 years.

As of December 31, 2023 and 2022, the fair value of the investment property amounted to NT\$64,783 thousand and NT\$66,003 thousand, respectively. According to

the assessment by the management of the consolidated company, there were no significant changes in the fair value as of March 31, 2024 and 2023, compared to December 31, 2023 and 2022.

All investment properties of the consolidated company are its own equity. Please refer to note 29 for the amount of investment property designated as loan guarantees.

XVII. Borrowings

Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured loans</u> (notes 28 and 29)			
Bank loans	\$ 610,638	\$ 832,569	\$ 538,112
<u>Unsecured loans</u> (note 28)			
Loans from related parties	<u>10,000</u>	<u>10,000</u>	<u>8,000</u>
	<u>\$ 620,638</u>	<u>\$ 842,569</u>	<u>\$ 546,112</u>

- (I) The interest rates for bank revolving loans were 1.85% to 6.65%, 1.85% to 6.81%, and 5.29% to 6.03% on March 31, 2024, December 31 and March 31, 2023, respectively.
- (II) The related party loans are borrowed by the consolidated Company from the substantive related parties. The interest expense as of March 31, 2024, December 31 and March 31, 2023 was calculated by multiplying the balance of outstanding loans by the annual interest rate of 1.47% to 1.595%, 1.47% to 1.595%, and 1.47%, respectively.

XVIII. Corporate bonds payable

	March 31, 2024	December 31, 2023	March 31, 2023
5th domestic unsecured convertible corporate bonds	\$ 221,621	\$ 220,905	\$ 218,768
6th domestic unsecured convertible corporate bonds	<u>374,959</u>	<u>-</u>	<u>-</u>
	596,580	220,905	218,768
Less: portion due within 1 year	(<u>221,621</u>)	(<u>220,905</u>)	<u>-</u>
	<u>\$ 374,959</u>	<u>\$ -</u>	<u>\$ 218,768</u>

5th domestic unsecured convertible corporate bonds

The Company issued its fifth domestic unsecured convertible corporate bond with a coupon rate of 0% on August 4, 2021, with a par value of NT\$100,000 each, issued at full par value. The total number of bonds issued is 7,000, with a total issuance amount of NT\$700 million and a term of three years.

Each holder of the corporate bond has the right to convert it at NT\$138.3 per share into ordinary shares of the Company. If there is an anti-dilution clause on conversion price in the future, the price will be adjusted in accordance with the conversion measures. As of December 31, 2023, the conversion price of the Company's bonds has been adjusted to NT\$118.4 per share in accordance with the Regulations on Conversion, and the conversion period is from November 5, 2021 to August 4, 2024. If the corporate bonds have not been converted at the date of maturity, they will be repaid in cash at the par value of the bonds upon maturity. Other important terms include:

The Company's redemption right

From the second day of three months after the issuance of the convertible corporate bonds (November 5, 2021) until 40 days before the expiration of the term (June 25, 2024), if the closing price of the Company's ordinary shares exceeds the conversion price by 30% (inclusive) for 30 consecutive business days, or the balance of the convertible company bonds outstanding is less than 10% of the original total issuance amount, the Company may redeem its outstanding convertible corporate bonds in cash at the par value in accordance with the measures.

This convertible corporate bond includes both debt and equity components, and the equity component is expressed in capital surplus — option under equity. The effective interest rate of the original recognition of the liability component is 1.3045%.

Issuing price (minus transaction costs of NT\$5,000 thousand)	\$ 725,023
Equity component (minus transaction cost of NT\$185 thousand allocated to equity and related income tax impact of NT\$37 thousand)	(56,055)
Deferred income tax assets	37
Derivative instruments of redemption rights (current financial assets at fair value through profit or loss) and transaction costs recognized in profit or loss	<u>4,300</u>
Liability component on the issuance date (minus NT\$4,785 thousand transaction cost allocated to liabilities)	673,305
Interest calculated at an effective interest rate of 1.3045%	8,752
Conversion of corporate bonds into ordinary shares	(<u>461,152</u>)
Liability component on December 31, 2023	220,905
Interest calculated at an effective interest rate of 1.3045%	<u>716</u>
Liability component on March 31, 2024	<u>\$ 221,621</u>

As of March 31, 2024, the total par value of corporate bonds that have been converted by corporate bond holders is NT\$477,400 thousand, and the total number of shares converted into is 3,464 thousand shares.

6th domestic unsecured convertible corporate bonds

The Company issued its sixth domestic unsecured convertible corporate bond with a coupon rate of 0% on March 7, 2024, with a par value of NT\$100,000 each, issued at full par value. The total number of bonds issued is 4,000, with a total issuance amount of NT\$400 million and a term of three years.

Each holder of the corporate bond has the right to convert it at NT\$90.2 per share into ordinary shares of the Company. If there is an anti-dilution clause on conversion price in the future, the price will be adjusted in accordance with the conversion measures. Other important terms include:

The Company's redemption right

From the second day of three months after the issuance of the convertible corporate bonds (June 8, 2024) until 40 days before the expiration of the term (January 26, 2027), if the closing price of the Company's ordinary shares exceeds the conversion price by 30% (inclusive) for 30 consecutive business days, or the balance of the convertible company bonds outstanding is less than 10% of the original total issuance amount, the Company may redeem its outstanding convertible corporate bonds in cash at the par value in accordance with the measures.

This convertible corporate bond includes both debt and equity components, and the equity component is expressed in capital surplus — option under equity. The effective interest rate of the original recognition of the liability component is 2.2293%.

Issuing price (minus transaction costs of NT\$5,000 thousand)	\$ 421,954
Equity component (minus transaction cost of NT\$269 thousand allocated to equity and related income tax impact of NT\$54 thousand)	(48,339)
Deferred income tax assets	54
Derivative instruments of redemption rights (current financial assets at fair value through profit or loss) and transaction costs recognized in profit or loss	<u>729</u>
Liability component on the issuance date (minus NT\$4,722 thousand transaction cost allocated to liabilities)	374,398
Interest calculated at an effective interest rate of 2.2293%	<u>561</u>
Liability component on March 31, 2024	<u>\$ 374,959</u>

XIX. Other liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Other payables			
Processing fee payable	\$ 3,317	\$ 30,223	\$ 19,766
Salary and bonus payable	24,028	31,877	7,840
Employees' remuneration payable	52,672	59,870	88,620
Leave pay payable	998	547	890
Accounts payable, equipment	2,119	16,052	13,457
Others	<u>71,851</u>	<u>109,518</u>	<u>75,970</u>
	<u>\$ 155,385</u>	<u>\$ 248,087</u>	<u>\$ 206,543</u>

XX. Post-employment benefit plan

For the three months ended March 31, 2024 and 2023, pension benefits in respect of the defined benefit plans were calculated using the actuarially determined pension cost rate as of December 31, 2023 and 2022.

XXI. Equity

(I) Common share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Authorized number of shares (1,000 shares)	<u>96,000</u>	<u>96,000</u>	<u>96,000</u>
Authorized share capital	<u>\$ 960,000</u>	<u>\$ 960,000</u>	<u>\$ 960,000</u>
Number of issued shares fully paid for (1,000 shares)	<u>48,346</u>	<u>48,346</u>	<u>48,346</u>
Capital of issued shares	<u>\$ 483,460</u>	<u>\$ 483,460</u>	<u>\$ 483,460</u>

The par value of each issued ordinary share is NT\$10, and each share has one voting right and the right to receive dividends.

To strengthen operating liquidity and repay bank loans, the Company resolved at the Annual Shareholders' Meeting on June 14, 2023, to undertake a private placement of common stock as a cash capital increase. The intention is to issue up to 5,000 shares, divided into two tranches within one year from the date of the shareholders' meeting resolution.

(II) Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>It may be used to</u> <u>compensate losses,</u> <u>distribute cash or</u> <u>replenish share capital</u> (1)			
Overdue dividends not collected by shareholders	\$ 196	\$ 196	\$ 196
Premium from convertible bond conversion	768,289	768,289	768,289
Treasury stock transaction	8	8	8
<u>Can only be used to</u> <u>compensate losses.</u>			
Recognized change in ownership of and equity in subsidiaries (2)	5,593	5,593	5,593
<u>Cannot be used for any</u> <u>other purpose.</u>			
Convertible corporate bond options	66,164	17,825	17,825
	<u>\$ 840,250</u>	<u>\$ 791,911</u>	<u>\$ 791,911</u>

1. This type of capital surplus may be used to make up for losses, and when the Company has no losses, it may also be used to distribute cash or for capital appropriation; when used for capital appropriation, it is limited to a certain percentage of the paid-in capital every year.
2. This type of capital surplus is the impact of equity transactions recognized due to changes in the subsidiary when the Company has not actually acquired or disposed of the subsidiary equity.

(III) Retained earnings and dividend policy

According to the provisions of the earnings distribution policy in the Company's articles of association, if there is a surplus in the final annual accounts, taxes shall be paid in accordance with the law, and after making up the cumulative loss, 10% shall be set aside as the legal reserve, and the rest shall be appropriated as or reversed from special reserve according to laws and regulations. If there is a remaining balance, the board shall combine it with the cumulative undistributed surplus and formulate an earnings distribution proposal, and submit it to the shareholders' meeting for a

resolution to distribute dividends to shareholders. Please refer to note 23(7) employees' remuneration and directors' remuneration for the distribution policy of employees' remuneration and directors' remuneration stipulated in the articles of association.

In addition, according to the Company's articles of association, the dividend policy of the Company is based on current and future development plans, as well as assessment of the investment environment, capital needs and domestic and international competition, while taking into account shareholder interest. The distribution of dividends to shareholders can be done in cash or stock, with cash dividends not less than 50% of the total dividend.

The legal reserve shall be appropriated until its balance reaches the total paid-in share capital of the Company. The legal reserve may be used to make up losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to being appropriated as share capital.

On March 14, 2024 and June 14, 2023, the Company held a board meeting and a general shareholders' meeting, respectively. At the meetings, the profit and loss appropriation for 2023 and 2022, detailed as follows, was formulated and resolved, respectively:

	2023	2022
Provision of special reserve	<u>\$ 5,217</u>	<u>\$ 28,156</u>

The proposal for the 2023 profit and loss appropriation is pending a resolution by the shareholders' meeting scheduled to be held on June 13, 2024.

XXII. Income

	January 1 to March 31, 2024	January 1 to March 31, 2023
Contractual revenue from customers		
Revenue from merchandise sales	\$ 1,313,923	\$ 1,314,169
Construction revenue	<u>3,713</u>	<u>1,020</u>
	<u>\$ 1,317,636</u>	<u>\$ 1,315,189</u>

Contract balance

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivable	\$ -	\$ 700	\$ -	\$ -
Accounts receivable	\$ 844,450	\$ 901,008	\$ 701,892	\$ 797,783
Contract asset				
Construction revenue	\$ 14,021	\$ 16,344	\$ 30,492	\$ 31,736
Less: loss allowance	-	-	-	-
Current contract assets	\$ 14,021	\$ 16,344	\$ 30,492	\$ 31,736
Contract liabilities				
Merchandise sales	\$ 85,919	\$ 86,740	\$ 20,710	\$ 23,165
Engineering construction	4,429	3,619	5,681	4,213
Current contract liabilities	\$ 90,348	\$ 90,359	\$ 26,391	\$ 27,378

The consolidated company recognizes the loss allowance of contract assets according to the expected credit loss during the period of existence. Contract assets will be converted into accounts receivable when the bill is issued, and their credit risk characteristics are the same as those of accounts receivable generated by similar contracts. Therefore, the consolidated company believes that the expected credit loss rate of accounts receivable can also be applied to contract assets.

	March 31, 2024	December 31, 2023	March 31, 2023
Expected credit loss rate	-%	-%	-%
Total carrying amount	\$ 14,021	\$ 16,344	\$ 30,492
Loss allowance (expected credit loss during the existence period)	-	-	-
	\$ 14,021	\$ 16,344	\$ 30,492

XXIII. (Loss) profit before tax

(Loss) profit before tax includes the following items:

(I) Interest income

	January 1 to March 31, 2024	January 1 to March 31, 2023
Bank deposits	\$ 457	\$ 456

(II) Other income

	January 1 to March 31, 2024	January 1 to March 31, 2023
Rent income	\$ 466	\$ 473
Others	758	589
	\$ 1,224	\$ 1,062

(III) Other gains and losses

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net foreign exchange gain	\$ 13,865	\$ 688
Losses on disposals of property, plant and equipment	-	(294)
(Losses) gains on financial assets at fair value through profit or loss	(130)	730
Others	(78)	(111)
	<u>\$ 13,657</u>	<u>\$ 1,013</u>

(IV) Financial costs

	January 1 to March 31, 2024	January 1 to March 31, 2023
Bank loan interest	\$ 9,994	\$ 11,282
Interest on loans from related parties	53	9
Corporate bond depreciation and amortization (note 18)	1,277	708
Lease liability interest	<u>43</u>	<u>27</u>
Total interest expense of financial liabilities measured at amortized cost	11,367	12,026
Less: amounts included in the cost of eligible assets	(15)	(3,277)
	<u>\$ 11,352</u>	<u>\$ 8,749</u>

Information on interest capitalization is as follows:

	2024	2023
Amount of capitalized interest	\$ 15	\$ 3,277
Interest rate of capitalized interest	4.78%	1.30%~4.33%

(V) Depreciation and amortization

	January 1 to March 31, 2024	January 1 to March 31, 2023
Summary of depreciation expenses by function		
Operating costs	\$ 7,078	\$ 3,729
Operating expenses	6,213	4,866
Other losses	<u>81</u>	<u>81</u>
	<u>\$ 13,372</u>	<u>\$ 8,676</u>
Summary of amortization expenses by function		
Operating costs	\$ 13	\$ 4
Operating expenses	<u>965</u>	<u>742</u>
	<u>\$ 978</u>	<u>\$ 746</u>

(VI) Employee benefit expense

	January 1 to March 31, 2024	January 1 to March 31, 2023
Post-employment benefits		
Defined contribution plans	\$ 2,091	\$ 1,956
Other employee benefits	<u>68,902</u>	<u>55,205</u>
Total employee benefits	<u>\$ 70,993</u>	<u>\$ 57,161</u>
Summary by function		
Operating costs	\$ 16,480	\$ 13,874
Operating expenses	<u>54,513</u>	<u>43,287</u>
	<u>\$ 70,993</u>	<u>\$ 57,161</u>

(VII) Compensation to employees and remuneration to directors

In accordance with the articles of association of the Company, the Company shall allocate no less than 3% of the year's pre-tax profit as employees' remuneration and no more than 3% of the year's pre-tax profit as directors' remuneration; however, when the Company still has losses to make up, the compensation amount shall be retained first, and then the employees' remuneration and directors' remuneration shall be allocated according to the aforementioned proportion.

Due to the net loss before tax for the three months ended March 31, 2024, no employee compensation and director remuneration was accrued in accordance with the provisions of the articles of association.

For the three months ended March 31, 2023, the estimated compensation to employees and remuneration to directors were both NT\$0 thousand.

If there is still any change in the amount after the issuance date of the annual consolidated financial statements, it shall be handled according to the change of accounting estimate and adjusted and recorded in the next year.

Due to losses, neither the compensation to employees nor the remuneration to directors was distributed for 2023 and 2022. There is no difference between these amounts and the amounts recognized in the consolidated financial statements in 2023 and 2022.

For information on the employees' remuneration and directors' remuneration in accordance with the resolutions of the board meeting of the Company, please visit the MOPS of the Taiwan Stock Exchange.

(VIII) Foreign exchange gain or loss

	January 1 to March 31, 2024	January 1 to March 31, 2023
Total foreign exchange gain	\$ 63,374	\$ 41,389
Total foreign exchange loss	(49,509)	(40,701)
Net gain or loss	<u>\$ 13,865</u>	<u>\$ 688</u>

XXIV. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax (benefit) expense are as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Current income tax		
Incurred in the current period	(\$ 5,991)	\$ 3,372
Deferred income tax		
Incurred in the current period	(10,003)	3,536
Income tax expenses (benefits) recognized in profit or loss	(<u>\$ 15,994</u>)	<u>\$ 6,908</u>

(II) Income tax assessment status

The Company's profit seeking business income tax returns up to 2021 have been approved by the tax collection authority. The profit seeking business income tax returns of the Company's domestic subsidiaries up to 2021 have been approved by the tax collection authority.

XXV. Loss per share

	January 1 to March 31, 2024	Unit: NT\$/share January 1 to March 31, 2023
Basic loss per share	(<u>\$ 0.68</u>)	(<u>\$ 0.06</u>)
Diluted loss per share	(<u>\$ 0.68</u>)	(<u>\$ 0.06</u>)

The net loss and the weighted average number of ordinary shares used to calculate the loss per share are as follows:

Net loss of the current period

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net loss used to calculate basic loss per share	(\$ 32,912)	(\$ 2,838)
Impact of potential ordinary shares with dilution effect:		
After-tax interest on convertible bonds	-	-
Net loss used to calculate diluted loss per share	(\$ 32,912)	(\$ 2,838)

Number of shares

	January 1 to March 31, 2024	Unit: 1,000 shares January 1 to March 31, 2023
Weighted average number of ordinary shares used to calculate basic loss per share	48,346	48,346
Impact of potential ordinary shares with dilution effect:		
Convertible corporate bonds	-	-
Weighted average number of ordinary shares used to calculate diluted loss per share	48,346	48,346

The consolidated company had a net loss for the three months ended March 31, 2024 and 2023, so the potential ordinary shares with an anti-dilution effect (including those from convertible corporate bonds) were excluded from the calculation.

XXVI. Equity transactions with non-controlling interests

On March 10, 2023, the consolidated Company acquired its 100 thousand shares in IOTU CORPORATION, resulting in an increase of shareholding from 92.31% to 93.08%.

As the aforementioned transactions did not change the consolidated company's control over the subsidiary, the consolidated company considered it to be an equity transaction.

	IOTU CORPORATION
Consideration paid	(\$ 1,026)
Net asset carrying amount of the subsidiary calculated based on the change in relative equity which should be transferred from non-controlling equity	441
Difference in equity transaction	(\$ 585)
<u>Adjustment of difference in equity transaction</u>	
Capital surplus - recognition of change in equity ownership of subsidiary	(\$ 585)

XXVII. Financial instrument

(I) Information on fair value - financial instruments not measured at fair value

March 31, 2024

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Convertible corporate bonds	\$ 596,580	\$ 657,528	\$ -	\$ -	\$ 657,528

December 31, 2023

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Convertible corporate bonds	\$220,905	\$ 225,494	\$ -	\$ -	\$ 225,494

March 31, 2023

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
- Convertible corporate bonds	\$ 218,768	\$ 218,148	\$ -	\$ -	\$ 218,148

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Domestic TWSE (TPEX) listed stocks	\$ 847	\$ -	\$ -	\$ 847
Derivatives of redemption rights	-	680	-	680
Total	<u>\$ 847</u>	<u>\$ 680</u>	<u>\$ -</u>	<u>\$ 1,527</u>

Financial assets at fair value through other comprehensive income

Equity instruments				
- TWSE (TPEX) listed and emerging market stocks	\$ 6,688	\$ -	\$ -	\$ 6,688
- TWSE (TPEX) unlisted ordinary stocks	-	-	17,902	17,902
Total	<u>\$ 6,688</u>	<u>\$ -</u>	<u>\$ 17,902</u>	<u>\$ 24,590</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Domestic TWSE (TPEX) listed stocks	\$ 846	\$ -	\$ -	\$ 846
Beneficiary certificates of mutual funds	5,836	-	-	5,836
Total	<u>\$ 6,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,682</u>

Financial assets at fair value through other comprehensive income

Equity instruments				
- TWSE (TPEX) listed and emerging market stocks	\$ 7,378	\$ -	\$ -	\$ 7,378
- TWSE (TPEX) unlisted ordinary stocks	-	-	18,432	18,432
Total	<u>\$ 7,378</u>	<u>\$ -</u>	<u>\$ 18,432</u>	<u>\$ 25,810</u>

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Domestic TWSE (TPEX) listed stocks	\$ 888	\$ -	\$ -	\$ 888
Beneficiary certificates of mutual funds	5,158	-	-	5,158
Derivatives of redemption rights	-	45	-	45
Total	<u>\$ 6,046</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ 6,091</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instruments				
- TWSE (TPEX) listed and emerging market stocks	\$ 11,495	\$ -	\$ -	\$ 11,495
- TWSE (TPEX) unlisted ordinary stocks	-	-	32,572	32,572
Total	<u>\$ 11,495</u>	<u>\$ -</u>	<u>\$ 32,572</u>	<u>\$ 44,067</u>

There were no transfers between Level 1 and 2 fair value measurements during the three months ended March 31, 2024 and 2023.

2. Adjustment of financial instruments measured at fair value at level 3

January 1 to March 31, 2024

<u>Financial assets</u>	<u>Financial assets at fair value through other comprehensive income</u>
Beginning balance	<u>Equity instrument</u> \$ 18,432
Revaluation gains (losses) on financial assets measured at fair value through other comprehensive income	(530)
Ending balance	<u>\$ 17,902</u>

January 1 to March 31, 2023

	Financial assets at fair value through other comprehensive income
Financial assets	Equity instrument
Beginning balance	\$ 33,690
Purchase	257
Revaluation gains (losses) on financial assets measured at fair value through other comprehensive income	(1,375)
Ending balance	<u>\$ 32,572</u>

3. Evaluation techniques and input values for level 2 fair value measurements

Financial instrument type	Evaluation techniques and input values
Derivatives of redemption rights	Binary tree convertible bond evaluation model: based on the evaluation-date stock price, stock price volatility, risk-free interest rate relative to the duration of the convertible bond, risk discount rate considering the credit premium, and reduced liquidity reduction factor.

4. Evaluation techniques and input values for level 3 fair value measurements

Financial instrument type	Evaluation techniques and input values
TWSE (TPEX) unlisted ordinary stocks	TWSE (TPEX) unlisted investment uses the asset method. The asset method is mainly applied to venture capital companies to evaluate their fair values by referring to their net asset values.

(III) Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 1,527	\$ 6,682	\$ 6,091
Financial assets measured at amortized cost (note 1)	1,418,746	1,559,050	1,381,117
Financial assets at fair value through other comprehensive income			
Equity instruments	24,590	25,810	44,067
<u>Financial liabilities</u>			
Measured at amortized cost (note 2)	1,862,427	2,349,822	1,639,440

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term borrowings, accounts payable, other payables, corporate bonds payable and guarantee deposits received.

(IV) Purpose and policy of financial risk management

The main financial instruments of the consolidated company include equity investments, accounts receivable, notes payable, accounts payable, loans and corporate bonds payable. The financial management department of the consolidated company provides services for all business units, coordinates the entry into domestic and international financial markets, and supervises and manages financial risks related to the operation of the consolidated company by analyzing the internal risk report of the exposure according to the risk level and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The main financial risk from the operating activities of the consolidated company leads to the consolidated company's foreign currency exchange rate change risk (refer to (1) below) and the interest rate change risk (refer to (2) below).

(1) Exchange rate risk

The consolidated company engages in foreign currency denominated sales and purchase transactions, resulting in exposure to exchange rate change risk.

Please refer to note 32 for the carrying amounts of monetary assets and monetary liabilities (including monetary items written off under non-functional currency in the consolidated financial statements) of the consolidated company denominated in non-functional currency on the balance sheet date.

Sensitivity Analysis

The consolidated company is mainly affected by the exchange rate fluctuation of US dollar.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of New Taiwan dollar (functional currency) against US dollar changes by 1%. 1% is the sensitivity ratio used within the consolidated company to report exchange rate risk to the key management, and also represents the management's assessment of the range of reasonably possible changes in foreign currency exchange rates. The sensitivity analysis only includes the monetary items that are outstanding, and the conversion at the end of the period is adjusted by 1% of the exchange rate change. When NTD appreciates by 1% against USD, the pre-tax profit for the three months ended March 31, 2024 and 2023 will increase by NT\$4,075 thousand and NT\$499 thousand, respectively. The impact of the exchange rate fluctuations above mainly comes from the receivable and payable items of the consolidated company that are still outstanding on the balance sheet date which have not undergone cash flow risk hedging.

(2) Interest rate risk

Interest rate risk exposure is caused by the fact that entities in the consolidated company borrow funds at fixed and floating rates at the same time. The consolidated company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The carrying amounts of the financial assets and financial liabilities of the consolidated company subject to interest rate risk exposure on the balance sheet date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
With interest rate risk in fair value			
- Financial assets	\$ 106,347	\$ 15,047	\$ 208,010
- Financial liabilities	1,049,076	616,610	673,202
With interest rate risk in cash flow			
- Financial assets	411,210	591,859	445,021
- Financial liabilities	176,311	450,514	96,694

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposure of non-derivative instruments on the balance sheet date. For floating interest rate liabilities, it is assumed that the amount of liabilities outstanding on the balance sheet date is also outstanding during the reporting period. 25 basis points is the sensitivity rate used within the Group to report interest rate risk to the key management, and also represents the management's assessment of the range of reasonably possible changes in foreign currency interest rate.

If the interest rate increases/decreases by 25 basis points, and all other variables remain unchanged, the consolidated company's net income before tax for the three months ended March 31, 2024 and 2023 will increase/decrease by NT\$147 thousand and NT\$218 thousand, respectively.

(3) Other price risks

Equity price risk exposure due to the consolidated company's investment in stocks. This equity investment is not held for trading but a strategic investment. The consolidated company does not actively engage in such investment. The consolidated company's equity price risk mainly concentrates in the equity instruments listed on TPEX in Taiwan.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If the equity price had increased/decreased by 15%, the pre-tax profit or loss for the three months ended March 31, 2024 and 2023 would have increased/decreased by NT\$127 thousand and NT\$907 thousand, respectively, due to the increase/decrease in fair value of financial assets at fair value through profit or loss. Other comprehensive income before tax for the three months ended March 31, 2024 and 2023 would have increased/decreased by NT\$1,003 thousand and NT\$1,724 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of the Group's financial loss caused by default of contractual obligations of the trading counterparty. As of the balance sheet date, the maximum credit risk exposure of the consolidated company due to the trading counterparty's non-performance of obligations comes from the carrying amount of financial assets recognized in the consolidated balance sheet.

The customer base of the consolidated company is vast and unrelated, so the concentration of credit risk is not high.

3. Liquidity risk

The consolidated company manages and maintains sufficient cash and cash equivalents to cover operating expenses and mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises bank financing limits and ensures compliance with loan contract terms.

Bank loans are an important source of liquidity for the consolidated company. For the consolidated company's unused financing facilities as of

March 31, 2024, December 31 and March 31, 2023, please refer to the description of (2) Financing facilities below.

(1) Table of liquidity and interest rate risk of non-derivative financial liabilities

The maturity analysis of the remaining contracts of non-derivative financial liabilities is based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities on the earliest possible repayment date of the consolidated company. Therefore, the series of bank loans that the consolidated company may be required to repay immediately shall not take into account the probability of the bank executing the right immediately in the earliest period in the table below; the maturity analysis of other non-derivative financial liabilities are prepared according to the agreed repayment dates.

March 31, 2024

	Immediate repayment or repayment in less than 1 month required	1 to 3 months	3 months to 1 year	1 to 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 538,234	\$ 173,351	\$ 11,322	\$ -
Lease liabilities	354	1,061	2,875	4,295
Corporate bonds payable	-	-	222,600	400,000
Floating rate instruments	86,550	31,659	60,098	-
Fixed rate instruments	481	962	453,459	-
	<u>\$ 625,619</u>	<u>\$ 207,033</u>	<u>\$ 750,254</u>	<u>\$ 404,295</u>

Further information on the analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liabilities	<u>\$ 4,290</u>	<u>\$ 4,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	Immediate repayment or repayment in less than 1 month required	1 to 3 months	3 months to 1 year	1 to 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 494,025	\$ 862,705	\$ 21,606	\$ -
Lease liabilities	187	561	1,524	1,500
Corporate bonds payable	-	-	222,600	-
Floating rate instruments	50,059	129,387	264,399	-
Fixed rate instruments	51,748	6,000	353,013	-
	<u>\$ 596,019</u>	<u>\$ 998,653</u>	<u>\$ 863,142</u>	<u>\$ 1,500</u>

Further information on the analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	15 to 20 years
Lease liabilities	<u>\$ 2,272</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2023

	Immediate repayment or repayment in less than 1 month required	1 to 3 months	3 months to 1 year	1 to 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 611,100	\$ 295,120	\$ 65,385	\$ -
Lease liabilities	175	524	1,438	3,075
Corporate bonds payable	-	-	-	222,600
Floating rate instruments	438	52,449	37,259	-
Fixed rate instruments	33,057	49,717	374,595	-
	<u>\$ 644,770</u>	<u>\$ 397,810</u>	<u>\$ 478,677</u>	<u>\$ 225,675</u>

Further information on the analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liabilities	<u>\$ 2,137</u>	<u>\$ 3,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amount of floating rate instruments for non-derivative financial liabilities mentioned above will vary depending on the difference between the floating rate and the estimated interest rate on the balance sheet date.

(2) Financing limits

	March 31, 2024	December 31, 2023	March 31, 2023
Amount already used	\$ 610,638	\$ 832,569	\$ 538,112
Amount not used	<u>602,362</u>	<u>380,431</u>	<u>674,888</u>
	<u>\$ 1,213,000</u>	<u>\$ 1,213,000</u>	<u>\$ 1,213,000</u>

XXVIII. Related Party Transaction

Transactions, account balances, income and expenses and impairments between the Company and its subsidiaries (which are related parties of the Company) are eliminated in full at the time of consolidation, so they are not disclosed in this note. Other than those disclosed in other notes, the transactions between the consolidated company and other related parties are as follows:

(I) Names of related parties and their relationships

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Hechuang Intelligence Co., Ltd.	Affiliated enterprise
Lithium Ion Battery Recycling Co., Ltd.	Affiliated enterprise
Rigo Global Co., Ltd.	Substantive related party
Midas Labs Inc.	Substantive related party
Neurobit Technologies	Substantive related party
Instant NanoBiosensors	Substantive related party
Allbio Life Co., Ltd.	Substantive related party
Tongxin Tang Pharmaceutical Shop	Substantive related party
Mao-Sung Chang	Chairman of the Company
Chien-Wei Chen	President of the Company
Peng-Chun Chen	Substantive related party

(II) Operating Revenue

<u>Accounting items</u>	<u>Type of related party</u>	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Sales revenue	Substantive related party	<u>\$ 102</u>	<u>\$ 549</u>

The transactions between the consolidated company and the above-mentioned related party are subject to the agreed terms and conditions.

(III) Accounts receivable from a related party

Accounting items	Type/name of related party	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	Substantive related party	<u>\$ 26</u>	<u>\$ 47</u>	<u>\$ 50</u>

No guarantee is collected for outstanding accounts receivable due from related parties. No loss allowance is allocated for accounts receivable due from related parties for the three months ended March 31, 2024 and 2023.

(IV) Payables to related parties

Accounting items	Type/name of related party	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable	Substantive related party	<u>\$ 214</u>	<u>\$ 214</u>	<u>\$ 231</u>

For balance of payables to related parties outstanding, no guarantee has been provided.

(V) Prepayments

Accounting items	Type/name of related party	March 31, 2024	December 31, 2023	March 31, 2023
Prepaid expenses	Affiliated enterprise	<u>\$ 5,714</u>	<u>\$ 5,714</u>	<u>\$ -</u>

(VI) Loans from related parties

Type/name of related party	March 31, 2024	December 31, 2023	March 31, 2023
Substantive related party			
Peng-Chun Chen	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 8,000</u>

Interest expenses

Type/name of related party	January 1 to March 31, 2024	January 1 to March 31, 2023
Substantive related party		
Peng-Chun Chen	<u>\$ 53</u>	<u>\$ 9</u>

The interest rate of the consolidated company's borrowings from the related parties is equivalent to the market interest rate. All borrowings from substantive related parties are unsecured borrowings.

(VII) Endorsements and guarantees

Endorsements and guarantees obtained

<u>Type/name of related party</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Chairman of the Company</u>			
Mao-Sung Chang			
Guaranteed amount	\$ 1,213,000	\$ 1,213,000	\$ 1,213,000
Actual amount used (recognized as guaranteed bank loan)	(<u>610,638</u>)	(<u>832,569</u>)	(<u>538,112</u>)
	<u>\$ 602,362</u>	<u>\$ 380,431</u>	<u>\$ 674,888</u>

(VIII) Compensation of key management

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Short-term employee benefits	\$ 6,110	\$ 7,130
Post-employment benefits	<u>213</u>	<u>260</u>
	<u>\$ 6,323</u>	<u>\$ 7,390</u>

The compensation of directors and other key management is determined by the Compensation Committee in accordance with individual performance and market trends.

XXIX. Pledged Assets

The following assets of the consolidated company have been pledged as collateral for short-term borrowings and letters of credit:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Pledged bank deposits (recognized as financial assets measured at amortized cost)	\$ -	\$ 5,247	\$ 5,185
Pledged time deposit (recorded as financial assets at amortized cost)	5,447	200	-
Property and plant, net	794,142	799,630	665,527
Net of investment property	<u>33,242</u>	<u>33,323</u>	<u>33,565</u>
	<u>\$ 832,831</u>	<u>\$ 838,400</u>	<u>\$ 704,277</u>

XXX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

The unrecognized contractual commitments of the consolidated company are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant, and equipment	<u>\$ 6,866</u>	<u>\$ 6,803</u>	<u>\$ 145,978</u>

XXXI. Other Matters

Due to the impact of the Russo-Ukrainian War, global inflation, global follow-up to the US FED's interest rate hike, and the devaluation of virtual currencies, market demand has significantly decreased, resulting in a consolidated operating income of NT\$1,317,636 thousand and a post-tax loss of NT\$32,543 thousand for the three months ended March 31, 2024, representing a decrease of 851% compared to the same period last year. The loss per share for the three months ended March 31, 2024 was NT\$0.68. During the three months ended March 31, 2024, the consolidated company's operations were normal, and there was no significant asset impairment and financing risks arising from the aforementioned matters.

XXXII. Foreign currency financial assets and liabilities with significant impact

The following information is summarized and expressed in foreign currencies other than the functional currency of each entity of the consolidated company. The disclosed exchange rate refers to the exchange rate converted from such foreign currencies to the functional currencies. Foreign currency financial assets and liabilities with significant impact are as follows:

March 31, 2024

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 47,470	32.000 (USD:NTD)	<u>\$ 1,519,027</u>
Foreign currency liabilities			
<u>Monetary item</u>			
USD	34,735	32.000 (USD:NTD)	<u>\$ 1,111,520</u>

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 50,976	30.705 (USD:NTD)	<u>\$ 1,565,203</u>
Foreign currency liabilities			
<u>Monetary item</u>			
USD	52,276	30.705 (USD:NTD)	<u>\$ 1,602,483</u>

March 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 45,470	30.45 (USD:NTD)	<u>\$ 1,384,562</u>
Foreign currency liabilities			
<u>Monetary item</u>			
USD	43,811	30.45 (USD:NTD)	<u>\$ 1,334,659</u>

Foreign currency exchange gains and losses (realized and unrealized) with significant impact are as follows:

	January 1 to March 31, 2024		January 1 to March 31, 2023	
Functional currency	Functional currency to expressing currency	Net exchange gain or loss	Functional currency to expressing currency	Net exchange gain or loss
USD	31,448 (USD:NTD)	(\$ 58)	30,395 (USD:NTD)	(\$ 265)
NTD	1 (NTD:NTD)	<u>13,923</u>	1 (NTD:NTD)	<u>953</u>
		<u>\$ 13,865</u>		<u>\$ 688</u>

XXXIII. Disclosure Notes

(I) Information about significant transactions:

- Loans to others: None.
- Endorsements/guarantees provided for others: Table 1.
- Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Table 2.
- Cumulative purchase or sale of the same securities reaching NT\$300 million or 20% of the paid-in capital: none.

5. Amount of real estate acquired reaching NT\$300 million or 20% of the paid-in capital: none.
 6. Amount of real estate disposed of reaching NT\$300 million or 20% of the paid-in capital: none.
 7. Amount of purchases or sales with related parties reaching NT\$100 million or 20% of the paid-in capital: Appendix 3.
 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 9. Engagement in derivatives transactions. Appendix 7.
 10. Others: Business relationship between the parent and the subsidiary companies and among subsidiary companies, as well as important transactions and amounts: Appendix 5.
- (II) Information related to reinvestment businesses: Appendix 6.
- (III) Mainland China investment information: none.
- (IV) Major shareholders' information: names, shareholdings and proportions of shareholders with a shareholding ratio of more than 5%: Appendix 7.

XXXIV. Departmental Information

Providing information to the main business decision-makers to allocate resources and evaluate departmental performance, focusing on the type of product or service delivered or provided. The reportable departments of the consolidated company are as follows:

Display card manufacturing and sales business.

Construction business

Other businesses

Department revenue and operating results

The revenue and operating results of the consolidated company are analyzed as follows according to the reportable department:

	Segment revenue		Segment profit and loss	
	January 1 to March 31, 2024	January 1 to March 31, 2023	January 1 to March 31, 2024	January 1 to March 31, 2023
Display card manufacturing and sales business.	\$ 1,313,683	\$ 1,313,742	\$ 57,040	\$ 19,082
Construction business	3,713	1,020	(5,374)	(8,225)
Others	<u>240</u>	<u>427</u>	<u>852</u>	(<u>841</u>)
Total amount of continuing operating units	<u>\$ 1,317,636</u>	<u>\$ 1,315,189</u>	(52,518)	10,016
Non-operating Income and expenses			<u>3,981</u>	(<u>6,531</u>)
Profit (loss) before tax			(<u>\$ 48,537</u>)	<u>\$ 3,485</u>

All the departmental revenue reported above is generated from transactions with internal and external customers. The interdepartmental sales for the three months ended March 31, 2024 and 2023 have been eliminated during the consolidation process. The Interdepartmental sales are based on the conditions agreed upon by both parties.

Department income refers to the profit earned by each department, excluding non-operating income and expenses and income tax expenses. This measured amount is to serve as a reference for key business decision-makers to allocate resources to departments and evaluate their performance.

Tul Corp. and Subsidiaries
Endorsements and guarantees for others
March 31, 2024

Appendix 1

Unit: NT\$1,000

Number	Name of endorsing or guaranteeing company	Name of endorsed or guaranteed company		Limit of endorsement or guarantee for a single enterprise (note 2)	Maximum endorsement or guarantee balance of the period	Endorsement or guarantee balance at period end	Actual amount used	Endorsement and guarantee amount with assets as collateral	Accumulated endorsement and guarantee amount as a percentage (%) of the net value as in the latest financial statements	Maximum endorsement or guarantee limit (note 3)	Endorsements and guarantees provided to subsidiaries by the parent company	Endorsements and guarantees provided by subsidiaries to the parent company	Endorsements and guarantees provided to mainland China area
		Company name	Relationship										
0	Tul Corp.	IOTU CORPORATION	Subsidiary with over 50% ordinary share equity directly held by the Company	\$ 326,840	\$ 22,113	\$ 22,113	\$ 22,113	\$ -	1%	\$ 817,100	Y	N	N
0	Tul Corp.	Sparkle Computer Co., Ltd.	Subsidiary with over 50% ordinary share equity directly held by the Company	326,840	80,000	80,000	24,116	-	5%	817,100	Y	N	N

Note 1: The explanation of the number field is as follows:
Fill in 0 for the issuer.

Note 2: Calculated based on 20% of the Company’s net value as in the financial statements dated March 31, 2024.

Note 3: Calculated based on 50% of the Company’s net value as in the financial statements dated March 31, 2024.

Tul Corp. and Subsidiaries
Securities held at period end
March 31, 2024

Appendix 2

Unit: NT\$1,000

Holding company	Name of security	Relationship with the securities issuer	Accounting subject	Period end				Remarks
				Number of shares/(1,000 shares)	Carrying amount	Shareholding percentage (%)	Fair value	
Tul Corp.	<u>Stock</u> WPG Holdings Limited Preferred Share A	—	Current financial assets at fair value through profit or loss.	18	\$ 847	-	\$ 847	
	Clientron Corp.	—	Non-current financial assets at fair value through other comprehensive income.	476	6,688	1	6,688	
	Midas Labs Inc.	—	Non-current financial assets at fair value through other comprehensive income.	1,852	387	4	387	
	Neurobit Technologies	—	Non-current financial assets at fair value through other comprehensive income.	1,728	92	3	92	
	Instant NanoBiosensors	—	Non-current financial assets at fair value through other comprehensive income.	263	847	4	847	
	Inforcom Technology Inc.	—	Non-current financial assets at fair value through other comprehensive income.	760	11,025	4	11,025	
	CytoArm Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income.	385	1,290	1	1,290	
	Allbio Life Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income.	400	731	6	731	
	RFIC Technology Corporation	—	Financial assets at fair value through other comprehensive income	900	3,530	3	3,530	

Note: Please refer to Appendix 6 for information on the investment in the equity of subsidiaries and related enterprises.

Tul Corp. and Subsidiaries

Amount of purchases or sales with related parties reaching NT\$100 million or 20% of the paid-in capital.

January 1 to March 31, 2024

Appendix 3

Unit: NT\$1,000

Selling company	Name of trading counterparty	Relationship	Transaction details				Circumstances and reasons why the trading conditions differ from those of ordinary trading		Accounts receivable		Remarks
			Sales	Amount	Percentage of total sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts receivable	
Tul Corp.	TUL Inc.	Subsidiary	Sales	\$ 377,077	28%	OA 90 days	Cost markup	No significant difference	\$ 649,508	46%	
	TUL B.V.	Subsidiary	Sales	254,385	19%	OA 120 days	Cost markup	No significant difference	283,687	20%	
	Sparkle Computer Co., Ltd.	Subsidiary	Sales	132,306	10%	OA 120 days	Cost markup	No significant difference	138,626	10%	

Note: These transactions have been written off during the preparation of the consolidated financial statements.

Tul Corp. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of the paid-in capital.

March 31, 2024

Appendix 4

Unit: NT\$1,000

Companies with accounts receivable	Trading counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amount recovered after the due date of accounts receivable due from related parties	Allocation of allowance for bad debts	Remarks
					Amount	Handling method			
Tul Corp.	TUL Inc.	Subsidiary	\$ 649,508	2.98	\$ -	—	\$ -	\$ -	
Tul Corp.	TUL B.V.	Subsidiary	283,687	4.65	-	—	-	-	
Tul Corp.	Sparkle Computer Co., Ltd.	Subsidiary	138,626	6.25	-	—	-	-	

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

Tul Corp. and Subsidiaries

Business relationship between the parent and the subsidiary companies and among subsidiary companies, as well as important transactions and amounts

January 1 to March 31, 2024

Appendix 5

Unit: NT\$1,000

Number (Note 1)	Name of trader	Trade partner	Relationship with the trader (note 2)	Trading situation			
				Subject	Amount	Trade conditions	As a percentage of consolidated total revenue or total assets (note 3)
0	Tul Corp.	TUL Inc.	1	Accounts receivable	\$ 649,508	OA 90 days	17%
		TUL B.V.	1	Sales revenue	377,077	OA 90 days	28%
				Accounts receivable	283,687	OA 120 days	8%
		Sparkle Computer Co., Ltd.	1	Sales revenue	254,385	OA 120 days	19%
				Accounts receivable	138,626	OA 120 days	4%
				Sales revenue	132,306	OA 120 days	10%

Note 1: The business transactions between the Company and its subsidiaries should be indicated separately in the number field, and the method for filling in the number is as follows:

1. Fill in “0” for the Company.
2. Subsidiaries are numbered in sequence in each company type starting from the number 1.

Note 2: There following two types of relationships with the trader exist; just indicate the type:

1. The Company to a subsidiary.
2. Subsidiary to the Company.

Note 3: The transactions above have been written off during the preparation of the consolidated financial statements.

Tul Corp. and Subsidiaries
Name of Investee company, location...etc.
January 1 to March 31, 2024

Appendix 6

Unit: NT\$1,000

Name of Investment company	Name of Investee company	Location	Major business items	Initial investment amount		Shareholding at the end of the period			Profit or loss of the investee company for the current period	Investment profit or loss recognized for the current period	Remarks
				Period end	Beginning	Number of shares (1,000 shares)	Percentage (%)	Carrying amount			
Tul Corp.	TUL Inc.	USA	Sales of information software and hardware products.	\$ 3,042	\$ 3,042	\$ 100	100	\$ 2,674	(\$ 8,484)	(\$ 8,484)	Subsidiary
	IOTU CORPORATION	Taiwan	Contracting of information and communication projects.	121,026	121,026	12,100	93.08	9,911	5,375	5,004	Subsidiary
	TUL B.V.	Netherlands	Sales of information software and hardware products.	4,147	4,147	100	100	379	4	4	Subsidiary
	Technology Created Medicine Corporation	Taiwan	Medical equipment manufacturing and wholesale, and telecommunications equipment retail.	29,000	29,000	2,900	100	30,213	(852)	(852)	Subsidiary
	Sparkle Computer Co., Ltd.	Taiwan	Sales of information software and hardware products.	139,000	139,000	13,900	100	138,872	(2,556)	(2,556)	Subsidiary
	Hechuang Intelligence Co., Ltd.	Taiwan	Information and data processing service	3,850	3,850	385	46.67	397	(10)	(5)	Affiliated enterprise
IOTU CORPORATION	Lithium Ion Battery Recycling Co., Ltd. (note 2)	Taiwan	Lithium-ion battery regeneration	12,000	12,000	302	10	300	(7,715)	-	Affiliated enterprise

Note 1: All subsidiaries in the table above have been consolidated into the consolidated statements, and related investments and gains and losses have been written off.

Note 2: On August 3, 2022, the consolidated Company invested NT\$12,000 thousand in cash for 302 thousand shares of Lithium Ion Battery Recycling Co., Ltd. to acquire 10% of the equity, which was measured at fair value through other comprehensive income; on September 26, 2023, has a significant influence on the company due to the acquisition of one of the four seats on the board of directors of the company. Therefore, the financial assets measured at fair value through other comprehensive income on the date of acquisition of the significant influence are classified as an associate of the consolidated company.

Tul Corp. and Subsidiaries
Major shareholders' information
March 31, 2024

Appendix 7

List of Major Shareholders	Shares	
	Shares held (shares)	Shareholding percentage
Fen-Lan Liu	2,629,833	5.43%

Note: The major shareholders' information in this table is based on the calculation by the Central Depository & Clearing Corporation on the last business day at the end of the current quarter, where the total number of ordinary and preferred shares held by shareholders that have completed scripless registration and delivery (including treasury shares) exceeds 5%. The share capital recorded in the Company's consolidated financial report may differ from the actual number of shares with completion of scripless registration and delivery, possibly due to differences in preparation and calculation basis.