

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2024 AND 2023

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.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Test Research, Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Test Research, Inc. and subsidiaries (the "Group") as at September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these 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" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Basis for qualified conclusion

As explained in Notes 4(3) and 6(5), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$1,785,235 thousand and NT\$1,350,060 thousand, constituting 18% and 16% of the consolidated total assets as at September 30, 2024 and 2023, respectively, total liabilities amounted to NT\$156,317 thousand and NT\$98,313 thousand, constituting 8% and 7% of

the consolidated total liabilities as at September 30, 2024 and 2023, respectively, and the total comprehensive income amounted to NT\$33,877 thousand, (NT\$2,323) thousand, NT\$80,291 thousand and NT\$4,441 thousand, constituting 8%, (1%), 6% and 1% of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

Qualified conclusion

Except for the adjustments and disclosures to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of consolidated subsidiaries and investments accounted for using the equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Huang, Pei-Chuan

Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

November 1, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets			September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 530,725	5	\$ 859,919	10	\$ 422,359	5
1136	Current financial assets at	6(2)						
	amortised cost		447,638	5	490,278	6	476,991	6
1140	Current contract assets	6(3)	1,554,965	16	1,216,696	14	1,064,005	13
1150	Notes receivable, net	6(3)	30,117	-	43,500	-	41,643	1
1170	Accounts receivable, net	6(3)	1,576,622	16	1,045,410	12	1,102,866	13
1200	Other receivables		44,519	1	34,975	-	25,369	-
130X	Inventory	6(4)	1,402,323	14	1,261,632	14	1,323,804	16
1470	Other current assets		38,295	-	33,482	-	28,123	-
11XX	Total current assets		5,625,204	57	4,985,892	56	4,485,160	54
Non-current assets								
1550	Investments accounted for using	6(5)						
	the equity method		47,593	1	-	-	-	-
1600	Property, plant and equipment	6(6) and 8	3,978,964	41	3,732,472	42	3,594,631	44
1755	Right-of-use assets	6(7)	35,350	-	48,727	1	57,601	1
1780	Intangible assets		28,484	-	28,235	-	30,319	-
1840	Deferred income tax assets		100,196	1	99,384	1	67,723	1
1920	Guarantee deposits paid		10,480	-	11,179	-	11,426	-
15XX	Total non-current assets		4,201,067	43	3,919,997	44	3,761,700	46
1XXX	Total assets		\$ 9,826,271	100	\$ 8,905,889	100	\$ 8,246,860	100

(Continued)

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Contract liabilities - current	6(13)	\$ 61,680	1	\$ 60,858	1	\$ 30,580	-
2150	Notes payable		25,635	-	18,056	-	10,751	-
2170	Accounts payable		886,213	9	508,965	6	383,654	5
2200	Other payables	6(8)	480,452	5	443,954	5	299,573	4
2230	Current income tax liabilities		298,532	3	375,980	4	256,654	3
2280	Current lease liabilities		20,580	-	27,859	-	29,239	-
2300	Other current liabilities		12,850	-	11,930	-	9,074	-
21XX	Total current liabilities		<u>1,785,942</u>	<u>18</u>	<u>1,447,602</u>	<u>16</u>	<u>1,019,525</u>	<u>12</u>
Non-current liabilities								
2550	Provisions for liabilities - non-current		17,036	-	13,528	-	11,916	-
2570	Deferred income tax liabilities		221,749	3	205,949	2	226,037	3
2580	Non-current lease liabilities		14,657	-	20,771	-	27,971	-
2600	Other non-current liabilities		23,749	-	32,459	1	32,580	1
25XX	Total non-current liabilities		<u>277,191</u>	<u>3</u>	<u>272,707</u>	<u>3</u>	<u>298,504</u>	<u>4</u>
2XXX	Total liabilities		<u>2,063,133</u>	<u>21</u>	<u>1,720,309</u>	<u>19</u>	<u>1,318,029</u>	<u>16</u>
Equity attributable to owners of the parent								
Share capital		6(10)						
3110	Common stock		2,362,160	24	2,362,160	27	2,362,160	29
Capital surplus		6(11)						
3200	Capital surplus		53,290	-	53,290	1	53,290	1
Retained earnings		6(12)						
3310	Legal reserve		1,826,883	19	1,726,831	19	1,726,831	21
3320	Special reserve		67,549	1	48,704	1	48,704	-
3350	Unappropriated retained earnings		3,473,423	35	3,062,144	34	2,784,539	34
Other equity interest								
3400	Other equity interest		(20,167)	-	(67,549)	(1)	(46,693)	(1)
3XXX	Total equity		<u>7,763,138</u>	<u>79</u>	<u>7,185,580</u>	<u>81</u>	<u>6,928,831</u>	<u>84</u>
Significant contingent liabilities and unrecognized contract commitments 9								
3X2X	Total liabilities and equity		<u>\$ 9,826,271</u>	<u>100</u>	<u>\$ 8,905,889</u>	<u>100</u>	<u>\$ 8,246,860</u>	<u>100</u>

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(13)	\$ 1,625,973	100	\$ 1,027,144	100	\$ 4,863,627	100	\$ 3,130,122	100
5000 Operating costs	6(4)(16)(17)	(663,882)	(41)	(416,631)	(40)	(1,997,630)	(41)	(1,274,249)	(40)
5950 Gross margin		<u>962,091</u>	<u>59</u>	<u>610,513</u>	<u>60</u>	<u>2,865,997</u>	<u>59</u>	<u>1,855,873</u>	<u>60</u>
Operating expenses	6(16)(17)								
6100 Selling expenses		(241,713)	(15)	(204,668)	(20)	(736,463)	(15)	(617,135)	(20)
6200 General and administrative expenses		(47,507)	(3)	(46,357)	(5)	(136,532)	(3)	(122,944)	(4)
6300 Research and development expenses		(143,690)	(9)	(104,137)	(10)	(432,632)	(9)	(321,435)	(10)
6450 Expected credit impairment (loss) gain	12(2)	(2,945)	-	(3,093)	-	(5,017)	-	5,030	-
6000 Total operating expenses		(435,855)	(27)	(358,255)	(35)	(1,310,644)	(27)	(1,056,484)	(34)
6900 Operating profit		<u>526,236</u>	<u>32</u>	<u>252,258</u>	<u>25</u>	<u>1,555,353</u>	<u>32</u>	<u>799,389</u>	<u>26</u>
Non-operating income and expenses									
7100 Interest income		2,340	-	1,814	-	12,052	-	10,125	-
7010 Other income	6(14)	5,918	1	1,842	-	9,564	-	7,452	-
7020 Other gains and losses	6(15)	(44,327)	(3)	58,308	6	63,151	2	90,292	3
7050 Finance costs		(683)	-	(772)	-	(2,179)	-	(2,078)	-
7060 Share of loss of associates and joint ventures accounted for using the equity method		(3,813)	-	-	-	(7,407)	-	-	-
7000 Total non-operating income and expenses		(40,565)	(2)	61,192	6	75,181	2	105,791	3
7900 Profit before income tax		485,671	30	313,450	31	1,630,534	34	905,180	29
7950 Income tax expense	6(18)	(97,419)	(6)	(67,486)	(7)	(320,845)	(7)	(182,265)	(6)
8200 Profit for the period		<u>\$ 388,252</u>	<u>24</u>	<u>\$ 245,964</u>	<u>24</u>	<u>\$ 1,309,689</u>	<u>27</u>	<u>\$ 722,915</u>	<u>23</u>
Other comprehensive income									
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		\$ 26,438	1	\$ 38,197	4	\$ 59,226	1	\$ 2,514	-
8399 Income tax relating to the components of other comprehensive loss that will be reclassified to profit or loss	6(18)	(5,287)	-	(7,640)	(1)	(11,844)	-	(503)	-
8300 Other comprehensive income for the period		<u>\$ 21,151</u>	<u>1</u>	<u>\$ 30,557</u>	<u>3</u>	<u>\$ 47,382</u>	<u>1</u>	<u>\$ 2,011</u>	<u>-</u>
8500 Total comprehensive income for the period		<u>\$ 409,403</u>	<u>25</u>	<u>\$ 276,521</u>	<u>27</u>	<u>\$ 1,357,071</u>	<u>28</u>	<u>\$ 724,926</u>	<u>23</u>
Profit attributable to:									
8610 Owners of the parent		<u>\$ 388,252</u>	<u>24</u>	<u>\$ 245,964</u>	<u>24</u>	<u>\$ 1,309,689</u>	<u>27</u>	<u>\$ 722,915</u>	<u>23</u>
Comprehensive income attributable to:									
8710 Owners of the parent		<u>\$ 409,403</u>	<u>25</u>	<u>\$ 276,521</u>	<u>27</u>	<u>\$ 1,357,071</u>	<u>28</u>	<u>\$ 724,926</u>	<u>23</u>
Earnings per share (in dollars)	6(19)								
9750 Basic earnings per share		<u>\$ 1.64</u>		<u>\$ 1.04</u>		<u>\$ 5.54</u>		<u>\$ 3.06</u>	
9850 Diluted earnings per share		<u>\$ 1.64</u>		<u>\$ 1.04</u>		<u>\$ 5.54</u>		<u>\$ 3.06</u>	

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Capital Surplus			Retained Earnings			Financial statements translation differences of foreign operations	Total equity
Notes	Share capital - common stock	Additional paid-in capital	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings			
<u>Nine months ended September 30, 2023</u>									
Balance at January 1, 2023		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,533,787	\$ 68,362	\$ 3,297,982	(\$ 48,704)	\$ 7,266,877
Profit for the period		-	-	-	-	-	722,915	-	722,915
Other comprehensive income for the period		-	-	-	-	-	-	2,011	2,011
Total comprehensive income for the period		-	-	-	-	-	722,915	2,011	724,926
Appropriations and distribution of 2022 retained earnings	6(12)								
Legal reserve appropriated		-	-	-	193,044	-	(193,044)	-	-
Special reserve reversed		-	-	-	-	(19,658)	19,658	-	-
Cash dividends to shareholders		-	-	-	-	-	(1,062,972)	-	(1,062,972)
Balance at September 30, 2023		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,726,831	\$ 48,704	\$ 2,784,539	(\$ 46,693)	\$ 6,928,831
<u>Nine months ended September 30, 2024</u>									
Balance at January 1, 2024		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,726,831	\$ 48,704	\$ 3,062,144	(\$ 67,549)	\$ 7,185,580
Profit for the period		-	-	-	-	-	1,309,689	-	1,309,689
Other comprehensive income for the period		-	-	-	-	-	-	47,382	47,382
Total comprehensive income for the period		-	-	-	-	-	1,309,689	47,382	1,357,071
Appropriations and distribution of 2023 retained earnings	6(12)								
Legal reserve appropriated		-	-	-	100,052	-	(100,052)	-	-
Special reserve appropriated		-	-	-	-	18,845	(18,845)	-	-
Cash dividends to shareholders		-	-	-	-	-	(779,513)	-	(779,513)
Balance at September 30, 2024		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,826,883	\$ 67,549	\$ 3,473,423	(\$ 20,167)	\$ 7,763,138

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,630,534	\$ 905,180
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(16)	124,835	95,452
Amortisation	6(16)	14,254	12,054
Expected credit impairment loss (gain)	12(2)	5,017 (	5,030)
Interest income		(12,052 ) (	10,125)
Interest expense		2,179	2,078
Share of loss of associates accounted for using the equity method	6(5)	7,407	-
Gain on disposal of property, plant and equipment	6(15)	(14,931 ) (	10,889)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(338,460)	385,133
Notes payable		13,383	28,105
Accounts receivable		(536,105)	410,631
Other receivables		(6,580)	15,220
Inventory		(229,537)	107,961
Other current assets		(9,813)	5,495
Changes in operating liabilities			
Contract liabilities		822 (	24,987)
Notes payable		7,579 (	6,421)
Accounts payable		377,248 (	99,327)
Other payables		11,571 (	205,362)
Other current liabilities		920 (	633)
Provisions for liabilities		3,508 (	3,827)
Other non-current liabilities		(8,710 ) (	7,000)
Cash inflow generated from operations		1,043,069	1,593,708
Interest received		9,088	7,408
Interest paid		(2,179 ) (	2,078)
Income taxes paid		(396,145 ) (	263,087)
Net cash flows from operating activities		653,833	1,335,951
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		42,640 (	191,901)
Acquisition of property, plant and equipment	6(20)	(229,344 ) (	785,649)
Proceeds from disposal of property, plant and equipment		21,744	18,025
Acquisition of intangible assets		(14,473 ) (	18,381)
Acquisition of investments accounted for using the equity method	6(20)	(50,000)	-
Decrease in guarantee deposits paid		699	1,249
Net cash flows used in investing activities		(228,734 ) (	976,657)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease principal repayment	6(21)	(26,038 ) (	26,822)
Cash dividends paid	6(12)	(779,513 ) (	1,062,972)
Net cash flows used in financing activities		(805,551 ) (	1,089,794)
Effect due to changes in exchange rate		51,258	4,204
Net decrease in cash and cash equivalents		(329,194 ) (	726,296)
Cash and cash equivalents at beginning of period		859,919	1,148,655
Cash and cash equivalents at end of period		\$ 530,725	\$ 422,359

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

TEST RESEARCH, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Test Research, Inc. (the Company) was incorporated in April 1989 under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design, assembly, manufacture, sales, repairs and maintenance of automated inspection and testing equipment. The shares of the Company have been listed on the Taiwan Stock Exchange since October 29, 2002.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on November 1, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

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

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
The basis for preparation of consolidated financial statements is consistent with the basis used in the 2023 consolidated financial statements

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	% of Ownership		Description
			September 30, 2024	December 31, 2023	
Test Research, Inc.	TEST RESEARCH USA INC. (TRU)	Trading	100	100	-
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH (TRE)	Trading	100	100	-
Test Research, Inc.	TRI JAPAN CORPORATION (TRJ)	Trading	100	100	-
Test Research, Inc.	TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	Trading	100	100	-
Test Research, Inc.	TRI KOREA CO., LTD. (TRK)	Trading	100	100	-
Test Research, Inc.	TRI INVESTMENTS LIMITED (TIL)	Investment holdings	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shenzhen) Limited (TRI (SHENZHEN))	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Suzhou) Limited (TRI (SUZHOU))	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shanghai) Limited (TRI (SHANGHAI))	Import and export of equipment, consulting and after-sale maintenance service of equipment	100	100	-
TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED (TRV)	Trading	100	100	-
TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	TEST RESEARCH INNOVATION THAILAND COMPANY LIMITED (TRT)	Trading	100	100	-
Test Research, Inc.	TEST RESEARCH INNOVATION MEXICO S. de R.L. de C.V.(TRMX)	Trading	100	-	Note

Name of investor	Name of subsidiary	Main business activities	% of Ownership	Description
			September 30, 2023	
Test Research, Inc.	TEST RESEARCH USA INC. (TRU)	Trading	100	-
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH (TRE)	Trading	100	-
Test Research, Inc.	TRI JAPAN CORPORATION (TRJ)	Trading	100	-
Test Research, Inc.	TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	Trading	100	-
Test Research, Inc.	TRI KOREA CO., LTD. (TRK)	Trading	100	-
Test Research, Inc.	TRI INVESTMENTS LIMITED (TIL)	Investment holdings	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shenzhen) Limited (TRI (SHENZHEN))	Manufacture and sales of test equipment	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Suzhou) Limited (TRI (SUZHOU))	Manufacture and sales of test equipment	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shanghai) Limited (TRI (SHANGHAI))	Import and export of equipment, consulting and after-sale maintenance service of equipment	100	-
TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED (TRV)	Trading	100	-
TEST RESEARCH INNOVATION MALAYSIA SDN BHD (TRM)	TEST RESEARCH INNOVATION THAILAND COMPANY LIMITED (TRT)	Trading	100	-

Note: TEST RESEARCH INNOVATION MEXICO S. de R.L. de C.V. (TRMX) was established on December 13, 2023, and the capital contribution was remitted on April 22, 2024.

The financial statements of the abovementioned subsidiaries included in the Group's consolidated financial statements for the nine months ended September 30, 2024 and 2023 were not reviewed by independent auditors as these subsidiaries did not meet the definition of a significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

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

(4) Investments accounted for using the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When an associate company issues new shares, if the Group does not subscribe or acquire them proportionally, resulting in a change in investment proportion but still having significant influence over it, the increase or decrease in the equity value shall be adjusted to 'Capital surplus' and 'Investment accounted for using the equity method'. If the investment proportion decreases, in addition to the above adjustments, the profit or loss previously recognized in other comprehensive income relating to the decrease in equity interest, and which is to be reclassified to profit or loss upon disposal of the related assets or liabilities, shall be reclassified to profit or loss in proportion to the decrease.

(5) Employee benefits

Under the defined benefit plans, pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(6) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of September 30, 2024. Refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand and revolving funds	\$ 789	\$ 827	\$ 792
Demand deposits	529,936	402,746	399,492
Time deposits	-	206,346	22,075
Short-term notes and bills	-	250,000	-
	<u>\$ 530,725</u>	<u>\$ 859,919</u>	<u>\$ 422,359</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Time deposits maturing over three months	<u>\$ 447,638</u>	<u>\$ 490,278</u>	<u>\$ 476,991</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 2,013</u>	<u>\$ 1,570</u>
	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income	<u>\$ 6,213</u>	<u>\$ 4,586</u>

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(3) Notes receivable, accounts receivable and contract assets

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 30,117	\$ 43,500	\$ 41,643
Accounts receivable	\$ 1,586,499	\$ 1,050,394	\$ 1,109,142
Less: Allowance for uncollectible accounts	(9,877)	(4,984)	(6,276)
	<u>\$ 1,576,622</u>	<u>\$ 1,045,410</u>	<u>\$ 1,102,866</u>
Contract assets	\$ 1,555,432	\$ 1,216,972	\$ 1,064,324
Less: Allowance for uncollectible accounts	(467)	(276)	(319)
	<u>\$ 1,554,965</u>	<u>\$ 1,216,696</u>	<u>\$ 1,064,005</u>

A. The aging analysis of accounts receivable, notes receivable and contract assets is as follows:

	September 30, 2024			December 31, 2023		
	Accounts receivable	Notes receivable	Contract assets	Accounts receivable	Notes receivable	Contract assets
Not past due	\$ 1,285,182	\$ 30,117	\$ 1,555,432	\$ 775,692	\$ 43,500	\$ 1,216,972
Past due						
Up to 60 days	167,726	-	-	153,349	-	-
61 to 90 days	57,904	-	-	20,918	-	-
91 to 180 days	51,152	-	-	59,697	-	-
181 to 365 days	14,694	-	-	35,137	-	-
Over 366 days	9,841	-	-	5,601	-	-
	<u>\$ 1,586,499</u>	<u>\$ 30,117</u>	<u>\$ 1,555,432</u>	<u>\$ 1,050,394</u>	<u>\$ 43,500</u>	<u>\$ 1,216,972</u>

	September 30, 2023		
	Accounts receivable	Notes receivable	Contract assets
Not past due	\$ 640,844	\$ 41,643	\$ 1,064,324
Past due			
Up to 60 days	241,413	-	-
61 to 90 days	117,183	-	-
91 to 180 days	75,547	-	-
181 to 365 days	31,530	-	-
Over 366 days	2,625	-	-
	<u>\$ 1,109,142</u>	<u>\$ 41,643</u>	<u>\$ 1,064,324</u>

The above aging analysis was based on past due date.

B. As at September 30, 2024, December 31, 2023 and September 30, 2023, accounts receivable, notes receivable and contract assets were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts (including notes receivable and contract assets) with customers amounted to \$3,038,978.

C. As at September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$30,117, \$43,500 and \$41,643, and accounts receivable and contract assets were \$3,131,587, \$2,262,106 and \$2,166,871, respectively.

D. Information relating to credit risk of accounts receivable, notes receivable and contract assets is provided in Note 12(2).

(4) Inventories

September 30, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 907,326	(\$ 123,881)	\$ 783,445
Work in progress	198,281	(1,575)	196,706
Semi-finished and finished goods	464,788	(56,370)	408,418
Merchandise	15,577	(1,823)	13,754
	<u>\$ 1,585,972</u>	<u>(\$ 183,649)</u>	<u>\$ 1,402,323</u>
December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 850,077	(\$ 119,604)	\$ 730,473
Work in progress	101,430	(319)	101,111
Semi-finished and finished goods	459,128	(48,294)	410,834
Merchandise	21,808	(2,594)	19,214
	<u>\$ 1,432,443</u>	<u>(\$ 170,811)</u>	<u>\$ 1,261,632</u>
September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 901,360	(\$ 117,168)	\$ 784,192
Work in progress	115,050	(121)	114,929
Semi-finished and finished goods	467,492	(48,626)	418,866
Merchandise	8,606	(2,789)	5,817
	<u>\$ 1,492,508</u>	<u>(\$ 168,704)</u>	<u>\$ 1,323,804</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2024	2023
Cost of goods sold	\$ 633,697	\$ 405,651
Loss on market value decline and obsolete and slow-moving inventories	13,636	5,861
Others	7,111	-
	<u>\$ 654,444</u>	<u>\$ 411,512</u>
	Nine months ended September 30,	
	2024	2023
Cost of goods sold	\$ 1,932,371	\$ 1,237,851
Loss on market value decline and obsolete and slow-moving inventories	30,071	27,033
Others	7,111	-
	<u>\$ 1,969,553</u>	<u>\$ 1,264,884</u>

(5) Investments accounted for using the equity method

A. The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	September 30, 2024		
		Shareholding ratio	Nature of relationship	Method of measurement
OmniMeasure Technology Inc.	Taiwan	47.83%	Strategic investment	Equity method

OmniMeasure Technology Inc. was established on January 11, 2024. The Group is the single largest shareholder of the associate with a 51.16% equity interest after it participated in the capital increase of the associate on March 31, 2024. However, the Group's shareholding ratio decreased to 47.83% after OmniMeasure Technology Inc. completed the capital increase in April 2024. In addition, as the Group held less than half of the seats in the Board of Directors, which indicates that the Group has no current ability to direct the relevant activities of the associate, the Group has no control, but only has significant influence, over the associate.

B. The summarised financial information of the associate that is material to the Group is as follows:

The Group's investment in OmniMeasure Technology Inc. accounted for using the equity method was calculated based on OmniMeasure Technology Inc.'s financial statements that were not reviewed by auditors for the same period.

Balance sheet

	OmniMeasure Technology Inc.	
	September 30, 2024	
Current assets	\$	62,277
Non-current assets		41,851
Current liabilities	(	6,156)
Total net assets	\$	97,972
Share in associate's net assets	\$	46,860
Others		733
Carrying amount of the associate	\$	47,593

Statement of comprehensive income

	OmniMeasure Technology Inc.	
	Three months ended September 30, 2024	
Revenue	\$	72
Loss for the period	(\$	7,971)
Total comprehensive loss for the period	(\$	7,971)
Share of loss recognised for the period	(\$	3,813)

	OmniMeasure Technology Inc.	
	Nine months ended September 30, 2024	
Revenue	\$	5,153
Loss for the period	(\$	17,027)
Total comprehensive loss for the period	(\$	17,027)
Share of loss recognised for the period	(\$	7,407)

(6) Property, plant and equipment

	2024							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Unfinished construction	Total
<u>At January 1</u>								
Cost	\$ 1,166,021	\$ 921,538	\$ 509,134	\$ 6,716	\$ 273,301	\$ 212,791	\$ 1,642,886	\$ 4,732,387
Accumulated depreciation	-	(303,993)	(348,495)	(4,992)	(184,049)	(158,386)	-	(999,915)
	<u>\$ 1,166,021</u>	<u>\$ 617,545</u>	<u>\$ 160,639</u>	<u>\$ 1,724</u>	<u>\$ 89,252</u>	<u>\$ 54,405</u>	<u>\$ 1,642,886</u>	<u>\$ 3,732,472</u>
Opening net book amount as at January 1	\$ 1,166,021	\$ 617,545	\$ 160,639	\$ 1,724	\$ 89,252	\$ 54,405	\$ 1,642,886	\$ 3,732,472
Additions	-	750	4,641	-	21,771	10,416	216,693	254,271
Transfers from inventories	-	-	45,485	-	34,453	8,908	-	88,846
Disposals	-	-	(4,792)	-	(2,003)	(18)	-	(6,813)
Reclassifications	-	1,859,579	-	-	-	-	(1,859,579)	-
Depreciation charge	-	(37,791)	(24,736)	(373)	(24,486)	(13,623)	-	(101,009)
Net exchange differences	-	-	9,485	48	1,259	405	-	11,197
Closing net book amount as at September 30	<u>\$ 1,166,021</u>	<u>\$ 2,440,083</u>	<u>\$ 190,722</u>	<u>\$ 1,399</u>	<u>\$ 120,246</u>	<u>\$ 60,493</u>	<u>\$ -</u>	<u>\$ 3,978,964</u>
<u>At September 30</u>								
Cost	\$ 1,166,021	\$ 2,781,867	\$ 585,809	\$ 7,109	\$ 323,778	\$ 230,284	\$ -	\$ 5,094,868
Accumulated depreciation	-	(341,784)	(395,087)	(5,710)	(203,532)	(169,791)	-	(1,115,904)
	<u>\$ 1,166,021</u>	<u>\$ 2,440,083</u>	<u>\$ 190,722</u>	<u>\$ 1,399</u>	<u>\$ 120,246</u>	<u>\$ 60,493</u>	<u>\$ -</u>	<u>\$ 3,978,964</u>

	2023							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Unfinished construction	Total
<u>At January 1</u>								
Cost	\$ 1,166,021	\$ 921,538	\$ 504,350	\$ 7,433	\$ 244,964	\$ 190,321	\$ 907,400	\$ 3,942,027
Accumulated depreciation	-	(285,894)	(318,477)	(4,939)	(172,018)	(142,870)	-	(924,198)
	<u>\$ 1,166,021</u>	<u>\$ 635,644</u>	<u>\$ 185,873</u>	<u>\$ 2,494</u>	<u>\$ 72,946</u>	<u>\$ 47,451</u>	<u>\$ 907,400</u>	<u>\$ 3,017,829</u>
Opening net book amount as at January 1	\$ 1,166,021	\$ 635,644	\$ 185,873	\$ 2,494	\$ 72,946	\$ 47,451	\$ 907,400	\$ 3,017,829
Additions	-	-	3,415	-	6,752	17,224	593,209	620,600
Transfers from inventories	-	-	10,547	-	19,975	3,248	-	33,770
Disposals	-	- (6,635)	- (185)	- (316)	-	-	-	(7,136)
Depreciation charge	-	(13,574)	(25,061)	(573)	(19,416)	(12,160)	-	(70,784)
Net exchange differences	-	-	236	14	7	95	-	352
Closing net book amount as at September 30	<u>\$ 1,166,021</u>	<u>\$ 622,070</u>	<u>\$ 168,375</u>	<u>\$ 1,935</u>	<u>\$ 80,079</u>	<u>\$ 55,542</u>	<u>\$ 1,500,609</u>	<u>\$ 3,594,631</u>
<u>At September 30</u>								
Cost	\$ 1,166,021	\$ 921,538	\$ 518,522	\$ 7,461	\$ 257,952	\$ 209,999	\$ 1,500,609	\$ 4,582,102
Accumulated depreciation	-	(299,468)	(350,147)	(5,526)	(177,873)	(154,457)	-	(987,471)
	<u>\$ 1,166,021</u>	<u>\$ 622,070</u>	<u>\$ 168,375</u>	<u>\$ 1,935</u>	<u>\$ 80,079</u>	<u>\$ 55,542</u>	<u>\$ 1,500,609</u>	<u>\$ 3,594,631</u>

Note: Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(7) Leasing arrangements — lessee

- A. The Group leases offices and rental contracts are typically made for periods from 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets shall not be used as security for borrowing purposes.
- B. Short-term leases pertain to leases of dormitories and company cars with a lease term of not more than 12 months. Low-value assets comprise photocopiers.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 35,350	\$ 48,727	\$ 57,601

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 7,807	\$ 8,607

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 23,826	\$ 24,668

- D. For the three months and nine months ended September 30, 2024 and 2023, the additions to right-of-use assets were \$8,708, \$29,060, \$12,986 and \$35,780, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 684	\$ 759
Expense on short-term lease contracts	\$ 1,486	\$ 1,119
Expense on leases of low-value assets	\$ 95	\$ 77

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,180	\$ 2,062
Expense on short-term lease contracts	\$ 3,679	\$ 5,716
Expense on leases of low-value assets	\$ 279	\$ 231

F. For the nine months ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$32,176 and \$34,831, respectively.

G. For the nine months ended September 30, 2024, the Group's right-of-use assets and lease liabilities both decreased by \$4,834 due to the early termination of the lease contract. The Group had no such transactions for the nine months ended September 30, 2023.

(8) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Salaries and bonus payable	\$ 236,607	\$ 240,428	\$ 185,570
Employees' compensation and directors' remuneration payable	39,271	30,400	21,789
Construction payable	104,800	79,873	-
Commission payable	23,015	21,123	22,735
Others	76,759	72,130	69,479
	<u>\$ 480,452</u>	<u>\$ 443,954</u>	<u>\$ 299,573</u>

(9) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$97, \$129, \$292 and \$386 for the three months and nine months ended September 30, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2025 amount to \$4,003.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not lower than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas companies have a defined contribution plan in accordance with the local regulations, and contributions to endowment insurance and pension reserve are based on employees’ salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) For the aforementioned pension plan, the Group recognised pension costs of \$9,050, \$8,004, \$25,827 and \$23,675 for the three months and nine months ended September 30, 2024 and 2023, respectively.

(10) Share capital

The Company’s authorised capital was \$2,500,000. As of September 30, 2024, the Company’s issued and outstanding capital was \$2,362,160. All proceeds from shares issued have been collected. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands):

	2024	2023
At January 1 and September 30	<u>236,216</u>	<u>236,216</u>

(11) Capital surplus

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

(12) Retained earnings

- A. Under the Company’s Articles of Incorporation, the dividend policy of the Company is based on the Company’s future capital expenditure budget and capital requirements. Dividends shall be appropriated from accumulated distributable earnings, and the distribution amount shall not be lower than 60% of accumulated distributable earnings, of which cash dividends shall not be lower than 50% of the total dividends distributed. The current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. After the provision or reversal of special reserve, the remaining earnings constitute the distributable earnings of the current year. The appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the shareholders at the shareholders’ meeting.

- B. The appropriations of 2023 and 2022 earnings had been resolved at the stockholders' meeting on May 29, 2024 and May 31, 2023, respectively. Details are summarised below:

	Year ended December 31,			
	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 100,052		\$ 193,044	
Special reserve	\$ 18,845		(\$ 19,658)	
Cash dividends	\$ 779,513	\$ 3.3	\$ 1,062,972	\$ 4.5

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in-capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

(13) Sales revenue

	Three months ended September 30,	
	2024	2023
Revenue from contracts with customers	\$ 1,625,973	\$ 1,027,144
	Nine months ended September 30,	
	2024	2023
Revenue from contracts with customers	\$ 4,863,627	\$ 3,130,122

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions.

	Three months ended September 30,	
	2024	2023
Asia	\$ 1,477,670	\$ 942,160
America	50,949	52,546
Europe	97,354	32,394
Others	-	44
	<u>\$ 1,625,973</u>	<u>\$ 1,027,144</u>

	Nine months ended September 30,	
	2024	2023
Asia	\$ 4,349,275	\$ 2,633,143
America	300,091	275,412
Europe	212,734	221,523
Others	1,527	44
	<u>\$ 4,863,627</u>	<u>\$ 3,130,122</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract liabilities	<u>\$ 61,680</u>	<u>\$ 60,858</u>	<u>\$ 30,580</u>	<u>\$ 55,567</u>

For the nine months ended September 30, 2024 and 2023, the Group's contract liabilities on January 1, 2024 and 2023 were realised to revenue amounting to \$55,573 and \$50,881, respectively.

(14) Other income

	Three months ended September 30,	
	2024	2023
Rental income	\$ 1,913	\$ -
Other income	4,005	1,842
	<u>\$ 5,918</u>	<u>\$ 1,842</u>

	Nine months ended September 30,	
	2024	2023
Rental income	\$ 2,900	\$ -
Other income	6,664	7,452
	<u>\$ 9,564</u>	<u>\$ 7,452</u>

(15) Other gains and losses

	Three months ended September 30,	
	2024	2023
Gains on disposal of property, plant and equipment	\$ 10,495	\$ 805
Foreign exchange (losses) gains	(53,600)	57,502
Other (losses) gains	(1,222)	1
	<u>(\$ 44,327)</u>	<u>\$ 58,308</u>
	Nine months ended September 30,	
	2024	2023
Gains on disposal of property, plant and equipment	\$ 14,931	\$ 10,889
Foreign exchange gains	49,479	79,715
Other losses	(1,259)	(312)
	<u>\$ 63,151</u>	<u>\$ 90,292</u>

(16) Expenses by nature

	Three months ended September 30,	
	2024	2023
Employee benefit expense	\$ 346,227	\$ 283,133
Depreciation charges on property, plant and equipment and right-of-use assets	43,728	31,994
Amortisation charges on intangible assets	4,956	4,467
	<u>\$ 394,911</u>	<u>\$ 319,594</u>
	Nine months ended September 30,	
	2024	2023
Employee benefit expense	\$ 1,034,588	\$ 829,267
Depreciation charges on property, plant and equipment and right-of-use assets	124,835	95,452
Amortisation charges on intangible assets	14,254	12,054
	<u>\$ 1,173,677</u>	<u>\$ 936,773</u>

(17) Employee benefit expense

	Three months ended September 30,	
	2024	2023
Wages and salaries	\$ 294,092	\$ 232,861
Labor and health insurance fees	28,289	26,311
Pension costs	9,147	8,133
Other personnel expenses	14,699	15,828
	<u>\$ 346,227</u>	<u>\$ 283,133</u>

	Nine months ended September 30,	
	2024	2023
Wages and salaries	\$ 887,906	\$ 690,689
Labor and health insurance fees	80,823	77,540
Pension costs	26,119	24,061
Other personnel expenses	39,740	36,977
	<u>\$ 1,034,588</u>	<u>\$ 829,267</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the three months and nine months ended September 30, 2024 and 2023, employees' compensation was accrued at \$7,677, \$4,931, \$25,919 and \$14,381, respectively; while directors' remuneration was accrued at \$3,955, \$2,540, \$13,352 and \$7,408, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the distributable profit of current year for the nine months ended September 30, 2024 and 2023 and the percentage as prescribed in the Company's Articles of Incorporation.

The employees' compensation and directors' remuneration for 2023 amounting to \$20,064 and \$38,022, respectively, as resolved by the Board of Directors on February 21, 2024 were in agreement with those amounts recognised in the 2023 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2024	2023
Current tax:		
Current tax on profit for the period	\$ 111,070	\$ 64,314
Total current tax	<u>111,070</u>	<u>64,314</u>
Deferred tax:		
Origination and reversal of temporary differences	(13,651)	3,172
Income tax expense	<u>\$ 97,419</u>	<u>\$ 67,486</u>

	Nine months ended September 30,	
	2024	2023
Current tax:		
Current tax on profit for the period	\$ 318,155	\$ 176,163
Prior year income tax overestimation	(454)	(1,864)
Total current tax	<u>317,701</u>	<u>174,299</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>3,144</u>	<u>7,966</u>
Income tax expense	<u>\$ 320,845</u>	<u>\$ 182,265</u>

(b) The income tax expense relating to components of other comprehensive income is as follows:

	Three months ended September 30,	
	2024	2023
Currency translation differences	<u>\$ 5,287</u>	<u>\$ 7,640</u>

	Nine months ended September 30,	
	2024	2023
Currency translation differences	<u>\$ 11,844</u>	<u>\$ 503</u>

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(19) Earnings per share

	Three months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 388,252	236,216	<u>\$ 1.64</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	54	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 388,252</u>	<u>236,270</u>	<u>\$ 1.64</u>

Three months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 245,964	236,216	\$ <u>1.04</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	81	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>245,964</u>	<u>236,297</u>	\$ <u>1.04</u>
Nine months ended September 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,309,689	236,216	\$ <u>5.54</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	237	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>1,309,689</u>	<u>236,453</u>	\$ <u>5.54</u>

	Nine months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 722,915	236,216	\$ 3.06
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	351	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 722,915	236,567	\$ 3.06

As employees' compensation could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock compensation issuance in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effect of stock compensation on potential common shares.

(20) Supplemental cash flow information

Investing activities with partial cash payments:

	Nine months ended September 30,	
	2024	2023
Acquisition of property, plant and equipment	\$ 254,271	\$ 620,600
Add: Opening balance of payable on construction	79,873	165,049
Less: Ending balance of payable on construction	(104,800)	-
Cash paid during the period	\$ 229,344	\$ 785,649
	Nine months ended September 30,	
	2024	2023
Acquisition of investments accounted for using the equity method	\$ 55,000	\$ -
Less: Opening balance of prepayments for investments	(5,000)	-
Cash paid during the period	\$ 50,000	\$ -

(21) Changes in liabilities from financing activities

	2024	2023
	Lease liabilities	Lease liabilities
At January 1	\$ 48,630	\$ 45,191
Changes in cash flow from financing activities	(26,038)	(26,822)
Impact of changes in foreign exchange rate	4,493	3,061
Changes in other non-cash items	8,152	35,780
At September 30	<u>\$ 35,237</u>	<u>\$ 57,210</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held. The Company does not have an ultimate parent and ultimate controlling party.

(2) Key management compensation

	Three months ended September 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 15,733	\$ 11,553
Post-employment benefits	320	313
	<u>\$ 16,053</u>	<u>\$ 11,866</u>
	Nine months ended September 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 51,258	\$ 33,976
Post-employment benefits	957	936
	<u>\$ 52,215</u>	<u>\$ 34,912</u>

A. Salaries and other short-term employee benefits include regular wages, special responsibility allowances, various bonuses, service execution fees, directors' remuneration and employees' compensation, etc.

B. Post-employment benefits represent pension costs.

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	September 30, 2024	December 31, 2023	September 30, 2023	Pledge purpose
Property, plant and equipment				
- Land	\$ 577,252	\$ 577,252	\$ 577,252	Security for lines of credit
- Buildings and structures	50,230	51,608	52,068	"
	<u>\$ 627,482</u>	<u>\$ 628,860</u>	<u>\$ 629,320</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The Company entered into a contract with Lee Ming Construction Co., Ltd. for the construction of the second-phase plant on its own land in Guishan Dist Huaya Section as approved by the Board of Directors. The total price of the construction was \$1,893,991 (tax included). As of September 30, 2024, the Company had paid \$1,782,237 and there is no outstanding bill that has been issued but not yet paid.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's main objectives when managing capital are to ensure solid and good capital ratio in order to support operations and to provide maximum returns for shareholders. The Group manages and adjusts capital structure based on economic situation and debt ratio, and achieves the purpose of maintaining and adjusting capital structure possibly by adjusting dividend payment or shares issuance.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 530,725	\$ 859,919	\$ 422,359
Financial assets at amortised cost	447,638	490,278	476,991
Contract assets	1,554,965	1,216,696	1,064,005
Notes receivable	30,117	43,500	41,643
Accounts receivable	1,576,622	1,045,410	1,102,866
Other receivables	44,519	34,975	25,369
Guarantee deposits paid	10,480	11,179	11,426
	<u>\$ 4,195,066</u>	<u>\$ 3,701,957</u>	<u>\$ 3,144,659</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Notes payable	\$ 25,635	\$ 18,056	\$ 10,751
Accounts payable	886,213	508,965	383,654
Other payables	480,452	443,954	299,573
	<u>\$ 1,392,300</u>	<u>\$ 970,975</u>	<u>\$ 693,978</u>
Lease liabilities (including current portion)	<u>\$ 35,237</u>	<u>\$ 48,630</u>	<u>\$ 57,210</u>

B. Financial risk management policies

The Group adopts an overall risk management and control system to identify measure and control a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk. This allows the management of the Group to effectively control and measure market risk, credit risk, liquidity risk and cash flow interest risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2024

				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 59,569	31.65	\$ 1,885,360	1%	\$ 18,854	\$ -
USD:KRW	672	1,300.86	21,269	1%	213	-
USD:VND	395	24,921.26	12,502	1%	125	-
RMB:NTD	73,905	4.52	334,273	1%	3,343	-
EUR:NTD	815	35.38	28,840	1%	288	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 4,460	31.65	\$ 141,169	1%	\$ 1,412	\$ -
RMB:NTD	13,072	4.52	59,123	1%	591	-
JPY:NTD	235,635	0.22	52,382	1%	524	-

December 31, 2023

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 42,828	30.71	\$ 1,315,046	1%	\$ 13,150	\$ -
RMB:NTD	26,474	4.33	114,552	1%	1,146	-
EUR:NTD	622	33.98	21,125	1%	211	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 3,702	30.71	\$ 113,658	1%	\$ 1,137	\$ -
EUR:NTD	465	33.98	15,793	1%	158	-
JPY:NTD	160,823	0.22	34,931	1%	349	-

September 30, 2023

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 42,370	32.27	\$ 1,367,282	1%	\$ 13,673	\$ -
RMB:NTD	16,103	4.42	71,093	1%	711	-
EUR:NTD	1,171	33.91	39,723	1%	397	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 3,279	32.27	\$ 105,805	1%	\$ 1,058	\$ -
RMB:NTD	10,511	4.42	46,407	1%	464	-
EUR:NTD	627	33.91	21,273	1%	213	-
JPY:NTD	126,142	0.22	27,272	1%	273	-

- iii. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2024 and 2023, amounted to (\$53,600), \$57,502, \$49,479 and \$79,715, respectively.

Price risk

The Group has no equity instruments held for trading; thus, the Group has no price risk.

Cash flow and fair value interest rate risk

The Group has no borrowings; thus, the Group has no cash flow and fair value interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets stated at amortised cost.
- ii. The Group's credit risk management policy is that for banks and financial institutions, only institutions with good credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In accordance with the internal management policy of the Group, if the contract payments were past due over 120 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. In accordance with the internal management policy of the Group, the default occurs when the contract payments are past due over 365 days.
- v. The Group classifies customer's accounts receivable and contract assets in accordance with credit risk on trade. The Group applies the modified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.
- vi. The Group writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group's notes receivable had no significant loss allowance. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On September 30, 2024, December 31, 2023 and September 30, 2023, the provision matrix and loss rate methodology is as follows:

Both Group A and Group B that exceeded credit facilities:

	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 366 days past due	Total
<u>September 30, 2024</u>							
Expected loss rate	0.03%	1.50%	15.00%	25.00%	40.00%	60%-100%	
Total book value	\$ 972,466	\$ 37,126	\$ 8,544	\$ 4,890	\$ 2,622	\$ 9,288	\$ 1,034,936
Loss allowance	291	557	1,282	1,222	1,049	5,573	9,974
	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 366 days past due	Total
<u>December 31, 2023</u>							
Expected loss rate	0.03%	1.50%	15.00%	25.00%	40.00%	60%-100%	
Total book value	\$ 637,577	\$ 32,877	\$ -	\$ 2,195	\$ 7,919	\$ 780	\$ 681,348
Loss allowance	191	493	-	549	3,168	468	4,869
	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 366 days past due	Total
<u>September 30, 2023</u>							
Expected loss rate	0.03%	1.50%	15.00%	25.00%	40.00%	60%-100%	
Total book value	\$ 475,599	\$ 18,967	\$ -	\$ 15,108	\$ 4,636	\$ 820	\$ 515,130
Loss allowance	143	285	-	3,590	1,806	426	6,250

Group B:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Expected loss rate	0.03%	0.03%	0.03%
Total book value	\$ 2,106,995	\$ 1,586,018	\$ 1,658,336
Loss allowance	370	391	345

Group A: Customers excluding Group B.

Group B: Domestic and foreign clients that have good operating conditions, high degree of financial transparency, the payment status of past transactions is normal and rated with optimized internal credit rating. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. The expected default rate used was 0.03%.

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2024		
	Accounts receivable	Contract assets	Total
At January 1	\$ 4,984	\$ 276	\$ 5,260
Provision for impairment	4,826	191	5,017
Effect of exchange rate changes	67	-	67
At September 30	<u>\$ 9,877</u>	<u>\$ 467</u>	<u>\$ 10,344</u>

	2023		
	Accounts receivable	Contract assets	Total
At January 1	\$ 5,896	\$ 5,744	\$ 11,640
Provision for (reversal of) impairment	395 (	5,425) (	5,030)
Effect of exchange rate changes	(15)	-	(15)
At September 30	<u>\$ 6,276</u>	<u>\$ 319</u>	<u>\$ 6,595</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed and aggregated by the Group's treasury. Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

September 30, 2024

	<u>Less than 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 25,635	\$ -
Accounts payable	886,213	-
Other payables	480,452	-
Lease liabilities	24,582	14,786

Non-derivative financial liabilities:

December 31, 2023

	<u>Less than 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 18,056	\$ -
Accounts payable	508,965	-
Other payables	443,954	-
Lease liabilities	30,175	21,010

Non-derivative financial liabilities:

September 30, 2023

	<u>Less than 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 10,751	\$ -
Accounts payable	383,654	-
Other payables	299,573	-
Lease liabilities	32,252	28,491

(3) Fair value information

- A. The Group has no financial instruments measured at fair value by valuation method.
- B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including contract assets), other receivables, guarantee deposits paid, notes payable, accounts payable, other payables and lease liabilities are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loan to others: Refer to table 1.
- B. Provisions of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 2.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Table 3 to 5.

(4) Major shareholders information

Major shareholders information: Refer to Table 8.

14. SEGMENT INFORMATION

(1) General information

The Group is primarily engaged in the design, assembly, manufacture, sales, repairs and maintenance of automated inspection and testing equipment. The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the operating segments and the Group are the same. The Group uses the operating profit as the measurement for operating segment profit and the basis of performance assessment.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision maker for the reportable segments is as follows. In addition, the Group did not provide the total assets and total liabilities amounts to chief operating decision-maker.

	Three months ended September 30,	
	2024	2023
Revenue from external customers	\$ 1,625,973	\$ 1,027,144
Segment profit	\$ 526,236	\$ 252,258
	Nine months ended September 30,	
	2024	2023
Revenue from external customers	\$ 4,863,627	\$ 3,130,122
Segment profit	\$ 1,555,353	\$ 799,389

(4) Reconciliation for segment income (loss)

Net profit (loss) of segments reported to the chief operating decision maker is measured in a manner consistent with revenues and expenses in the income statement. A reconciliation of segment profit (loss) to profit (loss) before tax and discontinued operations is provided as follows:

	Three months ended September 30,	
	2024	2023
Reportable segments income	\$ 526,236	\$ 252,258
Unallocated profit or loss:		
Non-operating income and expenses	(40,565)	61,192
Income before tax from continuing operations	<u>\$ 485,671</u>	<u>\$ 313,450</u>
	Nine months ended September 30,	
	2024	2023
Reportable segments income	\$ 1,555,353	\$ 799,389
Unallocated profit or loss:		
Non-operating income and expenses	75,181	105,791
Income before tax from continuing operations	<u>\$ 1,630,534</u>	<u>\$ 905,180</u>

Test Research, Inc. and Subsidiaries

Loans to others

Nine months ended September 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at September 30, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					balance during the nine months ended September 30, 2024								Item	Value			
1	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	Other receivables	Yes	\$ 27,270	\$ 27,138	\$ 27,138	4.75%	Short-term financing	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 776,314	\$ 1,552,627	Note

Note: The Board of Directors resolved to amend TRI Electronic (Shanghai) Limited's policy "Procedures for Provision of Loans" and the policy as follows:
Ceiling on total loans to others: 50% of the creditor's net worth. For business transactions, if for short-term financing purpose, the ceiling on loans shall not exceed 40% of the creditor's net worth. Limit to a single party is RMB 4 million. However, limit on loans for financing granted by and to subsidiaries with the same ultimate parent which directly or indirectly holds 100% of its voting shares shall not exceed 20% of parent company's net worth. Ceiling to the aforementioned single party shall not exceed 10% of parent company's net worth.

Test Research, Inc. and Subsidiaries

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Nine months ended September 30, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Test Research, Inc.	Test Research Linkou plant	May 5, 2021	\$ 1,893,991	Based on the contract schedule (Note)	LEE MING CONSTRUCTION CO., LTD.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and price negotiation	Expansion of future business and operational needs	None

Note: As of September 30, 2024, the Company has paid \$1,782,237 (including tax)(of which \$188,752 is the amount paid in 2024), and there is no outstanding bill that has been issued but not yet paid.

Test Research, Inc. and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Nine months ended September 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Test Research, Inc.	TRI Electronic (Shenzhen) Limited	Second-tier subsidiary	Sales	\$ 373,042	8%	90-120 days after acceptance and same with the third parties	Based on mutual agreement	90-120 days after acceptance and same with the third parties	Accounts receivable \$43,934	2%	None
TRI Electronic (Shenzhen) Limited	Test Research, Inc.	Parent company	Purchases	373,042	87%	90-120 days after acceptance	Based on mutual agreement	90-120 days after acceptance	Accounts payable \$43,934	68%	None
Test Research, Inc.	TRI Electronic (Suzhou) Limited	Second-tier subsidiary	Sales	483,590	10%	90-120 days after acceptance and same with the third parties	Based on mutual agreement	90-120 days after acceptance and same with the third parties	Accounts receivable \$288,325	11%	None
TRI Electronic (Suzhou) Limited	Test Research, Inc.	Parent company	Purchases	483,590	91%	90-120 days after acceptance	Based on mutual agreement	90-120 days after acceptance	Accounts payable \$288,325	98%	None

Test Research, Inc. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note)	Allowance for doubtful accounts
					Amount	Action taken		
Test Research, Inc.	TRI Electronic (Suzhou) Limited	Second-tier subsidiary	\$ 288,325	3.44	\$ -		\$ 62,849	\$ -

Note: It pertained to the amount collected as of the auditors' review reporting date.

Test Research, Inc. and Subsidiaries
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transactions			Percentage of consolidated total operating revenues or total assets
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction terms	
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Sales revenue	\$ 483,590	Note 3	10
0	Test Research, Inc.	TRI Electronic (Shenzhen) Limited	1	Sales revenue	373,042	Note 3	8
0	Test Research, Inc.	TRI JAPAN CORPORATION	1	Sales revenue	10,016	Note 3	-
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Accounts receivable	288,325	Note 3	3
0	Test Research, Inc.	TRI Electronic (Shenzhen) Limited	1	Accounts receivable	43,934	Note 3	-
1	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	3	Other receivables	27,138	Note 5	-
2	TRI Electronic (Shenzhen) Limited	Test Research, Inc.	2	Service revenue	58,840	Notes 6 and 7	1
3	TRI Electronic (Suzhou) Limited	Test Research, Inc.	2	Service revenue	37,385	Notes 6 and 7	1
4	TEST RESEARCH USA, INC.	Test Research, Inc.	2	Service revenue	35,943	Notes 6 and 7	1
5	TRI TEST RESEARCH EUROPE GMBH	Test Research, Inc.	2	Service revenue	31,877	Notes 6 and 7	1
6	TRI MALAYSIA SDN. BHD	Test Research, Inc.	2	Service revenue	11,334	Notes 6 and 7	-
7	TRI KOREA CO., Ltd.	Test Research, Inc.	2	Service revenue	23,589	Notes 6 and 7	-
8	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED	Test Research, Inc.	2	Service revenue	39,019	Notes 6 and 7	1

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Selling prices to the parent company and the Mainland China investees are determined based on mutual agreement. The credit term is 90 to 120 days after acceptance and was the same with the third parties.

Note 4: Only related party transactions in excess of \$10,000 are disclosed. Corresponding transactions from the other side are not disclosed.

Note 5: Loans to others.

Note 6: The parent company signed agency agreements with subsidiaries and second-tier subsidiaries, and the subsidiaries and second-tier subsidiaries acted as product sales agent.

Note 7: Commission revenue was based on agency contract, others were based on agreed conditions.

Note 8: The above inter-company transactions between companies within the Group are eliminated when preparing consolidated financial statements.

Test Research, Inc. and Subsidiaries
Information on investees
Nine months ended September 30, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net profit (loss) of the investee for the nine months ended September 30, 2024	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Test Research, Inc.	TRI INVESTMENTS LIMITED	Samoa	Investment holding	\$ 219,811	\$ 219,811	6,724,109	100	\$ 1,191,375	\$ 47,812	\$ 49,111	None
Test Research, Inc.	TEST RESEARCH USA, INC.	United States	Trading	61,299	61,299	1,518,935	100	25,227 (	2,115) (	2,115)	None
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH	Germany	Trading	17,679	17,679	-	100	14,923 (	1,296) (	1,296)	Note
Test Research, Inc.	TRI JAPAN CORPORATION	Japan	Trading	10,750	10,750	720	100	13,374	1,276	1,276	None
Test Research, Inc.	TRI MALAYSIA SDN. BHD	Malaysia	Trading	2,066	2,066	1,000,000	100	60,066	22,999	22,999	None
Test Research, Inc.	TRI KOREA CO., Ltd.	South Korea	Trading	10,591	10,591	80,000	100	29,336	10,620	10,620	None
TRI MALAYSIA SDN. BHD	TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED	Vietnam	Trading	4,153	4,153	-	100	37,173	22,738	22,738	None
TRI MALAYSIA SDN. BHD	TEST RESEARCH INNOVATION THAILAND COMPANY LIMITED	Thailand	Trading	3,589	3,589	-	100	13,046 (	3,333) (	3,333)	None
Test Research, Inc.	OmniMeasure Technology Inc.	Taiwan	Manufacture and sales of module equipment	55,000	-	55,000,000	47.83	47,593 (	17,027) (	7,407)	None
Test Research, Inc.	TEST RESEARCH INNOVATION MEXICO S. de R.L. de C.V.	Mexico	Trading	18,225	-	10,000,000	100	6,218 (	11,003) (	11,003)	None

Note: A limited liability company.

Test Research, Inc. and Subsidiaries
Information on investments in Mainland China - Basic information
Nine months ended September 30, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024 (Note 3)	Net income of investee for the nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income recognised by the Company for the nine months ended September 30, 2024 (Note 2(2)C)	Book value of investments in Mainland China as of September 30, 2024 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
TRI Electronic (Shenzhen) Limited	Manufacture and sales of test equipment	\$ 96,533	2	\$ 23,738	\$ -	\$ -	\$ 23,738	\$ 16,881	100	\$ 17,566	\$ 785,490	\$ -	
TRI Electronic (Suzhou) Limited	Manufacture and sales of test equipment	81,939	2	63,300	-	-	63,300	26,998	100	27,628	322,499	-	
TRI Electronic (Shanghai) Limited	Import and export of equipment, consulting and after-sale maintenance service of equipment	123,435	2	123,435	-	-	123,435	3,933	100	3,917	83,386	-	
Company name		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024 (Note 3)		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)							
Test Research, Inc.		\$ 210,473		\$ 282,125		\$ 4,657,883							

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Reinvested through TRI INVESTMENTS LIMITED)
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2024' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements were reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements were reviewed by R.O.C. parent company's CPA.
 - C. Based on the investees' financial statements which were not reviewed by auditors.

Note 3: The amount was originally denominated in USD and was translated to NTD at the exchange rate (1:31.65) prevailing at the balance sheet date.

Note 4: The highest of \$80,000, 60% of the stockholder's equity and 60% of consolidated net assets.

Note 5: Including net changes of realised and unrealised profit from sales.

Test Research, Inc. and Subsidiaries
Major shareholders information
September 30, 2024

Table 8

Name of major shareholders	Number of shares held	Ownership (%)
Chieh-Yuan, Chen	37,889,235	16.04%
Mei-Hsing, Yeh	17,338,054	7.33%
Der-Hsin Investment Co., Ltd.	15,885,174	6.72%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital reflected in the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data is disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10%, in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to the Market Observation Post System.