

**POLYTRONICS TECHNOLOGY CORP. AND  
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT**

**SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 consolidated financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Polytronics Technology Corp.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Polytronics Technology Corp. and subsidiaries (the “Group”) as at June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six 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 “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***

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.

## ***Conclusion***

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 June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with “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.

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Li, Tien-Yi

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Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

August 8, 2024

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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, Taiwan 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.

**POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 903,954	20	\$ 1,153,943	27	\$ 1,054,658	24
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	2,984	-	-	-
1136	Current financial assets at	8						
	amortised cost		433,626	10	183,546	4	147,139	3
1150	Notes receivable, net	6(3)	162,307	4	175,387	4	144,360	3
1170	Accounts receivable, net	6(3)	425,890	10	420,610	10	501,357	12
1180	Accounts receivable - related	6(3) and 7						
	parties, net		77,253	2	55,128	1	55,510	1
1200	Other receivables		18,821	-	17,863	-	22,470	1
130X	Inventories	6(4)	644,798	15	637,147	15	640,500	15
1410	Prepayments		76,578	2	47,202	1	60,686	1
1470	Other current assets		2,873	-	1,474	-	3,227	-
11XX	Total current assets		2,746,100	63	2,695,284	62	2,629,907	60
Non-current assets								
1535	Non-current financial assets at	8						
	amortised cost		8,331	-	8,260	-	6,926	-
1600	Property, plant and equipment	6(5) and 8	1,099,235	25	1,121,174	26	1,188,958	27
1755	Right-of-use assets	6(6)	201,960	5	197,663	5	203,541	5
1760	Investment property, net	6(8) and 8	102,597	2	103,874	2	105,151	2
1780	Intangible assets		151,340	4	158,169	4	171,342	4
1840	Deferred income tax assets		17,011	-	20,069	-	18,905	1
1900	Other non-current assets		58,348	1	24,579	1	22,001	1
15XX	Total non-current assets		1,638,822	37	1,633,788	38	1,716,824	40
1XXX	Total assets		\$ 4,384,922	100	\$ 4,329,072	100	\$ 4,346,731	100

(Continued)

**POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(9)	\$ 800,082	18	\$ 484,514	11	\$ 520,638	12
2120	Financial liabilities at fair value through profit or loss - current	6(2)	285	-	-	-	-	-
2130	Current contract liabilities	6(18)	22,505	1	14,114	1	11,433	1
2150	Notes payable		45,837	1	38,598	1	39,642	1
2170	Accounts payable		149,906	4	163,011	4	170,577	4
2200	Other payables	6(10)	190,919	4	245,416	6	196,297	5
2230	Current income tax liabilities		56,049	1	56,809	1	54,773	1
2280	Current lease liabilities		9,929	-	7,910	-	10,000	-
2320	Long-term liabilities, current portion	6(11)	-	-	264,700	6	262,594	6
2399	Other current liabilities, others		8,846	-	8,898	-	9,304	-
21XX	Total current liabilities		1,284,358	29	1,283,970	30	1,275,258	30
Non-current liabilities								
2540	Long-term borrowings	6(12)	100,000	2	-	-	-	-
2580	Non-current lease liabilities		189,048	5	186,615	4	190,067	4
2600	Other non-current liabilities		38,943	1	43,942	1	39,889	1
25XX	Total non-current liabilities		327,991	8	230,557	5	229,956	5
2XXX	Total liabilities		1,612,349	37	1,514,527	35	1,505,214	35
Equity								
Equity attributable to owners of parent								
	Share capital	6(14)						
3110	Common stock		856,453	20	856,453	20	856,453	20
	Capital surplus	6(15)						
3200	Capital surplus		543,984	12	582,735	14	582,735	14
	Retained earnings	6(16)						
3310	Legal reserve		628,813	14	618,454	14	618,454	14
3320	Special reserve		33,220	1	13,449	-	13,449	-
3350	Unappropriated retained earnings		497,353	11	548,444	13	488,455	11
	Other equity interest	6(17)						
3400	Other equity interest		41,174	1	(33,220)	(1)	(37,707)	(1)
31XX	Equity attributable to owners of parent		2,600,997	59	2,586,315	60	2,521,839	58
36XX	Non-controlling interests		171,576	4	228,230	5	319,678	7
3XXX	Total equity		2,772,573	63	2,814,545	65	2,841,517	65
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the reporting period	11						
3X2X	Total liabilities and equity		\$ 4,384,922	100	\$ 4,329,072	100	\$ 4,346,731	100

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

**POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7	\$ 674,070	100	\$ 716,184	100	\$ 1,296,887	100	\$ 1,378,326	100
5000 Operating costs	6(4)	( 472,887)	( 70)	( 549,107)	( 77)	( 919,016)	( 71)	( 1,073,424)	( 78)
5950 Net operating margin		<u>201,183</u>	<u>30</u>	<u>167,077</u>	<u>23</u>	<u>377,871</u>	<u>29</u>	<u>304,902</u>	<u>22</u>
Operating expenses	6(23)(24)								
6100 Selling and marketing expenses		( 57,499)	( 9)	( 51,846)	( 7)	( 107,515)	( 8)	( 105,075)	( 7)
6200 General and administrative expenses		( 82,060)	( 12)	( 74,053)	( 10)	( 159,738)	( 13)	( 146,608)	( 11)
6300 Research and development expenses		( 63,594)	( 9)	( 55,451)	( 8)	( 119,882)	( 9)	( 114,158)	( 8)
6450 Expected credit losses	12(2)	( 295)	-	( 839)	-	( 1,488)	-	( 1,359)	-
6000 Total operating expenses		( 203,448)	( 30)	( 182,189)	( 25)	( 388,623)	( 30)	( 367,200)	( 26)
6900 Operating loss		( 2,265)	-	( 15,112)	( 2)	( 10,752)	( 1)	( 62,298)	( 4)
Non-operating income and expenses									
7100 Interest income	6(19)	5,735	1	4,417	-	8,666	1	5,705	-
7010 Other income	6(20)	33,157	5	35,393	5	58,183	5	87,725	6
7020 Other gains and losses	6(21)	609	-	( 212)	-	4,180	-	( 3,441)	-
7050 Finance costs	6(22)	( 6,075)	( 1)	( 6,940)	( 1)	( 11,410)	( 1)	( 16,029)	( 1)
7000 Total non-operating income and expenses		<u>33,426</u>	<u>5</u>	<u>32,658</u>	<u>4</u>	<u>59,619</u>	<u>5</u>	<u>73,960</u>	<u>5</u>
7900 Profit before income tax		<u>31,161</u>	<u>5</u>	<u>17,546</u>	<u>2</u>	<u>48,867</u>	<u>4</u>	<u>11,662</u>	<u>1</u>
7950 Income tax expense	6(25)	( 16,342)	( 3)	( 1,430)	-	( 34,556)	( 3)	( 15,672)	( 1)
8200 Profit (loss) for the period		<u>\$ 14,819</u>	<u>2</u>	<u>\$ 16,116</u>	<u>2</u>	<u>\$ 14,311</u>	<u>1</u>	<u>\$ 4,010</u>	<u>-</u>
Other comprehensive income (loss)									
Components of other comprehensive income (loss) that may be subsequently reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(17)	<u>\$ 18,786</u>	<u>3</u>	<u>( \$ 15,613)</u>	<u>( 2)</u>	<u>\$ 68,113</u>	<u>5</u>	<u>( \$ 19,433)</u>	<u>( 2)</u>
8360 Components of other comprehensive income (loss) that may be subsequently reclassified to profit or loss		<u>18,786</u>	<u>3</u>	<u>( 15,613)</u>	<u>( 2)</u>	<u>68,113</u>	<u>5</u>	<u>( 19,433)</u>	<u>( 2)</u>
8300 Other comprehensive income (loss) for the period, net of income tax		<u>\$ 18,786</u>	<u>3</u>	<u>( \$ 15,613)</u>	<u>( 2)</u>	<u>\$ 68,113</u>	<u>5</u>	<u>( \$ 19,433)</u>	<u>( 2)</u>
8500 Total comprehensive income (loss) for the period		<u>\$ 33,605</u>	<u>5</u>	<u>\$ 503</u>	<u>-</u>	<u>\$ 82,424</u>	<u>6</u>	<u>( \$ 23,443)</u>	<u>( 2)</u>
Profit (loss) attributable to:									
8610 Owners of parent		\$ 38,407	6	\$ 38,356	5	\$ 64,684	5	\$ 43,598	3
8620 Non-controlling interests		( 23,588)	( 4)	( 22,240)	( 3)	( 50,373)	( 4)	( 47,608)	( 3)
Total		<u>\$ 14,819</u>	<u>2</u>	<u>\$ 16,116</u>	<u>2</u>	<u>\$ 14,311</u>	<u>1</u>	<u>( \$ 4,010)</u>	<u>-</u>
Total comprehensive income (loss) attributable to:									
8710 Owners of parent		\$ 53,961	8	\$ 14,912	2	\$ 139,078	10	\$ 19,340	1
8720 Non-controlling interests		( 20,356)	( 3)	( 14,409)	( 2)	( 56,654)	( 4)	( 42,783)	( 3)
Total		<u>\$ 33,605</u>	<u>5</u>	<u>\$ 503</u>	<u>-</u>	<u>\$ 82,424</u>	<u>6</u>	<u>( \$ 23,443)</u>	<u>( 2)</u>
9750 Basic earnings per share (in dollars)	6(26)	<u>\$ 0.45</u>		<u>\$ 0.45</u>		<u>\$ 0.76</u>		<u>\$ 0.51</u>	
9850 Diluted earnings per share (in dollars)	6(26)	<u>\$ 0.43</u>		<u>\$ 0.45</u>		<u>\$ 0.73</u>		<u>\$ 0.51</u>	

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent												Non-controlling interests	Total equity
		Capital surplus						Retained earnings				Financial statements translation differences of foreign operations			
		Notes	Common stock	Additional paid-in capital	Treasury stock transactions	Changes in ownership interests in subsidiaries	Employee stock options	Share options	Legal reserve	Special reserve	Unappropriated retained earnings		Total		
<u>Six months ended June 30, 2023</u>															
			\$ 856,453	\$ 562,539	\$ 14,924	\$ 5,492	\$ 30,563	\$ 12,040	\$ 609,426	\$ 82,092	\$ 470,887	(\$ 13,449)	\$ 2,630,967	\$ 362,461	\$ 2,993,428
			-	-	-	-	-	-	-	-	43,598	-	43,598	( 47,608 )	( 4,010 )
Other comprehensive income (loss)	6(17)		-	-	-	-	-	-	-	-	-	( 24,258 )	( 24,258 )	4,825	( 19,433 )
Total comprehensive income (loss)			-	-	-	-	-	-	-	-	43,598	( 24,258 )	19,340	( 42,783 )	( 23,443 )
Distribution of 2022 earnings:	6(16)														
Legal reserve			-	-	-	-	-	-	9,028	-	( 9,028 )	-	-	-	-
Special reserve			-	-	-	-	-	-	-	( 68,643 )	68,643	-	-	-	-
Cash dividends			-	-	-	-	-	-	-	-	( 85,645 )	-	( 85,645 )	-	( 85,645 )
Cash distributed from capital surplus	6(16)		-	( 42,823 )	-	-	-	-	-	-	-	-	( 42,823 )	-	( 42,823 )
Balance at June 30, 2023			<u>\$ 856,453</u>	<u>\$ 519,716</u>	<u>\$ 14,924</u>	<u>\$ 5,492</u>	<u>\$ 30,563</u>	<u>\$ 12,040</u>	<u>\$ 618,454</u>	<u>\$ 13,449</u>	<u>\$ 488,455</u>	<u>(\$ 37,707)</u>	<u>\$ 2,521,839</u>	<u>\$ 319,678</u>	<u>\$ 2,841,517</u>
<u>Six months ended June 30, 2024</u>															
			\$ 856,453	\$ 519,716	\$ 14,924	\$ 5,492	\$ 30,563	\$ 12,040	\$ 618,454	\$ 13,449	\$ 548,444	(\$ 33,220)	\$ 2,586,315	\$ 228,230	\$ 2,814,545
			-	-	-	-	-	-	-	-	64,684	-	64,684	( 50,373 )	14,311
Other comprehensive income (loss)	6(17)		-	-	-	-	-	-	-	-	-	74,394	74,394	( 6,281 )	68,113
Total comprehensive income (loss)			-	-	-	-	-	-	-	-	64,684	74,394	139,078	( 56,654 )	82,424
Distribution of 2023 earnings:	6(16)														
Legal reserve			-	-	-	-	-	-	10,359	-	( 10,359 )	-	-	-	-
Special reserve			-	-	-	-	-	-	-	19,771	( 19,771 )	-	-	-	-
Cash dividends			-	-	-	-	-	-	-	-	( 85,645 )	-	( 85,645 )	-	( 85,645 )
Cash distributed from capital surplus	6(16)		-	( 42,823 )	-	-	-	-	-	-	-	-	( 42,823 )	-	( 42,823 )
Changes in ownership interests in subsidiaries			-	( 5,696 )	-	9,768	-	-	-	-	-	-	4,072	-	4,072
Balance at June 30, 2024			<u>\$ 856,453</u>	<u>\$ 471,197</u>	<u>\$ 14,924</u>	<u>\$ 15,260</u>	<u>\$ 30,563</u>	<u>\$ 12,040</u>	<u>\$ 628,813</u>	<u>\$ 33,220</u>	<u>\$ 497,353</u>	<u>\$ 41,174</u>	<u>\$ 2,600,997</u>	<u>\$ 171,576</u>	<u>\$ 2,772,573</u>

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30 2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 48,867	\$ 11,662
Adjustments			
Adjustments to reconcile profit (loss)			
Net profit on financial assets at fair value through profit or loss		3,269	-
Expected credit losses	12(2)	1,488	1,359
Depreciation	6(23)	97,939	102,157
Amortisation	6(23)	16,946	22,309
Interest expense	6(22)	11,410	16,029
Interest income	6(19)	( 8,666 )	( 5,705 )
Losses (gains) on disposal of property and equipment	6(21)	341	( 939 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		13,080	52,570
Accounts receivable		( 6,768 )	( 64,560 )
Accounts receivable - related parties		( 22,125 )	( 14,121 )
Other receivables		( 958 )	2,058
Inventories		( 7,651 )	140,904
Prepayments		( 29,376 )	37,512
Other current assets		( 1,399 )	( 1,992 )
Changes in operating liabilities			
Current contract liabilities		8,391	1,911
Notes payable		7,239	( 11,024 )
Accounts payable		( 13,105 )	( 2,710 )
Other payables		( 55,816 )	( 96,281 )
Other current liabilities		( 52 )	( 3,334 )
Defined benefit liabilities		( 4,785 )	170
Other non-current liabilities		( 214 )	-
Cash inflow generated from operations		58,055	187,975
Interest received		8,666	5,705
Interest paid		( 11,410 )	( 14,623 )
Income tax paid		( 32,258 )	( 13,423 )
Net cash flows from operating activities		<u>23,053</u>	<u>165,634</u>

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**POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30 2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at amortised cost		(\$ 329,038 )	(\$ 27,140 )
Proceeds from disposal of financial assets at amortised cost		78,887	-
Acquisition of property, plant and equipment	6(27)	( 77,017 )	( 46,574 )
Proceeds from disposal of property, plant and equipment		3,848	8,134
Acquisition of intangible assets		( 2,307 )	( 1,769 )
(Increase) decrease in refundable deposits		( 422 )	370
Net cash flows used in investing activities		( 326,049 )	( 66,979 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short-term borrowings	6(28)	926,000	836,690
Repayment of short-term borrowings	6(28)	( 616,254 )	( 812,543 )
Proceeds from long-term borrowings	6(28)	100,000	-
Repayment of corporate bonds	6(28)	( 264,700 )	-
Repayment of lease liabilities	6(28)	( 5,911 )	( 5,540 )
Cash dividends paid (including cash distributed from capital surplus)	6(16)	( 128,468 )	( 128,468 )
Net cash flows from (used in) financing activities		10,667	( 109,861 )
Effect of exchange rate		42,340	( 36,952 )
Net decrease in cash and cash equivalents		( 249,989 )	( 48,158 )
Cash and cash equivalents at beginning of period	6(1)	1,153,943	1,102,816
Cash and cash equivalents at end of period	6(1)	\$ 903,954	\$ 1,054,658

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2024 AND 2023

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

1. HISTORY AND ORGANISATION

Polytronics Technology Corporation (the “Company”) was incorporated on December 18, 1997 and commenced operations on August 1, 1999. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research, development, manufacture and sale of polymeric positive temperature coefficient thermistors, overvoltage protective devices and its production related semi-finished goods, modules and dies, thermal conductive boards, thermal module, heat dispersing materials and LED lightings and modules.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 8, 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<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect as endorsed by FSC and became effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</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 IASB
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 IASB
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, '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

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. These 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 Standards 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 the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of consolidate 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 same basis of consolidation have been followed in these consolidated financial statements as were applied in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiaries	Activities	Ownership (%)			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
Polytronics Technology Corporation	Polytronics (B.V.I.) Corporation	Investments and general business operations	100	100	100	
Polytronics Technology Corporation	TCLAD Technology Corporation	Manufacturing of the thermal conductive board	66.96	56.27	56.27	Note 1
Polytronics Technology Corporation	PolyTCB Electronics Corporation	Manufacturing and sales of electronic components	-	100	100	Note 1
TCLAD Technology Corporation	TCLAD Inc.	Manufacturing of the thermal conductive board	100	100	100	
TCLAD Technology Corporation	TCLAD Europe GmbH	Manufacturing of the thermal conductive board	85	85	85	
TCLAD Technology Corporation	Suzhou TCLAD Electronic Technology Co., Ltd.	Manufacturing of the thermal conductive board	100	100	100	Note 2
Polytronics (B.V.I.) Corporation	Kunshan Polystar Electronics Co., Ltd.	Production and sale of varistor and potentiometer	100	100	100	
Kunshan Polystar Electronics Co., Ltd.	PolyStellar Electronics Co., Ltd.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	100	100	100	

Note 1: In order to implement work specialisation and reorganisation for enhancing competitiveness and operating performance, the Company's Board of Directors during their meeting on November 6, 2023 resolved to restructure organisation by transferring the Company's wholly-owned subsidiary, PolyTCB Electronics Corporation, to the subsidiary, TCLAD Technology Corporation, and acquiring 9,707 thousand shares of TCLAD Technology Corporation which was issued through the capital increase of TCLAD Technology Corporation. Accordingly, the Company's shareholding ratio increased to 66.96%. In addition, the Board of Directors of TCLAD Technology Corporation during their meeting on November 6, 2023 resolved to merge with PolyTCB Electronics Corporation. Under the merger, PolyTCB Electronics Corporation will be the dissolved company while TCLAD Technology Corporation will be the surviving company, and the effective date for the merger was set on February 1, 2024.

Note 2: Established and registered by the subsidiary of the Company on March 16, 2023.

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:

As of June 30, 2024, December 31, 2023 and June 30, 2023, the non-controlling interests amounted to \$171,576, \$228,230 and \$319,678, respectively. The information of non-controlling interests and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interests June 30, 2024		Description
		Amount	Ownership (%)	
TCLAD Technology Corporation	Taiwan	\$ 171,576	30.04%	

  

Name of subsidiary	Principal place of business	Non-controlling interests December 31, 2023		Description
		Amount	Ownership (%)	
TCLAD Technology Corporation	Taiwan	\$ 228,230	43.73%	

  

Name of subsidiary	Principal place of business	Non-controlling interests June 30, 2023		Description
		Amount	Ownership (%)	
TCLAD Technology Corporation	Taiwan	\$ 319,678	43.73%	

Balance sheet:

	TCLAD Technology Corporation and Subsidiaries		
	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 689,926	\$ 502,756	\$ 618,339
Non-current assets	694,442	477,393	519,441
Current liabilities	( 585,531)	( 457,190)	( 408,398)
Non-current liabilities	( 275,459)	-	( 348)
Total net assets	\$ 523,378	\$ 522,959	\$ 729,034

Statement of comprehensive income:

TCLAD Technology Corporation and Subsidiaries		
	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023
Revenue	\$ 290,030	\$ 275,790
Loss before income tax	( 70,014)	( 49,971)
Income tax expense	( 135)	( 79)
Loss for the period	( 70,149)	( 50,050)
Other comprehensive income, net of income tax	9,801	17,877
Total comprehensive loss	(\$ 60,348)	(\$ 32,173)
Total comprehensive loss attributable to non-controlling interests	(\$ 625)	(\$ 603)
Dividends paid to non-controlling interests	\$ -	\$ -

TCLAD Technology Corporation and Subsidiaries		
	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Revenue	\$ 538,950	\$ 536,476
Loss before income tax	( 140,476)	( 108,080)
Income tax expense	( 216)	( 151)
Loss for the period	( 140,692)	( 108,231)
Other comprehensive income, net of income tax	38,344	10,965
Total comprehensive loss	(\$ 102,348)	(\$ 97,266)
Total comprehensive loss attributable to non-controlling interests	(\$ 1,202)	(\$ 446)
Dividends paid to non-controlling interests	\$ -	\$ -

Statement of cash flows:

		TCLAD Technology Corporation and Subsidiaries	
		January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Net cash used in operating activities	(\$	164,568)	(\$ 126,817)
Net cash provided by (used in) investing activities		33,700	( 12,408)
Net cash provided by financing activities		154,529	164,400
Effect of exchange rates		24,163	9,628
Increase in cash and cash equivalents		47,824	34,803
Cash and cash equivalents, beginning of period		144,823	117,030
Cash and cash equivalents, end of period	\$	192,647	\$ 151,833

(4) Employee benefits

Defined benefit plans

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

(5) 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 for the six months ended June 30, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and revolving funds	\$ 382	\$ 177	\$ 196
Checking accounts and demand deposits	617,454	581,846	487,302
Time deposits	286,118	571,920	567,160
	<u>\$ 903,954</u>	<u>\$ 1,153,943</u>	<u>\$ 1,054,658</u>

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



(2) Financial assets/liabilities at fair value through profit or loss

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Financial assets (liabilities)			
mandatorily measured at			
fair value through profit or loss			
Derivatives	\$ -	\$ -	\$ -
Valuation adjustment	( 285)	2,984	-
Total	<u>(\$ 285)</u>	<u>\$ 2,984</u>	<u>\$ -</u>

A. The Group recognised net loss of \$2,108, \$0, \$9,099 and \$0 for the three months and six months ended June 30, 2024 and 2023, respectively.

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

		<u>June 30, 2024</u>	
		Contract amount (notional principal)	Contract period
<u>Derivative financial instruments</u>		(in thousands)	
Forward foreign exchange contracts	USD	\$ 727	2024/06/12~2024/07/17
Forward foreign exchange contracts	USD	765	2024/06/12~2024/07/17
		<u>December 31, 2023</u>	
		Contract amount (notional principal)	Contract period
<u>Derivative financial instruments</u>		(in thousands)	
Forward foreign exchange contracts	USD	\$ 1,000	2023/11/16~2024/01/12
Forward foreign exchange contracts	USD	881	2023/12/25~2024/03/01
Forward foreign exchange contracts	USD	857	2023/11/24~2024/02/29
Forward foreign exchange contracts	USD	711	2023/12/08~2024/03/01
Forward foreign exchange contracts	USD	408	2023/11/24~2024/01/31
Forward foreign exchange contracts	USD	289	2023/12/08~2024/02/26
Forward foreign exchange contracts	USD	242	2023/11/24~2024/02/29
Forward foreign exchange contracts	USD	99	2023/12/25~2024/03/01

June 30, 2023: None.

The Group entered into forward foreign exchange contracts to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial asset at fair value through profit or loss is provided in Note 12(3).

(3) Notes and accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 162,307	\$ 175,387	\$ 144,360
Accounts receivable	\$ 449,290	\$ 442,040	\$ 521,359
Accounts receivable - related parties	77,253	55,128	55,510
Less: Loss allowance	( 23,400)	( 21,430)	( 20,002)
	<u>\$ 503,143</u>	<u>\$ 475,738</u>	<u>\$ 556,867</u>

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	June 30, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 457,410	\$ 162,307	\$ 423,658	\$ 175,387
Up to 30 days	29,214	-	42,838	-
31 to 90 days	11,124	-	7,522	-
91 to 180 days	3,732	-	20,603	-
Over 180 days	25,063	-	2,547	-
	<u>\$ 526,543</u>	<u>\$ 162,307</u>	<u>\$ 497,168</u>	<u>\$ 175,387</u>

  

	June 30, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 489,132	\$ 144,360
Up to 30 days	49,143	-
31 to 90 days	18,458	-
91 to 180 days	3,166	-
Over 180 days	16,970	-
	<u>\$ 576,869</u>	<u>\$ 144,360</u>

The above ageing analysis was based on past due date.

- B. As of June 30, 2024, December 31, 2023 and June 30, 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$695,679.
- C. As of June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collaterals 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 \$162,307, \$175,387 and \$144,360, respectively, and accounts receivable were \$503,143, \$475,738 and \$556,867, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Raw materials	\$ 213,962	\$ 238,741	\$ 285,863
Work-in-progress	180,758	175,829	178,821
Finished goods	250,078	222,577	175,816
	<u>\$ 644,798</u>	<u>\$ 637,147</u>	<u>\$ 640,500</u>

The cost of inventories recognised as expense for the period:

	<u>Three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 472,762	\$ 533,848
Loss on decline in market value	125	15,259
	<u>\$ 472,887</u>	<u>\$ 549,107</u>
	<u>Six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 918,391	\$ 1,046,966
Loss on decline in market value	625	26,458
	<u>\$ 919,016</u>	<u>\$ 1,073,424</u>

(5) Property, plant and equipment

2024

									Construction in progress and equipment under inspection	Total
	Land	Buildings	Machinery equipment	Office equipment	Transportation equipment	Computer and communication equipment	Leasehold improvements	Other equipment		
At January 1										
Cost	\$ 2,345	\$ 1,056,152	\$ 1,084,697	\$ 14,353	\$ 12,780	\$ 26,020	\$ 15,001	\$ 212,337	\$ 1,452	\$ 2,425,137
Accumulated depreciation and impairment	-	( 430,116)	( 639,687)	( 10,433)	( 9,939)	( 18,751)	( 14,311)	( 180,726)	-	( 1,303,963)
	<u>\$ 2,345</u>	<u>\$ 626,036</u>	<u>\$ 445,010</u>	<u>\$ 3,920</u>	<u>\$ 2,841</u>	<u>\$ 7,269</u>	<u>\$ 690</u>	<u>\$ 31,611</u>	<u>\$ 1,452</u>	<u>\$ 1,121,174</u>
Opening net book amount	\$ 2,345	\$ 626,036	\$ 445,010	\$ 3,920	\$ 2,841	\$ 7,269	\$ 690	\$ 31,611	\$ 1,452	\$ 1,121,174
Additions	-	280	22,832	368	-	1,834	4,229	3,393	12,053	44,989
Disposals	-	-	( 1,245)	( 10)	( 807)	( 76)	-	( 2,051)	-	( 4,189)
Reclassifications	-	-	2,748	-	-	-	1,380	9,377	( 13,505)	-
Depreciation	-	( 21,739)	( 57,952)	( 571)	( 394)	( 2,046)	( 291)	( 7,326)	-	( 90,319)
Net exchange differences	133	14,738	11,560	159	89	117	-	784	-	27,580
Closing net book amount	<u>\$ 2,478</u>	<u>\$ 619,315</u>	<u>\$ 422,953</u>	<u>\$ 3,866</u>	<u>\$ 1,729</u>	<u>\$ 7,098</u>	<u>\$ 6,008</u>	<u>\$ 35,788</u>	<u>\$ -</u>	<u>\$ 1,099,235</u>
At June 30										
Cost	\$ 2,478	\$ 1,076,619	\$ 1,123,601	\$ 15,103	\$ 7,763	\$ 27,620	\$ 20,611	\$ 219,690	\$ -	\$ 2,493,485
Accumulated depreciation and impairment	-	( 457,304)	( 700,648)	( 11,237)	( 6,034)	( 20,522)	( 14,603)	( 183,902)	-	( 1,394,250)
	<u>\$ 2,478</u>	<u>\$ 619,315</u>	<u>\$ 422,953</u>	<u>\$ 3,866</u>	<u>\$ 1,729</u>	<u>\$ 7,098</u>	<u>\$ 6,008</u>	<u>\$ 35,788</u>	<u>\$ -</u>	<u>\$ 1,099,235</u>

									Construction in progress and equipment under inspection	Total
	Land	Buildings	Machinery equipment	Office equipment	Transportation equipment	Computer and communication equipment	Leasehold improvements	Other equipment		
At January 1										
Cost	\$ 2,345	\$ 1,031,867	\$ 1,076,562	\$ 14,151	\$ 13,328	\$ 23,851	\$ 19,926	\$ 209,245	\$ -	\$ 2,391,275
Accumulated depreciation and impairment	-	( 390,488)	( 540,818)	( 9,414)	( 9,101)	( 14,910)	( 18,711)	( 167,351)	-	( 1,150,793)
	<u>\$ 2,345</u>	<u>\$ 641,379</u>	<u>\$ 535,744</u>	<u>\$ 4,737</u>	<u>\$ 4,227</u>	<u>\$ 8,941</u>	<u>\$ 1,215</u>	<u>\$ 41,894</u>	<u>\$ -</u>	<u>\$ 1,240,482</u>
Opening net book amount	\$ 2,345	\$ 641,379	\$ 535,744	\$ 4,737	\$ 4,227	\$ 8,941	\$ 1,215	\$ 41,894	\$ -	\$ 1,240,482
Additions	-	24,791	12,425	313	272	942	-	2,810	2,409	43,962
Disposals	-	-	( 4,046)	( 41)	-	-	-	( 3,108)	-	( 7,195)
Depreciation	-	( 21,065)	( 59,698)	( 698)	( 806)	( 1,992)	( 262)	( 10,218)	-	( 94,739)
Net exchange differences	33	( 2,558)	5,954	( 8)	( 141)	25	-	3,134	9	6,448
Closing net book amount	<u>\$ 2,378</u>	<u>\$ 642,547</u>	<u>\$ 490,379</u>	<u>\$ 4,303</u>	<u>\$ 3,552</u>	<u>\$ 7,916</u>	<u>\$ 953</u>	<u>\$ 34,512</u>	<u>\$ 2,418</u>	<u>\$ 1,188,958</u>
At June 30										
Cost	\$ 2,378	\$ 1,050,340	\$ 1,078,433	\$ 14,140	\$ 13,216	\$ 24,837	\$ 19,926	\$ 211,474	\$ 2,418	\$ 2,417,162
Accumulated depreciation and impairment	-	( 407,793)	( 588,054)	( 9,837)	( 9,664)	( 16,921)	( 18,973)	( 176,962)	-	( 1,228,204)
	<u>\$ 2,378</u>	<u>\$ 642,547</u>	<u>\$ 490,379</u>	<u>\$ 4,303</u>	<u>\$ 3,552</u>	<u>\$ 7,916</u>	<u>\$ 953</u>	<u>\$ 34,512</u>	<u>\$ 2,418</u>	<u>\$ 1,188,958</u>

- A. For the six months ended June 30, 2024 and 2023, there was no capitalisation of borrowing interests attributable to property, plant and equipment.
- B. Information about property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. Above property, plant and equipment are owner-occupied.

(6) Leasing arrangements — lessee

A. The Group leases various assets including land, buildings and business vehicles. Lease agreements are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 181,593	\$ 184,034	\$ 186,647
Buildings	16,967	12,279	15,066
Transportation equipment	3,400	1,350	1,828
	<u>\$ 201,960</u>	<u>\$ 197,663</u>	<u>\$ 203,541</u>

	Three months ended June 30,	
	2024	2023
	Depreciation	Depreciation
Land	\$ 1,358	\$ 1,280
Buildings	1,354	1,393
Transportation equipment	533	366
	<u>\$ 3,245</u>	<u>\$ 3,039</u>

	Six months ended June 30,	
	2024	2023
	Depreciation	Depreciation
Land	\$ 2,714	\$ 2,637
Buildings	2,708	2,735
Transportation equipment	921	769
	<u>\$ 6,343</u>	<u>\$ 6,141</u>

C. For the three months and six months ended June 30, 2024 and 2023, the additions to right-of-use assets were \$520, \$0, \$10,378 and \$14,731, respectively.

D. The information on profit and loss accounts relating to lease agreements is as follows:

	Three months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 842</u>	<u>\$ 707</u>
	Six months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 1,609</u>	<u>\$ 1,406</u>

E. For the six months ended June 30, 2024 and 2023, the Group's total cash outflow for leases were \$7,520 and \$6,946, respectively.

F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(7) Leasing arrangements – lessor

A. The Group leases buildings to others. Lease agreements are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the three months and six months ended June 30, 2024 and 2023, the Group recognised rent income in the amounts of \$12,622, \$12,449, \$26,677 and \$26,659, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
2023	\$ -	\$ -	\$ 20,211
2024	22,879	42,499	16,469
2025	27,885	19,451	2,788
2026	22,242	15,213	1,936
2027	380	380	-
2028	380	-	-
	<u>\$ 73,766</u>	<u>\$ 77,543</u>	<u>\$ 41,404</u>

(8) Investment property

	2024	2023
	Buildings	Buildings
At January 1		
Cost	\$ 130,238	\$ 130,238
Accumulated depreciation	( 26,364)	( 23,810)
	<u>\$ 103,874</u>	<u>\$ 106,428</u>
Opening net book amount	\$ 103,874	\$ 106,428
Depreciation	( 1,277)	( 1,277)
Closing net book amount	<u>\$ 102,597</u>	<u>\$ 105,151</u>
At June 30		
Cost	\$ 130,238	\$ 130,238
Accumulated depreciation	( 27,641)	( 25,087)
	<u>\$ 102,597</u>	<u>\$ 105,151</u>

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

	Three months ended June 30,	
	2024	2023
Rental income from investment property	\$ 12,050	\$ 12,190
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 1,424	\$ 1,563
	Six months ended June 30,	
	2024	2023
Rental income from investment property	\$ 26,063	\$ 26,166
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 2,063	\$ 2,202

B. The fair value of investment property held by the Group as of June 30, 2024, December 31, 2023 and June 30, 2023, were all \$265,364. The fair value is estimated using the valuation method frequently used by market participants which is categorised with Level 3 in the fair value hierarchy. The valuation is based on evidence of similar trading prices.

C. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

(9) Short-term borrowings

Type of borrowings	June 30, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 800,082	2.662%	Buildings and time deposits
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 484,514	3.006%	Buildings and time deposits
Type of borrowings	June 30, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 93,201	6.050%	None
Secured borrowings	427,437	3.100%	Buildings and time deposits
	\$ 520,638		

Interest expense recognised in profit or loss amounted to \$5,040, \$1,060, \$9,380 and \$4,670 for the three months and six months ended June 30, 2024 and 2023, respectively.



(10) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Wages and salaries payable	\$ 74,460	\$ 112,221	\$ 65,251
Employee bonus and directors' remuneration payable	20,430	38,554	13,902
Payables on machinery and equipment	6,007	4,688	3,666
Others	90,022	89,953	113,478
	<u>\$ 190,919</u>	<u>\$ 245,416</u>	<u>\$ 196,297</u>

(11) Bonds payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Bonds payable			
The Company's first unsecured convertible bonds	\$ -	\$ 360,000	\$ 360,000
	-	360,000	360,000
Less: Conversion option amount exercised	- (	95,300) (	95,300)
Less: Discount on bonds payable	-	-	( 2,106)
	-	264,700	262,594
Less: Current portion	- (	264,700) (	262,594)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A. On November 11, 2020, the Company's Board of Directors resolved to issue the first domestic unsecured convertible bonds. The issuance has been approved by the FSC and was issued on January 18, 2021, the terms of the issuance were as follows:

- (a) Total issuance amount: \$360 million.
- (b) The issuance price: The face value was \$100,000 (in dollars) and was issued at 101% of face value.
- (c) Issuance duration: 3 years (from January 18, 2021 to January 18, 2024).
- (d) Coupon rate of bonds: 0%.
- (e) Payback date and method: Except for converting into common shares during conversion period or repurchased and retired by the Company in advance, the bonds will be repaid at once in cash at face value on maturity date.
- (f) Conversion period: From three months after the issuance date (April 19, 2021) and ending on the maturity date (January 18, 2024), the creditor may request conversion at any time, except during the legal suspension of the transfer period.
- (g) Conversion price and adjustment: The conversion price was \$107 (in dollars) per share at issuance. However, if the ex-rights and ex-dividends occur after the issuance, the applicable conversion price was subject to adjustments based on the conversion price adjustment formula.

- (h) The rights and obligations of the new shares after conversion are the same as those of the Company's ordinary shares.
- (i) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (j) Regarding the issuance of convertible bonds, the equity conversion options amounting to \$16,374 were separated from the liability component and were recognised in "Capital surplus – share options" in accordance with IAS 32. The effective interest rate of the bonds payable after such separation was 1.5989%.
- (k) Through June 30, 2024, the convertible corporate bonds with face value of \$95,300 have been converted into 944 thousand ordinary shares.

(12) Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	June 30, 2024
Long-term bank borrowings					
		Repayable in instalment over			
Unsecured borrowings	2024/06/06~2026/06/06	the agreed period	2.12%	None	\$ 100,000
					100,000
Less: Long-term borrowings, current portion					-
					<u>\$ 100,000</u>

December 31, 2023: None.

June 30, 2023: None.

(13) Pensions

A.(a) The Company and its domestic subsidiaries have 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 Labor Standards 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 and its domestic subsidiaries contribute monthly an amount equal to 2.5% 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 and its domestic subsidiaries 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 and its domestic subsidiaries will make contributions for the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognized pension costs of \$318, \$325, \$636 and \$650 for the three months and six months ended June 30, 2024 and 2023, respectively.
  - (c) Expected contributions to the defined benefit pension plans of the Group for the next year amount to \$1,320.
- B. (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 and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s Mainland China subsidiary has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
  - (c) The Group’s US subsidiary has established a 401(K) pension plan in accordance with Section 401(K) of the Internal Revenue Code (IRC). All eligible employees can elect to have a certain portion of their salaries contributed to their individual pension accounts according to the contribution limit. The US subsidiary makes a matching contribution of no higher than 8% of each employee’s salary to their individual pension accounts.
  - (d) The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2024 and 2023, were \$9,352, \$7,197, \$18,154 and \$16,295, respectively.
- C. In addition, effective in 2018, in order to provide for the pension of appointed managers, the Company has made provision for the pension at 4% of their total paid salaries monthly. Pension payments shall be taken from the provision when the managers actually retire. However, if such provision is insufficient, the deficiency shall be recognised as expenses for the year. Provision for appointed managers amounted to \$300, \$300, \$600 and \$600 for the three months and six months ended June 30, 2024 and 2023, respectively.

(14) Share capital

As of June 30, 2024, the Company’s authorised capital was \$1,000,000, consisting of 100,000 thousand shares of ordinary share (including 5 million shares reserved for employee stock options), and the paid-in capital was \$856,453 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	2024	2023
At January 1 / At June 30	<u>85,645</u>	<u>85,646</u>

(15) 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.

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, except as legal reserve reaches amount equal to the paid-in capital, then setting aside or reversing special reserve according to the resolution of shareholders during their meeting or the request by competent authorities. Appropriation of remainder, and unappropriated retained earnings from prior years, shall be proposed by the Board of Directors and resolved at the shareholders' meeting.

In accordance with Article 240, Item 5 and Article 241, Item 2 of the Company Act, the resolution, for all or a portion of distributable dividends, legal reserve and capital surplus that are distributed in the form of cash, will be adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and will be reported to the shareholders, shall not be subject to the resolution at the shareholders' meeting.

B. Dividend policy: As the Company is in a rapidly changing industry and in the growth stage, and considering the Company's long-term financial plans, shareholders' long-term interest and stabilising performance target, cash dividend distribution shall not be lower than 10% of the total dividend distribution.

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 based on debit balances of other equity items at the balance sheet date before distributing earnings. When debit balances of 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 Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. The appropriations for 2023 and 2022 had been resolved at shareholders' meeting on June 13, 2024 and June 21, 2023 are as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 10,359		\$ 9,028	
Special reserve	19,771		( 68,643)	
Cash dividends	85,645	\$ 1.00	85,645	\$ 1.00
	<u>\$ 115,775</u>		<u>\$ 26,030</u>	

F. The Company adopted the resolution of the Board of Directors on March 7, 2024 and March 16, 2023, respectively, to distribute cash of \$42,823 (\$0.5 dollars per share) in proportion to the ownership interest of shareholders using capital surplus, which will be reported at the shareholders' meeting on June 13, 2024 and June 21, 2023, respectively.

(17) Other equity items

	Financial statements translation difference of foreign operations
At January 1, 2024	(\$ 33,220)
Currency translation differences	74,394
At June 30, 2024	<u>\$ 41,174</u>
	Financial statements translation difference of foreign operations
At January 1, 2023	(\$ 13,449)
Currency translation differences	( 24,258)
At June 30, 2023	<u>(\$ 37,707)</u>

(18) Operating revenue

	Three months ended June 30,	
	2024	2023
Sales revenue	<u>\$ 674,070</u>	<u>\$ 716,184</u>
	Six months ended June 30,	
	2024	2023
Sales revenue	<u>\$ 1,296,887</u>	<u>\$ 1,378,326</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended June 30, 2024	China	Taiwan	USA	Others	Total
Sales revenue	\$ 295,653	\$ 63,557	\$ 251,291	\$ 63,569	\$ 674,070
Three months ended June 30, 2023	China	Taiwan	USA	Others	Total
Sales revenue	\$ 319,451	\$ 62,351	\$ 215,305	\$ 119,077	\$ 716,184
Six months ended June 30, 2024	China	Taiwan	USA	Others	Total
Sales revenue	\$ 579,872	\$ 136,737	\$ 434,227	\$ 146,051	\$ 1,296,887
Six months ended June 30, 2023	China	Taiwan	USA	Others	Total
Sales revenue	\$ 615,105	\$ 124,029	\$ 392,884	\$ 246,308	\$ 1,378,326

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract liabilities:				
– Advance sales receipts	\$ 22,505	\$ 14,114	\$ 11,433	\$ 9,522

(b) Revenue recognised that was included in the contract liabilities balance at the beginning of the period:

	Three months ended June 30,	
	2024	2023
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	\$ 31	\$ 324
	Six months ended June 30,	
	2024	2023
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	\$ 14,060	\$ 8,552

(19) Interest income

	Three months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 5,438	\$ 3,946
Interest income from financial assets at amortised cost	297	471
	\$ 5,735	\$ 4,417

	Six months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 8,149	\$ 4,944
Interest income from financial assets at amortised cost	517	761
	<u>\$ 8,666</u>	<u>\$ 5,705</u>

(20) Other income

	Three months ended June 30,	
	2024	2023
Rental income	\$ 12,622	\$ 12,449
Other income, others	20,535	22,944
	<u>\$ 33,157</u>	<u>\$ 35,393</u>

	Six months ended June 30,	
	2024	2023
Rent income	\$ 26,677	\$ 26,659
Other income, others	31,506	61,066
	<u>\$ 58,183</u>	<u>\$ 87,725</u>

(21) Other gains and losses

	Three months ended June 30,	
	2024	2023
Gains on disposals of property, plant and equipment	\$ -	\$ 939
Net currency exchange gains	5,161	2,016
Losses on financial assets at fair value through profit or loss	( 2,108)	-
Depreciation - investment property	( 638)	( 638)
Other losses	( 1,806)	( 2,529)
	<u>\$ 609</u>	<u>(\$ 212)</u>

	Six months ended June 30,	
	2024	2023
Gains (losses) on disposals of property, plant and equipment	(\$ 341)	\$ 939
Net currency exchange gains	17,570	1,735
Losses on financial assets at fair value through profit or loss	( 9,099)	-
Depreciation - investment property	( 1,277)	( 1,277)
Other losses	( 2,673)	( 4,838)
	<u>\$ 4,180</u>	<u>(\$ 3,441)</u>

(22) Finance costs

	Three months ended June 30,	
	2024	2023
Interest expense	\$ 6,075	\$ 6,940
	Six months ended June 30,	
	2024	2023
Interest expense	\$ 11,410	\$ 16,029

(23) Expenses by nature

	Three months ended June 30,	
	2024	2023
Employee benefit expenses	\$ 245,201	\$ 239,083
Depreciation on property, plant and equipment (Note)	49,668	46,897
Amortisation on intangible assets	8,387	9,909
	Six months ended June 30,	
	2024	2023
Employee benefit expenses	\$ 484,526	\$ 476,872
Depreciation on property, plant and equipment (Note)	97,939	102,157
Amortisation on intangible assets	16,946	22,309

Note: Including investment property and right-of-use assets.

(24) Employee benefit expenses

	Three months ended June 30,	
	2024	2023
Wages and salaries	\$ 195,773	\$ 191,372
Labor and health insurance fees	13,114	13,832
Pension costs	9,970	7,822
Other personnel expenses	26,344	26,057
	\$ 245,201	\$ 239,083
	Six months ended June 30,	
	2024	2023
Wages and salaries	\$ 383,799	\$ 374,751
Labor and health insurance fees	26,717	29,532
Pension costs	19,390	17,545
Other personnel expenses	54,620	55,044
	\$ 484,526	\$ 476,872

A. In accordance with Articles of Incorporation of the Company, employees' compensation and directors' remuneration shall be calculated based on a ratio of distributable profit of the current year, after covering accumulated losses. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.



B. For the three months and six months ended June 30, 2024 and 2023, employees' compensation were accrued at \$10,070, \$6,919, \$18,730 and \$11,612, respectively; while directors' remuneration were accrued at \$930, \$470, \$1,700 and \$811, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period, the approximate ratios were 15.86% and 1.44%, respectively.

Employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements.

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

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

		Three months ended June 30,	
		2024	2023
Current tax:			
Current tax on profits for the period	\$	17,022	\$ 11,786
Prior year income tax overestimation		-	( 9,694)
Total current tax		17,022	2,092
Deferred tax:			
Origination and reversal of temporary differences	(	680)	( 662)
Total deferred tax	(	680)	( 662)
Income tax expense	\$	16,342	\$ 1,430
		Six months ended June 30,	
		2024	2023
Current tax:			
Current tax on profits for the period	\$	31,573	\$ 25,762
Prior year income tax overestimation		-	( 9,694)
Total current tax		31,573	16,068
Deferred tax:			
Origination and reversal of temporary differences		2,983	( 396)
Total deferred tax		2,983	( 396)
Income tax expense	\$	34,556	\$ 15,672

(b) The income tax charged/(credited) to equity during the period: None.

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(26) Earnings per share

Three months ended June 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	\$ 38,407	85,645	\$ 0.45
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	38,407	85,645	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	2,621	
Employees' compensation	-	191	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 38,407	88,457	\$ 0.43
Three months ended June 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	\$ 38,356	85,645	\$ 0.45
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	38,356	85,645	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	112	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 38,356	85,757	\$ 0.45

Six months ended June 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	\$ 64,684	85,645	\$ 0.76
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	64,684	85,645	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	2,621	
Employees' compensation	-	565	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 64,684	88,831	\$ 0.73
Six months ended June 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	\$ 43,598	85,645	\$ 0.51
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	43,598	85,645	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	430	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 43,598	86,075	\$ 0.51

The convertible bonds were not included in the three months and six months ended June 30, 2023 calculation of diluted earnings per share due to anti-dilution effect.

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Six months ended June 30,	
	2024	2023
Acquisition of property, plant and quipment	\$ 44,989	\$ 43,962
Net change of payable on machinery and equipment	( 1,319)	2,150
Net change of prepayments on machinery and equipment	33,347	462
Cash paid during the period	<u>\$ 77,017</u>	<u>\$ 46,574</u>

(28) Changes in liabilities from financing activities

	2024					Total liabilites from financing activites
	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Deposits-in	
At January 1	\$ 484,514	\$ 194,525	\$ 264,700	\$ -	\$ 11,043	\$ 954,782
Changes in cash flow from financing activities	309,746	( 5,911)	( 264,700)	100,000	-	139,135
Interest expense	-	1,609	-	-	-	1,609
Interest paid	-	( 1,609)	-	-	-	( 1,609)
Changes in other non-cash items	5,822	10,363	-	-	-	16,185
At June 30	<u>\$ 800,082</u>	<u>\$ 198,977</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 11,043</u>	<u>\$ 1,110,102</u>

  

	2023					Total liabilites from financing activites
	Short-term borrowings	Lease liabilities	Bonds payable	Deposits-in		
At January 1	\$ 508,933	\$ 190,877	\$ 260,504	\$ 11,043		\$ 971,357
Changes in cash flow from financing activities	24,147	( 5,540)	-	-		18,607
Interest expense	-	1,406	2,090	-		3,496
Interest paid	-	( 1,406)	-	-		( 1,406)
Changes in other non-cash items	( 12,442)	14,730	-	-		2,288
At June 30	<u>\$ 520,638</u>	<u>\$ 200,067</u>	<u>\$ 262,594</u>	<u>\$ 11,043</u>		<u>\$ 994,342</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Littelfuse, Inc.	The director of the Company

### (2) Significant related party transactions and balances

#### A. Operating revenue

	<u>Three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
Littelfuse, Inc.	\$ <u>76,984</u>	\$ <u>54,717</u>
	<u>Six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
Littelfuse, Inc.	\$ <u>137,127</u>	\$ <u>100,900</u>

There are no significant differences in sales prices and collection terms between related parties and third parties.

#### B. Receivables from related parties:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable			
Littelfuse, Inc.	\$ <u>77,253</u>	\$ <u>55,128</u>	\$ <u>55,510</u>

The receivables from related parties arise mainly from sale transactions. The receivables are due 90 days after the date of sale. The receivables are unsecured in nature and bear no interest.

### (3) Key management compensation

	<u>Three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 8,294	\$ 15,765
Post-employment benefits	421	381
	\$ <u>8,715</u>	\$ <u>16,146</u>
	<u>Six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 22,670	\$ 32,949
Post-employment benefits	850	761
	\$ <u>23,520</u>	\$ <u>33,710</u>

## 8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2024	December 31, 2023	June 30, 2023	
Time deposit (shown as "Current financial assets at amortised cost")	\$ 103,402	\$ 120,039	\$ 120,039	Guarantee for customs and bond, performance guarantee, company card guarantee and guarantee for short-term borrowing
Demand deposit (shown as "Current financial assets at amortised cost")	-	-	27,100	Guarantee for short-term borrowing credit line
Time deposit (shown as "Non-current financial assets at amortised cost")	8,331	8,260	6,926	Guarantee for land lease in science park
Buildings and investment property	181,125	183,876	185,626	Guarantee for short-term borrowing credit line

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	\$ 11,687	\$ 7,261	\$ 15,744

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On August 8, 2024, the Company's Board of Directors resolved to acquire more ordinary shares of TCLAD Technology Corporation.

## 12. OTHERS

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital, issue new shares or dispose assets to reduce its liabilities.

## (2) Financial instruments

### A. Financial instruments by category

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss	\$ -	\$ 2,984	\$ -
Financial assets at amortised cost			
Cash and cash equivalents	\$ 903,954	\$ 1,153,943	\$ 1,054,658
Financial assets at amortised cost	441,957	191,806	154,065
Notes receivable	162,307	175,387	144,360
Accounts receivable (including related parties)	503,143	475,738	556,867
Other receivables	18,821	17,863	22,470
Refundable deposits	11,098	10,676	10,759
	<u>\$ 2,041,280</u>	<u>\$ 2,025,413</u>	<u>\$ 1,943,179</u>
	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit or loss	\$ 285	\$ -	\$ -
Financial liabilities at amortised cost			
Short-term borrowings	\$ 800,082	\$ 484,514	\$ 520,638
Notes payable	45,837	38,598	39,642
Accounts payable	149,906	163,011	170,577
Other payables	190,919	245,416	196,297
Bonds payable (including current portion)	-	264,700	262,594
Long-term borrowings (including current portion)	100,000	-	-
Other current liabilities	8,846	8,898	9,304
Deposits-in	11,043	11,043	11,043
	<u>\$ 1,306,633</u>	<u>\$ 1,216,180</u>	<u>\$ 1,210,095</u>
Lease liabilities	<u>\$ 198,977</u>	<u>\$ 194,525</u>	<u>\$ 200,067</u>

### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges

financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### C. Significant financial risks and degrees of financial risks

#### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries using various functional currencies, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policies to require group companies to manage their foreign exchange risk against their functional currencies. The companies are required to hedge their entire foreign exchange risk exposure through coordination with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Foreign exchange forward contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2024					
		Foreign currency			
		amount		Exchange	Book value
		(in thousands)		rate	(NTD)
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	USD	11,464		32.450	\$ 372,020
USD:RMB	USD	690		7.2659	22,300
RMB:NTD	RMB	1,859		4.445	8,262
<u>Non-monetary items:</u> None.					
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	USD	187		32.450	\$ 6,068
USD:RMB	USD	148		7.2659	4,791
Non-monetary items: None.					



December 31, 2023					
		Foreign currency			
		amount		Exchange	Book value
		(in thousands)		rate	(NTD)
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	USD	11,719		30.705	\$ 359,844
USD:RMB	USD	637		7.0920	19,574
RMB:NTD	RMB	2,489		4.327	10,768
<u>Non-monetary items:</u> None.					
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	USD	208		30.705	\$ 6,375
RMB:NTD	RMB	689		4.327	2,980
<u>Non-monetary items:</u> None.					

June 30, 2023					
		Foreign currency			
		amount		Exchange	Book value
		(in thousands)		rate	(NTD)
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	USD	10,876		31.140	\$ 338,666
USD:RMB	USD	158		7.2620	4,920
RMB:NTD	RMB	832		4.282	3,563
<u>Non-monetary items:</u> None.					
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	USD	228		31.140	\$ 7,108
USD:RMB	USD	142		7.2620	4,406
<u>Non-monetary items:</u> None.					

- iv. The total exchange gain (losses), including realised and unrealised arising from significant foreign exchange variations on the monetary items held by the Group for the three months and six months ended June 30, 2024 and 2023, amounted to \$5,161, \$2,016, \$17,570 and \$1,735, respectively.

- v. Analysis of foreign currency market risk arising from significant foreign exchange variations:

Six months ended June 30, 2024				
Sensitivity analysis				
	Degree of variation	Effect on profit (loss)	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 3,720	\$	-
USD:RMB	1%	223		-
RMB:NTD	1%	83		-
<u>Non-monetary items:</u> None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 61)	\$	-
USD:RMB	1%	( 48)		-
Non-monetary items: None.				

Six months ended June 30, 2023				
Sensitivity analysis				
	Degree of variation	Effect on profit (loss)	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 3,387	\$	-
USD:RMB	1%	49		-
RMB:NTD	1%	36		-
<u>Non-monetary items:</u> None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 71)	\$	-
USD:RMB	1%	( 44)		-
Non-monetary items: None.				

Price risk

- i. The Group's investments in equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in derivatives, and the prices would change due to the change of the future value of investment targets. If the prices of these derivatives had increased/decreased by 1% with all other variables held constant, post-tax profit for the six months ended June 30, 2024 and 2023 would have increased/decreased by \$2 and \$0, respectively, as a result of gains/losses on derivatives classified as at fair value through profit or loss.

(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 debt instruments stated at amortised cost.
- ii. 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 credit 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. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On June 30, 2024, December 31, 2023 and June 30, 2023, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
<u>At June 30, 2024</u>						
Expected loss rate	0.01%	0.34%~2.15%	2.60%~28.39%	23.89%~54.74%	78.50%~100%	
Total book value	\$ 457,410	\$ 29,214	\$ 11,124	\$ 3,732	\$ 25,063	\$ 526,543
Loss allowance	\$ -	\$ -	\$ 217	\$ 756	\$ 22,427	\$ 23,400

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
<u>At December 31, 2023</u>						
Expected loss rate	0.01%	0.29%~2.29%	2.19%~29.53%	13.52%~32.10%	58.46%~100%	
Total book value	\$ 423,658	\$ 42,838	\$ 7,522	\$ 20,603	\$ 2,547	\$ 497,168
Loss allowance	\$ -	\$ -	\$ 222	\$ 18,940	\$ 2,268	\$ 21,430
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
<u>At June 30, 2023</u>						
Expected loss rate	0.01%	0.06%~1.09%	0.76%~20.06%	1.77%~30.66%	9.16%~100%	
Total book value	\$ 489,132	\$ 49,143	\$ 18,458	\$ 3,166	\$ 16,970	\$ 576,869
Loss allowance	\$ -	\$ -	\$ 42	\$ 2,990	\$ 16,970	\$ 20,002

viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable and notes receivable is as follows:

	2024	
	Accounts receivable	Notes receivable
At January 1	\$ 21,430	\$ -
Provision for impairment	1,488	-
Effect of foreign exchange	482	-
At June 30	<u>\$ 23,400</u>	<u>\$ -</u>
	2023	
	Accounts receivable	Notes receivable
At January 1	\$ 19,204	\$ -
Provision for impairment	1,359	-
Effect of foreign exchange	( 561)	-
At June 30	<u>\$ 20,002</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. The Group has the following undrawn borrowing facilities:

	June 30, 2024	December 31, 2023	June 30, 2023
Floating rate:			
Expiring within one year	<u>\$ 1,956,649</u>	<u>\$ 1,952,736</u>	<u>\$ 1,299,120</u>

The facilities expiring within one year are annual facilities subject to review and renegotiation at various dates during 2024.

- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

		Between 3			
	Less than 3	months	Between 1	Between 2	Over
June 30, 2024	months	and 1 year	and 2 years	and 5 years	5 years
Short-term borrowings	\$400,330	\$ 399,752	\$ -	\$ -	\$ -
Notes payable	45,837	-	-	-	-
Accounts payable	137,924	11,982	-	-	-
Lease liabilities	3,333	9,407	12,149	24,780	155,057
Other payables	-	190,919	-	-	-
Other current liabilities	-	8,846	-	-	-
Long-term borrowings	534	1,586	101,643	-	-
Deposits-in	-	-	11,043	-	-

Non-derivative financial liabilities:

		Between 3			
	Less than 3	months	Between 1	Between 2	Over
December 31, 2023	months	and 1 year	and 2 years	and 5 years	5 years
Short-term borrowings	\$366,091	\$ 118,423	\$ -	\$ -	\$ -
Notes payable	38,598	-	-	-	-
Accounts payable	75,794	87,217	-	-	-
Lease liabilities	3,535	10,126	11,355	26,150	157,315
Other payables	-	245,416	-	-	-
Bonds payable	264,700	-	-	-	-
Other current liabilities	-	8,898	-	-	-
Deposits-in	-	-	11,043	-	-

Non-derivative financial liabilities:

	Less than 3	Between 3	Between 1	Between 2	Over
June 30, 2023	months	months	and 2 years	and 5 years	5 years
		and 1 year			
Short-term borrowings	\$ 327,218	\$ 193,420	\$ -	\$ -	\$ -
Notes payable	39,642	-	-	-	-
Accounts payable	-	170,577	-	-	-
Lease liabilities	3,482	9,088	10,170	27,931	200,942
Other payables	-	196,297	-	-	-
Bonds payable	-	264,700	-	-	-
Other current liabilities	-	9,304	-	-	-
Deposits-in	-	-	11,043	-	-

Derivative financial liabilities:

	Less than 3	Between 3	Between 1	Between 2	Over
June 30, 2024	months	months	and 2 years	and 5 years	5 years
		and 1 year			
Foreign exchange contracts	\$ 285	\$ -	\$ -	\$ -	\$ -

Derivative financial liabilities:

December 31, 2023: None.

Derivative financial liabilities:

June 30, 2023: None.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

June 30, 2024	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss-forward foreign exchange contracts	\$ -	(\$ 285)	\$ -	(\$ 285)

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss-forward foreign exchange contracts	\$ -	\$ 2,984	\$ -	\$ 2,984

June 30, 2023: None.

C. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

June 30, 2024: None.

	<u>December 31, 2023</u>		
	<u>Fair value</u>		
<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:			
Bonds payable	\$ 264,700	\$ -	\$ 264,700
	\$ -	\$ -	\$ -
	<u>June 30, 2023</u>		
	<u>Fair value</u>		
<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:			
Bonds payable	\$ 262,594	\$ -	\$ 255,171
	\$ -	\$ -	\$ -

### 13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- 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: None.
- 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: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting period: Please refer to Notes 6(2) and 12(2).
- J. Significant inter-company transactions during the reporting period: Please refer to table 4.

(2) Information on investees

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

(3) Information on investments in mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the mainland China: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group mainly operates in a single industry. The Chief Operating Decision-Maker reviews the Group's reporting to assess performance and allocate resources. The Group mainly has only one reportable segment.

(2) Segment information

The Group's Chief Operating Decision-Maker evaluates the performance of the operating segment based on the consolidated financial statements. The accounting policies of the operating segment are in line with the significant accounting policies summarised in Note 4.

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

	Six months ended June 30,	
	2024	2023
Revenue from external customers	\$ 1,296,887	\$ 1,378,326
Inter-segment revenue	\$ -	\$ -
Segment income	\$ 48,867	\$ 11,662
Segment assets	\$ 4,384,922	\$ 4,346,731

(4) Reconciliation for segment income (loss), assets and liabilities

None.



## Polytronics Technology Corp. and Subsidiaries

## Loans to others

Six months ended June 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 during the six months ended June 30, 2024	Balance at June 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 (Note)	Ceiling on total loans granted (Note)	Footnote
0	Polytronics Technology Corp.	Kunshan Polystar Electronics Co., Ltd.	Other receivables - related party	Y	\$ 89,740	\$ 88,900	\$ -	4.35%	Short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 1,040,399	\$ 1,040,399	
0	Polytronics Technology Corp.	TCLAD Technology Corporation	Other receivables - related party	Y	130,180	129,800	97,350	5.92%	Short-term financing	-	Operational need	-	-	-	1,040,399	1,040,399	
1	TCLAD Technology Corporation	TCLAD Inc.	Other receivables - related party	Y	32,545	32,450	-	5.92%	Short-term financing	-	Operational need	-	-	-	210,147	210,147	
1	TCLAD Technology Corporation	TCLAD Europe GmbH	Other receivables - related party	Y	32,545	32,450	25,960	6.36%	Short-term financing	-	Operational need	-	-	-	210,147	210,147	

Note : Follow the group policy “Procedure for Provision of Loans”.

Polytronics Technology Corp. and Subsidiaries  
Provision of endorsements and guarantees to others  
Six months ended June 30, 2024

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number	Endorser/ guarantor	Company name	Party being endorsed/guaranteed  Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of June 30, 2024	Outstanding endorsement/ guarantee amount at June 30, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note)	Provision of endorsements/ guarantees by parent company to subsidiary (Note)	Provision of endorsements /guarantees by subsidiary to parent company (Note)	Provision of endorsements/ guarantees to the party in mainland China (Note)
0	Polytronics Technology Corp.	Kunshan Polystar Electronics Co., Ltd.	100% owned subsidiary	\$ 2,600,997	\$ 167,374	\$ 81,125	\$ 12,980	\$ -	3.12	\$ 3,901,496	Y	N	Y
0	Polytronics Technology Corp.	TCLAD Technology Corporation	A subsidiary which had 66.96% equity interests directly owned by the Company	2,600,997	547,635	547,350	330,000	100,000	21.04	3,901,496	Y	N	N
0	Polytronics Technology Corp.	TCLAD Inc.	A subsidiary which had 66.96% equity interests indirectly owned by the Company	2,600,997	502,975	502,975	146,025	-	19.34	3,901,496	Y	N	N

Note : Follow the company policy “Procedure for Provision of Endorsements and Guarantees to Others”.

Polytronics Technology Corp. and Subsidiaries  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
Six months ended June 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)	
Polytronics Technology Corp.	Littelfuse, Inc.	Director of the Company	Sales	(\$ 137,127)	10.57%	Net 90 days	Note	Note	\$ 77,253	13.13%	

Note : With the general payment term.

Polytronics Technology Corp. and Subsidiaries  
Significant inter-company transactions during the reporting period  
Six months ended June 30, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount		
0	Polytronics Technology Corp.	Kunshan Polystar Electronics Co., Ltd.	1	Sales	\$ 91,436	Net 60 days	7%
0	"	"	1	Purchases	39,958	Net 45 days	3%
0	"	"	1	Processing charges	25,085	Net 45 days	2%
0	"	"	1	Accounts receivable	30,338	Net 60 days	1%
0	"	"	1	Accounts payable	71,864	Net 45 days	2%
0	"	TCLAD Inc.	1	Sales	2,891	Net 90 days	0%
0	"	"	1	Accounts receivable	3,279	Net 90 days	0%
0	"	TCLAD Technology Corporation	1	Sales	23,952	Net 30 days	2%
0	"	"	1	Accounts receivable	8,749	Net 30 days	0%
0	"	"	1	Other receivables	101,000	Collection and payment based on an agreed time	2%
0	"	"	1	Interest Revenue	2,787	Collection and payment based on an agreed time	0%
0	"	"	1	Rent income	2,645	Collection and payment based on an agreed time	0%
0	"	PolyTCB Electronics Corporation	1	Sales	3,022	Net 30 days	0%
1	TCLAD Technology Corporation	TCLAD Europe GmbH	3	Sales	12,480	Net 90 days	1%
1	"	"	3	Accounts receivable	1,711	Collection and payment based on an agreed time	0%
1	"	"	3	Other receivables	27,550	Collection and payment based on an agreed time	1%
1	"	TCLAD Inc.	3	Purchases	66,011	Net 30 days	5%
1	"	"	3	Accounts payable	8,488	Collection and payment based on an agreed time	0%
1	"	"	3	Sales	17,179	Net 90 days	1%
1	"	"	3	Accounts receivable	16,223	Collection and payment based on an agreed time	0%
1	"	Kunshan Polystar Electronics Co., Ltd.	3	Sales	36,000	Net 60 days	3%
1	"	"	3	Accounts receivable	13,227	Collection and payment based on an agreed time	0%
1	"	"	3	Purchases	4,388	Net 60 days	0%
1	"	"	3	Accounts payable	1,907	Collection and payment based on an agreed time	0%
2	TCLAD Inc.	TCLAD Europe GmbH	3	Accounts receivable	19,424	Collection and payment based on an agreed time	0%
2	"	"	3	Sales	6,008	Net 90 days	0%
3	PolyTCB Electronics Corporation	Kunshan Polystar Electronics Co., Ltd.	3	Accounts payable	37,011	Collection and payment based on an agreed time	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 six categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Only transactions above NT\$1 million are disclosed. Transactions of related parties are not further disclosed here.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

## Polytronics Technology Corp. and Subsidiaries

## Information on investees

Six months ended June 30, 2024

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	of the investee for the six months ended June 30, 2024	recognised by the Company for the six months ended June 30, 2024	
Polytronics Technolgy Corp.	Polytronics (B.V.I.) Corporation	British Virgin Islands	Investment and general business operations	\$ 255,004	\$ 255,004	2,644	100	\$ 1,108,784	\$ 21,036	\$ 21,036	Subsidiary
Polytronics Technolgy Corp.	TCLAD Technology Corporation	Taiwan	Manufacturing of the thermal conductive board	759,690	759,690	26,589	66.96	351,801 (	139,513) (	90,319)	Subsidiary
Polytronics Technolgy Corp.	PolyTCB Electronics Corporation	Taiwan	Manufacturing of electronic components and wholesale of electronic materials	69,000	1,000	-	-	-	2,004	2,004	Subsidiary
TCLAD Technology Corporation	TCLAD Inc.	America	Manufacturing of the thermal conductive board	1,572,666	1,380,658	-	100	777,743 (	113,370) (	115,764)	Subsidiary
TCLAD Technology Corporation	TCLAD Eurpoe GmbH	Germany	Manufacturing of the thermal conductive board	5,732	5,732	170	85 (	11,270) (	7,327) (	6,678)	Subsidiary

Table 5

Polytronics Technology Corp. and Subsidiaries  
Information on investments in Mainland China  
Six months ended June 30, 2024

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to mainland China/ amount remitted back to Taiwan for the six months ended June 30, 2024				Accumulated amount of remittance from Taiwan to mainland China as of June 30, 2024	Net income of investee for the six months ended June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2024 (Note 3)	Book value of investments in mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2024	Footnote
				Accumulated amount of remittance from Taiwan to mainland China as of January 1, 2024 (Note 2)	Remitted to mainland China	Remitted back to Taiwan								
Kunshan Polystar Electronics Co., Ltd. (Note 2)	Production and sale of varistor and potentiometer	\$ 704,920	2	\$ 209,627	\$ -	\$ -		\$ 209,627	\$ 20,687	100	\$ 20,687	\$ 1,092,060	\$ -	
PolyStellar Electronics Co., Ltd.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	89,322	3	-	-	-		-	209	100	209	92,935	-	
Suzhou TCLAD Electronic Technology Co., Ltd	Manufacturing of the thermal conductive board	13,224	1	4,305	-	-		13,224	( 735)	66.96	( 735)	12,497	-	
Company name		Accumulated amount of remittance from Taiwan to mainland China as of June 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in mainland China imposed by the Investment Commission of MOEA										
Polytronics Technology Corp.		\$ 209,627	\$ 704,920	\$ 1,560,598										

Note 1: Investment methods are classified into the following six categories; fill in the number of category each case belongs to:  
(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.  
(3) Others

Note 2: Including retained earnings capitalized of RMB\$89,286 and RMB\$16,964 (In thousands of dollars).

Note 3: Investment income (loss) were recognized based on the financial statements reviewed by R.O.C. parent company's CPA.

Note 4: Under the ‘Regulations Governing the Permission of Investment or Technical Cooperation in mainland Area’, ceiling of accumulated investment in mainland China may not exceed 60% of the net assets.

Note 5: Mainland China’s investees information are translated using the exchange rates of USD:NTD = 1:31.907 and RMB:TWD = 1:4.4219 for recognised investment income (loss) and remaining using the exchange rates of USD:NTD=1:32.45 and RMB:TWD = 1:4.4661.

Polytronics Technology Corp. and Subsidiaries

Significant transactions conducted with investees in mainland China directly or indirectly through other companies in the third areas

Six months ended June 30, 2024

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in mainland China	Sales (purchase)		Accounts receivable (payable)		Financing				Others-processing charges	
	Amount	%	Balance at June 30, 2024	%	Maximum balance during the six months ended June 30, 2024	Balance at June 30, 2024	Interest rate	Interest during the six months ended June 30, 2024	Balance at June 30, 2024	%
Kunshan Polystar Electronics Co., Ltd.	\$ 91,436	7.05%	\$ 30,338	0%	\$ -	\$ -	4.35%	\$ -	\$ -	-
Kunshan Polystar Electronics Co., Ltd.	( 39,958)	11.7%	( 71,864)	47%	-	-	-	-	( 25,085)	24%

Table 7

Polytronics Technology Corp. and Subsidiaries

Major shareholders information

June 30, 2024

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Everlight Chemical Industrial Corp.	8,000,000	9.34%
Littelfuse Europe Gmbh	4,600,350	5.37%