

**POLYTRONICS TECHNOLOGY CORP. AND  
SUBSIDIARIES**

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

**THREE MONTHS ENDED MARCH 31, 2024 AND  
2023**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying 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 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 March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three 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" 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” 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

May 6, 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**  
**MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	March 31, 2024		December 31, 2023		March 31, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,195,987	27	\$ 1,153,943	27	\$ 1,131,256	25
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	2,984	-	-	-
1136	Current financial assets at	8						
	amortised cost		183,703	4	183,546	4	120,013	3
1150	Notes receivable, net	6(3)	183,426	4	175,387	4	207,841	5
1170	Accounts receivable, net	6(3)	402,517	9	420,610	10	471,163	10
1180	Accounts receivable - related	6(3) and 7						
	parties, net		61,282	1	55,128	1	46,208	1
1200	Other receivables		21,197	1	17,863	-	19,320	-
130X	Inventories	6(4)	634,531	14	637,147	15	721,873	16
1410	Prepayments		67,591	2	47,202	1	60,829	1
1470	Other current assets		4,801	-	1,474	-	2,552	-
11XX	<b>Total current assets</b>		<u>2,755,035</u>	<u>62</u>	<u>2,695,284</u>	<u>62</u>	<u>2,781,055</u>	<u>61</u>
<b>Non-current assets</b>								
1535	Non-current financial assets at	8						
	amortised cost		8,331	-	8,260	-	6,926	-
1600	Property, plant and equipment	6(5) and 8	1,124,494	26	1,121,174	26	1,202,012	27
1755	Right-of-use assets	6(6)	205,169	5	197,663	5	206,963	5
1760	Investment property, net	6(8) and 8	103,235	2	103,874	2	105,789	2
1780	Intangible assets		157,382	4	158,169	4	177,314	4
1840	Deferred income tax assets		16,331	-	20,069	-	18,243	-
1900	Other non-current assets		40,875	1	24,579	1	23,483	1
15XX	<b>Total non-current assets</b>		<u>1,655,817</u>	<u>38</u>	<u>1,633,788</u>	<u>38</u>	<u>1,740,730</u>	<u>39</u>
1XXX	<b>Total assets</b>		<u>\$ 4,410,852</u>	<u>100</u>	<u>\$ 4,329,072</u>	<u>100</u>	<u>\$ 4,521,785</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	March 31, 2024		December 31, 2023		March 31, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(9)	\$ 804,859	18	\$ 484,514	11	\$ 567,963	13
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,989	-	-	-	-	-
2130	Current contract liabilities	6(17)	17,719	-	14,114	1	5,458	-
2150	Notes payable		35,213	1	38,598	1	46,667	1
2170	Accounts payable		151,825	4	163,011	4	138,949	3
2200	Other payables	6(10)	345,175	8	245,416	6	344,082	8
2230	Current income tax liabilities		65,840	2	56,809	1	65,292	1
2280	Current lease liabilities		10,392	-	7,910	-	10,706	-
2320	Long-term liabilities, current portion	6(11)	-	-	264,700	6	261,547	6
2399	Other current liabilities, others		8,180	-	8,898	-	8,501	-
21XX	<b>Total current liabilities</b>		<u>1,441,192</u>	<u>33</u>	<u>1,283,970</u>	<u>30</u>	<u>1,449,165</u>	<u>32</u>
<b>Non-current liabilities</b>								
2580	Non-current lease liabilities		191,372	4	186,615	4	192,136	4
2600	Other non-current liabilities		39,320	1	43,942	1	39,470	1
25XX	<b>Total non-current liabilities</b>		<u>230,692</u>	<u>5</u>	<u>230,557</u>	<u>5</u>	<u>231,606</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>1,671,884</u>	<u>38</u>	<u>1,514,527</u>	<u>35</u>	<u>1,680,771</u>	<u>37</u>
<b>Equity</b>								
<b>Equity attributable to owners of parent</b>								
	Share capital	6(13)						
3110	Common stock		856,453	20	856,453	20	856,453	19
	Capital surplus	6(14)						
3200	Capital surplus		543,984	12	582,735	14	582,735	13
	Retained earnings	6(15)						
3310	Legal reserve		618,454	14	618,454	14	609,426	13
3320	Special reserve		13,449	-	13,449	-	82,092	2
3350	Unappropriated retained earnings		489,076	11	548,444	13	390,484	9
	Other equity interest	6(16)						
3400	Other equity interest		25,620	1	(33,220)	(1)	(14,263)	-
31XX	<b>Equity attributable to owners of parent</b>		<u>2,547,036</u>	<u>58</u>	<u>2,586,315</u>	<u>60</u>	<u>2,506,927</u>	<u>56</u>
36XX	<b>Non-controlling interests</b>		<u>191,932</u>	<u>4</u>	<u>228,230</u>	<u>5</u>	<u>334,087</u>	<u>7</u>
3XXX	<b>Total equity</b>		<u>2,738,968</u>	<u>62</u>	<u>2,814,545</u>	<u>65</u>	<u>2,841,014</u>	<u>63</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the reporting period	11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 4,410,852</u>	<u>100</u>	<u>\$ 4,329,072</u>	<u>100</u>	<u>\$ 4,521,785</u>	<u>100</u>

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

**POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended March 31				
		2024		2023		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(17) and 7	\$ 622,817	100	\$ 662,142	100
5000	Operating costs	6(4)	( 446,129)	( 71)	( 524,317)	( 79)
5950	Net operating margin		<u>176,688</u>	<u>29</u>	<u>137,825</u>	<u>21</u>
	Operating expenses	6(22)(23)				
6100	Selling and marketing expenses		( 50,016)	( 8)	( 53,229)	( 8)
6200	General and administrative expenses		( 77,678)	( 13)	( 72,555)	( 11)
6300	Research and development expenses		( 56,288)	( 9)	( 58,707)	( 9)
6450	Expected credit losses	12(2)	( 1,193)	-	( 520)	-
6000	Total operating expenses		<u>( 185,175)</u>	<u>( 30)</u>	<u>( 185,011)</u>	<u>( 28)</u>
6900	Operating loss		<u>( 8,487)</u>	<u>( 1)</u>	<u>( 47,186)</u>	<u>( 7)</u>
	Non-operating income and expenses					
7100	Interest income	6(18)	2,931	-	1,288	-
7010	Other income	6(19)	25,026	4	52,332	8
7020	Other gains and losses	6(20)	3,571	1	( 3,229)	( 1)
7050	Finance costs	6(21)	( 5,335)	( 1)	( 9,089)	( 1)
7000	Total non-operating income and expenses		<u>26,193</u>	<u>4</u>	<u>41,302</u>	<u>6</u>
7900	<b>Profit (loss) before income tax</b>		<u>17,706</u>	<u>3</u>	<u>( 5,884)</u>	<u>( 1)</u>
7950	Income tax expense	6(24)	( 18,214)	( 3)	( 14,242)	( 2)
8200	<b>Loss for the period</b>		<u><u>( \$ 508)</u></u>	<u>-</u>	<u><u>( \$ 20,126)</u></u>	<u>( 3)</u>
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income (loss) that may be subsequently reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(16)	\$ 49,327	8	( \$ 3,820)	( 1)
8360	Components of other comprehensive (loss) income that may be subsequently reclassified to profit or loss		<u>49,327</u>	<u>8</u>	<u>( 3,820)</u>	<u>( 1)</u>
8300	<b>Other comprehensive (loss) income for the period, net of income tax</b>		<u><u>\$ 49,327</u></u>	<u><u>8</u></u>	<u><u>( \$ 3,820)</u></u>	<u><u>( 1)</u></u>
8500	<b>Total comprehensive (loss) income for the period</b>		<u><u>\$ 48,819</u></u>	<u><u>8</u></u>	<u><u>( \$ 23,946)</u></u>	<u><u>( 4)</u></u>
	Profit (loss) attributable to:					
8610	Owners of parent		\$ 26,277	4	\$ 5,242	1
8620	Non-controlling interests		( 26,785)	( 4)	( 25,368)	( 4)
	Total		<u><u>( \$ 508)</u></u>	<u>-</u>	<u><u>( \$ 20,126)</u></u>	<u>( 3)</u>
	Total comprehensive income (loss) attributable to:					
8710	Owners of parent		\$ 85,117	14	\$ 4,428	-
8720	Non-controlling interests		( 36,298)	( 6)	( 28,374)	( 4)
	Total		<u><u>\$ 48,819</u></u>	<u><u>8</u></u>	<u><u>( \$ 23,946)</u></u>	<u><u>( 4)</u></u>
9750	Basic earnings per share (in dollars)	6(25)	<u>\$ 0.31</u>		<u>\$ 0.06</u>	
9850	Diluted earnings per share (in dollars)	6(25)	<u>\$ 0.30</u>		<u>\$ 0.06</u>	

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent													
Notes	Capital surplus						Retained earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
	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				
<u>Three months ended March 31, 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
	-	-	-	-	-	-	-	-	5,242	-	5,242	( 25,368)	( 20,126)
6(16)	-	-	-	-	-	-	-	-	-	( 814)	( 814)	( 3,006)	( 3,820)
	-	-	-	-	-	-	-	-	5,242	( 814)	4,428	( 28,374)	( 23,946)
Distribution of 2022 earnings:													
6(15)	-	-	-	-	-	-	-	-	( 85,645)	-	( 85,645)	-	( 85,645)
6(15)	-	( 42,823)	-	-	-	-	-	-	-	-	( 42,823)	-	( 42,823)
	\$ 856,453	\$ 519,716	\$ 14,924	\$ 5,492	\$ 30,563	\$ 12,040	\$ 609,426	\$ 82,092	\$ 390,484	(\$ 14,263)	\$ 2,506,927	\$ 334,087	\$ 2,841,014
<u>Three months ended March 31, 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
	-	-	-	-	-	-	-	-	26,277	-	26,277	( 26,785)	( 508)
6(16)	-	-	-	-	-	-	-	-	-	58,840	58,840	( 9,513)	49,327
	-	-	-	-	-	-	-	-	26,277	58,840	85,117	( 36,298)	48,819
Distribution of 2023 earnings:													
6(15)	-	-	-	-	-	-	-	-	( 85,645)	-	( 85,645)	-	( 85,645)
6(15)	-	( 42,823)	-	-	-	-	-	-	-	-	( 42,823)	-	( 42,823)
	-	( 5,696)	-	9,768	-	-	-	-	-	-	4,072	-	4,072
	\$ 856,453	\$ 471,197	\$ 14,924	\$ 15,260	\$ 30,563	\$ 12,040	\$ 618,454	\$ 13,449	\$ 489,076	\$ 25,620	\$ 2,547,036	\$ 191,932	\$ 2,738,968

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit (loss) before tax		\$ 17,706	(\$ 5,884)
Adjustments			
Adjustments to reconcile profit (loss)			
Net profit on financial assets at fair value through profit or loss		4,973	-
Expected credit losses	12(2)	1,193	520
Depreciation	6(22)	48,271	55,260
Amortisation	6(22)	8,559	12,400
Interest expense	6(21)	5,335	9,089
Interest income	6(18)	( 2,931 )	( 1,288 )
Losses on disposal of property, plant and equipment	6(20)	341	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 8,039 )	( 10,911 )
Accounts receivable		20,151	( 33,527 )
Accounts receivable - related parties		( 6,154 )	( 4,819 )
Other receivables		( 3,334 )	5,208
Inventories		2,616	59,531
Prepayments		( 20,389 )	37,369
Other current assets		( 3,327 )	( 1,317 )
Changes in operating liabilities			
Current contract liabilities		3,605	( 4,064 )
Notes payable		( 3,385 )	( 3,999 )
Accounts payable		( 11,186 )	( 34,338 )
Other payables		( 31,704 )	( 76,580 )
Other current liabilities		( 718 )	( 4,137 )
Defined benefit liabilities		( 5,077 )	25
Other non-current liabilities		455	( 274 )
Cash inflow (outflow) generated from operations		16,961	( 1,736 )
Interest received		2,931	1,288
Interest paid		( 5,335 )	( 8,046 )
Income tax paid		( 5,445 )	( 803 )
Net cash flows from (used in) operating activities		9,112	( 9,297 )

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POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 228 )	(\$ 14 )
Acquisition of property, plant and equipment	6(26)	( 44,716 )	( 11,128 )
Proceeds from disposal of property, plant and equipment		3,534	138
Acquisition of intangible assets		( 1,938 )	( 1,246 )
(Increase) decrease in refundable deposits		( 287 )	563
Net cash flows used in investing activities		( 43,635 )	( 11,687 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(27)	576,000	593,460
Repayment of short-term borrowings	6(27)	( 260,000 )	( 518,727 )
Repayment of corporate bonds	6(27)	( 264,700 )	-
Repayment of lease liabilities	6(27)	( 3,108 )	( 2,766 )
Net cash flows from financing activities		48,192	71,967
Effect of exchange rate		28,375	( 22,543 )
Net increase in cash and cash equivalents		42,044	28,440
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)	\$ 1,195,987	\$ 1,131,256

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 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 May 6, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
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

None.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
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
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025
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 consolidated 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	Main Business Activities	Ownership (%)			Note
			March 31, 2024	December 31, 2023	March 31, 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 March 31, 2024, December 31, 2023 and March 31, 2023, the non-controlling interests amounted to \$191,932, \$228,230 and \$334,087, respectively. The information of non-controlling interests and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interests		Description
		Amount	Ownership (%)	
TCLAD Technology Corporation	Taiwan	\$ 191,932	33.04%	
<u>Non-controlling interests</u>				
<u>December 31, 2023</u>				
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Description
TCLAD Technology Corporation	Taiwan	\$ 228,230	43.73%	
<u>Non-controlling interests</u>				
<u>March 31, 2023</u>				
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Description
TCLAD Technology Corporation	Taiwan	\$ 334,087	43.73%	

Balance sheet:

	TCLAD Technology Corporation and Subsidiaries		
	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 647,794	\$ 502,756	\$ 642,193
Non-current assets	692,935	477,393	525,205
Current liabilities	( 580,353)	( 457,190)	( 405,848)
Non-current liabilities	( 176,651)	-	( 342)
Total net assets	<u>\$ 583,725</u>	<u>\$ 522,959</u>	<u>\$ 761,208</u>

Statement of comprehensive income:

	TCLAD Technology Corporation and Subsidiaries	
	January 1, 2024 to March 31, 2024	January 1, 2023 to March 31, 2023
Revenue	\$ 248,920	\$ 260,686
Loss before income tax	( 70,462)	( 58,109)
Income tax expense	( 81)	( 72)
Loss for the period	( 70,543)	( 58,181)
Other comprehensive income (loss), net of income tax	28,543	( 6,912)
Total comprehensive loss	<u>(\$ 42,000)</u>	<u>(\$ 65,093)</u>
Total comprehensive (loss) income attributable to non-controlling interests	<u>(\$ 577)</u>	<u>\$ 157</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>\$ -</u>

Statement of cash flows:

	TCLAD Technology Corporation and Subsidiaries	
	January 1, 2024 to March 31, 2024	January 1, 2023 to March 31, 2023
Net cash used in operating activities	(\$ 121,881)	(\$ 54,788)
Net cash provided by (used in) investing activities	92,771	( 5,297)
Net cash provided by financing activities	57,104	121,770
Effect of exchange rates	31,502	( 3,048)
Increase in cash and cash equivalents	59,496	58,637
Cash and cash equivalents, beginning of period	144,823	117,030
Cash and cash equivalents, end of period	<u>\$ 204,319</u>	<u>\$ 175,667</u>

(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 three months ended March 31, 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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and revolving funds	\$ 458	\$ 177	\$ 190
Checking accounts and demand deposits	545,730	581,846	548,501
Time deposits	649,799	571,920	582,565
	<u>\$ 1,195,987</u>	<u>\$ 1,153,943</u>	<u>\$ 1,131,256</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Financial assets (liabilities) mandatorily measured at fair value through profit or loss			
Derivatives	\$ -	\$ -	\$ -
Valuation adjustment	(1,989)	2,984	-
Total	<u>(\$ 1,989)</u>	<u>\$ 2,984</u>	<u>\$ -</u>

A. The Group recognised net loss of \$6,991 and \$0 for the three months ended March 31, 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>March 31, 2024</u>	
		Contract amount (notional principal)	
<u>Derivative financial instruments</u>		<u>(in thousands)</u>	<u>Contract period</u>
Forward foreign exchange contracts	USD	\$ 978	2024/03/01~2024/05/24
Forward foreign exchange contracts	USD	910	2024/03/01~2024/05/24
Forward foreign exchange contracts	USD	528	2024/03/01~2024/04/25
Forward foreign exchange contracts	USD	490	2024/01/31~2024/04/25
		<u>December 31, 2023</u>	
		Contract amount (notional principal)	
<u>Derivative financial instruments</u>		<u>(in thousands)</u>	<u>Contract period</u>
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

March 31, 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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ 183,426	\$ 175,387	\$ 207,841
Accounts receivable	\$ 425,466	\$ 442,040	\$ 490,945
Accounts receivable - related parties	61,282	55,128	46,208
Less: Loss allowance	( 22,949)	( 21,430)	( 19,782)
	<u>\$ 463,799</u>	<u>\$ 475,738</u>	<u>\$ 517,371</u>

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

	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 425,800	\$ 183,426	\$ 423,658	\$ 175,387
Up to 30 days	30,786	-	42,838	-
31 to 90 days	1,564	-	7,522	-
91 to 180 days	6,807	-	20,603	-
Over 180 days	21,791	-	2,547	-
	<u>\$ 486,748</u>	<u>\$ 183,426</u>	<u>\$ 497,168</u>	<u>\$ 175,387</u>

  

	<u>March 31, 2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 450,379	\$ 207,841
Up to 30 days	36,332	-
31 to 90 days	24,708	-
91 to 180 days	6,894	-
Over 180 days	18,840	-
	<u>\$ 537,153</u>	<u>\$ 207,841</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2024, December 31, 2023 and March 31, 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 at March 31, 2024, December 31, 2023 and March 31, 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 \$183,426, \$175,387 and \$207,841, respectively, and accounts receivable were \$463,799, \$475,738 and \$517,371, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Raw materials	\$ 222,750	\$ 238,741	\$ 290,903
Work-in-progress	154,767	175,829	199,355
Finished goods	<u>257,014</u>	<u>222,577</u>	<u>231,615</u>
	<u>\$ 634,531</u>	<u>\$ 637,147</u>	<u>\$ 721,873</u>

The cost of inventories recognised as expense for the period:

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 445,629	\$ 513,118
Loss on decline in market value	500	11,199
	<u>\$ 446,129</u>	<u>\$ 524,317</u>

(5) Property, plant and equipment

2024

	Land	Buildings	Machinery equipment	Office equipment	Transportation equipment	Computer and communication equipment	Leasehold improvements	Other equipment	Construction in progress and equipment under inspection	Total
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	-	-	13,930	301	-	217	110	2,633	14,511	31,702
Disposals	-	-	( 1,007)	( 6)	( 803)	( 8)	-	( 2,051)	-	( 3,875)
Reclassifications	-	-	1,802	-	-	-	-	-	( 1,802)	-
Depreciation	-	( 10,759)	( 28,558)	( 279)	( 229)	( 1,042)	( 134)	( 3,533)	-	( 44,534)
Net exchange differences	99	10,854	8,387	109	54	90	-	434	-	20,027
Closing net book amount	<u>\$ 2,444</u>	<u>\$ 626,131</u>	<u>\$ 439,564</u>	<u>\$ 4,045</u>	<u>\$ 1,863</u>	<u>\$ 6,526</u>	<u>\$ 666</u>	<u>\$ 29,094</u>	<u>\$ 14,161</u>	<u>\$ 1,124,494</u>
At March 31										
Cost	\$ 2,444	\$ 1,071,083	\$ 1,108,912	\$ 14,946	\$ 7,723	\$ 26,040	\$ 15,111	\$ 210,404	\$ 14,161	\$ 2,470,824
Accumulated depreciation and impairment	-	( 444,952)	( 669,348)	( 10,901)	( 5,860)	( 19,514)	( 14,445)	( 181,310)	-	( 1,346,330)
	<u>\$ 2,444</u>	<u>\$ 626,131</u>	<u>\$ 439,564</u>	<u>\$ 4,045</u>	<u>\$ 1,863</u>	<u>\$ 6,526</u>	<u>\$ 666</u>	<u>\$ 29,094</u>	<u>\$ 14,161</u>	<u>\$ 1,124,494</u>

	Land	Buildings	Machinery equipment	Office equipment	Transportation equipment	Computer and communication equipment	Leasehold improvements	Other equipment	Construction in progress and equipment under inspection	Total
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	-	850	3,407	18	-	143	-	2,481	1,888	8,787
Disposals	-	-	( 128)	( 4)	-	-	-	( 6)	-	( 138)
Depreciation	-	( 10,504)	( 33,576)	( 349)	( 495)	( 993)	( 131)	( 5,471)	-	( 51,519)
Net exchange differences	( 19)	( 879)	4,806	( 2)	144	( 19)	-	369	-	4,400
Closing net book amount	<u>\$ 2,326</u>	<u>\$ 630,846</u>	<u>\$ 510,253</u>	<u>\$ 4,400</u>	<u>\$ 3,876</u>	<u>\$ 8,072</u>	<u>\$ 1,084</u>	<u>\$ 39,267</u>	<u>\$ 1,888</u>	<u>\$ 1,202,012</u>
At March 31										
Cost	\$ 2,326	\$ 1,032,144	\$ 1,076,517	\$ 14,149	\$ 13,331	\$ 23,968	\$ 19,926	\$ 211,799	\$ 1,888	\$ 2,396,048
Accumulated depreciation and impairment	-	( 401,298)	( 566,264)	( 9,749)	( 9,455)	( 15,896)	( 18,842)	( 172,532)	-	( 1,194,036)
	<u>\$ 2,326</u>	<u>\$ 630,846</u>	<u>\$ 510,253</u>	<u>\$ 4,400</u>	<u>\$ 3,876</u>	<u>\$ 8,072</u>	<u>\$ 1,084</u>	<u>\$ 39,267</u>	<u>\$ 1,888</u>	<u>\$ 1,202,012</u>

- A. For the years ended December 31, 2023 and 2022, 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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 182,879	\$ 184,034	\$ 188,310
Buildings	18,321	12,279	16,459
Transportation equipment	3,969	1,350	2,194
	<u>\$ 205,169</u>	<u>\$ 197,663</u>	<u>\$ 206,963</u>

  

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 1,356	\$ 1,357
Buildings	1,354	1,342
Transportation equipment	388	403
	<u>\$ 3,098</u>	<u>\$ 3,102</u>

- C. For the three months ended March 31, 2024 and 2023, the additions to right-of-use assets were \$9,858 and \$14,731, respectively.
- D. The information on profit and loss accounts relating to lease agreements is as follows:

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 767</u>	<u>\$ 699</u>

- E. For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases were \$3,875 and \$3,465, 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 ended March 31, 2024 and 2023, the Group recognised rent income in the amounts of \$14,055 and \$14,210, 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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
2023	\$ -	\$ -	\$ 32,194
2024	35,117	42,499	16,469
2025	19,451	19,451	2,788
2026	15,213	15,213	1,936
2027	380	380	-
2028	380	-	-
	<u>\$ 70,541</u>	<u>\$ 77,543</u>	<u>\$ 53,387</u>

(8) Investment property

	<u>2024</u>	<u>2023</u>
	<u>Buildings</u>	<u>Buildings</u>
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	( 639)	( 639)
Closing net book amount	<u>\$ 103,235</u>	<u>\$ 105,789</u>
At March 31		
Cost	\$ 130,238	\$ 130,238
Accumulated depreciation	( 27,003)	( 24,449)
	<u>\$ 103,235</u>	<u>\$ 105,789</u>

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

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	<u>\$ 14,013</u>	<u>\$ 13,976</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 639</u>	<u>\$ 639</u>

B. The fair value of investment property held by the Group as of March 31, 2024, December 31, 2023 and March 31, 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	March 31, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ <u>804,859</u>	1.86%	Buildings and time deposits
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ <u>484,514</u>	3.006%	Buildings and time deposits
Type of borrowings	March 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 176,613	5.560%	None
Secured borrowings		2.840%	Buildings and time deposits
	<u>391,350</u>		
	\$ <u>567,963</u>		

Interest expense recognised in profit or loss amounted to \$4,340 and \$3,610 for the three months ended March 31, 2024 and 2023, respectively.

(10) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Wages and salaries payable	\$ 72,300	\$ 112,221	\$ 53,296
Employee bonus and directors' remuneration payable	46,503	38,554	47,415
Payables on machinery and equipment	7,683	4,688	4,688
Dividends payable (including cash distributed from capital surplus)	128,468	-	128,468
Others	90,221	89,953	110,215
	\$ <u>345,175</u>	\$ <u>245,416</u>	\$ <u>344,082</u>

(11) Bonds payable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 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	-	-	( 3,153)
	-	264,700	261,547
Less: Current portion	-	( 264,700)	( 261,547)
	<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 March 31, 2024, the convertible corporate bonds with face value of \$95,300 have been converted into 944 thousand ordinary shares.

(12) 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 and \$325 for the three months ended March 31, 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 ended March 31, 2024 and 2023, were \$8,802 and \$9,098, 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 and \$300 for the three months ended March 31, 2024 and 2023, respectively.

(13) Share capital

As of March 31, 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 March 31	85,645	85,646

(14) 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.

(15) 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 earnings proposed by the Board of Directors on March 7, 2024, and the appropriations for 2022 earnings had been resolved at shareholders' meeting on 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
	\$ 115,775		\$ 26,030	

The distribution of 2023 earnings, except for cash dividends that were resolved by the Board of Directors on March 7, 2024, other were pending for approval at the shareholders' meeting.

- G. The Company adopted the resolution of the Board of Directors on March 7, 2024 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 in 2024.

H. The Company adopted the resolution of the Board of Directors on March 16, 2023 to distribute cash of \$42,823 (\$0.5 dollars per share) in proportion to the ownership interest of shareholders using capital surplus, which has been reported at the shareholders' meeting on June 21, 2023.

(16) Other equity items

	<u>Financial statements translation difference of foreign operations</u>	
At January 1, 2024	(\$	33,220)
Currency translation differences		58,840
At March 31, 2024	\$	<u>25,620</u>
	<u>Financial statements translation difference of foreign operations</u>	
At January 1, 2023	(\$	13,449)
Currency translation differences	(	814)
At March 31, 2023	(\$	<u>14,263</u>

(17) Operating revenue

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Sales revenue	\$ 622,817	\$ 662,142

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:

<u>Three months ended March 31, 2024</u>	<u>China</u>	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Total</u>
Sales revenue	\$ 284,219	\$ 73,180	\$ 182,936	\$ 82,482	\$ 622,817
<u>Three months ended March 31, 2023</u>	<u>China</u>	<u>Taiwan</u>	<u>USA</u>	<u>Others</u>	<u>Total</u>
Sales revenue	\$ 295,654	\$ 61,678	\$ 177,579	\$ 127,231	\$ 662,142

B. Contract assets and liabilities

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities:				
– Advance sales receipts	\$ 17,719	\$ 14,114	\$ 5,458	\$ 9,522

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

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	\$ 14,029	\$ 8,228

(18) Interest income

	Three months ended March 31,	
	2024	2023
Interest income from bank deposits	\$ 2,711	\$ 998
Interest income from financial assets at amortised cost	220	290
	<u>\$ 2,931</u>	<u>\$ 1,288</u>

(19) Other income

	Three months ended March 31,	
	2024	2023
Rent income	\$ 14,055	\$ 14,210
Other income, others	10,971	38,122
	<u>\$ 25,026</u>	<u>\$ 52,332</u>

(20) Other gains and losses

	Three months ended March 31,	
	2024	2023
Losses on disposals of property, plant and equipment	(\$ 341)	\$ -
Net currency exchange gains (losses)	12,409	( 281)
Losses on financial assets at fair value through profit or loss	( 6,991)	-
Depreciation - investment property	( 639)	( 639)
Other losses	( 867)	( 2,309)
	<u>\$ 3,571</u>	<u>(\$ 3,229)</u>

(21) Finance costs

	Three months ended March 31,	
	2024	2023
Interest expense	<u>\$ 5,335</u>	<u>\$ 9,089</u>

(22) Expenses by nature

	Three months ended March 31,	
	2024	2023
Employee benefit expenses	\$ 239,325	\$ 237,789
Depreciation on property, plant and equipment (Note)	48,271	55,260
Amortisation on intangible assets	8,559	12,400

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

(23) Employee benefit expenses

	Three months ended March 31,	
	2024	2023
Wages and salaries	\$ 188,026	\$ 183,379
Labor and health insurance fees	13,603	15,700
Pension costs	9,420	9,723
Other personnel expenses	28,276	28,987
	<u>\$ 239,325</u>	<u>\$ 237,789</u>

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 ended March 31, 2024 and 2023, employees' compensation were accrued at \$8,660 and \$4,693, respectively; while directors' remuneration were accrued at \$770 and \$341, 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 16.82% and 1.50%, 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."

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 14,551	\$ 13,976
Total current tax	<u>14,551</u>	<u>13,976</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>3,663</u>	<u>266</u>
Total deferred tax	<u>3,663</u>	<u>266</u>
Income tax expense	<u>\$ 18,214</u>	<u>\$ 14,242</u>

(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.

(25) Earnings per share

Three months ended March 31, 2024			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 26,277	85,645	<u>\$ 0.31</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	2,621	
Employees' compensation	-	<u>563</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 26,277</u>	<u>88,829</u>	<u>\$ 0.30</u>
Three months ended March 31, 2023			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,242	85,645	<u>\$ 0.06</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	<u>558</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,242</u>	<u>86,203</u>	<u>\$ 0.06</u>

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

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Three months ended March 31,	
	2024	2023
Acquisition of property, plant and equipment	\$ 31,702	\$ 8,787
Net change of payable on machinery and equipment	( 2,995)	1,128
Net change of prepayments on machinery and equipment	16,009	1,213
Cash paid during the period	<u>\$ 44,716</u>	<u>\$ 11,128</u>

B. Financing activities with no cash flow effects:

	Three months ended March 31,	
	2024	2023
Dividends payable	<u>\$ 128,468</u>	<u>\$ 128,468</u>

(27) Changes in liabilities from financing activities

	2024					
	Short-term borrowings	Lease liabilities	Bonds payable	Deposits-in	Dividends payable (including cash distributed from capital surplus)	Total liabilities from financing activities
At January 1	\$ 484,514	\$ 194,525	\$ 264,700	\$ 11,043	\$ -	\$ 954,782
Changes in cash flow from financing activities	316,000	( 3,108)	( 264,700)	-	-	48,192
Interest expense	-	767	-	-	-	767
Interest paid	-	( 767)	-	-	-	( 767)
Declaration of the cash dividends	-	-	-	-	128,468	128,468
Changes in other non-cash items	4,345	10,347	-	-	-	14,692
At March 31	<u>\$ 804,859</u>	<u>\$ 201,764</u>	<u>\$ -</u>	<u>\$ 11,043</u>	<u>\$ 128,468</u>	<u>\$ 1,146,134</u>
	2023					
	Short-term borrowings	Lease liabilities	Bonds payable	Deposits-in	Dividends payable (including cash distributed from capital surplus)	Total liabilities from financing activities
At January 1	\$ 508,933	\$ 190,877	\$ 260,504	\$ 11,043	\$ -	\$ 971,357
Changes in cash flow from financing activities	74,733	( 2,766)	-	-	-	71,967
Interest expense	-	699	1,043	-	-	1,742
Interest paid	-	( 699)	-	-	-	( 699)
Declaration of the cash dividends	-	-	-	-	128,468	128,468
Changes in other non-cash items	( 15,703)	14,731	-	-	-	( 972)
At March 31	<u>\$ 567,963</u>	<u>\$ 202,842</u>	<u>\$ 261,547</u>	<u>\$ 11,043</u>	<u>\$ 128,468</u>	<u>\$ 1,171,863</u>



## 7. RELATED PARTY TRANSACTIONS

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

Names of related parties	Relationship with the Group
Littelfuse, Inc.	The director of the Company

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

#### A. Operating revenue

	Three months ended March 31,	
	2024	2023
Sales of goods:		
Littelfuse, Inc.	\$ 60,143	\$ 46,183

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

#### B. Receivables from related parties:

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable			
Littelfuse, Inc.	\$ 61,282	\$ 55,128	\$ 46,208

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

	Three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 14,376	\$ 17,184
Post-employment benefits	429	380
	\$ 14,805	\$ 17,564

## 8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	March 31, 2024	December 31, 2023	March 31, 2023	
Time deposit (shown as "Current financial assets at amortised cost")	\$ 123,703	\$ 120,039	\$ 120,013	Guarantee for customs and bond, performance guarantee, company card guarantee and guarantee for short-term borrowing
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	182,251	183,876	186,751	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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Property, plant and equipment	\$ 11,494	\$ 7,261	\$ 12,657

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

## 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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<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	\$ 1,195,987	\$ 1,153,943	\$ 1,131,256
Financial assets at amortised cost	192,034	191,806	126,939
Notes receivable	183,426	175,387	207,841
Accounts receivable (including related parties)	463,799	475,738	517,371
Other receivables	21,197	17,863	19,320
Refundable deposits	10,963	10,676	10,567
	<u>\$ 2,067,406</u>	<u>\$ 2,025,413</u>	<u>\$ 2,013,294</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit or loss	\$ 1,989	\$ -	\$ -
Financial liabilities at amortised cost			
Short-term borrowings	\$ 804,859	\$ 484,514	\$ 567,963
Notes payable	35,213	38,598	46,667
Accounts payable	151,825	163,011	138,949
Other payables	345,175	245,416	344,082
Bonds payable (including current portion)	-	264,700	261,547
Other current liabilities	8,180	8,898	8,501
Deposits-in	11,043	11,043	11,043
	<u>\$ 1,356,295</u>	<u>\$ 1,216,180</u>	<u>\$ 1,378,752</u>
Lease liabilities	<u>\$ 201,764</u>	<u>\$ 194,525</u>	<u>\$ 202,842</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:

	March 31, 2024			
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	11,665	32.00	\$ 373,296
USD:RMB	USD	823	7.223	26,202
<u>Non-monetary items:</u> None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	176	32.00	\$ 5,618
USD:RMB	USD	148	7.223	4,723
<u>Non-monetary items:</u> None.				
	December 31, 2023			
	Foreign currency amount (in thousands)		Exchange rate	Book value (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.				

	March 31, 2023			
	Foreign currency		Exchange	Book value
	amount		rate	(NTD)
	(in thousands)			
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	7,204	30.450	\$ 219,348
USD:RMB	USD	1,152	6.8713	35,070
RMB:NTD	RMB	8,045	4.431	35,649
<u>Non-monetary items:</u> None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	81	30.450	\$ 2,473
<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 ended March 31, 2024 and 2023, amounted to \$12,409 and (\$281), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variations:

	Three months ended March 31, 2024			
	Sensitivity analysis			Effect on other
	Degree of variation	Effect on	profit (loss)	comprehensive
				income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	3,733	\$ -
USD:RMB	1%		262	-
<u>Non-monetary items:</u> None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	56)	\$ -
USD:RMB	1%	(	47)	-
<u>Non-monetary items:</u> None.				

Three months ended March 31, 2023			
Sensitivity analysis			
	<u>Degree of variation</u>	<u>Effect on profit (loss)</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 2,193	\$ -
USD:RMB	1%	351	-
RMB:NTD	1%	356	-
<u>Non-monetary items:</u> None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 25)	\$ -
<u>Non-monetary items:</u> 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 three months ended March 31, 2024 and 2023 would have increased/decreased by \$16 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 forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On March 31, 2024, December 31, 2023 and March 31, 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 March 31, 2024</u>						
Expected loss rate	0.01%	0.31%~2.29%	2.27%~29.53%	14.33%~32.11%	58.46%~100%	
Total book value	\$ 425,800	\$ 30,786	\$ 1,564	\$ 6,807	\$ 21,791	\$ 486,748
Loss allowance	\$ -	\$ -	\$ 327	\$ 1,305	\$ 21,317	\$ 22,949

	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 March 31, 2023</u>						
Expected loss rate	0.01%	0.31%~1.10%	2.32%~20.25%	14.19%~30.97%	95.49%~100%	
Total book value	\$ 450,379	\$ 36,332	\$ 24,708	\$ 6,894	\$ 18,840	\$ 537,153
Loss allowance	\$ -	\$ -	\$ 48	\$ 894	\$ 18,840	\$ 19,782

- 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	1,193	-
Effect of foreign exchange	326	-
At March 31	\$ 22,949	\$ -

	2023	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 19,204	\$ -
Provision for impairment	520	-
Effect of foreign exchange	58	-
At March 31	<u>\$ 19,782</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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Floating rate:			
Expiring within one year	<u>\$ 1,853,540</u>	<u>\$ 1,952,736</u>	<u>\$ 484,950</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:

	Less than 3	Between 3	Between 1	Between 2	Over
March 31, 2024	<u>months</u>	<u>months</u>	<u>and 2 years</u>	<u>and 5 years</u>	<u>5 years</u>
Short-term borrowings	\$ 100,000	\$ 704,859	\$ -	\$ -	\$ -
Notes payable	35,213	-	-	-	-
Accounts payable	126,764	25,061	-	-	-
Lease liabilities	3,332	9,699	12,143	27,007	156,186
Other payables	-	345,175	-	-	-
Other current liabilities	-	8,180	-	-	-
Deposits-in	-	-	11,043	-	-



Non-derivative financial liabilities:

	Less than 3	Between 3	Between 1	Between 2	Over
December 31, 2023	months	months	and 2 years	and 5 years	5 years
		and 1 year			
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
March 31, 2023	months	months	and 2 years	and 5 years	5 years
		and 1 year			
Short-term borrowings	\$ 376,613	\$ 191,350	\$ -	\$ -	\$ -
Notes payable	46,667	-	-	-	-
Accounts payable	133,064	5,885	-	-	-
Lease liabilities	3,482	9,766	10,451	28,787	202,609
Other payables	-	344,082	-	-	-
Bonds payable	-	264,700	-	-	-
Other current liabilities	-	8,501	-	-	-
Deposits-in	-	-	11,043	-	-

Derivative financial liabilities:

	Less than 3	Between 3	Between 1	Between 2	Over
March 31, 2024	months	months	and 2 years	and 5 years	5 years
		and 1 year			
Foreign exchange contracts	\$ 1,989	\$ -	\$ -	\$ -	\$ -

Derivative financial liabilities:

December 31, 2023: None.

Derivative financial liabilities:

March 31, 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:

<u>March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss-forward foreign exchange contracts				
	\$ -	(\$ 1,989)	\$ -	(\$ 1,989)
<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

March 31, 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.

March 31, 2024: None.

	<u>December 31, 2023</u>			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 264,700	\$ -	\$ 264,700	\$ -
	<u>March 31, 2023</u>			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 261,547	\$ -	\$ 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: None.

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 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in mainland China): Please refer to table 4.

(3) Information on investments in mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the mainland China: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

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

	Three months ended March 31,	
	2024	2023
Revenue from external customers	\$ 622,817	\$ 662,142
Inter-segment revenue	\$ -	\$ -
Segment income	\$ 17,706	(\$ 5,884)
Segment assets	\$ 4,410,852	\$ 4,521,785

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

None.

Polytronics Technology Corp. and Subsidiaries

Loans to others  
Three months ended March 31, 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 three months ended March 31, 2024	Balance at March 31, 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
					\$	\$	\$	%	\$		\$	Item	Value	\$	\$		
0	Polytronics Technology Corp.	Kunshan Polystar Electronics Co., Ltd.	Other receivables - related party	Y	\$ 88,160	\$ 88,160	\$ -	4.35%	Short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 1,018,814	\$ 1,018,814	
0	Polytronics Technology Corp.	TCLAD Technology Corporation	Other receivables - related party	Y	128,000	128,000	96,000	5.92%	Short-term financing	-	Operational need	-	-	-	1,018,814	1,018,814	
1	TCLAD Technology Corporation	TCLAD Inc.	Other receivables - related party	Y	32,000	32,000	-	5.92%	Short-term financing	-	Operational need	-	-	-	234,036	234,036	
1	TCLAD Technology Corporation	TCLAD Europe GmbH	Other receivables - related party	Y	32,000	32,000	25,600	6.36%	Short-term financing	-	Operational need	-	-	-	234,036	234,036	

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

Polytronics Technology Corp. and Subsidiaries  
Provision of endorsements and guarantees to others  
Three months ended March 31, 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 March 31, 2024	Outstanding endorsement/ guarantee amount at March 31, 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	\$ 2,547,036	\$ 167,374	\$ 80,000	\$ 19,200	\$ -	3.14	\$ 3,820,554	Y	N	Y
0	Polytronics Technology Corp.	TCLAD Technology Corporation	A subsidiary which had 66.96% equity interests directly owned by the Company	2,547,036	546,000	546,000	230,000	100,000	21.44	3,820,554	Y	N	N
0	Polytronics Technology Corp.	TCLAD Inc.	A subsidiary which had 66.96% equity interests indirectly owned by the Company	2,547,036	336,000	336,000	144,000	-	13.19	3,820,554	Y	N	N

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

Polytronics Technology Corp. and Subsidiaries  
Significant inter-company transactions during the reporting period  
Three months ended March 31, 2024

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Polytronics Technology Corp.	Kunshan Polystar Electronics Co., Ltd.	1	Sales	\$ 36,760	Net 60 days	6%
0	"	"	1	Purchases	12,574	Net 45 days	2%
0	"	"	1	Processing charges	12,592	Net 45 days	2%
0	"	"	1	Accounts receivable	16,982	Net 60 days	0%
0	"	"	1	Accounts payable	63,891	Net 45 days	2%
0	"	TCLAD Inc.	1	Sales	2,838	Net 90 days	0%
0	"	"	1	Accounts receivable	6,104	Net 90 days	0%
0	"	TCLAD Technology Corporation	1	Sales	15,620	Net 30 days	3%
0	"	"	1	Accounts receivable	16,143	Net 30 days	0%
0	"	"	1	Other receivables	103,508	Collection and payment based on an agreed time	2%
0	"	"	1	Interest Revenue	1,431	Collection and payment based on an agreed time	0%
0	"	"	1	Rent income	1,043	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	Accounts receivable	1,856	Collection and payment based on an agreed time	0%
1	"	"	3	Other receivables	26,745	Collection and payment based on an agreed time	1%
1	"	"	3	Sales	7,648	Net 90 days	1%
1	"	TCLAD Inc.	3	Purchases	46,483	Net 30 days	7%
1	"	"	3	Accounts payable	22,928	Collection and payment based on an agreed time	1%
1	"	Kunshan Polystar Electronics Co., Ltd.	3	Sales	14,985	Net 60 days	2%
1	"	"	3	Accounts receivable	15,104	Collection and payment based on an agreed time	0%
1	"	"	3	Other receivables	1,642	Collection and payment based on an agreed time	0%
2	TCLAD Inc.	TCLAD Europe GmbH	3	Accounts receivable	19,156	Collection and payment based on an agreed time	0%
2	"	"	3	Sales	4,462	Net 90 days	1%
3	PolyTCB Electronics Corporation	Kunshan Polystar Electronics Co., Ltd.	3	Accounts payable	14,203	Collection and payment based on an agreed time	0%
3	"	"	3	Purchases	14,032	Net 90 days	2%

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

Three months ended March 31, 2024

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for the three	recognised by the Company	
				March 31, 2024	December 31, 2023				months ended March 31,	for the three months ended	
Polytronics Technology Corp.	Polytronics (B.V.I.) Corporation	British Virgin Islands	Investment and general business operations	\$ 255,004	\$ 255,004	2,644	100	\$ 1,083,614	\$ 4,852	\$ 4,852	Subsidiary
Polytronics Technology Corp.	TCLAD Technology Corporation	Taiwan	Manufacturing of the thermal conductive board	759,690	759,690	26,589	66.96	296,039 (	69,982) (	43,758)	Subsidiary
Polytronics Technology 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	1,286,736	1,286,736	-	100	723,993 (	60,780) (	61,959)	Subsidiary
TCLAD Technology Corporation	TCLAD Eurpoe GmbH	Germany	Manufacturing of the thermal conductive board	5,732	5,732	170	85 (	7,730) (	3,489) (	3,744)	Subsidiary

Table 4

Polytronics Technology Corp. and Subsidiaries  
Information on investments in Mainland China  
Three months ended March 31, 2024

Table 5

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/		Accumulated amount of remittance from Taiwan to mainland China as of January 1, 2024 (Note 2)	Accumulated amount of remittance from Taiwan to mainland China as of March 31, 2024	Net income of investee for the three months ended March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2024 (Note 3)	Book value of investments in mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	Footnote
				Remitted to mainland China	Remitted back to Taiwan								
Kunshan Polystar Electronics Co., Ltd. (Note 2)	Production and sale of varistor and potentiometer	\$ 697,911	2	\$ 206,720	\$ -	\$ 206,720	\$ 206,720	\$ 4,531	100	\$ 4,531	\$ 1,067,144	\$ -	
PolyStellar Electronics Co., Ltd.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	86,604	3	-	-	-	-	169	100	169	92,150	-	
Suzhou TCLAD Electronic Technology Co., Ltd	Manufacturing of the thermal conductive board	4,305	1	4,305	-	-	4,305	271	66.96	271	4,037	-	
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to mainland China as of March 31, 2024</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in mainland China imposed by the Investment Commission of MOEA</u>										
Polytronics Technology Corp.	\$ 206,720	\$ 697,911	\$ 1,528,221										

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 = 1:31.445 and RMB:TWD = 1:4.3749 for recognised investment income (loss) and remaining using the exchange rates of USD:NTD=1:32.00 and RMB:TWD = 1:4.4302.



Polytronics Technology Corp. and Subsidiaries

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

Three months ended March 31, 2024

Table 6

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 March 31, 2024	%	Maximum balance during the three months ended March 31, 2024	Balance at March 31, 2024	Interest rate	Interest during the three months ended March 31, 2024	Balance at March 31, 2024	%
Kunshan Polystar Electronics Co., Ltd.	\$ 36,760	5.90%	\$ 16,982	3%	\$ -	\$ -	4.35%	\$ -	\$ -	-
Kunshan Polystar Electronics Co., Ltd.	( 12,574)	9.4%	( 63,891)	40%	-	-	-	-	( 12,592)	5%

Table 6

Polytronics Technology Corp. and Subsidiaries

Major shareholders information

March 31, 2024

Table 7

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