

**PHOENIX SILICON INTERNATIONAL
CORPORATION
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2024 AND 2023**

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

PHOENIX SILICON INTERNATIONAL CORPORATION
SEPTEMBER 30, 2024 AND 2023 FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR24002090

To the Board of Directors and Shareholders of Phoenix Silicon International Corporation

Introduction

We have reviewed the accompanying balance sheets of Phoenix Silicon International Corporation (the "Company") as at September 30, 2024 and 2023, and the related statements of comprehensive income for the three months and nine months then ended, as well as the statements of changes in equity and of cash flows for the nine months then ended, and notes to the financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these 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 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 financial statements do not present fairly, in all material respects, the financial position of the Company as at September 30, 2024 and 2023, and of its financial performance for the three months and nine months then ended and its cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Liu, Chien-Yu

Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

November 8, 2024

The accompanying 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 financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets			Notes		September 30, 2024		December 31, 2023		September 30, 2023		
					AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets											
1100	Cash and cash equivalents	6(1)	\$	1,002,647	12	\$	1,551,126	17	\$	842,527	10
1110	Current financial assets at fair value through profit or loss	6(2)		1,304	-		1,321	-		234,863	3
1140	Current contract assets	6(20)		338,351	4		497,682	6		471,248	5
1150	Notes receivable, net	6(4)		-	-		-	-		17	-
1170	Accounts receivable, net	6(4)		456,549	5		379,363	4		372,103	4
1200	Other receivables			15,044	-		3,005	-		10,994	-
130X	Inventories	6(5)		183,999	2		211,588	2		236,844	3
1410	Prepayments			26,888	-		19,259	-		19,479	-
1460	Non-current assets or disposal groups classified as held for sale, net	6(10)		14,640	-		102,822	1		-	-
1470	Other current assets			252	-		2,253	-		1,239	-
11XX	Current Assets			2,039,674	23		2,768,419	30		2,189,314	25
Non-current assets											
1535	Non-current financial assets at amortised cost	6(3) and 8		13,555	-		13,555	-		13,555	-
1600	Property, plant and equipment	6(6) and 9		6,143,626	70		5,849,745	64		5,833,358	67
1755	Right-of-use assets	6(7)		324,010	4		325,694	4		325,724	4
1780	Intangible assets			22,146	-		30,468	-		33,481	1
1840	Deferred income tax assets			32,496	1		27,568	-		23,718	-
1900	Other non-current assets	6(9)		177,300	2		168,553	2		247,354	3
15XX	Non-current assets			6,713,133	77		6,415,583	70		6,477,190	75
1XXX	Total assets		\$	8,752,807	100	\$	9,184,002	100	\$	8,666,504	100

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2120	Financial liabilities at fair value	6(11)						
	through profit or loss - current		\$	-	-	\$	-	-
2130	Current contract liabilities	6(20)		79	-		79	-
2170	Accounts payable			149,722	2		139,525	2
2200	Other payables	6(12)		436,835	5		368,542	4
2230	Current income tax liabilities			39,955	-		25,011	-
2280	Current lease liabilities			18,036	-		14,251	-
2320	Long-term liabilities, current	6(13) and 8						
	portion			886,467	10		619,925	7
2399	Other current liabilities, others			39	-		166	-
21XX	Current Liabilities			1,531,133	17		1,167,499	13
Non-current liabilities								
2540	Long-term borrowings	6(13) and 8		2,946,828	34		3,722,784	41
2550	Provisions for liabilities - non-	6(15)						
	current			22,775	-		21,472	-
2570	Deferred tax liabilities			3,860	-		1,278	-
2580	Non-current lease liabilities			305,418	4		310,883	3
2600	Other non-current liabilities			26,022	-		24,652	-
25XX	Non-current liabilities			3,304,903	38		4,081,069	44
2XXX	Total Liabilities			4,836,036	55		5,248,568	57
Equity								
	Share capital	6(17)						
3110	Share capital - common stock			1,726,280	20		1,726,280	19
	Capital surplus	6(18)						
3200	Capital surplus			1,380,185	15		1,449,236	16
	Retained earnings	6(19)						
3310	Legal reserve			229,140	3		197,755	2
3350	Unappropriated retained earnings			581,166	7		562,163	6
3XXX	Total equity			3,916,771	45		3,935,434	43
Significant Contingent Liabilities and		9						
Unrecognised Contract Commitments								
Significant Events After the Balance		11						
Sheet Date								
3X2X	Total liabilities and equity		\$	8,752,807	100	\$	9,184,002	100
			\$	8,666,504	100			

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20)	\$ 938,146	100	\$ 787,661	100	\$ 2,501,649	100	\$ 2,573,994	100
5000	Operating costs	6(5)(25)(26)	(640,715)	(68)	(635,044)	(80)	(1,842,360)	(74)	(1,963,159)	(76)
5950	Gross profit from operations		<u>297,431</u>	<u>32</u>	<u>152,617</u>	<u>20</u>	<u>659,289</u>	<u>26</u>	<u>610,835</u>	<u>24</u>
	Operating expenses	6(25)(26)								
6100	Selling expenses		(10,460)	(1)	(10,714)	(1)	(29,404)	(1)	(33,338)	(2)
6200	Administrative expenses		(96,758)	(10)	(86,268)	(11)	(261,764)	(10)	(279,871)	(11)
6300	Research and development expenses		(17,088)	(2)	(35,969)	(5)	(44,055)	(2)	(107,872)	(4)
6000	Total operating expenses		(124,306)	(13)	(132,951)	(17)	(335,223)	(13)	(421,081)	(17)
6900	Operating profit		<u>173,125</u>	<u>19</u>	<u>19,666</u>	<u>3</u>	<u>324,066</u>	<u>13</u>	<u>189,754</u>	<u>7</u>
	Non-operating income and expenses									
7100	Interest income	6(21)	4,580	-	748	-	16,039	1	4,236	-
7010	Other income	6(22) and 7	1,984	-	2,816	-	5,266	-	6,748	-
7020	Other gains and losses	6(23)	(23,190)	(2)	104,465	13	32,087	1	187,443	7
7050	Finance costs	6(24)	(14,480)	(2)	(18,457)	(2)	(46,296)	(2)	(43,273)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,415)</u>	<u>-</u>
7000	Total non-operating income and expenses		(31,106)	(4)	89,572	11	7,096	-	151,739	6
7900	Profit before income tax		<u>142,019</u>	<u>15</u>	<u>109,238</u>	<u>14</u>	<u>331,162</u>	<u>13</u>	<u>341,493</u>	<u>13</u>
7950	Income tax expense	6(27)	(16,286)	(2)	6,700	1	(39,095)	(1)	(31,260)	(1)
8200	Profit for the period		<u>\$ 125,733</u>	<u>13</u>	<u>\$ 115,938</u>	<u>15</u>	<u>\$ 292,067</u>	<u>12</u>	<u>\$ 310,233</u>	<u>12</u>
8500	Total comprehensive income for the period		<u>\$ 125,733</u>	<u>13</u>	<u>\$ 115,938</u>	<u>15</u>	<u>\$ 292,067</u>	<u>12</u>	<u>\$ 310,233</u>	<u>12</u>
	Basic earnings per share	6(28)								
9750	Total basic earnings per share		<u>\$ 0.73</u>		<u>\$ 0.76</u>		<u>\$ 1.69</u>		<u>\$ 2.03</u>	
	Diluted earnings per share	6(28)								
9850	Total diluted earnings per share		<u>\$ 0.73</u>		<u>\$ 0.76</u>		<u>\$ 1.69</u>		<u>\$ 2.02</u>	

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings		Total equity
				Legal reserve	Unappropriated retained earnings	
<u>Nine months ended September 30, 2023</u>						
Balance at January 1, 2023		\$ 1,526,280	\$ 744,225	\$ 164,774	\$ 556,029	\$ 2,991,308
Profit for the period		-	-	-	310,233	310,233
Total comprehensive income		-	-	-	310,233	310,233
Distribution of 2022 earnings:	6(19)					
Legal reserve		-	-	32,981	(32,981)	-
Cash dividends		-	-	-	(274,730)	(274,730)
Changes in equity of associate	6(18)	-	102	-	-	102
Loss of significant influence over investments accounted for using equity method	6(18)	-	(9,571)	-	-	(9,571)
Balance at September 30, 2023		\$ 1,526,280	\$ 734,756	\$ 197,755	\$ 558,551	\$ 3,017,342
<u>Nine months ended September 30, 2024</u>						
Balance at January 1, 2024		\$ 1,726,280	\$ 1,449,236	\$ 197,755	\$ 562,163	\$ 3,935,434
Profit for the period		-	-	-	292,067	292,067
Total comprehensive income		-	-	-	292,067	292,067
Distribution of 2023 earnings:	6(19)					
Legal reserve		-	-	31,385	(31,385)	-
Cash dividends		-	-	-	(241,679)	(241,679)
Cash dividends from capital surplus	6(18)	-	(69,051)	-	-	(69,051)
Balance at September 30, 2024		\$ 1,726,280	\$ 1,380,185	\$ 229,140	\$ 581,166	\$ 3,916,771

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 331,162	\$ 341,493
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	627,247	581,990
Amortization	6(25)	11,096	11,058
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(11)(23)	201 (135,038)
Interest expense	6(24)	46,296	43,273
Interest income	6(21)	(16,039) (4,236)
Share of loss of associates accounted for using equity method		-	3,415
Gain on disposals of property, plant and equipment	6(23)	(19,888) (229)
Gain on disposals of non-current assets held for sale	6(10)(23)	(25,522)	-
Gain on disposals of investments	6(23)	- (29,605)
Impairment loss recognised in profit or loss, property, plant and equipment	6(10)(23)	23,494	-
Profit from lease modification	6(23)	- (5)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial asset at fair value through profit or loss, mandatorily measured at fair value		1,212	608
Contract assets		159,331 (204,809)
Notes receivable		-	69
Accounts receivable	(77,186)	41,988
Other receivables	(11,117)	15,101
Inventories		27,589	21,955
Prepayments	(7,829) (5,478)
Other current assets		1,484 (138)
Other non-current assets	(71)	217
Changes in operating liabilities			
Financial liabilities held for trading	(1,396) (7,720)
Contract liabilities		- (61)
Accounts payable		10,197 (77,679)
Other payables		16,293 (10,480)
Other current liabilities	(127) (287)
Net defined benefit liability	(651) (779)
Long-term payables		2,029	1,639
Cash inflow generated from operations		1,097,805	586,262
Interest received		15,117	4,191
Interest paid	(44,462) (37,961)
Income taxes paid	(26,497) (47,554)
Net cash flows from operating activities		1,041,963	504,938

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PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value			
through profit or loss		\$ -	\$ 6,978
Acquisition of financial assets at amortized cost		-	(500)
Proceeds from disposal of non-current assets held for sale		40,493	-
Acquisition of property, plant and equipment	6(29)	(801,959)	(656,403)
Capitalisation of interest paid	6(6)	(13,903)	(19,577)
Proceeds from disposal of property, plant and equipment		20,128	14,192
Acquisition of intangible assets	6(29)	(1,154)	(7,356)
Increase in refundable deposits		(1,251)	(1,660)
Decrease in refundable deposits		1,435	1,695
Net cash flows used in investing activities		(756,211)	(662,631)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in long-term borrowings	6(30)	-	400,000
Repayment of long-term borrowings	6(30)	(510,007)	(184,498)
Increase in guarantee deposits received	6(30)	63	144
Decrease in guarantee deposits received	6(30)	(71)	(196)
Repayment of principal portion of lease liabilities	6(30)	(13,486)	(10,840)
Cash dividends paid	6(18)(19)	(310,730)	(274,730)
Net cash flows used in financing activities		(834,231)	(70,120)
Net decrease in cash and cash equivalents		(548,479)	(227,813)
Cash and cash equivalents at beginning of period	6(1)	1,551,126	1,070,340
Cash and cash equivalents at end of period	6(1)	\$ 1,002,647	\$ 842,527

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

PHOENIX SILICON INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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

1. History and Organisation

Phoenix Silicon International Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) in March 1997 and has begun operations in June 1998. The Company is primarily engaged in the research, development, manufacture and sale of regenerative wafers, test wafers, product wafers, solar cells, energy storage lithium batteries and the import and export trade related to the Company's business.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on November 8, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Company’s financial condition and financial performance based on the Company’s assessment.

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

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

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

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

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

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

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

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

- A. The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. These 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 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 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 Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Employee benefits

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

(4) 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 was no significant change in the reporting period. 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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and petty cash	\$ 70	\$ 218	\$ 223
Demand deposits	609,377	610,908	552,304
Time deposits	393,200	940,000	290,000
Total	<u>\$ 1,002,647</u>	<u>\$ 1,551,126</u>	<u>\$ 842,527</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Company has no cash and cash equivalents pledged to others. For pledged time deposits that were accounted as financial assets at amortised cost, please refer to Note 8.

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

items	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	\$ 1,304	\$ 1,321	\$ 30
Unlisted stocks	-	-	95,060
Valuation adjustment	-	-	139,773
Total	<u>\$ 1,304</u>	<u>\$ 1,321</u>	<u>\$ 234,863</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended September 30,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ -	\$ 91,518
Derivative instruments	1,304	108
Total	<u>\$ 1,304</u>	<u>\$ 91,626</u>
	Nine months ended September 30,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ -	\$ 142,748
Derivative instruments	1,195	639
Total	<u>\$ 1,195</u>	<u>\$ 143,387</u>

B. On February 1, 2023, the convertible bonds which were issued by Phoenix Battery Corporation were all converted into common stocks. As a result, the Company's ownership of Phoenix Battery Corporation dropped from 25.28% to 18.07%. Thus, starting from that date, the Company did not have significant influence on Phoenix Battery Corporation. The Company recognised current financial assets at fair value through profit or loss on the ownership investment of 18.07% according to the fair value at that date in the amount of \$96,072, reclassified all of the amounts previously recognised in capital surplus from equity to profit or loss in the amount of \$9,571 due to changes in ownership interests in the associate, and then recognised gains on disposal of investments in the amount of \$26,615.

C. The Company gradually disposed all the shares of Phoenix Battery Corporation from July 2023 to December 2023, for proceeds of \$241,106, and the gain on disposal amounted to \$142,044.

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

		September 30, 2024	
		Contract amount	Contract period
		(notional principal)	
Non-hedging derivative financial assets			
Current items:			
Forward foreign exchange contracts		USD 3,000	2024.09.15~2024.10.01
		December 31, 2023	
		Contract amount	Contract period
		(notional principal)	
Non-hedging derivative financial assets			
Current items:			
Forward foreign exchange contracts		USD 2,000	2023.12.13~2024.01.05
		September 30, 2023	
		Contract amount	Contract period
		(notional principal)	
Non-hedging derivative financial assets			
Current items:			
Forward foreign exchange contracts		USD 1,700	2023.09.28~2023.10.05

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	September 30, 2024	December 31, 2023	September 30, 2023
Non-current items :			
Pledged time deposits	\$ 13,555	\$ 13,555	\$ 13,555

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

		Three months ended September 30,	
		2024	2023
Interest income		\$ 36	\$ 32
		Nine months ended September 30,	
		2024	2023
Interest income		\$ 103	\$ 82

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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

(4) Notes and accounts receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>
Accounts receivable	\$ 456,549	\$ 379,363	\$ 372,103
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 456,549</u>	<u>\$ 379,363</u>	<u>\$ 372,103</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 435,220	\$ -	\$ 378,689	\$ -	\$ 370,416	\$ 17
Up to 30 days	21,324	-	534	-	1,613	-
31 to 90 days	5	-	140	-	74	-
	<u>\$ 456,549</u>	<u>\$ -</u>	<u>\$ 379,363</u>	<u>\$ -</u>	<u>\$ 372,103</u>	<u>\$ 17</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2024, December 31, 2023 and September 30, 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$414,177.
- C. The Company has no notes and accounts receivable pledged to others as collateral.
- D. As of September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$0, \$0 and \$17; \$456,549, \$379,363 and \$372,103, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	September 30, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 266,037	(\$ 87,280)	\$ 178,757
Work in progress	1,645	(6)	1,639
Finished goods	4,808	(1,205)	3,603
Total	<u>\$ 272,490</u>	<u>(\$ 88,491)</u>	<u>\$ 183,999</u>

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 280,837	(\$ 85,143)	\$ 195,694
Work in progress	1,847	(85)	1,762
Finished goods	14,397	(265)	14,132
Total	<u>\$ 297,081</u>	<u>(\$ 85,493)</u>	<u>\$ 211,588</u>

	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 294,937	(\$ 73,745)	\$ 221,192
Work in progress	1,641	(8)	1,633
Finished goods	14,568	(549)	14,019
Total	<u>\$ 311,146</u>	<u>(\$ 74,302)</u>	<u>\$ 236,844</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2024	2023
Cost of goods sold	\$ 637,724	\$ 633,336
Loss on decline in market value	8,237	4,565
Revenue from sales of scraps	(44)	(27)
Others	(5,202)	(2,830)
	<u>\$ 640,715</u>	<u>\$ 635,044</u>

	Nine months ended September 30,	
	2024	2023
Cost of goods sold	\$ 1,851,391	\$ 1,956,862
Loss on decline in market value	2,998	15,476
Revenue from sales of scraps	(98)	(85)
Others	(11,931)	(9,094)
	<u>\$ 1,842,360</u>	<u>\$ 1,963,159</u>

(6) Property, plant and equipment

	2024						
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
At January 1							
Cost	\$ 2,519,688	\$ 5,966,522	\$ 6,363	\$ 37,274	\$ 68,523	\$ 766,203	\$ 9,364,573
Accumulated depreciation	(727,730)	(2,730,956)	(4,091)	(11,794)	(40,257)	-	(3,514,828)
	<u>\$ 1,791,958</u>	<u>\$ 3,235,566</u>	<u>\$ 2,272</u>	<u>\$ 25,480</u>	<u>\$ 28,266</u>	<u>\$ 766,203</u>	<u>\$ 5,849,745</u>
At January 1	\$ 1,791,958	\$ 3,235,566	\$ 2,272	\$ 25,480	\$ 28,266	\$ 766,203	\$ 5,849,745
Additions	56,525	78,840	-	4,255	6,271	736,882	882,773
Disposals	-	(240)	-	-	-	-	(240)
Reclassifications (transfers)	139,331	329,304	-	-	7,929	(451,459)	25,105
Depreciation charge	(176,347)	(421,797)	(847)	(5,204)	(9,562)	-	(613,757)
At September 30	<u>\$ 1,811,467</u>	<u>\$ 3,221,673</u>	<u>\$ 1,425</u>	<u>\$ 24,531</u>	<u>\$ 32,904</u>	<u>\$ 1,051,626</u>	<u>\$ 6,143,626</u>
At September 30							
Cost	\$ 2,578,180	\$ 6,238,511	\$ 5,908	\$ 36,515	\$ 77,122	\$ 1,051,626	\$ 9,987,862
Accumulated depreciation	(766,713)	(3,016,838)	(4,483)	(11,984)	(44,218)	-	(3,844,236)
	<u>\$ 1,811,467</u>	<u>\$ 3,221,673</u>	<u>\$ 1,425</u>	<u>\$ 24,531</u>	<u>\$ 32,904</u>	<u>\$ 1,051,626</u>	<u>\$ 6,143,626</u>

Note: It pertained to the reclassification of the assets held for sale to machinery and equipment of \$57,360. An impairment loss of \$7,643 and unfinished construction transferred to prepayments for business facilities of \$24,612 were recognized.

2023							
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
At January 1							
Cost	\$ 2,292,667	\$ 4,280,007	\$ 11,380	\$ 25,393	\$ 87,149	\$ 2,015,824	\$ 8,712,420
Accumulated depreciation	(651,328)	(2,370,806)	(7,845)	(18,687)	(52,412)	-	(3,101,078)
	<u>\$ 1,641,339</u>	<u>\$ 1,909,201</u>	<u>\$ 3,535</u>	<u>\$ 6,706</u>	<u>\$ 34,737</u>	<u>\$ 2,015,824</u>	<u>\$ 5,611,342</u>
At January 1	\$ 1,641,339	\$ 1,909,201	\$ 3,535	\$ 6,706	\$ 34,737	\$ 2,015,824	\$ 5,611,342
Additions	118,802	502,136	-	11,235	1,887	179,864	813,924
Disposals	-	(13,963)	-	-	-	-	(13,963)
Reclassifications (transfers)(Note)	115,244	1,481,774	-	13,140	-	(1,616,827)	(6,669)
Depreciation charge	(154,474)	(402,711)	(952)	(3,926)	(9,213)	-	(571,276)
At September 30	<u>\$ 1,720,911</u>	<u>\$ 3,476,437</u>	<u>\$ 2,583</u>	<u>\$ 27,155</u>	<u>\$ 27,411</u>	<u>\$ 578,861</u>	<u>\$ 5,833,358</u>
At September 30							
Cost	\$ 2,395,019	\$ 6,211,715	\$ 6,363	\$ 37,125	\$ 71,097	\$ 578,861	\$ 9,300,180
Accumulated depreciation	(674,108)	(2,735,278)	(3,780)	(9,970)	(43,686)	-	(3,466,822)
	<u>\$ 1,720,911</u>	<u>\$ 3,476,437</u>	<u>\$ 2,583</u>	<u>\$ 27,155</u>	<u>\$ 27,411</u>	<u>\$ 578,861</u>	<u>\$ 5,833,358</u>

Note: Refers to the transfer to intangible assets amounting to \$6,669.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Nine months ended September 30,	
	2024	2023
Amount capitalised	\$ 13,903	\$ 19,577
Range of the interest rates for capitalisation	1.65%~1.92%	1.51%~1.81%

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

(7) Leasing arrangements — lessee

- A. The Company leases various assets including land and business vehicles. Rental contracts are typically made for periods of 2 to 20 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. Short-term leases with a lease term of 12 months or less comprise employees' dorms, parking lots and warehouse. Low-value assets comprise of furniture and fixtures and other equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 307,923	\$ 316,543	\$ 315,876
Buildings	16,087	8,932	9,498
Transportation equipment (Business vehicles)	-	219	350
	<u>\$ 324,010</u>	<u>\$ 325,694</u>	<u>\$ 325,724</u>

	<u>Three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 2,873	\$ 2,848
Buildings	1,551	566
Transportation equipment (Business vehicles)	-	132
	<u>\$ 4,424</u>	<u>\$ 3,546</u>

	<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 8,620	\$ 8,546
Buildings	4,651	1,699
Transportation equipment (Business vehicles)	219	469
	<u>\$ 13,490</u>	<u>\$ 10,714</u>

- D. For the nine months ended September 30, 2024 and 2023, the additions to right-of-use assets were \$11,806 and \$1,043, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,068	\$ 1,072
Expense on short-term lease contracts	\$ 520	\$ 2,334
Expense on leases of low-value assets	\$ 210	\$ 226
Profit from lease modification	\$ -	\$ -
	Nine months ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,256	\$ 3,253
Expense on short-term lease contracts	\$ 1,357	\$ 7,491
Expense on leases of low-value assets	\$ 598	\$ 654
Profit from lease modification	\$ -	\$ 5

F. For the nine months ended September 30, 2024 and 2023, the Company's total cash outflow for leases were \$18,697 and \$22,239, respectively.

G. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Leasing arrangements—lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 3 and 20 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.

B. For the three months and nine months ended September 30, 2024 and 2023, the Company recognised rent income in the amounts of \$352, \$349, \$1,139 and \$1,123, 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>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>
2024	\$ 429	2024	\$ 1,547	2023	\$ 424
2025	604	2025	597	2024	1,547
2026	150	2026	150	2025	597
2027	150	2027	150	2026	150
After 2028	<u>2,175</u>	After 2028	<u>2,175</u>	After 2027	<u>2,325</u>
Total	\$ 3,508	Total	\$ 4,619	Total	\$ 5,043

(9) Other non-current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayments for equipment	\$ 173,803	\$ 163,840	\$ 244,010
Prepayments for intangible assets	-	1,620	250
Guarantee deposits paid	3,372	3,040	3,040
Others	125	53	54
Total	<u>\$ 177,300</u>	<u>\$ 168,553</u>	<u>\$ 247,354</u>

(10) Non-current assets (or disposal groups) held for sale

- A. The assets related to machinery equipment and other equipment have been reclassified as disposal groups held for sale following the approval of the Company's Board of Directors on November 6, 2023 to sell machinery equipment and other equipment. The assets of the disposal groups held for sale as at September 30, 2024 amounted to \$14,640.

Assets of disposal company held for sale:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Machinery and equipment	\$ 13,640	\$ 101,489	\$ -
Other facilities	1,000	1,333	-
Total	<u>\$ 14,640</u>	<u>\$ 102,822</u>	<u>\$ -</u>

- B. The Company disposed non-current assets held for sale in the first quarter of 2024. The disposal proceeds was \$40,493 and the cumulative gains on disposal was \$25,522.
- C. As a result of the remeasurement of the disposal group held for sale at the lower of its carrying amount or expected fair value less costs to sell, the Company had recognized impairment loss of \$0 and \$15,851, respectively, for the three months ended and nine months ended September 30, 2024, which was recognized in other gains and losses.
- D. To meet the needs for the research and development of new products, the Board of Directors of the Company during their meeting on August 9, 2024 resolved to reclassify assets held for sale of \$57,360 to machinery and equipment, and recognized impairment loss of \$7,643, which was recognized in other gains and losses.

(11) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Financial liabilities held for trading			
Valuation adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 629</u>

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	Three months ended September 30,	
	2024	2023
Net losses recognised in profit or loss		
Financial liabilities held for trading		
Derivative instruments	\$ -	(\$ 2,766)
	Nine months ended September 30,	
	2024	2023
Net losses recognised in profit or loss		
Financial liabilities held for trading		
Derivative instruments	(\$ 1,396)	(\$ 8,349)

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

December 31, 2023 and September 30, 2024: None.

	September 30, 2023	
	Contract amount	Contract period
Derivative financial liabilities	(Notional principal)	
Current items:		
Forward foreign exchange contracts	USD 4,000	2023.08.23~2023.10.05

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

(12) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Wages and salaries payable	\$ 107,358	\$ 116,053	\$ 108,868
Payable on machinery and equipment	133,109	80,847	66,993
Employees' compensation and directors' remuneration payable	88,723	71,622	110,258
Payable on repair expenses	36,403	31,338	32,850
Other accrued expenses	71,242	68,682	78,025
Total	<u>\$ 436,835</u>	<u>\$ 368,542</u>	<u>\$ 396,994</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2024
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	\$ 385,600
Plant loan	2020.07.24~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	141,408
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,887,400
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,148,677
Unsecured borrowings	2021.12.28~2025.11.15 Repayment by installments and installments over the agreed period	Floating rate	None	207,500
Unsecured borrowings (Note 1)	2023.02.07~2026.02.07 Repayment by installments and installments over the agreed period	Floating rate	None	66,667
				<hr/> 3,837,252
Less: Current portion				(886,467)
Less: Arrangement fee for the syndicated loan				(3,957)
				<hr/> \$ 2,946,828
Annual interest rate range				<hr/> <hr/> 1.43%~2.34%

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	\$ 385,600
Plant loan	2020.07.24~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	156,544
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,887,400
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,387,715
Unsecured borrowings	2021.12.28~2025.08.25 Repayment by installments and installments over the agreed period	Floating rate	None	380,000
Unsecured borrowings (Note 2)	2022.09.26~2023.12.26 Repayment by installments and installments over the agreed period	Floating rate	None	50,000
Unsecured borrowings (Note 1)	2023.02.07~2026.02.07 Repayment by installments and installments over the agreed period	Floating rate	None	100,000
				<hr/> 4,347,259
Less: Current portion				(619,925)
Less: Arrangement fee for the syndicated loan				(4,550)
				<hr/> \$ 3,722,784
Annual interest rate range				<hr/> <hr/> 1.30%~2.21%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2023
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	\$ 385,600
Plant loan	2017.12.08~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	176,075
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,887,400
Mid-term secured loan (Note 2)	2019.04.15~2024.08.14 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	8,750
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,452,695
Unsecured borrowings	2021.12.28~2025.08.25 Repayment by installments and installments over the agreed period	Floating rate	None	550,000
Unsecured borrowings (Note 2)	2022.09.26~2023.12.26 Repayment by installments and installments over the agreed period	Floating rate	None	150,000
Unsecured borrowings (Note 1)	2023.02.07~2026.02.07 Repayment by installments and installments over the agreed period	Floating rate	None	100,000
				<hr/> 4,710,520
Less: Current portion				(824,563)
Less: Arrangement fee for the syndicated loan				(4,814)
				<hr/> \$ 3,881,143
Annual interest rate range				<hr/> 1.30%~2.21%

A. As of September 30, 2024, the Company's unamortised arrangement fee for the syndicated loan amounting to \$3,957 was recorded as a deduction amount of initial measurement of long-term secured borrowings and amortised as interest expense over the borrowing period.

B. Details of the collateral for long-term borrowings are provided in Note 8.

Note 1: According to the agreement, the Company should maintain a specific current ratio, debt ratio, interest coverage ratio and shareholders' equity amount every year during the loan period.

Note 2: According to loan the agreement, the Company should maintain a specific net liabilities ratio and ability of interest repayment every six months during the loan period.

(14) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the 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 contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method; to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) The Company recognised pension costs of \$52, \$67, \$157 and \$201 for the three months and nine months ended September 30, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$1,157.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount 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 pension costs under defined contribution pension plan of the Company for the three months and nine months ended September 30, 2024 and 2023, were \$6,752, \$8,435, \$20,010 and \$25,313, respectively.

(15) Provisions

	<u>Decommissioning liabilities</u>		
2024			
At January 1	\$		21,472
Unwinding of discount			1,303
At September 30	\$		<u>22,775</u>
Analysis of total provisions:			
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Non-current	<u>\$ 22,775</u>	<u>\$ 21,472</u>	<u>\$ 18,038</u>

Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Company bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment and right-of-use assets in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will start to be used within the next 24 to 38 years.

(16) Share-based payment

A. For the nine months ended September 30, 2024 and 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2023.10.03	2,000,000	NA	Vested immediately

B. The fair value of stock options granted on 2023 is measured using the Black-Scholes- Merton. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	2023.10.03	\$ 52.10	\$ 45	24.81%	0.1260year	0.99%	\$ 7.24

C. Expenses incurred on share-based payment transactions are shown below:

Three months and nine months ended September 30, 2024 and 2023: None.

(17) Share capital

A. As of September 30, 2024, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary stock (including 40,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,726,280 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:

	2024	Unit: share 2023
At January 1/September 30	172,628,033	152,628,033

B. For the year ended December 31, 2023, the Company resolved to increase capital by issuing 20,000 thousand shares at NT\$45 per share, totaling \$900,000. The effective date for the capital increase was set on November 23, 2023, and the registration of the capital increase was completed.

(18) Capital surplus

- A. 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.

2024				
	Changes in ownership interests			Total
	Share premium	in subsidiaries	Options	
At January 1	\$ 1,363,963	\$ 70,793	\$ 14,480	\$ 1,449,236
Cash dividends from capital surplus	-	(69,051)	-	(69,051)
At September 30	<u>\$ 1,363,963</u>	<u>\$ 1,742</u>	<u>\$ 14,480</u>	<u>\$ 1,380,185</u>
2023				
	Changes in ownership interests		Changes in equity of associates	Total
	Share premium	in subsidiaries		
At January 1	\$ 663,963	\$ 70,793	\$ 9,469	\$ 744,225
Changes in equity of associates	-	-	102	102
Loss of significant influence over investments accounted for using equity method	-	-	(9,571)	(9,571)
At September 30	<u>\$ 663,963</u>	<u>\$ 70,793</u>	<u>\$ -</u>	<u>\$ 734,756</u>

- B. On April 16, 2024, the Company's Board of Directors resolved the cash dividends from capital surplus amounting to \$69,051 at \$0.4 (in dollars) per share and reported to the shareholders' annual meeting in 2024.

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's profit after tax, if any, shall first be used to offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the authorised capital. In addition, after setting aside or reversing special reserve, the remainder along with the beginning unappropriated earnings shall be proposed by the Board of Directors as dividends and submitted to the shareholders for resolution.

Dividends and bonuses or legal reserve and capital surplus distributed in the form of cash shall be authorised to be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders' meeting and are not subject to the aforementioned regulations of resolutions from the shareholders.

- B. The Company's dividend distribution policy aligns with the current and future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year, at least 10% of the Company's distributable earnings shall be appropriated as dividends and bonuses, and cash dividends and bonuses shall account for at least 50% of the total dividends and bonuses distributed.
- 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. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2023 and 2022 earnings as resolved by shareholders on May 28, 2024 and May 26, 2023, respectively, was as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 31,385		\$ 32,981	
Cash dividends	241,679	\$ 1.4	274,730	\$ 1.8
Total	<u>\$ 273,064</u>		<u>\$ 307,711</u>	

(20) Operating revenue

	Three months ended September 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 938,146</u>	<u>\$ 787,661</u>
	Nine months ended September 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 2,501,649</u>	<u>\$ 2,573,994</u>

A. Disaggregation of revenue from contracts with customers

		Three months ended September 30,	
		2024	2023
Revenue from external customer contracts	\$	938,146	\$ 787,661
Timing of revenue recognition			
At a point in time	\$	10,109	\$ 11,171
Over time		928,037	776,490
	\$	938,146	\$ 787,661
		Nine months ended September 30,	
		2024	2023
Revenue from external customer contracts	\$	2,501,649	\$ 2,573,994
Timing of revenue recognition			
At a point in time	\$	29,670	\$ 31,785
Over time		2,471,979	2,542,209
	\$	2,501,649	\$ 2,573,994

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract assets	\$ 338,351	\$ 497,682	\$ 471,248	\$ 266,439
Contract liabilities				
- advance sales receipts	\$ 79	\$ 79	\$ 79	\$ 140

		Three months ended September 30,	
		2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$	-	\$ -
		Nine months ended September 30,	
		2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$	-	\$ 140

(21) Interest income

Three months ended September 30,	
2024	2023
Interest income from bank deposits	\$ 4,544
Interest income from financial assets measured at amortised cost	35
Other interest income	1
	\$ 4,580
	\$ 715
	32
	1
	748
Nine months ended September 30,	
2024	2023
Interest income from bank deposits	\$ 15,934
Interest income from financial assets measured at amortised cost	102
Other interest income	3
	\$ 16,039
	\$ 4,152
	82
	2
	4,236

(22) Other income

Three months ended September 30,	
2024	2023
Rent income	\$ 352
Other income, others	1,632
	\$ 1,984
	\$ 2,816
	349
	2,467
	2,816
Nine months ended September 30,	
2024	2023
Rent income	\$ 1,139
Other income, others	4,127
	\$ 5,266
	\$ 1,123
	5,625
	6,748

(23) Other gains and losses

Three months ended September 30,	
2024	2023
Gains on disposals of property, plant and equipment	\$ 100
Losses on disposals of investments	- (102)
Impairment loss recognised in profit or loss, property, plant and equipment	(7,643)
Net foreign exchange (losses) gains	(16,951)
Gains on financial assets (liabilities) at fair value through profit or loss	1,304
	\$ 23,190
	\$ -
	15,707
	88,860
	104,465

	Nine months ended September 30,	
	2024	2023
Gains on disposals of property, plant and equipment	\$ 19,888	\$ 229
Gains on disposals of investments	-	29,605
Profit from lease modification	-	5
Impairment loss recognised in profit or loss, property, plant and equipment	(7,643)	-
Impairment loss recognised in profit or loss, non-current asset or disposal groups held for sale	(15,851)	-
Gains on disposals of non-current assets held for sale	25,522	-
Net foreign exchange gains	10,372	22,566
(Losses) gains on financial assets (liabilities) at fair value through profit or loss	(201)	135,038
	<u>\$ 32,087</u>	<u>\$ 187,443</u>

(24) Finance costs

	Three months ended September 30,	
	2024	2023
Borrowings from financial institutions	\$ 12,966	\$ 17,176
Lease liabilities	1,068	1,072
Provisions - unwinding of discount	443	208
Other financial cost	3	1
	<u>\$ 14,480</u>	<u>\$ 18,457</u>

	Nine months ended September 30,	
	2024	2023
Borrowings from financial institutions	\$ 41,734	\$ 39,397
Lease liabilities	3,256	3,253
Provisions - unwinding of discount	1,303	621
Other financial cost	3	2
	<u>\$ 46,296</u>	<u>\$ 43,273</u>

(25) Expenses by nature

	Three months ended September 30,	
	2024	2023
Employee benefit expense	\$ 221,087	\$ 230,401
Depreciation charges	\$ 206,592	\$ 217,077
Amortisation charges on intangible assets	\$ 3,410	\$ 3,885

	Nine months ended September 30,	
	2024	2023
Employee benefit expense	\$ 633,532	\$ 769,535
Depreciation charges	\$ 627,247	\$ 581,990
Amortisation charges on intangible assets	\$ 11,096	\$ 11,058

(26) Employee benefit expense

	Three months ended September 30,	
	2024	2023
Wages and salaries	\$ 186,120	\$ 188,524
Labour and health insurance fees	15,992	19,101
Pension costs	6,804	8,502
Other personnel expenses	12,171	14,274
	<u>\$ 221,087</u>	<u>\$ 230,401</u>

	Nine months ended September 30,	
	2024	2023
Wages and salaries	\$ 528,182	\$ 642,460
Labour and health insurance fees	47,496	58,912
Pension costs	20,167	25,514
Other personnel expenses	37,687	42,649
	<u>\$ 633,532</u>	<u>\$ 769,535</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 10%~15% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the three months and nine months ended September 30, 2024 and 2023, employees' compensation were accrued at \$25,063, \$14,952, \$46,209 and \$56,916, respectively; while directors' remuneration were accrued at \$3,472, \$2,536, \$7,701 and \$8,131, respectively. The aforementioned amounts were recognised in salary expenses. For the nine months ended September 30, 2024, the employees' compensation and directors' remuneration were estimated and accrued based on 12% and 2% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' and supervisors' remuneration for 2023 amounting to \$48,842 and \$8,140, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2023 financial statements.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

		Three months ended September 30,	
		2024	2023
Current tax:			
Current tax on profits for the period	\$	19,096	\$ 4,241
Total current tax		19,096	4,241
Deferred tax:			
Origination and reversal of temporary differences	(2,810)	(10,941)
Total deferred tax	(2,810)	(10,941)
Income tax expense	\$	16,286	(\$ 6,700)
		Nine months ended September 30,	
		2024	2023
Current tax:			
Current tax on profits for the period	\$	41,230	\$ 24,112
Prior year income tax under estimation		212	4,705
Total current tax		41,442	28,817
Deferred tax:			
Origination and reversal of temporary differences	(2,347)	2,443
Total deferred tax	(2,347)	2,443
Income tax expense	\$	39,095	\$ 31,260

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows: None.

(c) The income tax charged/(credited) to equity during the period is as follows: None.

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

(28) Earnings per share

Three months ended September 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 125,733	172,628	\$ 0.73
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 125,733	172,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	368	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 125,733	172,996	\$ 0.73
Three months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 115,938	152,628	\$ 0.76
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 115,938	152,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	285	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 115,938	152,913	\$ 0.76

Nine months ended September 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 292,067	172,628	\$ 1.69
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 292,067	172,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	551	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 292,067	173,179	\$ 1.69
Nine months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 310,233	152,628	\$ 2.03
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 310,233	152,628	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,317	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 310,233	153,945	\$ 2.02

(29) Supplemental cash flow information

Investing activities with partial cash payments:

	Nine months ended September 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 882,773	\$ 813,924
Add: Opening balance of payable on machinery and equipment	80,847	129,545
Add: Ending balance of prepayments for business facilities	173,803	244,010
Less: Ending balance of payable on machinery and equipment	(133,109)	(66,993)
Less: Opening balance of prepayments for business facilities	(163,840)	(444,506)
Less: Unfinished construction reclassified to prepayments for business facilities	(24,612)	-
Less: Capitalisation of interest	(13,903)	(19,577)
Cash paid during the period	<u>\$ 801,959</u>	<u>\$ 656,403</u>

	Nine months ended September 30,	
	2024	2023
Purchase of intangible assets	\$ 2,774	\$ 15,183
Add: Ending balance of prepayments	-	250
Less: Opening balance of prepayments	(1,620)	(8,077)
Cash paid during the period	<u>\$ 1,154</u>	<u>\$ 7,356</u>

(30) Changes in liabilities from financing activities

	2024			
	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 4,342,709	\$ 325,134	\$ 999	\$ 4,668,842
Changes in cash flow from financing activities	(510,007)	(13,486)	(8)	(523,501)
Interest paid on lease liabilities	-	(3,256)	-	(3,256)
Amortisation of interest expense on lease liabilities	-	3,256	-	3,256
Increase in lease liabilities	-	11,806	-	11,806
Payment of arrangement fee for the syndicated loan	(200)	-	-	(200)
Amortisation of arrangement fee for the syndicated loan	793	-	-	793
At September 30	<u>\$ 3,833,295</u>	<u>\$ 323,454</u>	<u>\$ 991</u>	<u>\$ 4,157,740</u>

	2023			
	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 4,489,467	\$ 339,485	\$ 1,068	\$ 4,830,020
Changes in cash flow from financing activities	215,502	(10,840)	(52)	204,610
Interest paid on lease liabilities	-	(3,253)	-	(3,253)
Amortisation of interest expense on lease liabilities	-	3,253	-	3,253
Increase in lease liabilities	-	1,043	-	1,043
Decrease in lease modification	-	(941)	-	(941)
Payment of arrangement fee for the syndicated loan	(200)	-	-	(200)
Amortisation of arrangement fee for the syndicated loan	937	-	-	937
At September 30	<u>\$ 4,705,706</u>	<u>\$ 328,747</u>	<u>\$ 1,016</u>	<u>\$ 5,035,469</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
All directors, president, vice presidents	Key management compensation
Phoenix Battery Corporation	Associate (Note)

Note: On February 1, 2023, the convertible bonds which were issued by Phoenix Battery Corporation were all converted into common stocks. As a result, the Company's ownership of Phoenix Battery Corporation dropped from 25.28% to 18.07%. Thus, starting from that date, the Company did not have significant effects on Phoenix Battery Corporation which was no longer an associate of the Company. The Company gradually disposed all the shares of Phoenix Battery Corporation from July 2023 to December 2023. As a result, the Company's ownership of Phoenix Battery Corporation dropped from 18.07% to 0%.

(2) Significant related party transactions

A. Revenues and expenses

		Three months ended September 30,	
		2024	2023
Phoenix Battery Corporation	Rent income	\$ -	\$ -
		Nine months ended September 30,	
		2024	2023
Phoenix Battery Corporation	Rent income	\$ -	\$ 15

(3) Key management compensation

	Three months ended September 30,	
	2024	2023
Short-term employee benefits	\$ 13,778	\$ 11,275
Post-employment benefits	292	172
Total	<u>\$ 14,070</u>	<u>\$ 11,447</u>
	Nine months ended September 30,	
	2024	2023
Short-term employee benefits	\$ 29,630	\$ 42,556
Post-employment benefits	549	483
Total	<u>\$ 30,179</u>	<u>\$ 43,039</u>

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Time deposits (shown as 'non-current financial assets at amortised cost')	\$ 3,000	\$ 3,000	\$ 3,000	Guarantee for duty paid after customs release
Time deposits (shown as 'non-current financial assets at amortised cost')	10,555	10,555	10,555	Guarantee for land lease in science park
Buildings and structures	1,307,277	1,289,295	1,208,358	Long-term borrowings
Machinery and equipment	<u>1,934,273</u>	<u>363,597</u>	<u>384,157</u>	Long-term borrowings
	<u>\$ 3,255,105</u>	<u>\$ 1,666,447</u>	<u>\$ 1,606,070</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	<u>\$ 1,639,543</u>	<u>\$ 1,865,348</u>	<u>\$ 1,895,501</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

To cope with the needs for long-term business development and the improvement of the Company's overall competitiveness, the Board of Directors of the Company during their meeting on November 8, 2024 resolved to issue 0% the second domestic unsecured convertible bonds for purchasing machinery and equipment and repaying bank borrowings at a face value of NT\$100,000 (in dollars) per bond, with a maximum issuance of 20,000 bonds. The bonds matured in 5 years and the total face value of issuance was no higher than NT\$2 billion.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During the nine months ended September 30, 2024, the Company's strategy, which was unchanged from 2023, was to maintain the gearing ratio at a reasonable level of risks and to adjust according to the future operating strategy. The gearing ratios at September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Total borrowings	\$ 3,833,295	\$ 4,342,709	\$ 4,705,706
Less: Cash and cash equivalents	(1,002,647)	(1,551,126)	(842,527)
Net debt	2,830,648	2,791,583	3,863,179
Total equity	3,916,771	3,935,434	3,017,342
Total capital	\$ 6,747,419	\$ 6,727,017	\$ 6,880,521
Gearing ratio	41.95%	41.50%	56.15%

(2) Financial instruments

A. Financial instruments by category

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,304	\$ 1,321	\$ 234,863
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,002,647	\$ 1,551,126	\$ 842,527
Financial assets at amortised cost	13,555	13,555	13,555
Notes receivable	-	-	17
Accounts receivable	456,549	379,363	372,103
Other receivables	15,044	3,005	10,994
Guarantee deposits paid (including current portion)	3,624	3,888	4,141
	\$ 1,491,419	\$ 1,950,937	\$ 1,243,337

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ <u>-</u>	\$ <u>-</u>	\$ <u>629</u>
Financial liabilities at amortised cost			
Accounts payable	\$ 149,722	\$ 139,525	\$ 156,834
Other payables	436,835	368,542	396,994
Long-term borrowings (including current portion)	3,833,295	4,342,709	4,705,706
Guarantee deposits received	<u>991</u>	<u>999</u>	<u>1,016</u>
	\$ <u>4,420,843</u>	\$ <u>4,851,775</u>	\$ <u>5,260,550</u>
Lease liabilities (including current portion)	\$ <u>323,454</u>	\$ <u>325,134</u>	\$ <u>328,747</u>

B. Financial risk managements policies

No major changes in the period, please refer to the December 31, 2023 consolidated financial statements.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. Management has set up a policy to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- ii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(11).

- iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2024			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 34,558	31.65	\$ 1,093,754
JPY:NTD	225,148	0.2226	50,107
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,061	31.65	\$ 96,869
JPY:NTD	61,427	0.2226	13,671
<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	\$ 19,091	30.71	\$ 586,285
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,762	30.71	\$ 54,096
JPY:NTD	56,371	0.2175	12,258
<u>Non-monetary items</u> : None			

September 30, 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	\$ 18,184	32.26	\$ 586,618
JPY:NTD	8,238	0.2163	1,781
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,422	32.26	\$ 45,881
JPY:NTD	11,325	0.2163	2,449
<u>Non-monetary items</u> : None			

- iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the three months and nine months ended September 30, 2024 and 2023, amounted to (\$16,951), \$15,707, \$10,372 and \$22,566, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine months ended September 30, 2024			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 10,938	\$ -
JPY:NTD	1%	501	-
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 969)	\$ -
JPY:NTD	1%	(137)	-
<u>Non-monetary items</u> : None			

Nine months ended September 30, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 5,866	\$ -
JPY:NTD	1%	18	-
<u>Non-monetary items</u> : None			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 459)	\$ -
JPY:NTD	1%	(24)	-
<u>Non-monetary items</u> : None			

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the nine months ended September 30, 2024 and 2023, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.
- ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$7,187 and \$8,832, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients and other counterparties 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 and at fair value through profit or loss.
- ii. The Company regularly monitors and reviews its credit limits based on market conditions and the credit status of its counterparties and makes timely adjustments to manage credit risk. The Company only transacts with banks and financial institutions with high credit quality, so it does not expect to be exposed to credit risk.

- iii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local unit in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days
- v. The Company adopts the following assumptions 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.
- vi. The Company classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit risk on trade. The Company applies the modified approach using loss rate methodology to estimate the expected credit loss.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments.
- viii. The Company used the forecast ability to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. On September 30, 2024, December 31, 2023 and September 30, 2023, the loss rate methodology is as follows:

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
<u>September 30, 2024</u>						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	\$ 794,900	\$ -	\$ -	\$ -	\$ -	\$ 794,900
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
<u>December 31, 2023</u>						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	\$ 877,045	\$ -	\$ -	\$ -	\$ -	\$ 877,045
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
September 30, 2023						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	\$ 843,368	\$ -	\$ -	\$ -	\$ -	\$ 843,368
Loss allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- ix. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable, accounts receivable, accounts receivable due from related parties and contract assets are as follows:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1 / September 30	\$ -	\$ -

- x. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	September 30, 2024	December 31, 2023	September 30, 2023
	12 months	12 months	12 months
Financial assets at amortised cost	\$ 13,555	\$ 13,555	\$ 13,555

(c) Liquidity risk

- i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.
- ii. Company treasury invests surplus cash held by the Company over and above balance required for working capital management in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at September 30, 2024, December 31, 2023 and September 30, 2023, the Company held money market position of \$1,002,577, \$1,550,908 and \$842,304, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii The Company has the following undrawn borrowing facilities:

	September 30, 2024	December 31, 2023	September 30, 2023
Floating rate:			
Expiring within one year	\$ 1,412,600	\$ 1,191,667	\$ 1,083,333
Expiring beyond one year	588,333	965,933	812,600
Fixed rate:			
Expiring within one year	-	-	-
Expiring beyond one year	-	-	-
	<u>\$ 2,000,933</u>	<u>\$ 2,157,600</u>	<u>\$ 1,895,933</u>

iv. The table below analyses the Company'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.

	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
<u>September 30, 2024</u>				
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 149,722	\$ -	\$ -	\$ -
Other payables	239,786	483	483	-
Lease liability	10,040	12,099	22,324	334,711
Long-term borrowings (including current portion)	334,166	615,829	978,742	2,063,650
Guarantee deposits received	-	-	749	242
<u>Derivative financial liabilities: None</u>				
	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
<u>December 31, 2023</u>				
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 139,525	\$ -	\$ -	\$ -
Other payables	179,700	1,167	-	-
Lease liability	9,181	9,181	1,838	347,256
Long-term borrowings (including current portion)	371,280	317,823	1,180,271	2,676,337
Guarantee deposits received	-	-	757	242
<u>Derivative financial liabilities: None</u>				

September 30, 2023	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable	\$ 156,834	\$ -	\$ -	\$ -
Other payables	178,076	315	-	-
Lease liability	9,250	9,250	18,138	351,791
Long-term borrowings (including current portion)	512,371	385,878	1,081,215	2,950,233
Guarantee deposits received	-	-	761	256
<u>Derivative financial liabilities:</u>				
Forward exchange contracts	\$ 629	\$ -	\$ -	\$ -

(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. The fair value of the Company's investment in derivative instrument is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity instrument without active market is included in Level 3.

B. The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables, guarantee deposits paid, accounts payable, other payables, long-term borrowings, lease liabilities and guarantee deposits received are approximate to their fair values.

C. 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 at September 30, 2024, December 31, 2023 and September 30, 2023 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

September 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	\$ -	\$ 1,304	\$ -	\$ 1,304
Liabilities : None.				

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,321</u>	<u>\$ -</u>	<u>\$ 1,321</u>
Liabilities : None.				
 September 30, 2023	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 234,833	\$ 234,833
Forward exchange contracts	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>
Equity securities	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 234,833</u>	<u>\$ 234,863</u>
Liabilities :				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ 629</u>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.
 - ii. Forward exchange contracts are usually valued based on the current forward exchange rate.
- D. For the nine months ended September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the nine months ended September 30, 2024 and 2023:
- For the nine months ended September 30, 2024: None.

	2023
	<u>Equity securities</u>
At January 1	\$ -
Gains and losses recognised in profit or loss	
Recorded as non-operating income and expenses	139,773
Transfer into for the period	96,072
Sold in the period	(1,012)
At September 30	<u>\$ 234,833</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at September 30, 2023 (Note)	<u>\$ 142,748</u>

Note: Recorded as non-operating income and expenses.

F. Company treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3 by the external valuer, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

December 31, 2023 and September 30, 2024: None.

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivativen equity instrument: Unlisted shares	\$ 234,833	The most recent non-active market price	Net asset value	-	Net asset value

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: 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 periods: The Company entered into a forward foreign exchange contract with financial institution for the nine months ended September 30, 2024 to buy NTD and sell USD. Hedging was the main purpose of the contract. Net loss arising from trading in forward foreign exchange contract for the nine months ended September 30, 2024 was approximately \$184.
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to Note 1.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Company was identified as the single reportable segment.

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

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Nine months ended September 30,	
	2024	2023
Total segment revenue	\$ 2,501,649	\$ 2,573,994
Segment income	\$ 292,067	\$ 310,233
Segment assets	\$ 8,752,807	\$ 8,666,504

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

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

PHOENIX SILICON INTERNATIONAL CORPORATION
MAJOR SHAREHOLDERS INFORMATION
September 30, 2024

Table 1

Name of major shareholders	Share	
	Name of shares held	Percentage of ownership
GALLANT PRECISION MACHINING CO.,LTD.	8,999,461	5.21%