

**Unictron Technologies Corporation
and Subsidiaries
Consolidated Financial Statements With
Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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(R.O.C)
Tel:(03)4072728**

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Unictron Technologies Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Unictron Technology Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended March 31, 2024 and 2023, the consolidated statement of changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Unictron Technology Corporation and its subsidiaries as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended March 31, 2024 and 2023, the consolidated statement of changes in equity and cash flows for the three months ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' report are Shih-Chun Syu and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)

April 29, 2024

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation and Subsidiaries

Consolidated Balance Sheets

March 31, 2024, December 31, 2023 and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

| Assets | | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|---------------------------------|---|----------------------------|-------------------|--------------------------|-------------------|-------------------------|-------------------|
| | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| Current assets: | | | | | | | |
| 1100 | Cash and cash equivalents (note 6(1)) | \$ 352,161 | 17 | 382,556 | 18 | 550,188 | 26 |
| 1110 | Financial assets at fair value through profit or loss—current (note 6(2)) | - | - | 3,945 | - | 138 | - |
| 1120 | Financial assets at fair value through other comprehensive income—current (note 6(3)) | 255,414 | 13 | 248,390 | 12 | 90,662 | 4 |
| 1136 | Financial assets at amortized cost—current (notes 6(4) and 8) | 215,600 | 11 | 215,600 | 10 | 216,100 | 10 |
| 1170 | Notes and accounts receivable, net (notes 6(5) and (17)) | 272,354 | 13 | 265,100 | 13 | 257,539 | 12 |
| 1180 | Accounts receivable from related parties (notes 6(5)、(17) and 7) | 15,112 | 1 | 8,114 | 1 | 18,566 | 1 |
| 1310 | Inventories (note 6(6)) | 303,611 | 15 | 329,003 | 16 | 348,763 | 16 |
| 1410 | Prepayments and other current assets | <u>7,178</u> | <u>-</u> | <u>7,498</u> | <u>-</u> | <u>19,969</u> | <u>1</u> |
| Total current assets | | <u>1,421,430</u> | <u>70</u> | <u>1,460,206</u> | <u>70</u> | <u>1,501,925</u> | <u>70</u> |
| Non-current assets: | | | | | | | |
| 1600 | Property, plant and equipment (notes 6(7) and 7) | 525,259 | 26 | 541,882 | 26 | 570,363 | 26 |
| 1755 | Right-of-use assets (notes 6(8)) | 24,910 | 1 | 30,426 | 2 | 38,907 | 2 |
| 1780 | Intangible assets (note 6(9)) | 13,808 | 1 | 6,321 | - | 5,094 | - |
| 1840 | Deferred income tax assets | 26,914 | 1 | 26,914 | 1 | 18,680 | 1 |
| 1915 | Prepayments for equipment | 19,095 | 1 | 12,836 | 1 | 20,017 | 1 |
| 1920 | Refundable deposits | <u>4,504</u> | <u>-</u> | <u>5,205</u> | <u>-</u> | <u>4,293</u> | <u>-</u> |
| Total non-current assets | | <u>614,490</u> | <u>30</u> | <u>623,584</u> | <u>30</u> | <u>657,354</u> | <u>30</u> |
| Total assets | | <u><u>\$ 2,035,920</u></u> | <u><u>100</u></u> | <u><u>2,083,790</u></u> | <u><u>100</u></u> | <u><u>2,159,279</u></u> | <u><u>100</u></u> |

(Continued)

See accompanying notes to consolidated financial statements.

Unictron Technologies Corporation and Subsidiaries

Consolidated Balance Sheets (continued)

March 31, 2024, December 31, 2023 and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

| | | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|---------------------------------|--|---------------------|------------|-------------------|------------|------------------|------------|
| | | Amount | % | Amount | % | Amount | % |
| Liabilities and Equity | | | | | | | |
| Current liabilities: | | | | | | | |
| 2100 | Short-term borrowings (Note 6(10)) | \$ - | - | - | - | 77,937 | 4 |
| 2120 | Financial liabilities at fair value through profit or loss - current (Note 6(2)) | 4,313 | - | 13 | - | 380 | - |
| 2170 | Notes and accounts payable | 92,635 | 5 | 107,633 | 5 | 94,380 | 4 |
| 2180 | Accounts payable - related parties (Note 7) | 30 | - | 17 | - | 6 | - |
| 2219 | Other payables (Note 6(18)) | 126,007 | 6 | 190,121 | 9 | 157,572 | 7 |
| 2220 | Other payables - related parties (Note 7) | 5,672 | - | 6,006 | - | 3,011 | - |
| 2216 | Dividends payable (Note 6(15)) | 168,751 | 8 | - | - | 234,377 | 11 |
| 2230 | Current income tax liabilities | 11,586 | 1 | 10,447 | 1 | 29,423 | 1 |
| 2250 | Provision for liabilities - current (Note 6(12)) | 142 | - | 182 | - | 673 | - |
| 2281 | Lease liabilities-current (Note 6(11)) | 4,205 | - | 7,887 | - | 16,658 | 1 |
| 2282 | Lease liabilities - related parties - current (Notes 6(11) and 7) | 4,695 | - | 4,681 | - | 4,639 | - |
| 2300 | Other current liabilities (Note 6(17)) | 9,792 | 1 | 10,614 | 1 | 10,874 | 1 |
| | Total current liabilities | <u>427,828</u> | <u>21</u> | <u>337,601</u> | <u>16</u> | <u>629,930</u> | <u>29</u> |
| Non-current liabilities: | | | | | | | |
| 2581 | Lease liabilities non-current (Note 6(11)) | 4,750 | - | 5,360 | - | 1,519 | - |
| 2582 | Lease liabilities - related parties - non-current (Notes 6(11) and 7) | 10,773 | 1 | 11,952 | 1 | 15,468 | 1 |
| 2570 | Deferred income tax liabilities | 1,595 | - | 1,595 | - | 1,164 | - |
| 2640 | Net defined benefit liabilities - non-current | 2,742 | - | 2,938 | - | 3,702 | - |
| | Total non-current liabilities | <u>19,860</u> | <u>1</u> | <u>21,845</u> | <u>1</u> | <u>21,853</u> | <u>1</u> |
| | Total liabilities | <u>447,688</u> | <u>22</u> | <u>359,446</u> | <u>17</u> | <u>651,783</u> | <u>30</u> |
| Equity (Notes 6(15)) | | | | | | | |
| 3110 | Common stock | <u>478,753</u> | <u>24</u> | <u>478,753</u> | <u>23</u> | <u>478,753</u> | <u>22</u> |
| 3200 | Capital surplus | <u>690,174</u> | <u>34</u> | <u>690,174</u> | <u>33</u> | <u>690,174</u> | <u>32</u> |
| | Retained earnings: | | | | | | |
| 3310 | Legal reserve | 145,073 | 7 | 145,073 | 7 | 117,973 | 6 |
| 3320 | Special reserve | 10,001 | - | 10,001 | 1 | 1,236 | - |
| 3350 | Unappropriated earnings | <u>280,106</u> | <u>14</u> | <u>423,768</u> | <u>20</u> | <u>305,064</u> | <u>14</u> |
| | | <u>435,180</u> | <u>21</u> | <u>578,842</u> | <u>28</u> | <u>424,273</u> | <u>20</u> |
| | Other equity: | | | | | | |
| 3410 | Exchange differences on translation of foreign operations | (401) | - | (927) | - | (818) | - |
| 3420 | Unrealized gains (losses) on financial assets at fair value through other comprehensive income | <u>70,451</u> | <u>3</u> | <u>63,427</u> | <u>3</u> | <u>1,039</u> | <u>-</u> |
| | Total other equity | <u>70,050</u> | <u>3</u> | <u>62,500</u> | <u>3</u> | <u>221</u> | <u>-</u> |
| 3500 | Treasury stock | <u>(85,925)</u> | <u>(4)</u> | <u>(85,925)</u> | <u>(4)</u> | <u>(85,925)</u> | <u>(4)</u> |
| | Total equity | <u>1,588,232</u> | <u>78</u> | <u>1,724,344</u> | <u>83</u> | <u>1,507,496</u> | <u>70</u> |
| | Total liabilities and equity | <u>\$ 2,035,920</u> | <u>100</u> | <u>2,083,790</u> | <u>100</u> | <u>2,159,279</u> | <u>100</u> |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

| | | Nine Months Ended March 31 | | | |
|------|--|-------------------------------|-------------|-----------------|-------------|
| | | 2024 | | 2023 | |
| | | Amount | % | Amount | % |
| 4000 | Net revenue (Notes 6(17) and 7) | \$ 304,634 | 100 | 310,136 | 100 |
| 5000 | Operating costs (Notes 6(6), (7), (8), (9), (11), (13), (18), 7 and 12) | (216,494) | (71) | (199,941) | (64) |
| | Gross profit | 88,140 | 29 | 110,195 | 36 |
| | Operating expenses (Notes 6(5), (7), (8), (9), (11), (13), (18), 7 and 12): | | | | |
| 6100 | Marketing expenses | (12,284) | (4) | (9,398) | (3) |
| 6200 | Administrative expenses | (25,984) | (9) | (21,313) | (7) |
| 6300 | Research and development expenses | (27,162) | (9) | (29,106) | (10) |
| 6450 | Expected credit impairment reversal gain | 2,486 | 1 | 92 | - |
| 6000 | Total operating expenses | (62,944) | (21) | (59,725) | (20) |
| | Operating income | 25,196 | 8 | 50,470 | 16 |
| | Non-operating income and expenses (Notes 6(11), (19) and 7): | | | | |
| 7100 | Interest income | 935 | - | 1,049 | - |
| 7010 | Other income | 347 | - | 341 | - |
| 7020 | Other gains and losses | 2,654 | 1 | (2,048) | - |
| 7050 | Finance costs | (95) | - | (833) | - |
| | Total non-operating income and expenses | 3,841 | 1 | (1,491) | - |
| | Income before income tax | 29,037 | 9 | 48,979 | 16 |
| 7950 | Less: Income tax expenses (Note 6(14)) | (3,948) | (1) | (7,347) | (3) |
| | Net income | 25,089 | 8 | 41,632 | 13 |
| | Other comprehensive income (Note 6(15)): | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss | | | | |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 7,024 | 3 | 10,153 | 4 |
| 8349 | Income taxes related to items that may not be reclassified | - | - | - | - |
| | | 7,024 | 3 | 10,153 | 4 |
| 8360 | Items that may be subsequently reclassified to profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign operations | 526 | - | 68 | - |
| 8399 | Income taxes related to items that may be reclassified | - | - | - | - |
| | | 526 | - | 68 | - |
| | Other comprehensive income of the period | 7,550 | 3 | 10,221 | 4 |
| | Total comprehensive income of the period | \$ 32,639 | 11 | 51,853 | 17 |
| | Earnings per share (Unit: NT\$, Note 6(16)) | | | | |
| 9750 | Basic earnings per share | \$ 0.54 | | 0.89 | |
| 9850 | Diluted earnings per share | \$ 0.53 | | 0.88 | |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | Equity attributed to owners of parent | | | | | | | | | | |
|---|---------------------------------------|-----------------|----------------|-----------------|--------------------------|----------------|---|--|---------------|-----------------|------------------|
| | Retained earnings | | | | | | Other equity items | | | | |
| | | | | | | | Exchange differences on translation of foreign operations | Unrealized gains (losses) on financial assets at fair value through other comprehensive income | Total | Treasury stock | Total equity |
| | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriate d earnings | Total | | | | | |
| Balance of January 1, 2023 | \$ 478,753 | 690,174 | 177,973 | 1,236 | 497,809 | 617,018 | (886) | (9,114) | (10,000) | (85,925) | 1,690,020 |
| Net income of the period | - | - | - | - | 41,632 | 41,632 | - | - | - | - | 41,632 |
| Other comprehensive income of the period | - | - | - | - | - | - | 68 | 10,153 | 10,221 | - | 10,221 |
| Total comprehensive income of the period | - | - | - | - | 41,632 | 41,632 | 68 | 10,153 | 10,221 | - | 51,853 |
| Appropriation and distribution of earnings: | | | | | | | | | | | |
| Cash dividends distributed to shareholders | - | - | - | - | (234,377) | (234,377) | - | - | - | - | (234,377) |
| Balance of March 31, 2023 | \$ 478,753 | 690,174 | 117,973 | 1,236 | 305,064 | 424,273 | (818) | 1,039 | 221 | (85,925) | 1,507,496 |
| Balance of January 1, 2024 | \$ 478,753 | 690,174 | 145,073 | 10,001 | 423,768 | 578,842 | (927) | 63,427 | 62,500 | (85,925) | 1,724,344 |
| Net income of the period | - | - | - | - | 25,089 | 25,089 | - | - | - | - | 25,089 |
| Other comprehensive income of the period | - | - | - | - | - | - | 526 | 7,024 | 7,550 | - | 7,550 |
| Total comprehensive income of the period | - | - | - | - | 25,089 | 25,089 | 526 | 7,024 | 7,550 | - | 32,639 |
| Appropriation and distribution of earnings: | | | | | | | | | | | |
| Cash dividends distributed to shareholders | - | - | - | - | (168,751) | (168,751) | - | - | - | - | (168,751) |
| Balance of March 31, 2024 | \$ 478,753 | 690,174 | 145,073 | 10,001 | 280,106 | 435,180 | (401) | 70,451 | 70,050 | (85,925) | 1,588,232 |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | Three Months Ended March 31, | |
|---|-------------------------------------|-----------------|
| | 2024 | 2023 |
| Cash flows from operating activities: | | |
| Income before income tax | \$ 29,037 | 48,979 |
| Adjustments for: | | |
| Income and expenses items | | |
| Depreciation expenses | 31,703 | 30,732 |
| Amortization expenses | 995 | 922 |
| Expected credit impairment reversal gain | (2,486) | (92) |
| Interest expenses | 95 | 833 |
| Interest income | (935) | (1,049) |
| Total income and expenses items | 29,372 | 31,346 |
| Changes in assets/liabilities related to operating activities: | | |
| Net changes in assets related to operating activities: | | |
| Financial assets at fair value through profit or loss | 3,945 | (113) |
| Notes and accounts receivable | (4,768) | 1,652 |
| Accounts receivable - related parties | (6,998) | 5,700 |
| Inventories | 25,392 | 24,122 |
| Prepayments and other current assets | 318 | (2,887) |
| Total net changes in assets related to operating activities | 17,889 | 28,474 |
| Net changes in liabilities related to operating activities: | | |
| Financial liabilities at fair value through profit or loss | 4,300 | (253) |
| Notes and accounts payable | (14,998) | (21,393) |
| Accounts payable - related parties | 13 | (4) |
| Other payables | (65,738) | (99,020) |
| Other payables - related parties | (334) | (291) |
| Provision for liabilities | (40) | (604) |
| Other current liabilities | (822) | (5,795) |
| Net defined benefit liabilities | (196) | (160) |
| Total net changes in liabilities related to operating activities | (77,815) | (127,520) |
| Total net changes in assets and liabilities related to operating activities | (59,926) | (99,046) |
| Total adjustments | (30,554) | (67,700) |
| Cash outflows from operations | (1,517) | (18,721) |
| Interest received | 937 | 1,046 |
| Interest paid | (95) | (659) |
| Income taxes paid | (2,829) | (40) |
| Net cash outflows from operating activities | (3,504) | (18,374) |

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Unictron Technologies Corporation and Subsidiaries
Consolidated Statements of Cash Flows (continued)
For the Three Months Ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

| | Three Months Ended March 31, | |
|---|-------------------------------------|-----------------|
| | 2024 | 2023 |
| Cash flows from investing activities: | | |
| Acquisition of property, plant and equipment (including prepayments for land and equipment) | (14,024) | (20,956) |
| Acquisition of intangible assets | (8,479) | - |
| Decrease in refundable deposits | 701 | 473 |
| Net cash outflows from investing activities | (21,802) | (20,483) |
| Cash flows from financing activities: | | |
| Decrease in short-term borrowings | - | (8,783) |
| Principal repayment of leases | (5,619) | (5,462) |
| Net cash outflows from financing activities | (5,619) | (14,245) |
| Effect of changes in exchange rates | 530 | 60 |
| Decrease in cash and cash equivalents of the period | (30,395) | (53,042) |
| Balance of cash and cash equivalents at beginning of period | 382,556 | 603,230 |
| Balance of cash and cash equivalents at end of period | \$ 352,161 | 550,188 |

See accompanying notes to consolidated financial statements.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

1. Company history

Unictron Technologies Corporation (hereinafter referred to as "the Company") was established on April 8, 1988 with the approval of the Ministry of Economic Affairs. Its registered office is at No.41 Shuei-Keng, Guan-SiHsin-Chu 30648 Taiwan (R.O.C). The principal business of the Company and its subsidiaries (hereinafter referred to as the "Group") is the manufacture and sale of electronic ceramic components, modules and system products and other electronic parts and components.

2. The date and procedure for the adoption of the financial statements

The consolidated financial reports were approved and issued by the Board of Directors on April 29, 2024.

3. Application of newly issued and amended standards and interpretations

- (1) The impact of the International Financial Reporting Standards ("IFRS") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024.

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"
- Amendments to IAS 1 "Non-current liabilities with contractual terms"
- Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback"

- (2) Newly issued and amended standards and interpretations not recognized by the FSC

The Group expects that the following newly issued and amended standards, which have not been recognized by the FSC, will not have a significant impact on the consolidated financial reports.

- Amendments to IFRS 10 and IAS 28, "Disposal of or Investment in Assets between an Investor and its Affiliate or Joint Venture".
- Amendments to IFRS 17, "Insurance Contracts" and IFRS 17
- IAS 21 "Lack of Convertibility"
- IFRS 18 "Presentation and Disclosures in Financial Statements"

4. Summary of significant accounting policies

- (1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and IAS 34, interim Financial Reporting, as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed by the FSC with effective dates.

Except as described below, the significant accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2023, and have been applied consistently to all periods in the consolidated financial statements. Refer to note 4 of the consolidated financial statements for the year ended December 31, 2023 for the details. Basis of consolidation.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(2) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements include:

| <u>Name of investor companies</u> | <u>Name of subsidiaries</u> | <u>Business nature</u> | <u>Percentage of shareholding</u> | | | <u>Description</u> |
|-----------------------------------|---|--|-----------------------------------|--------------------------|-----------------------|--------------------|
| | | | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> | |
| The Company | Unicom Technologies, Inc. (UTI) | Investment holdings | 100.00% | 100.00% | 100.00% | |
| UTI | Unictron Technologies Corporation (Shenzhen) Co., Ltd. (Original WirelessCom Technologies (Shenzhen) Co., Ltd.) | Design and marketing of antenna and modules for wireless communication | 100.00% | 100.00% | 100.00% | |

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

(3) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially-determined pension cost rate at the end of prior fiscal year, adjusted for significant market fluctuations subsequent to the end of prior fiscal year and for significant curtailments, settlements, or other significant one-time events.

(4) Income taxes

The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense for the period is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate, and is recognized as current tax expense.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

5. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management reviews estimates and underlying assumptions on an ongoing basis, and changes in accounting estimates are recognized in the period of change and in the future period affected.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimations and assumptions uncertainty used by management in application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2023.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

6. Description of significant accounting items

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from the consolidated financial statements for the year ended December 31, 2023. For the related information please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023.

(1) Cash and cash equivalents

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|----------------------|-------------------|
| Cash on hand and working capital | \$ 404 | 459 | 457 |
| Demand deposits and checking deposits | 292,826 | 323,554 | 372,403 |
| Time deposits with original maturities of less than three months | 58,931 | 58,543 | 177,328 |
| | <u>\$ 352,161</u> | <u>382,556</u> | <u>550,188</u> |

(2) Financial assets and liabilities at fair value through profit or loss - current

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|-------------------|----------------------|-------------------|
| Financial assets at fair value through profit or loss - current: | | | |
| Forward foreign exchange contracts | <u>\$ -</u> | <u>3,945</u> | <u>138</u> |
| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| Financial liabilities at fair value through profit or loss - current: | | | |
| Forward foreign exchange contracts | <u>\$ 4,313</u> | <u>13</u> | <u>380</u> |

Please refer to 6(19) for the details of amounts recognized at fair value through profit or loss.

The Group entered into derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities and reported them as financial assets or liabilities at fair value through profit or loss because hedge accounting was not applicable. Details of the Group's outstanding derivative financial instruments at the reporting date is as follows:

| March 31, 2024 | | |
|--------------------------------|----------------------|--------------------------------|
| Contract amount (in thousands) | Currency | Maturity period |
| US\$ <u>5,590</u> | Buy NT\$ / Sell US\$ | April 3, 2024~August 20, 2024 |
| December 31, 2023 | | |
| Contract amount (in thousands) | Currency | Maturity period |
| US\$ <u>5,250</u> | Buy NT\$ / Sell US\$ | January 4, 2024~May 6, 2024 |
| March 31, 2023 | | |
| Contract amount (in thousands) | Currency | Maturity period |
| US\$ <u>3,660</u> | Buy NT\$ / Sell US\$ | April 10, 2023~ August 3, 2023 |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(3) Financial assets at fair value through other comprehensive income - current

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|----------------------|-------------------|
| Equity instruments at fair value through other comprehensive income: | | | |
| Domestic listed company shares | \$ <u>255,414</u> | <u>248,390</u> | <u>90,662</u> |

The above investments in equity instruments are strategic investments and are not held for trading purposes. Therefore, they are designated as at fair value through other comprehensive income.

For the three months ended March 31, 2024 and 2023, no strategic investments were disposed and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(4) Financial assets measured at amortized cost - current

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|-------------------|----------------------|-------------------|
| Time deposits with original maturities of over three months | \$ 215,000 | 215,000 | 215,000 |
| Pledged time deposits (Note 8) | 600 | 600 | 1,100 |
| | \$ <u>215,600</u> | <u>215,600</u> | <u>216,100</u> |

The Group assesses that the above assets are held to maturity to collect the contractual cash flows and that the cash flows from these financial assets are solely attributable to the payment of principal and interest on the principal amount outstanding. Therefore, they are therefore reported as financial assets at amortized cost.

(5) Notes and accounts receivable

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------------------------|-------------------|----------------------|-------------------|
| Notes and accounts receivable | \$ 275,006 | 270,172 | 260,376 |
| Accounts receivable - related parties | 15,112 | 8,114 | 18,566 |
| | 290,118 | 278,286 | 278,942 |
| Less: Allowance for losses | (2,652) | (5,072) | (2,837) |
| | \$ <u>287,466</u> | <u>273,214</u> | <u>276,105</u> |

The Group uses a simplified approach to estimate expected credit losses for all notes and accounts receivable (including related parties), which represents that the expected credit losses are measured using the expected credit losses over the life of the instruments and are included in forward-looking information. The analysis of expected credit losses on notes and accounts receivable (including related parties) are as follows:

**Notes to consolidated financial reports of Unictron Technologies Corporation and
Subsidiaries (continued)**

| | March 31, 2024 | | |
|----------------------------|--|--|---|
| | Carrying amounts of notes and accounts receivable (including related parties) | Weighted average expected credit loss ratio | Expected credit losses during the allowance period |
| Not past due | \$ 274,146 | 0.14% | 372 |
| Less than 30 days past due | 5,440 | 1.96% | 107 |
| 31 to 60 days past due | 8,198 | 8.34% | 684 |
| 61-90 days past due | 495 | 20.41% | 101 |
| 91-120 days past due | 1,215 | 62.88% | 764 |
| Over 121 days past due | 624 | 100.00% | 624 |
| | <u>\$ 290,118</u> | | <u>2,652</u> |

| | December 31, 2023 | | |
|----------------------------|--|--|---|
| | Carrying amounts of notes and accounts receivable (including related parties) | Weighted average expected credit loss ratio | Expected credit losses during the allowance period |
| Not past due | \$ 253,023 | 0.17% | 439 |
| Less than 30 days past due | 11,932 | 3.98% | 475 |
| 31 to 60 days past due | 7,956 | 9.54% | 759 |
| 61-90 days past due | 1,770 | 27.26% | 483 |
| 91-120 days past due | 2,147 | 67.94% | 1,458 |
| Over 121 days past due | 1,458 | 100.00% | 1,458 |
| | <u>\$ 278,286</u> | | <u>5,072</u> |

| | March 31, 2023 | | |
|----------------------------|--|--|---|
| | Carrying amounts of notes and accounts receivable (including related parties) | Weighted average expected credit loss ratio | Expected credit losses during the allowance period |
| Not past due | \$ 263,835 | 0.13% | 344 |
| Less than 30 days past due | 4,476 | 4.84% | 217 |
| 31 to 60 days past due | 7,309 | 9.77% | 714 |
| 61-90 days past due | 1,946 | 21.79% | 424 |
| 91-120 days past due | 543 | 56.15% | 305 |
| Over 121 days past due | 833 | 100.00% | 833 |
| | <u>\$ 278,942</u> | | <u>2,837</u> |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

The changes in allowance for losses on notes and accounts receivable (including related parties) are as follows:

| | For the three months ended March 31, | |
|-------------------------------------|--------------------------------------|--------------|
| | 2024 | 2023 |
| Balance, beginning of the period | \$ 5,072 | 2,917 |
| Reversal on impairment loss | (2,486) | (92) |
| Foreign currency translation losses | 66 | 12 |
| Balance, end of the period | <u>\$ 2,652</u> | <u>2,837</u> |

(6) Inventories

1. Details of inventories as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------|-------------------|----------------------|-------------------|
| Raw materials | \$ 109,640 | 103,187 | 121,317 |
| Work in process | 114,834 | 131,011 | 127,395 |
| Finished products | 69,663 | 87,142 | 80,799 |
| Goods | 9,474 | 7,663 | 19,252 |
| | <u>\$ 303,611</u> | <u>329,003</u> | <u>348,763</u> |

2. Details of operating costs recognized in the current period is as follows:

| | For the three months ended March 31, | |
|------------------------------|--------------------------------------|----------------|
| | 2024 | 2023 |
| Cost of inventories sold | \$ 214,105 | 191,427 |
| Inventory falling price loss | 2,389 | 8,514 |
| | <u>\$ 216,494</u> | <u>199,941</u> |

The above inventory falling price loss is recognized as an inventory falling price loss due to the offset of inventories to net realizable value, which are recognized in operating costs.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(7) Property, plant and equipment

Details of the changes in the cost of property, plant and equipment and accumulated depreciation are as follows:

| | | Land | Building and construction | Machinery equipment | Transportati on equipment | Office equipment | Other equipment | Total |
|-------------------------------------|-----------|----------------|------------------------------|------------------------|---------------------------------|---------------------|--------------------|----------------|
| Costs: | | | | | | | | |
| Balance of January 1, 2024 | \$ | 259,080 | 112,489 | 340,770 | 7,932 | 13,424 | 167,593 | 901,288 |
| Additions during the period | | - | 95 | 1,171 | - | 166 | 5,056 | 6,488 |
| Disposal during the period | | - | - | - | - | (33) | - | (33) |
| Reclassified from prepaid equipment | | - | - | 662 | - | 100 | 2,139 | 2,901 |
| Effect of changes in exchange rates | | - | - | 101 | - | 4 | - | 105 |
| Balance of March 31, 2024 | \$ | 259,080 | 112,584 | 342,704 | 7,932 | 13,661 | 174,788 | 910,749 |
| Balance of January 1, 2023 | \$ | 259,080 | 110,459 | 303,908 | 7,932 | 12,402 | 155,643 | 849,424 |
| Additions during the period | | - | - | 3,826 | - | - | 2,839 | 6,665 |
| Disposal during the period | | - | - | (2,401) | - | - | - | (2,401) |
| Reclassified from prepaid equipment | | - | - | 722 | - | - | 50 | 772 |
| Effect of changes in exchange rates | | - | - | 35 | - | 2 | - | 37 |
| Balance of March 31, 2023 | \$ | 259,080 | 110,459 | 306,090 | 7,932 | 12,404 | 158,532 | 854,497 |
| Accumulated depreciation: | | | | | | | | |
| Balance of January 1, 2024 | \$ | - | 37,865 | 210,636 | 7,027 | 9,465 | 94,413 | 359,406 |
| Depreciation during the period | | - | 1,134 | 13,791 | 149 | 826 | 10,125 | 26,025 |
| Disposal during the period | | - | - | - | - | (33) | - | (33) |
| Effect of changes in exchange rates | | - | - | 89 | - | 3 | - | 92 |
| Balance of March 31, 2024 | \$ | - | 38,999 | 224,516 | 7,176 | 10,261 | 104,538 | 385,490 |
| Balance of January 1, 2023 | \$ | - | 33,673 | 156,397 | 6,304 | 6,824 | 58,082 | 261,280 |
| Depreciation during the period | | - | 953 | 14,923 | 224 | 711 | 8,416 | 25,227 |
| Disposal during the period | | - | - | (2,401) | - | - | - | (2,401) |
| Effect of changes in exchange rates | | - | - | 27 | - | 1 | - | 28 |
| Balance of March 31, 2023 | \$ | - | 34,626 | 168,946 | 6,528 | 7,536 | 66,498 | 284,134 |
| Carrying amounts: | | | | | | | | |
| March 31, 2024 | \$ | 259,080 | 73,585 | 118,188 | 756 | 3,400 | 70,250 | 525,259 |
| January 1, 2024 | \$ | 259,080 | 74,624 | 130,134 | 905 | 3,959 | 73,180 | 541,882 |
| March 31, 2023 | \$ | 259,080 | 75,833 | 137,144 | 1,404 | 4,868 | 92,034 | 570,363 |

**Notes to consolidated financial reports of Unictron Technologies Corporation and
Subsidiaries (continued)**

(8) Right-of-use asset

| | Building and construction |
|--|--------------------------------------|
| Costs of right-to-use assets: | |
| Balance of January 1, 2024 | \$ 102,283 |
| Effect of changes in exchange rates | 180 |
| Balance of March 31, 2024 | <u>\$ 102,463</u> |
| Balance of January 1, 2023 | \$ 100,706 |
| Additions | 627 |
| Effect of changes in exchange rates | 54 |
| Balance of March 31, 2023 | <u>\$ 101,387</u> |
| Accumulated depreciation of right-of-use assets: | |
| Balance of January 1, 2024 | \$ 71,857 |
| Depreciation | 5,678 |
| Effect of changes in exchange rates | 18 |
| Balance of March 31, 2024 | <u>\$ 77,553</u> |
| Balance of January 1, 2023 | \$ 56,934 |
| Depreciation | 5,505 |
| Effect of changes in exchange rates | 41 |
| Balance of March 31, 2023 | <u>\$ 62,480</u> |
| Carrying amounts: | |
| March 31, 2024 | <u>\$ 24,910</u> |
| January 1, 2024 | <u>\$ 30,426</u> |
| March 31, 2023 | <u>\$ 38,907</u> |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(9) Intangible assets

Details of the changes in the cost and accumulated amortization of intangible assets are as follows:

| | <u>Software purchased</u> |
|-------------------------------------|-------------------------------|
| Costs: | |
| Balance of January 1, 2024 | \$ 29,317 |
| Acquisition during the period | 8,479 |
| Effect of changes in exchange rates | 34 |
| Balance of March 31, 2024 | <u><u>\$ 37,830</u></u> |
| Balance of January 1, 2023 | \$ 25,319 |
| Effect of changes in exchange rates | 12 |
| Balance of March 31, 2023 | <u><u>\$ 25,331</u></u> |
| Accumulated amortization: | |
| Balance of January 1, 2024 | \$ 22,996 |
| Amortization during the period | 995 |
| Effect of changes in exchange rates | 31 |
| Balance of March 31, 2024 | <u><u>\$ 24,022</u></u> |
| Balance of January 1, 2023 | \$ 19,307 |
| Amortization during the period | 922 |
| Effect of changes in exchange rates | 8 |
| Balance of March 31, 2023 | <u><u>\$ 20,237</u></u> |
| Carrying amounts: | |
| Balance of March 31, 2024 | <u><u>\$ 13,808</u></u> |
| Balance of January 1, 2024 | <u><u>\$ 6,321</u></u> |
| Balance of March 31, 2023 | <u><u>\$ 5,094</u></u> |

Amortization expenses of intangible assets are reported in the consolidated statement of comprehensive income as follows:

| | <u>For the three months ended March 31,</u> | |
|--------------------|---|-------------------|
| | <u>2024</u> | <u>2023</u> |
| Operating costs | \$ 128 | 191 |
| Operating expenses | 867 | 731 |
| | <u><u>\$ 995</u></u> | <u><u>922</u></u> |

(10) Short-term borrowings

| | <u>March 31,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> | <u>March 31,</u> <u>2023</u> |
|----------------------|---------------------------------|------------------------------------|---------------------------------|
| Unsecured borrowings | <u>\$ -</u> | <u>-</u> | <u>77,937</u> |
| Unused balance | <u><u>\$ 920,000</u></u> | <u><u>920,000</u></u> | <u><u>842,063</u></u> |
| Interest rate range | <u>-</u> | <u>-</u> | <u>5.73%~6.18%</u> |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(11) Lease liabilities

The carrying amounts of the Group's lease liabilities are as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------|---------------------------|------------------------------|---------------------------|
| Current: | | | |
| Related parties | <u>\$ 4,695</u> | <u>4,681</u> | <u>4,639</u> |
| Non-related parties | <u>\$ 4,205</u> | <u>7,887</u> | <u>16,658</u> |
| Non-current: | | | |
| Related parties | <u>\$ 10,773</u> | <u>11,952</u> | <u>15,468</u> |
| Non-related parties | <u>\$ 4,750</u> | <u>5,360</u> | <u>1,519</u> |

For maturity analysis, please refer to Note 6(20) financial instruments.

The amounts recognized in profit or loss are as follows:

| | For the three months ended March 31, | |
|--|---|-------------|
| | 2024 | 2023 |
| Interest expenses on lease liabilities | <u>\$ 95</u> | <u>133</u> |
| Short-term lease payments | <u>\$ 570</u> | <u>817</u> |

The amounts recognized in the statement of cash flows are as follows:

| | For the three months ended March 31, | |
|---------------------------------|---|--------------|
| | 2024 | 2023 |
| Total cash outflows from leases | <u>\$ 6,284</u> | <u>6,412</u> |

1. Leases of building and construction

The Group leases building and construction for office, factory and warehouses, usually for periods of one to ten years. Among these leases, some of the warehouses leased by the Group have a lease term of one year. The leases are short-term leases and the Group has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

2. Other leases

Some of the office equipment leased by the Group have a lease term of one year. The leases are short-term leases and the Group has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

(12) Provision for liabilities - current

Provision for warranty liabilities:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------|---------------------------|------------------------------|---------------------------|
| Provision for warranty | <u>\$ 142</u> | <u>182</u> | <u>673</u> |

The provision for warranty liabilities is estimated based on the historical warranty information of similar products.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(13) Employee benefits

1. Defined benefit plans

Subsequent to December 31, 2023, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated interim financial statements was measured and disclosed by the Group according to the pension cost valued by actuary as of December 31, 2023 and 2022.

Expenses recognized in profit or loss:

| | For the three months ended March 31, | |
|--------------------|---|------------------|
| | 2024 | 2023 |
| Operating costs | \$ 6 | 8 |
| Operating expenses | <u>2</u> | <u>3</u> |
| | <u>\$ 8</u> | <u>11</u> |

2. Defined contribution plans

Expenses recognized in profit or loss:

| | For the three months ended March 31, | |
|--------------------|---|---------------------|
| | 2024 | 2023 |
| Operating costs | \$ 2,381 | 2,319 |
| Operating expenses | <u>1,541</u> | <u>1,492</u> |
| | <u>\$ 3,922</u> | <u>3,811</u> |

(14) Income taxes

Income tax expense for the period is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate.

1. The components of income tax expense were as follows:

| | For the three months ended March 31, | |
|----------------------------|---|---------------------|
| | 2024 | 2023 |
| Current income tax expense | <u>\$ 3,948</u> | <u>7,347</u> |

2. There was no income tax expense recognized directly in equity or other comprehensive income for the three months ended March 31, 2024 and 2023.

The Company's income tax return for the years through 2022 has been examined and approved by the R.O.C income tax authorities.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(15) Capital and other equity

1. Common stock

On March 31, 2024, December 31, 2023 and March 31, 2023, the Company's total authorized capital was NT\$800,000 thousand with a par value of NT\$10 per share and 80,000 thousand shares, of which 47,875 thousand shares were issued.

A reconciliation of the number of outstanding shares of the Company is as follows:

(Unit: thousand shares)

| | Ordinary shares | |
|---|---|---------------|
| | For the three months ended March 31, | |
| | 2024 | 2023 |
| Number of shares at the end of March 31 (That is the beginning of January 1) | \$ 46,875 | 46,875 |

2. Capital surplus

The balance of the Company's Capital surplus is as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|---------------------------|------------------------------|---------------------------|
| Premium on issuance of shares | \$ 666,183 | 666,183 | 666,183 |
| Difference between actual acquisition of price and carrying amount of equity of subsidiaries | 23,991 | 23,991 | 23,991 |
| | \$ 690,174 | 690,174 | 690,174 |

Under the Company Act, Capital surplus must be used to cover losses before new shares or cash can be issued based on the realized Capital surplus in proportion to the shareholders' original shares. The realized Capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of Capital surplus that may be capitalized each year may not exceed 10% of the paid-in capital.

3. Retained earnings

(1) Legal reserve

If the Company has no deficit, it may issue new shares or cash from the legal reserve by resolution of the shareholders' meeting, provided that the amount of such reserve exceeds 25% of the paid-in capital. If the above is issued in cash, in accordance with the Company Act and the Company's Articles of Incorporation, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

(2) Special reserve

In accordance with the regulations of the Financial Supervisory Commission, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity was set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(3) Earnings distribution and dividend policy

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual final accounts, the Company shall first pay taxes to make up for prior years' deficits, and then set aside 10% of the legal reserve. After setting aside or reversing the special reserve as required by laws and regulations, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution if there are any earnings together with unappropriated earnings accumulated in previous years. If all or part of the dividends and bonuses payable are intended to be paid in cash, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

The Company's dividend policy will depend on factors such as current and future development plans, investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, while taking the interests of shareholders and the Company's long-term financial planning into account. The Board drafts a profit distribution proposal for the distributable earnings above; of which, the distribution of shareholders' dividend bonuses of each year should not be less than 10% of distributable earnings for the year; however, where the accumulated distributable earnings are less than 10% of the paid-in share capital, the distribution may be exempted; when distributing the shareholders' dividend bonuses, such may be distributed in the form of cash or shares, and the cash dividends shall not be less than 10% of the total dividends; provided that the actual distribution percentage shall be handled pursuant to the resolution of the shareholders' meeting.

On February 27, 2024 and March 3, 2023, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2023 and 2022 as follows:

| | | 2023 | 2022 |
|---|----|-------------------------------|-------------------------------|
| | | Dividends per share (NT\$) | Dividends per share (NT\$) |
| | | Amount | Amount |
| Dividends distributed to ordinary shareholders: | | | |
| Cash dividends distributed to shareholders from | | | |
| Unappropriated earnings | \$ | 3.60 <u><u>168,751</u></u> | 5.00 <u><u>234,377</u></u> |

The above information is available on the website MOPS.

4. Treasury stock

During the period from July to August 2023, the Company repurchased a total of 1,000 thousand shares of treasury stock in a total amount of NT\$85,925 thousand for the purpose of transferring shares to employees in accordance with Article 28-2 of the Securities and Exchange Act. As of March 31, 2024, December 31, 2023 and March 31, 2023, none of the shares had been transferred to employees or cancelled.

In accordance with the Securities and Exchange Act, treasury stock cannot be pledged and are not entitled to shareholders' rights until they are transferred. In addition, the percentage of number of shares repurchased by the Company shall not exceed 10% of the total number of shares issued by the Company. The total amount of shares repurchased shall not exceed the amount of retained earnings plus share premiums and realized Capital surplus.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

5. Other equity (net amount after tax)

| | Exchange differences on translation of foreign operations | Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income | Total |
|---|---|---|---------------|
| January 1, 2024 | \$ (927) | 63,427 | 62,500 |
| Exchange differences arising from the translation of net assets of foreign operating institutions | 526 | - | 526 |
| Unrealized valuation gain on financial assets at fair value through other comprehensive income | - | 7,024 | 7,024 |
| March 31, 2024 | <u>\$ (401)</u> | <u>70,451</u> | <u>70,050</u> |
| January 1, 2023 | \$ (886) | (9,114) | (10,000) |
| Exchange differences arising from the translation of net assets of foreign operating institutions | 68 | - | 68 |
| Unrealized valuation gain on financial assets at fair value through other comprehensive income | - | 10,153 | 10,153 |
| March 31, 2023 | <u>\$ (818)</u> | <u>1,039</u> | <u>221</u> |

(16) Earnings per share

1. Basic earnings per share

| | For the three months ended March 31, | |
|--|--------------------------------------|---------------|
| | 2024 | 2023 |
| Net income attributable to equity holders of the Company's ordinary shares | <u>\$ 25,089</u> | <u>41,632</u> |
| Weighted-average number of ordinary shares outstanding (in thousands) | <u>46,875</u> | <u>46,875</u> |
| Basic earnings per share (NT\$) | <u>\$ 0.54</u> | <u>0.89</u> |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

2. Diluted earnings per share

| | For the three months ended March 31, | |
|---|--------------------------------------|---------------|
| | 2024 | 2023 |
| Net income attributable to equity holders of the Company's ordinary shares | <u>\$ 25,089</u> | <u>41,632</u> |
| Weighted-average number of ordinary shares outstanding (basic) (in thousands) | 46,875 | 46,875 |
| Effect of dilutive potential ordinary shares (in thousands): | | |
| Effect of employee compensation | 213 | 530 |
| Weighted-average number of ordinary shares outstanding (diluted) (in thousands) | <u>47,088</u> | <u>47,405</u> |
| Diluted earnings per share (NT\$) | <u>\$ 0.53</u> | <u>0.88</u> |

(17) Revenue from customer contracts

1. Breakdown of revenue

| | For the three months ended March 31, | |
|---------------------------------------|--------------------------------------|----------------|
| | 2024 | 2023 |
| Major regional markets: | | |
| Taiwan | \$ 135,830 | 118,171 |
| Mainland China | 74,709 | 80,567 |
| The U.S. | 50,177 | 69,048 |
| Others | 43,918 | 42,350 |
| | <u>\$ 304,634</u> | <u>310,136</u> |
| Major products and services: | | |
| Electronic ceramic components | \$ 181,571 | 193,793 |
| Module and system products | 90,620 | 86,804 |
| Other electronic parts and components | 32,443 | 29,539 |
| | <u>\$ 304,634</u> | <u>310,136</u> |

2. Contract balances

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|-------------------|----------------------|-------------------|
| Notes and accounts receivable (including related parties) | \$ 290,118 | 278,286 | 278,942 |
| Less: Allowance for losses | (2,652) | (5,072) | (2,837) |
| | <u>\$ 287,466</u> | <u>273,214</u> | <u>276,105</u> |
| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| Contractual liabilities (included in other current liabilities) | <u>\$ (5,370)</u> | <u>(4,228)</u> | <u>(4,625)</u> |

Notes and accounts receivable (including related parties) and impairment loss are disclosed in Note 6(5).

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

The change in contract liabilities is mainly due to the difference between the point at which the Group transfers goods to customers to satisfy its contractual obligations and the point at which customers pay. The amounts of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the balances of contract liabilities on January 1, 2024 and 2023, were NT\$3,225 thousand and NT\$5,035 thousand, respectively.

(18) Employees' and directors' remuneration

Pursuant to the Articles of Incorporation, where the Company makes profits in a year, 10% to 15% should be provided as employees' remuneration and no more than 3% should be provided as directors' remuneration. However, where the Company has accumulated losses, the amount for compensation shall be set aside first. The recipients of stock or cash distribution for employees' remuneration in the preceding paragraph, may include the employees of the controlling or subordinate companies meeting certain conditions.

For the three months ended March 31, 2024, 2023, the Company estimated its remuneration to employees amounting to NT\$3,253 thousand and NT\$5,488 thousand; the remuneration to directors amounting to NT\$244 thousand and NT\$412 thousand, which are estimated by multiplying the Company's income before income tax for each period prior to the deduction of employee and director compensation by the percentage of employee and director compensation to be distributed by the Company. Such amounts are reported as operating costs or operating expenses for each period. If the actual distribution amount differs from the estimated amount, the difference is accounted for as a change in accounting estimate and recognized as profit or loss in the following year.

For the years ended December 31, 2023 and 2022, the estimated amounts of employee compensation were NT\$24,922 thousand and NT\$55,612 thousand, respectively; the estimated amounts of director compensation were NT\$1,869 thousand and NT\$2,781 thousand, respectively, which were the same as the amount resolved by the Board of Directors and were all paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(19) Non-operating income and expenses

1. Interest income

| | For the three months ended March 31, | |
|------------------------------------|---|--------------|
| | 2024 | 2023 |
| Interest income from bank deposits | <u>\$ 935</u> | <u>1,049</u> |

2. Other income

| | For the three months ended March 31, | |
|---------------------|---|-------------|
| | 2024 | 2023 |
| Subsidy income | \$ - | 67 |
| Other income-others | <u>347</u> | <u>274</u> |
| | <u>\$ 347</u> | <u>341</u> |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

3. Other gains and losses

| | For the three months ended March 31, | |
|---|---|----------------|
| | 2024 | 2023 |
| Net foreign currency exchange gain (loss) | \$ 10,960 | (1,846) |
| Net gain (loss) on financial instruments at fair value through profit or loss | (8,245) | 366 |
| Others | (61) | (568) |
| | \$ 2,654 | (2,048) |

4. Finance costs

| | For the three months ended March 31, | |
|--|---|--------------|
| | 2024 | 2023 |
| Interest expenses on bank loans | \$ - | (700) |
| Interest expenses on lease liabilities | (95) | (133) |
| | \$ (95) | (833) |

(20) Financial instruments

Except as described below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For other relevant information, please refer to note 6(22) and (23) of the consolidated financial statements for the year ended December 31, 2023.

1. Liquidity risk

Liquidity risk is the risk that the Group is unable to deliver cash or other financial assets to settle its financial liabilities and unable to meet its obligations. The Group manages liquidity risk by regularly monitoring its current and expected medium- and long-term capital requirements and by maintaining appropriate capital and banking facilities. On March 31, 2024, December 31, 2023 and March 31, 2023, the Group had unused borrowing facilities of NT\$920,000 thousand, NT\$920,000 thousand and NT\$842,063 thousand, respectively.

The following table illustrates the maturity analysis of the Group's financial liabilities with contractual repayment terms, which are based on the earliest possible date on which the Group could be required to make repayment and undiscounted cash flows.

| | Contractual cash flow | Within one year | 1 to 2 years | More than 2 years |
|---|-----------------------|-----------------|--------------|-------------------|
| March 31, 2024 | | | | |
| Non-derivative financial liabilities: | | | | |
| Notes and accounts payable and other payables (including related parties) | \$ 224,344 | 224,344 | - | - |
| Dividends payable | 168,751 | 168,751 | - | - |
| Lease liabilities (including current and non-current) (including related parties) | 24,905 | 9,166 | 7,882 | 7,857 |
| | \$ 418,000 | 402,261 | 7,882 | 7,857 |
| Derivative financial instruments | | | | |
| Forward foreign exchange contracts: | | | | |
| Outflows | \$ 177,830 | 177,830 | - | - |
| Inflows | (173,517) | (173,517) | - | - |
| | \$ 4,313 | 4,313 | - | - |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

| | Contractual cash flow | Within one year | 1 to 2 years | More than 2 years |
|---|-----------------------|-----------------|--------------|-------------------|
| December 31, 2023 | | | | |
| Non-derivative financial liabilities: | | | | |
| Notes and accounts payable and other payables (including related parties) | \$ 303,777 | 303,777 | - | - |
| Lease liabilities (including current and non-current) (including related parties) | 30,454 | 12,870 | 7,794 | 9,790 |
| | \$ 334,231 | 316,647 | 7,794 | 9,790 |
| Derivative financial instruments | | | | |
| Forward foreign exchange contracts: | | | | |
| Outflows | 160,487 | 160,487 | - | - |
| Inflows | (164,419) | (164,419) | - | - |
| | \$ (3,932) | (3,932) | - | - |
| March 31, 2023 | | | | |
| Non-derivative financial liabilities: | | | | |
| Short-term borrowings | \$ 79,486 | 79,486 | - | - |
| Notes and accounts payable and other payables (including related parties) | 254,969 | 254,969 | - | - |
| Dividends payable | 234,377 | 234,377 | - | - |
| Lease liabilities (including current and non-current) (including related parties) | 38,949 | 21,648 | 6,329 | 10,972 |
| | \$ 607,781 | 590,480 | 6,329 | 10,972 |
| Derivative financial instruments | | | | |
| Forward foreign exchange contracts: | | | | |
| Outflows | 110,966 | 110,966 | - | - |
| Inflows | (110,724) | (110,724) | - | - |
| | \$ 242 | 242 | - | - |

The Group does not anticipate that the timing of the cash flows for the maturity analysis will be significantly earlier or that the actual amounts will be significantly different.

2. Exchange rate risk

(1) Exposure to exchange rate risk

The Group's exchange rate risk arises mainly from cash and cash equivalents, accounts receivable (payable) (including related parties), other payables (including related parties) and bank loans that are not denominated in functional currencies, which result in foreign currency exchange gains or losses upon translation. The carrying amounts of monetary assets and liabilities that are not denominated in functional currencies at the reporting date (including monetary items eliminated in the consolidated financial statements that are not denominated in functional currency) and the related sensitivity analysis are as follows:

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

| March 31, 2024 | | | | | | |
|------------------------------|---------------------|------------------|--------|-------------------------------|---|-------|
| | Foreign currency | Exchange rate | NT\$ | Change in exchange rate | Impact of profit or loss (before tax) | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | \$ | 8,869 | 32.000 | 283,808 | 1% | 2,838 |
| RMB | | 7,598 | 4.4296 | 33,656 | 1% | 337 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | | 449 | 32.000 | 14,368 | 1% | 144 |
| RMB | | 132 | 4.4296 | 585 | 1% | 6 |
| December 31, 2023 | | | | | | |
| | Foreign currency | Exchange rate | NT\$ | Change in exchange rate | Impact of profit or loss (before tax) | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | \$ | 8,049 | 30.750 | 247,507 | 1% | 2,475 |
| RMB | | 7,397 | 4.3364 | 32,076 | 1% | 321 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | | 459 | 30.750 | 14,114 | 1% | 141 |
| RMB | | 143 | 4.3364 | 620 | 1% | 6 |
| March 31, 2023 | | | | | | |
| | Foreign currency | Exchange rate | NT\$ | Change in exchange rate | Impact of profit or loss (before tax) | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | \$ | 8,073 | 30.480 | 246,065 | 1% | 2,461 |
| RMB | | 4,829 | 4.4377 | 21,430 | 1% | 214 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | | 3,470 | 30.480 | 105,766 | 1% | 1,058 |
| RMB | | 243 | 4.4377 | 1,078 | 1% | 11 |

(2) Exchange gains and losses on monetary items

Information on unrealized exchange gains and losses on monetary items is as follows:

| | March 31, 2024 | | March 31, 2023 | |
|------------------------------|--|---------------|--|---------------|
| | Unrealized exchange profits (losses) | Exchange rate | Unrealized exchange profits (losses) | Exchange rate |
| <u>Financial assets</u> | | | | |
| USD:NTD | \$ | 4,268 | 32.000 | (229) |
| RMB:NTD | | 444 | 4.4296 | 5 |
| <u>Financial liabilities</u> | | | | |
| USD:NTD | | (320) | 32.000 | (376) |
| RMB:NTD | | (4) | 4.4296 | (1) |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

3. Types of financial instruments

(1) Financial assets

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|---------------------|----------------------|-------------------|
| Financial assets at fair value through profit or loss: | | | |
| Mandatory financial assets at fair value through profit or loss - current: | \$ - | 3,945 | 138 |
| Financial assets at fair value through other comprehensive income-current | 255,414 | 248,390 | 90,662 |
| Financial assets measured at amortized cost: | | | |
| Cash and cash equivalents | 352,161 | 382,556 | 550,188 |
| Notes and accounts receivable (including related parties) | 287,466 | 273,214 | 276,105 |
| Financial assets measured at amortized cost - current | 215,600 | 215,600 | 216,100 |
| Refundable deposits | 4,504 | 5,205 | 4,293 |
| Subtotal | 859,731 | 876,575 | 1,046,686 |
| Total | <u>\$ 1,115,145</u> | <u>1,128,910</u> | <u>1,137,486</u> |

(2) Financial liabilities

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|-------------------|----------------------|-------------------|
| Financial liabilities at fair value through profit or loss | \$ 4,313 | 633 | 380 |
| Financial liabilities measured at amortized cost: | | | |
| Short-term borrowings | - | - | 77,937 |
| Notes and accounts payable and other payables (including related parties) | 224,344 | 303,777 | 254,969 |
| Dividends payable | 168,751 | - | 234,377 |
| Lease liabilities (including current and non-current) (including related parties) | 24,423 | 29,880 | 38,284 |
| Subtotal | 417,518 | 333,657 | 605,567 |
| Total | <u>\$ 421,831</u> | <u>333,670</u> | <u>605,947</u> |

4. Information on fair value

(1) Financial instruments not measured at fair value

The Group's management believes that the carrying amounts of the Group's financial assets and financial liabilities classified as measured at amortized cost in the consolidated financial reports approximate their fair values.

(2) Financial instruments measured at fair value

Financial instruments held by the Group at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The following table provides an analysis of financial instruments measured at fair value after initial recognition and is categorized into Levels 1 to 3 based on the degree of observability of the fair value. Each fair value hierarchy is defined as follows:

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

- A. Level 1: Publicly quoted prices (unadjusted) for identical assets or liabilities in active markets.
- B. Level 2: Inputs to the asset or liability that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices), other than those included in Level 1 publicly available quotations.
- C. Level 3: Inputs to the asset or liability that are not based on observable market data (unobservable parameters).

| March 31, 2024 | | | | | |
|--|------------|---------|---------|---|---------|
| Carrying amounts | Fair value | | | | Total |
| | Level 1 | Level 2 | Level 3 | | |
| Financial assets at fair value through other comprehensive income - current: | | | | | |
| Domestic listed company shares | \$ 255,414 | 255,414 | - | - | 255,414 |
| Financial liabilities at fair value through profit or loss - current: | | | | | |
| Derivative financial instruments - forward foreign exchange contracts | \$ 4,313 | - | 4,313 | - | 4,313 |

| December 31, 2023 | | | | | |
|--|------------|---------|---------|---|---------|
| Carrying amounts | Fair value | | | | Total |
| | Level 1 | Level 2 | Level 3 | | |
| Financial assets at fair value through profit or loss - current: | | | | | |
| Derivative financial instruments - forward foreign exchange contracts | \$ 3,945 | - | 3,945 | - | 3,945 |
| Financial assets at fair value through other comprehensive income - current: | | | | | |
| Domestic listed company shares | \$ 248,390 | 248,390 | - | - | 248,390 |
| Financial liabilities at fair value through profit or loss - current: | | | | | |
| Derivative financial instruments - forward foreign exchange contracts | \$ 13 | - | 13 | - | 13 |

| March 31, 2023 | | | | | |
|--|------------|---------|---------|---|--------|
| Carrying amounts | Fair value | | | | Total |
| | Level 1 | Level 2 | Level 3 | | |
| Financial assets at fair value through profit or loss - current: | | | | | |
| Derivative financial instruments - forward foreign exchange contracts | \$ 138 | - | 138 | - | 138 |
| Financial assets at fair value through other comprehensive income - current: | | | | | |
| Domestic listed company shares | \$ 90,662 | 90,662 | - | - | 90,662 |
| Financial liabilities at fair value through profit or loss - current: | | | | | |
| Derivative financial instruments - forward foreign exchange contracts | \$ 380 | - | 380 | - | 380 |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

5. Fair value measurement techniques used in measuring financial instruments at fair value

The estimates and assumptions used in estimating the fair value of derivative financial instruments approximate those used by market participants in pricing financial instruments, and such information is available to the Group. The fair value of forward foreign exchange contracts is generally based on current forward exchange rates.

The fair value of listed stocks with standard terms and conditions and traded in an active market is determined by reference to quoted market prices.

6. Transfer between fair value hierarchy

For the three months ended March 31, 2024 and 2023, there was no transfer of financial assets and liabilities to the fair value hierarchy.

(21) Financial risk management

Both the goals and policies of the Group's financial risk management were not materially different from those disclosed in note 6(23) of the consolidated financial statements for the year ended December 31, 2023.

(22) Capital Management

There is no significant change in the goals and policies of Group's capital management from note 6 (24) of the consolidated financial statements for the year ended December 31, 2023.

(23) Investment and fund-raising activities for non-cash transactions

1. For the Group's acquisition of right-of-use asset through leases, please refer to Note 6(8) for details.

2. The reconciliation of liabilities from financing activities is as follows:

| | January 1, 2024 | Cash flow | Changes in non-cash | | March 31, 2024 |
|---|--------------------|-----------|-------------------------------------|-------------------------------|-------------------|
| | | | Increase in lease liabilities | Change in exchange rate | |
| Lease liabilities (including related parties) | \$ 29,880 | (5,619) | - | 162 | 24,423 |

| | January 1, 2023 | Cash flow | Changes in non-cash | | March 31, 2023 |
|---|--------------------|-----------|-------------------------------------|-------------------------------|-------------------|
| | | | Increase in lease liabilities | Change in exchange rate | |
| Short-term borrowings | \$ 86,720 | (8,783) | - | - | 77,937 |
| Lease liabilities (including related parties) | 43,107 | (5,462) | 627 | 12 | 38,284 |
| Total liabilities from financing activities | \$ 129,827 | (14,245) | 627 | 12 | 116,221 |

3. Investing activities with only partial cash payments:

| | For the three months ended March 31, | |
|--|--------------------------------------|----------|
| | 2024 | 2023 |
| Acquisition of property, plant and equipment | \$ 6,488 | 6,665 |
| Add: Payable for equipment at the beginning of the period | 2,216 | 15,851 |
| Less: Payable for equipment at the end of the period | (3,840) | (8,596) |
| Add: Prepayments for equipment at the beginning of the period | 19,095 | 20,017 |
| Less: Prepayments for equipment at the beginning of the period | (12,836) | (13,753) |
| Add: Reclassified from prepaid equipment | 2,901 | 772 |
| Cash paid during the period | \$ 14,024 | 20,956 |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

7. Related party transactions

(1) Parent company and ultimate controlling party

Darfon Electronics Corp. is the parent company of the Company and the ultimate controlling party of the group to which it belongs. It directly and indirectly owns 45.77% of the outstanding ordinary shares of the Company and has prepared consolidated financial statements for public use.

(2) Names and relationships of related parties

The related parties with whom the Group had transactions during the period covered by the consolidated financial reports are as follows:

| Name of related parties | Relationship with the Group |
|--|---|
| Darfon Electronics Corp (Darfon) | The Group's parent company |
| Suzhou Darfon Electronics Corp (DFS) | A subsidiary of Darfon |
| Chongqing Darfon Electronics Corp (DFQ) | A subsidiary of Darfon |
| Darad Innovation Co., Ltd. (Darad) | A subsidiary of Darfon |
| Qisda Corporation (Qisda) | An individual who has significant influence on Darfon |
| Hitron Technologies (Hitron) | A subsidiary of Qisda |
| Hitron Technologies (Vietnam) (Hitron Vietnam) | A subsidiary of Qisda |
| Transnet Corporation (Transnet) | A subsidiary of Qisda |
| Alpha Networks Inc. (Alpha Networks) | A subsidiary of Qisda |
| DFI Inc. (DFI) | A subsidiary of Qisda |
| Metaage Corporation (MTG) | A subsidiary of Qisda |
| BenQ Asia Pacific Corp (BQP) | A subsidiary of Qisda |

(3) Significant transactions with related parties

1. Net revenue

The significant amounts of sales to related parties are as follows:

| | For the three months ended March 31, | |
|-----------------------|---|---------------|
| | 2024 | 2023 |
| Parent company | \$ - | 122 |
| Other related parties | 14,112 | 11,372 |
| | \$ 14,112 | 11,494 |

The terms of the Group's sales to related parties are not significantly different from those of general sales. The credit period is 90 to 120 days on a monthly basis.

2. Purchase

The amounts of the Group's purchases from related parties are as follows:

| | For the three months ended March 31, | |
|----------------|---|-------------|
| | 2024 | 2023 |
| Parent company | \$ 29 | 3 |

The prices of the Group's purchases from the above related parties are not significantly different from the normal purchase prices; the payment terms are 90 days on a monthly basis, which are not significantly different from normal transactions.

3. Leases

The Group leases its plant from its parent company Darfon at a rent that is based on the rental rate in the neighboring areas and is paid monthly. The Group recognized interest expense of NT\$49 thousand and NT\$63 thousand for the three months ended March 31, 2024 and 2023, and had a lease liability of NT\$15,468 thousand, NT\$16,633 thousand and NT\$20,107 thousand on March 31, 2024, December 31, 2023 and March 31, 2023.

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

4. Property transactions

In December 2022, the Group purchased machinery equipment from its parent company Darfon for NT\$900 thousand (before tax). The related amount had been received as of March 31, 2023.

5. Operating costs and operating expenses

The Group incurred operating costs and operating expenses for miscellaneous purchases from related parties, inspection and testing, and apportionment of utilities, etc. as follows:

For the three months ended March 31,

| Item | Type of related parties | 2024 | 2023 |
|--------------------|-------------------------|------------------------|---------------------|
| Operating costs | Parent company | \$ 1,752 | 1,354 |
| Operating expenses | Parent company | 2,232 | 10 |
| Operating expenses | Other related parties | 10 | - |
| | | <u>\$ 3,994</u> | <u>1,364</u> |

6. Amounts due from related parties

The Group's receivables from related parties are summarized as follows:

| Item | Type of related parties | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------|-------------------------|-------------------------|---------------------|----------------------|
| Accounts receivable | Parent company | | | |
| - related parties | | \$ 7 | 7 | 128 |
| Accounts receivable | Other related parties | 15,105 | 8,107 | 18,438 |
| - related parties | | <u>\$ 15,112</u> | <u>8,114</u> | <u>18,566</u> |

7. Amounts due to related parties

The Group's payables to related parties are summarized as follows:

| Item | Type of related parties | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------------|-------------------------|------------------------|---------------------|---------------------|
| Accounts payable - related parties | Parent company | \$ 30 | 17 | 6 |
| Other payables - related parties | Parent company | 5,672 | 6,006 | 3,011 |
| | | <u>\$ 5,702</u> | <u>6,023</u> | <u>3,017</u> |

(4) Key management compensation

For the three months ended March 31,

| | 2024 | 2023 |
|------------------------------|-------------------------|----------------------|
| Short-term employee benefits | \$ 11,918 | 16,975 |
| Post-employment benefits | 79 | 105 |
| | <u>\$ 11,997</u> | <u>17,080</u> |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

8. Pledged assets

The carrying amounts of the assets pledged by the Group are as follows:

| Name of assets | Subject of pledge | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|--------------------------------|-------------------|----------------------|-------------------|
| Time deposits (included in financial assets measured at amortized cost - current) | Customs import guarantee | \$ - | - | 500 |
| Time deposits (included in financial assets measured at amortized cost - current) | Corporate credit card deposits | 600 | 600 | 600 |
| | | <u>\$ 600</u> | <u>600</u> | <u>1,100</u> |

9. Significant contingent liabilities and unrecognized contractual commitments: None.

10. Significant catastrophic losses: None.

11. Significant subsequent events: None.

12. Others

(1) Employee benefits, depreciation and amortization expenses by function are summarized as follows:

| By function By nature | For the three months ended March 31, | | | | | |
|-------------------------------------|--------------------------------------|--------------------|--------|-----------------|--------------------|--------|
| | 2024 | | | 2023 | | |
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefit expenses | | | | | | |
| Salary expenses | 41,603 | 36,612 | 78,215 | 45,901 | 27,429 | 73,330 |
| Labor and health insurance expenses | 6,012 | 4,606 | 10,618 | 5,586 | 4,710 | 10,296 |
| Pension expenses | 2,387 | 1,543 | 3,930 | 2,327 | 1,495 | 3,822 |
| Other employee benefit expenses | 3,699 | 1,404 | 5,103 | 3,167 | 1,320 | 4,487 |
| Depreciation expenses | 24,620 | 7,083 | 31,703 | 24,504 | 6,228 | 30,732 |
| Amortization expenses | 128 | 867 | 995 | 191 | 731 | 922 |

(2) The Group's operations are not materially influenced by seasonality or cyclicity.

13. Notes disclosures

(1) Relevant information on significant transactions

The Group's information on significant transactions required to be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the three months ended March 31, 2024 is as follows:

1. Lending of funds to others: None.
2. Endorsement and guarantee for others: None.
3. Securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures):

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

Unit: thousand shares

| Companies held | Type and name of securities | Relationship with the issuer of securities | Accounting subjects | End of period | | | | Remarks |
|----------------|-----------------------------|---|--|---------------|------------------|--------------------|------------|---------|
| | | | | No. of shares | Carrying amounts | Shareholding ratio | Fair value | |
| The Company | Qisda shares | Significant influence on the Group's parent company | Financial assets at fair value through other comprehensive income - current: | 2,860 | 127,699 | 0.15% | 127,699 | - |
| The Company | Darfon shares | The Group's parent company | Financial assets at fair value through other comprehensive income - current: | 2,050 | 127,715 | 0.73% | 127,715 | - |

4. Cumulative purchases or sales of securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of properties amounting to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of properties amounting to at least NT\$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: Please refer to Note 6(2).
10. Business relationships and significant transactions between parent company and subsidiaries:

| No. (Note 1) | Name of counterparties | Transaction targets | Relationship with counterparties (Note 2) | Transactions (Note 3) | | | |
|--------------|------------------------|--|---|-----------------------|--------|----------------------------|---|
| | | | | Subject | Amount | Transaction terms | As a percentage of consolidated total operating revenues or total assets (Note 4) |
| 0 | The Company | Unictron Technologies Corporation (Shenzhen) Co., Ltd. | 1 | Sales | 2,673 | 150-day monthly settlement | 0.88% |
| 0 | The Company | Unictron Technologies Corporation (Shenzhen) Co., Ltd. | 1 | Accounts receivable | 13,109 | 150-day monthly settlement | 0.64% |

Note 1: The numbering method is as follows:

- 1.0 represents the parent company.
2. Subsidiaries are numbered according to the company, starting with the number 1.

Note 2: The type of relationships with the counterparties is as follows:

1. Parent company to a subsidiary.
2. A subsidiary to parent company.
3. A subsidiary to a subsidiary.

Note 3: The business relationships and significant transactions between the parent and subsidiary are disclosed only for sales and accounts receivable, and the corresponding purchase and accounts payable are not further described.

Note 4: The amount of the transaction is divided by the consolidated operating revenue or consolidated total assets.

Note 5: Written off in the preparation of the consolidated financial statements.

(2) Relevant information on re-investees:

Information on the Company's re-investees for the three months ended March 31, 2024 is as follows (excluding the investees in Mainland China):

Unit: thousand shares

| Name of investor companies | Name of investees | Location | Main businesses | Original investment amount | | Holding at the end of the period | | | Current Profit or loss of the investees | Investment profit or loss recognized during the period | Remarks |
|----------------------------|---------------------------|-----------|---------------------|----------------------------|-------------------|----------------------------------|------------|------------------|---|--|---------------------------|
| | | | | End of the period | End of last year | No. of shares | percentage | Carrying amounts | | | |
| The Company | Unicom Technologies, Inc. | Mauritius | Investment holdings | 47,321 (USD1,535) | 47,321 (USD1,535) | 1,535 | 100.00% | 24,537 | (956) | (956) | Subsidiary of the Company |

Notes to consolidated financial reports of Unictron Technologies Corporation and Subsidiaries (continued)

(3) Information on investment in Mainland China:

1. Name of the investee company in Mainland China, main businesses and other related information:

| Name of investees in Mainland China | Main businesses Item | Paid-up capital | Investment method | Cumulative investment amount remitted from Taiwan at the beginning of the period | Amount of investment remitted or recovered during the period | | Cumulative investment amount emitted from Taiwan at the end of the period | Investees Profit or loss for the period | Percentage of the Company's direct or indirect investment | Investment (loss) profit recognized during the period | Carrying value of investments at the end of the period | Investment income remitted or recovered as of the end of the period |
|--|--|-------------------|-------------------|--|--|-----------|---|---|---|---|--|---|
| | | | | | Remitted | Recovered | | | | | | |
| Unictron Technologies Corporation (Shenzhen) Co., Ltd. | Design and marketing of antenna and modules for wireless communication | 47,104 (USD1,472) | (Note 1) | 47,104 (USD1,472) | - | - | 47,104 (USD1,472) | (956) | 100.00 % | (956) (Note 2) | 23,919 | - |

Note 1: Company established through third-party investments and reinvested in Mainland China.

Note 2: Recognized based on the financial statements of the investee company reviewed by the parent company's accountants in Taiwan.

Note 3: The above amounts in NT\$ were translated into NT\$ at the closing exchange rate of 32.00 on March 31, 2024.

2. Investment limit in Mainland China:

| Company name | Cumulative amount of investment remitted from Taiwan to Mainland China at the end of the period | Amount of investment approved by the Investment Commission, Ministry of Economic Affairs | Investment limit in Mainland China in accordance with the regulations of the Investment Commission, Ministry of Economic Affairs |
|--------------|---|--|--|
| The Company | 47,104 (USD1,472) | 47,104 (USD1,472) | 952,939 |

3. Significant transactions with Mainland China investees:

| Name of related parties | Relationship between the Company and its related parties | Transaction terms | | | | | Notes and accounts receivable (payable) | | Unrealized loss (profit) |
|--|--|-------------------|--------|---------------------------------------|----------------------------|---|---|------------|--------------------------|
| | | Type | Amount | Price | Payment terms | Comparison with general transactions | Balance | Percentage | |
| Unictron Technologies Corporation (Shenzhen) Co., Ltd. | Subsidiary indirectly controlled by the Company | Sales | 2,673 | Price negotiated between both parties | 150-day monthly settlement | (Note 1) | 13,109 | 4.79% | 572 |
| | | Purchase | 434 | Price negotiated between both parties | 90-day monthly settlement | No significant difference from general transactions | 542 | 0.61% | - |

(Note 1): The prices of the Company's sales to the related parties are not significantly different from the normal sales prices, except for some products with different specifications, which are not comparable to the normal transaction prices.

4. Direct and indirect endorsement, guarantee or collateral provided by third parties to the investees in Mainland China: None.
5. Direct and indirect loans and financing provided by third parties to the investees in Mainland China: None.
6. Other transactions with significant impact on current profit or loss or financial position: None.

(4) Information on major shareholders

Unit: shares

| Names of major shareholders | Shares | No. of shares held | Shareholding percentage |
|------------------------------|--------|--------------------|-------------------------|
| Darfon Electronics Corp. | | 17,551,081 | 36.65% |
| Chengli Investment Co., Ltd. | | 4,361,375 | 9.10% |

14. Department information

The Group is principally engaged in the manufacture and sale of electronic ceramic components, modules and system products and other electronic parts and components. The Group's operating decision-makers are based on overall operating results as the basis for evaluating performance therefore the combined company is a single department. The operating department information are the same as those disclosed of the consolidated financial statements for the three months ended March 31, 2024 and 2023.