

**Unictron Technologies Corporation  
and Subsidiaries  
Consolidated Financial Statements With  
Independent Auditors' Review Report  
For the Six Months Ended June 30, 2024 and 2023**

**Company Address: No.41 Shuei-Keng, Guan-Si, Hsin-Chu 30648 Taiwan  
(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.

## Table of contents

Item	Page
I. Cover Page	1
II. Table of Contents	2
III. Independent Auditors' Review Report	3
IV. Consolidated Balance Sheets	4
V. Consolidated Statements of Comprehensive Income	5
VI. Consolidated Statements of Changes in Equity	6
VII. Consolidated Statements of Cash Flows	7
VIII. Notes to Consolidated Financial Statements	
1. Company history	8
2. The date and procedure for the adoption of the financial statements	8
3. Application of newly issued and amended standards and interpretations	8~9
4. Summary of significant accounting policies	10~11
5. Major sources of uncertainty in significant accounting judgments, estimates and assumptions	11
6. Description of significant accounting items	11~31
7. Related party transactions	31~33
8. Pledged assets	33
9. Significant contingent liabilities and unrecognized contractual commitments	33
10. Significant catastrophic losses	33
11. Significant subsequent events	33
12. Others	33~34
13. Notes disclosures	
(1) Relevant information on significant transactions	34~35
(2) Relevant information on re-investees	35
(3) Information on investment in Mainland China	35~36
(4) Information on major shareholders	36
14. Department information	36

## **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 June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2024 and 2023, the consolidated statement of changes in equity and cash flows for the six months ended June 30, 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 June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2024 and 2023, the consolidated statement of changes in equity and cash flows for the six months ended June 30, 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 Hsu, Shi-Chun and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)

July 30, 2024

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

## Unictron Technologies Corporation and Subsidiaries

### Consolidated Balance Sheets

June 30, 2024, December 31, 2023 and June 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2024		December 31, 2023		June 30, 2023	
Assets		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							
1100	Cash and cash equivalents (note 6(1))	\$ 531,031	24	382,556	18	481,209	21
1110	Financial assets at fair value through profit or loss—current (note 6(2))	-	-	3,945	-	-	-
1120	Financial assets at fair value through other comprehensive income—current (note 6(3))	359,127	17	248,390	12	226,189	10
1136	Financial assets at amortized cost—current (notes 6(4) and 8)	600	-	215,600	10	216,100	10
1170	Notes and accounts receivable, net (notes 6(5) and (17))	295,413	14	265,100	13	306,026	14
1180	Accounts receivable from related parties (notes 6(5)、(17) and 7)	14,365	1	8,114	1	14,416	1
1310	Inventories (note 6(6))	278,154	13	329,003	16	329,914	15
1410	Prepayments and other current assets	7,122	-	7,498	-	7,787	-
	<b>Total current assets</b>	<u>1,485,812</u>	<u>69</u>	<u>1,460,206</u>	<u>70</u>	<u>1,581,641</u>	<u>71</u>
<b>Non-current assets:</b>							
1600	Property, plant and equipment (notes 6(7))	504,143	24	541,882	26	564,601	25
1755	Right-of-use assets (notes 6(8) and 7)	83,802	4	30,426	2	33,284	2
1780	Intangible assets (note 6(9))	12,215	1	6,321	-	4,293	-
1840	Deferred income tax assets	25,810	1	26,914	1	21,763	1
1915	Prepayments for equipment	27,294	1	12,836	1	24,305	1
1920	Refundable deposits	6,888	-	5,205	-	4,595	-
	<b>Total non-current assets</b>	<u>660,152</u>	<u>31</u>	<u>623,584</u>	<u>30</u>	<u>652,841</u>	<u>29</u>
	<b>Total assets</b>	<u>\$ 2,145,964</u>	<u>100</u>	<u>2,083,790</u>	<u>100</u>	<u>2,234,482</u>	<u>100</u>

(Continued)

See accompanying notes to consolidated financial statements.

**Unictron Technologies Corporation and Subsidiaries****Consolidated Balance Sheets (continued)****June 30, 2024, December 31, 2023 and June 30, 2023****(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
<b>Liabilities and Equity</b>							
<b>Current liabilities:</b>							
2100	Short-term borrowings (Note 6(10))	\$ 11,205	1	-	-	9,144	-
2120	Financial liabilities at fair value through profit or loss - current (Note 6(2))	2,612	-	13	-	3,673	-
2170	Notes and accounts payable	99,027	5	107,633	5	101,440	5
2180	Accounts payable - related parties (Note 7)	83	-	17	-	13	-
2219	Other payables (Note 6(18))	127,568	6	190,121	9	209,642	9
2220	Other payables - related parties (Note 7)	7,921	-	6,006	-	3,953	-
2216	Dividends payable (Note 6(15))	168,751	8	-	-	234,377	10
2230	Current income tax liabilities	12,021	1	10,447	1	21,526	1
2250	Provision for liabilities - current (Note 6(12))	241	-	182	-	891	-
2281	Lease liabilities-current (Note 6(11))	18,150	1	7,887	-	13,547	1
2282	Lease liabilities - related parties - current (Notes 6(11) and 7)	7,846	-	4,681	-	4,653	-
2300	Other current liabilities (Note 6(17))	<u>10,506</u>	<u>-</u>	<u>10,614</u>	<u>1</u>	<u>12,760</u>	<u>1</u>
<b>Total current liabilities</b>		<u>465,931</u>	<u>22</u>	<u>337,601</u>	<u>16</u>	<u>615,619</u>	<u>27</u>
<b>Non-current liabilities:</b>							
2581	Lease liabilities non-current (Note 6(11))	32,688	2	5,360	-	181	-
2582	Lease liabilities - related parties - non-current (Notes 6(11) and 7)	24,956	1	11,952	1	14,300	1
2570	Deferred income tax liabilities	1,079	-	1,595	-	1,473	-
2640	Net defined benefit liabilities - non-current	<u>2,546</u>	<u>-</u>	<u>2,938</u>	<u>-</u>	<u>3,533</u>	<u>-</u>
<b>Total non-current liabilities</b>		<u>61,269</u>	<u>3</u>	<u>21,845</u>	<u>1</u>	<u>19,487</u>	<u>1</u>
<b>Total liabilities</b>		<u>527,200</u>	<u>25</u>	<u>359,446</u>	<u>17</u>	<u>635,106</u>	<u>28</u>
<b>Equity (Notes 6(15))</b>							
3110	Common stock	<u>478,753</u>	<u>22</u>	<u>478,753</u>	<u>23</u>	<u>478,753</u>	<u>22</u>
3200	Capital surplus	<u>690,174</u>	<u>32</u>	<u>690,174</u>	<u>33</u>	<u>690,174</u>	<u>31</u>
Retained earnings:							
3310	Legal reserve	164,693	8	145,073	7	145,073	7
3320	Special reserve	-	-	10,001	1	10,001	-
3350	Unappropriated earnings	<u>292,407</u>	<u>13</u>	<u>423,768</u>	<u>20</u>	<u>321,150</u>	<u>14</u>
		<u>457,100</u>	<u>21</u>	<u>578,842</u>	<u>28</u>	<u>476,224</u>	<u>21</u>
Other equity:							
3410	Exchange differences on translation of foreign operations	9	-	(927)	-	(1,076)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>78,653</u>	<u>4</u>	<u>63,427</u>	<u>3</u>	<u>41,226</u>	<u>2</u>
	Total other equity	<u>78,662</u>	<u>4</u>	<u>62,500</u>	<u>3</u>	<u>40,150</u>	<u>2</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>
<b>Total equity</b>		<u>1,618,764</u>	<u>75</u>	<u>1,724,344</u>	<u>83</u>	<u>1,599,376</u>	<u>72</u>
<b>Total liabilities and equity</b>		<u>\$ 2,145,964</u>	<u>100</u>	<u>2,083,790</u>	<u>100</u>	<u>2,234,482</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 and Six Months Ended June 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		Three Months Ended June 30				Six Months Ended June 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net revenue (Notes 6(17) and 7 )	\$ 308,250	100	361,574	100	612,884	100	671,710	100
5000	Operating costs (Notes 6(6), (7), (8), (9), (11), (13), (18), 7 and 12)	(215,787)	(70)	(233,618)	(65)	(432,281)	(71)	(433,559)	(65)
	Gross profit	92,463	30	127,956	35	180,603	29	238,151	35
	Operating expenses (Notes 6(5), (7), (8), (9), (11), (13), (18), 7 and 12):								
6100	Marketing expenses	(12,304)	(4)	(14,664)	(4)	(24,588)	(4)	(24,062)	(4)
6200	Administrative expenses	(27,092)	(9)	(28,846)	(8)	(53,076)	(8)	(50,159)	(7)
6300	Research and development expenses	(32,355)	(10)	(31,687)	(8)	(59,517)	(10)	(60,793)	(9)
6450	Expected credit impairment (loss) reversal benefit	661	-	(316)	-	3,147	1	(224)	-
6000	Total operating expenses	(71,090)	(23)	(75,513)	(20)	(134,034)	(21)	(135,238)	(20)
	Operating income	21,373	7	52,443	15	46,569	8	102,913	15
	Non-operating income and expenses (Notes 6(11), (19) and 7):								
7100	Interest income	1,705	1	2,184	-	2,640	-	3,233	-
7010	Other income	331	-	787	-	678	-	1,128	-
7020	Other gains and losses	695	-	217	-	3,349	1	(1,831)	-
7050	Finance costs	(496)	-	(1,098)	-	(591)	-	(1,931)	-
	Total non-operating income and expenses	2,235	1	2,090	-	6,076	1	599	-
	Income before income tax	23,608	8	54,533	15	52,645	9	103,512	15
7950	Less: Income tax expenses (Note 6(14))	(1,688)	(1)	(2,582)	(1)	(5,636)	(1)	(9,929)	(1)
	Net income	21,920	7	51,951	14	47,009	8	93,583	14
	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	8,202	3	40,187	11	15,226	2	50,340	7
8349	Income taxes related to items that may not be reclassified	-	-	-	-	-	-	-	-
		8,202	3	40,187	11	15,226	2	50,340	7
8360	Items that may be subsequently reclassified to profit or loss								
8361	Exchange differences on translation of foreign operations	410	-	(258)	-	936	-	(190)	-
8399	Income taxes related to items that may be reclassified	-	-	-	-	-	-	-	-
		410	-	(258)	-	936	-	(190)	-
	Other comprehensive income of the period	8,612	3	39,929	11	16,162	2	50,150	7
	Total comprehensive income of the period	\$ 30,532	10	91,880	25	63,171	10	143,733	21
	Earnings per share (Unit: NT\$, Note 6(16))								
9750	Basic earnings per share	\$ 0.47		1.11		1.00		2.00	
9850	Diluted earnings per share	\$ 0.47		1.11		1.00		1.98	

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 six months ended June 30, 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	117,973	1,236	497,809	617,018	(886)	(9,114)	(10,000)	(85,925)	1,690,020
Net income of the period	-	-	-	-	-	93,583	93,583	-	-	-	-	93,583
Other comprehensive income of the period	-	-	-	-	-	-	-	(190)	50,340	50,150	-	50,150
Total comprehensive income of the period	-	-	-	-	-	93,583	93,583	(190)	50,340	50,150	-	143,733
Appropriation and distribution of earnings:												
Legal reserve	-	-	27,100	-	-	(27,100)	-	-	-	-	-	-
Special reserve	-	-	-	8,765	-	(8,765)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	(234,377)	(234,377)	-	-	-	-	(234,377)
Balance of June 30, 2023	\$	478,753	690,174	145,073	10,001	321,150	476,224	(1,076)	41,226	40,150	(85,925)	1,599,376
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	-	-	-	-	-	47,009	47,009	-	-	-	-	47,009
Other comprehensive income of the period	-	-	-	-	-	-	-	936	15,226	16,162	-	16,162
Total comprehensive income of the period	-	-	-	-	-	47,009	47,009	936	15,226	16,162	-	63,171
Appropriation and distribution of earnings:												
Legal reserve	-	-	19,620	-	-	(19,620)	-	-	-	-	-	-
Special reserve	-	-	-	(10,001)	-	10,001	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	(168,751)	(168,751)	-	-	-	-	(168,751)
Balance of June 30, 2024	\$	478,753	690,174	164,693	-	292,407	457,100	9	78,653	78,662	(85,925)	1,618,764

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 six months ended June 30, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 52,645	103,512
Adjustments for:		
Income and expenses items		
Depreciation expenses	64,015	61,469
Amortization expenses	2,590	1,847
Expected credit impairment (loss) reversal benefit	(3,147)	224
Interest expenses	591	1,931
Interest income	(2,640)	(3,233)
Loss on disposal of property, plant and equipment	-	61
Total income and expenses items	61,409	62,299
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	25
Notes and accounts receivable	(27,166)	(47,151)
Accounts receivable - related parties	(6,251)	9,850
Inventories	50,849	42,971
Prepayments and other current assets	350	9,296
Total net changes in assets related to operating activities	21,727	14,991
Net changes in liabilities related to operating activities:		
Financial liabilities at fair value through profit or loss	2,599	3,040
Notes and accounts payable	(8,606)	(14,333)
Accounts payable - related parties	66	3
Other payables	(62,167)	(47,392)
Other payables - related parties	1,915	651
Provision for liabilities	59	(386)
Other current liabilities	(108)	(3,909)
Net defined benefit liabilities	(392)	(329)
Total net changes in liabilities related to operating activities	(66,634)	(62,655)
Total net changes in assets and liabilities related to operating activities	(44,907)	(47,664)
Total adjustments	16,502	14,635
Cash inflows from operations	69,147	118,147
Interest received	2,665	3,229
Interest paid	(532)	(2,110)
Income taxes paid	(3,501)	(13,262)
<b>Net cash inflows from operating activities</b>	<b>67,779</b>	<b>106,004</b>

**(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 six months ended June 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(95,511)	(95,340)
Acquisition of financial assets measured at amortized cost	215,000	-
Acquisition of property, plant and equipment (including prepayments for land and equipment)	(28,978)	(43,926)
Acquisition of intangible assets	(8,479)	(135)
Decrease (increase) in refundable deposits	(1,683)	171
<b>Net cash inflows (outflows) from investing activities</b>	<b>80,349</b>	<b>(139,230)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	11,205	(77,576)
Principal repayment of leases	(11,809)	(11,013)
<b>Net cash outflows from financing activities</b>	<b>(604)</b>	<b>(88,589)</b>
<b>Effect of changes in exchange rates</b>	<b>951</b>	<b>(206)</b>
<b>Increase (decrease) in cash and cash equivalents of the period</b>	<b>148,475</b>	<b>(122,021)</b>
<b>Balance of cash and cash equivalents at beginning of period</b>	<b>382,556</b>	<b>603,230</b>
<b>Balance of cash and cash equivalents at end of period</b>	<b>\$ 531,031</b>	<b>481,209</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Unictron Technologies Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the Six Months Ended June 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**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 July 30, 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) The impact if IFRS recognized by the FSC but not yet effective

The Group's assessment will be subject to the following newly revised IFRS that took effect on January 1, 2025, and will not have a significant impact on the consolidated financial report.

- IAS 21 "Lack of Exchangeability"

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

The standards and interpretations that have been issued and revised by the IAS Board, but have not yet been approved by the FSC may be relevant to the Group as follows:

<u>Newly released or revised standards</u>	<u>Main revisions</u>	<u>Effective date issued by the Board of Directors</u>
IFRS 18 "Presentation and Disclosures in Financial Statements"	The new standard introduces three categories of income and expense, two income statement subtotals, and a single note on management's performance measurement. These three revisions and strengthened guidance on how to segment information in financial statements lay the foundation for providing users with better and more consistent information and will impact all companies.	January 1, 2027

(Continued)

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

Newly released or revised standards			Main revisions	Effective date issued by the Board of Directors
IFRS 18	"Presentation and Disclosures in Financial Statements"	●	<p>More structured income statements: Under current standards, companies use different formats to express their operating results, making it difficult for investors to compare financial performance across companies. The new standard adopts a more structured income statement, introduces a new definition of "operating profit" subtotal, and stipulates that all income and expenses and losses will be classified into three new different categories based on the company's main operating activities.</p> <p>Management performance measurement (MPM): The new standard introduces the definition of management performance measurement and requires companies to explain, for each measurement indicator in a single note to the financial statements, why it provides useful information, how it is calculated, and how it combines the measurement indicator. Reconciled with amounts recognized under IFRS accounting standards.</p> <p>More granular information: The new standard includes guidance on how companies can enhance the grouping of information in their financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in the notes.</p>	January 1, 2027

The Group is evaluating the impact of adopting the above standards or interpretations on its consolidated financial position and consolidated financial performance. The results will be disclosed after the Group completes the assessment.

The Group does not expect the following other newly issued and amended standards that have not yet been endorsed by the FSC will have a significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosure"
- Amendments to IFRS 9 and amendments to IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards

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

### 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.

#### (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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	
The Company	Unicom Technologies, Inc. (UTI)	Investment holdings	100.00%	100.00%	100.00%	
UTI	Unictron Technologies (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%	
The Company	Unictron Technologies Vietnam Co., Ltd. (UTV)	Manufacturing and sales of antennas for wireless communications	100.00%	-	-	Note 1

Note 1: It is a newly established subsidiary in 2024.

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

#### (3) Classification standards for distinguishing current and non-current assets and liabilities

The Group shall classify assets that meet one of the following conditions as current assets, and others shall be classified as non-current assets:

1. Expect to realize the asset during its normal operating cycle, or intend to sell or consume it;
2. the asset is held mainly for trading purposes;
3. realize the asset within twelve months after the reporting period; or
4. the asset is cash or cash equivalents (as defined in IAS 7), unless the asset is exchanged or used to settle liabilities at least twelve months after the reporting period.

The Group shall classify liabilities that meet one of the following conditions as current liabilities, and others shall be classified as non-current liabilities:

1. The liability is expected to be paid off within its normal operating cycle;
2. the liability is held mainly for trading purposes;
3. the liability is expected to be repaid when due within twelve months after the reporting period; or
4. there is no right to defer the settlement of the liability to at least twelve months after the reporting period at the end of the reporting period.

#### (4) 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.

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

(5) 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.

### 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

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and working capital	\$ 1,340	459	506
Demand deposits and checking deposits	340,617	323,554	303,323
Time deposits with original maturities of less than three months	189,074	58,543	177,380
	<u>\$ 531,031</u>	<u>382,556</u>	<u>481,209</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at fair value through profit or loss - current:			
Forward foreign exchange contracts	\$ -	3,945	-
	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Financial liabilities at fair value through profit or loss - current:			
Forward foreign exchange contracts	\$ 2,612	13	3,673

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

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

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:

<b>June 30, 2024</b>		
<b><u>Contract amount (in thousands)</u></b>	<b><u>Currency</u></b>	<b><u>Maturity period</u></b>
US\$ <u>4,863</u>	Buy NT\$ / Sell US\$	July 3, 2024~ October 3, 2024
<b>December 31, 2023</b>		
<b><u>Contract amount (in thousands)</u></b>	<b><u>Currency</u></b>	<b><u>Maturity period</u></b>
US\$ <u>5,250</u>	Buy NT\$ / Sell US\$	January 4, 2024~May 6, 2024
<b>June 30, 2023</b>		
<b><u>Contract amount (in thousands)</u></b>	<b><u>Currency</u></b>	<b><u>Maturity period</u></b>
US\$ <u>7,242</u>	Buy NT\$ / Sell US\$	July 5, 2023~ December 5, 2023

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Equity instruments at fair value through other comprehensive income:			
Domestic listed company shares	\$ <u>359,127</u>	<u>248,390</u>	<u>226,189</u>

The Group designated the above-mentioned equity investments as financial assets at fair value through other comprehensive income ("FVOCI") as these investments are held for strategic purposes and not for trading.

For the six months ended June 30, 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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Time deposits with original maturities of over three months	\$ -	215,000	215,000
Pledged time deposits (Note 8)	600	600	1,100
	<u>\$ 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.

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

(5) Notes and accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes and accounts receivable	\$ 297,421	270,172	309,093
Accounts receivable - related parties	14,365	8,114	14,416
	311,786	278,286	323,509
Less: Allowance for losses	(2,008)	(5,072)	(3,067)
	<u><u>\$ 309,778</u></u>	<u><u>273,214</u></u>	<u><u>320,442</u></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:

	June 30, 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	\$ 289,091	0.10%	276
Less than 30 days past due	18,624	2.63%	491
31 to 60 days past due	916	9.79%	90
61-90 days past due	2,694	25.67%	691
91-120 days past due	2	65.19%	1
Over 121 days past due	459	100.00%	459
	<u><u>\$ 311,786</u></u>		<u><u>2,008</u></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><u>\$ 278,286</u></u>		<u><u>5,072</u></u>

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

	June 30, 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	\$ 311,270	0.15%	456
Less than 30 days past due	6,908	5.41%	373
31 to 60 days past due	1,684	12.49%	210
61-90 days past due	1,982	25.57%	507
91-120 days past due	624	76.84%	480
Over 121 days past due	1,041	100.00%	1,041
	<u>\$ 323,509</u>		<u>3,067</u>

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

	For the six months ended June 30,	
	2024	2023
Balance, beginning of the period	\$ 5,072	2,917
Recognition (reversal) on impairment loss	(3,147)	224
Amounts written off as uncollectible during the year	-	(28)
Foreign currency translation losses	83	(46)
Balance, end of the period	<u>\$ 2,008</u>	<u>3,067</u>

## (6) Inventories

### 1. Details of inventories as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 94,379	103,187	106,271
Work in process	109,560	131,011	139,985
Finished products	66,288	87,142	68,127
Goods	7,927	7,663	15,531
	<u>\$ 278,154</u>	<u>329,003</u>	<u>329,914</u>

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Cost of inventories sold	\$ 212,686	228,425	426,791	419,852
Write-downs of inventories	(3,969)	5,193	(1,580)	13,707
Losses on scrap	7,070	-	7,070	-
	<u>\$ 215,787</u>	<u>233,618</u>	<u>432,281</u>	<u>433,559</u>

The above Write-downs of inventories are recognized as inventory losses due to the Group offsetting ending inventory to net realizable value, or inventory recovery benefits recognized within the original offsetting amount due to the sale or consumption of obsolete inventory at the beginning of the period in the current period, all of which are recognized under 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		-	295	4,888	-	411	5,580	11,174
Disposal during the period		-	-	-	-	(33)	-	(33)
Reclassified from prepaid equipment		-	-	662	-	100	2,139	2,901
Effect of changes in exchange rates		-	-	140	-	5	-	145
Balance of June 30, 2024	<b>\$</b>	<b>259,080</b>	<b>112,784</b>	<b>346,460</b>	<b>7,932</b>	<b>13,907</b>	<b>175,312</b>	<b>915,475</b>
Balance of January 1, 2023	\$	259,080	110,459	303,908	7,932	12,402	155,643	849,424
Additions during the period		-	725	14,959	-	260	7,217	23,161
Disposal during the period		-	-	(2,401)	-	(245)	-	(2,646)
Reclassified from prepaid equipment		-	-	3,703	-	-	50	3,753
Effect of changes in exchange rates		-	-	(125)	-	(4)	-	(129)
Balance of June 30, 2023	<b>\$</b>	<b>259,080</b>	<b>111,184</b>	<b>320,044</b>	<b>7,932</b>	<b>12,413</b>	<b>162,910</b>	<b>873,563</b>
Accumulated depreciation:								
Balance of January 1, 2024	\$	-	37,865	210,636	7,027	9,465	94,413	359,406
Depreciation during the period		-	2,251	27,045	298	1,630	20,608	51,832
Disposal during the period		-	-	-	-	(33)	-	(33)
Effect of changes in exchange rates		-	-	123	-	4	-	127
Balance of June 30, 2024	<b>\$</b>	<b>-</b>	<b>40,116</b>	<b>237,804</b>	<b>7,325</b>	<b>11,066</b>	<b>115,021</b>	<b>411,332</b>
Balance of January 1, 2023	\$	-	33,673	156,397	6,304	6,824	58,082	261,280
Depreciation during the period		-	1,947	29,381	407	1,427	17,211	50,373
Disposal during the period		-	-	(2,401)	-	(184)	-	(2,585)
Effect of changes in exchange rates		-	-	(103)	-	(3)	-	(106)
Balance of June 30, 2023	<b>\$</b>	<b>-</b>	<b>35,620</b>	<b>183,274</b>	<b>6,711</b>	<b>8,064</b>	<b>75,293</b>	<b>308,962</b>
Carrying amounts:								
June 30, 2024	<b>\$</b>	<b>259,080</b>	<b>72,668</b>	<b>108,656</b>	<b>607</b>	<b>2,841</b>	<b>60,291</b>	<b>504,143</b>
January 1, 2024	<b>\$</b>	<b>259,080</b>	<b>74,624</b>	<b>130,134</b>	<b>905</b>	<b>3,959</b>	<b>73,180</b>	<b>541,882</b>
June 30, 2023	<b>\$</b>	<b>259,080</b>	<b>75,564</b>	<b>136,770</b>	<b>1,221</b>	<b>4,349</b>	<b>87,617</b>	<b>564,601</b>

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

(8) Right-of-use asset

	<b>Building and construction</b>
Costs of right-to-use assets:	
Balance of January 1, 2024	\$ 102,283
Additions	65,310
Reduction	(66,637)
Effect of changes in exchange rates	279
Balance of June 30, 2024	<b><u>\$ 101,235</u></b>
Balance of January 1, 2023	\$ 100,706
Additions	627
Effect of changes in exchange rates	(195)
Balance of June 30, 2023	<b><u>\$ 101,138</u></b>
Accumulated depreciation of right-of-use assets:	
Balance of January 1, 2024	\$ 71,857
Depreciation	12,183
Reduction	(66,637)
Effect of changes in exchange rates	30
Balance of June 30, 2024	<b><u>\$ 17,433</u></b>
Balance of January 1, 2023	\$ 56,934
Depreciation	11,096
Effect of changes in exchange rates	(176)
Balance of June 30, 2023	<b><u>\$ 67,854</u></b>
Carrying amounts:	
June 30, 2024	<b><u>\$ 83,802</u></b>
January 1, 2024	<b><u>\$ 30,426</u></b>
June 30, 2023	<b><u>\$ 33,284</u></b>

## 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	47
Balance of June 30, 2024	<u><u>\$ 37,843</u></u>
Balance of January 1, 2023	\$ 25,319
Acquisition during the period	135
Effect of changes in exchange rates	(42)
Balance of June 30, 2023	<u><u>\$ 25,412</u></u>
Accumulated amortization:	
Balance of January 1, 2024	\$ 22,996
Amortization during the period	2,590
Effect of changes in exchange rates	42
Balance of June 30, 2024	<u><u>\$ 25,628</u></u>
Balance of January 1, 2023	\$ 19,307
Amortization during the period	1,847
Effect of changes in exchange rates	(35)
Balance of June 30, 2023	<u><u>\$ 21,119</u></u>
Carrying amounts:	
Balance of June 30, 2024	<u><u>\$ 12,215</u></u>
Balance of January 1, 2024	<u><u>\$ 6,321</u></u>
Balance of June 30, 2023	<u><u>\$ 4,293</u></u>

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating costs	\$ 104	191	232	382
Operating expenses	1,491	734	2,358	1,465
	<u><u>\$ 1,595</u></u>	<u><u>925</u></u>	<u><u>2,590</u></u>	<u><u>1,847</u></u>

(10) Short-term borrowings

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Unsecured borrowings	<u><u>\$ 11,205</u></u>	<u><u>-</u></u>	<u><u>9,144</u></u>
Unused balance	<u><u>\$ 908,795</u></u>	<u><u>920,000</u></u>	<u><u>910,856</u></u>
Interest rate range	<u><u>6.32%~6.35%</u></u>	<u><u>-</u></u>	<u><u>5.87%~5.95%</u></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:

	June 30, 2024	December 31, 2023	June 30, 2023
Current:			
Related parties	\$ 7,846	4,681	4,653
Non-related parties	\$ 18,150	7,887	13,547
Non-current:			
Related parties	\$ 24,956	11,952	14,300
Non-related parties	\$ 32,688	5,360	181

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 June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest expenses on lease liabilities	\$ 423	116	518	249
Short-term lease payments	\$ 430	886	1,000	1,703

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

	For the six months ended June 30,	
	2024	2023
Total cash outflows from leases	\$ 13,327	12,965

#### 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Provision for warranty	\$ 241	182	891

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 June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Operating costs	\$ 6	9	12	17
Operating expenses	2	2	4	5
	<u>\$ 8</u>	<u>11</u>	<u>16</u>	<u>22</u>

2. Defined contribution plans

Expenses recognized in profit or loss:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Operating costs	\$ 2,234	2,115	4,615	4,434
Operating expenses	1,587	1,426	3,128	2,918
	<u>\$ 3,821</u>	<u>3,541</u>	<u>7,743</u>	<u>7,352</u>

(14) Income taxes

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Current income tax expense	<u>\$ 1,688</u>	<u>2,582</u>	<u>5,636</u>	<u>9,929</u>

2. There was no income tax expense recognized directly in equity or other comprehensive income for the six months ended June 30, 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 June 30, 2024, December 31, 2023 and June 30, 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)

	<b>Ordinary shares</b>	
	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Number of shares at the end of June 30 (beginning of January 1)	<u>\$ 46,875</u>	<u>46,875</u>

#### 2. Capital surplus

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
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
	<u>\$ 690,174</u>	<u>690,174</u>	<u>690,174</u>

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\$)	Amount	Dividends per share (NT\$)	Amount
Dividends distributed to ordinary shareholders:				
Cash dividend	\$ 3.60	<u>168,751</u>	5.00	<u>234,377</u>

The above information is available on the website MOPS.

### 4. Treasury stock

During the period from July to August 2022, 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 June 30, 2024, December 31, 2023 and June 30, 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	936	-	936
Unrealized valuation gain on financial assets at fair value through other comprehensive income	-	15,226	15,226
June 30, 2024	<u>\$ 9</u>	<u>78,653</u>	<u>78,662</u>
January 1, 2023	\$ (886)	(9,114)	(10,000)
Exchange differences arising from the translation of net assets of foreign operating institutions	(190)	-	(190)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	-	50,340	50,340
June 30, 2023	<u>\$ (1,076)</u>	<u>41,226</u>	<u>40,150</u>

## (16) Earnings per share

### 1. Basic earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Net income attributable to equity holders of the Company's ordinary shares	<u>\$ 21,920</u>	<u>51,951</u>	<u>47,009</u>	<u>93,583</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>46,875</u>	<u>46,875</u>	<u>46,875</u>	<u>46,875</u>
Basic earnings per share (NT\$)	<u>\$ 0.47</u>	<u>1.11</u>	<u>1.00</u>	<u>2.00</u>



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

### 2. Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Net income attributable to equity holders of the Company's ordinary shares	<u>\$ 21,920</u>	<u>51,951</u>	<u>47,009</u>	<u>93,583</u>
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	46,875	46,875	46,875	46,875
Effect of dilutive potential ordinary shares (in thousands):				
Effect of employee compensation	<u>72</u>	<u>134</u>	<u>159</u>	<u>365</u>
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	<u>46,947</u>	<u>47,009</u>	<u>47,034</u>	<u>47,240</u>
Diluted earnings per share (NT\$)	<u>\$ 0.47</u>	<u>1.11</u>	<u>1.00</u>	<u>1.98</u>

### (17) Revenue from customer contracts

#### 1. Breakdown of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Major regional markets:				
Taiwan	\$ 128,086	126,202	263,916	244,373
Mainland China	71,709	93,110	146,418	173,677
The U.S.	58,101	91,544	108,278	160,592
Others	<u>50,354</u>	<u>50,718</u>	<u>94,272</u>	<u>93,068</u>
	<u>\$ 308,250</u>	<u>361,574</u>	<u>612,884</u>	<u>671,710</u>
Major products and services:				
Electronic ceramic components	\$ 191,535	232,470	373,106	426,263
Module and system products	86,116	101,402	176,736	188,206
Other electronic parts and components	<u>30,599</u>	<u>27,702</u>	<u>63,042</u>	<u>57,241</u>
	<u>\$ 308,250</u>	<u>361,574</u>	<u>612,884</u>	<u>671,710</u>

#### 2. Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Notes and accounts receivable (including related parties)	\$ 311,786	278,286	323,509
Less: Allowance for losses	<u>(2,008)</u>	<u>(5,072)</u>	<u>(3,067)</u>
	<u>\$ 309,778</u>	<u>273,214</u>	<u>320,442</u>
	June 30, 2024	December 31, 2023	June 30, 2023
Contractual liabilities (included in other current liabilities)	<u>\$ 6,221</u>	<u>4,228</u>	<u>7,242</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 six months ended June 30, 2024 and 2023 that were included in the balances of contract liabilities on January 1, 2024 and 2023, were NT\$3,359 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 June 30, 2024, 2023 and For the six months ended June 30, 2024 and 2023, the Company estimated its remuneration to employees amounting to NT\$2,646 thousand, NT\$6,110 thousand, NT\$5,899 thousand and NT\$11,598 thousand, respectively; the remuneration to directors amounting to NT\$198 thousand, NT\$458 thousand, NT\$442 thousand and NT\$870 thousand, respectively., 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 June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 1,705	2,184	2,640	3,233

2. Other income

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Subsidy income	\$ -	443	-	510
Other income-others	331	344	678	618
	\$ 331	787	678	1,128

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

### 3. Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Net foreign currency exchange gains(loss)	\$ (1,006)	3,710	9,954	1,864
Net gains (loss) on financial instruments at fair value through profit or loss	1,701	(3,431)	(6,544)	(3,065)
Loss on disposal of property, plant and equipment	-	(61)	-	(61)
Others	-	(1)	(61)	(569)
	<u>\$ 695</u>	<u>217</u>	<u>3,349</u>	<u>(1,831)</u>

### 4. Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest expenses on bank loans	\$ (73)	(982)	(73)	(1,682)
Interest expenses on lease liabilities	(423)	(116)	(518)	(249)
	<u>\$ (496)</u>	<u>(1,098)</u>	<u>(591)</u>	<u>(1,931)</u>

### (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. Types of financial instruments

##### (1) Financial assets

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at fair value through profit or loss:			
Mandatory financial assets at fair value through profit or loss - current:	\$ -	3,945	-
Financial assets at fair value through other comprehensive income-current	359,127	248,390	226,189
Financial assets measured at amortized cost:			
Cash and cash equivalents	531,031	382,556	481,209
Notes and accounts receivable (including related parties)	309,778	273,214	320,442
Financial assets measured at amortized cost - current	600	215,600	216,100
Refundable deposits	6,888	5,205	4,595
Subtotal	848,297	876,575	1,022,346
Total	<u>\$ 1,207,424</u>	<u>1,128,910</u>	<u>1,248,535</u>

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

### (2) Financial liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Financial liabilities at fair value through profit or loss	\$ 2,612	13	3,673
Financial liabilities measured at amortized cost:			
Short-term borrowings	11,205	-	9,144
Notes and accounts payable and other payables (including related parties)	234,599	303,777	315,048
Dividends payable	168,751	-	234,377
Lease liabilities (including current and non-current) (including related parties)	83,640	29,880	32,681
Subtotal	498,195	333,657	591,250
Total	<u>\$ 500,807</u>	<u>333,670</u>	<u>594,923</u>

### 2. 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 June 30, 2024, December 31, 2023 and June 30, 2023, the Group had unused borrowing facilities of NT\$908,795 thousand, NT\$920,000 thousand and NT\$910,856 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
<b>June 30, 2024</b>				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 11,413	11,413	-	-
Notes and accounts payable and other payables (including related parties)	234,599	234,599	-	-
Dividends payable	168,751	168,751	-	-
Lease liabilities (including current and non-current) (including related parties)	88,403	28,029	28,187	32,187
	<u>\$ 503,166</u>	<u>442,792</u>	<u>28,187</u>	<u>32,187</u>
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflows	\$ 157,338	157,338	-	-
Inflows	(154,726)	(154,726)	-	-
	<u>\$ 2,612</u>	<u>2,612</u>	-	-

## 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
<b>December 31, 2023</b>				
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
	<b>\$ 334,231</b>	<b>316,647</b>	<b>7,794</b>	<b>9,790</b>
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflows	\$ 160,487	160,487	-	-
Inflows	(164,419)	(164,419)	-	-
	<b>\$ (3,932)</b>	<b>(3,932)</b>	-	-
<b>June 30, 2023</b>				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 9,373	9,373	-	-
Notes and accounts payable and other payables (including related parties)	315,048	315,048	-	-
Dividends payable	234,377	234,377	-	-
Lease liabilities (including current and non-current) (including related parties)	33,236	18,489	5,003	9,744
	<b>\$ 592,034</b>	<b>577,287</b>	<b>5,003</b>	<b>9,744</b>
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflows	\$ 223,907	223,907	-	-
Inflows	(220,234)	(220,234)	-	-
	<b>\$ 3,673</b>	<b>3,673</b>	-	-

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.

### 3. 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)**

<b>June 30, 2024</b>					
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NT\$</b>	<b>Change in exchange rate</b>	<b>Impact of profit or loss (before tax)</b>
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	7,997	32.450	1%	2,595
RMB		6,835	4.4658	1%	305
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		818	32.450	1%	265
RMB		255	4.4658	1%	11
<b>December 31, 2023</b>					
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NT\$</b>	<b>Change in exchange rate</b>	<b>Impact of profit or loss (before tax)</b>
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	8,049	30.750	1%	2,475
RMB		7,397	4.3364	1%	321
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		459	30.750	1%	141
RMB		143	4.3364	1%	6
<b>June 30, 2023</b>					
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NT\$</b>	<b>Change in exchange rate</b>	<b>Impact of profit or loss (before tax)</b>
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	10,387	31.100	1%	3,230
RMB		6,074	4.2897	1%	261
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		574	31.100	1%	179
RMB		229	4.2897	1%	10

(2) Exchange gains and losses on monetary items

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

	<b>June 30, 2024</b>		<b>June 30, 2023</b>	
	<b>Unrealized exchange profits (losses)</b>	<b>Exchange rate</b>	<b>Unrealized exchange profits (losses)</b>	<b>Exchange rate</b>
<u>Financial assets</u>				
USD:NTD	\$	2,626	32.450	4,429
RMB:NTD		314	4.4658	(582)
<u>Financial liabilities</u>				
USD:NTD		(195)	32.450	(438)
RMB:NTD		3	4.4658	33

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

### 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:

- 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).

unobservable parameters).

	June 30, 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	\$ 359,127	359,127	-	-	359,127
Financial liabilities at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	\$ 2,612	-	2,612	-	2,612
	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

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

	June 30, 2023				
	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	\$ 226,189	226,189	-	-	226,189
Financial liabilities at fair value through profit or loss - current:					
Derivative financial instruments - forward foreign exchange contracts	\$ 3,673	-	3,673	-	3,673

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 six months ended June 30, 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

- For the Group's acquisition of right-of-use asset through leases, please refer to Note 6(8) for details.
- The reconciliation of liabilities from financing activities is as follows:

	January 1, 2024	Cash flow	Changes in non-cash		June 30, 2024
			Increase in lease liabilities	Change in exchange rate	
Short-term borrowings	\$ -	11,205	-	-	11,205
Lease liabilities (including related parties)	29,880	(11,809)	65,310	259	83,640
Total liabilities from financing activities	\$ 29,880	(604)	65,310	259	94,845

	January 1, 2023	Cash flow	Changes in non-cash		June 30, 2023
			Increase in lease liabilities	Change in exchange rate	
Short-term borrowings	\$ 86,720	(77,576)	-	-	9,144
Lease liabilities (including related parties)	43,107	(11,013)	627	(40)	32,681
Total liabilities from financing activities	\$ 129,827	(88,589)	627	(40)	41,825



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

### 3. Investing activities with only partial cash payments:

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Acquisition of property, plant and equipment	\$ 11,174	23,161
Add: Payable for equipment at the beginning of the period	2,216	15,851
Less: Payable for equipment at the end of the period	(1,771)	(9,391)
Add: Prepayments for equipment at the end of the period	27,294	24,305
Less: Prepayments for equipment at the beginning of the period	(12,836)	(13,753)
Add: Reclassified from prepaid equipment	2,901	3,753
Cash paid during the period	<b><u>\$ 28,978</u></b>	<b><u>43,926</u></b>

### 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:

<b>Name of related parties</b>	<b>Relationship with the Group</b>
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
Darfon Vietnam Co., Ltd. (DFV)	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
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
ALPHA NETWORKS (Hong Kong) Limited (Alpha HK)	A subsidiary of Qisda

#### (3) Significant transactions with related parties

##### 1. Net revenue

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Parent company	\$ -	29	-	151
Other related parties	12,457	8,997	26,569	20,369
	<b><u>\$ 12,457</u></b>	<b><u>9,026</u></b>	<b><u>26,569</u></b>	<b><u>20,520</u></b>

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.

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

### 2. Purchase

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Parent company	\$ 79	10	108	13

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\$45 thousand, NT\$59 thousand, NT\$94 thousand and NT\$122 thousand, For the three months and the six months ended June 30 2024 and 2023, and had a lease liability of NT\$14,300 thousand, NT\$16,633 thousand and NT\$18,953 thousand on June 30, 2024, December 31, 2023 and June 30, 2023.

The Group leases its plant from its other related party DFV at a rent that is based on the rental rate in the neighboring areas and is paid monthly. In May 2024, the Group entered into a lease agreement with DFV and recognized a right-of-use asset and a lease liability of NT\$18,973 thousand. For the periods from April 1 to June 30, 2024, and from January 1 to June 30, 2024, the Group recognized interest expenses of NT\$201 thousand and NT\$201 thousand, respectively, and had a lease liability of NT\$18,502 thousand on June 30, 2024.

### 4. 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 June 30,		For the six months ended June 30,	
Item	Type of related parties	2024	2023	2024	2023
Operating costs	Parent company	\$ 2,400	2,282	4,152	3,636
Operating expenses	Parent company	2,150	88	4,382	98
Operating expenses	Other related parties	-	-	10	-
		<u>\$ 4,550</u>	<u>2,370</u>	<u>8,544</u>	<u>3,734</u>

### 5. Amounts due from related parties

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

Item	Type of related parties	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	Parent company			
- related parties		\$ -	7	158
Accounts receivable	Other related parties			
- related parties		14,365	8,107	14,258
		<u>\$ 14,365</u>	<u>8,114</u>	<u>14,416</u>

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

6. Amounts due to related parties

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

Item	Type of related parties	June 30, 2024	December 31, 2023	June 30, 2023
Accounts payable - related parties	Parent company	\$ 83	17	13
Other payables - related parties	Parent company	7,921	6,006	3,953
		<u>\$ 8,004</u>	<u>6,023</u>	<u>3,966</u>

(4) Key management compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 10,652	9,927	22,570	26,902
Post-employment benefits	79	106	158	211
	<u>\$ 10,731</u>	<u>10,033</u>	<u>22,728</u>	<u>27,113</u>

8. Pledged assets

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

Name of assets	Subject of pledge	June 30, 2024	December 31, 2023	June 30, 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 nature	By function		For the three months ended June 30,			
			2024		2023	
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	53,161	40,035	93,196	59,377	47,405	106,782
Labor and health insurance expenses	5,626	3,367	8,993	5,201	3,123	8,324
Pension expenses	2,240	1,589	3,829	2,124	1,428	3,552
Other employee benefit expenses	3,492	1,450	4,942	3,053	1,169	4,222
Depreciation expenses	24,611	7,701	32,312	24,063	6,674	30,737
Amortization expenses	104	1,491	1,595	191	734	925

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

By function  By nature	For the six months ended June 30,					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	94,764	76,647	171,411	105,278	74,834	180,112
Labor and health insurance expenses	11,638	7,973	19,611	10,787	7,833	18,620
Pension expenses	4,627	3,132	7,759	4,451	2,923	7,374
Other employee benefit expenses	7,191	2,854	10,045	6,220	2,489	8,709
Depreciation expenses	49,231	14,784	64,015	48,567	12,902	61,469
Amortization expenses	232	2,358	2,590	382	1,465	1,847

- (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 six months ended June 30, 2024 is as follows:

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

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	109,824	0.15%	109,824	-
The Company	Darfon shares	The Group's parent company	Financial assets at fair value through other comprehensive income - current:	2,050	141,245	0.73%	141,245	-
The Company	United Microelectronics Corporation shares	-	Financial assets at fair value through other comprehensive income - current:	1,940	108,058	0.02%	108,058	-

- Cumulative purchases or sales of securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- Acquisition of properties amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- Disposal of properties amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

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

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 (Shenzhen) Co., LTD.	1	Sales	8,837	150-day monthly settlement	1.44%
0	The Company	Unictron Technologies (Shenzhen) Co., LTD.	1	Accounts receivable	13,694	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 investees:

Information on the Company's re-investees for the six months ended June 30, 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%	23,256	(2,494)	(2,494)	Subsidiary of the Company
The Company	Unictron Technologies Vietnam Co., Ltd. (UTV)	Vietnam	Manufacturing and sales of antennas for wireless communications	80,908 (USD2,500)	-	-	100.00%	80,261	(863)	(863)	Subsidiary of the Company

### (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 (Shenzhen) Co., LTD.	Design and marketing of antenna and modules for wireless communication	47,766 (USD1,472)	(Note 1)	47,766 (USD1,472)	-	-	47,766 (USD1,472)	(2,498)	100.00 %	(2,498) (Note 2)	22,626	-

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 NTS were translated into NTS at the closing exchange rate of 32.45 on June 30, 2024.

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

### 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	47,766 (USD1,472)	47,766 (USD1,472)	971,258

### 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 (Shenzhen) Co., LTD.	Subsidiary indirectly controlled by the Company	Sales	8,837	Price negotiated between both parties	150-day monthly settlement	(Note 1)	13,694	4.49%	636
		Purchase	781	Price negotiated between both parties	90-day monthly settlement	No significant difference from general transactions	681	0.72%	-

(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) Information on major shareholders

Names of major shareholders	Unit: shares	
	Shares	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 six months ended June 30, 2024 and 2023.