

# Wendell Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements for t the Three Months Ended March 31, 2024  
and 2023 and  
Independent Auditors' Review Report  
(Stock code: 6761)

Address: 6F.-1, No. 188, Baoqiao Rd., Xindian Dist., New Taipei City  
Tel: (02)2917-5770

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

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Consolidated Financial Statements for the Three Months Ended March 31, 2024 and 2023 and  
Independent Auditors' Review Report

CONTENT

Item	Page
I. Cover	1
II. Content	2-3
III. Independent Auditors' Report	4-5
IV. Consolidated Balance Sheet	6-7
V. Consolidated Statement of Comprehensive Income	8
VI. Consolidated Statement of Changes in Equity	9
VII. Consolidated Statement of Cash Flows	10
VIII. Notes to Consolidated Financial Statements	11-39
1. Company History	11
2. Date and Procedure of Adoption of Financial Statements	11
3. Application of New and Amended Standards and Interpretations	11-12
4. Summary of Significant Accounting Policies	12-14
5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions	14
6. Explanations of Significant Accounting Items	14-31
7. Related Party Transactions	31
8. Pledged Assets	31
9. Significant Contingent Liabilities and Unrecognized Contract Commitments	31

	Item	Page
10.	Significant Disaster Loss	31
11.	Significant Events after the Balance Sheet Date	31
12.	Others	32-37
13.	Supplementary Disclosures	38
14.	Segment Information	39

## Independent Auditors' Review Report

(113) Cai-Sheng-Bao-Tzu No. 23007009

Wendell Industrial Co., Ltd.:

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Wendell Industrial Co., Ltd. and its subsidiaries (the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "the consolidated financial statements"). It is the management's responsibility to prepare fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting recognized and effectively released by the Financial Supervisory Commission. Our responsibilities is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope**

Except those mentioned in the section of basis of reserved conclusion, we executed the review of the consolidated financial statements in accordance with the TWSRE2410 "Review of Financial Information Performed by the Independence Auditor of the Entity. The procedures performed for reviewing the consolidated financial statements included inquiries (mainly directed to persons in charge of finance and accounting), analytical procedures, and other review procedures. The scope of the review work is significantly less than that of the audit work. Therefore, we may not be able to detect all material matters that could be identified in the audit work, leading to our failure to express an audit opinion.

### **Basis of Reserved Conclusion**

As mentioned in Note 4 (3) to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the preceding consolidated financial statements in the same period haven't been reviewed by the CPAs. The total assets of such subsidiaries amounted to NT\$ 277,030,000 and NT\$ 233,342,000 as of March 31, 2024 and 2023 respectively, accounting for 12% of the total consolidated assets, while the total liabilities amounted to NT\$ 47,853,000 and NT\$ 45,423,000, accounting for 5% of the total consolidated liabilities; the total comprehensive income in the quarters ended March 31, 2024 and 2023 amounted to NT\$ 2,552,000 and (NT\$ 3,240,000) respectively, accounting for 6% and (15%) of the total consolidated income.

### **Reserved Conclusions**

Based on our review results, except the potential impact on the consolidated financial statements due to the fact that the financial statements of some non-significant subsidiaries mentioned in the section of basis of reserved conclusion above that haven't been reviewed by the CPAs, we haven't found that the preceding consolidated financial statements haven't been prepared in

accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting recognized and effectively released by the Financial Supervisory Commission, to result in the failure to fairly present Wendell Group's consolidated financial position as of March 31, 2024 and 2023 as well as the consolidated financial performance and consolidated cash flows in the quarters ended March 31, 2024 and 2023.

PricewaterhouseCoopers Taiwan

CPA: CHEN, CHIN-CHANG  
CHIU, CHAO-HSIEN

Financial Supervisory Commission  
Auditing and Attestation No.:

FSC (Sheng) No. 1060025060

FSC (Sheng) No. 1020049451

May 9, 2024

Wendell Industrial Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
March 31, 2024, December 31, 2023 and March 31, 2023

Unit: In Thousands of New Taiwan Dollars

Code	Assets	Note	March 31, 2024		December 31, 2023		March 31, 2023	
			Amount	%	Amount	%	Amount	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 663,295	29	\$ 478,129	24	\$ 448,482	23
1110	Current financial assets at fair value through profit or loss	6(2)	125,833	6	77,471	4	22,890	1
1136	Financial assets at amortized cost	6(3), 8	2,000	-	2,000	-	4,540	-
1150	Notes receivable	6(4)	47,426	2	39,510	2	39,701	2
1170	Accounts receivable	6(4)	624,628	28	559,593	29	500,946	26
130X	Inventories	6(5)	281,329	12	336,500	17	469,900	25
1470	Other current assets		25,580	1	19,066	1	31,862	2
11XX	<b>Total current assets</b>		<u>1,770,091</u>	<u>78</u>	<u>1,512,269</u>	<u>77</u>	<u>1,518,321</u>	<u>79</u>
<b>Non-current assets</b>								
1600	Property, plant and equipment	6(6)	388,644	17	347,206	18	313,815	16
1755	Right-of-use assets	6(7)	70,140	3	58,053	3	69,301	3
1840	Deferred tax assets		15,766	1	18,185	1	12,305	1
1900	Other non-current assets		21,449	1	18,880	1	14,725	1
15XX	<b>Total non-current assets</b>		<u>495,999</u>	<u>22</u>	<u>442,324</u>	<u>23</u>	<u>410,146</u>	<u>21</u>
1XXX	<b>Total assets</b>		<u>\$ 2,266,090</u>	<u>100</u>	<u>\$ 1,954,593</u>	<u>100</u>	<u>\$ 1,928,467</u>	<u>100</u>

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**Wendell Industrial Co., Ltd. and Subsidiaries**  
**Consolidated Balance Sheets**  
**March 31, 2024, December 31, 2023 and March 31, 2023**

Unit: In Thousands of New Taiwan Dollars

Code	Liabilities and Equity	Note	March 31, 2024		December 31, 2023		March 31, 2023	
			Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>								
2100	Short-term loans	6(8)	\$ 174,837	8	\$ 217,191	11	\$ 137,181	7
2120	Financial liabilities at fair value through profit or loss	6(2)	1,158	-	840	-	440	-
2130	Current contract liabilities	6(16)	6,058	-	7,212	-	5,246	-
2170	Accounts payable		187,682	8	155,161	8	189,036	10
2200	Other accounts payable	6(9)	58,900	3	76,301	4	39,377	2
2230	Current tax liabilities		42,097	2	36,067	2	43,583	2
2280	Current lease liabilities (Note 13)	6(7)	33,934	2	29,507	2	34,535	2
2320	Long-term liabilities - current portion	6(10)	390,937	17	389,078	20	-	-
2399	Other current liabilities - other		3,874	-	2,666	-	2,862	-
21XX	<b>Total current liabilities</b>		<u>899,477</u>	<u>40</u>	<u>914,023</u>	<u>47</u>	<u>452,260</u>	<u>23</u>
<b>Non-current liabilities</b>								
2530	Bonds payable	6(10)	-	-	-	-	383,554	20
2570	Deferred tax liabilities		14,909	1	13,508	1	12,303	1
2580	Non-current lease liabilities	6(7)	36,955	1	29,476	1	36,083	2
2600	Other non-current liabilities		3,907	-	3,907	-	7,104	-
25XX	<b>Total non-current liabilities</b>		<u>55,771</u>	<u>2</u>	<u>46,891</u>	<u>2</u>	<u>439,044</u>	<u>23</u>
2XXX	<b>Total liabilities</b>		<u>955,248</u>	<u>42</u>	<u>960,914</u>	<u>49</u>	<u>891,304</u>	<u>46</u>
<b>Equity</b>								
<b>Equity attributed to owners of parent</b>								
Share								
3110	Ordinary share	6(13)	301,049	13	251,049	13	239,085	13
3130	Certificates of bond-to-stock conversion		-	-	-	-	10	-
Capital surplus								
3200	Capital surplus	6(14)	552,486	24	326,681	17	326,681	17
Retained earnings								
3310	Legal reserve	6(15)	83,425	4	83,425	4	63,986	3
3320	Special reserve		-	-	-	-	4,196	-
3350	Unappropriated retained earnings		375,000	17	334,846	17	405,122	21
Other equity								
3400	Other equity		( 1,118)	-	( 2,322)	-	( 1,917)	-
3XXX	<b>Total equity</b>		<u>1,310,842</u>	<u>58</u>	<u>993,679</u>	<u>51</u>	<u>1,037,163</u>	<u>54</u>
Significant contingent liabilities and unrecognized contract commitments								
3X2X	<b>Total liabilities and equity</b>	9	<u>\$ 2,266,090</u>	<u>100</u>	<u>\$ 1,954,593</u>	<u>100</u>	<u>\$1,928,467</u>	<u>100</u>

The accompanying notes constitute part of the consolidated financial statements.

**Wendell Industrial Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the quarters ended March 31, 2024 and 2023**

Unit: In Thousands of New Taiwan Dollars,  
except for EPS in New Taiwan Dollars

Item	Note	2024.1.1~3.31		2023.1.1~3.31	
		Amount	%	Amount	%
4000 Operating revenue	6(16)	\$ 494,302	100	\$ 433,817	100
5000 Operating costs	6(5)(19)	( 346,493)	( 70)	( 313,860)	( 72)
5900 Gross profit (loss) from operations		147,809	30	119,957	28
Operating expenses	6(19)				
6100 Selling expenses		( 45,830)	( 9)	( 34,069)	( 8)
6200 Administrative expenses		( 62,597)	( 13)	( 48,910)	( 11)
6300 Research and development expenses		( 5,348)	( 1)	( 2,983)	( 1)
6450 Impairment loss determined in accordance with IFRS 9	6(4)	480	-	356	-
6000 Total operating expenses		( 113,295)	( 23)	( 85,606)	( 20)
6900 Net operating income		34,514	7	34,351	8
Non-operating income and expenses					
7100 Interest income		2,659	1	1,050	-
7010 Other income		903	-	1,694	-
7020 Other gains and losses	6(17)	16,163	3	( 1,941)	-
7050 Finance costs	6(18)	( 3,547)	( 1)	( 3,737)	( 1)
7000 Total non-operating income and expenses		16,178	3	( 2,934)	( 1)
7900 <b>Profit from continuing operations before tax</b>		50,692	10	31,417	7
7950 Tax expense	6(20)	( 10,538)	( 2)	( 6,678)	( 1)
8200 <b>Profit (loss)</b>		\$ 40,154	8	\$ 24,739	6
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
8361 Exchange differences on translation of financial statements of overseas operations		\$ 1,204	-	(\$ 2,922)	( 1)
8300 <b>Other comprehensive income (net)</b>		\$ 1,204	-	(\$ 2,922)	( 1)
8500 <b>Total comprehensive income</b>		\$ 41,358	8	\$ 21,817	5
Profit attributable to:					
8610 Owners of parent		\$ 40,154	8	\$ 24,739	6
Comprehensive income attributable to:					
8710 Owners of parent		\$ 41,358	8	\$ 21,817	5
Earnings per share	6(21)				
9750 Total basic earnings per share		\$	1.49	\$	0.99
9850 Total diluted earnings per share		\$	1.29	\$	0.87

The accompanying notes constitute part of the consolidated financial statements.

Wendell Industrial Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the quarters ended March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	Equity attributed to owners of parent							Exchange differences on translation of financial statements of overseas operations	Total
	Share			Retained earnings					
	Note	Ordinary share	Certificates of bond-to- stock conversion	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>2023</u>									
Balance at January 1		\$ 239,085	\$ -	\$ 326,595	\$ 63,986	\$ 4,196	\$ 380,383	\$ 1,005	\$ 1,015,250
Net profit in the current period		-	-	-	-	-	24,739	-	24,739
Other comprehensive income in the current period		-	-	-	-	-	-	( 2,922)	( 2,922)
Total comprehensive income in the current period		-	-	-	-	-	24,739	( 2,922)	21,817
Conversion of convertible corporate bonds	6(10)(14)	-	10	86	-	-	-	-	96
Balance at March 31		<u>\$ 239,085</u>	<u>\$ 10</u>	<u>\$ 326,681</u>	<u>\$ 63,986</u>	<u>\$ 4,196</u>	<u>\$ 405,122</u>	<u>(\$ 1,917)</u>	<u>\$ 1,037,163</u>
<u>2024</u>									
Balance at January 1		\$ 251,049	\$ -	\$ 326,681	\$ 83,425	\$ -	\$ 334,846	(\$ 2,322)	\$ 993,679
Net profit in the current period		-	-	-	-	-	40,154	-	40,154
Other comprehensive income in the current period		-	-	-	-	-	-	1,204	1,204
Total comprehensive income in the current period		-	-	-	-	-	40,154	1,204	41,358
Capital increase by cash	6(13)(14)	50,000	-	212,500	-	-	-	-	262,500
Share-based payment	6(12)(14)	-	-	13,305	-	-	-	-	13,305
Balance at March 31		<u>\$ 301,049</u>	<u>\$ -</u>	<u>\$ 552,486</u>	<u>\$ 83,425</u>	<u>\$ -</u>	<u>\$ 375,000</u>	<u>(\$ 1,118)</u>	<u>\$ 1,310,842</u>

The accompanying notes constitute part of the consolidated financial statements.

Wendell Industrial Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the quarters ended March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	Note	2024.1.1~3.31	2023.1.1~3.31
<u>Cash flows from operating activities, indirect method</u>			
Profit before tax		\$ 50,692	\$ 31,417
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(19)	15,144	16,095
Amortization expense	6(19)	300	238
Expected credit loss	6(4)	( 480)	( 356)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(17)	3,022	( 969)
Interest income		( 2,659)	( 1,050)
Interest expense	6(18)	3,547	3,737
Gains on lease modification	6(17)	( 8)	-
Share-based payment	6(12)	13,305	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss		( 47,128)	( 22,748)
Notes receivable		( 7,920)	( 9,589)
Accounts receivable		( 64,550)	28,007
Inventories		55,171	33,996
Other current assets		( 5,429)	( 4,033)
Other non-current assets		17	( 753)
Changes in operating liabilities			
Contract liabilities - current		( 1,154)	( 2,236)
Accounts payable		32,521	( 21,050)
Other accounts payable		( 10,665)	( 26,026)
Other current liabilities - other		1,208	( 606)
Net defined benefit liability		-	796
Cash generated from operations		34,934	24,870
Interest collected		1,574	1,050
Interest paid		( 1,688)	( 1,912)
Income tax paid		( 1,160)	( 150)
Net cash generated from operating activities		33,660	23,858
<u>Cash flows from investing activities</u>			
Financial assets measured at amortized cost - Decrease in current assets		-	44,334
Acquisition of property, plant and equipment	6(22)	( 56,033)	( 1,918)
Acquisition of intangible assets		( 63)	( 2,670)
Decrease (increase) in refundable deposits		( 182)	( 2)
Net cash from (used in) investing activities		( 56,278)	39,744
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans	6(23)	( 42,354)	22,875
Payments of lease liabilities	6(23)	( 8,732)	( 8,763)
Capital increase by cash	6(13)	262,500	-
Net cash generated from financing activities		211,414	14,112
Effect of exchange rate changes		( 3,630)	( 3,153)
Net increase in cash and cash equivalents		185,166	74,561
Cash and cash equivalents at beginning of period		478,129	373,921
Cash and cash equivalents at end of period		\$ 663,295	\$ 448,482

The accompanying notes constitute part of the consolidated financial statements.

Wendell Industrial Co., Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements  
For the quarters ended March 31, 2024 and 2023

Amount in Thousands of New Taiwan Dollars  
(Unless Otherwise Specified)

1. Company History

Wendell Industrial Co., Ltd. (hereinafter referred to as the “Company”) was incorporated on June 1979. The stock of the Company was approved for public offering in September 2019, and initially traded at Taipei Exchange since November 8, 2021. The Company and its subsidiaries (hereinafter referred to as “the Group”) is mainly engaged in the import and export trade business, sales of electronic and electromechanical materials like capacitors, resistors and inductors, and relevant services and certification regarding electromagnetic compatibility.

2. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 9, 2024.

3. Application of New and Amended Standards and Interpretations

(1) Impact of the adoption of new and amended International Financial Reporting Standards (IFRSs) recognized, released and enforced by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 “Lease liabilities under leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

The Group confirmed through evaluation that the aforesaid standards and interpretations didn’t have a significant impact on its financial position and financial performance.

(2) Standards or interpretations issued, revised or amended, by IASB which are endorsed by FSC, but not yet adopted by the Group

None.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC are

listed below:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendments to IFRS 18 "Presentation and Disclosure of Financial Statements"	January 1, 2027
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Group confirmed through evaluation that the aforesaid standards and interpretations didn't have a significant impact on its financial position and financial performance.

#### 4. Summary of Significant Accounting Policies

Apartment from the statement of compliance, basis of preparation, basis of consolidation, and some additional descriptions, the significant accounting policies are same as Note IV to the consolidated financial statements of 2023. Unless otherwise specified, such policies should be consistently applied in all reporting periods.

##### (1) Statement of Compliance

- A. The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Accounting Standards 34 (hereinafter referred to as "IAS") "Interim Financial Reporting".
- B. These consolidated financial statements should be read together with the consolidated financial statements for the year 2023.

##### (2) Basis of Preparation

- A. The consolidated financial statements were prepared at historical cost except the following important items:
  - (A) Financial assets and liabilities measured at fair value through profit or loss
  - (B) Defined benefit liabilities recognized at the net present value of retirement fund assets after deduction of defined benefit obligations.
- B. Some significant accounting estimates shall be used to prepare financial statements that comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed (hereinafter referred to as "IFRSs"). In the application of the Group's accounting policies, the management is required to apply its judgment. For highly judgmental or complicated items, or items involving the significant assumptions and estimates of the consolidated financial statements, please see Note 5 for details.

### (3) Basis of Consolidation

#### A. Preparation principle of consolidated financial statements

The preparation principle of these consolidated financial statements was same as that adopted for the consolidated financial statements for the year 2023.

#### B. The subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Main Business	Percentage of Ownership (%)			Illustrate
			2024.3.31	2023.12.31	2023.3.31	
Wendell Industrial Co., Ltd. (Wendell Industrial)	Wendell Co., Ltd.	Sales of electronic parts	100%	100%	100%	Note
Wendell Industrial	Wendell Pte. Ltd. (Wendell Pte)	Sales of electronic parts	100%	100%	100%	Note
Wendell Industrial	Wendell Korea Co., Ltd. (Wendell Korea)	Sales of electronic parts	100%	100%	100%	Note
Wendell Industrial	Nichtek Industrial Co., Limited (Nichtek)	Controlling company of investee	100%	100%	100%	
Wendell Industrial	Wendell Electrical Testing Co., Ltd. (Wendell Electrical Testing)	Testing and safety certification services	100%	100%	100%	Note
Nichtek	Shenzhen Qianhong Electronic Co., Ltd. (Shenzhen Qianhong)	Sales of electronic parts	100%	100%	100%	
Shenzhen Qianhong	Suzhou Lianhong Electronic Co., Ltd. (Suzhou Lianhong)	Sales of electronic parts	100%	100%	100%	
Shenzhen Qianhong	Shenzhen Qianhong Electrical Testing Co., Ltd. (Qianhong Electrical Testing)	Testing and certification services	100%	100%	100%	Note

Note: The financial statements as of March 31, 2024 and 2023 were not reviewed by the CPAs since these companies didn't comply with the definition of significant subsidiaries.

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

#### D. Different adjustments and handling methods of subsidiaries in the accounting period: None.

#### E. Significant restrictions: None.

#### F. Subsidiaries of non-controlling interests significant for the Group: None.

### (4) Employee Benefits

The pension cost rate determined on the ending day of the previous fiscal year using actuarial calculations is adopted as the pension cost for the interim period. The

calculation is conducted for a period from the beginning of the year to the end of the current period. Adjustments will be made and relevant information will be disclosed per the aforesaid policy in case of significant market changes, major downsizing or repayments or other major one-time events.

(5) Employees' Share-based payment

Share-based payment agreements closed with equity refer to the acquired employee labor services measured at the fair value of the granted equity instruments on the grant date, and are recognized as compensation cost during the vesting period. Also, equity is adjusted accordingly. The fair value of the equity instruments shall reflect the impact of the vesting and non-vesting conditions on the market price. The compensation cost recognized is adjusted according to the quantity of compensation expected to comply with service conditions and the non-vesting conditions on the market price, until the amount finally recognized is recognized at the vested quantity on the vesting date.

(6) Income Tax

The income tax expenses in the interim period are calculated through the application of the estimated annual average effective tax rate in the before-tax profit or loss in the interim period, and relevant information will be disclosed per the aforesaid policy.

5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

No significant changes occurred in this period. Please refer to Note 5 to the consolidated financial statements for the year 2023.

6. Explanations of Significant Accounting Items

(1) Cash and cash equivalents

	2024.3.31	2023.12.31	2023.3.31
Cash on hand and working capital	\$ 440	\$ 334	\$ 321
Cheque and demand deposits	373,075	399,014	349,888
Time deposits	289,780	78,781	98,273
Total	<u>\$ 663,295</u>	<u>\$ 478,129</u>	<u>\$ 448,482</u>

- A. The demand deposits mentioned above are highly liquid investments that are due within three months.
- B. The Group establishes business relations with multiple financial institutions of good credit quality to spread credit risks. Therefore, the possibility of default is very low as expected.
- C. The Group has already classified the guaranteed cash and cash equivalents as financial assets measured at amortized cost. Please see Note 6 (3) and Note 8 for details.

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

Item	2024.3.31	2023.12.31	2023.3.31
Current Item:			
Financial assets mandatorily measured at fair value through profit or loss			
Hybrid instruments - financial bonds	\$ 123,804	\$ 76,676	\$ 22,748
Derivative instruments - forward exchange contracts	-	450	-
Evaluation and adjustment	2,029	345	142
Total	<u>\$ 125,833</u>	<u>\$ 77,471</u>	<u>\$ 22,890</u>
Financial liabilities at fair value through profit or loss			
Derivative instruments - forward exchange contracts	(\$ 1,158)	\$ -	\$ -
Derivative instruments - Right of redemption of convertible corporate bonds	800	800	800
Derivative instruments - Right of redemption of convertible corporate bonds	( 760)	( 760)	( 760)
Evaluation and adjustment	( 40)	( 880)	( 480)
Total	<u>(\$ 1,158)</u>	<u>(\$ 840)</u>	<u>(\$ 440)</u>

- A. Details regarding the recognition of financial assets and liabilities at fair value through profit or loss as profit or loss are as follows:

	2024.1.1~3.31	2023.1.1~3.31
Non-derivative instruments	(\$ 2,253)	\$ 209
Derivative instruments	( 769)	760
Total	<u>(\$ 3,022)</u>	<u>\$ 969</u>

- B. Information regarding the transactions and contracts of derivative financial assets undertaken by the Group without the application of hedge accounting is described as follows:

March 31, 2024		
Derivative financial liabilities	Contract amount (Nominal principal) (Thousands of NTD)	Contract period
Current Item:		
Forward exchange contracts - Sale of US dollar and purchasing of NTD	USD 1,906	2024/02/17- 2024/05/27
December 31, 2023		
Derivative financial assets	Contract amount (Nominal principal) (Thousands of NTD)	Contract period
Current Item:		
Forward exchange contracts - Sale of US dollar and purchasing of NTD	USD 920	2023/11/22- 2024/02/27

This situation didn't exist on March 31, 2023.

The forward foreign exchange contracts signed by the Group are to avoid the risk of exchange rate resulting from the export prices. However, hedge accounting hasn't been applied.

- C. The Group hasn't provided financial assets measured at fair value through profit or loss for pledge.
- D. For information regarding the credit risks of relevant financial assets measured at fair value through profit or loss, please refer to Note 12 (2) for details.

(3) Financial assets at amortized cost

Item	2024.3.31	2023.12.31	2023.3.31
Current Item:			
Time deposits with original expiry date exceeding three months	\$ 2,000	\$ 2,000	\$ -
Demand deposits of special compensation account	-	-	540
Time deposits restricted for the purpose of providing pledge	-	-	4,000
<b>Total</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 4,540</b>

- A. The amount exposed to the maximum credit risk on March 31, 2024, December 31, 2023 and March 31, 2023 regarding the most representative financial assets measured at amortized cost as held by the Group is the carrying amount of the financial assets recognized given that the collateral held or other credit enhancement is not taken into account.
- B. For the provision of financial assets measured at amortized cost by the Group for pledge guarantee, please refer to Note 8 for details.
- C. For information regarding the credit risks of relevant financial assets measured at amortized cost, please refer to Note 12 (2) for details.

(4) Notes and accounts receivable

	2024.3.31	2023.12.31	2023.3.31
Notes receivable	\$ 47,440	\$ 39,522	\$ 39,713
Less: Loss allowances	( 14)	( 12)	( 12)
	<u>\$ 47,426</u>	<u>\$ 39,510</u>	<u>\$ 39,701</u>
Accounts receivable	\$ 627,027	\$ 562,473	\$ 501,445
Less: Loss allowances	( 2,399)	( 2,880)	( 499)
	<u>\$ 624,628</u>	<u>\$ 559,593</u>	<u>\$ 500,946</u>

- A. The average credit extension period offered by the Group to the customers lasts for 90~150 days in principle through monthly settlement. Except drawing of impairment loss for credit impairment actually occurring to individual customers, the Group calculates expected loss ratio to recognize loss allowance with reference to the historical experience and inconsideration of the customers' previous default records and current financial position as well as the future economic situation of the industry.

B. The aging analysis of accounts and notes receivable is as follows:

	2024.3.31		2023.12.31	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	\$ 606,435	\$ 47,440	\$ 541,655	\$ 39,522
in 30 days	15,298	-	13,097	-
31-90 days	3,492	-	6,089	-
above 91 days	1,802	-	1,632	-
	<u>\$ 627,027</u>	<u>\$ 47,440</u>	<u>\$ 562,473</u>	<u>\$ 39,522</u>
			2023.3.31	
			Accounts receivable	Notes receivable
Not overdue			\$ 490,918	\$ 39,713
in 30 days			9,774	-
31-90 days			482	-
above 91 days			271	-
			<u>\$ 501,445</u>	<u>\$ 39,713</u>

The aging analysis above is carried out based on the number of overdue days.

C. The balance of receivables (including notes receivable) contracted by the Group with customers reached NT\$674,467, NT\$601,995, NT\$541,158 and NT\$559,580 respectively on March 31, 2024, December 31, 2023, March 31, 2023 and January 1, 2023 respectively. Given that the collateral held or other credit enhancement is not taken into account, the maximum credit risk of the Group possibly resulting from the financial losses caused by the counterparties' failure to perform their obligations is the carrying amount of the financial assets recognized as of the ending date of the reporting period.

D. The Group adopts a simplified practice to estimate the expected credit loss on the basis of preparation matrix and in consideration of characteristics such as geographical region, product type and customer rating.

E. The Group charges against the amount of financial assets that appear not recoverable based on reasonable expectations after the recourse procedure. However, the Group will continually implement the legal recourse procedures to preserve its right over creditors' rights.

F. The Group includes the loss ratios established based on the historical and current information in specific periods with future forward-looking considerations and adjustments, to estimate the loss allowance for accounts and notes receivable. The loss ratios on March 31, 2024, December 31, 2023 and March 31, 2023 are as follows:

	Not overdue	Overdue for 30 days	Overdue for 31-90 days	Overdue for more than 91 days	Total
<u>2024.3.31</u>					
Expected loss ratio	0.03%	0.01%-12.81%	7.92%-100%	100.00%	
Total Notes receivable	<u>\$ 47,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,440</u>
Total accounts receivable	<u>\$ 606,435</u>	<u>\$ 15,298</u>	<u>\$ 3,492</u>	<u>\$ 1,802</u>	<u>\$ 627,027</u>

	Not overdue	Overdue for 30 days	Overdue for 31-90 days	Overdue for more than 91 days	Total
<u>2023.12.31</u>					
Expected loss ratio	0.03%	0.01%-12.81%	7.92%-100%	100.00%	
Total Notes receivable	\$ 39,522	\$ -	\$ -	\$ -	\$ 39,522
Total accounts receivable	\$ 541,655	\$ 13,097	\$ 6,089	\$ 1,632	\$ 562,473
	Not overdue	Overdue for 30 days	Overdue for 31-90 days	Overdue for more than 91 days	Total
<u>2023.3.31</u>					
Expected loss ratio	0.03%	0.18%-50.03%	4.30%-100%	100.00%	
Total Notes receivable	\$ 39,713	\$ -	\$ -	\$ -	\$ 39,713
Total accounts receivable	\$ 490,918	\$ 9,744	\$ 482	\$ 271	\$ 501,415

G. Table of changes in loss allowance for accounts and notes receivable by the Group through the use of the simplified practice is as follows:

	2024		2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Jan. 1	\$ 2,880	\$ 12	\$ 860	\$ 9
Drawing (reversal) of impairment loss	( 483)	3	( 359)	3
Amount affected by exchange rate	2	( 1)	2	-
Mar. 31	\$ 2,399	\$ 14	\$ 499	\$ 12

In the losses drawn in the quarters ended March 31, 2024 and 2023, the impairment (loss) interests recognized from the receivables (including notes receivable) generated from contracts with customers were \$480 and \$356 respectively.

H. For information regarding the credit risks of relevant accounts receivable and notes receivable, please see Note 12 (2) for details.

(5) Inventories

	March 31, 2024		
	Cost	Allowance to reduce inventory to market	Carrying amount
Merchandise inventories	\$ 320,778	(\$ 68,020)	\$ 252,758
Raw materials	392	-	392
Work in process	7,010	-	7,010
Finished goods	9,142	( 86)	9,056
Merchandise in transi	12,113	-	12,113
Total	\$ 349,435	(\$ 68,106)	\$ 281,329

	December 31, 2023		
	Cost	Allowance to reduce inventory to market	Carrying amount
	Merchandise inventories	\$ 386,356	(\$ 64,888)
Work in process	4,605	-	4,605
Finished goods	9,984	( 152)	9,832
Merchandise in transi	595	-	595
<b>Total</b>	<b>\$ 401,540</b>	<b>(\$ 65,040)</b>	<b>\$ 336,500</b>

	March 31, 2023		
	Cost	Allowance to reduce inventory to market	Carrying amount
	Merchandise inventories	\$ 499,994	(\$ 49,881)
Work in process	3,674	-	3,674
Finished goods	7,984	( 70)	7,914
Merchandise in transi	8,199	-	8,199
<b>Total</b>	<b>\$ 519,851</b>	<b>(\$ 49,951)</b>	<b>\$ 469,900</b>

	2024.1.1~3.31		2023.1.1~3.31		
	Cost of goods sold	\$ 306,889	\$ 274,578		
	Loss for market price decline and obsolete and slow-moving inventories	3,066	5,584		
<b>Total</b>	<b>\$ 309,955</b>	<b>\$ 280,162</b>			

(6) Property, plant, and equipment

	2024						
	Land	Machinery	Office Equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Jan. 1							
Cost	\$ 240,928	\$ 78,916	\$ 8,363	\$ 69,157	\$ 2,665	\$ 48,476	\$448,505
Accumulated depreciation	-	( 56,521)	( 5,201)	( 38,343)	( 1,234)	-	( 101,299)
	<b>\$ 240,928</b>	<b>\$ 22,395</b>	<b>\$ 3,162</b>	<b>\$ 30,814</b>	<b>\$ 1,431</b>	<b>\$ 48,476</b>	<b>\$347,206</b>
Jan. 1	\$ 240,928	\$ 22,395	\$ 3,162	\$ 30,814	\$ 1,431	\$ 48,476	\$347,206
Addition	-	2,628	395	83	-	44,529	47,635
Transfer	-	698	-	-	-	( 698)	-
Depreciation fee	-	( 3,687)	( 396)	( 2,356)	( 132)	-	( 6,571)
Effects of changes in foreign exchange rates	-	97	12	240	25	-	374
Mar. 31	<b>\$ 240,928</b>	<b>\$ 22,131</b>	<b>\$ 3,173</b>	<b>\$ 28,781</b>	<b>\$ 1,324</b>	<b>\$ 92,307</b>	<b>\$388,644</b>
Mar. 31							
Cost	\$ 240,928	\$ 81,190	\$ 8,786	\$ 69,596	\$ 2,713	\$ 92,307	\$495,520
Accumulated depreciation	-	( 59,059)	( 5,613)	( 40,815)	( 1,389)	-	( 106,876)
	<b>\$ 240,928</b>	<b>\$ 22,131</b>	<b>\$ 3,173</b>	<b>\$ 28,781</b>	<b>\$ 1,324</b>	<b>\$ 92,307</b>	<b>\$388,644</b>

	2023						
	Land	Machinery	Office Equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Jan. 1							
Cost	\$ 240,928	\$ 101,067	\$ 9,258	\$ 80,614	\$ 2,713	\$ 2,055	\$436,635
Accumulated depreciation	-	( 72,388)	( 6,056)	( 39,400)	( 725)	-	( 118,569)
	<b>\$ 240,928</b>	<b>\$ 28,679</b>	<b>\$ 3,202</b>	<b>\$ 41,214</b>	<b>\$ 1,988</b>	<b>\$ 2,055</b>	<b>\$318,066</b>
Jan. 1	\$ 240,928	\$ 28,679	\$ 3,202	\$ 41,214	\$ 1,988	\$ 2,055	\$318,066
Addition	-	1,425	315	-	-	1,233	2,973
Transfer	-	3,288	-	-	-	( 3,288)	-
Depreciation fee	-	( 3,943)	( 500)	( 2,778)	( 134)	-	( 7,355)
Effects of changes in foreign exchange rates	-	38	6	77	10	-	131
Mar. 31	<b>\$ 240,928</b>	<b>\$ 29,487</b>	<b>\$ 3,023</b>	<b>\$ 38,513</b>	<b>\$ 1,864</b>	<b>\$ -</b>	<b>\$313,815</b>
Mar. 31							
Cost	\$ 240,928	\$ 105,843	\$ 9,512	\$ 80,714	\$ 2,726	\$ -	\$439,723
Accumulated depreciation	-	( 76,356)	( 6,489)	( 42,201)	( 862)	-	( 125,908)
	<b>\$ 240,928</b>	<b>\$ 29,487</b>	<b>\$ 3,023</b>	<b>\$ 38,513</b>	<b>\$ 1,864</b>	<b>\$ -</b>	<b>\$313,815</b>

1. The Group hasn't provided property, plant, and equipment for guarantee.
2. The amount of property, plant and equipment borrowing costs capitalized and their interest rates are as follows:

	<u>2024.1.1~3.31</u>
Capitalized amount	\$ 980
Interval of capitalized interest rate	1.18%

This situation didn't exist from January 1, 2023 to March 31, 2023.

(7) Lease transactions - Lessee

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Right-of-use assets:			
Housing	\$ 52,908	\$ 43,625	\$ 57,169
Transportation Equipment (official cars)	17,232	14,428	12,132
	<u>\$ 70,140</u>	<u>\$ 58,053</u>	<u>\$ 69,301</u>
Leasehold liabilities:			
Current	\$ 33,934	\$ 29,507	\$ 34,535
Non-current	36,955	29,476	36,083
	<u>\$ 70,889</u>	<u>\$ 58,983</u>	<u>\$ 70,618</u>

- A. The target assets leased by the Group include housing and official cars. The lease contract term usually lasts for 1-5 years. The lease contracts are individually negotiated and contain various different terms and conditions. No other restrictions have been imposed except that the leased assets shall not be used for loan guarantee.
- B. The lease term of housing, parking spaces and copying machines leased by the Group does not exceed 12 months.
- C. The information of depreciation expenses of right-of-use assets recognized is as follows:

	<u>2024.1.1~3.31</u>	<u>2023.1.1~3.31</u>
	<u>Depreciation fee</u>	<u>Depreciation fee</u>
Housing	\$ 6,864	\$ 7,230
Transportation Equipment (official cars)	1,709	1,510
	<u>\$ 8,573</u>	<u>\$ 8,740</u>

- D. The right-of-use assets added by the Group in the quarters ended March 31, 2024 and 2023 were NT\$21,874 and NT\$5,366 respectively.
- E. The information of other profit and loss items related to lease contracts except depreciation is as follows:

	<u>2024.1.1~3.31</u>	<u>2023.1.1~3.31</u>
<u>Items that affect current profit or loss</u>		
Interest of lease liabilities	\$ 370	\$ 454
Expenses of short-term lease contracts	2,124	1,348
Gains on lease modification	8	-

F. The total amount of lease cash outflows of the Group reached NT\$11,226 and NT\$10,565 respectively in the quarters ended March 31, 2024 and 2023.

(8) Short-term loans

	2024.3.31	2023.12.31	2023.3.31
Credit loans	\$ 174,837	\$ 217,191	\$ 137,181
Interest rate range	0.5%-7.30%	0.5%~7.30%	2.15%-6.41%

The interest expenses recognized in profit or loss in the quarters ended March 31, 2024 and 2023 reached NT\$1,318 and NT\$1,459 respectively.

(9) Other payables

	2024.3.31	2023.12.31	2023.3.31
Compensation and bonus payable	\$ 27,263	\$ 40,436	\$ 12,364
Remunerations of employee and remunerations of the Directors payable	7,199	5,639	8,458
Payables on equipment	3,236	9,972	-
Other	21,202	20,254	18,555
Total	\$ 58,900	\$ 76,301	\$ 39,377

(10) Bonds payable

	2024.3.31	2023.12.31	2023.3.31
Bonds payable	\$ 399,900	\$ 399,900	\$ 399,900
Less: Discounts on bonds payable	( 8,963)	( 10,822)	( 16,346)
Subtotal	390,937	389,078	383,554
Less: Bonds payable - current	( 390,937)	( 389,078)	-
	\$ -	\$ -	\$ 383,554

A. Domestic convertible corporate bonds issued by the Company

(A) The issuance conditions of the first unsecured convertible corporate bond of the Company in Taiwan are as follows:

- I. The Company raised and issued the first unsecured convertible corporate bond in Taiwan with the approval from the competent authority. The total amount issued reached NT\$400,000 with nominal interest rate of 0%, and the issuance term is 3 years. The circulation period starts from June 8, 2022 and ends on June 8, 2025. Upon maturity of this convertible corporate bond, it shall be repaid by cash in a lump-sum manner per the face value of the bond. This convertible corporate bond was listed at Taipei Exchange for trading on June 8, 2022.
- II. The holders of this convertible corporate bond may request the Group for conversion of the bond to the ordinary shares of the Company from the next day after three months following the issue date of this bond to the due date except periods stipulated by relevant measures or regulations when transfer should be suspended. The rights and obligations accompanying the converted ordinary shares are same as

those of ordinary shares originally issued.

- III. The conversion price of this convertible corporate bond was determined according to the pricing model stipulated in corresponding regulation governing issuance and conversion. The conversion price is NT\$ 105.9. Since the Company issued cash dividends of ordinary shares, the conversion price should be adjusted on the ex-dividend base date in accordance with the provisions of Article 11 of the regulation governing issuance and conversion. Therefore, the conversion price was adjusted from NT\$ 105.9 to NT\$ 89.3. Since the Company handled capital increase by cash later, the conversion price was adjusted from NT\$ 89.3 to NT\$ 85.2.
  - IV. The Company may recover all its bonds by cash per the face value of the bond at any time subsequently when the closing price of the ordinary shares of the Company exceeds 30% of the conversion price then for thirty consecutive business days, or the outstanding balance of this convertible corporate bond is lower than 10% of the original total issue amount forty days prior to the expiry of the issuance period from the next day after three months following the issuance of this convertible corporate bond.
  - V. The holders of this convertible corporate bond may require the cash redemption of the bonds they hold at the face value of the bond within forty days prior to the issuance of the bond for two years.
  - VI. In accordance with the provisions of the regulation governing conversion, all the convertible corporate bonds recovered (including those repurchased from the Taipei Exchange), repaid or converted by the Company will be canceled, and all rights and obligations still accompanying the corporate bonds will be terminated and no longer issued.
- (B) The face value of this convertible corporate bond was NT\$399,900. This convertible corporate bond was converted to a total of 1,000 ordinary shares in a period from January 1, 2023 to March 31, 2023. The capital reserve generated from this conversion was NT\$91, and the stock option over the capital reserve was reduced by NT\$5. There was no request for conversion of convertible corporate bond from January 1, 2024 to March 31, 2024.
- (C) As of March 31, 2024, the face amount of this convertible corporate bond, amounting to NT\$100, was already converted to 1,000 ordinary shares, and the change registration formalities were already handled.
- (D) As of March 31, 2024, the Company didn't repurchase this convertible corporate bond from the Taipei Exchange.
- B. When issuing the convertible corporate bond, the Company separated the conversion right with nature of equity from the constituting element of each liability and recorded it in "Capital surplus - Subscription right" in accordance with IAS 32 "Financial Instruments: Presentation". As of March 31, 2024, the balance of "Capital surplus - Subscription right" was NT\$21,122. Besides, the

embedded right of redemption and put right was separated according to the provisions of IFRS 9 “Financial Instruments” and considering that the economic characteristics of master contract debt products were not closely associated with risks. Also, the net amount of these embedded rights was recorded in “Financial assets or liabilities measured at fair value through profit or loss”. The effective interest rate of the master contract was 1.91% after separation.

(11) Retirement pension

- A. (A) The Company has established a defined-benefit retirement regulation in accordance with the provisions of the “Labor Standards Act”. This regulation applies to service seniority of all former employees before implementation of the “Labor Pension Act” on July 1, 2005, as well as the subsequent service seniority of employees who chose the continual application of the Labor Standards Act after implementation of the “Labor Pension Act”. For employees who comply with the conditions for retirement, their pension will be calculated according to the service seniority and the average salary in 6 months prior to their retirement. Two base numbers are provided for each year if the service seniority is within 15 years (including given figure). One base number is provided for each year if the service seniority exceeds 15 years. However, it is limited to 45 base numbers. The Company appropriates 2% of the total compensation every month as retirement fund, and deposit it in a specific account opened at the Bank of Taiwan under the name of labor retirement reserve supervisory committee. Additionally, the Company estimate the balance of the special account of labor retirement reserve mentioned above before the end of each year. If this balance is not sufficient to pay the retirement pension of laborers who are expected to comply with the retirement conditions in the next year, the Company will appropriate the difference in a lump-sum way prior to the end of March next year.
- (B) Wendell Korea chooses to adopt defined payment retirement regulation according to the local laws and regulations, and draws relevant retirement pension expenses according to the projected unit benefit method.
- (C) In the quarters ended March 31, 2024 and 2023, the pension cost recognized by the Group per the preceding pension measures was NT\$1,002 and NT\$213 respectively.
- (D) The Group expects to pay appropriation amount of retirement plan as NT\$957 in 2024.
- B. (A) The Company and Wendell Electrical Testing established defined retirement pension appropriation measures applicable to all employees in Taiwan according to “Labor Pension Act” from July 1, 2005. If the employees choose to apply the labor pension system determined in “Labor Pension Act”, the Company and its subsidiaries in Taiwan withdraw 6% of salaries as labor pension to the personal accounts opened by employees at the Bureau of Labor Insurance every month. The employees’ pension will be paid on a

monthly basis or in a lump-sum manner in accordance with the amount in the special personal pension accounts of employees and the amount of accumulated income.

- (B) Shenzhen Qianhong, Suzhou Lianhong, and Qianhong Electrical Testing appropriate a certain ratio of the total amount of local employees' remuneration as pension insurance every month according to the pension insurance system stipulated by the government of the People's Republic of China. The pension of each employee will be managed and uniformly arranged by the government. The Group does not have further obligations other than monthly appropriation.
- (C) Wendell Co., Ltd. appropriates pension insurance according to the retirement regulation stipulated by the local government and based on the local employees' remuneration. This company does not have further obligations other than annual appropriation.
- (D) In the quarters ended March 31, 2024 and 2023, the Group recognizes retirement pension cost of NT\$2,714 and NT\$2,607 respectively in accordance with the preceding retirement pension measures.

(12) Share-based payment

- A. The share-based payment of the Group as of March 31, 2024 is as follows:

Type of agreement	Grant date	Granted quantity	Contract term	Vesting conditions
Capital increase by cash with employee subscription reserved	January 23, 2024	710,000 shares	N/A	Immediately vested

The aforesaid share-based payment was closed with equity.

- B. For the share-based payment transaction granted by the Group on the grant date, Black-Scholes Option Pricing Model was employed to estimate the fair value of the stock options. Relevant information is as follows:

Type of agreement	Grant date	Stock price	Exercise price	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit
Capital increase by cash with employee subscription reserved	2024.1.23	\$71.2	\$52.5	17.01%	0.08 year	-	1.01%	\$18.74

- C. The compensation cost recognized by the Group in the quarter from January 1, 2024 to March 31, 2024. due to the aforesaid share-based payment transaction was NT\$ 13,305.

This situation didn't exist from January 1, 2023 to March 31, 2023.

(13) Capital stock

- A. The normal capital of the Company reached NT\$600,000 on March 31, 2024, divided into 60,000,000 shares. The paid-in capital was NT\$301,049 with face value per share of NT\$ 10. The stock capital corresponding to the shares already issued by the Company were already received.
- B. The number of outstanding ordinary shares of the Company at the beginning and end of the period is adjusted as follows (Unit: 1,000 shares):

	2024	2023
January 1	25,105	23,908
Capital increase by cash	5,000	-
March 31	<u>30,105</u>	<u>23,908</u>

- C. For the requested conversion of convertible corporate bonds in the quarters ended March 31, 2024 and 2023, please refer to the description of corporate bonds payable in Note 6 (10).
- D. The Board of Directors of the Company passed a resolution to handle the issuance of 5,000,000 ordinary shares through capital increase by cash on November 14, 2023. The face value per share reached NT\$ 10, and the issue price was NT\$ 52.5 per share at premium. The base date of capital increase by cash was February 26, 2024, and relevant change registration was already handled.

(14) Capital surplus

In accordance with the provisions of the Company Act, the surplus obtained from the issuance of stock beyond the nominal amount and the capital surplus received from donations may be used to compensate for losses. When the Company does not have any accumulated losses, new shares or cash will be distributed to shareholders based on their original shareholding ratios by using the aforesaid surplus. Besides, in accordance with relevant provisions of the Securities and Exchange Act, when the preceding capital surplus is used to increase the capital, the total amount increased shall not exceed ten percent of the paid-in capital every year. If the Company still has a loss after the earned surplus is used to make up for the capital losses, it is not allowed to use the capital surplus to supplement the loss.

	2024		
	Share premium account	Subscription right	Total
Jan. 1	\$ 305,559	\$ 21,122	\$ 326,681
Capital increase by cash	212,500	-	212,500
Share-based payment	13,305	-	13,305
Mar. 31	<u>\$ 531,364</u>	<u>\$ 21,122</u>	<u>\$ 552,486</u>
	2023		
	Share premium account	Subscription right	Total
Jan. 1	\$ 305,468	\$ 21,127	\$ 326,595
Convertible Bond	91	( 5)	86
Mar. 31	<u>\$ 305,559</u>	<u>\$ 21,122</u>	<u>\$ 326,681</u>

(15) Retained earnings

- A. In accordance with the provisions of the Articles of Association of the Company, if there are any earnings in the annual final accounts, they shall be used to pay taxes, and make up losses first if any. Then, 10% of the retained earnings may be drawn as statutory surplus reserve; however, when the accumulated amount of the statutory surplus reserve reaches the total capital of the Company, this provision shall not apply. Also, special surplus reserve may be appropriated or reversed according to relevant laws and regulations or the competent authority's provisions. If there are still remaining earnings, the Board of Directors may draw up a distribution proposal regarding the earnings and the accumulated unappropriated earnings and then submit to the Shareholders' Meeting for a resolution on the distribution of shareholder dividends.
- B. The dividend policy of the Company is determined in accordance with the current and future development plans, and in consideration of investment environment, capital demand, domestic and foreign competition, shareholders' interests, and other relevant factors. At least 10% of the distributable earnings in the preceding paragraph shall be appropriated to distribute dividends to shareholders either by cash or stock. The cash dividends shall not be lower than 10% of the total dividends.
- C. Except compensation for the losses of the Company and the distribution of new shares or cash per shareholders' original shareholding ratios, the statutory surplus reserve shall not be used. If it is used to distribute new shares or cash, it shall be limited to the part of this surplus reserve above 25% of the paid-in capital.
- D. When distributing earnings, the Company shall draw special surplus reserve for the debit balance of other equity items on the balance sheet date of the current year according to regulatory provisions first. Later, when the debit balance of other equity items is reversed, the reversed amount may be included in the distributable earnings.
- E. The Board of Directors of the Company submitted a proposal for distribution of earnings for the year 2023 on March 7, 2024, and the Shareholders' Meeting made a resolution on approving the proposal for distribution of earnings for the year 2022 as follows on May 30, 2023:

	2023		2022	
	Amount	Dividends Per Share (NT\$)	Amount	Dividends Per Share (NT\$)
Legal capital reserve	\$ 10,360		\$19,439	
Special capital reserve	2,322		( 4,196)	
Cash dividends	120,420	\$ 4.0	121,934	\$ 5.1
Stock dividends	-	-	11,954	0.5
	<u>\$ 133,102</u>		<u>\$149,131</u>	

The proposal for distribution of earnings for the year 2023 above was not passed by the Shareholders' Meeting as of May 9, 2024.

F. Please see Note 6(19) for information on remunerations of employee and the Directors.

(16) Operating revenue

	<u>2024.1.1~3.31</u>	<u>2023.1.1~3.31</u>
Revenue from contracts with customers:		
Revenue from sale of goods	\$ 450,591	\$ 396,399
Revenue from labor services	43,711	37,418
Total	<u>\$ 494,302</u>	<u>\$ 433,817</u>

A. The source of revenue of the Group is the provision of commodities and labor services gradually transferred with the time and transferred upon a certain time point. Revenue can be segmented to the following primary geological areas:

<u>2024.1.1~3.31</u>	<u>Taiwan</u>	<u>China</u>	<u>Korea</u>	<u>Other</u>	<u>Total</u>
Revenue from sale of goods	\$ 224,708	\$ 142,000	\$ 49,281	\$ 34,602	\$ 450,591
Revenue from labor services	36,735	4,172	-	2,804	43,711
Revenue from contracts with external customers	<u>\$ 261,443</u>	<u>\$ 146,172</u>	<u>\$ 49,281</u>	<u>\$ 37,406</u>	<u>\$ 494,302</u>
Timing of revenue recognition					
At a fixed point in time	\$ 224,708	\$ 142,000	\$ 49,281	\$ 34,602	\$ 450,591
Revenue gradually recognized with the time	36,735	4,172	-	2,804	43,711
	<u>\$ 261,443</u>	<u>\$ 146,172</u>	<u>\$ 49,281</u>	<u>\$ 37,406</u>	<u>\$ 494,302</u>
<u>2023.1.1~3.31</u>	<u>Taiwan</u>	<u>China</u>	<u>Korea</u>	<u>Other</u>	<u>Total</u>
Revenue from sale of goods	\$ 175,473	\$ 136,645	\$ 51,101	\$ 33,180	\$ 396,399
Revenue from labor services	33,230	2,192	-	1,996	37,418
Revenue from contracts with external customers	<u>\$ 208,703</u>	<u>\$ 138,837</u>	<u>\$ 51,101</u>	<u>\$ 35,176</u>	<u>\$ 433,817</u>
Timing of revenue recognition:					
At a fixed point in time	\$ 175,473	\$ 136,645	\$ 51,101	\$ 33,180	\$ 396,399
Revenue gradually recognized with the time	33,230	2,192	-	1,996	37,418
	<u>\$ 208,703</u>	<u>\$ 138,837</u>	<u>\$ 51,101</u>	<u>\$ 35,176</u>	<u>\$ 433,817</u>

Note: The revenue is disclosed per the locations of the customers.

B. Contract liabilities

The Group recognizes the contract liabilities related to revenue from contracts with customers as follows:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>	<u>2023.1.1</u>
Contract liabilities - current	<u>\$ 6,058</u>	<u>\$ 7,212</u>	<u>\$ 5,246</u>	<u>\$ 7,482</u>

The amount of beginning contract liabilities of the Group recognized as revenue in the current period for the quarters ended March 31, 2024 and 2023 reached NT\$4,150 and NT\$3,485 respectively.

(17) Other gains and losses

	<u>2024.1.1~3.31</u>	<u>2023.1.1~3.31</u>
Gains (losses) on foreign currency exchange	\$ 19,211	(\$ 1,975)
Gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	( 3,022)	969
Gains on lease modification	8	-
Other	<u>( 34)</u>	<u>( 935)</u>
	<u>\$ 16,163</u>	<u>( 1,941)</u>

(18) Finance costs

	<u>2024.1.1~3.31</u>	<u>2023.1.1~3.31</u>
Convertible Bond	\$ 1,859	\$ 1,824
Interest expense	1,318	1,459
Interest of lease liabilities	370	454
	<u>\$ 3,547</u>	<u>\$ 3,737</u>

(19) Depreciation, amortization expenses and employee benefits

	<u>2024.1.1~3.31</u>	<u>2023.1.1~3.31</u>
Salaries	\$ 65,241	\$ 55,397
Share-based payment	13,305	-
Labor and health insurance	4,564	4,327
Pension	3,716	2,820
Remunerations of the Directors	811	509
Other employee benefits	2,319	2,291
Total	<u>\$ 89,956</u>	<u>\$ 65,344</u>
Depreciation expenses	<u>\$ 15,144</u>	<u>\$ 16,095</u>
Amortization expenses	<u>\$ 300</u>	<u>\$ 238</u>

- A. In accordance with the provisions of the Articles of Association, if the Company makes a profit in the current year (i.e., before-tax interests deducted with remunerations of employee and remunerations of the Directors distributed), and there is still a remaining amount after deduction of accumulated losses, the Board of Directors shall appropriate at least 1.5% of the annual profit as remunerations of employee and no more than 3% of the profit as remunerations of the Directors respectively.
- B. The estimated amount of remunerations of the Directors and remunerations of employee of the Company is listed as follows, and relevant amount is recorded as compensation expenses:

	<u>2024.1.1~3.31</u>	<u>2023.1.1~3.31</u>
Remunerations of the Directors	\$ 778	\$ 509
Remunerations of employee	778	509
	<u>\$ 1,556</u>	<u>\$ 1,018</u>

Remunerations of the Directors and remunerations of employee in the quarters ended March 31, 2024 and 2023 were estimated based on the annual profits and pursuant to the provisions of the Articles of Association.

- C. Remunerations of the Directors and remunerations of employee resolved by the Board of Directors in 2023 were consistent with the amount recognized in the financial statements for the year 2023. The aforesaid remunerations of employee were paid in cash.
- D. For information related to the remunerations of the Directors and remunerations of employee approved by the Board of Directors of the Company, please query at the MOPS.

(20) Income tax

A. Income tax expense

	<u>2024.1.1~3.31</u>	<u>2023.1.1~3.31</u>
Current income tax expense:		
Income tax generated by income for the current period	\$ 6,719	\$ 8,417
Underestimation (overestimation) of income taxes in previous years	<u>-</u>	<u>( 43)</u>
Total current income tax expense	<u>6,719</u>	<u>8,374</u>
Deferred income tax expense:		
Relating to origination and reversal of temporary differences	<u>3,819</u>	<u>( 1,696)</u>
Income tax expense	<u>\$ 10,538</u>	<u>\$ 6,678</u>

- B. The business income tax of the Company and its domestic subsidiary, i.e. Wendell Electrical Testing, was verified and approved by the tax collection authority until the year of 2021 and 2022.

(21) Earnings per share

	<u>2024.1.1~3.31</u>		
After-tax amount	Weighted average number of outstanding shares (1,000 shares)	Earnings per share (NT\$)	
<u>Basic earnings (loss) per share</u>			
Profit (loss) attributable to ordinary equity owners of the parent	\$ 40,154	<u>26,994</u>	\$ 1.49
<u>Diluted earnings (loss) per share</u>			
Profit (loss) attributable to ordinary equity owners of the parent	\$ 40,154	26,994	
Effects of all dilutive potential common shares			
Convertible Bond	815	4,694	
Remunerations of employee	<u>-</u>	<u>29</u>	
Net profit for the current period as attributable to the shareholders of common shares of the parent company and the effects of potential common shares	\$ 40,969	<u>31,717</u>	\$ 1.29

	2023.1.1~3.31		
	After-tax amount	Weighted average number of outstanding shares (1,000 shares)	Earnings per share (NT\$)
<u>Basic earnings (loss) per share (Note)</u>			
Profit (loss) attributable to ordinary equity owners of the parent	\$ 24,739	25,105	\$ 0.99
<u>Diluted earnings (loss) per share (Note)</u>			
Profit (loss) attributable to ordinary equity owners of the parent	\$ 24,739	25,105	
Effects of all dilutive potential common shares			
Convertible Bond	852	4,217	
Remunerations of employee	-	31	
Net profit for the current period as attributable to the shareholders of common shares of the parent company and the effects of potential common shares	\$ 25,591	29,353	\$ 0.87

Note: The base date of the conversion of earnings to increase capital as resolved by the Shareholders' Meeting of the Company on May 30, 2023 was August 5, 2023. The weighted average number of outstanding shares in the quarters ended March 31, January 1, 2023 to March 31, 2023 has already been retroactively adjusted according to the ratio of conversion of earnings to increase capital.

(22) Cash flow information

Investing activities only partially paid by cash:

	2024.1.1~3.31	2023.1.1~3.31
Additions of property, plant and equipment	\$ 47,635	\$ 2,973
Add: Beginning payables on equipment	9,972	28
Ending payables on equipment	2,642	-
Less: Ending payables on equipment	( 3,236)	( 1,083)
Capitalization of loan cost	( 980)	-
Cash paid in the current period	\$ 56,033	\$ 1,918

(23) Reconciliation of liabilities arising from financing activities

	2024			
	Short-term loans	Bonds payable (including current)	Lease liabilities	Total liabilities arising from financing activities
Jan. 1	\$ 217,191	\$ 389,078	\$ 58,983	\$ 665,252
Movement of Financing Cash Flow	( 42,354)	-	( 8,732)	( 51,086)
Movement of other non-cash	-	1,859	20,638	22,497
Mar. 31	\$ 174,837	\$ 390,937	\$ 70,889	\$ 636,663

	2023				
	Short-term loans	Bonds payable (including current)	Lease liabilities	Guarantee deposits received	Total liabilities arising from financing activities
Jan. 1	\$ 114,306	\$ 381,825	\$ 74,070	\$ 140	\$ 570,341
Movement of Financing Cash Flow	22,875	-	( 8,763)	-	14,112
Movement of other non-cash	-	1,729	5,311	-	7,040
Mar. 31	\$ 137,181	\$ 383,554	\$ 70,618	\$ 140	\$ 591,493

## 7. Related Party Transactions

Bonuses for the Company's key managerial officers

	2024.1.1~3.31	2023.1.1~3.31
Remuneration and short-term employee benefits	\$ 7,477	\$ 7,305
Retirement benefits	227	231
Share-based payment	1,218	-
Total	\$ 8,922	\$ 7,536

## 8. Pledged Assets

The Company has pledged the following assets as collateral:

Item	Carrying amount			Content of the secured liabilities
	2024.3.31	2023.12.31	2023.3.31	
Time deposits (Note)	\$ -	\$ -	\$ 4,000	Customs duties guarantee
Demand deposits of special compensation account (Note)	-	-	540	Loan guarantee
Total	\$ -	\$ -	\$ 4,540	

Note: Financial assets measured at amortized cost are recorded in accounts.

## 9. Significant Contingent Liabilities and Unrecognized Contract Commitments

### (1) Contingencies

None.

### (2) Commitments

Capital expenditure already contracted but not yet incurred

	2024.3.31	2023.12.31	2023.3.31
Property, plant and equipment	\$ 234,754	\$ 280,391	\$ 1,413

## 10. Significant Disaster Loss

None.

## 11. Significant Events after the Balance Sheet Date

None.

## 12. Other

### (1) Capital management

No significant changes occurred in this period. Please refer to Note 12 to the consolidated financial statements for the year 2023.

### (2) Financial instruments

#### A. Category of financial instruments

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
<u>Financial assets</u>			
Financial assets at fair value through loss and gain	\$ 125,833	\$ 77,471	\$ 22,890
Financial assets at amortized cost (Note 1)	\$ 1,358,540	\$ 1,101,180	\$ 1,008,800
<u>Financial liabilities</u>	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial liabilities at fair value through loss and gain	\$ 1,158	\$ 840	\$ 440
Financial liabilities at amortized cost (Note 2)	\$ 421,419	\$ 448,653	\$ 386,784
Bonds payable (including current)	\$ 390,937	\$ 389,078	\$ 383,554
Lease liabilities	\$ 70,889	\$ 58,983	\$ 70,618

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables (recorded in other current assets), and guaranteed deposits paid.

Note 2: Including short-term loans, accounts payable, other payables, and guarantee deposit received.

#### B. Policy of financial risk management

No significant changes occurred in this period. Please refer to Note 12 to the consolidated financial statements for the year 2023.

#### C. Nature and level of significant financial risks

Unless those described below, no significant changes occurred in this period. Please refer to Note 12 to the consolidated financial statements for the year 2023.

Market risk

Foreign exchange risk

(A) Since the business of the Group involves several non-functional currencies (the functional currency of the Company and some subsidiaries is NTD,

while the functional currencies of some subsidiaries are RMB and KRW), it is thus influenced by the fluctuation in exchange rate. The information of foreign currency assets and liabilities with a significant impact of fluctuation in exchange rate is as follows:

March 31, 2024					
	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Amount of variation	Profit or loss affected
(Foreign currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 16,403	31.99	\$ 524,732	1%	\$ 5,247
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 6,841	31.99	\$ 218,844	1%	\$ 2,188
December 31, 2023					
	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Amount of variation	Profit or loss affected
(Foreign currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 16,321	30.71	\$ 501,218	1%	\$ 5,012
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 6,942	30.71	\$ 213,189	1%	\$ 2,132
March 31, 2023					
	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Amount of variation	Profit or loss affected
(Foreign currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 13,339	30.46	\$ 406,239	1%	\$ 4,062
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 7,823	30.46	\$ 238,249	1%	\$ 2,382

(B) The summarized amounts of all exchange gains (losses) (both realized and unrealized) of the monetary items of the Group recognized with significant impact on the fluctuation of exchange rate in the quarters ended March 31, 2024 and 2023 reached NT\$19,211 and (NT\$1,975) respectively.

### (3) Information of fair value

A. Each level of evaluation techniques adopted to measure the fair value of financial and non-financial instruments is defined as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market where transactions of assets or liabilities with adequate frequency and quantity occur and

pricing information is provided on a continuous basis. The fair value of hybrid instruments invested by the Group belongs to this level.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of forward foreign exchange contracts invested by the Group belongs to this level.

Level 3: Unobservable inputs for the asset or liabilities. The fair value of the right of redemption and put right of convertible corporate bonds of the Group belongs to this level.

B. Financial instruments not measured at fair value

(A) Except those listed in the table below, the carrying amount of cash and cash equivalents, notes receivable, accounts receivable, other payables (recorded in other current assets), short-term loans, accounts payable, and other payables is the reasonable approximate value of fair value:

		March 31, 2024		
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable				
(including current)	\$ 390,937	\$ -	\$ 393,908	\$ -
		December 31, 2023		
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable				
(including current)	\$ 389,078	\$ -	\$ 390,777	\$ -
		March 31, 2023		
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable				
(including current)	\$ 383,554	\$ -	\$ 386,380	\$ -

(B) Methods and assumptions used to estimate fair value are as follows:

Corporate bonds payable: Measured at the present value discounted per the market interest rate on the balance sheet date according to the cash flows expected to be paid.

C. Financial and non-financial instruments measured at fair value

(A) The Group classifies these financial instruments on the basis of the nature, characteristics, risks and fair value of assets and liabilities. Relevant information is as follows:

March 31, 2024	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Hybrid instruments -				
Financial bonds	\$ 125,833	\$ -	\$ -	\$ 125,833
Right of redemption over convertible corporate bonds	-	-	-	-
Total	<u>\$ 125,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,833</u>
<b>Liabilities</b>				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Forward exchange contracts	\$ -	\$ 1,158	\$ -	\$ 1,158
Put right over convertible corporate bonds	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 1,158</u>	<u>\$ -</u>	<u>\$ 1,158</u>
December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Hybrid instruments -				
Financial bonds	\$ 77,021	\$ -	\$ -	\$ 77,021
Forward exchange contracts	-	450	-	450
Right of redemption over convertible corporate bonds	-	-	-	-
Total	<u>\$ 77,021</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ 77,471</u>
<b>Liabilities</b>				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Put right over convertible corporate bonds	\$ -	\$ -	\$ 840	\$ 840
March 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Financial bonds	\$ 22,890	\$ -	\$ -	\$ 22,890
Right of redemption over convertible corporate bonds	-	-	160	160
Total	<u>\$ 22,890</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 23,050</u>

March 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Liabilities</b>				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Put right over convertible corporate bonds	\$ -	\$ -	\$ 600	\$ 600

(B) Methods and assumptions used by the Group to measure fair value are described as follows:

- A. Those with fair value determined by the Group as quoted market prices (i.e., Level 1) are stocks of TWSE/TPEX listed companies as well as bonds issued by them. The closing prices of these stocks and bonds are their quoted market prices.
- B. The derivative instruments held by the Group are mainly forward foreign exchange contracts. They are non-standardized and less complicated financial instruments. The Group adopts evaluation techniques widely used by the market participants, and the parameters used are market observable information.
- C. The output of the evaluation model is an estimated value, while the evaluation techniques may not reflect all factors related to the financial and non-financial instruments held by the Group. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to extra parameters, e.g., model risk or liquidity risk. In accordance with the fair value evaluation model management policy and related control procedures of the Group, the management believes that relevant evaluation and adjustment are appropriate and necessary for the fair presentation of the fair value of financial instruments and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the process of evaluation shall be prudently evaluated and appropriately adjusted according to the current conditions of the local markets.
- D. No transfer between Level 1 and Level 2 occurred in the quarters ended March 31, 2024 and 2023.
- E. The changes in Level 3 in the quarters ended March 31, 2024 and 2023 are presented in the following table:

	<u>2024</u>	
	<u>Right of redemption over convertible corporate bonds</u>	<u>Put right over convertible corporate bonds</u>
January 1	\$ -	(\$ 840)
Evaluated profit or loss	-	840
March 31	<u>\$ -</u>	<u>\$ -</u>

	2023	
	Right of redemption over convertible corporate bonds	Put right over convertible corporate bonds
January 1	\$ 120	(\$ 1,320)
Evaluated profit or loss	40	720
March 31	<u>\$ 160</u>	<u>(\$ 600)</u>

- F. No transfer-in and transfer-out of Level 3 occurred in the quarters ended March 31, 2024 and 2023.
- G. As for the evaluation process adopted by the Group for fair value classified to Level 3, relevant department is responsible for conducting independent fair value verification of financial instruments, relying on data from independent sources to make the evaluation results close to the market status, confirming that the data sources are independent, reliable, consistent with other data and represent executable prices, and regularly calibrating and updating the input value and data needed for the evaluation model as well as any other necessary fair value adjustments, to ensure the reasonableness of the evaluation results.
- H. The quantified information of significant unobservable input values of the evaluation model used for the evaluation of Level 3 fair value measurement items of the Group, and the sensitivity analysis of changes of these significant unobservable input values are described as follows:

	Mar. 31, 2024 fair value	Evaluation technique	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Right of redemption over convertible corporate bonds	\$ -	Binary tree evaluation model	Degree of fluctuation	25.44%	The higher the degree of fluctuation, the higher the fair value
Put right over convertible corporate bonds	<u>\$ -</u>				
	Dec. 31, 2023 fair value	Evaluation technique	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Right of redemption over convertible corporate bonds	\$ -	Binary tree evaluation model	Degree of fluctuation	24.87%	The higher the degree of fluctuation, the higher the fair value
Put right over convertible corporate bonds	<u>\$ 840</u>				
	Mar. 31, 2023 fair value	Evaluation technique	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Right of redemption over convertible corporate bonds	<u>\$ 160</u>	Binary tree evaluation model	Degree of fluctuation	31.07%	The higher the degree of fluctuation, the higher the fair value
Put right over convertible corporate bonds	<u>\$ 600</u>				

### 13. Supplementary Disclosures

#### (1) Information on Significant Transactions

- A. Financings provided to others: None.
- B. Endorsement / guarantee provided to others: None.
- C. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and interests in joint ventures): Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties with the amount exceeding NT\$100 million or 20% of paid-in capital: None.
- H. Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital: Please refer to Attachment 2.
- I. Derivatives transactions: Please refer to Note 6(2).
- J. Business relationships and significant transactions between parent and subsidiary: Please refer to Attachment 3.

#### (2) Information on the reinvestment business

Name of Investee Company, Location...etc. (excluding Mainland China investee companies): Please refer to Attachment 4.

#### (3) Information on investment in Mainland China

- A. Basic information: Please refer to Attachment 5.
- B. Major transactions with investees in Mainland China directly or indirectly through business in a third region: Please refer to Note 13(1)-J.

#### (4) Information on major shareholders

Information on major shareholders: Please refer to Attachment 6.

## 14. Segment Information

### (1) General information

The Group only operates business in a single industry. The Board of Directors evaluates performance and allocates resources of the Group as a whole. It is identified that the Group is the single sector to be reported.

### (2) Measurement of department information

As for the measurement of department information, the information of the department requiring reporting provided to the main operation decision-maker is as follows:

	<u>2024.1.1~3.31</u>	<u>2023.1.1~3.31</u>
Segment revenue	\$ 494,302	\$ 433,817
Segment profit or loss	\$ 50,692	\$ 31,417
Segment profit or loss includes:		
Depreciation, amortization expenses	\$ 15,444	\$ 16,095
Interest income	\$ 2,659	\$ 1,050
Finance costs	\$ 3,547	\$ 3,737

### (3) Information on the adjustment of department profits and losses

Since the Board of Directors of the Group adopts after-tax net profit as the basis when evaluating departments' performance and deciding how to allocate resources, adjustment is thus not necessary.

Wendell Industrial Co., Ltd. and Subsidiaries  
 Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures)  
 March 31, 2024

Attachment 1

Unit: NT\$ thousands  
 (Unless Otherwise Specified)

Securities Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	Ending Balance			Fair value	Remark (Note 4)
				Number of Shares (share)	Carrying amount (Note 3)	Percentage of Ownership		
Wendell Industrial Co., Ltd.	Bond Bank of America	-	Financial assets at fair value through loss and gain - current	-	\$ 125,833	-	\$ 125,833	

Note 1: Securities mentioned in this table refer to stocks, bonds, and beneficiary certificates within the scope of IAS 9 “Financial Instruments” as well as securities derived from the aforesaid items.

Note 2: It is not required to fill out this column of the issuer of securities is not a related party.

Note 3: For those measured at fair value, please fill out the book balance obtained after evaluation and adjustment of fair value and deduction of accumulated impairment in the column of “Carrying amount”; for those not measured at fair value, please fill out the book balance obtained after deduction of accumulated impairment from the original acquisition cost or amortized cost in the column of “Carrying amount”.

Note 4: If securities listed are subject to guarantee, pledge loan, or other agreed restrictions, the guaranteed or pledged number of shares, amount of guarantee or pledge loan, and restricted use shall be specified in the column of “Remark”.

Wendell Industrial Co., Ltd. and Subsidiaries  
 Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital  
 March 31, 2024

Attachment 2

Unit: NT\$ thousands  
 (Unless Otherwise Specified)

Company recording receivables	Counterparty	Relationship	Balance of accounts receivable from related parties (Note)	Turnover rate	Overdue accounts receivable from related parties		Amount of accounts receivable from related parties subsequently recovered	Amount with loss allowance drawn
					Amount	Disposal method		
Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	Subsidiaries	\$ 85,396	1.11	\$ 28,852	Enhanced collection	\$ 11,458	\$ -

Note: Please fill out relevant contents respectively according to accounts and notes receivable from related parties, other receivables, etc.

Wendell Industrial Co., Ltd. and Subsidiaries  
Business relationships and significant transactions between parent and subsidiary  
From January 1, 2024 to March 31, 2024

Attachment 3

Unit: NT\$ thousands  
(Unless Otherwise Specified)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			Percentage of consolidated total operating revenues or total assets (%) (Note 3)
				General ledger account	Amount	Transaction Term	
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Sales revenue	\$ 24,335	able to General Transaction	5%
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Accounts receivable	85,396	"	4%
0	Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	1	Sales revenue	15,656	"	3%
0	Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	1	Accounts receivable	24,976	"	1%
0	Wendell Industrial Co., Ltd.	Wendell Korea Co., Ltd.	1	Sales revenue	43,594	"	9%
0	Wendell Industrial Co., Ltd.	Wendell Korea Co., Ltd.	1	Accounts receivable	13,340	"	1%
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Purchasing of goods	11,414	"	2%
1	Shenzhen Qianhong Electronic Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	3	Sales revenue	7,003	"	1%

Note 1. The information on business dealings between the parent company and subsidiaries should be numbered according to the following method:

1. For the parent company, fill in 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2. Relationships with counterparties can be any one of the following three types (For a same transaction between parent company and a subsidiary or between subsidiaries, it is not required to disclose it repeatedly. For example, if the parent company has already disclosed a transaction with the subsidiary, the subsidiary will not be required to disclose this transaction repeatedly; if a subsidiary already discloses a transaction with another subsidiary, the latter will not be required to disclose this transaction repeatedly):

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3. The ratio of transaction amount to total revenue or total assets is calculated as the ending balance to total assets if it is an asset or liability account. For profit and loss accounts, the calculation is based on the cumulative amount to total revenue in the period.

Note 4. Individual transactions with amount not reaching 1% of the consolidated total operating revenue and the consolidated total assets will not be disclosed.

Wendell Industrial Co., Ltd. and Subsidiaries  
Name of Investee Company, Location...etc. (excluding Mainland China investee companies)  
From January 1, 2024 to March 31, 2024

Attachment 4

Unit: NT\$ thousands  
(Unless Otherwise Specified)

Name of Investor	Name of Investee (Note 1, 2)	Location	Principal Business	Initial Investment Amount		End of the Period			Profit (Loss) of Investee for the Period (Note 2(2))	Investment Profit (Loss) Recognized for the Period (Note 2(3))	Remarks
				Ending Balance for the Current	End of Last Year	Number of shares	Shareholding (%)	Carrying amount			
Wendell Industrial Co., Ltd.	Wendell Co., Ltd.	Japan	Sales of electronic components	\$ 6,802	\$ 6,802	500	100%	\$ 3,132	(\$ 440)	(\$ 440)	Subsidiaries
"	Wendell Pte. Ltd.	Singapore	Sales of electronic components	2,306	2,306	100,000	100%	10,803	61	61	"
"	Wendell Korea Co., Ltd.	Korea	Sales of electronic components	7,204	7,204	10,000	100%	80,188	2,097	2,097	"
"	Nichtek Industrial Co., Limited	Hong Kong	Reinvested holding company	65,847	65,847	18,591,400	100%	42,706	( 2,678)	( 2,756)	"
"	Wendell Electrical Testing Co., Ltd.	Taiwan	Testing and safety certification services	100,246	100,246	10,020,000	100%	110,362	185	185	"

Note 1. If a public company has a foreign holding company and is required by local laws and regulations to use consolidated financial statements as the primary financial statements, the disclosure of information about the investee company may be limited to the relevant information of the holding company.

Note 2. For cases other than those described in Note 1, the following regulations apply:

1. The columns of "Name of investee company", "Location", "Principal business", "Initial investment amount" and "Shareholding as of the end of the period" shall be determined in accordance with the circumstances the Company's transfer of investment and each direct investment. The Company shall fill in the following information in the order of the reinvestment of the investee company or the indirectly controlled investor. The relationship between each investee company and the Company (if it is a subsidiary or sub-subsidiary) shall be indicated in the Notes column.
2. The column of "Profit or loss of investee company for the period" shall be filled in the amount of profit or loss of each investee company for the period.
3. The column of "Gains or losses recognized during the period" shall be filled in only for each subsidiary and equity-method investee recognized by the (public) company. The remainder is not required. When filled "Amount of current profit or loss of each subsidiary recognized as a direct investment", the amount of current profit or loss of each subsidiary includes the investment income or loss that shall with the regulations for its reinvestment.

Wendell Industrial Co., Ltd. and Subsidiaries  
Information on investment in Mainland China – Basic information  
From January 1, 2024 to March 31, 2024

Attachment 5

Unit: NT\$ thousands  
(Unless Otherwise Specified)

Investee in Mainland China	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Investment Flows		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Net income (loss) of investee company P	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized (Note 2)	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	Remarks
					Remitted to Mainland China	Remitted back to Taiwan							
Shenzhen Qianhong Electronic Co., Ltd.	Sales of electronic components	\$ 69,585	2	\$ 65,660	\$ -	\$ -	\$ 65,660	(\$ 2,679)	100%	(\$ 2,757)	\$ 44,953	\$ -	
Suzhou Lianhong Electronic Co., Ltd.	Sales of electronic components	2,286	2	-	-	-	-	( 737)	100%	( 737)	13,000	-	
Shenzhen Qianhong Electrical Testing Co., Ltd.	Testing and certification services	2,227	2	-	-	-	-	303	100%	303	2,450	-	
Company Name		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024			Investment Amounts Authorized by The Investment Commission, MOEA			Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA					
Wendell Industrial Co., Ltd.		\$		65,660	\$		65,660	\$		786,505			

Note 1. Methods of investments are divided into the following three types:

- (1) Direct investment in mainland companies.
- (2) Investment in mainland companies through a third region remittance. (Please indicate the investment company in the third region)
  - A. Reinvestment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited
  - B. Investment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited, and then reinvestment in Suzhou Lianhong Electronic Co., Ltd.
  - C. Investment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited, and then reinvestment in Shenzhen Qianhong Electrical Testing Co., Ltd.
- (3) Others

Note 2. Except the investment profit or loss recognized by Shenzhen Qianhong Electrical Testing Co., Ltd. according to its self-prepared financial statements in the same period that were not reviewed by the CPAs yet, the remaining investment profit or loss recognized in the current period was based on the financial statements of the parent company in Taiwan as reviewed by the CPAs.

Note 3. Relevant figures related to this table are presented in NTD.

Wendell Industrial Co., Ltd. and Subsidiaries  
Information on Major Shareholders  
March 31, 2024

Attachment 6

Name of shareholders	Shareholding	
	Number of Shares Held (share) (Note)	Percentage of Ownership (%)
Po Hong Investment Co., Ltd.	4,715,586	15.66%
Wei Hong Assets Co., Ltd.	4,715,586	15.66%

Note: It refers to the number of shares disclosed on March 31, 2024.