

**EGIS TECHNOLOGY INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2024 AND 2023**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Egis Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Egis Technology Inc. and subsidiaries (the “Group”) as at June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements, of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our reviews and the review reports of other independent auditors.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4(3)2 and 6(7), the financial statements of certain non-significant subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Total assets of these subsidiaries (including the balance of investments accounted for using the equity method) and liabilities amounted to NT\$311,751 thousand and NT\$11,614 thousand, constituting 2% and 0% of the consolidated total assets and liabilities as at June 30, 2024, respectively, the balance of investments accounted for using the equity method amounted to NT\$372,530 thousand, constituting 3% of the consolidated total assets as at June 30, 2023, and the share of comprehensive loss amounted to (NT\$28,975) thousand, (NT\$9,861) thousand, (NT\$45,341) thousand and (NT\$13,302) thousand, constituting 11%, 3%, 13% and 5% of the consolidated total comprehensive (loss) income for the three months and six months then ended, respectively.

Qualified Conclusion

Based on our reviews and the review reports of other independent auditors as described in the Other Matter – Review Reports By Other Independent Auditors section of our report, except for the possible effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Other Matter – Review Reports By Other Independent Auditors

We did not review the financial statements of certain investments accounted for using the equity method which were reviewed by other independent auditors. Therefore, our conclusion expressed herein, insofar as it relates to the amounts and the information disclosed in Note 13 included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for using equity method

amounted to NT\$1,042,134 thousand and NT\$1,127,565 thousand, constituting 8% and 9% of the consolidated total assets as at June 30, 2024 and 2023, respectively, and the share of comprehensive loss recognised from these investees accounted for using the equity method amounted to (NT\$25,711) thousand, (NT\$17,820) thousand, (NT\$47,729) thousand and (NT\$43,171) thousand, constituting 10%, 5%, 14% and 16% of the consolidated total comprehensive loss (income) for the three months and six months then ended, respectively.

Huang, Pei-Chuan

Pan, Hui-Lin

For and on Behalf of PricewaterhouseCoopers, Taiwan

August 9, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	June 30, 2024		December 31, 2023		(As amended) June 30, 2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
1100	Cash and cash equivalents	\$ 2,219,420	17	\$ 1,878,928	14	\$ 1,429,202	12
1110	Financial assets at fair value through profit or loss - current	660,035	5	613,077	5	997,233	8
1120	Current financial assets at fair value through other comprehensive income	36,562	-	23,224	-	32,922	-
1136	Current financial assets at amortised cost	748,181	6	878,373	7	1,088,149	9
1170	Accounts receivable, net	461,246	4	524,008	4	633,939	5
1180	Accounts receivable due from related parties, net	6,133	-	5,309	-	2,488	-
1200	Other receivables	15,469	-	24,624	-	22,703	-
1210	Other receivables due from related parties	2,782	-	89,456	1	102,098	1
1220	Current tax assets	17,280	-	17,759	-	16,040	-
130X	Inventory	700,269	6	842,714	6	1,287,390	10
1410	Prepayments	215,837	2	234,633	2	112,280	1
1470	Other current assets	20,904	-	38,574	-	15,792	-
11XX	Total current assets	<u>5,104,118</u>	<u>40</u>	<u>5,170,679</u>	<u>39</u>	<u>5,740,236</u>	<u>46</u>
Non-current assets							
1510	Non-current financial assets at fair value through profit or loss	670,106	5	1,033,882	8	1,026,458	8
1517	Non-current financial assets at fair value through other comprehensive income	2,425,826	19	2,416,485	18	2,005,289	16
1535	Non-current financial assets at amortised cost	38,422	-	22,489	-	7,458	-
1550	Investments accounted for using equity method	1,336,268	10	1,388,262	11	1,537,692	13
1600	Property, plant and equipment	202,261	2	196,205	1	163,179	1
1755	Right-of-use assets	212,195	2	245,457	2	303,782	3
1780	Intangible assets	2,285,631	18	2,259,128	17	1,098,307	9
1840	Deferred income tax assets	357,018	3	345,163	3	342,660	3
1960	Non-current prepayments for investments	-	-	-	-	9,000	-
1990	Other non-current assets	104,157	1	111,018	1	132,772	1
15XX	Total non-current assets	<u>7,631,884</u>	<u>60</u>	<u>8,018,089</u>	<u>61</u>	<u>6,626,597</u>	<u>54</u>
1XXX	Total assets	<u>\$ 12,736,002</u>	<u>100</u>	<u>\$ 13,188,768</u>	<u>100</u>	<u>\$ 12,366,833</u>	<u>100</u>

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	June 30, 2024		December 31, 2023		(As amended) June 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Liabilities								
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 1,234,000	10	\$ 1,354,000	10	\$ 1,317,500	11
2130	Current contract liabilities	6(22)	137,934	1	46,234	-	5,896	-
2170	Accounts payable		353,442	3	405,244	3	282,072	2
2200	Other payables	6(13)	1,141,692	9	982,506	8	783,570	6
2220	Other payables to related parties	7	7,527	-	1,680	-	-	-
2230	Current income tax liabilities		9,290	-	6,533	-	1,061	-
2280	Current lease liabilities	6(9)	81,049	1	81,067	1	85,695	1
2320	Long-term liabilities, current portion	6(14)	437,200	3	481,486	4	368,036	3
2365	Current refund liabilities		27,438	-	58,036	-	71,673	1
2399	Other current liabilities	7	8,888	-	6,003	-	8,267	-
21XX	Total current liabilities		<u>3,438,460</u>	<u>27</u>	<u>3,422,789</u>	<u>26</u>	<u>2,923,770</u>	<u>24</u>
Non-current liabilities								
2530	Bonds payable	6(15)	280,073	2	-	-	-	-
2540	Non-current portion of non-current borrowings	6(14)	688,464	5	792,214	6	965,664	7
2570	Deferred tax liabilities		185,447	2	196,450	2	99,744	1
2580	Non-current lease liabilities	6(9)	140,113	1	174,253	1	226,569	2
2600	Other non-current liabilities	6(13)	230,680	2	2,408	-	15,446	-
25XX	Total non-current liabilities		<u>1,524,777</u>	<u>12</u>	<u>1,165,325</u>	<u>9</u>	<u>1,307,423</u>	<u>10</u>
2XXX	Total liabilities		<u>4,963,237</u>	<u>39</u>	<u>4,588,114</u>	<u>35</u>	<u>4,231,193</u>	<u>34</u>
Equity								
Share capital								
3110	Common stock	6(18)	742,718	6	742,718	6	742,718	6
Capital surplus								
3200	Capital surplus	6(19)	1,239,302	10	1,340,854	10	1,335,358	11
Retained earnings								
3310	Legal reserve	6(20)	725,338	5	725,338	5	725,338	6
3320	Special reserve		473,690	4	857,729	7	857,729	7
3350	Unappropriated retained earnings		887,713	7	778,378	6	1,104,584	9
Other equity interest								
3400	Other equity interest	6(21)	(499,884)	(4)	(473,690)	(4)	(793,584)	(7)
31XX	Equity attributable to owners of parent		<u>3,568,877</u>	<u>28</u>	<u>3,971,327</u>	<u>30</u>	<u>3,972,143</u>	<u>32</u>
36XX	Non-controlling interests	6(29)	<u>4,203,888</u>	<u>33</u>	<u>4,629,327</u>	<u>35</u>	<u>4,163,497</u>	<u>34</u>
3XXX	Total equity		<u>7,772,765</u>	<u>61</u>	<u>8,600,654</u>	<u>65</u>	<u>8,135,640</u>	<u>66</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance of sheet date								
3X2X	Total liabilities and equity		<u>\$ 12,736,002</u>	<u>100</u>	<u>\$ 13,188,768</u>	<u>100</u>	<u>\$ 12,366,833</u>	<u>100</u>

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7	\$ 951,047	100	\$ 845,635	100	\$ 1,967,325	100	\$ 1,775,293	100
5000 Operating costs	6(6)(26)	(618,811)	(65)	(602,313)	(71)	(1,232,377)	(62)	(1,222,556)	(69)
5900 Net operating margin		<u>332,236</u>	<u>35</u>	<u>243,322</u>	<u>29</u>	<u>734,948</u>	<u>38</u>	<u>552,737</u>	<u>31</u>
Operating expenses	6(26) and 7								
6100 Selling expenses		(73,071)	(8)	(87,025)	(10)	(149,178)	(8)	(160,045)	(9)
6200 General and administrative expenses		(113,089)	(12)	(105,624)	(13)	(230,111)	(12)	(208,377)	(12)
6300 Research and development expenses		(405,480)	(42)	(371,914)	(44)	(834,289)	(42)	(773,901)	(43)
6450 Impairment (loss) gain determined in accordance with IFRS 9	6(5)	(191)	-	379	-	(223)	-	358	-
6000 Total operating expenses		<u>(591,831)</u>	<u>(62)</u>	<u>(564,184)</u>	<u>(67)</u>	<u>(1,213,801)</u>	<u>(62)</u>	<u>(1,141,965)</u>	<u>(64)</u>
6900 Operating loss		<u>(259,595)</u>	<u>(27)</u>	<u>(320,862)</u>	<u>(38)</u>	<u>(478,853)</u>	<u>(24)</u>	<u>(589,228)</u>	<u>(33)</u>
Non-operating income and expenses									
7100 Interest income	6(23)	17,049	2	14,583	2	29,561	2	24,854	2
7010 Other income		3,570	-	14,166	2	5,905	-	16,785	1
7020 Other gains and losses	6(24)	87,782	9	99,967	12	153,334	8	215,931	12
7050 Finance costs	6(25)	(15,877)	(2)	(15,365)	(2)	(31,032)	(2)	(30,344)	(2)
7060 Share of loss of associates and joint ventures accounted for using equity method	6(7)	(49,387)	(5)	(31,449)	(4)	(76,371)	(4)	(64,975)	(4)
7000 Total non-operating income and expenses		<u>43,137</u>	<u>4</u>	<u>81,902</u>	<u>10</u>	<u>81,397</u>	<u>4</u>	<u>162,251</u>	<u>9</u>
7900 Loss before income tax		<u>(216,458)</u>	<u>(23)</u>	<u>(238,960)</u>	<u>(28)</u>	<u>(397,456)</u>	<u>(20)</u>	<u>(426,977)</u>	<u>(24)</u>
7950 Income tax benefit	6(27)	9,630	1	61,447	7	13,627	1	83,572	5
8200 Loss for the period		<u>(\$ 206,828)</u>	<u>(22)</u>	<u>(\$ 177,513)</u>	<u>(21)</u>	<u>(\$ 383,829)</u>	<u>(19)</u>	<u>(\$ 343,405)</u>	<u>(19)</u>

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

Items	Notes	Three months ended June 30				Six months ended June 30				
		2024		2023		2024		2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 55,789)	(6)	(\$ 184,980)	(22)	\$ 46,887	2	\$ 72,038	4
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(21)	-	-	-	-	770	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		22	-	-	-	(7,585)	-	-	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		(55,767)	(6)	(184,980)	(22)	40,072	2	72,038	4
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Exchange differences on translation	6(21)(29)	1,067	-	(1,366)	-	4,709	-	(2,698)	-
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	(295)	-	99	-	(508)	-	905	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(21)	2,598	1	971	-	2,598	-	590	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		3,370	1	(296)	-	6,799	-	(1,203)	-
8300	Other comprehensive income (loss) for the period, net of tax		(\$ 52,397)	(5)	(\$ 185,276)	(22)	\$ 46,871	2	\$ 70,835	4
8500	Total comprehensive loss for the period		(\$ 259,225)	(27)	(\$ 362,789)	(43)	(\$ 336,958)	(17)	(\$ 272,570)	(15)
Loss attributable to:										
8610	Owners of parent		(\$ 169,348)	(18)	(\$ 175,509)	(21)	(\$ 266,590)	(13)	(\$ 262,826)	(15)
8620	Non-controlling interests		(37,480)	(4)	(2,004)	-	(117,239)	(6)	(80,579)	(4)
Comprehensive loss attributable to:										
8710	Owners of parent		(\$ 232,186)	(24)	(\$ 356,493)	(42)	(\$ 237,163)	(12)	(\$ 198,681)	(11)
8720	Non-controlling interests		(27,039)	(3)	(6,296)	(1)	(99,795)	(5)	(73,889)	(4)
Loss per share (in dollars)										
9750	Basic earnings per share	6(28)	(\$ 2.28)		(\$ 2.44)		(\$ 3.59)		(\$ 3.73)	
9850	Diluted earnings per share	6(28)	(\$ 2.28)		(\$ 2.44)		(\$ 3.59)		(\$ 3.73)	

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Notes	Retained Earnings					Other Equity Interest			Non-controlling interests	Total
		Share capital - common stock	Capital surplus, others	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
Six months ended June 30, 2023 (As amended)											
Balance at January 1, 2023		\$ 692,718	\$ 1,005,857	\$ 725,338	\$ 75,368	\$ 2,358,198	\$ 43	(\$ 857,772)	\$ 3,999,750	\$ 3,631,770	\$ 7,631,520
Loss for the period		-	-	-	-	(262,826)	-	-	(262,826)	(80,579)	(343,405)
Other comprehensive income (loss)		-	-	-	-	-	(1,766)	65,911	64,145	6,690	70,835
Total comprehensive income (loss)		-	-	-	-	(262,826)	(1,766)	65,911	(198,681)	(73,889)	(272,570)
Appropriations and distribution of 2022 retained earnings:	6(20)										
Special reserve		-	-	-	782,361	(782,361)	-	-	-	-	-
Cash dividends		-	-	-	-	(207,815)	-	-	(207,815)	-	(207,815)
Issuance of shares		50,000	300,000	-	-	-	-	-	350,000	-	350,000
Changes in ownership interests in subsidiaries		-	16,489	-	-	-	-	-	16,489	90,290	106,779
Changes in equity of associates accounted for using equity method		-	13,012	-	-	(612)	-	-	12,400	-	12,400
Increase in non-controlling interests		-	-	-	-	-	-	-	-	515,326	515,326
Balance at June 30, 2023		\$ 742,718	\$ 1,335,358	\$ 725,338	\$ 857,729	\$ 1,104,584	(\$ 1,723)	(\$ 791,861)	\$ 3,972,143	\$ 4,163,497	\$ 8,135,640
Six months ended June 30, 2024											
Balance at January 1, 2024		\$ 742,718	\$ 1,340,854	\$ 725,338	\$ 857,729	\$ 778,378	\$ 474	(\$ 474,164)	\$ 3,971,327	\$ 4,629,327	\$ 8,600,654
Loss for the period		-	-	-	-	(266,590)	-	-	(266,590)	(117,239)	(383,829)
Other comprehensive income (loss)		-	-	-	-	-	4,234	25,193	29,427	17,444	46,871
Total comprehensive income (loss)		-	-	-	-	(266,590)	4,234	25,193	(237,163)	(99,795)	(336,958)
Appropriations and distribution of 2023 retained earnings:	6(20)										
Reversal of special reserve		-	-	-	(384,039)	384,039	-	-	-	-	-
Disposal of equity instrument at fair value through other comprehensive income	6(3)	-	-	-	-	55,621	-	(55,621)	-	-	-
Reorganisation adjustment	4(7)	-	(32,759)	-	-	-	-	-	(32,759)	-	(32,759)
Changes in ownership interests in subsidiaries		-	(18,806)	-	-	(38,426)	-	-	(57,232)	-	(57,232)
Changes in equity of associates accounted for using equity method		-	(49,987)	-	-	(25,309)	-	-	(75,296)	-	(75,296)
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	(325,644)	(325,644)
Balance at June 30, 2024		\$ 742,718	\$ 1,239,302	\$ 725,338	\$ 473,690	\$ 887,713	\$ 4,708	(\$ 504,592)	\$ 3,568,877	\$ 4,203,888	\$ 7,772,765

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 397,456)	(\$ 426,977)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(26)	94,452	95,866
Amortisation	6(10)(26)	202,171	131,038
Expected credit loss (gain)	6(5)	223	(358)
Impairment loss of intangible assets	6(10)	1,835	-
Interest income	6(23)	(29,561)	(24,854)
Interest expense	6(25)	31,032	30,344
Dividend income		(945)	(11,702)
(Gains) losses on disposals of property, plant and equipment		(200)	1,207
Gains on disposal of investments accounted for using equity method	6(24)	-	(59,875)
Gains from lease modification	6(9)(24)	(10)	(1,856)
Gains on financial assets at fair value through profit or loss	6(2)(24)	(62,007)	(152,748)
Losses on disposal of investments accounted for using equity method	6(7)	76,371	64,975
Share-based payments	6(17)(26)	10,840	22,845
(Reversal of gain) losses on refundable deposits		(18,836)	18,836
Others		29	64
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable (including due from related parties)		58,523	(19,619)
Other receivables (including due from related parties)		11,163	(18,160)
Inventories		150,133	454,304
Prepayments		17,837	27,515
Other current assets		53,767	10,952
Changes in operating liabilities			
Contract liabilities		91,700	(1,756)
Accounts payable		(52,448)	23,219
Other payables (including due from related parties)		(117,828)	(264,498)
Current refund liabilities		(30,598)	(17,703)
Other current liabilities		2,741	(5,209)
Cash inflow (outflow) generated from operations		92,928	(124,150)
Cash dividends received		945	11,702
Income taxes paid		(19,459)	(94,136)
Interest received		29,250	23,869
Interest paid		(31,262)	(31,485)
Net cash flows from (used in) operating activities		<u>72,402</u>	<u>(214,200)</u>

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 75,472)	(\$ 42,178)
Proceeds from disposal of financial assets at fair value through profit or loss		454,807	93,267
Acquisition of financial assets at fair value through other comprehensive income		(55,543)	(11,262)
Proceeds from disposal of financial assets at fair value through other comprehensive income		81,547	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	40,663
Decrease in financial assets at amortised cost		114,259	1,195
Acquisition of property, plant and equipment	6(30)	(54,468)	(43,306)
Proceeds from disposal of property, plant and equipment		749	230
Acquisition of intangible assets	6(30)	(187,799)	(80,102)
Cash flows generated from acquisition of subsidiaries (net of cash required)	6(32)	(43,294)	182,751
Increase in prepayments for investments		-	(9,000)
Net cash flow from proceeds from disposal of subsidiaries		-	(2,817)
Increase in other non-current assets		(1,324)	(4,497)
Net cash flows from investing activities		<u>233,462</u>	<u>124,944</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(31)	1,234,000	1,317,500
Decrease in short-term loans	6(31)	(1,354,000)	(1,238,584)
Increase in other payables to related parties		7,000	-
Repayments of long-term debt	6(31)	(148,036)	(363,636)
Payments of lease liabilities	6(31)	(41,889)	(47,985)
Increase in other non-current liabilities	6(31)	(2,126)	(5)
Proceeds from issuance of shares	6(18)	-	350,000
Cash dividends paid by subsidiaries		(67,757)	(44,775)
Issuance of treasury shares by subsidiaries		-	5,204
Proceeds from issuance of shares by subsidiaries		111,248	-
Issuance of bonds payable		300,350	-
Net cash flows from (used in) financing activities		<u>38,790</u>	<u>(22,281)</u>
Effect of exchange rate changes		(4,162)	(4,103)
Net increase (decrease) in cash and cash equivalents		340,492	(115,640)
Cash and cash equivalents at beginning of period		1,878,928	1,544,842
Cash and cash equivalents at end of period		<u>\$ 2,219,420</u>	<u>\$ 1,429,202</u>

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023

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

1. History and Organisation

Egis Technology Inc. (the “Company”) was incorporated on December 26, 2007 as a company limited by shares under the laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of its registered office is 30F-1, No. 118, Ciyun Rd., East Dist., Hsinchu City, Taiwan. The Company and its subsidiaries (collectively the “Group”) are primarily engaged in the research, development, and sales of data security software, biometric identification software and hardware, wholesale of electronic materials, development and design of IC and international trading.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on August 9, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:.

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

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

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

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

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

Except for IFRS 18, 'Presentation and disclosure in financial statements' that is pending for assessment, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
 - (b) Defined benefit assets recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for the preparation of these consolidated financial statements is the same as the consolidated financial statements for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

No.	Investor	Name of subsidiary	Main business activities	Ownership (%)			Description
				June 30, 2024	December 31, 2023	June 30, 2023	
1	Egis	Egis Technology (Japan) Inc. (Japan)	Customer service, business promotion and technical service	100.00	100.00	100.00	
2	"	Egis Technology Korea Inc. (Korea)	Customer service, business promotion and technical service	100.00	100.00	100.00	
3	"	OceanX Inc.	Holding activity	100.00	100.00	100.00	Note 1
4	"	Luxsentek Microelectronics Corp.	Technology development	86.93	86.93	86.93	
5	"	Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	100.00	100.00	100.00	
6	"	Egis (Hong Kong) Limited	Holding activity	100.00	100.00	100.00	Note 2
7	"	VASUBI Technology Inc.	Technology development	100.00	100.00	100.00	
8	"	NUI Technology Inc.	Technology development	100.00	100.00	100.00	
9	"	Taurus Wireless Inc.	Technology development	100.00	100.00	100.00	
10	"	Transducer Star Technology INC. (Transducer Star)	Technology development	91.62	90.26	85.58	Note 3
11	"	Alcor Micro, Corp. (Alcor)	Wholesale of electronic materials, development and design of integrated circuit and international trading, etc.	20.47	20.49	21.86	Notes 5 and 9
12	"	Egisee Inc.	Technology development	100.00	-	-	Note 12
13	Egis and Alcor	StarRiver Semiconductor Corp. (Star River)	Design of integrated circuit and solution of product	98.18	62.27	-	Note 4
14	Egis, Alcor and Alcorlink	Egis Vision Inc.(Egis Vision)	Development, design and sales of integrated circuit	78.14	80.00	100.00	Note 8
15	Alcor	Alcor Micro Technology, Inc. (AMTI)	Investment holdings	100.00	100.00	100.00	
16	"	Chun-Feng Investment Limited (Chun-Feng)	General investment business	100.00	100.00	100.00	
17	"	ENE Technology Inc. (ENE)	Development, design and sales of integrated circuit	17.67	17.67	17.66	Notes 6 and 11

No.	Investor	Name of subsidiary	Main business activities	Ownership (%)			Description
				June 30, 2024	December 31, 2023	June 30, 2023	
18	Alcor and Chun-Feng	Syncomm Technology Corp. (Syncomm)	Development, design and sales of integrated circuit	29.29	31.28	31.86	Notes 6 and 10
19	"	AlgolTek, Inc. (AlgolTek)	Development, design and sales of integrated circuit	31.86	31.84	31.84	Notes 6 and 7
20	AlgolTek	Alcorlink Corp. (Alcorlink)	Development, design and sales of integrated circuit	100.00	100.00	100.00	Notes 7
21	AMTI	Alcor Micro Technology (ShenZhen) Ltd.	After sales service and collection of business intelligence	100.00	100.00	100.00	Note 15
22	"	Alcor Micro Technology (H.K.) Limited (AMTHK)	Management and sales of electronic products	100.00	100.00	100.00	
23	AlgolTek	Joint Power Exponent, Ltd. (Joint Power exponent)	Development, design and sales of integrated circuit	45.24	-	-	Notes 13 and 14
24	Joint Power exponent	Joint Power Exponent (ShenZhen), Ltd. (ShenZhen Joint Power Exponent)	Development, design and sales of integrated circuit	100.00	-	-	Notes 13 and 14

Note 1: Sense Investment and Consulting Inc. was renamed as OceanX Inc. in 2023.

Note 2: Egis (Hong Kong) Limited was incorporated on August 17, 2015 and the capital injection has not yet been completed by the Group.

Note 3: The Group merged with Transducer Star Technology Inc. in 2023. Refer to Note 6(32) for details. The Board of Directors during its meeting on September 11, 2023 resolved to conduct a cash capital increase by issuing 1,000 thousand new shares. Egis will fully subscribe the capital increase, and consequently, the Group's ownership changed to 90.26%. After obtaining the board's consent on May 3, 2024, Transducer Star will increase capital and issue 500 thousand new shares. As Egis subscribed to all the new shares, the shareholding ratio will change to 91.62%.

Note 4: Egis originally held 7.27% equity instruments recorded as financial assets at fair value through other comprehensive income in StarRiver. As the subsidiary of the Group, Alcor, acquired 55.00% of voting rights in StarRiver on October 24, 2023. Refer to Note 6(32) for details.

The Board of Directors of Alcor during its meeting on May 3, 2024 resolved to acquire 1,995 thousand shares of StarRiver at a price of NT\$234 per share, totaling \$466,975. After the transaction, the Group's shareholding in StarRiver will increase to 98.18%.

- Note 5: The Group's subsidiary, Alcor, was the single major shareholder of Syncomm, ENE and AlgoTek. Although the direct shareholding ratio did not reach 50%, Alcor had substantial decision-making power on each companies' finance, operations and personnel administration, and in the conduct of their main business activities. Further, during the shareholders' meeting of each company, Alcor has obtained the majority voting right, and has substantial control power. Thus, they were included in the consolidated financial statements.
- Note 6: The Group's subsidiary, Alcor, was the single major shareholder of Syncomm, ENE and AlgoTek. Although the direct shareholding ratio did not reach 50%, Alcor had substantial decision-making power on each companies' finance, operations and personnel administration, and in the conduct of their main business activities. Further, during the shareholders' meeting of each company, Alcor has obtained the majority voting right, and has substantial control power. Thus, they were included in the consolidated financial statements.
- Note 7: Considering AlgoTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgoTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgoTek after the transaction. Additionally, due to the adjustment of the treasury shares, the exercise of employees' stock options and the retirement of restricted stocks, the Group's shareholding ratio as at June 30, 2024 changed to 31.86%.
- Note 8: Egis Vision was established on June 9, 2023. In order to implement reorganisation and work specialisation for enhancing competitiveness and operational performance, the Board of Directors of Alcorlink during its meeting on June 28, 2023 resolved to spin off its "Image Product Business" to Egis Vision Inc., which was 100% owned by Alcorlink. The spin-off effective date was set on July 1, 2023. The Board of Directors of Egis Vision during its meeting on August 10, 2023 resolved to conduct a cash capital increase by issuing 1,500 thousand new shares. As Alcorlink did not subscribe to the capital increase proportionately to its ownership, the Group's ownership decreased to 80.00%.
- The Board of Directors of Egis Vision during its meeting on January 17, 2024 resolved to conduct a cash capital increase by issuing 4,000 thousand new shares. As Alcorlink did not subscribe to the capital increase proportionately to its ownership and the Company subscribed 2,986 thousand shares, the Group's total ownership decreased to 78.14%.
- Note 9: Since Alcor handled employee subscription of restricted stocks in March, 2023 and June, 2024, and private placement in September, 2023, the Group's ownership changed.
- Note 10: Since Syncomm handled cash capital increase, issuance and retirement of restricted stocks, the Group's total shareholding ratios as of June 30, 2024, December 31, 2023, and June 30, 2023, changed to 29.29%, 31.28%, and 31.86%, respectively.
- Note 11: Since ENE retired restricted stocks during 2023, the Group's total shareholding ratios

as of June 30, 2024, December 31, 2023, and June 30, 2023, changed to 17.67%, 17.67%, and 17.66%, respectively.

Note 12: Egisee Inc. was established in 2024.

Note 13: In January 2024, AlgolTek acquired 40.43% equity interest in Joint Power Exponent in cash, became the single largest shareholder of Joint Power Exponent and has significant control over Joint Power Exponent as it obtained two seats and the effective agreements between other shareholders out of five seats in the Board of Directors.

ShenZhen Joint Power Exponent is a wholly-owned subsidiary established and registered by Joint Power Exponent and was included in the consolidated financial statements as the Group has significant control over Joint Power Exponent.

On January 23, 2024, Joint Power Exponent's Board of Directors approved to increase capital by issuing 3,750 thousand new shares. The Group did not acquire shares proportionally to its interest. As a result, the shareholding ratio increased to 45.24%.

Note 14: The financial statements of the entity as of and for the six months ended June 30, 2024 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 15: Alcor Micro Technology (ShenZhen) Ltd. had resolved the dissolution and liquidation of the company in January 2024.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of June 30, 2024, December 31, 2023 and June 30, 2023, the non-controlling interest amounted to \$4,203,888, \$4,629,327 and \$4,163,497, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest	
		June 30, 2024	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
Alcor and its subsidiaries	Taiwan	\$ 4,192,579	79.53%

		Non-controlling interest	
		December 31, 2023	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
Alcor and its subsidiaries	Taiwan	\$ 4,626,550	79.51%

		Non-controlling interest	
		June 30, 2023	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
Alcor and its subsidiaries	Taiwan	\$ 4,161,996	78.14%

Balance sheets

	June 30, 2024	December 31, 2023	June 30, 2023
	Alcor and its subsidiaries	Alcor and its subsidiaries	Alcor and its subsidiaries
Current assets	\$ 3,937,431	\$ 3,808,627	\$ 4,105,601
Non-current assets	2,905,779	2,829,339	1,812,143
Current liabilities	(1,215,343)	(979,178)	(800,491)
Non-current liabilities	(790,814)	(309,461)	(272,961)
Total net assets	<u>\$ 4,837,053</u>	<u>\$ 5,349,327</u>	<u>\$ 4,844,292</u>

Statements of comprehensive income

	Three months ended June 30, 2024	Three months ended June 30, 2023
	Alcor and its subsidiaries	Alcor and its subsidiaries
Revenue	\$ 585,320	\$ 457,400
Loss before income tax	(\$ 46,655)	(\$ 20,955)
Income tax benefit	7,393	23,022
(Loss) profit, net of tax	(39,262)	2,067
Other comprehensive income (loss)	13,130	(5,507)
Total comprehensive loss	(\$ 26,132)	(\$ 3,440)
Comprehensive loss attributable to non-controlling interest	(\$ 21,445)	(\$ 6,519)
Dividends paid to non-controlling interest	\$ 44,722	\$ 74,291
	Six months ended June 30, 2024	Six months ended June 30, 2023
	Alcor and its subsidiaries	Alcor and its subsidiaries
Revenue	\$ 981,957	\$ 845,346
Loss before income tax	(\$ 136,543)	(\$ 121,119)
Income tax benefit	12,166	31,693
Loss, net of tax	(124,377)	(89,426)
Other comprehensive income	21,937	8,587
Total comprehensive loss	(\$ 102,440)	(\$ 80,839)
Comprehensive loss attributable to non-controlling interest	(\$ 90,677)	(\$ 71,818)
Dividends paid to non-controlling interest	\$ 106,569	\$ 142,193

Statements of cash flows

	Six months ended June 30, 2024	Six months ended June 30, 2023
	Alcor and its subsidiaries	Alcor and its subsidiaries
Net cash from (used in) operating activities	\$ 6,266	(\$ 52,586)
Net cash (used in) from investing activities	(9,552)	157,814
Net cash from (used in) financing activities	267,028	(58,928)
Effect of exchange rate changes on cash and cash equivalents	(5,519)	(1,031)
Increase in cash and cash equivalents	258,223	45,269
Cash and cash equivalents, beginning of period	1,339,470	819,418
Cash and cash equivalents, end of period	\$ 1,597,693	\$ 864,687

(4) Convertible bonds

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares, and by exchanging a fixed amount of cash for a fixed number of common shares) and put options. The Group classifies the bonds payable upon issuance as a financial asset, financial liability or equity in accordance with the contract terms. They are accounted for as follows:

- (a) The embedded put options are recognised initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets at fair value through profit or loss'.
- (b) The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- (c) The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- (d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- (e) When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total carrying amount of the abovementioned liability component and 'capital surplus—share options'.

(5) Employee benefits

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

(6) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(7) Reorganization under joint control

A. Egis Vision was established on June 9, 2023. As the Group considered the business and improved the efficiency of the operating decision-making, the Company and the subsidiary, Alcor, purchased 1,500 thousand and 500 thousand ordinary shares of Egis Vision, respectively, from the parent company, Alcorlink, that originally held 80% equity interest in Egis Vision and the Company subscribed 2,986 thousand shares issued by Egis Vision for capital increase at the same time. After the reorganisation, Egis directly held 39.01% of Egis Vision and became the largest shareholder and Egis Vision became a subsidiary directly held by Egis. The Group held a total of 78.14% equity interest in Egis Vision. As the Company and Egis Vision were under common control, the business combination was treated as a reorganisation and was recorded based on the carrying amount of Egis Vision. The difference between the carrying amount and the investment cost of \$32,759 had been adjusted as capital surplus - additional paid-in capital.

B. The Group applies the related interpretations issued in the R.O.C. to account for the reorganisation since there are no definite rules for business combinations of entities under common control in IFRS 3, 'Business combinations' as explained in the IFRS Q&A 'Questions on the accounting treatment of business combination under common control' issued by the Accounting Research and Development Foundation of the R.O.C. (ARDF) on October 26, 2018.

(8) Business combination

The measurement of the identifiable assets acquired and liabilities assumed which were acquired from business combination has not yet completed, therefore, the identifiable assets acquired and liabilities assumed were recorded at tentative amounts, and the Group would retrospectively adjust the identifiable assets acquired and liabilities assumed or recognise additional assets or liabilities during the measurement period in order to reflect the new information in relation to existing facts and conditions acquired at the acquisition date.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There was no significant change in the reporting period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and revolving funds	\$ 1,099	\$ 1,581	\$ 1,567
Checking accounts and demand deposits	1,838,394	1,448,268	1,259,499
Time deposits	<u>379,927</u>	<u>429,079</u>	<u>168,136</u>
	<u>\$ 2,219,420</u>	<u>\$ 1,878,928</u>	<u>\$ 1,429,202</u>

A. The above time deposits pertain to high liquidity investments with a maturity of less than 3 months.

B. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

C. The Group has no cash and cash equivalents pledged to others.

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 580,461	\$ 507,287	\$ 851,693
Principal protected note	60,069	90,420	120,297
Hybrid instrument - convertible bonds	14,290	10,910	10,530
Domestic listed stocks	4,795	4,460	-
Foreign unlisted stocks	-	-	14,713
Non-hedging derivatives			
Called Bonds or Callable Bonds	<u>420</u>	<u>-</u>	<u>-</u>
	<u>\$ 660,035</u>	<u>\$ 613,077</u>	<u>\$ 997,233</u>

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Hybrid instrument - convertible bonds	\$ 162,379	\$ 157,179	\$ 151,465
Beneficiary certificates	216,438	198,353	186,351
Domestic listed stocks	112,935	472,966	532,307
Domestic unlisted stocks	69,400	100,839	156,335
Foreign unlisted stocks	108,954	104,545	-
	<u>\$ 670,106</u>	<u>\$ 1,033,882</u>	<u>\$ 1,026,458</u>

A. For the three months and six months ended June 30, 2024 and 2023, the Group recognised gain on financial assets at fair value through profit or loss in the amount of \$46,933, \$6,759, \$62,007 and \$152,748, respectively.

B. Details of the Group's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

C. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Debt instrument			
Bonds	\$ 32,636	\$ 19,500	\$ 28,749
Equity instrument			
Domestic listed stocks	3,926	3,724	4,173
	<u>\$ 36,562</u>	<u>\$ 23,224</u>	<u>\$ 32,922</u>
Non-current items:			
Debt instrument			
Bonds	\$ 6,031	\$ 5,605	\$ 5,469
Equity instrument			
Domestic listed stocks	1,307,283	1,381,935	985,979
Domestic unlisted stocks	720,003	714,275	663,378
Foreign listed stocks	62,790	19,005	20,156
Foreign unlisted stocks	329,719	295,665	330,307
	<u>\$ 2,425,826</u>	<u>\$ 2,416,485</u>	<u>\$ 2,005,289</u>

- A. The Group designated the investments shown above as debt instruments as financial assets at fair value through other comprehensive income, because these debt instruments represent those investments that the Group holds within a business model whose objective is achieved by both collecting the contractual cash flows and by selling financial assets.
- B. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,423,721, \$2,414,604 and \$2,003,993 as at June 30, 2024, December 31, 2023 and June 30, 2023, respectively.
- C. Aiming to satisfy the Group's operating plan, the Group sold the share investment at fair value of \$81,547 which resulted in cumulative gain on disposal of \$55,621 (deducted the amount from tax effect) during the first half in 2024.

The Group had no disposal transaction in the first half in 2023.

- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended June 30,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 55,789)	(\$ 184,980)
Cumulative gains reclassified to retained earnings due to derecognition	(\$ 189)	\$ -
Dividend income recognised in profit or loss held at end of period	\$ 945	\$ 10,658
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 295)	\$ 99
Interest income recognised in profit or loss	\$ 459	\$ 536

	Six months ended June 30,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 46,887	\$ 72,038
Cumulative gains reclassified to retained earnings due to derecognition	\$ 63,206	\$ -
Dividend income recognised in profit or loss held at end of period	\$ 945	\$ 10,658
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	(\$ 508)	\$ 905
Interest income recognised in profit or loss	\$ 834	\$ 828

- E. As at June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the recognised carrying amount of financial assets.
- F. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.
- G. Information relating to the fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Financial assets at amortised cost

	June 30, 2024	December 31, 2023	June 30, 2023
Current items:			
Time deposits with maturity over three months	\$ 616,904	\$ 625,674	\$ 784,968
Pledged time deposits	124,810	225,682	275,615
Bonds	6,467	27,017	27,566
	<u>\$ 748,181</u>	<u>\$ 878,373</u>	<u>\$ 1,088,149</u>
Non-current items:			
Pledged time deposits	\$ 38,422	\$ 7,467	\$ 7,458
Bonds	-	15,022	-
	<u>\$ 38,422</u>	<u>\$ 22,489</u>	<u>\$ 7,458</u>

- A. As at June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the recognised carrying amount of financial assets.
- B. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended June 30,	
	2024	2023
Interest income	\$ 5,865	\$ 6,465

	Six months ended June 30,	
	2024	2023
Interest income	\$ 11,781	\$ 10,826

- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).
- E. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	\$ 461,676	\$ 524,109	\$ 633,944
Less: Allowance for uncollectible accounts	(430)	(101)	(5)
	\$ 461,246	\$ 524,008	\$ 633,939

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

	June 30, 2024	December 31, 2023	June 30, 2023
Not past due	\$ 443,158	\$ 514,916	\$ 631,754
Up to 30 days	1,157	2,786	2,190
31 to 90 days	17,281	6,407	-
Over 91 days	80	-	-
	\$ 461,676	\$ 524,109	\$ 633,944

The above ageing analysis was based on past due date.

- B. As of June 30, 2024, December 31, 2023 and June 30, 2023, accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$600,870.

- C. The Group had no accounts receivable pledged to others as collateral.
- D. As at June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was the recognised carrying amount of the financial assets.
- E. The Group comprehensively considered the geographic area, product types and credit rating of each customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group used the consideration of forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's expected credit loss rates were not significant.
- F. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2024</u>	<u>2023</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 101	\$ 6
Expected credit loss (reversal)	223 (358)
Others	106	357
At June 30	<u>\$ 430</u>	<u>\$ 5</u>

- G. Information relating to credit risk of accounts receivable is provided in Note 12(2).
- H. The Group has not pledged accounts receivable as collateral.
- I. The Group has obtained collaterals, including time deposits, promissory notes, and fixed assets, from some customers based on credit terms as guarantees for credit enhancement of accounts receivable.

(6) Inventories

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Raw materials	\$ 318,838	\$ 326,419	\$ 690,925
Work in progress	286,030	412,770	442,655
Finished goods	95,401	103,525	153,810
	<u>\$ 700,269</u>	<u>\$ 842,714</u>	<u>\$ 1,287,390</u>

- A. For the three months and six months ended June 30, 2024 and 2023, the inventory costs which were recognised as cost of goods sold were \$597,851, \$601,394, \$1,157,937 and \$1,217,082, respectively. Further, certain inventories were written off to net realisable value, and the Group recognised inventories valuation loss amounting to \$12,065, \$172,248, \$17,457, and \$217,688 for the three months and six months ended June 30, 2024 and 2023, respectively.
- B. The Group has no inventories pledged to others.

C. To secure the steady supply of wafer capacity, in June 2021, the Group's subsidiary signed a purchase agreement for pre-order capacity with a supplier, and paid guarantee of US\$1,000 thousand, of which US\$675 thousand was recognised as a loss in the first quarter of 2024 since the subsidiary did not meet the purchase quantity requirement under the contract.

In the second quarter of 2024, the Group's subsidiary negotiated with the supplier, and the supplier agreed to use the previous paid guarantee of US\$1 million to offset the payment. Accordingly, the Group's subsidiary reversed the prior years' loss on guarantee and recognised it as prepayments and other non-current assets amounting to \$18,925 and \$8,840, respectively.

D. The long-term contract that the Group's subsidiary entered into with certain suppliers has matured on December 31, 2025, and the minimum purchase amount or quantity was stipulated in the contract. The loss arising from the insufficient amount that the purchase amount or quantity did not meet the purchase requirement specified in the contract was recognised in the current cost.

(7) Investments accounted for using equity method

A. Details of investments accounted for using equity method are as follows:

Company name	June 30, 2024		December 31, 2023	
	Shareholding ratio	Amount	Shareholding ratio	Amount
iCatch Technology, Inc. (iCatchtek)	18.69%	\$ 1,042,134	18.84%	\$ 1,086,047
SCT Holdings Ltd. (SCT)	24.45%	273,372	19.51%	278,719
Terawins, Inc. (Terawins)	17.65%	20,762	17.65%	23,496
Egis Innovation Fund G.P., Ltd. (Note)	-	-	-	-
		<u>\$ 1,336,268</u>		<u>\$ 1,388,262</u>

Company name	June 30, 2023	
	Shareholding ratio	Amount
iCatch Technology, Inc. (iCatchtek)	18.91%	\$ 1,127,565
SCT Holdings Ltd. (SCT)	19.51%	365,043
Terawins, Inc.	17.65%	37,597
Egis Innovation Fund G.P., Ltd. (Note)	50.00%	7,487
		<u>\$ 1,537,692</u>

Note: The associate is currently in the process of liquidation.

B. Share of profit (loss) of associates accounted for using equity method are as follows:

Company name	Three months ended June 30,	
	2024	2023
iCatch Technology, Inc. (iCatchtek) (Note 1)	(\$ 25,711)	(\$ 17,820)
SCT Holdings Ltd. (SCT) (Note 2)	(22,497)	(10,832)
Terawins, Inc. (Terawins)	(1,179)	(2,797)
	(\$ 49,387)	(\$ 31,449)
Company name	Six months ended June 30	
	2024	2023
iCatch Technology, Inc. (iCatchtek) (Note 1)	(\$ 48,499)	(\$ 43,171)
SCT Holdings Ltd. (SCT) (Note 2)	(25,133)	(13,892)
Terawins, Inc. (Terawins)	(2,739)	(2,797)
AlgolTek, Inc. (AlgolTek)	-	(5,115)
	(\$ 76,371)	(\$ 64,975)

Note 1: Share of loss of iCatchtek for the three months and six months ended June 30, 2024 and 2023 was recognised based on the financial statements reviewed by the auditors appointed by the investee.

Note 2: The financial information for the three months and six months ended June 30, 2024 and 2023 of SCT was recognised based on the financial statements that were not reviewed by independent auditors.

C. The Group is the single largest shareholder of iCatchTek, and hold more than half of board seats in iCatchTek. As of June 30, 2024, according to the active degree of participation in the past shareholders' meeting, the Group has no absolute dominance in the voting right during the shareholders' meeting. Therefore, the Group has no control, but only has significant influence, over the investee, which was recognised as an associate.

Since iCatchTek issued employee restricted stock, the Group's shareholding ratio was changed to 18.69% and 18.84% as of June 30, 2024 and December 31, 2023, respectively.

D. In April 2022, the Group invested the amount of \$73,300 in SCT and acquired 4% equity interest. In addition, the convertible bonds held by the Group have been converted into common stock of SCT's, resulting in the Group's ownership in SCT to increase to 20%. As the Group has significant influence over SCT, the investment was accounted for using equity method.

Additionally, on February 3, 2023, SCT processed a cash capital increase by issuing new shares, and the Group did not subscribe to the capital increase proportionately to its ownership, resulting in the decrease in the Group's ownership to 19.51%.

As the losses recognized on the investment in SCT exceeded the equity, an assessment of the recoverable amount from SCT was conducted for the fiscal year 2023. The recoverable amount was determined based on value-in-use calculations. The Group converted the receivables from the associate, SCT Holdings Ltd., into equity investments on April 8, 2024, subscribing to 2,143 thousand shares at US\$ 1.4 (in dollars) per share, with a total price of approximately US\$ 3,000 thousand (approximately NT\$ 96,300). After subscription, the Group's ownership increased to 24.45%.

- E. The Group was the single major shareholder of AlgolTek. As of March 31, 2023, the Group had no significant influence and does not hold over half of the seats in the Board of Directors based on the assessment of the degree of active participation of other shareholders in AlgolTek's past shareholders' meetings. Accordingly, the Group had no majority voting rights. These factors showed that the Group did not have the actual ability to unilaterally control the related activities of AlgolTek, therefore, the Group only had significant influence on but not control over AlgolTek. Subsequently, considering AlgolTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgolTek after the transaction, and was the single major shareholder of AlgolTek. The Group had the ability to exercise significant influence over AlgolTek's operations and had substantial control based on the assessment of the degree of active participation of other shareholders in AlgolTek's past shareholders' meetings. Thus, AlgolTek was included in the Group's consolidated financial statements since April 1, 2023. Refer to Notes 4(3) and 6(32) for details.
- F. The Group held 5,360 thousand shares of Terawins, Inc.'s common stocks, and the shareholding ratio was 17.65%. As the Group serves as the corporate director of the associate and has two directors out of seven in its Board, the Group has significant influence over it, and accordingly, the investment was accounted for using equity method.

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G. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheets

	iCatchtek		
	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 1,680,778	\$ 1,715,128	\$ 1,720,211
Non-current assets	162,401	165,499	128,488
Current liabilities	(143,196)	(162,063)	(101,145)
Non-current liabilities	(18,244)	(15,022)	(27,928)
Total net assets	<u>\$ 1,681,739</u>	<u>\$ 1,703,542</u>	<u>\$ 1,719,626</u>
Share in associate's net assets	\$ 314,317	\$ 320,947	\$ 325,181
Goodwill	166,580	166,580	166,580
Excess of investments accounted for using equity method	<u>561,237</u>	<u>598,520</u>	<u>635,804</u>
Carrying amount of the associate	<u>\$ 1,042,134</u>	<u>\$ 1,086,047</u>	<u>\$ 1,127,565</u>
	SCT		
	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 317,756	\$ 301,614	\$ 672,712
Non-current assets	53,200	42,151	61,170
Current liabilities	(422,732)	(467,798)	(515,191)
Non-current liabilities	(8,455)	(3,919)	(8,845)
Total net assets	<u>(\$ 60,231)</u>	<u>(\$ 127,952)</u>	<u>\$ 209,846</u>
Share in associate's net assets	\$ -	\$ -	\$ 40,941
Goodwill	200,779	200,779	240,838
Excess of investments accounted for using equity method	<u>72,593</u>	<u>77,940</u>	<u>83,264</u>
Carrying amount of the associate	<u>\$ 273,372</u>	<u>\$ 278,719</u>	<u>\$ 365,043</u>

Statement of comprehensive income (loss)

	iCatchtek	
	Three months ended June 30,	
	2024	2023
Revenue	\$ 217,460	\$ 286,291
(Loss) profit for the period	(\$ 37,783)	\$ 4,345
Other comprehensive income	-	-
Total comprehensive (loss) income	(\$ 37,783)	\$ 4,345
Share of loss for the period	(\$ 25,711)	(\$ 17,820)

	iCatchtek	
	Six months ended June 30,	
	2024	2023
Revenue	\$ 432,590	\$ 529,656
Loss for the period	(\$ 59,797)	(\$ 31,142)
Other comprehensive income	4,091	-
Total comprehensive loss	(\$ 55,706)	(\$ 31,142)
Share of loss for the period	(\$ 48,499)	(\$ 43,171)

	SCT	
	Three months ended June 30,	
	2024	2023
Revenue	\$ 136,258	\$ 110,472
Loss for the period	(\$ 37,701)	(\$ 34,425)
Other comprehensive loss	-	(38)
Total comprehensive loss	(\$ 37,701)	(\$ 34,463)
Share of loss for the period	(\$ 22,497)	(\$ 10,832)

	SCT	
	Six months ended June 30,	
	2024	2023
Revenue	\$ 265,756	\$ 316,690
Loss for the period	(\$ 26,457)	(\$ 33,852)
Other comprehensive loss	-	(317)
Total comprehensive loss	(\$ 26,457)	(\$ 34,169)
Share of loss for the period	(\$ 25,133)	(\$ 13,892)

	AlgolTek	
	Three months ended March 31, 2023	
Revenue	\$	55,353
Loss for the period	(\$	25,408)
Other comprehensive income		645
Total comprehensive loss	(\$	24,763)
Share of loss for the period	(\$	5,115)

H. The Group's material associate, iCatchtek, has quoted market price. As of June 30, 2024, December 31, 2023, and June 30, 2023, the fair values were \$1,357,200, \$1,308,600 and \$834,300, respectively.

(8) Property, plant and equipment

	2024				
	Information equipment	Development equipment	Leasehold improvements	Others	Total
At January 1					
Cost	\$ 98,431	\$ 252,811	\$ 53,125	\$ 156,476	\$ 560,843
Accumulated depreciation	(81,081)	(170,478)	(30,788)	(82,291)	(364,638)
	<u>\$ 17,350</u>	<u>\$ 82,333</u>	<u>\$ 22,337</u>	<u>\$ 74,185</u>	<u>\$ 196,205</u>
At January 1	\$ 17,350	\$ 82,333	\$ 22,337	\$ 74,185	\$ 196,205
Additions	3,448	15,745	250	39,405	58,848
Acquired from business combinations	-	(81)	267	676	862
Disposals	-	(212)	-	(337)	(549)
Reclassification	-	76	(76)		-
Depreciation charge	(5,727)	(19,636)	(3,082)	(24,665)	(53,110)
Net exchange differences	(1)	-	1	5	5
At June 30	<u>\$ 15,070</u>	<u>\$ 78,225</u>	<u>\$ 19,697</u>	<u>\$ 89,269</u>	<u>\$ 202,261</u>
At June 30					
Cost	\$ 101,218	\$ 265,489	\$ 48,710	\$ 174,920	\$ 590,337
Accumulated depreciation	(86,148)	(187,264)	(29,013)	(85,651)	(388,076)
	<u>\$ 15,070</u>	<u>\$ 78,225</u>	<u>\$ 19,697</u>	<u>\$ 89,269</u>	<u>\$ 202,261</u>

	2023					
	Information equipment	Development equipment	Leasehold improvements	Others	Equipment under acceptance	Total
At January 1						
Cost	\$ 92,215	\$ 190,775	\$ 33,398	\$ 100,475	\$ -	\$ 416,863
Accumulated depreciation	(70,474)	(136,503)	(23,448)	(56,688)	-	(287,113)
	<u>\$ 21,741</u>	<u>\$ 54,272</u>	<u>\$ 9,950</u>	<u>\$ 43,787</u>	<u>\$ -</u>	<u>\$ 129,750</u>
At January 1	\$ 21,741	\$ 54,272	\$ 9,950	\$ 43,787	\$ -	\$ 129,750
Additions	939	13,647	1,034	19,725	2,700	38,045
Acquired from business combinations	67	17,826	6,189	18,125	-	42,207
Disposals	-	(103)	(1,109)	(225)	-	(1,437)
Depreciation charge	(9,593)	(17,154)	(3,671)	(14,939)	-	(45,357)
Net exchange differences	(3)	(4)	(2)	(20)	-	(29)
At June 30	<u>\$ 13,151</u>	<u>\$ 68,484</u>	<u>\$ 12,391</u>	<u>\$ 66,453</u>	<u>\$ 2,700</u>	<u>\$ 163,179</u>
At June 30						
Cost	\$ 89,386	\$ 225,147	\$ 38,875	\$ 149,303	\$ 2,700	\$ 505,411
Accumulated depreciation	(76,235)	(156,663)	(26,484)	(82,850)	-	(342,232)
	<u>\$ 13,151</u>	<u>\$ 68,484</u>	<u>\$ 12,391</u>	<u>\$ 66,453</u>	<u>\$ 2,700</u>	<u>\$ 163,179</u>

The Group has no pledged property, plant and equipment.

(9) Lease transactions — lessee

	June 30, 2024	December 31, 2023	June 30, 2023
Right-of-use assets:			
Buildings and structures	\$ 205,303	\$ 236,193	\$ 291,955
Transportation equipment (Business vehicles)	3,316	5,038	6,119
Machinery and equipment	417	667	917
Other equipment	3,159	3,559	4,791
	<u>\$ 212,195</u>	<u>\$ 245,457</u>	<u>\$ 303,782</u>
Lease liability:			
Current	\$ 81,049	\$ 81,067	\$ 85,695
Non-current	140,113	174,253	226,569
	<u>\$ 221,162</u>	<u>\$ 255,320</u>	<u>\$ 312,264</u>

A. The Group leases various assets including building, business vehicles, machinery and equipment and parking spaces. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The depreciation charge of right-of-use assets are as follows:

	Three months ended June 30,	
	2024	2023
Buildings and structures	\$ 19,687	\$ 25,296
Transportation equipment (Business vehicles)	377	566
Machinery and equipment	125	125
Other equipment	231	271
	<u>\$ 20,420</u>	<u>\$ 26,258</u>

	Six months ended June 30,	
	2024	2023
Buildings and structures	\$ 39,875	\$ 48,585
Transportation equipment (Business vehicles)	754	1,059
Machinery and equipment	250	250
Other equipment	463	615
	<u>\$ 41,342</u>	<u>\$ 50,509</u>

C. For the six months ended June 30, 2024 and 2023, the additions to right-of-use assets were \$2,735 and \$184,338, respectively.

D. Short-term leases with a lease term of 12 months or less comprise parking spaces and warehouse. Low-value assets comprise multifunction printers and drinking fountain.

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

	Three months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,179	\$ 1,846
Expense on short-term lease contracts	636	3,659
Expense on leases of low-value assets	133	209
Expense on variable lease payments	58	13
Gains arising from lease modifications	1	1,856

	Six months ended June 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,442	\$ 2,753
Expense on short-term lease contracts	3,414	5,214
Expense on leases of low-value assets	251	361
Expense on variable lease payments	58	95
Gains from lease modification	10	1,856

F. For the six months ended June 30, 2024 and 2023, the Group's total cash outflow for leases were \$48,054 and \$56,408, respectively.

G. For the six months ended June 30, 2024, due to the earlier termination of the lease contract and adjustment of the rent-free period, the Group's right-of-use assets on June 30, 2024 and 2023, decreased by \$999 and \$32,290, respectively and lease liabilities on June 30, 2024 and 2023, decreased by \$1,009 and \$34,146, respectively.

H. Variable lease payments:

Some of the Group's lease contracts contain variable lease payment terms, whereby the payments were calculated and expenses were recognised based on the quantity actually used during the period.

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(10) Intangible assets

	2024					
	<u>Goodwill</u>	<u>Patents</u>	<u>Acquired special technology</u>	<u>Customer relationship</u>	<u>Software cost</u>	<u>Total</u>
At January 1						
Cost	\$ 892,827	\$ 243,119	\$ 680,967	\$ 402,071	\$ 603,429	\$ 2,822,413
Accumulated amortisation	-	(125,133)	(109,734)	(110,119)	(218,299)	(563,285)
	<u>\$ 892,827</u>	<u>\$ 117,986</u>	<u>\$ 571,233</u>	<u>\$ 291,952</u>	<u>\$ 385,130</u>	<u>\$ 2,259,128</u>
At January 1	\$ 892,827	\$ 117,986	\$ 571,233	\$ 291,952	\$ 385,130	\$ 2,259,128
Additions - acquired separately	-	470	115,440	-	84,717	200,627
Additions - acquired through business combinations (Note 1)	43,088	726	-	52	223	44,089
Reclassification (Note 2)	-	-	-	-	(14,207)	(14,207)
Amortisation charge	-	(26,852)	(52,011)	(35,347)	(87,961)	(202,171)
Impairment loss	-	(1,835)	-	-	-	(1,835)
At June 30	<u>\$ 935,915</u>	<u>\$ 90,495</u>	<u>\$ 634,662</u>	<u>\$ 256,657</u>	<u>\$ 367,902</u>	<u>\$ 2,285,631</u>
At June 30						
Cost	\$ 935,915	\$ 227,192	\$ 794,445	\$ 402,123	\$ 681,420	\$ 3,041,095
Accumulated amortisation	-	(136,697)	(159,783)	(145,466)	(313,518)	(755,464)
	<u>\$ 935,915</u>	<u>\$ 90,495</u>	<u>\$ 634,662</u>	<u>\$ 256,657</u>	<u>\$ 367,902</u>	<u>\$ 2,285,631</u>
	2023					
	<u>Goodwill</u>	<u>Patents</u>	<u>Acquired special technology</u>	<u>Customer relationship</u>	<u>Software cost</u>	<u>Total</u>
At January 1						
Cost	\$ 181,949	\$ 218,828	\$ 97,355	\$ 395,199	\$ 251,272	\$ 1,144,603
Accumulated amortisation	-	(57,428)	(69,520)	(33,370)	(101,286)	(261,604)
	<u>\$ 181,949</u>	<u>\$ 161,400</u>	<u>\$ 27,835</u>	<u>\$ 361,829</u>	<u>\$ 149,986</u>	<u>\$ 882,999</u>
At January 1	\$ 181,949	\$ 161,400	\$ 27,835	\$ 361,829	\$ 149,986	\$ 882,999
Additions - acquired separately	-	-	-	-	80,886	80,886
Additions - acquired through business combinations (Note 1)	191,153	10,395	42,976	3,137	6,357	254,018
Reclassification (Note 3)	-	-	11,916	-	(470)	11,446
Amortisation charge	-	(26,679)	(10,538)	(35,113)	(58,708)	(131,038)
Net exchange differences	-	-	-	-	(4)	(4)
At June 30	<u>\$ 373,102</u>	<u>\$ 145,116</u>	<u>\$ 72,189</u>	<u>\$ 329,853</u>	<u>\$ 178,047</u>	<u>\$ 1,098,307</u>
At June 30						
Cost	\$ 373,102	\$ 243,119	\$ 163,410	\$ 402,071	\$ 337,028	\$ 1,518,730
Accumulated amortisation	-	(98,003)	(91,221)	(72,218)	(158,981)	(420,423)
	<u>\$ 373,102</u>	<u>\$ 145,116</u>	<u>\$ 72,189</u>	<u>\$ 329,853</u>	<u>\$ 178,047</u>	<u>\$ 1,098,307</u>

Note 1: It was generated from the Group's merger during the first quarter with Joint Power Exponent in 2024 and Transducer Star in 2023. Refer to Note 6(32) for details of business combination.

Note 2: Pertains to a transfer to other non-current assets during the first half of 2024.

Note 3: Pertains to a transfer to prepayments and a transfer from other non-current assets.

A. Details of amortisation on intangible assets are as follows:

	Three months ended June 30,	
	2024	2023
Operating costs	\$ 32	\$ 29
Selling expenses	11,756	17,604
General and administrative expenses	1,559	2,423
Research and development expenses	90,735	47,733
	<u>\$ 104,082</u>	<u>\$ 67,789</u>
	Six months ended June 30,	
	2024	2023
Operating costs	\$ 54	\$ 58
Selling expenses	23,469	35,226
Administrative expenses	3,135	3,577
Research and development expenses	175,513	92,177
	<u>\$ 202,171</u>	<u>\$ 131,038</u>

B. The Group has no intangible assets pledged to others.

C. Goodwill is allocated as follows to the Group's cash-generating units:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Egis and subsidiaries:			
Biometric sensor chip and its application	\$ 106,827	\$ 106,827	\$ 106,827
Wearable electroacoustic products and its application	5,159	5,159	5,159
Alcor and subsidiaries:			
USB control chip and automotive sensor chip	594,847	594,847	75,122
Multimedia video converter control chip and its application	185,994	185,994	185,994
Smart power control IC	43,088	-	-
	<u>\$ 935,915</u>	<u>\$ 892,827</u>	<u>\$ 373,102</u>

D. Impairment assessment of goodwill

- (a) The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. The Group periodically tested impairment for the cash-generating units of goodwill at the end of financial reporting period and used the value-in-use as the basis for calculating the recoverable amount.
 - (b) Management determined budgeted operating profit margin and growth rate based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect the Group's specific risks and the current market of the time value of money.
 - (c) The Group tested impairment for the cash-generating units of goodwill at the end of the annual financial reporting period periodically and used value-in-use as the basis for calculating the recoverable amount. Additionally, the Group assesses whether there is any indication of impairment at the end of each reporting period. As of June 30, 2024, there is an indication that goodwill of the cash-generating units-multimedia video converter control chip and its application was possibly impaired. However, the recoverable amount which is calculated based on value-in-use is more than carrying amount, no goodwill was impaired.
- E. In the second quarter of 2023, the fair value of intangible assets acquired from business combination is assessed based on the tentative amount. The Group amends financial statements while the fair value is confirmed after the end of measurement period. Accordingly, the Group amended the financial statements when the fair value was confirmed.
- F. The Group's certain patents had no economic benefits. For the six months ended June 30, 2024, the Group recognised impairment loss amounting to \$1,835, which was listed in research and development expense. No such transaction was recognised for the six months ended June 30, 2023.

(11) Current prepayments for investments

As of June 30, 2023, in order to increase the returns on the long-term investments, the Group prepaid the investment amount for Fuyou Venture Capital Co., Ltd. amounting to \$9,000. There was no such situation as of June 30, 2024 and December 31, 2023.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Bank borrowings			
Unsecured borrowings	\$ 1,174,000	\$ 1,194,000	\$ 1,110,000
Secured borrowings	60,000	160,000	207,500
	<u>\$ 1,234,000</u>	<u>\$ 1,354,000</u>	<u>\$ 1,317,500</u>
Undrawn facilities	<u>\$ 740,500</u>	<u>\$ 803,050</u>	<u>\$ 920,260</u>
Interest rate range	<u>1.98% ~ 2.95%</u>	<u>1.71% ~ 2.81%</u>	<u>1.71% ~ 2.22%</u>

Information about the collateral that was pledged for short-term borrowings is provided in Note 8.

(13) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Payable on investment funds (Note)	\$ 457,055	\$ 228,237	\$ -
Payable on acquisition of intangible assets	226,783	222,341	55,828
Payable on wages, salaries and bonuses	214,132	303,373	212,545
Dividends payable	38,812	-	305,233
Payable on software licensing fees	37,831	70,484	52,566
Payable on employees' compensation and directors' remuneration	13,376	19,381	22,987
Payable on research, development and testing expenses	17,461	16,974	8,293
Payable on machinery and equipment	12,562	9,141	4,643
Payable on professional service fees	11,879	13,066	10,154
Payable on royalties	8,180	9,167	44,456
Payable on technical service expenditures	2,296	7,460	11,647
Others	<u>101,325</u>	<u>82,882</u>	<u>55,218</u>
	<u>\$ 1,141,692</u>	<u>\$ 982,506</u>	<u>\$ 783,570</u>

Note: In October 2023, the Group acquired the subsidiary, StarRiver, and increased its shareholding

in the subsidiary in May 2024. The certain agreed investment consideration amounted to \$228,237, \$228,818 and \$228,817 on September 30, 2024, June 2, 2025 and June 1, 2026, respectively. Payables for investment paid in 2026 was recognised in other non-current liabilities.

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Long-term bank borrowings			
Unsecured borrowings	\$ 324,417	\$ 358,000	\$ 425,333
Secured borrowings	801,247	915,700	908,367
	<u>1,125,664</u>	<u>1,273,700</u>	<u>1,333,700</u>
Less: Current portion	(437,200)	(481,486)	(368,036)
	<u>\$ 688,464</u>	<u>\$ 792,214</u>	<u>\$ 965,664</u>
Undrawn facilities	\$ 404,336	\$ 870,400	\$ 899,100
Maturity year	<u>2024-2027</u>	<u>2024-2027</u>	<u>2024-2027</u>
Interest rate range	<u>2.03%~2.90%</u>	<u>1.90%~2.24%</u>	<u>1.90%~2.14%</u>

A. Compliance with borrowing contracts

In accordance with the regulations of the borrowing contracts between the Group and certain creditor banks, the Group shall prepare consolidated financial statements semiannually during the term of the borrowings and maintain the financial ratios agreed by both parties. If the agreed ratios are not met, the borrowing interest rate shall be raised as specified in the contracts.

In the second quarter of 2023 and 2024, the Company's interest coverage ratio did not meet the required financial ratios and accordingly, the creditor banks had to increase the borrowings interest rate in accordance with the contracts. However, the above adjustments had no significant impact on the Group.

B. Information regarding the collateral that was pledged for long-term borrowings is provided in Note 8.

(15) Bonds payable

	<u>June 30, 2024</u>
Bonds Payable	\$ 300,000
Less: Discount on bonds payable	(19,927)
	<u>\$ 280,073</u>

A. There were no such transactions on December 31, 2023 and June 30, 2023.

B. The issuance of domestic convertible bonds by the Group's subsidiary- ENE

(a) The terms of the third domestic secured convertible bonds issued by ENE are as follows:

i. The Company issued \$300,000, 0% of coupon rate, third domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (June 25, 2024 ~ June 25, 2027) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on June 25, 2024.

- ii. The bondholders have the right to ask for conversion of the bonds into common shares of ENE Technology Inc. during the period from the date after 1 month (September 26, 2024) of the bonds issue to 10 days before the maturity date (May 16, 2027), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. However, the conversion price of the convertible bonds was NT\$65.8 (in dollars) per share.
 - iv. ENE Technology Inc. may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of ENE Technology Inc. common shares is above the then conversion price by 50% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
 - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (b) As of June 30, 2024, no convertible bonds were converted into common shares and repurchased.
- C. Regarding the issuance of convertible bonds of ENE, the equity conversion options amounting to \$20,876 were separated from the liability component and were recognised in 'capital surplus - others' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 2.03%.

(16) Pensions

A. Defined benefit plan

- (a) The domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries

contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the domestic subsidiaries will make contributions for the deficit by next March.

- (b) For the aforementioned pension plan, no pension cost was recognised by the Group for the three months and six months ended June 30, 2024 and 2023.
- (c) Since the employees of the Group's subsidiary, ENE, who applied the abovementioned defined benefit plans have subsequently resigned or have changed to apply the defined contribution plan, ENE settled all the defined benefit liability in February 2024, which had been approved by the competent authority in April 2024.
- (d) Since the employees of the Group's subsidiaries, Alcor, AlgorTek and Alcorlink, who applied the abovementioned defined benefit plans have subsequently resigned or have changed to apply the defined contribution plan, related defined benefit obligation had been settled in 2023, and remaining plan assets had been returned.
- (e) As of June 30, 2024, the Group had no significant defined benefit liability.

B. Defined contribution plan

- (a) The Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas entities have established a defined contribution plan under the local regulations and contribute a certain percentage of the salaries and wages of the local employees to the endowment insurance or pension fund. Other than the annual contributions, the entities have no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2024 and 2023 were \$11,980, \$12,851, \$23,361 and \$25,306, respectively.

(17) Share-based payment

A. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's share-based payment arrangements were as follows:

Issuing entity	Type of arrangement	Grant date	Quantity granted (unit in thousands)	Number of shares available for subscription per unit	Contract period	Vesting conditions
Luxsentek	Employee stock options	2022.01.21 ~ 2022.02.25 (Note 1)	2,586	-	3 years	Three years of service (Notes 2 and 3)
Alcor	Restricted stocks to employees	2023.03.20	723	-	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 4)
"	"	2022.01.03	477	-	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 5)
ENE	"	2022.05.10	20	-	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 6)
"	"	2022.03.16	980	-	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 6)
Syncomn	"	2023.02.01	300	-	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
"	"	2022.03.17	700	-	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
Alcorlink	"	2021.11.05	1,000	-	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Notes 8 and 9)
"	Treasury shares transferred to employees	2023.01.13	274	N/A	N/A	Vested immediately
AlgolTek	Employee stock options	2017.7.3	1,000	-	6 years	After 3 years from the date of grant, an employee may exercise the options at a certain percentage as prescribed in the option plan.
Syncomn	Employee subscription reserved for cash capital increase	2023.10.16	1,090	-	N/A	Vested immediately (Note 10)
"	"	2024.06.18	80	-	N/A	Vested immediately (Note 10)
JOINT POWER EXPONENT, LTD.	Employee subscription reserved for cash capital increase	2024.01.23	3,750	-	N/A	Vested immediately
Egis Vision Inc.	"	2023.8.10	1,500	N/A	N/A	Vested immediately
"	"	2023.12.5	4,000	N/A	N/A	Vested immediately

(a) The employee stock options issued by Luxsentek cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method during the vesting period.

(b) The restricted stocks issued by Alcor and Alcorlink cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method and have no rights to participate in the

allocation (subscription) of dividends to original shareholders before meeting the vesting conditions.

- (c) The restricted stocks issued by Syncomm and ENE cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method before meeting the vesting conditions.

The share-based payment arrangements above are settled by equity.

Note 1: Grant date was set between January 21, 2022 to February 25, 2022 based on the date signing stock reward agreement with employees.

Note 2: After working for 3 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.

Note 3: As of December 3, 2023, all of the employees who signed the stock reward agreement did not meet the requirements of the agreement as they resigned, were dismissed or were transferred to associates under 3 years of service, resulting in the expiration of the employee stock options.

Note 4: Whether the vesting conditions have been met will be determined on March 31 each year and the restrictions on rights will be lifted from April 22 each year (postponed when the day falls on a public holiday).

Note 5: Whether the vesting conditions have been met will be determined on December 31 each year and the restrictions on rights will be lifted from January 31 each year (postponed when the day falls on a public holiday).

Note 6: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 20%, 30% and 50%, respectively.

Note 7: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 35% and 35%, respectively.

Note 8: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 30% and 40%, respectively.

Note 9: As a result of the share swap, AlgolTek assumed the performance obligation of employee restricted stocks initially issued by Alcorlink starting from the effective date of the share swap. Therefore, the underlying shares were changed from Alcorlink to AlgolTek, and the conversion price and quantity granted were adjusted based on the share swap ratio. The number of shares subscribable per unit was adjusted based on the share swap ratio of 1:0.6, and the quantity granted was changed from 1,000 thousand shares to 600 thousand shares.

Note 10: After the benchmark date for self-capital increase, certain employees are eligible to acquire 50% of the shares upon completing six months of service, and 100% upon completing one year of service.

B. Details of the restricted stocks to employees are as follows:

(a) Alcor:

	Six months ended June 30,	
	2024	2023
	<u>Number (in thousands)</u>	<u>Number (in thousands)</u>
Beginning balance of restricted stocks	298	274
Stocks issued	-	723
Stocks vested	(57)	-
Stocks expired	(150)	(110)
Ending balance of restricted stocks	<u>91</u>	<u>887</u>

(b) Alcorlink:

	Six months ended June 30,	
	2024	2023
	<u>Number (in thousands)</u>	<u>Number (in thousands)</u>
Beginning balance of restricted stocks	336	600
Stocks vested	(122)	(131)
Stocks retired	(27)	(125)
Stocks redeemed (Note)	(5)	-
Ending balance of restricted stocks	<u>182</u>	<u>344</u>

The above stock options had been converted from Alcorlink's shares into AlgoTek's shares at a ratio of 1:0.6.

Note: Alcorlink redeemed 5 thousand of the restricted stocks during 2024. As of June 30, 2024, Alcorlink has not yet processed the stock retirement.

(c) Syncomm:

	Six months ended June 30,	
	2024	2023
	<u>Number (in thousands)</u>	<u>Number (in thousands)</u>
Beginning balance of restricted stocks	790	700
Stocks issued	-	300
Stocks vested	(335)	(201)
Stocks retired	-	(9)
Ending balance of restricted stocks	<u>455</u>	<u>790</u>

(d) ENE:

	Six months ended June 30,	
	2024	2023
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	748	1,000
Stocks vested	(281)	(198)
Stocks expired	-	(10)
Ending balance of restricted stocks	<u>467</u>	<u>792</u>

C. Details of the restricted stocks to employees of AlgolTek are as follows:

	Six months ended June 30, 2023	
	Number (in thousands)	Weighted-average exercise price
Beginning balance of options outstanding	\$ -	\$ -
Acquired from business combinations	25	10
Ending balance of options outstanding	<u>25</u>	<u>10</u>
Ending balance of options exercisable	<u>25</u>	<u>10</u>

The options of the subsidiaries of the group were not exercised after the merger base date. As of June 30, 2023, the exercise prices of stock options outstanding was \$10; the weighted-average remaining contractual period was 0.01 year. There was no such situation for the six month ended June 30, 2024.

D. The fair value of restricted stocks to employees, treasury shares transferred to employees and employee stock options is measured using the Black-Scholes model. Relevant input information is as follows:

<u>Issuing entity</u>	<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility (Note 1)</u>	<u>Expected option life</u>	<u>Expected dividend rate</u>	<u>Risk-free interest rate</u>	<u>Fair value (in dollars)</u>
Alcor	Restricted stocks to	2023.03.20	\$ 34.85	\$ -	Note 2	Note 2	Note 2	Note 2	Note 2
"	"	2022.01.03	60.50	-	Note 2	Note 2	Note 2	Note 2	Note 2
ENE	"	2022.05.10	40.25	-	Note 3	Note 3	Note 3	Note 3	Note 3
"	"	2022.03.16	41.50	-	Note 3	Note 3	Note 3	Note 3	Note 3
Syncomm	"	2023.02.01	22.62	-	Note 2	Note 2	Note 2	Note 2	Note 2
"	"	2022.03.17	25.49	-	Note 2	Note 2	Note 2	Note 2	Note 2
Alcorlink	"	2021.11.05	34.70	-	Note 2	Note 2	Note 2	Note 2	Note 2
"	Treasury shares transferred to employees	2023.01.13	26.30	19.00	46.78%	-	0%	0.78%	7.31
Luxsentek	Employee stock options	2022.01.21~ 2022.02.25	10.00	10.00	Note 4	Note 4	Note 4	Note 4	Note 4
AlgoITek	"	2017.07.03	23.89	10.00	39.28%	4.15 years	0%	0.80%	14.96
Syncomm	Employee subscription reserved for cash capital increase	2023.10.16	26.31	26.00	31.43%	0.07 year	-	0.95%	1.04
"	"	2024.06.18	42.43	33.50	32.64%	0.02 year	-	1.32%	8.94
JOINT POWER EXPONENT, LTD.	"	2024.01.23	3.23	8.00	38.93%	0.02 year	0%	0.71%	-

<u>Issuing entity</u>	<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility (Note 1)</u>	<u>Expected option life</u>	<u>Expected dividend rate</u>	<u>Risk-free interest rate</u>	<u>Fair value (in dollars)</u>
Egis Vision Inc.	Employee subscription reserved for cash capital increase	2023.8.10	\$ 8.95	\$ 10.00	39.75%	0.08 year	0%	0.76%	0.09
"	"	2023.12.5	10.71	15.00	33.99%	0.11 year	0%	0.88%	-

Note 1: Expected price volatility rate was estimated by using the average price volatility of similar listed entities within the appropriate period and the historical common stock price volatility within a year from the date of the Company's assessment.

Note 2: The restricted stocks were issued at a price of NT\$0 (in dollars) (i.e. without consideration) with a par value of \$10 (in dollars) per share and measured at fair value based on the closing price on the grant date and taking into account restrictions on dividend collection.

Note 3: The restricted stocks were issued at a price of NT\$0 (in dollars) (i.e. without consideration) with a par value of \$10 (in dollars) per share and measured at fair value based on the closing price on the grant date.

Note 4: The employee stock options were issued at par value of NT\$10 per share, the issuance price was NT\$10 per share, and the fair value was measured at the latest price of cash capital increase of Luxsentek.

E. Compensation cost that the Group recognised for the abovementioned share-based payment transactions for the three months and six months ended June 30, 2024 and 2023 amounted to \$4,502, \$10,819, \$10,840 and \$22,845, respectively.

(18) Share capital

A. As of June 30, 2024, the Company's authorised capital was \$1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was \$742,718 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. To seek opportunities for industrial cooperation or strategic alliance for the purpose of expanding market and creating shareholders' long-term value, the stockholders at their annual stockholders' meeting on June 22, 2022 adopted a resolution to raise additional cash through private placement with the effective date set on May 16, 2023. The maximum number of shares to be issued through the private placement is 10,000 thousand shares at a subscription price of \$70 (in dollars) per share. The amount of capital raised through the private placement was \$350,000 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than

these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(19) Capital surplus

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Share premium	\$ 1,235,900	\$ 1,268,659	\$ 1,268,659
Changes in ownership interests in subsidiaries	3,402	22,208	16,984
Changes in associates accounted for using the equity method	-	49,987	49,715
	<u>\$ 1,239,302</u>	<u>\$ 1,340,854</u>	<u>\$ 1,335,358</u>

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(20) Retained earnings

- A. The current year's earnings, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, a special reserve shall be set aside or reverse in accordance with the related laws or regulations made by the regulatory authority. The remainder along with the opening balance of unappropriated earnings shall be proposed by the Board of Directors and submitted to the shareholders during their meeting for resolution when they are distributed in the form of new shares; and resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors then reported to the shareholders during their meeting according to Paragraph 5 of Article 240 of the Company Act when they are distributed in the form of cash.
- B. The Company's dividend policy is adopted by taking into consideration current and future development plans, investment environment, capital needs, domestic and foreign competitors, shareholders' interests and the general standards of dividend distribution in the industry and capital market. The dividends to shareholders can be distributed in the form of cash or shares and cash dividends shall account for at least 20% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2023 and 2022 earnings as resolved by the shareholders at their meeting on June 27, 2024 and June 21, 2023, respectively are as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Special reserve	\$ -		\$ 782,361	
Reversal of special reserve	(384,039)		-	
Cash dividends	-	\$ -	207,815	\$ 3.00
	(\$ 384,039)		\$ 990,176	

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(21) Other equity interest

	<u>Currency translation</u>	<u>Unrealised (losses) gains on valuation</u>	<u>Total</u>
At January 1, 2024	\$ 474	(\$ 474,164)	(\$ 473,690)
Currency translation differences			
- Group	1,636	-	1,636
- Associates	2,598	-	2,598
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
- Group	-	24,183	24,183
- Associates	-	770	770
- Reclassifications of disposal of investments accounted for other comprehensive loss to retained earnings	-	(63,206)	(63,206)
- Revaluation transferred to retained earnings – tax	-	7,585	7,585
Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income			
- Group	-	240	240
At June 30, 2024	<u>\$ 4,708</u>	<u>(\$ 504,592)</u>	<u>(\$ 499,884)</u>

	Currency translation	Unrealised (losses) gains on valuation	Total
At January 1, 2023	\$ 43	(\$ 857,772)	(\$ 857,729)
Currency translation differences			
- Group	(2,356)	-	(2,356)
- Associates	590	-	590
Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income			
- Group	-	65,454	65,454
Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income			
- Group	-	457	457
At June 30, 2023	(\$ 1,723)	(\$ 791,861)	(\$ 793,584)

(22) Operating revenue

A. The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major geographical regions:

	Three months ended June 30, 2024		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	\$ 10,797	\$ 186,763	\$ 197,560
Asia	362,918	390,120	753,038
America	-	449	449
	<u>\$ 373,715</u>	<u>\$ 577,332</u>	<u>\$ 951,047</u>

	Three months ended June 30, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	\$ 5,106	\$ 174,870	\$ 179,976
Asia	383,129	282,530	665,659
	<u>\$ 388,235</u>	<u>\$ 457,400</u>	<u>\$ 845,635</u>

	Six months ended June 30, 2024		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	\$ 48,761	\$ 338,453	\$ 387,214
Asia	951,033	628,463	1,579,496
America	-	609	609
Others	-	6	6
	<u>\$ 999,794</u>	<u>\$ 967,531</u>	<u>\$ 1,967,325</u>

	Six months ended June 30, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	\$ 5,688	\$ 328,249	\$ 333,937
Asia	924,259	516,993	1,441,252
Others	-	104	104
	<u>\$ 929,947</u>	<u>\$ 845,346</u>	<u>\$ 1,775,293</u>

	Three months ended June 30, 2024		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	\$ 371,997	\$ 556,666	\$ 928,663
Service revenue	1,718	20,308	22,026
Licensing revenue	-	358	358
	<u>\$ 373,715</u>	<u>\$ 577,332</u>	<u>\$ 951,047</u>

	Three months ended June 30, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	\$ 383,159	\$ 456,899	\$ 840,058
Service revenue	5,076	501	5,577
	<u>\$ 388,235</u>	<u>\$ 457,400</u>	<u>\$ 845,635</u>

	Six months ended June 30, 2024		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	\$ 961,517	\$ 927,581	\$ 1,889,098
Service revenue	38,277	33,033	71,310
Licensing revenue	-	6,917	6,917
	<u>\$ 999,794</u>	<u>\$ 967,531</u>	<u>\$ 1,967,325</u>

	Six months ended June 30, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	\$ 924,486	\$ 842,946	\$ 1,767,432
Service revenue	5,461	2,400	7,861
	<u>\$ 929,947</u>	<u>\$ 845,346</u>	<u>\$ 1,775,293</u>

B. The Group has recognised the revenue-related contract liabilities - advance receipts shown as other current liabilities amounting to \$137,934, \$46,234, \$5,896 and \$7,652 on June 30, 2024, December 31, 2023, June 30, 2023 and January 1, 2023, respectively.

C. The revenue recognised that was included in the contract liability balance at the beginning of the six months ended June 30, 2024 and 2023 were \$41,980 and \$4,968, respectively.

D. Assets recognised from costs to fulfill a contract

The Group entered into entrusted design service contracts with customers. Costs incurred should be recognised in assets and accounted as other current assets in the balance sheet under IFRS 15 if they generate resources used in satisfying the contract and are expected to be recovered. As at June 30, 2024, December 31, 2023, June 30, 2023, the balance was \$19,584, \$27,627 and \$0, respectively.

(23) Interest income

	Three months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 10,458	\$ 7,114
Other interest income	6,591	7,469
	<u>\$ 17,049</u>	<u>\$ 14,583</u>

	Six months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 16,431	\$ 12,125
Other interest income	13,130	12,729
	<u>\$ 29,561</u>	<u>\$ 24,854</u>

(24) Other gains and losses

	Three months ended June 30,	
	2024	2023
Gains on financial assets at fair value through profit or loss	\$ 46,933	\$ 6,759
Gains (losses) on disposal of property, plant and equipment	200 (1,207)
Gains on disposal of investments accounted for using the equity method (Note 1)	-	59,875
Foreign exchange gains	23,623	34,556
Gains arising from leases modifications	1	1,856
Impairment loss	(1,835)	-
Other gains (losses) (Note 2)	18,860 (1,872)
	<u>\$ 87,782</u>	<u>\$ 99,967</u>

	Six months ended June 30,	
	2024	2023
Gains on financial assets at fair value through profit or loss	\$ 62,007	\$ 152,748
Gains (losses) on disposal of property, plant and equipment	200 (1,207)
Gains on disposal of investments accounted for using the equity method (Note 1)	-	59,875
Foreign exchange gains	74,931	23,586
Gains arising from leases modifications	10	1,856
Impairment loss	(1,835)	-
Other gains (losses) (Note 2)	18,021 (20,927)
	<u>\$ 153,334</u>	<u>\$ 215,931</u>

Note 1: Mainly pertains to remeasurement gain of business combinations at fair value. Refer to Note 6(32) for details.

Note 2: For the six months ended June 30, 2023, it pertains the guarantee deposits paid transferred to loss; and for the six months ended June 30, 2024, it pertains to gain on reversal of loss on guarantee deposits paid. Refer to Note 6(6) for details.

(25) Finance costs

	Three months ended June 30	
	2024	2023
Interest expense on bank borrowings	\$ 14,698	\$ 13,519
Lease liability	1,179	1,846
	<u>\$ 15,877</u>	<u>\$ 15,365</u>

	Six months ended June 30	
	2024	2023
Interest expense on bank borrowings	\$ 28,590	\$ 27,591
Lease liability	2,442	2,753
	<u>\$ 31,032</u>	<u>\$ 30,344</u>

(26) Expenses by nature

	Three months ended June 30, 2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 3,174	\$ 289,001	\$ 292,175
Share-based payments	19	4,483	4,502
Labour and health insurance fees	159	18,797	18,956
Pension costs	92	11,888	11,980
Other personnel expenses	66	8,688	8,754
	<u>\$ 3,510</u>	<u>\$ 332,857</u>	<u>\$ 336,367</u>
Depreciation charges	<u>\$ 6,717</u>	<u>\$ 40,610</u>	<u>\$ 47,327</u>
Amortisation charges	<u>\$ 32</u>	<u>\$ 104,050</u>	<u>\$ 104,082</u>

Three months ended June 30, 2023			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 3,250	\$ 289,928	\$ 293,178
Share-based payments	50	10,769	10,819
Labour and health insurance fees	295	17,576	17,871
Pension costs	171	12,680	12,851
Other personnel expenses	107	9,058	9,165
	<u>\$ 3,873</u>	<u>\$ 340,011</u>	<u>\$ 343,884</u>
Depreciation charges	<u>\$ 6,537</u>	<u>\$ 44,725</u>	<u>\$ 51,262</u>
Amortisation charges	<u>\$ 29</u>	<u>\$ 67,760</u>	<u>\$ 67,789</u>

Six months ended June 30, 2024			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 4,512	\$ 580,379	\$ 584,891
Share-based payments	142	10,698	10,840
Labour and health insurance fees	305	37,613	37,918
Pension costs	186	23,175	23,361
Other personnel expenses	132	16,971	17,103
	<u>\$ 5,277</u>	<u>\$ 668,836</u>	<u>\$ 674,113</u>
Depreciation charges	<u>\$ 12,578</u>	<u>\$ 81,874</u>	<u>\$ 94,452</u>
Amortisation charges	<u>\$ 54</u>	<u>\$ 202,117</u>	<u>\$ 202,171</u>

Six months ended June 30, 2023			
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 6,128	\$ 556,644	\$ 562,772
Share-based payments	228	22,617	22,845
Labour and health insurance fees	592	36,440	37,032
Pension costs	326	24,980	25,306
Other personnel expenses	202	18,563	18,765
	<u>\$ 7,476</u>	<u>\$ 659,244</u>	<u>\$ 666,720</u>
Depreciation charges	<u>\$ 10,051</u>	<u>\$ 85,815</u>	<u>\$ 95,866</u>
Amortisation charges	<u>\$ 58</u>	<u>\$ 130,980</u>	<u>\$ 131,038</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 1% for directors' remuneration. However, if the Company has accumulated losses, earnings should be reserved to cover losses first. The aforementioned employees' compensation can be distributed in the form of shares or cash. The employees that the Company shall distribute employees' compensation include the employees of subsidiaries who meet the requirements prescribed by the Board of Directors. The directors' remuneration can only be distributed in the form of cash.
- B. For the six months ended June 30, 2024 and 2023, the Company incurred loss before tax and thus did not accrue and distribute employees' compensation and directors' remuneration.
- C. In accordance with the Articles of Incorporation, on March 12, 2024 and March 29, 2023, the Board of Directors resolved not to distribute directors' remuneration and employees' compensation due to the loss for the years ended December 31, 2023 and 2022, respectively.
- D. Information about directors' remuneration and employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2024	2023
Current tax:		
Current tax on profit for the period	\$ 2,192	\$ 15,899
Tax on undistributed surplus earnings	-	1,920
Prior year income tax under (over) estimation	6,203	(25,435)
Total current tax	8,395	(7,616)
Deferred tax:		
Origination and reversal of temporary differences	(18,025)	(53,831)
Total deferred tax	(18,025)	(53,831)
Income tax benefit	(\$ 9,630)	(\$ 61,447)

	Six months ended June 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 3,017	\$ 2,759
Tax on undistributed surplus earnings	-	1,920
Prior year income tax under (over) estimation	6,217	(25,743)
Total current tax	9,234	(21,064)
Deferred tax:		
Origination and reversal of temporary differences	(22,861)	(62,508)
Total deferred tax	(22,861)	(62,508)
Income tax benefit	(\$ 13,627)	(\$ 83,572)

(b) The income tax relating to components of other comprehensive income is as follows:

	Three months ended June 30,	
	2024	2023
Disposal of financial assets at fair value through other comprehensive income	(\$ 22)	\$ -

	Six months ended June 30,	
	2024	2023
Disposal of financial assets at fair value through other comprehensive income	\$ 7,585	\$ -

B. The assessed and approved status of the Company's income tax returns is as follows:

EGIS TECHNOLOGY INC.

Assessed and approved status
Assessed and approved through 2022

(28) Loss per share

		<u>Three months ended June 30, 2024</u>		
		<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>				
Loss attributable to ordinary shareholders of the parent		(\$ 169,348)	74,272	(\$ 2.28)
		<u>Three months ended June 30, 2023</u>		
		<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>				
Loss attributable to ordinary shareholders of the parent		(\$ 175,509)	71,799	(\$ 2.44)
		<u>Six months ended June 30, 2024</u>		
		<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>				
Loss attributable to ordinary shareholders of the parent		(\$ 266,590)	74,272	(\$ 3.59)
		<u>Six months ended June 30, 2023</u>		
		<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic and diluted loss per share</u>				
Loss attributable to ordinary shareholders of the parent		(\$ 262,826)	70,542	(\$ 3.73)

Note : Since the Company incurred net losses for the six months ended June 30, 2024 and 2023, the potential ordinary shares would have an anti-dilutive effect. Therefore, the calculation of diluted loss per share is the same as the calculation of basic loss per share.

(29) Non-controlling interest

	<u>2024</u>	<u>2023</u>
At January 1	\$ 4,629,327	\$ 3,631,770
Share attributable to non-controlling interest:		
Loss	(117,239)	(80,579)
Currency translation differences	3,073	(342)
Unrealised gains (losses) on valuation of financial assets measured at fair value through other comprehensive income		
-Equity instrument	15,119	6,584
-Debt instrument	(748)	448
(Decrease) increase in non-controlling interests	(219,075)	747,809
Distribution of earnings for non-controlling interests	(106,569)	(142,193)
At June 30	<u>\$ 4,203,888</u>	<u>\$ 4,163,497</u>

Note : The increase in non-controlling interest mainly pertains to the effect of Egis Vision's reorganisation and not participating in the capital increase proportionally to the interest attributable to non-controlling interest and AlgolTek's acquisition of Joint Power Exponent and not participating in Joint Power Exponent's capital increase by issuing new shares proportionally to the interest. Decrease in non-controlling interests occurred due to Alcor increasing its shareholding ratio in StarRiver in 2024.

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six months ended June 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 58,848	\$ 38,045
Add: Opening balance of payable on equipment	9,141	4,340
Ending balance of prepayments	-	5,564
Less: Opening balance of prepayments	(959)	-
Ending balance of payable on equipment	(12,562)	(4,643)
Cash paid during the period	<u>\$ 54,468</u>	<u>\$ 43,306</u>

	Six months ended June 30,	
	2024	2023
Purchase of intangible assets	\$ 200,627	\$ 80,886
Add: Opening balance of payables (Note)	223,920	47,344
Ending balance of prepayments	31,133	35,556
Less: Opening balance of prepayments	(39,518)	(27,856)
Ending balance of payables (Note)	(228,363)	(55,828)
Cash paid during the period	<u>\$ 187,799</u>	<u>\$ 80,102</u>

Note: Included long-term payable on intangible assests (listed as non-current liability on balance sheet).

B. Financing activities with no cash flow effects

	Six months ended June 30,	
	2024	2023
Cash dividends declared but yet to be paid	<u>\$ 38,812</u>	<u>\$ 305,233</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities
At January 1, 2024	\$ 1,354,000	\$ 1,273,700	\$ 255,320	\$ 2,408
Changes in cash flow from financing activities	(120,000)	(148,036)	(41,889)	(2,126)
Changes in acquisition of subsidiaries	-	-	6,134	-
Changes in other non-cash items	-	-	1,597	230,398
At June 30, 2024	<u>\$ 1,234,000</u>	<u>\$ 1,125,664</u>	<u>\$ 221,162</u>	<u>\$ 230,680</u>

	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Lease liabilities</u>	<u>Other non- current liabilities</u>
At January 1, 2023	\$ 1,238,584	\$ 1,697,336	\$ 190,595	\$ 15,451
Changes in cash flow from financing activities	78,916	(363,636)	(47,985)	(5)
Changes in acquisition of subsidiaries	-	-	25,864	-
Changes in other non-cash items	-	-	143,790	-
At June 30, 2023	<u>\$ 1,317,500</u>	<u>\$ 1,333,700</u>	<u>\$ 312,264</u>	<u>\$ 15,446</u>

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(32) Business combinations

A. On January 2, 2024, the subsidiary of the Group, AlgoITek, acquired 40.43% equity interest in Joint Power eXponent, Ltd. (Joint Power Exponent) at \$51,000 in cash, obtained two seats and the effective agreements between other shareholders out of five seats in the Board of Directors and obtained control over Joint Power Exponent to diversify its business and maximise operational performance.

(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Joint Power Exponent at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>January 2, 2024</u>
Purchase consideration	
Cash	\$ 51,000
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>11,659</u>
	<u>62,659</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	7,706
Accounts receivable, net	2,117
Inventory	7,688
Prepayments and other current assets	3,054
Right-of-use assets	6,134
Property, plant and equipment	862
Intangible assets	1,001
Other non-current assets	200
Accounts payable	(646)
Other payables	(2,267)
Lease liability	(6,134)
Other current liabilities	<u>(144)</u>
Total identifiable net assets	<u>19,571</u>
Goodwill	<u>\$ 43,088</u>

(b) The fair value of the acquired identifiable assets of \$19,571 is provisional pending receipt of the final valuations for those assets. In addition, an increase (decrease) in the established amount during the measurement period was recognised by means of a decrease (increase) in goodwill.

(c) The operating revenue included in the consolidated statement of comprehensive income since January 2, 2024 contributed by Joint Power Exponent was \$1,407. Joint Power Exponent also contributed loss before income tax of (\$22,806) over the same period. Had Joint Power Exponent been consolidated from January 1, 2024, the consolidated statement of comprehensive income would show operating revenue of \$1,967,325 and loss before income tax of (\$397,456) for the six months ended June 30, 2024.

B. On February 24, 2023, the Group acquired 85.58% equity interest in Transducer Star Technology Inc. at \$21,900 in cash, and obtained control over Transducer Star.

(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Transducer Star at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>February 24, 2023</u>
Purchase consideration	
Cash	\$ 21,900
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>2,821</u>
	<u>24,721</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	10,065
Prepayments	625
Property, plant and equipment	312
Intangible assets	10,395
Other non-current assets	6
Other payables	(1,682)
Other current liabilities	<u>(159)</u>
Total identifiable net assets	<u>19,562</u>
Goodwill	<u>\$ 5,159</u>

Note: The allocation of acquisition price was completed in the second quarter of 2023.

(b) The operating revenue included in the consolidated statement of comprehensive income since February 24, 2023 contributed by Transducer Star was \$0. Transducer Star also contributed loss before income tax of (\$982) over the same period. Had Transducer Star been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$1,775,293 and loss before income tax of (\$429,833) for the six months ended June 30, 2023.

C. Considering AlgolTek’s and Alcorlink’s future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest in Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgolTek after the transaction, and was the single major shareholder of AlgolTek. The Group had the ability to exercise significant influence over AlgolTek’s operations and had substantial control based on the assessment of the degree of active participation of other shareholders in AlgolTek’s past shareholders’ meetings. Thus, AlgolTek was included in the Group’s consolidated financial statements since April 1, 2023.

(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of AlgolTek at the acquisition date:

	<u>April 1, 2023</u>
Purchase consideration	
Fair value of equity interest in AlgolTek held before the business combination	\$ 449,229
Non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets	<u>567,916</u>
	<u>1,017,145</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	194,586
Current financial assets at fair value through profit or loss	52,626
Current financial assets at amortised cost	362,200
Accounts receivable, net	11,482
Inventories	107,732
Prepayments and other current assets	14,291
Property, plant and equipment	41,895
Right-of-use assets	25,864
Intangible assets	52,470
Investments accounted for using the equity method	40,405
Non-current financial assets at amortised cost	1,000
Deferred tax assets	4,035
Other non-current assets	12,824
Accounts payable	(14,938)
Other payables	(37,606)
Current tax liabilities	(3,635)
Lease liabilities	(25,864)
Other current liabilities	(1,323)
Deferred tax liabilities	<u>(6,893)</u>
Total identifiable net assets	<u>831,151</u>
Goodwill	<u>\$ 185,994</u>

Note: The allocation of acquisition price was completed in the third quarter of 2023.

- (b) The Group recognised a gain of \$61,035, shown as ‘other gains and losses’, as a result of measuring at fair value its 20.08% equity interest in AlgoTek held before the business combination.
- (c) The operating revenue included in the consolidated statement of comprehensive income since April 1, 2023 contributed by AlgoTek was \$42,619. AlgoTek also contributed loss before income tax of (\$46,848) over the same period. Had AlgoTek been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$1,830,646 and loss before income tax of (\$452,385) for the six months ended June 30, 2023.
- D. On October 24, 2023, Alcor’s Board of Directors resolved to acquire 3,057 thousand shares of StarRiver Semiconductor Corp. at NT\$234 (in dollars) per share totalling \$715,239. Alcor held 55.00% equity interest in StarRiver and obtained control over StarRiver after the transaction. Therefore, the Company transferred the 7.27% of voting shares originally held that were classified as equity instruments at fair value through other comprehensive income to investments accounted for using equity method. As the Company and Alcor collectively held 62.27% of StarRiver, StarRiver was included in the preparation of the Group’s consolidated financial statements since October 26, 2023.

The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of StarRiver at the acquisition date, as well as the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets at the acquisition date:

	<u>October 26, 2023</u>
Purchase consideration	
Cash	\$ 715,239
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	175,771
Fair value of equity interest in AlgoTek held before the business combination	<u>94,577</u>
	<u>985,587</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	125,575
Accounts receivable, net	5,420
Inventories	217
Prepayments and other current assets	101,941
Property, plant and equipment	28,437
Intangible assets	516,998
Other non-current assets	366
Accounts payable	(34,348)
Other payables	(5,386)
Other current liabilities	(171,891)
Deferred tax liabilities	<u>(101,467)</u>
Total identifiable net assets	<u>465,862</u>
Goodwill	<u>\$ 519,725</u>

The provisional fair value of the identifiable intangible assets acquired is \$516,998. The fair value of these assets are pending for final valuation.

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Sen-Chou Lo	The president of the Company
Mr. MING-DUO, YU	The director of the Company (Note 1)
AlgoTek, Inc. (AlgoTek)	Associate - investee company accounted for using the equity method (Note 2)
iCatch Technology Inc. (iCatchTek)	Associate - investee company accounted for using the equity method
Terawins, Inc. (Terawins)	Associate - investee company accounted for using the equity method
SCT Holdings Ltd. and its subsidiaries (SCT Ltd.)	Associate - investee company accounted for using the equity method
May Sun Technology Co., Ltd. (May Sun)	Other related party (Note 3)
Gear Radio Electronics Corp. (Gear)	Other related party

Note 1: Mr. MING-DUO, YU resigned as the director of the Company after the reelection of directors at the shareholders' general meeting on June 21, 2023.

Note 2: AlgoTek became a subsidiary from an associate since April 1, 2023.

Note 3: The representative of May Sun was formerly the chief technology officer of the Company but resigned from the Company on March 12, 2024.

(2) Significant related party transactions

A. Operating revenue

	Three months ended June 30,	
	2024	2023
Sales of services:		
SCT Ltd.	\$ -	\$ 3,066
iCatchTek	5,855	-
Terawins	-	243
	<u>\$ 5,855</u>	<u>\$ 3,309</u>
	Six months ended June 30,	
	2024	2023
Sales of services:		
SCT Ltd.	\$ -	\$ 3,452
AlgoITek	-	1,811
iCatchTek	8,155	-
Terawins	-	243
	<u>\$ 8,155</u>	<u>\$ 5,506</u>

The sales of services by the Group to related parties mainly pertain to technical service revenue and service revenue received on behalf of related parties for procurement. The transaction prices were negotiated by both parties and the collection terms were the same as those of non-related parties.

B. Technical service expenditures

	(The same with three months ended June 30,)	
	Six months ended June 30,	
	2024	2023
Technology licensing:		
May Sun	\$ 1,600	\$ -
Purchases of services:		
iCatchTek	-	1,517
	<u>\$ 1,600</u>	<u>\$ 1,517</u>

For the purchases of services and technology licensing from related parties, the transaction prices were negotiated by both parties and the payment term was 30 days.

C. Accounts receivable due from related parties

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable:			
SCT Ltd.	\$ -	\$ 5,309	\$ 2,488
iCatchtek	<u>6,133</u>	<u>-</u>	<u>-</u>
	6,133	5,309	2,488
Other receivables:			
SCT Ltd.	<u>2,782</u>	<u>89,456</u>	<u>102,098</u>
	<u>\$ 8,915</u>	<u>\$ 94,765</u>	<u>\$ 104,586</u>

The receivables from related parties arise mainly from provision of services and purchasing inventories on behalf of associates. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Prepayments

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Gear			
Other non-current assets (prepayments on intangible assets)	\$ 6,465	\$ 6,465	\$ -
Prepayments	<u>967</u>	<u>967</u>	<u>-</u>
	<u>\$ 7,432</u>	<u>\$ 7,432</u>	<u>\$ -</u>

E. Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
May Sun	\$ -	\$ 1,680	\$ -
Gear	<u>527</u>	<u>-</u>	<u>-</u>
	<u>\$ 527</u>	<u>\$ 1,680</u>	<u>\$ -</u>

The other payables to related parties arise mainly from borrowings from the related party and technical service expenditures.

F. Receipt in advance (shown as 'other current liabilities')

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
iCatchTek	<u>\$ -</u>	<u>\$ 1,165</u>	<u>\$ -</u>

G. Loans from related party

Mr. Sen-Chou Lo provided loans without interest to the subsidiary, VASUBI Technology Inc., amounting to \$7,000 as working capital on February 13, 2024. As of June 30, 2024, the loan was shown as 'other payables to related party'.

H. Property transactions - acquisition of subsidiaries' equity interest

On February 24, 2023, the Group purchased 200 thousand shares of Transducer Star from Mr. MING-DUO, YU with a price of NT\$10 (in dollars) per share. The transaction price was \$2,000.

I. Unrecognised contract commitments

The Group entered into contracts for the licensing of intangible assets with Gear. As of June 30, 2024, the licensing costs contracted but not yet paid was US\$1,100 thousand.

J. The certificates of deposits amounting to \$3,000 from the associate, Terawins, that the Group held as of December 31, 2023 and June 30, 2023 were pledged as collateral for enhancing credit. There was no such situation as of June 30, 2024.

(3) Key management compensation

	Three months ended June 30,	
	2024	2023
Short-term employee benefits	\$ 24,406	\$ 25,969
Post-employment benefits	311	548
Termination benefits	-	-
Share-based payments	508	2,774
	<u>\$ 25,225</u>	<u>\$ 29,291</u>

	Six months ended June 30,	
	2024	2023
Short-term employee benefits	\$ 45,605	\$ 50,682
Post-employment benefits	630	1,103
Termination benefits	363	-
Share-based payments	1,186	3,378
	<u>\$ 47,784</u>	<u>\$ 55,163</u>

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	June 30, 2024	December 31, 2023	June 30, 2023	
Pledged time deposits (recorded as current financial assets at amortised cost)	\$ 124,810	\$ 225,682	\$ 275,615	Note 1
Pledged time deposits (recorded as non-current financial assets at amortised cost)	38,422	7,467	7,458	Note 2
Non-current financial assets at fair value through other comprehensive income	1,293,586	1,287,337	974,877	Note 3
Guarantee deposits paid (recorded as other current assets)	-	9,979	10,121	Note 4
	<u>\$ 1,456,818</u>	<u>\$ 1,530,465</u>	<u>\$ 1,268,071</u>	

Note 1: Guarantee for short-term bank borrowings.

Note 2: Guarantee for bank performance and customs duties on imported raw materials.

Note 3: Guarantee for long-term bank borrowings.

Note 4: Guarantee for purchases of raw materials and supplies. Refer to Note 6(6) for details.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

- A. Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a complaint for patent infringement with the Beijing Intellectual Property Court against the Company in July 2020, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision in favour of the Company from the Beijing Intellectual Property Court on July 1, 2023 and the Beijing Intellectual Property Court refuted all of Goodix's claims. The Company subsequently received a notice of appeal from Goodix on July 25, 2023 and a notice of response to action from the Supreme People's Court on November 20, 2023. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.
- B. Goodix has filed a complaint for patent infringement with the Fuzhou Intermediate People's Court against the Company in March 2021, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision from Fuzhou Intermediate People's Court on December 30, 2022 stating that the Company has committed patent infringement. The Company filed an appeal on January 16, 2023 with the Supreme People's Court. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.

(2) Commitments

- A. A subsidiary of the Group, ENE Technology Inc., entered into contracts for the licensing of software. As of June 30, 2024, the purchases contracted but not yet paid amounted to \$25,025.
- B. The Group's subsidiary, AlgolTek, signed contracts for the purchase of intangible assets and for commissioning chip and IC component designs. As of June 30, 2024, the purchases contracted but unpaid was \$17,554.
- C. The Group's subsidiary, Syncomm, signed contracts for the acquisition of intangible assets. As of June 30, 2024, the purchases contracted but unpaid was US\$1,100 thousand.
- D. The Company acquired exclusive patent license of mobile device segment and transfers of technologies and related assets from Fingerprint Cards AB, and the payment contracted but not yet paid amounted to US\$4 million.
- E. Refer to Note 7 for unrecognised contracts with related parties.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- A. The Group acquired all equity interests in Inpsytech, Inc. ("Inpsytech"):
 - (a) The Company jointly negotiated with Inpsytech for setting the effective date of share conversion on July 21, 2024. Inpsytech became a wholly-owned subsidiary of the Company when the share conversion was completed. As of August 9, 2024, this case is still in the allocation period of purchase price, and the assets acquired and liabilities assumed were disclosed at the carrying

amount of Inpsytech, such assets are pending for the final valuations. The following table summarises the consideration paid for Inpsytech and the fair values of the assets acquired and liabilities assumed at the acquisition date.

	<u>July 21, 2024 (Note)</u>
Purchase consideration	
Cash	\$ 2,639,981
Equity instruments	<u>3,908,747</u>
	<u>6,548,728</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	594,915
Current financial assets at amortised cost	15,287
Current tax assets	9,446
Prepayments	1,297
Property, plant and equipment	8,699
Right-of-use assets	5,068
Other non-current assets	1,097
Other payables	(16,681)
Other current liabilities	(300)
Contract liabilities	(301,458)
Lease liabilities	(5,125)
Other non-current liabilities	<u>(1,703)</u>
Total identifiable net assets	<u>310,542</u>
The difference between the purchase consideration and the fair value	<u>\$ 6,238,186</u>

Note: The disclosed information is based on the unaudited financial statements of Inpsytech as of June 30, 2024.

- (b) Had Inpsytech been consolidated from January 1, 2024, the consolidated statement of comprehensive income would show operating revenue of \$1,971,204 and loss before income tax of (\$429,536).
- (c) The allocation of the purchase price of the acquisition is still in process, and the Company has hired experts to assess the fair value of the identifiable assets.
- B. On July 2, 2024, the Company entered into a syndicated borrowing agreement with syndicated banking group consisting of Cathay United Bank and others, with a total facility of NT\$2.6 billion. The credit period was 2 years from the first drawdown date. The credit capital was used to pay the acquisition price of the merger of Inpsytech.
- C. The Board of Directors of the Group's subsidiary, Alcor, resolved to acquire intellectual property licensing of software and silicon from Arm Limited on July 23, 2024. The total transaction is lower than US\$40 million (before tax), and the payment terms of licensing payment is paid in installments based on the licensing contract.
- D. To integrate the resource and simplify the investment structure, the Board of Directors of Alcorlink Corp. resolved to dissolve the company on August 8, 2024.

E. To reach resource cooperation and increase operation advantage, the Board of Directors resolved the share conversion between the subsidiary, Egis Vision, and Kiwi Technology Inc. (“Kiwi”). The shareholders of Egis Vision intended to convert all outstanding shares by 1 share common share into 1.334 new common shares of Kiwi. Egis Vision became a wholly-owned subsidiary of Kiwi when the share conversion was completed.

12. Others

(1) Capital management

The Group plans the fund requirements for future operating capital, research and development expenses, repayment of debt and dividends distribution based on the Group’s characteristics of current operating industry and the Group’s future development, taking into account changes in the external environment so as to safeguard the Group’s ability to continue as a going concern, provide returns for shareholders as well as the benefit of other related parties and maintain an optimal capital structure to enhance shareholders’ value in the long-term.

(2) Financial instruments

A. Financial instruments by category

Refer to the consolidated balance sheets and Note 6 for the amount and information in relation to the Group’s financial assets (financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, cash and cash equivalents, financial assets at amortised cost, accounts receivable (including related parties), other receivables (including related parties) and guarantee deposits paid) and financial liabilities (short-term borrowings, accounts payable, long-term borrowings (including current portion), other payables (including related parties), refund liabilities, guarantee deposits received and lease liabilities).

B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Group’s businesses involve some non-functional currency operations (the Company’s functional currency: NTD; the subsidiaries’ functional currency: NTD, RMB, KRW and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2024					
	Foreign currency (in thousands)	Exchange rate	Book value (NT\$)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 54,440	32.45	\$ 1,766,578	1%	\$ 17,666
<u>Non-monetary items</u>					
USD:NTD	29,913	32.45	970,674		
SEK:NTD	20,587	3.05	62,790		
<u>Effect from net assets of consolidated entities measured at foreign currency</u>					
USD:NTD	2,235	32.45	72,525		
RMB:NTD	8,652	4.45	38,503		
KRW:NTD	429	7.30	3,130		
RMB:USD	1,351,550	0.02	27,031		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	19,217	32.45	623,592	1%	6,236
December 31, 2023					
	Foreign currency (in thousands)	Exchange rate	Book value (NT\$)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 59,579	30.71	\$ 1,829,671	1%	\$ 18,297
<u>Non-monetary items</u>					
USD:NTD	30,779	30.71	945,208		
SEK:NTD	6,252	3.04	19,005		
<u>Effect from net assets of consolidated entities measured at foreign currency</u>					
USD:NTD	2,299	30.71	70,610		
RMB:NTD	9,510	4.33	41,180		
KRW:NTD	1,331,400	0.02	26,628		
RMB:USD	737	7.10	3,849		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	22,901	30.71	703,290	1%	7,033

	June 30, 2023			Sensitivity analysis	
	Foreign currency (in thousands)	Exchange rate	Book value (NT\$)	Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 50,343	31.14	\$ 1,567,681	1%	\$ 15,677
<u>Non-monetary items</u>					
USD:NTD	30,344	31.14	944,916		
SEK:NTD	7,023	2.87	20,156		
<u>Effect from net assets of consolidated entities measured at foreign currency</u>					
USD:NTD	4,192	31.14	130,546		
RMB:NTD	10,590	4.28	45,327		
RMB:USD	11,570	7.27	49,542		
KRW:NTD	1,319,550	0.02	26,391		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	14,353	31.14	446,952	1%	4,470

The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2024 and 2023, amounted to \$23,623, \$34,556, \$74,931 and \$23,586, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise open-end funds. The prices of equity securities would change due to the change of the future value of investee companies. Additionally, the unlisted equity securities and convertible bonds were held for strategic investment, thus the Company did not actively transact such investments. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the six months ended June 30, 2024 and 2023 would have increased/decreased by \$53,206 and \$80,948, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$96,949 and \$80,160 respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. On June 30, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan Dollars

and US Dollars.

- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, loss, net of tax for the six months ended June 30, 2024 and 2023 would have increased/decreased by \$9,439 and \$10,625, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain grade are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customer's accounts receivable in consideration of credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;

- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- ix. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, which was insignificant as of June 30, 2024 and 2023.
- (c) Liquidity risk
- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's covenant compliance and compliance with internal balance sheet ratio targets.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	June 30, 2024	
	Less than a year	Over a year
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 1,236,545	\$ -
Accounts payable	353,442	-
Other payables (including related parties)	1,149,219	-
Lease liabilities	87,287	153,081
Long-term borrowings (including current portion)	462,604	728,001
Non-current lease liabilities	-	230,680
	December 31, 2023	
	Less than a year	Over a year
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 1,357,821	\$ -
Accounts payable	405,244	-
Other payables (including related parties)	984,186	-
Lease liabilities	81,305	175,440
Long-term borrowings (including current portion)	507,078	840,079

	June 30, 2023	
	Less than a year	Over a year
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 1,321,023	\$ -
Accounts payable	282,072	-
Other payables (including related parties)	783,570	-
Lease liabilities	85,960	228,383
Long-term borrowings (including current portion)	397,181	1,025,370

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in certain beneficiary certificates, hybrid instrument and certain financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in principal guaranteed notes is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain beneficiary certificates, hybrid instrument, certain financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is included in Level 3.

B. Financial instruments not measured at fair value:

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, accounts payable, short-term borrowings, other payables (including related parties), lease liabilities, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

	June 30, 2024			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 499,584	\$ -	\$ 297,315	\$ 796,899
Equity instruments	117,730	-	178,354	296,084
Principal guaranteed notes	-	60,069	-	60,069
Convertible bonds	14,290	-	162,379	176,669
Financial assets at fair value		420		420
through other comprehensive				
income				
Equity instruments	1,373,999	-	1,049,722	2,423,721
Debt instruments	38,667	-	-	38,667
	<u>\$ 2,044,270</u>	<u>\$ 60,489</u>	<u>\$ 1,687,770</u>	<u>\$ 3,792,529</u>
December 31, 2023				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 432,382	\$ -	\$ 273,258	\$ 705,640
Equity instruments	477,426	-	205,384	682,810
Principal guaranteed notes	-	90,420	-	90,420
Convertible bonds	10,910	-	157,179	168,089
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments	1,404,664	-	1,009,940	2,414,604
Debt instruments	25,105	-	-	25,105
	<u>\$ 2,350,487</u>	<u>\$ 90,420</u>	<u>\$ 1,645,761</u>	<u>\$ 4,086,668</u>

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 889,627	\$ -	\$ 148,417	\$ 1,038,044
Equity instruments	532,307	-	171,048	703,355
Principal guaranteed notes	-	120,297	-	120,297
Convertible bonds	10,530	-	151,465	161,995
Financial assets at fair value through other comprehensive income				
Equity instruments	1,010,308	-	993,685	2,003,993
Debt instruments	34,218	-	-	34,218
	<u>\$ 2,476,990</u>	<u>\$ 120,297</u>	<u>\$ 1,464,615</u>	<u>\$ 4,061,902</u>

- D. The methods and assumptions the Group used to measure fair value are as follows:
- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Stocks</u>	<u>Closed-end fund</u>	<u>Open-end fund</u>	<u>Corporate bond</u>
Market quoted price	Closing price	Closing price	Net asset value	Ex-dividend quoted price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by reference to counterparty quotes.
- (c) If one or more of the significant inputs are not obtained based on observable market data, the financial instruments are included in level 3.
- E. The fair value of the Group's principal guaranteed notes and bank debentures is included in Level 2.
- F. For the six months ended June 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the six months ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
	Non-derivative instrument	Non-derivative instrument
At January 1	\$ 1,645,761	\$ 1,442,468
(Losses) gains recognised in profit or loss	(21,080)	13,131
(Losses) gains recognised in other comprehensive (loss) income	(3,994)	37,003
Acquired during the period	66,275	9,709
Proceeds from capital reduction	-	(40,663)
Effect of exchange rate changes	808	199
Others	-	2,768
At June 30	<u>\$ 1,687,770</u>	<u>\$ 1,464,615</u>

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

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

	Fair value at June 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 398,746	Market comparable companies	Price to book ratio multiple	2.25~22.03	The higher the multiple and control premium, the higher the fair value.
		Discounted cash flow	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
"	346,624	Most recent non- active market price	Not applicable	Not applicable	Not applicable
"	90,966	Discounted cash flow	Discount for lack of marketability	15%~29.82%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
Venture capital shares	391,740	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Beneficiary Certificate	297,315	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	162,379	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 451,668	Market comparable companies	Price to book ratio multiple	1.85-27.70	The higher the multiple and control premium, the higher the fair value.
		Discounted cash flow	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
"	298,015	Most recent non- active market price	Not applicable	Not applicable	Not applicable
"	86,074	Discounted cash flow	Discount for lack of marketability	15%~29.82%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
Venture capital shares	379,567	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Beneficiary Certificate	273,258	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	157,179	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 733,807	Market comparable companies	Price to book ratio multiple	1.88-33.56	The higher the multiple and control premium, the higher the fair value.
		Discounted cash flow	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
"	82,598	Discounted cash flow	Discount for lack of marketability	15%~30.43%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
"	74,423	Most recent non-active market price	Not applicable	Not applicable	Not applicable.
Venture capital shares	273,905	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Private equity fund investment	13,780	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Private equity fund	134,637	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	151,465	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			June 30, 2024			
			<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income (loss)</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
	<u>Input</u>	<u>Change</u>				
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ 1,784	(\$ 1,784)	\$ 4,595	(\$ 4,595)
Equity instrument	Discount for lack of marketability	±1%	-	-	351	(352)
Equity instrument	Discount for lack of control	±1%	-	-	430	(431)
Debt instrument	Discount for lack of marketability	±1%	1,624	(1,624)	-	-
			December 31, 2023			
			<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income (loss)</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
	<u>Input</u>	<u>Change</u>				
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ 2,054	(\$ 2,054)	\$ 4,394	(\$ 4,394)
Equity instrument	Discount for lack of marketability	±1%	-	-	332	(333)
Equity instrument	Discount for lack of control	±1%	-	-	407	(408)
Debt instrument	Discount for lack of marketability	±1%	1,572	(1,572)	-	-
			June 30, 2023			
			<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income (loss)</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
	<u>Input</u>	<u>Change</u>				
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ 1,710	(\$ 1,710)	\$ 5,628	(\$ 5,628)
Equity instrument	Discount for lack of marketability	±1%	-	-	324	(322)
Equity instrument	Discount for lack of control	±1%	-	-	392	(390)
Debt instrument	Discount for lack of marketability	±1%	1,515	(1,515)	-	-

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 2.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).
- J. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 4.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Refer to table 5.

14. Segment Information

(1) General information

The Group has two reportable operating segments: Egis and its subsidiaries are primarily engaged in the research, development, design and sales of biometric application software and hardware; and Alcor and its subsidiaries are primarily engaged in the research, development, design and sales of USB control chip and automotive sensor chip, wearable electroacoustic products, multimedia video converter control chip and intelligent power control chip. The chief operating decision-maker of the Group uses overall operating results as the basis of performance assessment and identified that the Group has two reportable operating segments.

Three months ended June 30, 2024	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Total segment revenue	\$ 373,715	\$ 577,332	\$ 951,047
Segment loss	(\$ 187,451)	(\$ 29,007)	(\$ 216,458)
Three months ended June 30, 2023	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Total segment revenue	\$ 388,235	\$ 457,400	\$ 845,635
Segment loss	(\$ 235,655)	(\$ 3,305)	(\$ 238,960)
Six months ended June 30, 2024	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Total segment revenue	\$ 999,794	\$ 967,531	\$ 1,967,325
Segment loss	(\$ 296,210)	(\$ 101,246)	(\$ 397,456)
Six months ended June 30, 2023	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Total segment revenue	\$ 929,947	\$ 845,346	\$ 1,775,293
Segment loss	(\$ 341,156)	(\$ 85,821)	(\$ 426,977)

(2) Measurement of segment information

- A. Segment income (loss) of the Group is measured using the pre-tax operating margin and is used as a basis for performance assessment. The accounting policies and accounting estimates of operating segment are in agreement with the summary of material accounting policies and the critical accounting estimates and assumptions described in Notes 4 and 5.
- B. The revenue (excluding revenue from transactions of other operating segments in the entities), income (loss) and financial information from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- C. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of June 30, 2024				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
EGIS TECHNOLOGY INC.	Stock	Gingy Technology Inc.	None	Note 4	33	\$ 47	0.35%	\$ 47	
"	"	Integrated Digital Technologies, Inc.	"	"	4,000	-	13.96%	-	
"	"	AIS Storm, Inc.	"	"	5,211	117,315	19.45%	117,315	
"	"	MEMS DRIVE INC.	"	"	188	5,611	2.87%	5,611	
"	"	Astrogate Inc.	"	"	1,000	7,245	12.24%	7,245	
"	"	Calumino Pty Ltd.	"	"	1,011	-	2.76%	-	
"	"	Gallopwave Inc.	"	"	3,125	17,858	4.06%	17,858	
"	"	xMEMS Labs, Inc.,	"	"	1,003	7,077	0.79%	7,077	
"	"	Attopsemi Technology Co., Ltd.	"	"	675	112,295	4.39%	112,295	
"	"	CyteSi, Inc.	"	"	163	5,375	1.18%	5,375	
"	"	Silicon Optronics, Inc.	"	"	12,631	1,307,283	16.10%	1,307,283	
"	"	Augentix Inc.	"	"	1,050	89,250	4.26%	89,250	
"	Bonds	SOFTBK 4 07/06/26 (XS2361252971)	"	"	-	6,031	-	6,031	
"	Stock	BE Epitaxy Semiconductor Technology Co., Ltd.	"	Note 2	821	15,076	7.56%	15,076	
"	Beneficiary certificates	Dian-Te Gas Investment LP	"	"	-	93,840	67.32%	93,840	
"	Stock	JET OPTOELECTRONICS CO., LTD.	"	"	2,824	112,935	4.71%	112,935	
"	"	Precise Biometrics AB	"	Note 4	5,609	62,790	7.15%	62,790	
"	Funds	Vertex Growth (SG) LP	"	Note 2	-	42,608	-	42,608	
"	"	Vertex Growth II (SG) LP	"	"	-	22,516	-	22,516	
"	"	Vertex Venture (SG) SEA IV LP	"	"	-	9,305	-	9,305	
"	Beneficiary certificates	JAFCO Taiwan II Venture Capital Limited Partnership	"	"	-	4,679	-	4,679	
"	Stock	Sirius Wireless Pte. Ltd.	"	"	2,528	108,954	10.11%	108,954	
"	Convertible bonds	Netlink Communication Inc. Convertible bonds	"	"	-	162,379	-	162,379	
"	Stock	Gear Radio Limited.	"	Note 4	1,733	25,829	4.02%	25,829	
"	"	Metanoia Communications Inc.	"	"	1,875	28,668	1.55%	28,668	
"	Beneficiary certificates	Megawood Capital	"	Note 2	-	10,694	11.00%	10,694	
"	Stock	Linkou Golf Club	"	"	-	11,000	0.10%	11,000	
"	"	PIMIC INC.	"	Note 4	821	30,067	3.27%	30,067	
"	"	best Epitaxy Manufacturing Co. Ltd.	"	Note 2	3,219	43,324	4.70%	43,324	
"	"	CREATIVE5 INC.	"	Note 4	323	12,900	5.00%	12,900	
Alcor Micro, Corp.	Funds	Franklin Templeton Sinoam Money Market Fund	"	Note 1	3,762	40,256	-	40,256	
"	"	PGIM Return Fund	"	"	631	10,058	-	10,058	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of June 30, 2024				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
Alcor Micro, Corp.	Funds	Cathay US Premium Bond Fund	None	Note 1	300	\$ 3,194	-	\$ 3,194	
"	"	Yuanta 2-10 Year Investment Grade Corporate Bond	"	"	606	6,548	-	6,548	
"	"	Nomura Global Financial Bond Fund	"	"	509	5,312	-	5,312	
"	"	Cathay 4-Year Maturity Developed Market Investment Grade Bond Fund	"	"	3,000	32,932	-	32,932	
"	"	Allianz Global Investors US Short Duration High Income Bond Fund	"	"	941	10,170	-	10,170	
"	"	Franklin Templeton SinoAm Global High Yield Bond Fund	"	"	884	10,962	-	10,962	
"	"	PGIM USD High Yield Bond Fund	"	"	1,564	16,176	-	16,176	
"	"	Capital Global Strategic Income High Yield Bond	"	"	500	5,108	-	5,108	
"	"	CTBC ESG Financial Multi-Asset Fund	"	"	1,000	11,339	-	11,339	
"	"	CTBC Growth Opportunities Multi-Asset Fund	"	"	1,000	11,317	-	11,317	
"	"	PineBridge Rate Response Multi-Asset Fund	"	"	1,500	17,047	-	17,047	
"	"	PineBridge Technology Multi-Asset Fund	"	"	1,500	16,229	-	16,229	
"	"	TCB GAMMA Quantitative Multi-Asset Fund	"	"	2,393	46,271	-	46,271	
"	"	PGIM Aggressive Growth ETF Fund of Funds	"	"	1,068	16,580	-	16,580	
"	"	Franklin Templeton SinoAm Global Infrastructure Fund	"	"	500	5,160	-	5,160	
"	"	Yuanta Japan Leaders Equity Fund	"	"	500	5,690	-	5,690	
"	Principal protected note	President Securities Corporation Principal Guaranteed Note NO.3130	"	"	-	30,039	-	30,039	
"	"	President Securities Corporation Principal Guaranteed Note NO.3170	"	"	-	30,030	-	30,030	
"	Convertible bonds	Topco Scientific CO., LTD. Convertible bonds	"	"	100	14,290	-	14,290	
"	Stock	Foxtron Vehicle Technologies Co., Ltd.	"	"	100	4,795	0.01%	4,795	
"	"	Shin Kong Financial Holding Co., Ltd. Preferred Shares A	"	Note 3	130	3,926	0.17%	3,926	
"	"	HUA VI VENTURE CAPITAL	"	Note 4	11	2,046	2.11%	2,046	
"	"	WK Venture Capital XI	"	"	11,996	311,652	15.38%	311,652	
"	"	WK Technology Fund IX II Ltd.	"	"	5,000	49,545	4.45%	49,545	
"	"	Sirius Wireless Pte. Ltd.	"	"	4,167	32,450	2.97%	32,450	
"	"	FOXFORTUNE TECHNOLOGY II VENTURES LIMITED	"	"	780	28,497	5.80%	28,497	
"	"	Koodata Inc. Common Stock	"	"	2,375	14,347	3.00%	14,347	
"	"	Koodata Inc. Preferred Stock	"	"	10,088	76,619	12.71%	76,619	
"	"	Helios Bioelectronics Inc.	"	"	14,300	60,000	10.49%	60,000	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of June 30, 2024				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
Alcor Micro, Corp.	Bonds	AT&T Inc.	"	Note 3	-	\$ 2,319	-	\$ 2,319	
"	Beneficiary certificates	Fuyou Venture Capital Co., Ltd.	"	Note 2	-	32,796	-	32,796	
Alcorlink Corp.	Funds	Fuh Hwa Fund	"	Note 1	2,896	34,606	-	34,606	
Syncomm Technology Corp.	Funds	PGIM Money Market Fund	"	"	4,126	67,531	-	67,531	
"	"	Mega Diamond Money Market Fund	"	"	3,203	41,590	-	41,590	
"	"	JIH SUN MONEY MARKET FUND	"	"	2,675	41,075	-	41,075	
"	"	Allianz Global Investors Taiwan Money Market Fund	"	"	1,574	20,420	-	20,420	
"	"	Taishin Ta-Chong Money Market Fund	"	"	690	10,141	-	10,141	
AlogITek, Inc.	Funds	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	None	Note 1	1,068	8,547	-	8,547	
"	"	Nomura Global Financial Bond Fund	"	"	1,921	19,201	-	19,201	
"	Bonds	United States Treasury securities	"	Note 5	-	6,467	-	6,441	
Chun-Feng Investment Limited	Funds	Allianz Global Investors Taiwan Money Market	"	Note 1	1,791	23,234	-	23,234	
"	"	Allianz Global Investors US Short Duration High Income Bond Fund	"	"	951	10,282	-	10,282	
"	"	PGIM USD High Yield Bond Fund	"	"	997	10,306	-	10,306	
"	"	Eastspring Investments Optm Inc FoFsAUSD	"	"	893	11,809	-	11,809	
"	"	PGIM Aggressive Growth ETF Fund of Funds	"	"	732	11,370	-	11,370	
Alcor Micro Technology, Inc.	Stock	NGD Systems Inc.	"	Note 4	8,705	15,029	3.45%	15,029	
Alcor Micro Technology, (H.K.) Limited	Bonds	HP Inc.	"	Note 3	-	2,560	-	2,560	
"	"	Power Finance Corp. Ltd.	"	"	-	6,132	-	6,132	
"	"	TSMC Arizona Corp.	"	"	-	6,209	-	6,209	
"	"	AT&T Inc.	"	"	4	2,992	-	2,992	
"	"	Macquarie Bank Ltd.	"	"	-	5,708	-	5,708	
"	"	HSBC Holdings PLC	"	"	-	6,716	-	6,716	

Note 1: Current financial assets at fair value through profit or loss.

Note 2: Non-current financial assets at fair value through profit or loss.

Note 3: Current financial assets at fair value through other comprehensive income.

Note 4: Non-current financial assets at fair value through other comprehensive income.

Note 5: Current financial assets at amortised cost.

Note 6: Non-current financial assets at amortised cost.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

For the six months ended June 30, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2024		Addition		Disposal				Balance as at June 30, 2024	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain on disposal	Number of shares (in thousands)	Amount
Egis Technology Inc.	Airoha Technology.	Non-current Financial Assets at Fair Value through Profit or Loss	-	-	560,000	\$ 323,120	-	\$ -	560,000	\$ 424,806	\$ 374,452	\$ 50,354	-	\$ -

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investees

For the six months ended June 30, 2024

Table 3

Unit: Thousands of NTD/shares

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net income (loss) of investee for the six months ended June 30, 2024	Investment income (loss) recognised by the Company for the six months ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	No. of shares	Ownership (%)	Book value			
The Company	Egis Technology (Japan) Inc.	Japan	Customer service, business promotion and technical service	\$ 109,281	\$ 109,279	7,680,000	100.00%	\$ 1,096	\$ 86	\$ 86	
"	Egis Technology Korea Inc.	Korea	Customer service, business promotion and technical service	18,233	18,233	20,000	100.00%	27,031	595	595	
"	OceanX Inc.	Taiwan	Holding company	1,880	1,880	167,000	100.00%	2,027	(87)	(87)	
"	Luxsentek Microelectronics Corp.	Taiwan	Technology development	140,000	140,000	14,000,000	86.93%	5,810	(668)	(581)	
"	Alcor Micro, Corp.	Taiwan	Technology development	707,000	707,000	20,000,000	20.47%	611,824	(91,519)	(16,269)	
"	VASUBI Technology Inc.	Taiwan	Technology development	40,000	40,000	4,000,000	100.00%	(5,693)	(4,765)	(4,765)	
"	NUI Technology Inc.	Taiwan	Technology development	90,000	90,000	9,000,000	100.00%	27,987	(15,904)	(15,904)	
"	Taurus Wireless Inc.	Taiwan	Technology development	60,000	50,000	6,000,000	100.00%	(7,182)	(25,428)	(25,428)	
"	Transducer Star Technology Inc.	Taiwan	Technology development	36,900	31,900	3,280,000	91.62%	13,652	(8,647)	(9,009)	
"	StarRiver Semiconductor Corp.	Taiwan	Development, design and sales of IC	94,577	40,000	404,176	7.27%	93,362	7,168	(1,323)	Note 3 and 4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net income (loss) of investee for the six months ended June 30, 2024	Investment income (loss) recognised by the Company for the six months ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	No. of shares	Ownership (%)	Book value			
The Company	iCatch Technology Inc.	Taiwan	Technology development	\$ 1,189,600	\$ 1,189,600	18,000,000	18.69%	\$ 1,042,134	(\$ 59,797)	(\$ 48,499)	
"	SCT Holdings Ltd.	Cayman Islands	Design, development and sales of IC	467,680	371,380	8,546,402	24.45%	273,372	(26,457)	(25,133)	Note 5
"	Egis Vision Inc.	Taiwan	Development, design and sales of IC	67,285	-	4,485,665	39.01%	16,439	(45,975)	(16,553)	Note 8
"	Egisee Inc.	Taiwan	Technology development	15,000	-	1,500,000	100.00%	7,811	(7,189)	(7,189)	
Alcor Micro, Corp.	Alcor Micro Technology, Inc. (AMTI)	Cayman Islands	Investment holding company	932,166	932,166	30,613,000	100.00%	72,525	(1,141)	(1,141)	
"	AlgolTek, Inc.	Taiwan	Development, design and sales of IC	73,782	73,782	14,040,710	31.46%	537,194	(98,082)	(26,441)	
"	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	197,097	197,097	10,887,288	24.52%	186,592	16,611	4,303	
"	Chun-Feng Investment Limited	Taiwan	General investment business	90,000	90,000	9,000,000	100.00%	111,401	6,184	2,988	
Alcor Micro, Corp.	ENE Technology Inc.	Taiwan	Development, design and sales of IC	252,800	252,800	8,000,000	17.67%	265,050	37,525	4,034	
"	StarRiver Semiconductor Corp.	Taiwan	Development, design and sales of IC	1,182,214	715,239	5,052,198	90.91%	876,587	7,168	(10,177)	Note 3 and 4
"	Egis Vision Inc.	Taiwan	Development, design and sales of IC	7,500	-	500,000	4.35%	1,833	(45,975)	(1,846)	Note 8
Chun-Feng Investment Limited	AlgolTek, Inc.	Taiwan	Development, design and sales of IC	5,814	5,814	179,353	0.40%	8,264	(98,082)	(336)	

Table 3, Page 2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net income (loss) of investee for the six months ended June 30, 2024	Investment income (loss) recognised by the Company for the six months ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	No. of shares	Ownership (%)	Book value			
Chun-Feng Investment Limited	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	\$ 30,878	30,878	2,117,159	4.77%	\$ 32,710	\$ 16,611	(\$ 1,085)	
Alcor Micro Technology, Inc. (AMTI)	Alcor Micro Technology, (H.K.) Limited (AMTHK)	Hong Kong	Management and sales of electronic products	633,056	633,056	20,790,000	100.00%	49,941	(424)	(424)	
AlgoTek, Inc.	Terawins, INC.	Taiwan	Development, design and sales of IC	48,239	48,239	5,359,923	17.65%	20,762	(15,519)	(2,739)	
"	Alcorlink Corp.	Taiwan	Development, design and sales of IC	528,656	728,188	2,057,029	100.00%	139,125	20,184	22,748	Note 6
"	JOINT POWER EXPONENT, LTD.	Taiwan	Development, design and sales of IC	76,584	-	15,812,000	45.24%	55,468	(22,806)	(10,221)	Note 5 and 7
Alcorlink Corp.	Egis Vision Inc.	Taiwan	Development, design and sales of IC	40,000	60,000	4,000,000	34.78%	14,657	(45,975)	(16,883)	Note 8

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

Note 3: On October 24, 2023, the Group's subsidiary- Alcor Micro, Corp.'s Board of Directors resolved to acquire 3,057 thousand shares of StarRiver Semiconductor Corp. at NT\$234 (in dollars) per share totalling \$715,239. After the transaction, combinig with the 404 thousand shares which held by the parent company originally, the Group held totally 62.27% equity interest.

Note 4: On May 8, 2024, the Board of Directors of the Company resolved to acquire 1,996 thousand shares of StarRiver Semiconductor Corp., at a price of \$234 (in dollar) per share, totalling \$466,975. The Company's equity interests in StarRiver Semiconductor Corp. increased to 98.18%.

Note 5: The initial investment amount of AlgoTek in Alcorlink was determined based on the number of AlgoTek's issued common stocks and the latest closing price at the effective date of the merger.

Note 6: AlgoTek's initial investment in Joint Power Exponent was \$51,000. On January 23, 2024, Joint Power Exponent's board of directors approved a cash capital increase, with AlgoTek subscribing to 3,198 thousand shares at an issue price of NT\$8 per share, for a transaction price of \$25,584.

Note 7: Alcorlink's initial investment amount in Egis Vision was \$1,000. The Board of Directors of Alcorlink during its meeting on June 28, 2023 resolved to spin off its "Image Product Business Department" to Egis Vision. The spin-off effective date was set on July 1, 2023. The business value of the spin-off was \$59,000, and 1 newly issued ordinary share of Egis Vision was exchanged for NT\$10 (in dollars) per share, increasing the initial investment amount by \$59,000.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investments in Mainland China
For the six months ended June 30, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Net income of investee for the six months ended June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2024	Book value of investments in Mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	\$ 55,521	Note 1	\$ 64,900	\$ -	\$ -	\$ 64,900	(\$ 3,806)	100%	(\$ 3,806)	\$ 38,503	\$ -	Note 4
Alcor Micro Tech., (ShenZhen) Ltd.	After sales service and collection of business intelligence	56,960	Note 2	56,960	-	-	56,960	(814)	100%	(814)	3,130	-	Notes 4 and 8
JOINT POWER EXPONENT (ShenZhen), LTD.	Development, design and sales of IC	-	Note 1	-	-	-	-	(1,445)	100%	(1,445)	(1,445)	-	Note 5

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Egis Technology Inc.	\$ 64,900	\$ 64,900	\$ 4,663,659
Alcor Micro, Corp.	\$ 56,960	\$ 56,960	\$ 4,663,659
AlgoTek, Inc.	\$ -	Note 3	\$ 4,663,659

Note 1: Directly invest in a company in Mainland China.

Note 2: Reinvested in Mainland China company through Alcor Micro Technology, Inc. in the third area.

Note 3: JOINT POWER EXPONENT (ShenZhen), LTD. is a wholly-owned subsidiary established and registered by Joint Power Exponent, Ltd. on February 18, 2019. The registered capital of the subsidiary is RMB 100,000. However, Joint Power Exponent, Ltd. had not completed the capital injection.

Note 4: Investment income (loss) was recognised based on the financial reports that were reviewed by independent auditors.

Note 5: Investment income (loss) was recognised based on the financial statements that were not reviewed by independent auditors.

Note 6: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 7: The investment limit for investments in Mainland China is calculated based on the higher of the company's net value or the consolidated net value.

Note 8: Alcor Micro Technology (ShenZhen) Ltd. had resolved to handle the dissolution and liquidation.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Major shareholders information

June 30, 2024

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Sen-Chou Lo	9,006,262	12.12%