

Tricorntech Corporation  
Financial Statements and Independent Auditors'  
Review Report  
Second Quarter, 2024 and 2023  
(Stock code: 6909)

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For the convenience of readers, the independent 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. If there is any conflict between, or any difference in the interpretation of the English version and the original Chinese version, the Chinese language independent auditors' report and financial statements shall prevail.

Tricorntech Corporation  
Financial Statements and Independent Auditors' Review Report,  
Second Quarter, 2024 and 2023  
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## Independent Auditors' Review Report

Ref. No. (2024) Cai-Shen-Bao-Zi No. 24001439

To the Board of Directors and Shareholders of Tricorntech Corporation:

### **Introduction**

We have reviewed the accompanying Statement of Financial Position of Tricorntech Corporation as of June 30, 2024 and 2023, and the related Statement of Comprehensive Income, of Statement of Changes in Equity and of Statement of Cash Flows for six months then ended, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

### **Scope**

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

### **Conclusion**

Based on the review results of the independent auditors, all material aspects of the abovementioned Financial Statements were prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 Interim Financial Reporting (IAS 34) that came into effect as endorsed by the Financial Supervisory Commission (FSC). The accompanying financial statements present fairly, in all material respects, the financial position of Tricorntech Corporation as of June 30, 2024 and 2023, and the financial performance and cash flow for the six months then ended.

PwC Taiwan

Sheng-Wei Teng  
Certified Public Accountant

Yu-Fang Yen

Financial Supervisory Commission

Approval No.: Jin-Guan-Zheng-Shen-Zi No.1020013788

Jin-Guan-Zheng-Shen-Zi No.1080323093

August 7, 2024

Tricorntech Corporation  
Statement of Financial Position  
June 30, 2024, December 31, 2023 and June 30, 2023

Unit: NTD thousands

Assets	Notes	June 30, 2024		December 31, 2023		June 30, 2023		
		Amount	%	Amount	%	Amount	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	VI(I)	\$ 379,995	44	\$ 483,643	53	\$ 412,716	49
1136	Financial assets measured at amortized cost - current	VI(II)	80,000	9	2,500	-	2,500	-
1140	Contract assets - current	VI(XVI)	76,153	9	99,715	11	96,899	12
1150	Notes receivable, net	VI(III)	1,874	-	531	-	1,868	-
1170	Accounts receivable, net	VI(III)	60,479	7	69,263	8	58,102	7
1200	Other receivables		279	-	814	-	465	-
130X	Inventory	VI(IV)	116,444	14	98,925	11	104,631	13
1410	Prepayments		4,303	1	4,430	-	22,686	3
11XX	<b>Total current assets</b>		<u>719,527</u>	<u>84</u>	<u>759,821</u>	<u>83</u>	<u>699,867</u>	<u>84</u>
<b>Non-current assets</b>								
1600	Property, plant and equipment	VI(V)	27,465	3	30,154	4	32,711	4
1755	Right-of-use assets	VI(VI)	15,601	2	20,852	2	22,911	3
1780	Intangible assets	VI(VII)	40,341	5	45,820	5	50,261	6
1840	Deferred income tax assets		50,089	6	48,047	5	26,122	3
1920	Refundable deposits		5,435	-	5,413	1	5,084	-
15XX	<b>Total non-current assets</b>		<u>138,931</u>	<u>16</u>	<u>150,286</u>	<u>17</u>	<u>137,089</u>	<u>16</u>
1XXX	<b>Total assets</b>		<u>\$ 858,458</u>	<u>100</u>	<u>\$ 910,107</u>	<u>100</u>	<u>\$ 836,956</u>	<u>100</u>

(continued on next page)

Tricorntech Corporation  
Statement of Financial Position  
June 30, 2024, December 31, 2023 and June 30, 2023

Unit: NTD thousands

Total liabilities and equity		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>								
2130	Contract liabilities - current	VI(XVI)	\$ 25,669	3	\$ 14,510	2	\$ 29,301	3
2150	Notes receivable		711	-	-	-	-	-
2170	Accounts payable		14,219	2	8,248	1	15,341	2
2200	Other payables	VI(VIII)	45,644	5	64,413	7	59,406	7
2230	Current income tax liabilities		668	-	-	-	241	-
2250	Liability reserves - current	VI(XII)	7,676	1	6,837	1	7,119	1
2280	Lease liabilities - current		10,582	1	10,472	1	8,909	1
2320	Current portion of long-term liabilities	VI(IX)	-	-	1,667	-	6,666	1
2399	Other current liabilities - others		990	-	723	-	803	-
21XX	<b>Total current liabilities</b>		<u>106,159</u>	<u>12</u>	<u>106,870</u>	<u>12</u>	<u>127,786</u>	<u>15</u>
<b>Non-current liabilities</b>								
2570	Deferred income tax liabilities		3,922	-	1,880	-	5,050	1
2580	Lease liabilities - non-current		5,294	1	10,681	1	14,282	2
25XX	<b>Total non-current liabilities</b>		<u>9,216</u>	<u>1</u>	<u>12,561</u>	<u>1</u>	<u>19,332</u>	<u>3</u>
2XXX	<b>Total liabilities</b>		<u>115,375</u>	<u>13</u>	<u>119,431</u>	<u>13</u>	<u>147,118</u>	<u>18</u>
<b>Equity</b>								
Share capital		VI(XIII)						
3110	Common stock capital		602,347	70	602,347	66	563,673	68
3150	Stock dividends to be distributed		-	-	-	-	36,327	4
Additional paid-in capital		VI(XIV)						
3200	Additional paid-in capital		55,667	7	55,295	6	53,873	6
Retained earnings		VI(XV)						
3310	Legal reserve		17,340	2	8,028	1	8,028	1
3350	Undistributed earnings		67,729	8	125,006	14	27,937	3
3XXX	<b>Total equity</b>		<u>743,083</u>	<u>87</u>	<u>790,676</u>	<u>87</u>	<u>689,838</u>	<u>82</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 858,458</u>	<u>100</u>	<u>\$ 910,107</u>	<u>100</u>	<u>\$ 836,956</u>	<u>100</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

Chairman: Leo WANG

Manager: Leo WANG

Accounting supervisor: Gisele LU

Tricorntech Corporation  
Statements of Comprehensive Income  
Six Months Ended June 30, 2024 and 2023

Unit: NTD thousands  
(Except for earnings (losses) per share: NTD)

Item	Notes	Six Months Ended June 30, 2024		Six Months Ended June 30, 2023	
		Amount	%	Amount	%
4000 Operating revenue	VI(XVI)	\$ 151,420	100	\$ 133,782	100
5000 Operating cost	VI(IV)	( 63,797)	( 42)	( 53,991)	( 40)
5900 Gross operating profit		<u>87,623</u>	<u>58</u>	<u>79,791</u>	<u>60</u>
Operating expenses	VI(XX)(XX)				
6100 Promotional expenses		( 32,644)	( 22)	( 28,547)	( 21)
6200 Administrative expenses		( 23,531)	( 16)	( 23,284)	( 17)
6300 Research and development expenses		( 43,184)	( 28)	( 40,744)	( 31)
6450 Expected credit impairment (loss) gain	XII(II)	( 1,324)	( 1)	1,995	1
6000 Total operating expenses		<u>( 100,683)</u>	<u>( 67)</u>	<u>( 90,580)</u>	<u>( 68)</u>
6900 Operating loss		<u>( 13,060)</u>	<u>( 9)</u>	<u>( 10,789)</u>	<u>( 8)</u>
Non-operating income and expenses					
7100 Interest income		2,722	2	3,564	3
7010 Other income		710	1	8	-
7020 Other gains and losses	VI(XVII)	11,155	7	4,358	3
7050 Financial cost	VI(XVIII)	( 199)	-	( 250)	-
7000 Total non-operating income and expenses		<u>14,388</u>	<u>10</u>	<u>7,680</u>	<u>6</u>
7900 <b>Net income (loss) before tax</b>		<u>1,328</u>	<u>1</u>	<u>( 3,109)</u>	<u>( 2)</u>
7950 Income tax expenses	VI(XXI)	( 1,105)	( 1)	( 843)	( 1)
8200 <b>Net income (loss) of the current period</b>		<u>\$ 223</u>	<u>-</u>	<u>(\$ 3,952)</u>	<u>( 3)</u>
8500 <b>Total comprehensive income for the period</b>		<u>\$ 223</u>	<u>-</u>	<u>(\$ 3,952)</u>	<u>( 3)</u>
Earnings (loss) per share	VI(XXII)				
9750 Basic earnings per share (loss)		<u>\$ -</u>	<u>-</u>	<u>(\$ 0.07)</u>	<u>-</u>
9850 Diluted earnings per share (loss)		<u>\$ -</u>	<u>-</u>	<u>(\$ 0.07)</u>	<u>-</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

Chairman: Leo WANG

Manager: Leo WANG

Accounting Supervisor: Gisele LU

Tricorntech Corporation  
Statements of Changes in Equity  
Six Months Ended June 30, 2024 and 2023

Unit: NTD thousands

Notes	Share capital		Additional paid-in capital	Retained earnings		Total
	Common stock capital	Stock dividends to be distributed		Legal reserve	Undistributed earnings	
<u>Year Ended December 31, 2023</u>						
Balance at January 1, 2023	\$ 558,753	\$ -	\$ 49,142	\$ -	\$ 80,280	\$ 688,175
Loss for the period	-	-	-	-	( 3,952 )	( 3,952 )
Total comprehensive income for the period	-	-	-	-	( 3,952 )	( 3,952 )
Compensation cost for employee stock options	-	-	1,779	-	-	1,779
Execution of employee stock options	4,920	-	2,952	-	-	7,872
Earning appropriation and distribution for 2022						
Appropriation of legal reserve	-	-	-	8,028	( 8,028 )	-
Appropriation of cash dividends	-	-	-	-	( 4,036 )	( 4,036 )
Appropriation of stock dividends	-	36,327	-	-	( 36,327 )	-
Balance at June 30, 2023	<u>\$ 563,673</u>	<u>\$ 36,327</u>	<u>\$ 53,873</u>	<u>\$ 8,028</u>	<u>\$ 27,937</u>	<u>\$ 689,838</u>
<u>Year Ended December 31, 2024</u>						
Balance at January 1, 2024	\$ 602,347	\$ -	\$ 55,295	\$ 8,028	\$ 125,006	\$ 790,676
Profit for the period	-	-	-	-	223	223
Total comprehensive income for the period	-	-	-	-	223	223
Compensation cost for employee stock options	-	-	372	-	-	372
Earning appropriation and distribution for 2023						
Appropriation of legal reserve	-	-	-	9,312	( 9,312 )	-
Appropriation of cash dividends	-	-	-	-	( 48,188 )	( 48,188 )
Balance at June 30, 2024	<u>\$ 602,347</u>	<u>\$ -</u>	<u>\$ 55,667</u>	<u>\$ 17,340</u>	<u>\$ 67,729</u>	<u>\$ 743,083</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

Chairman: Leo WANG

Manager: Leo WANG

Accounting Supervisor: Gisele LU

Tricorntech Corporation  
Statement of Cash Flows  
Six Months Ended June 30, 2024 and 2023

Unit: NTD thousands

	Notes	Six Months Ended June 30, 2024		Six Months Ended June 30, 2023
<u>Cash flow from operating activities</u>				
Net income (loss) of the current period		\$ 1,328	(\$	3,109)
Items for adjustment				
Income and expenses				
Expected credit impairment loss (gain)	XII(II)	1,324	(	1,995)
Depreciation expense	VI(V)(VI)(XIX)	11,165		12,140
Amortization expense	VI(VII)(XIX)	5,479		5,678
Interest income		( 2,722 )	(	3,564)
Interest expense	VI(XVIII)	199		250
Compensation cost for employee stock options	VI(XI)	372		1,779
Changes in assets/liabilities related to operating activities				
Net changes in assets related to operating activities				
Contract assets		23,562		8,983
Notes receivable, net		( 1,343 )	(	1,808)
Accounts receivable, net		7,460		43,166
Inventory		( 17,832 )	(	17,884)
Other receivables		464		-
Prepayments		127	(	4,400)
Long-term notes and receivables		-		8,036
Net changes in liabilities related to operating activities				
Contract liabilities - current		11,159		8,394
Notes receivable		711		-
Accounts payable		5,971	(	878)
Other payables		( 19,126 )	(	29,320)
Liability reserves - current		839	(	254)
Other current liabilities		267		129
Cash inflow from operations		29,404		25,343
Interest collected		2,680		3,564
Interest paid		( 207 )	(	253)
Income tax paid		( 324 )	(	601)
Net cash inflow from operating activities		31,553		28,053
<u>Cash flow from investing activities</u>				
Acquisition of property, plant and equipment	VI(XXIII)	( 2,547 )	(	5,551)
Acquisition of intangible assets	VI(VII)	-	(	453)
Financial assets measured at amortized cost - current, increased		( 80,000 )		-
Financial assets measured at amortized cost - current, decreased		2,500		-
Increase in refundable deposits		( 22 )	(	1,902)
Net cash outflow from investing activities		( 80,069 )	(	7,906)
<u>Cash flow from financing activities</u>				
Lease principal repayment	VI(XXIV)	( 5,277 )	(	4,308)
Repayment of long-term borrowings	VI(XXIV)	( 1,667 )	(	5,001)
Execution of employee stock options	VI(XI)	-		7,872
Distribution of shareholders' cash dividends	VI(XV)	( 48,188 )		-
Net cash outflow from financing activities		( 55,132 )	(	1,437)
Increase (decrease) in cash and cash equivalents for the current period		( 103,648 )		18,710
Opening balance of cash and cash equivalents		483,643		394,006
Closing balance of cash and cash equivalents		\$ 379,995	\$	412,716

The accompanying notes to the financial statements are an integral part of this financial statement.

Chairman: Leo WANG

Manager: Leo WANG

Accounting Supervisor: Gisele LU

Tricorntech Corporation  
Notes to Financial Statements  
Second Quarter, 2024 and 2023

(The Statements are only reviewed and have not been audited in accordance with the auditing standards)

Unit: NTD thousands (except as otherwise indicated)

I. History and organization

Tricorntech Corporation (hereinafter referred to as the "Company") was approved to be incorporated on January 15, 2010. In June 2017, the Company changed its name from Innocon Biotech Co., Ltd. to Tricorntech Corporation through a resolution of the shareholders. The Company is primarily engaged in the research and development, production and sale of gas detection and pollution prevention equipment.

The Company made retroactive handling of public issuance procedures on July 18, 2022, and was registered as an Emerging Stock Market Company on March 30, 2023.

II. The date of authorization for issuance of the financial statements and procedures for authorization

This financial statement was approved by the Board of Directors for publication on August 7, 2024.

III. Application of new standards, amendments and interpretations

(I) Impacts of the adoption of new and amended IFRS accounting standards, endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

The following table summarizes the newly issued, amended, and revised standards and interpretations of the IFRS accounting standards applicable in 2024 that were endorsed and issued by the FSC:

<u>New/amended/revised standards and interpretations</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 noncurrent'	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 Company has assessed that the standards and interpretations above have no material impact on its financial position and financial performance.

(II) Impacts of not adopting the new and revised IFRS accounting standards approved by the FSC

The following table summarizes the newly issued, amended, and revised standards and

interpretations of the IFRS accounting standards applicable in 2025 that were endorsed by the FSC:

New/amended/revised standards and interpretations	Effective date by International Accounting Standards Board
Amendments to IAS No. 21 "Lack of Convertibility"	January 1, 2025

The Company has assessed that the standards and interpretations above have no material impact on its financial position and financial performance.

(III) Impacts of IFRS accounting standards issued by the International Accounting Standards Board but not yet endorsed by the FSC

The following table summarizes the newly released, amended, and revised standards and interpretations of the IFRS accounting standards issued by the International Accounting Standards Board but not yet recognized by the FSC:

New/amended/revised standards and interpretations	Effective date by International Accounting Standards Board
Amendments to IAS 9 and IFRS 7, "Classification of Financial Instruments and Modification of Measurement"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "The Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures"	To be determined by the 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 of Financial Statements"	January 1, 2027
IFRS 19, "Subsidiaries without Public Accountability: Disclosure"	January 1, 2027
Annual Improvement of IFRS Accounting Standards - Book 11	January 1, 2026

Except for those described below, the Company has evaluated that the above standards and interpretations have no significant impact on the Group's financial position and performance. The related impact amounts will be disclosed upon completion of the assessment:

Applicable to IFRS 18, "Presentation and Disclosure of Financial Statements"

IFRS 18 "Presentation and Disclosure of Financial Statements" replaces IAS 1 and updates the structure of the statement of comprehensive income, adds disclosure of management performance measures, and strengthens the principles of aggregation and disaggregation applied to the primary financial statements and notes.

#### IV. Summary of significant accounting policies

Significant accounting policies are identical to Note 4 in the 2023 financial statements, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (I) Compliance Statement

1. The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission (collectively referred herein as the “IFRSs”).
2. The financial statements should be read in conjunction with the 2023 financial statements.

##### (II) Basis of preparation

1. The financial statements have been prepared under the historical cost convention:
2. The preparation of financial statements, in conformity with the IFRSs, requires the use of certain critical accounting estimates, and the exercise of management’s judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (III) Income tax

1. Income tax expenses include current and deferred income tax. Income tax is recognized in profit or loss, except when income tax relating to items recognized in other comprehensive income or recognized directly in equity.
2. The Company calculates current income tax based on the tax rates that have been enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates the status of income tax filings with respect to applicable income tax regulations, and estimates income tax liabilities based on the amounts expected to be paid to the tax authorities where applicable. The income tax imposed on undistributed earnings under the Income Tax Act is recognized as income tax expense in the year following the year in which the earnings are generated, after the profit distribution proposal is approved by the shareholders' meeting, based on the actual distribution of earnings.
3. Deferred income tax is recognized based on the temporary difference generated between the tax bases of assets and liabilities and their book values in the Statement of Financial Position using the Statement of Financial Position method. Deferred income tax is subject to the tax rate (and tax law) that has been enacted or substantively enacted on the Statement of Financial Position date and is expected to apply when the relevant deferred income tax assets are realized or deferred income tax liabilities are settled.
4. Deferred income tax assets shall be recognized when the temporary difference is likely to

be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets shall be re-evaluated on each Statement of Financial Position date.

- Income tax expenses for the interim period are calculated by applying the estimated annual average effective tax rate to the pre-tax profit or loss in the interim period, and relevant information is disclosed in accordance with the aforementioned policies.

V. Critical accounting judgement, estimates and key sources of assumption uncertainty

There is no material change in the current period. Please refer to Note V to the financial statements of 2023.

VI. Details of significant accounts

(I) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 192	\$ 86	\$ 101
Checking accounts and demand deposits	244,642	376,090	320,335
Time deposits	135,161	107,467	92,280
Total	<u>\$ 379,995</u>	<u>\$ 483,643</u>	<u>\$ 412,716</u>

- The credit quality of the financial institutions with which the Company interacts is good, and the Company interacts with multiple financial institutions to diversify credit risks. The probability of default is expected to be very low.

- The Company does not pledge any cash or cash equivalents.

(II) Financial assets measured at amortized cost

<u>Item</u>	June 30, 2024	December 31, 2023	June 30, 2023
Current Items:			
Time deposits of more than 3 months	<u>\$ 80,000</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>

- Financial assets measured at amortized cost and recognized in profit or loss are as follows:

	<u>Six Months Ended June 30, 2024</u>	<u>Six Months Ended June 30, 2023</u>
Interest income	<u>\$ 48</u>	<u>\$ 14</u>

- The Company does not pledge financial assets measured at amortized cost.
- For information on the credit risk of financial assets measured at amortized cost, please refer to Note XII (II). The counterparties of the Company's time deposit certificates are financial institutions with good credit quality, and the probability of default is expected to be very low.

(III) Accounts and notes receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 1,874	\$ 531	\$ 1,868
Accounts receivable	\$ 61,869	\$ 69,329	\$ 58,219
Less: Loss allowance	( 1,390)	( 66)	( 117)
	<u>\$ 60,479</u>	<u>\$ 69,263</u>	<u>\$ 58,102</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Not overdue	\$ 53,558	\$ 61,804	\$ 37,683
Within 30 days	-	-	140
31-90 days	159	5,557	5,243
91-180 days	7,755	1,218	7,747
181-360 days	941	1,250	9,274
More than 361 days	1,330	31	-
	<u>\$ 63,743</u>	<u>\$ 69,860</u>	<u>\$ 60,087</u>

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

2. The balance of accounts receivable and notes receivable on June 30, 2024, December 31, 2023, and June 30, 2023 were generated from contracts with customers.
3. The Company does not hold any collateral for accounts receivable.
4. Without considering the collateral or other credit enhancements held, the maximum amount of credit risk exposure that best represents the Company's notes and accounts receivable on June 30, 2024, December 31, 2023, and June 30, 2023 is the book value.

(IV) Inventory

	June 30, 2024		
	Cost	Allowance for devaluation losses	Book value
Raw materials	\$ 44,509	(\$ 12,831)	\$ 31,678
Work in process	22,690	-	22,690
Semi-finished products	45,124	( 8,688)	36,436
Finished goods	36,485	( 10,845)	25,640
Total	<u>\$ 148,808</u>	<u>(\$ 32,364)</u>	<u>\$ 116,444</u>

December 31, 2023			
	Cost	Allowance for devaluation losses	Book value
Raw materials	\$ 49,828	(\$ 11,593)	\$ 38,235
Work in process	16,024	-	16,024
Semi-finished products	41,602	( 8,665)	32,937
Finished goods	22,460	( 10,731)	11,729
<b>Total</b>	<b>\$ 129,914</b>	<b>(\$ 30,989)</b>	<b>\$ 98,925</b>

June 30, 2023			
	Cost	Allowance for devaluation losses	Book value
Raw materials	\$ 44,801	(\$ 11,205)	\$ 33,596
Work in process	14,493	-	14,493
Semi-finished products	45,064	( 10,601)	34,463
Finished goods	33,108	( 11,029)	22,079
<b>Total</b>	<b>\$ 137,466</b>	<b>(\$ 32,835)</b>	<b>\$ 104,631</b>

1. Inventory cost recognized as expense losses by the Company in the current period:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cost of sold inventory	\$ 30,628	\$ 16,413
Labor service cost	29,093	27,642
Warranty cost	2,701	3,751
Loss on devaluation	1,375	6,119
Inventory deficit	-	66
	<b>\$ 63,797</b>	<b>\$ 53,991</b>

2. The Company does not pledge or guarantee the Company's inventory.

(V) Property, plant and equipment

	Machinery and equipment	Lease improvement	Other equipment	Equipment pending acceptance	Total
January 1, 2024					
Cost	\$ 58,550	\$ 17,032	\$ 15,539	\$ 41	\$ 91,162
Accumulated depreciation	<u>( 32,486)</u>	<u>( 14,687)</u>	<u>( 13,835)</u>	-	<u>( 61,008)</u>
	<u>\$ 26,064</u>	<u>\$ 2,345</u>	<u>\$ 1,704</u>	<u>\$ 41</u>	<u>\$ 30,154</u>
<u>2024</u>					
January 1	\$ 26,064	\$ 2,345	\$ 1,704	\$ 41	\$ 30,154
Additions	1,506	250	858	298	2,912
Reclassification	-	41	-	( 41)	-
Transfer from inventories	313	-	-	-	313
Depreciation expense	<u>( 4,260)</u>	<u>( 883)</u>	<u>( 771)</u>	-	<u>( 5,914)</u>
June 30	<u>\$ 23,623</u>	<u>\$ 1,753</u>	<u>\$ 1,791</u>	<u>\$ 298</u>	<u>\$ 27,465</u>
June 30, 2024					
Cost	\$ 57,021	\$ 17,323	\$ 16,311	\$ 298	\$ 90,953
Accumulated depreciation	<u>( 33,398)</u>	<u>( 15,570)</u>	<u>( 14,520)</u>	-	<u>( 63,488)</u>
	<u>\$ 23,623</u>	<u>\$ 1,753</u>	<u>\$ 1,791</u>	<u>\$ 298</u>	<u>\$ 27,465</u>
	Machinery and equipment	Lease improvement	Other equipment	Total	
January 1, 2023					
Cost	\$ 46,644	\$ 14,529	\$ 16,996	\$ 78,169	
Accumulated depreciation	<u>( 24,878)</u>	<u>( 10,444)</u>	<u>( 12,724)</u>	<u>( 48,046)</u>	
	<u>\$ 21,766</u>	<u>\$ 4,085</u>	<u>\$ 4,272</u>	<u>\$ 30,123</u>	
<u>2023</u>					
January 1	\$ 21,766	\$ 4,085	\$ 4,272	\$ 30,123	
Additions	4,853	2,120	-	6,973	
Transfer from inventories	3,087	-	-	3,087	
Depreciation expense	<u>( 3,724)</u>	<u>( 2,228)</u>	<u>( 1,520)</u>	<u>( 7,472)</u>	
June 30	<u>\$ 25,982</u>	<u>\$ 3,977</u>	<u>\$ 2,752</u>	<u>\$ 32,711</u>	
June 30, 2023					
Cost	\$ 54,585	\$ 16,649	\$ 16,557	\$ 87,791	
Accumulated depreciation	<u>( 28,603)</u>	<u>( 12,672)</u>	<u>( 13,805)</u>	<u>( 55,080)</u>	
	<u>\$ 25,982</u>	<u>\$ 3,977</u>	<u>\$ 2,752</u>	<u>\$ 32,711</u>	

(VI) Lease transactions - Lessee

1. The underlying assets leased by the Company include buildings and official vehicles. The lease contract term is usually between 1 and 5 years. Lease contracts are negotiated individually and contain various terms and conditions. No other restrictions are imposed except that the leased assets may not be used as loan guarantees.
2. The book amount of the right-of-use assets and the information of recognized depreciation expenses are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
	Book value	Book value	Book value
Office	\$ 14,982	\$ 19,947	\$ 22,888
Transportation equipment (official vehicle)	619	905	23
	<u>\$ 15,601</u>	<u>\$ 20,852</u>	<u>\$ 22,911</u>
	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	
	Depreciation expense	Depreciation expense	
Office	\$ 4,965	\$ 4,529	
Transportation equipment (official vehicle)	286	139	
	<u>\$ 5,251</u>	<u>\$ 4,668</u>	

3. The increase in the Company's right-of-use assets for the periods January 1 to June 30, 2024 and 2023 were NT\$0 and NT\$22,291, respectively.
4. The information of income items related to lease contracts is as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
<u>Items affecting current profit and loss</u>		
Interest expense of lease liabilities	\$ 195	\$ 153
Expenses of short-term lease contracts	\$ 956	\$ 416
Expenses of low-value asset lease	\$ 44	\$ 42

5. The total cash outflow from leases of the Company for the periods January 1 to June 30, 2024 and 2023, amounted to NT\$6,472 and NT\$4,919, respectively.

(VII) Intangible assets

	Patents and IP	Computer software	Total
January 1, 2024			
Cost	\$ 134,897	\$ 7,798	\$ 142,695
Accumulated amortization	( 89,131)	( 6,222)	( 95,353)
Accumulated impairment	( 1,522)	-	( 1,522)
	<u>\$ 44,244</u>	<u>\$ 1,576</u>	<u>\$ 45,820</u>
<u>2024</u>			
January 1	\$ 44,244	\$ 1,576	\$ 45,820
Current amortization	( 4,785)	( 694)	( 5,479)
June 30	<u>\$ 39,459</u>	<u>\$ 882</u>	<u>\$ 40,341</u>
June 30, 2024			
Cost	\$ 134,897	\$ 4,613	\$ 139,510
Accumulated amortization	( 93,916)	( 3,731)	( 97,647)
Accumulated impairment	( 1,522)	-	( 1,522)
	<u>\$ 39,459</u>	<u>\$ 882</u>	<u>\$ 40,341</u>
	Patents and IP	Computer software	Total
January 1, 2023			
Cost	<u>\$ 134,897</u>	<u>\$ 5,986</u>	<u>\$ 140,883</u>
Accumulated amortization	( 79,562)	( 4,313)	( 83,875)
Accumulated impairment	( 1,522)	-	( 1,522)
	<u>\$ 53,813</u>	<u>\$ 1,673</u>	<u>\$ 55,486</u>
<u>2023</u>			
January 1	<u>\$ 53,813</u>	<u>\$ 1,673</u>	<u>\$ 55,486</u>
Increase in the current period	<u>-</u>	<u>453</u>	<u>453</u>
Current amortization	( 4,784)	( 894)	( 5,678)
June 30	<u>\$ 49,029</u>	<u>\$ 1,232</u>	<u>\$ 50,261</u>
<u>June 30, 2023</u>			
Cost	<u>\$ 134,897</u>	<u>\$ 3,756</u>	<u>\$ 138,653</u>
Accumulated amortization	( 84,346)	( 2,524)	( 86,870)
Accumulated impairment	( 1,522)	-	( 1,522)
	<u>\$ 49,029</u>	<u>\$ 1,232</u>	<u>\$ 50,261</u>

1. The details of amortization of intangible assets are as follows:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Administrative expenses	\$ 502	\$ 624
Research and development expenses	4,977	5,054
Total	<u>\$ 5,479</u>	<u>\$ 5,678</u>

2. The Company obtained the gas detection and analysis patent and specialized technology from the related party TRICORNTECH CORPORATION in 2013 and 2017.

(VIII) Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Salaries and bonuses payable	\$ 18,880	\$ 38,555	\$ 32,733
Payable commission	13,513	13,987	7,917
Service expense payable	4,044	4,324	6,293
Payables on equipment	571	206	1,422
Dividends payable	-	-	4,036
Others	8,636	7,341	7,005
	<u>\$ 45,644</u>	<u>\$ 64,413</u>	<u>\$ 59,406</u>

(IX) Long-term borrowings

Nature of loan	Duration and repayment method	Interest rate range	Collaterals	December 31, 2023
Loans to be repaid in installments				
Secured loans	From February 23, 2021 to February 23, 2024, the principal was amortized evenly over 36 months, and the interest was paid monthly.	2.06%	None.	\$ 1,667
				<u>-</u>
				1,667
Less: Long-term borrowings due within one year or one business cycle				<u>( 1,667)</u>
				<u>\$ -</u>

Nature of loan	Duration and repayment method	Interest rate range	Collaterals	June 30, 2023
Loans to be repaid in installments				
Secured loans	From February 23, 2021 to February 23, 2024, the principal was amortized evenly over 36 months, and the interest was paid monthly.	2.06%	None.	\$ 6,666
				-
				6,666
Less: Long-term borrowings due within one year or one business cycle				( 6,666)
				<u>\$ -</u>

June 30, 2024: No such events occurred.

1. From January 1 to June 30, 2024 and 2023, the interest expense recognized in profit or loss was NT\$3 and NT\$97, respectively.
2. The long-term loan facilities above are jointly guaranteed by the Chairman of the Company.

(X) Pension expense

In accordance with the "Labor Pension Act," the Company has established a retirement contribution allocation policy, which is applicable to employees that are natural citizens. For the employees who choose to apply the labor pension system under the "Labor Pension Act", the Company contributes 6% of the monthly salary to the individual accounts of the employees with the Labor Insurance Bureau. The pension payment for the employees is based on the individual pension accounts of the employees and the amount of accumulated income withdrawn as monthly pension or one-time lump sum.

From January 1 to June 30, 2024, and 2023, the Company recognized pension costs amounting to NT\$2,887 and NT\$2,625, respectively, in accordance with the above regulations governing the recognition of pension funds.

(XI) Share-based payment

1. As of June 30, 2024, the Company's share-based payment agreements were as follows:

Type of agreement	Grant date	Quantity granted (Unit) (Note 1)	Vested conditions	Duration of contract
Employee stock option plan J	2016.12.30	2,000.00	1~4 years service	10 years (Note 2)
Employee stock option plan M	2021.07.01	2,464.20	1~4 years service	10 years (Note 2)
Employee stock option plan O	2022.06.06	506.80	1~4 years service	10 years (Note 3)

Note 1: Each unit is entitled to 1,000 shares.

Note 2: Pursuant to the Company's Regulations Governing the Issuance of Employee Stock Option Certificates and Stock Subscription, employees who meet the conditions set by the Company may exercise the vested stock in advance with the consent of the Board of Directors when the Company applies for a public offering of stock or for Emerging Stock Market listing. The above conditions were agreed upon in December 2021, and the Chairman was authorized to handle the matter. The Chairman of the Company approved and announced the relevant early enforcement measures in December 2021 and set a batch base date between February and March 2022.

Note 3: The chairman of the Company approved the announcement of the relevant early enforcement measures in January 2023 and set the batch base date between January and February 2023.

2. Details of the above share-based payment agreements are as follows:

	2024		2023	
	Quantity of stock options (thousand shares)	Weighted average strike price (NT\$)	Quantity of stock options (thousand shares)	Weighted average strike price (NT\$)
Outstanding stock options at the beginning of January 1	729	\$ 15.00	1,462	\$ 15.91
Stock options granted in the current period	-	-	-	-
Stock options waived and expired in the current period	-	-	-	-
Stock options exercised in the current period	-	-	(492)	16.00
Number of outstanding shares at the end of June 30	<u>729</u>	15.00	<u>970</u>	15.86
Stock options exercisable as of June 30	<u>219</u>		<u>404</u>	

3. The maturity date and exercise price of the outstanding stock options at the Statement of Financial Position date are as follows:

Approved date of issuance	Maturity date	June 30, 2024		December 31, 2023		June 30, 2023	
		Shares (thousand shares)	Strike price (NTD) (Note)	Shares (thousand shares)	Strike price (NTD) (Note)	Shares (thousand shares)	Performance price (NTD)
March 1, 2014	February 29, 2024	-	\$ 10	-	\$ 10	7	\$ 10
July 1, 2014	June 30, 2024	-	11.7	-	11.7	26	12.5
December 30, 2016	December 29, 2026	22	15.0	22	15.0	45	16
July 1, 2021	June 30, 2031	513	15.0	513	15.0	685	16
June 6, 2022	June 5, 2032	194	15.0	194	15.0	207	16

Note: Due to the capital increase from retained earnings by the Company in July 2023, the exercise price of the employee stock options was adjusted in accordance with the provisions of the Regulations Governing Employee Stock Options.

4. The Company used the Black-Scholes option evaluation model for the share-based payment transaction on the grant date to estimate the fair value of the stock option. Relevant information is as follows:

Grant date	Stock price (NT\$)	Exercise price per share (NT\$)	Expected weighted average volatility	Expected duration (years)	Expected dividend yield	Risk-free interest rate	Fair value per share (NTD)
2014.03.01	7.97	10.0	38.44%	6.25	0.00%	1.26%~1.43%	2.5864
2014.07.01	8.24	12.5	28.42%	3.25	0.00%	0.81%~1.12%	0.6633
2016.12.30	16.44	16.0	32.47%	6.25	0.00%	1.08%~1.14%	5.7319
2021.07.01	14.20	16.0	31.04%	6.25	0.00%	0.31%~0.35%	3.8075
2022.06.06	15.63	16.0	31.40%	6.25	0.00%	1.10%~1.15%	5.0229

Note 1: The Company was not a publicly traded company at the time of issuing the warrants, so the income from the cash flow method was used to calculate the weighted average stock price by taking into account liquidity discounts.

Note 2: The expected volatility is estimated based on the standard deviation during a sample interval of the latest stock prices of TWSE/TPEX-listed companies in the same industry, which is approximately equivalent to the expected duration of the stock option.

5. The remuneration costs recognized by the Company for the above employee stock warrants from January 1 to June 30, 2024 and 2023, were NT\$372 and NT\$1,779, respectively.
6. The Company's shareholders' meeting on May 29, 2023, resolved to approve the issuance of 600,000 restricted employee shares gratis. The vested conditions are as follows:
- (1) All employees are still serving on the maturity date.
  - (2) No breach of contract or the Company's work rules during each vested period.
  - (3) Meeting the employee performance evaluation indicators set by the Company.
  - (4) The percentage of shares that can satisfy the vested conditions in each year is as follows:
    - 1 year service after allotment: 20% of allotted shares;
    - 2 year service after allotment: 20% of allotted shares;
    - 3 year service after allotment: 30% of allotted shares;
    - 4-year service after allotment: 30% of allotted shares.

The restricted employee shares program mentioned above has been approved by the Financial Supervisory Commission, but not yet issued by the Company as of June 30,

2024.

(XII) Provision for liabilities

The changes in warranty provisions are as follows:

	2024	2023
Balance as of January 1	\$ 6,837	\$ 7,373
Provisions for liabilities added in the current period	2,701	3,751
Provisions for liabilities used in the current period	(1,862)	(4,005)
Balance as of June 30	<u>\$ 7,676</u>	<u>\$ 7,119</u>

The warranty liability provisions of the Company are primarily associated with the sales of gas detection equipment and are estimated based on the historical warranty data of the product.

(XIII) Share capital

As of June 30, 2024, the Company's rated capital and paid-in capital were \$1,200,000 and \$602,347, respectively, for 60,235 thousand shares with a par value of NTD 10 per share. The payment for the issued shares of the Company has been received.

The Company's outstanding common stock shares at the beginning and the end are adjusted as follows:

	Unit: Thousand shares	
	2024	2023
January 1	\$ 60,235	\$ 55,875
Exercise of stock options	-	492
June 30	<u>\$ 60,235</u>	<u>\$ 56,367</u>

(XIV) Additional paid-in capital

1. Pursuant to the Company Act, the premium from the issuance of shares above par value and the capital surplus from the receipt of gifts may be used to offset losses. If the Company has no accumulated losses, new shares shall be issued, or cash will be paid in proportion to the original shares. The Company may not use the additional paid-in capital to cover the capital deficit when the surplus reserve is insufficient to cover it.

2. Changes in additional paid-in capital are as follows:

	Year Ended December 31, 2024			
	Issuance premium	Employee stock options	Others	Total
January 1	\$ 51,713	\$ 2,215	\$ 1,367	\$ 55,295
Compensation cost for employee stock options	-	372	-	372
June 30	<u>\$ 51,713</u>	<u>\$ 2,587</u>	<u>\$ 1,367</u>	<u>\$ 55,667</u>

	Year Ended December 31, 2023			
	Issuance premium	Employee stock options	Others	Total
January 1	\$ 40,394	\$ 8,321	\$ 427	\$ 49,142
Compensation cost for employee stock options	-	1,779	-	1,779
Execution of employee stock options	9,402	( 6,450)	-	2,952
Reclassification of expired employee stock options	-	( 940)	940	-
June 30	<u>\$ 49,796</u>	<u>\$ 2,710</u>	<u>\$ 1,367</u>	<u>\$ 53,873</u>

(XV) Retained earnings

1. According to the Company's Articles of Incorporation, dividends and bonuses are distributed based on the percentage of shares held by each shareholder. If the Company has no earnings, it shall not distribute dividends and bonuses. The Company's annual earnings, if any, shall be distributed in the following order:
  - (1) Payment of taxes.
  - (2) Make up for accumulated losses.
  - (3) Appropriate 10% for the legal reserve, except when the legal reserve has reached the amount of the Company's total paid-in capital.
  - (4) Appropriate or reverse special reserve according to laws or regulations.
  - (5) The undistributed earnings accumulated in the previous year shall be set aside in whole or in part as the earnings available for distribution. The Board of Directors shall draft the earnings appropriation depending on the actual operating conditions. When the distribution method is via the issuance of new shares, the distribution can only be processed after submitting the plan to the shareholders meeting for resolution.
2. The Company is now in a growth period. The dividend policy adopted is the residual dividend policy. It will be determined based on the current and future investment environment, capital needs, domestic and international competition, capital budget, shareholders' interests and other factors. After retaining an appropriate amount based on the relevant operation needs, the distributable earnings shall be allocated to shareholders in the form of dividends, and the proportion of cash dividends distributed shall not be less

than 10% of the total dividends. When distributed in the form of cash dividends, it should be passed by a special resolution of the Board of Directors and then reported at the shareholders' meeting.

3. The Company's 2023 earnings distribution proposal was approved by the shareholders' meeting on May 27, 2024, and the 2022 earnings distribution proposal was approved by the shareholders' meeting on May 29, 2023. The relevant details are as follows:

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Legal reserve	\$ 9,312		\$ 8,028	
Shareholders' stock dividend	-	\$ -	36,327	\$ 0.64
Shareholders' cash dividends	48,188	0.8	4,036	0.07
	<u>\$ 57,500</u>		<u>\$ 48,391</u>	

The above 2023 and 2022 earnings distributions are consistent with the proposals made by the Company's Board of Directors on March 8, 2024 and March 27, 2023, respectively. For information regarding the earnings distribution proposals approved by the Board of Directors and the resolutions passed by the shareholders' meetings mentioned above, please refer to the Market Observation Post System of the Taiwan Stock Exchange.

(XVI) Operating revenue

	Six Months Ended June 30, 2024		Six Months Ended June 30, 2023	
Revenue from gas detection equipment	\$	88,966	\$	66,025
Maintenance and other service income		62,454		67,757
Total	<u>\$</u>	<u>151,420</u>	<u>\$</u>	<u>133,782</u>

1. Breakdown of revenue from contracts with customers

The Company's revenue comes from the provision of goods and services that are gradually transferred over time and transferred at a certain point in time. The revenue can be subdivided into the following:

Six Months Ended June 30, 2024	Revenue from gas detection equipment	Maintenance and other service income	Total
Taiwan	\$ 45,263	\$ 48,101	\$ 93,364
China	27,925	4,711	32,636
Japan	-	2,967	2,967
Singapore	-	2,685	2,685
North America	15,778	3,802	19,580
Malaysia	-	188	188
	<u>\$ 88,966</u>	<u>\$ 62,454</u>	<u>\$ 151,420</u>

Six Months Ended June 30, 2023	Revenue from gas detection equipment	Maintenance and other service income	Total
Taiwan	\$ 27,609	\$ 47,294	\$ 74,903
China	1,622	12,953	14,575
Japan	-	2,836	2,836
Singapore	29,227	2,516	31,743
North America	3,922	2,158	6,080
Malaysia	3,645	-	3,645
	<u>\$ 66,025</u>	<u>\$ 67,757</u>	<u>\$ 133,782</u>

## 2. Contract assets and liabilities

The contract assets and contract liabilities related to the revenue from contracts with customers recognized by the Company are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract assets:				
Contract assets - sale and installation of gas detection equipment	\$ 49,637	\$ 54,422	\$ 70,827	\$ 58,589
Contract assets - maintenance and other service income	26,516	45,293	26,072	47,293
	<u>\$ 76,153</u>	<u>\$ 99,715</u>	<u>\$ 96,899</u>	<u>\$ 105,882</u>

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract liabilities:				
Contract liabilities - sale and installation of gas detection equipment	\$ 23,056	\$ 2,461	\$ 24,916	\$ 11,222
Contract liabilities - maintenance and other service income	2,613	12,049	4,385	9,685
Total	<u>\$ 25,669</u>	<u>\$ 14,510</u>	<u>\$ 29,301</u>	<u>\$ 20,907</u>

Recognized income of contract liabilities at the beginning of the period

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Opening balance of contract liabilities		
Recognized as income in the current period	<u>\$ 12,476</u>	<u>\$ 6,782</u>

(XVII) Other gains and losses

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net foreign exchange gain	\$ 11,235	\$ 4,358
Others	( 80)	-
Total	<u>\$ 11,155</u>	<u>\$ 4,358</u>

(XVIII) Financial cost

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Interest expense:		
Interest on lease liabilities	\$ 195	\$ 153
Borrowing interest	3	97
Others	1	-
	<u>\$ 199</u>	<u>\$ 250</u>

(XIX) Additional Information on Nature of Expenses

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Employee welfare expenses	\$ 81,707	\$ 75,671
Depreciation expense of property, plant and equipment (including right- of-use assets)	\$ 11,165	\$ 12,140
Amortization expense of intangible assets	\$ 5,479	\$ 5,678

(XX) Employee welfare expenses

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Salary expenses	\$ 67,946	\$ 61,500
Share-based compensation expense	372	1,779
Labor and health insurance premiums	6,002	5,612
Pension expense	2,877	2,625
Directors' Remuneration	1,140	1,215
Other employee expenses	3,370	2,940
	\$ 81,707	\$ 75,671

1. If the Company makes a profit (i.e. profit before tax less the distribution of employees' remuneration and remuneration of directors), it shall appropriate amounts as remunerations to employees and directors. However, if the Company still has accumulated deficits, it shall reserve the amount to compensate.
  - (1) Employees' remuneration shall be appropriated at no less than 5% of the aforementioned basis;
  - (2) The remuneration to directors shall be appropriated at no more than 3% of the calculation basis referred to in the preceding paragraph.
  - (3) Employees' remuneration may be paid in the form of shares or cash, and the recipients of the remuneration may include employees of controlled subsidiaries that meet certain criteria.
  - (4) The remuneration to employees and remuneration to directors referred to in the preceding paragraph shall be implemented by resolution of the board of directors with the attendance of more than two-thirds of the directors and with the consent of a majority of the directors present and shall be reported to the shareholders' meeting.
2. From January 1 to June 30, 2024, the estimated amounts for employee compensation and directors' remuneration are \$70 and \$0, respectively. There was a deficit in the period from January 1 to June 30, 2023, so the remuneration of employees and the remuneration

of directors was not estimated.

3. The 2023 remuneration to directors and employees was approved by the board of directors on March 8, 2024 which was consistent with the recognized amount in the 2023 financial statements.
4. Information on the remuneration to employees and directors approved by the Company's Board of Directors is available on the Market Observation Post System.

(XXI) Income tax

1. Components of income tax expense:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Current income tax:		
Income tax on current income	\$ -	\$ -
Imposing surtax on undistributed earnings	931	845
Overestimated income tax in previous years	174 (	2)
Total income tax for the period	<u>1,105</u>	<u>843</u>
Deferred income tax:		
Original reversal of temporary difference	-	-
Income tax expenses	<u>\$ 1,105</u>	<u>\$ 843</u>

2. The income tax on the Company's profit-seeking business has been approved by the tax collection authority up to 2022.

(XXII) Earnings (loss) per share

	Six Months Ended June 30, 2024		
	After-tax amount	Weighted average outstanding shares (thousand shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Net income attributable to common shareholders	\$ 223	60,235	\$ 0.00
<u>Diluted earnings per share</u>			
Net income attributable to common shareholders	223	60,235	
Employee stock options	-	388	
Remuneration to employees	-	58	
	<u>\$ 223</u>	<u>60,681</u>	<u>\$ 0.00</u>

	Six Months Ended June 30, 2023		
	After-tax amount	Weighted average outstanding shares (thousand shares)	Loss per share (NT\$)
<u>Basic loss per share</u>			
Loss attributable to common stock shareholders for the period	(\$ 3,952)	59,867	(\$ 0.07)

The above retrospective adjustment of the number of shares outstanding from January 1 to June 30, 2023 has been made according to the proportion of capitalization increase in the 2023 earnings.

(XXIII) Supplementary information on cash flow

1. Investing activities with only partial cash payment:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Acquisition of property, plant and equipment	\$ 2,912	\$ 6,973
Add: Equipment payable at beginning of period	206	-
Less: Equipment payable at end of period	( 571)	( 1,422)
Cash paid during the current period	<u>\$ 2,547</u>	<u>\$ 5,551</u>

2. Financing activities that do not affect cash flow:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash dividends that have been declared but not distributed by the Company	<u>\$ -</u>	<u>\$ 4,036</u>

(XXIV) Changes in liabilities from financing activities

	Long-term borrowings	Lease liabilities
January 1, 2024	\$ 1,667	\$ 21,153
Changes in cash flow from financing	( 1,667)	( 5,277)
June 30, 2024	<u>\$ -</u>	<u>\$ 15,876</u>

	<u>Long-term borrowings</u>	<u>Lease liabilities</u>
January 1, 2023	\$ 11,667	\$ 5,208
Changes in cash flow from financing	( 5,001)	( 4,308)
Other non-cash changes		
Increase in right-of-use assets	<u>-</u>	<u>22,291</u>
June 30, 2023	<u>\$ 6,666</u>	<u>\$ 23,191</u>

VII. Related party transactions

(I) Names of related parties and their relationship

<u>Name of related party</u>	<u>Relationship with the Company</u>
Leo Wang	Chairman of the Company

(II) Significant transactions with related parties

The Chairman of the Company provided the Company with a joint guarantee for the loan from Taishin Bank. Please refer to Note VI (IX) for the details of the loan period and repayment method.

(III) Remuneration of key management personnel

	<u>Six Months Ended June 30, 2024</u>	<u>Six Months Ended June 30, 2023</u>
Salary and short-term employee benefits	\$ 13,071	\$ 11,175
Share-based payment	<u>170</u>	<u>551</u>
Total	<u>\$ 13,241</u>	<u>\$ 11,726</u>

VIII. Pledged assets

None.

IX. Significant commitments and contingent liabilities

None.

X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

None.

XII. Others

(I) Capital management

The Company's capital management objective at the current stage is to ensure the continued

operation of the Company, maintain the optimal capital structure to reduce the cost of capital, and provide shareholders with sustained and steady returns after the operation turns losses into profits in the future. In order to achieve the aforementioned goals, the Company maintains or adjusts the capital by means of, including but not limited to, cash capital increase, short-term financing from specific individuals or institutions, bank borrowings, issuance of corporate bonds, asset disposal to repay debts or enrich working capital, distribution of dividends, and capital reduction. The Company uses the debt/equity ratio to monitor and manage capital. This ratio is calculated by dividing "net debt" by "total equity". The interim net debt is calculated as "total liabilities" less cash and cash equivalents, and the calculation of the "Total Equity" was taken from the "Total Equity" as reported in the Statement of Financial Position.

The Company's strategy in 2024 is the same to that of 2023, i.e. staying committed to maintaining the debt to equity ratio at or below 60%. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company's total liabilities were less than the cash and cash equivalents, so the debt to equity ratio was 0.

(II) Financial instruments

1. Types of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets measured at amortized cost			
Cash and cash equivalents	\$ 379,995	\$ 483,643	\$ 412,716
Financial assets measured at amortized cost	80,000	2,500	2,500
Notes receivable	1,874	531	1,868
Accounts receivable	60,479	69,263	58,102
Other receivables	279	814	465
Refundable deposits	5,435	5,413	5,084
	<u>\$ 528,062</u>	<u>\$ 562,164</u>	<u>\$ 480,735</u>

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost			
Notes payable	\$ 711	\$ -	-
Accounts payable	14,219	8,248	15,341
Other payables	45,644	64,413	59,406
Long-term borrowings (including those due within one year or one business cycle)	-	1,667	6,666
	<u>\$ 60,574</u>	<u>\$ 74,328</u>	<u>\$ 81,413</u>
Lease liabilities	<u>\$ 15,876</u>	<u>\$ 21,153</u>	<u>\$ 23,191</u>

## 2. Risk management policies

The Company's daily operations are affected by multiple financial risks, including market risk (consists of exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of the financial market and seeks to reduce potential adverse effects on the Company's financial position and financial performance.

## 3. Nature and extent of significant financial risk

### (1) Market risk

#### Exchange rate risk

A. The Company's business involves several non-functional currencies (the Company's functional currency is NTD), which is affected by exchange rate fluctuations. The information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

	June 30, 2024		
	Foreign currency (In thousands)	Exchange rate	Book value (NT\$)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,573	32.45	\$ 115,957
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	553	32.45	17,957
	December 31, 2023		
	Foreign currency	Exchange rate	Book value

	<u>(In thousands)</u>		<u>(NT\$)</u>
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 9,714	30.71	\$ 298,280
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	336	30.71	10,309
	June 30, 2023		
	<u>Foreign currency</u>		<u>Book value</u>
	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>(NT\$)</u>
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 9,603	31.14	\$ 299,036
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	310	31.14	9,653

- B. The total amount of exchange (loss) gains (including realized and unrealized) recognized for the periods January 1 to June 30, 2024 and 2023 (including realized and unrealized) amounted to NT\$11,235 and NT\$4,358, respectively.
- C. The analysis of the Company's risk in the foreign currency market due to significant exchange rate fluctuations is as follows:

	<u>Six Months Ended June 30, 2024</u>		
	<u>Sensitivity analysis</u>		
	<u>Range of</u>	<u>Impact on</u>	<u>Impact on other</u>
	<u>change</u>	<u>gain or loss</u>	<u>comprehensive income</u>
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 1,160	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	180	-

SIX MONTHS ENDED JUNE 30, 2023

	Sensitivity analysis		
	Range of change	Impact on gain or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 2,990	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	97	-

Price risk

Since the investments held by the Company are classified as financial assets measured at fair value through profit and loss on the Statement of Financial Position, the Company is not exposed to the commodity price risk. In order to manage the price risk of equity instrument investment, the Company will diversify its investment portfolio according to the limits set by the Company.

Cash flow and fair value interest rate risk

The Company's long-term borrowings are issued at fixed interest rates, so there is no cash flow interest rate risk.

(2) Credit risk

- A. The credit risk of the Company is the risk of financial losses to the Company due to the failure of customers or counterparties to perform their contractual obligations. It mainly derives from the accounts receivable that the counterparties are unable to repay according to the payment terms and is categorized as the contractual cash flow of debt instrument investment measured at amortized cost.
- B. The Company manages credit risk from the corporate perspective. According to the internal credit policy, each operating entity within the Company must manage each new customer and perform credit risk analysis before establishing the terms and conditions for payment and delivery. The internal risk control evaluates customers' credit quality by considering their financial status, past experience and other factors. Limits for individual risks are set in accordance with Approval Authority Management Regulations, and the use of credit limits is monitored regularly.
- C. The Company shall deem a contract to have been breached when the contract amount is overdue for more than 361 days according to the agreed payment terms.
- D. The Company adopts the following hypotheses under IFRS 9 as the basis for

judging whether the credit risk of financial instruments has increased significantly since the initial recognition:

When the contract amount is overdue for more than 30 days according to the agreed payment terms, it is deemed that the financial asset's credit risk has increased significantly since its initial recognition.

- E. The indicators used by the Company to determine the credit impairment of debt instrument investment are as follows:
- (A) The issuer is in major financial difficulty, or the possibility of bankruptcy or other financial reorganizations is greatly increased;
  - (B) The active market for the financial assets disappears due to the issuer's financial difficulty;
  - (C) The issuer delays or fails to repay the interest or principal;
  - (D) Unfavorable changes in national or regional economic conditions that lead to the issuer's default.
- F. The Company classifies the accounts receivable of customers according to the characteristics of customer rating, and estimates the expected credit losses based on the loss rate method.
- G. The Company's notes receivable and contract assets have no major loss allowance. The Company takes into account future considerations and adjusts the loss rate established according to the historical and current information of a specific period to estimate the loss allowance of accounts receivable. The loss ratio method as of June 30, 2024, December 31, 2023 and June 30, 2023 is as follows:

	Group A	Individual assessment	Total
<u>June 30, 2024</u>			
Expected loss rate	0.00-100%	0.00-100%	
Total book value	\$ 55,518	\$ 6,351	\$ 61,869
Allowance for loss	80	1,310	1,390
	Group A	Individual assessment	Total
<u>December 31, 2023</u>			
Expected loss rate	0.00-100%	0.00-1.402%	
Total book value	\$ 47,588	\$ 21,741	\$ 69,329
Allowance for loss	54	12	66
	Group A	Individual assessment	Total
<u>June 30, 2023</u>			
Expected loss rate	0.00-0.92%	0.40-0.92%	
Total book value	\$ 36,735	\$ 21,485	\$ 58,220

Allowance for loss	40	77	117
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Group A: Customers are other than those individually assessed. This group of customers is recognized for sound management, has a normal history of payment for transactions, and is rated as having good credit by the Company's internal credit evaluation. Our Company incorporates the consideration of the time value of money in the loss rate to estimate the allowance for doubtful accounts on receivables.

H. The Company's simplified statement of changes in the loss allowance on accounts receivable is as follows:

	2024	2023
	Accounts receivable	Accounts receivable
January 1	\$ 66	\$ 2,112
Provision (reversal) of impairment loss	1,324	(1,995)
June 30	<u>\$ 1,390</u>	<u>\$ 117</u>

### (3) Liquidity risk

A. Cash flow forecast is carried out by each operating entity within the Company and summarized by the Company's Finance Department. The Finance Department of the Company monitors the forecast of the Company's working capital needs to ensure that there are sufficient funds to meet the operating needs.

B. The following table shows the Company's non-derivative financial liabilities, which are grouped according to the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the Statement of Financial Position date to the contractual maturity date. The contractual cash flows disclosed in the table below are the undiscounted amounts.

#### Non-derivative financial liabilities:

June 30, 2024	Within 1 year	1-2 years	2-5 years	More than 5 years
Notes receivable	\$ 711	\$ -	\$ -	\$ -
Accounts payable	14,219	-	-	-
Other payables	45,644	-	-	-
Lease liabilities	10,944	5,143	200	-

#### Non-derivative financial liabilities:

December 31, 2023	Within 1 year	1-2 years	2-5 years	More than 5 years
Accounts payable	\$ 8,248	\$ -	\$ -	\$ -

Other payables	64,413	-	-	-
Lease liabilities	10,944	10,016	800	-
Long-term borrowings (including those due within one year or one business cycle)	1,671	-	-	-
<u>Non-derivative financial liabilities:</u>				
	Within 1			More than 5
June 30, 2023	year	1-2 years	2-5 years	years
Accounts payable	\$ 15,341	\$ -	\$ -	\$ -
Other payables	59,406	-	-	-
Lease liabilities	9,439	9,330	5,209	-
Long-term borrowings (including those due within one year or one business cycle)	6,718	-	-	-

(III) Fair value information

1. The Company's financial instruments not measured at fair value, including cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits, long-term receivables, accounts payable, other payables, and long-term borrowings are a reasonable approximation of the fair value.
2. The Company had no financial and non-financial instruments measured at fair value as of June 30, 2024, December 31, 2023, and June 30, 2023.

XIII. Supplementary disclosure

(I) Information about important transactions

1. Loaning of funds to others: None.
2. Making endorsements/guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliated companies, and jointly controlled entities): None.
4. The cumulative amount of the same securities purchased or sold reaching NT\$300 million or 20% of the paid-in capital or more: None.
5. The amount of acquired real estate exceeding NT\$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate for an amount exceeding NT\$300 million or 20% of the paid-in

capital or more: None.

7. The amount of purchases from and sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital or more: None.
8. Accounts receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital or more: None.
9. Engaged in derivative transactions: None.
10. The business relationship and important transactions between the parent company and its subsidiaries: None.

(II) Information on re-invested businesses

The name and location of the investee company and other relevant information (excluding investee companies in Mainland China): None.

(III) Investment information in Mainland China

1. Basic information: None.

Note: On March 31, 2021, the Company's board of directors resolved to establish a subsidiary, Tricorntech (Shanghai) Co., Ltd., which is 100% held by the Company. As of the date of the financial statements, the company has not yet remitted the investment funds, and the company has not yet commenced business.

2. Major transactions with investee companies in Mainland China directly or indirectly through enterprises in a third region: None.

XIV. Segment Information

(I) General information

The Company operates in a single industry, and its operating decision-maker has identified it as a reportable department based on its overall performance assessment and resource allocation.

(II) Measurement of segment information

The accounting policies of the Company's operating segments are the same as the summary of the significant accounting policies described in Note IV to the financial statements. The profit or loss of the operating segment is measured by the net profit (loss) after tax and serves as the basis for evaluating the performance of the operating segment.

(III) Reconciliation information of segment profit and loss

The department assets, liabilities, and net loss after tax presented by the Company to the major operating decision-makers are measured in the same manner as the Statement of Financial Position and Statement of Comprehensive Income, and no adjustment is required.