

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW
REPORT
SEPTEMBER 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
(24) PWCR 24001922
To the Board of Directors and Stockholders of Senao Networks Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Senao Networks, Inc. and subsidiaries (the "Group") as at September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three and nine months then ended as well as of changes in equity and cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. It is the management team's responsibility to prepare the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports" by Securities Issuers and the International Accounting Standards 34 "Interim Financial Reporting", which has been endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Republic of China, to present the consolidated financial position of the Group fairly, while our responsibility is to express a conclusion on the consolidated financial statements based on our review results.

Scope

Except for that stated in the Basis for Qualified Conclusion paragraph, we conducted our review in accordance with the Standards on TWSRE 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". The procedures performed when we reviewed the consolidated financial statements included inquiries (mainly from personnel in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of review work is obviously smaller than that of audit work, so we might not be able to detect all the material matters that could have been identified through audit work, hence we were unable to express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(3) to the consolidated financial statements, the partial non-significant subsidiaries' financial statements for the same period included in the above consolidated financial statements have not been reviewed by us. As of September 30, 2024 and 2023, their total assets were NT\$1,395,788 thousand and NT\$845,748 thousand, respectively, accounting for 12% and 7% of the total consolidated assets, respectively; the total liabilities were NT\$336,106 thousand and NT\$251,886 thousand, respectively, accounting for 5% and 3% of the total consolidated liabilities, respectively. For the three months and the nine months ended September 30, 2024 and 2023, the total comprehensive

(loss) income totaled NT\$(85,198) thousand, NT\$2,855 thousand, NT\$(48,498) thousand, and NT\$11,147 thousand, respectively, accounting for (97%), 1%, (16%), and 1% of the total consolidated comprehensive income (loss), respectively.

Qualified Conclusion

According to our review results, except that the financial statements of partial non-significant subsidiaries described in the Basis for Qualified Conclusion paragraph may result in adjustment to the consolidated financial statements if reviewed by us, we have determined that the foregoing consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, with a fair presentation of the Senao Networks Inc. and its subsidiaries’ consolidated financial position as of September 30, 2024 and 2023, consolidated financial performance for the three and nine months ended September 30, 2024 and 2023 as well as consolidated cash flows for the nine months ended September 30, 2024 and 2023.

Pei-Chuan Huang

Yung-Chih, Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

November 5, 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.

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,689,828	24	\$ 2,957,907	25	\$ 3,308,578	25
1110	Financial assets at fair value	6(2)						
	through profit or loss – current		6,391	-	-	-	-	-
1170	Accounts receivable, net	6(3)	1,873,882	17	1,812,098	15	2,589,068	20
1200	Other receivables	6(4)	176,169	2	244,136	2	181,212	1
1210	Other receivables - related parties	7	967	-	930	-	1,125	-
1220	Current income tax assets		5,421	-	3,516	-	2,566	-
130X	Inventory	6(5)	2,281,768	20	2,995,089	25	3,129,662	24
1410	Prepayments		41,815	-	39,914	1	33,066	1
11XX	Total current assets		<u>7,076,241</u>	<u>63</u>	<u>8,053,590</u>	<u>68</u>	<u>9,245,277</u>	<u>71</u>
Non-current assets								
1600	Property, plant and equipment	6(6) and 8	3,349,036	30	3,258,455	27	3,082,372	24
1755	Right-of-use assets	6(7) and 7	549,995	5	522,686	4	333,873	3
1780	Intangible assets	6(8)	70,483	1	45,594	-	13,873	-
1840	Deferred income tax assets		123,605	1	143,952	1	174,832	1
1900	Other non-current assets	6(9)	24,687	-	28,506	-	134,388	1
15XX	Total non-current assets		<u>4,117,806</u>	<u>37</u>	<u>3,999,193</u>	<u>32</u>	<u>3,739,338</u>	<u>29</u>
1XXX	Total assets		<u>\$ 11,194,047</u>	<u>100</u>	<u>\$ 12,052,783</u>	<u>100</u>	<u>\$ 12,984,615</u>	<u>100</u>

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SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 1,333,041	12	\$ 1,598,581	13	\$ 1,338,619	10
2130	Current contract liabilities	6(18)	226,482	2	199,376	2	250,949	2
2150	Notes payable		4,008	-	2,681	-	3,586	-
2170	Accounts payable		2,871,924	26	3,082,714	26	3,896,788	30
2200	Other payables	6(11)(27)	1,084,993	10	1,484,052	12	1,572,306	12
2220	Other payables - related parties	7	-	-	126	-	84,052	1
2230	Current income tax liabilities		21,846	-	126,446	1	182,313	1
2250	Current provisions	6(13)	41,081	-	28,151	-	72,318	1
2280	Current lease liabilities	7	137,177	1	100,663	1	111,072	1
2300	Other current liabilities	6(14)	367,793	3	331,121	3	378,267	3
21XX	Total current liabilities		6,088,345	54	6,953,911	58	7,890,270	61
Non-current liabilities								
2527	Non-current contract liabilities	6(18)	15,830	-	17,081	-	16,792	-
2570	Deferred income tax liabilities		4,289	-	-	-	788	-
2580	Non-current lease liabilities	7	198,514	2	211,743	2	230,314	2
2600	Other non-current liabilities		4,113	-	4,753	-	3,548	-
25XX	Total non-current liabilities		222,746	2	233,577	2	251,442	2
2XXX	Total liabilities		6,311,091	56	7,187,488	60	8,141,712	63
Equity								
Equity attributable to owners of the parent								
	Share capital	6(15)						
3110	Share capital - common stock		490,609	4	490,609	4	490,609	4
	Capital surplus	6(16)						
3200	Capital surplus		703,127	6	703,127	6	703,127	5
	Retained earnings	6(17)						
3310	Legal reserve		743,274	7	660,541	5	660,541	5
3320	Special reserve		88,694	1	5,152	-	5,152	-
3350	Unappropriated retained earnings		2,633,360	24	2,858,395	24	2,754,509	21
	Other equity interest							
3400	Other equity interest		(27,421)	-	(88,694)	(1)	5,791	-
31XX	Equity attributable to owners of the parent		4,631,643	42	4,629,130	38	4,619,729	35
36XX	Non-controlling interest	4(3)	251,313	2	236,165	2	223,174	2
3XXX	Total equity		4,882,956	44	4,865,295	40	4,842,903	37
3X2X	Total liabilities and equity		\$ 11,194,047	100	\$ 12,052,783	100	\$ 12,984,615	100

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

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenues	6(18) and 7	\$ 2,951,763	100	\$ 4,184,558	100	\$ 8,327,511	100	\$ 12,848,189	100
5000 Operating costs	6(5)(24)	(2,381,045)	(81)	(3,544,661)	(85)	(6,954,796)	(84)	(10,747,098)	(84)
5900 Net operating margin		570,718	19	639,897	15	1,372,715	16	2,101,091	16
Operating expenses	6(24)								
6100 Selling expenses		(126,535)	(4)	(138,598)	(3)	(364,290)	(4)	(394,744)	(3)
6200 General and administrative expenses		(121,024)	(4)	(121,505)	(3)	(338,381)	(4)	(356,416)	(3)
6300 Research and development expenses		(208,643)	(7)	(217,751)	(5)	(552,963)	(7)	(594,777)	(4)
6000 Total operating expenses		(456,202)	(15)	(477,854)	(11)	(1,255,634)	(15)	(1,345,937)	(10)
6500 Net other income (expenses)	6(19)	46,047	2	7,888	-	130,371	2	33,619	-
6900 Operating profit		160,563	6	169,931	4	247,452	3	788,773	6
Non-operating income and expenses									
7100 Interest income	6(20)	7,900	-	16,689	1	25,307	-	54,485	-
7010 Other income	6(21)	2,166	-	4,952	-	20,437	-	11,845	-
7020 Other gains and losses	6(22)	(17,305)	(1)	87,723	2	38,607	1	118,694	1
7050 Finance costs	6(23) and 7	(6,791)	-	(3,698)	-	(17,447)	-	(10,541)	-
7000 Total non-operating income and expenses		(14,030)	(1)	105,666	3	66,904	1	174,483	1
7900 Profit before income tax		146,533	5	275,597	7	314,356	4	963,256	7
7950 Income tax expense	6(25)	(37,942)	(1)	(32,573)	(1)	(80,531)	(1)	(149,406)	(1)
8200 Profit for the period		\$ 108,591	4	\$ 243,024	6	\$ 233,825	3	\$ 813,850	6
Other comprehensive income, net									
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		(\$ 20,907)	(1)	\$ 7,884	-	\$ 61,174	-	\$ 10,943	-
8300 Other comprehensive income, net		(\$ 20,907)	(1)	\$ 7,884	-	\$ 61,174	-	\$ 10,943	-
8500 Total comprehensive income for the period		\$ 87,684	3	\$ 250,908	6	\$ 294,999	3	\$ 824,793	6
Profit attributable to:									
8610 Owners of the parent		\$ 60,704	2	\$ 221,329	5	\$ 137,484	2	\$ 723,448	5
8620 Non-controlling interest		\$ 47,887	2	\$ 21,695	1	\$ 96,341	1	\$ 90,402	1
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 39,924	1	\$ 229,213	5	\$ 198,757	2	\$ 734,391	5
8720 Non-controlling interest	4(3)	\$ 47,760	2	\$ 21,695	1	\$ 96,242	1	\$ 90,402	1
Earnings per share	6(26)								
9750 Basic earnings per share		\$ 1.24		\$ 4.51		\$ 2.80		\$ 14.75	
Diluted earnings per share	6(26)								
9850 Diluted earnings per share		\$ 1.24		\$ 4.49		\$ 2.79		\$ 14.64	

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

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Capital surplus		Retained earnings			Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total equity
Notes	Share capital - common stock	Additional paid-in capital	Others	Legal reserve	Special reserve	Unappropriated retained earnings				
	\$ 490,609	\$ 702,817	\$ 310	\$ 553,614	\$ 24,848	\$ 2,363,596	(\$ 5,152)	\$ 4,130,642	\$ 313,674	\$ 4,444,316
	-	-	-	-	-	723,448	-	723,448	90,402	813,850
	-	-	-	-	-	-	10,943	10,943	-	10,943
	-	-	-	-	-	723,448	10,943	734,391	90,402	824,793
6(17)	-	-	-	106,927	-	(106,927)	-	-	-	-
	-	-	-	-	(19,696)	19,696	-	-	-	-
	-	-	-	-	-	(245,304)	-	(245,304)	-	(245,304)
	-	-	-	-	-	-	-	-	(180,902)	(180,902)
	\$ 490,609	\$ 702,817	\$ 310	\$ 660,541	\$ 5,152	\$ 2,754,509	\$ 5,791	\$ 4,619,729	\$ 223,174	\$ 4,842,903
	\$ 490,609	\$ 702,817	\$ 310	\$ 660,541	\$ 5,152	\$ 2,858,395	(\$ 88,694)	\$ 4,629,130	\$ 236,165	\$ 4,865,295
	-	-	-	-	-	137,484	-	137,484	96,341	233,825
	-	-	-	-	-	-	61,273	61,273	(99)	61,174
	-	-	-	-	-	137,484	61,273	198,757	96,242	294,999
6(17)	-	-	-	82,733	-	(82,733)	-	-	-	-
	-	-	-	-	83,542	(83,542)	-	-	-	-
	-	-	-	-	-	(196,244)	-	(196,244)	-	(196,244)
	-	-	-	-	-	-	-	-	(81,094)	(81,094)
	\$ 490,609	\$ 702,817	\$ 310	\$ 743,274	\$ 88,694	\$ 2,633,360	(\$ 27,421)	\$ 4,631,643	\$ 251,313	\$ 4,882,956

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

SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 314,356	\$ 963,256
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	254,610	205,474
Amortization	6(24)	11,280	5,932
Expected credit impairment loss (gain)	12(2)	492 (	59)
Net gain on financial assets at fair value through profit or loss		(6,391)	-
Interest income	6(20)	(25,307)	(54,485)
Interest expense	6(23)	17,118	9,518
Losses on disposal of property, plant and equipment	6(22)	56	56
Lease modification gain	6(22)	(901)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(62,267)	369,786
Accounts receivable -related parties, net		-	1,150
Other receivables		68,086	32,706
Other receivables - related parties		(37)	194
Inventory		713,321	(26,184)
Prepayments		(1,901)	(17,551)
Changes in operating liabilities			
Contract liabilities		25,855	(118,587)
Notes payable		1,327	697
Accounts payable		(210,790)	(1,494,649)
Other payables		(402,891)	(25,826)
Other payables - related parties		(126)	1,157
Current provisions		11,059	6,953
Other current liabilities		36,672	70,508
Other non-current liabilities		(546)	(555)
Cash inflows (outflows) generated from operations		743,075	(70,509)
Interest received		25,188	54,053
Interest paid		(17,246)	(9,518)
Income tax paid		(156,724)	(278,532)
Net cash flow generated from (used in) operating activities		594,293	(304,506)

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SENAO NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Nine months ended September 30	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment (including capitalized interest)	6(27)	(\$ 242,869)	(\$ 600,281)
Acquisition of intangible assets	6(8)	(19,503)	(10,734)
Increase in guarantee deposits paid		(81)	(1,162)
Increase in other non-current assets		(67)	(72,762)
Net cash flows used in investing activities		(262,520)	(684,939)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(28)	(266,170)	137,597
Lease payments	6(7)(28)	(103,156)	(94,902)
Payment of cash dividends	6(17)	(196,244)	-
Change in non-controlling interest	4(3)	(81,094)	(180,902)
Net cash flows used in financing activities		(646,664)	(138,207)
Effect on foreign exchange difference		46,812	14,113
Decrease in cash and cash equivalents		(268,079)	(1,113,539)
Cash and cash equivalents at beginning of period		2,957,907	4,422,117
Cash and cash equivalents at end of period		<u>\$ 2,689,828</u>	<u>\$ 3,308,578</u>

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

SENAO NETWORKS INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

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

1. HISTORY AND ORGANIZATION

Senao Networks Inc. (the “Company”) was established as a result of the spin-off of the wireless communication department of Senao International Co., Ltd. The Company assumed all the department’s business, assets and liabilities effective October 1, 2006. The Company’s registration was approved by the Ministry of Economic Affairs, R.O.C. on October 12, 2006. The Company started selling shares publicly at the Taiwan Over-The-Counter Exchange on December 30, 2013. The Company is mainly engaged in the sales of wireless communication products.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The consolidated financial statements were approved for release by the Board of Directors on November 5, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of adopting new or amended International Financial Reporting Standards (“IFRS”) Accounting Standards as endorsed and issued into effect by the Financial Supervisory Commission (“FSC”)

The table below lists the new, revised, and amended standards and interpretations of the IFRS Accounting Standards, which apply to the reporting period for 2024, as endorsed and issued into effect by the FSC:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 the IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

The table below lists the new, revised, and amended standards and interpretations of the IFRS Accounting Standards, which apply to the reporting period for 2025, as endorsed by the FSC:

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
Amendments 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 “Disclosure Initiative - 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” below which is yet to be assessed, 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” has replaced IAS 1, updated the structure of the statement of comprehensive income, added disclosures on management-defined performance measures (MPMs), and enhanced the principles of aggregation and disaggregation used in the main financial statements and notes.

4. SUMMARY OF SIGNIFICANT 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 Statements by Securities Issuers” and IAS 34, “Interim Financial Reporting” as endorsed and issued into effect 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 important items, the consolidated financial statements were prepared at historical cost:
 - (a) Financial assets and liabilities (including derivatives) at fair value through profit or loss that were measured at fair value
 - (b) Defined benefit liabilities recognized at the net amount of pension fund assets less the present value of defined benefit obligations.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment 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 reports:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2023.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Senao Networks Inc.	EnGenius Technologies, Inc.	Sales of communication products	100	100	100	Note 1
Senao Networks Inc.	EnRack Technology Inc.	Sales of communication products and Sales of manufactured stamping component	100	100	100	Note 1
Senao Networks Inc.	Emplus Technologies, Inc.	Research and development, manufacture and sales of communication products	50.99	50.99	50.99	
Senao Networks Inc.	EnGenius International (Samoa) Ltd.	Investment holdings	100	100	100	Note 1
Senao Networks Inc.	EnGenius Technologies Canada Inc.	Sales of communication products	100	100	100	Note 1
Senao Networks Inc.	EnGenius Networks Inc.	Sales of communication products	100	100	100	Note 1
Senao Networks Inc.	EnGenius Networks Japan	Sales of communication products	100	100	100	Note 1
Senao Networks Inc.	Senao Networks Private Ltd.	Sales of communication products	100	100	-	Note 2
Senao Networks Inc.	Senao Networks Vietnam Co., Ltd.	Manufacture and sales of communication products	100	100	-	Note 2
EnGenius International (Samoa) Ltd.	EnGenius Networks Singapore Pte. Ltd.	Sales of communication products	100	100	100	Note 1
EnGenius Networks Singapore Pte. Ltd.	EnGenius Networks Europe B.V.	Sales of communication products	100	100	100	Note 1
EnGenius Networks Inc.	EnGenius Networks Private Ltd.	Sales of communication products	100	100	-	Note 2
Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	Sales of communication products	100	-	-	Note 3

Note 1: The financial statements as at and for the nine months ended September 30, 2024 and 2023 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 2: It is a new subsidiary established in 2023 and the outward remittance was made by the Group for the subsidiary's registered capital in the fourth quarter of 2023. The financial statements as at and for the nine months ended September 30, 2024 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 3: It is a new subsidiary established in 2023 and the outward remittance was made by the Group for the subsidiary's registered capital in the first quarter of 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 September 30, 2024, December 31, 2023, and September 30, 2023, the non-controlling interests amounted to \$251,313, \$236,165, and \$223,174, respectively. The information on non-controlling interests and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest		Non-controlling interest	
		September 30, 2024		December 31, 2023	
		AMOUNT	Ownership (%)	AMOUNT	Ownership (%)
Emplus Technologies, Inc. and subsidiaries	Taiwan	\$ 251,313	49.01%	\$ 236,165	49.01%

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2023	
		AMOUNT	Ownership (%)
Emplus Technologies, Inc. and subsidiaries	Taiwan	\$ 223,174	49.01%

Aggregated financial information on subsidiaries:

Balance sheet

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 1,642,697	\$ 1,121,080	\$ 1,054,817
Non-current assets	261,170	277,718	290,125
Current liabilities	(1,321,060)	(819,322)	(781,442)
Non-current liabilities	(69,987)	(97,563)	(108,094)
Total net assets	<u>\$ 512,820</u>	<u>\$ 481,913</u>	<u>\$ 455,406</u>

Statement of comprehensive income

	Three months ended September 30	
	2024	2023
Revenue	\$ 820,963	\$ 415,022
Profit before income tax	\$ 120,925	\$ 51,268
Income tax expense	(23,210)	(6,996)
Profit for the period from continuing operations	97,715	44,272
Other comprehensive income, net of tax	(264)	-
Total comprehensive income for the period	\$ 97,451	\$ 44,272
Comprehensive income attributable to non-controlling interest	\$ 47,760	\$ 21,695
Dividends paid to non-controlling interest	\$ -	\$ -

	Nine months ended September 30	
	2024	2023
Revenue	\$ 1,842,412	\$ 1,545,250
Profit before income tax	\$ 245,305	\$ 216,352
Income tax expense	(48,719)	(31,882)
Profit for the period from continuing operations	196,586	184,470
Other comprehensive income, net of tax	(206)	-
Total comprehensive income for the period	\$ 196,380	\$ 184,470
Comprehensive income attributable to non-controlling interest	\$ 96,242	\$ 90,402
Dividends paid to non-controlling interest	\$ 81,094	\$ 180,902

Statement of cash flows

	Nine months ended September 30	
	2024	2023
Net cash flows from operating activities	\$ 205,414	\$ 81,763
Net cash flows used in investing activities	(21,928)	(32,958)
Net cash flows used in financing activities	(194,487)	(397,333)
Effect on foreign exchange difference	(206)	-
Decrease in cash and cash equivalents	(11,207)	(348,528)
Cash and cash equivalents at beginning of period	728,368	1,016,414
Cash and cash equivalents at end of period	\$ 717,161	\$ 667,886

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

- A. It refers to financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
- B. The Group adopts trade date accounting for financial assets measured at fair value through profit or loss that are in line with regular-way transactions.
- C. Upon the initial recognition, the Group measures relevant transaction costs at fair value and recognizes them in profit or loss, while measuring them at fair value and recognizing gain or loss thereon in profit or loss.

(5) Employee benefits

Under the defined benefit plans, 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.

(6) Income tax

The tax expense for the period comprises current and deferred tax. The interim period income tax expense is recognized 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.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies but no critical judgements were made. The management team has made critical estimates and assumptions concerning future events based on the situation at the balance sheet date. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Critical accounting estimates are mainly made for inventory valuation. The details are addressed below:

The Group's inventories are measured at the lower of cost and net realizable value. As for excess and individually recognized as obsolete inventories, the net realizable value is determined based on the historical data of the inventory clearance individually identified by the management. Significant changes might arise since the Group's inventory amounts are material, inventory items are voluminous and the accounting estimates are subject to management's judgement.

As of September 30, 2024, the carrying amount of inventories was \$2,281,768.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand and revolving funds	\$ 495	\$ 361	\$ 512
Checking accounts and demand deposits	1,672,692	1,087,938	450,356
Time deposits	<u>1,016,641</u>	<u>1,869,608</u>	<u>2,857,710</u>
	<u>\$ 2,689,828</u>	<u>\$ 2,957,907</u>	<u>\$ 3,308,578</u>

- A. The Group associates 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.

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Financial assets mandatorily at fair value through profit or loss			
Derivatives	\$ 6,391	\$ -	\$ -

A. The losses on financial assets measured at fair value through profit or loss recognized by the Group for the nine months ended September 30, 2024 and 2023 were \$1,773 and \$0, respectively.

B. The Group's forward exchange agreements, for which hedge accounting is not adopted and which have not yet matured on the balance sheet date, are as follows:

September 30, 2024	Currency	Agreement period	Contract amount
Forward exchange agreements sold	USD : NTD	September 4, 2024 - October 9, 2024	USD3,000 / NTD96,102
Forward exchange agreements sold	USD : NTD	September 4, 2024 - October 23, 2024	USD3,000 / NTD96,024
Forward exchange agreements sold	USD : NTD	September 4, 2024 - October 23, 2024	USD2,000 / NTD64,016
Forward exchange agreements sold	USD : NTD	September 10, 2024 - November 13, 2024	USD2,000 / NTD63,900
Forward exchange agreements sold	USD : NTD	September 12, 2024 - November 13, 2024	USD3,000 / NTD95,850
Forward exchange agreements sold	USD : NTD	September 20, 2024 - November 7, 2024	USD3,000 / NTD95,460

December 31, 2023 and September 30, 2023: None.

C. The Group engages in the trading of forward exchange agreements to hedge the risks arising from exchange rate changes in foreign-currency assets and liabilities without adopting hedging accounting.

(3) Accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 1,874,550	\$ 1,812,367	\$ 2,589,178
Less: Allowance for bad debts	(668)	(269)	(110)
	<u>\$ 1,873,882</u>	<u>\$ 1,812,098</u>	<u>\$ 2,589,068</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
	Accounts receivable	Accounts receivable	Accounts receivable
Not past due	\$ 1,852,746	\$ 1,776,909	\$ 2,571,817
Up to 30 days	13,997	33,285	17,082
31 to 60 days	7,766	2,089	91
61 to 90 days	41	5	104
91 to 180 days	-	-	-
Over 180 days	-	79	84
	<u>\$ 1,874,550</u>	<u>\$ 1,812,367</u>	<u>\$ 2,589,178</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2024, December 31, 2023, September 30, 2023 and January 1, 2023, the balances of receivables from contracts with customers amounted to \$1,874,550, \$1,812,367, \$2,589,178, and \$2,958,964, respectively.
- C. The Group does not hold any collateral as security.
- D. Without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk in respect of the amounts that best represented the Group's accounts receivable on September 30, 2024, December 31, 2023, and September 30, 2023 were \$1,873,882, \$1,812,098, and \$2,589,068.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Transfer of financial assets

- A. The Group entered into a factoring agreement with certain banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable. As of September 30, 2024, December 31, 2023 and September 30, 2023, the transferred accounts receivable are as follows:

September 30, 2024					
Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognized	Facilities (thousand)	Amount advanced	Interest rate of amount advanced
CTBC Bank	<u>\$ 1,100</u>	<u>\$ 1,100</u>	USD 1,200	<u>\$ -</u>	-

December 31, 2023

Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognized	Facilities (thousand)	Amount advanced	Interest rate of amount advanced
CTBC Bank	\$ 8,908	\$ 8,908	USD 1,550	\$ -	-

September 30, 2023

Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognized	Facilities (thousand)	Amount advanced	Interest rate of amount advanced
CTBC Bank	\$ 2,912	\$ 2,912	USD 1,550	\$ -	-
Taishin International Bank	10,193	10,193	USD 925	-	-
Total	\$ 13,105	\$ 13,105		\$ -	

Note: Recorded as “other receivables”.

- B. The Group paid factoring expenses of \$79, \$322, \$329 and \$1,023 upon transfer of the derecognized accounts receivable for the three months and nine months ended September 30, 2024 and 2023, respectively, which was recorded as “finance costs”.

(5) Inventory

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 1,345,696	\$ 1,699,813	\$ 1,321,795
Work in progress	607,800	588,028	983,705
Finished goods	328,272	707,248	824,162
	<u>\$ 2,281,768</u>	<u>\$ 2,995,089</u>	<u>\$ 3,129,662</u>

The cost of inventories recognized as expense for the three months and nine months ended September 30, 2024 and 2023 were \$2,378,513, \$3,541,291, \$6,945,071 and \$10,733,322, respectively, for which some inventories had been recognized in valuation losses due to destocking during the three months ended September 30, 2024, and the net realizable value of inventories recovered and a decrease in the cost of goods sold by \$48,403 was recognized; and the Group wrote down the cost to net realizable value, that is \$85,572, \$698, and \$147,518, respectively, for the three months ended September 30, 2023 and nine months ended September 30, 2024 and 2023.

(6) Property, plant and equipment

2024										
	Land	Buildings	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment acceptance	Total
At January 1										
Cost	\$ 950,749	\$ 60,810	\$ 1,512,785	\$ 166,639	\$ 3,232	\$ 145,254	\$ 76,221	\$ 110,026	\$ 1,275,851	\$ 4,301,567
Accumulated depreciation and impairment	-	(1,004)	(708,015)	(153,128)	(3,232)	(65,374)	(24,225)	(88,134)	-	(1,043,112)
	<u>\$ 950,749</u>	<u>\$ 59,806</u>	<u>\$ 804,770</u>	<u>\$ 13,511</u>	<u>\$ -</u>	<u>\$ 79,880</u>	<u>\$ 51,996</u>	<u>\$ 21,892</u>	<u>\$ 1,275,851</u>	<u>\$ 3,258,455</u>
At January 1	\$ 950,749	\$ 59,806	\$ 804,770	\$ 13,511	\$ -	\$ 79,880	\$ 51,996	\$ 21,892	\$ 1,275,851	\$ 3,258,455
Additions	-	4,633	29,492	17,078	-	7,808	6,418	13,145	171,257	249,831
Disposals	-	-	(20)	-	-	(36)	-	-	-	(56)
Transfer (Note 1)	-	38,888	69,067	5,105	-	11,801	3,508	3,767	(147,926)	(15,790)
Depreciation	-	(5,356)	(95,565)	(10,771)	-	(14,920)	(8,898)	(7,242)	-	(142,752)
Net exchange differences	-	-	(23)	-	-	17	(5)	(268)	(373)	(652)
At September 30	<u>\$ 950,749</u>	<u>\$ 97,971</u>	<u>\$ 807,721</u>	<u>\$ 24,923</u>	<u>\$ -</u>	<u>\$ 84,550</u>	<u>\$ 53,019</u>	<u>\$ 31,294</u>	<u>\$ 1,298,809</u>	<u>\$ 3,349,036</u>
At September 30										
Cost	\$ 950,749	\$ 104,331	\$ 1,592,777	\$ 187,985	\$ 3,332	\$ 163,911	\$ 86,108	\$ 110,489	\$ 1,298,809	\$ 4,498,491
Accumulated depreciation and impairment	-	(6,360)	(785,056)	(163,062)	(3,332)	(79,361)	(33,089)	(79,195)	-	(1,149,455)
	<u>\$ 950,749</u>	<u>\$ 97,971</u>	<u>\$ 807,721</u>	<u>\$ 24,923</u>	<u>\$ -</u>	<u>\$ 84,550</u>	<u>\$ 53,019</u>	<u>\$ 31,294</u>	<u>\$ 1,298,809</u>	<u>\$ 3,349,036</u>

Note 1: The net balance of transfers in the current period is \$16,661 transferred out to intangible assets and \$871 transferred in from other non-current assets.

2023

	Land	Buildings	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment acceptance	Total
At January 1										
Cost	\$ 950,749	\$ -	\$ 1,157,088	\$ 153,901	\$ 3,233	\$ 94,224	\$ 34,275	\$ 97,328	\$ 1,012,359	\$ 3,503,157
Accumulated depreciation and impairment	-	-	(625,524)	(143,168)	(3,233)	(52,461)	(18,579)	(82,479)	-	(925,444)
	<u>\$ 950,749</u>	<u>\$ -</u>	<u>\$ 531,564</u>	<u>\$ 10,733</u>	<u>\$ -</u>	<u>\$ 41,763</u>	<u>\$ 15,696</u>	<u>\$ 14,849</u>	<u>\$ 1,012,359</u>	<u>\$ 2,577,713</u>
At January 1	\$ 950,749	\$ -	\$ 531,564	\$ 10,733	\$ -	\$ 41,763	\$ 15,696	\$ 14,849	\$ 1,012,359	\$ 2,577,713
Additions	-	-	317,806	9,316	-	44,059	27,045	13,377	191,517	603,120
Disposals	-	-	(37)	-	-	(19)	-	-	-	(56)
Transfer (Note 2)	-	23,402	9,679	-	-	1,648	100	-	(25,150)	9,679
Depreciation	-	-	(79,478)	(7,242)	-	(10,366)	(4,120)	(6,920)	-	(108,126)
Net exchange differences	-	-	-	-	-	38	-	4	-	42
At September 30	<u>\$ 950,749</u>	<u>\$ 23,402</u>	<u>\$ 779,534</u>	<u>\$ 12,807</u>	<u>\$ -</u>	<u>\$ 77,123</u>	<u>\$ 38,721</u>	<u>\$ 21,310</u>	<u>\$ 1,178,726</u>	<u>\$ 3,082,372</u>
At September 30										
Cost	\$ 950,749	\$ 23,402	\$ 1,475,114	\$ 163,217	\$ 3,397	\$ 138,834	\$ 61,412	\$ 110,723	\$ 1,178,726	\$ 4,105,574
Accumulated depreciation and impairment	-	-	(695,580)	(150,410)	(3,397)	(61,711)	(22,691)	(89,413)	-	(1,023,202)
	<u>\$ 950,749</u>	<u>\$ 23,402</u>	<u>\$ 779,534</u>	<u>\$ 12,807</u>	<u>\$ -</u>	<u>\$ 77,123</u>	<u>\$ 38,721</u>	<u>\$ 21,310</u>	<u>\$ 1,178,726</u>	<u>\$ 3,082,372</u>

Note 2: The amount transferred in this period is transferred from other non-current assets.

- A. Please refer to Note 8 for more information on property, plant and equipment provided as collateral.
- B. The capitalized amounts of borrowing costs for the Group's property, plant and equipment for the nine months ended September 30, 2024 and 2023, totaled \$6,246 and \$5,547, respectively, and the capitalized interest rates were 1.65%-2.2% and 2.48%-3.61%, respectively.

(7) Lease transactions - lessee

- A. The Group leased various assets including land use rights, plants, offices, business vehicles, parking lot and multifunction printers. The terms of the rental contracts ranged from one to seven years, except for the land use right for 46 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less comprise certain plant and parking spaces; and the underlying asset of the low-value lease are automated external defibrillators (AEDs).
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
	Book value	Book value	Book value
Land	\$ 227,086	\$ 219,008	\$ -
Buildings	315,964	293,757	324,385
Transportation equipment	1,911	3,815	4,450
Office equipment	1,691	1,847	473
Other equipment	3,343	4,259	4,565
	<u>\$ 549,995</u>	<u>\$ 522,686</u>	<u>\$ 333,873</u>

	Three months ended September 30	
	2024	2023
	Depreciation	Depreciation
Land	\$ 1,268	\$ -
Buildings	34,529	31,884
Transportation equipment	635	635
Office equipment	150	82
Other equipment	305	289
	<u>\$ 36,887</u>	<u>\$ 32,890</u>

	Nine months ended September 30	
	2024	2023
	Depreciation	Depreciation
Land	\$ 3,844	\$ -
Buildings	104,742	94,548
Transportation equipment	1,905	1,673
Office equipment	451	321
Other equipment	916	806
	<u>\$ 111,858</u>	<u>\$ 97,348</u>

D. For the three months and nine months ended September 30, 2024 and 2023, the additions to right-of-use assets were \$7,646, \$15,952, \$152,600 and \$38,768, respectively.

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

	Three months ended September 30	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,746	\$ 1,360
Expense on short-term lease contracts	2,184	1,226
Expense on low-value asset lease	68	-
Expense on variable lease payments	1,746	2,213
Lease modification gain	126	-
Gain on sublease of right-of-use assets (Note)	1,338	1,321

	Nine months ended September 30	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,071	\$ 4,119
Expense on short-term lease contracts	8,413	4,378
Expense on low-value asset lease	161	-
Expense on variable lease payments	5,440	6,546
Lease modification gain	901	-
Gain on sublease of right-of-use assets (Note)	4,031	3,410

Note: Recorded as “other income”, please refer to Note 6(21).

F. For the nine months ended September 30, 2024 and 2023, the Group’s total cash outflow relating to lease contracts was \$122,241 and \$109,945, of which \$103,156 and \$94,902 were lease payments, respectively.

G. Due to the early termination of the contract during the nine months ended September 30, 2024, the Group's right-of-use assets and lease liabilities decreased by \$26,831 and \$27,732, respectively, and a lease modification gain of \$901 was recognized. There was no such a case during the nine months ended September 30, 2023.

H. Variable lease payments

Some of the Group's lease contracts contain variable lease payment terms that are linked to the actual usage. Variable lease payments are recognized as expense based on the actual usage during the period.

I. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Intangible assets

A. Changes to intangible assets are as follows:

	2024		
	Computer software	Goodwill	Total
At January 1			
Cost	\$ 138,740	\$ 480	\$ 139,220
Accumulated amortization and impairment	(93,626)	-	(93,626)
	<u>\$ 45,114</u>	<u>\$ 480</u>	<u>\$ 45,594</u>
At January 1	\$ 45,114	\$ 480	\$ 45,594
Additions	19,503	-	19,503
Transfer (Note)	16,661	-	16,661
Amortization	(11,280)	-	(11,280)
Net exchange differences	5	-	5
At September 30	<u>\$ 70,003</u>	<u>\$ 480</u>	<u>\$ 70,483</u>
At September 30			
Cost	\$ 172,958	\$ 480	\$ 173,438
Accumulated amortization and impairment	(102,955)	-	(102,955)
	<u>\$ 70,003</u>	<u>\$ 480</u>	<u>\$ 70,483</u>

Note: The amount of transfer in this period is for the transfer from unfinished construction and equipment acceptance.

	2023		
	Computer software	Goodwill	Total
At January 1			
Cost	\$ 93,922	\$ 480	\$ 94,402
Accumulated amortization and impairment	(85,346)	-	(85,346)
	<u>\$ 8,576</u>	<u>\$ 480</u>	<u>\$ 9,056</u>
At January 1	\$ 8,576	\$ 480	\$ 9,056
Additions	10,734	-	10,734
Amortization	(5,932)	-	(5,932)
Net exchange differences	15	-	15
At September 30	<u>\$ 13,393</u>	<u>\$ 480</u>	<u>\$ 13,873</u>
At September 30			
Cost	\$ 104,211	\$ 480	\$ 104,691
Accumulated amortization and impairment	(90,818)	-	(90,818)
	<u>\$ 13,393</u>	<u>\$ 480</u>	<u>\$ 13,873</u>

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

	Three months ended September 30	
	2024	2023
Manufacturing expenses	\$ 1,117	\$ 264
General and administrative expenses	638	823
Research and development expenses	2,558	768
	<u>\$ 4,313</u>	<u>\$ 1,855</u>
	Nine months ended September 30	
	2024	2023
Manufacturing expenses	\$ 2,016	\$ 505
General and administrative expenses	1,901	2,187
Research and development expenses	7,363	3,240
	<u>\$ 11,280</u>	<u>\$ 5,932</u>

C. The Group's goodwill was recognized from the acquisition of the subsidiary, Emplus Technologies, Inc.

When comparing the value in use and book value to determine the recoverable amount, there were no indicators that the Group's goodwill may be impaired. Value in use was evaluated based on the gross profit ratio and growth ratio of Emplus Technologies, Inc.

(9) Other non-current assets

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayment for equipment	\$ 3,185	\$ 7,152	\$ 42,290
Refundable deposits	21,435	21,354	19,336
Others	67	-	72,762
	<u>\$ 24,687</u>	<u>\$ 28,506</u>	<u>\$ 134,388</u>

(10) Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank borrowings	<u>\$ 1,333,041</u>	<u>\$ 1,598,581</u>	<u>\$ 1,338,619</u>
Interest rate	<u>2.05%~5.64%</u>	<u>1.91%~6.47%</u>	<u>1.8%~6.27%</u>

(11) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Accrued salary expenses and bonus	\$ 580,374	\$ 870,333	\$ 796,344
Accrued employees' compensation and directors' and supervisors' remuneration	39,879	142,009	130,627
Dividends payable	-	-	162,409
Construction retainage received	110,859	109,241	105,068
Accrued equipment	51,102	48,854	73,950
Others	302,779	313,615	303,908
	<u>\$ 1,084,993</u>	<u>\$ 1,484,052</u>	<u>\$ 1,572,306</u>

(12) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, 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 Law. 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 contributes 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 would assess

the balance in the aforementioned labor pension reserve account at the end of each 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 Company will make contribution for the deficit by next March.

- (b) For the aforementioned benefit plan the Group recognized pension costs of \$13, \$15, \$39 and \$39 for the three months and nine months ended September 30, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$804.

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 contributes 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. The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for the three months and nine months ended September 30, 2024 and 2023 amounted to \$19,863, \$21,987, \$63,680 and \$59,603, respectively.
- (b) EnGenius International (Samoa) Ltd. and EnGenius Technologies Canada Inc. have not yet established an employee pension plan. EnGenius Technologies, Inc., EnGenius Networks Singapore Pte. Ltd., EnGenius Networks Europe B.V., EnGenius Networks Japan, Senao Networks Private Ltd., Senao Networks Vietnam Co., Ltd., EnGenius Networks Private Ltd., and Emplus Technologies India Private Ltd. follow the established pension regulations of their respective local governments. These subsidiaries pay monthly pension contributions and have no further obligations. The pension costs under the defined contribution pension plans of the above companies for the three months and nine months ended September 30, 2024 and 2023 were \$686, \$680, \$2,237 and \$2,164, respectively.

(13) Provisions

	2024	2023
At January 1	\$ 28,151	\$ 62,699
Additional provisions (including those reverse) during this period	24,622	20,112
Used during this period	(13,563)	(13,159)
Effect of exchange rate changes	1,871	2,666
At September 30	<u>\$ 41,081</u>	<u>\$ 72,318</u>

The Group's liability provisions are related to the provision for warranty of products sold, which is estimated based on past experience of the use of warranties on the product. It is expected that the provision will be used starting next year.

(14) Other current liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Collection of project development on behalf of others	\$ 339,719	\$ 314,430	\$ 360,432
Sales refund liabilities	22,600	10,423	11,300
Others	5,474	6,268	6,535
	<u>\$ 367,793</u>	<u>\$ 331,121</u>	<u>\$ 378,267</u>

(15) Share capital

- A. As of September 30, 2024, the Company's authorized capital was \$1.2 million, consisting of 49,061 thousand shares of common stock outstanding, with a par value of \$10 in dollars per share. There was no change in the number of the Company's ordinary shares outstanding for the nine months ended September 30, 2024 and 2023.
- B. The application to the FSC for the issuance of 10,000 thousand shares of common stock filed by the Company to increase the capital in cash was effective upon the letter Jin-Guan-Zheng-Fa No. 1120365438 from the FSC dated January 3, 2024. However, the Company comprehensively assessed the changes in the capital market and the Company's overall business environment and took into account shareholder equity, the cancellation of this cash capital increase through issuance of new shares was approved by a resolution of the board of directors on April 11, 2024. The above letter Jin-Guan-Zheng-Fa was approved to be revoked as per the letter Jin-Guan-Zheng-Fa No. 1130340184 dated April 16, 2024.
- C. In the third quarter of 2024, the Company filed with the Financial Supervisory Commission (FSC) for a cash capital increase by issuing 10,000 thousand shares of common stock and an issuance of the first domestic unsecured conversion corporate bonds in a maximum total amount of NT\$1 billion. These filings were declared effective per the letter Jin-Guan-Zheng-Fa No. 1130351921 and the letter Jin-Guan-Zheng-Fa No. 11303519211, respectively, dated August 20, 2024. The grant date of the cash capital increase by issuing ordinary shares was October 4, 2024, with a subscription price of NT\$125 per share, and capital contributions to the cash capital increase were paid before the quarterly review report date; in addition, the first domestic unsecured convertible corporate bonds have not yet been issued as of November 5, 2024.

(16) Capital surplus

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 capitalized 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.

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the balance of legal reserve is equal to that of issued share capital. The balance after setting aside legal reserve and special reserve shall be combined with the remaining surplus at the beginning of the year and counted as unappropriated retained earnings. The method of distribution shall be proposed by the Board of Directors and presented to the shareholders for approval.
- B. The Company is currently in the growth stage. Based on capital expenditures and needs for branching out and completing financial plans to pursue sustainable development, the Company's dividend policy is in accordance with the future budget for capital expenditures and capital needs. Cash dividends and /or stock dividends are to be distributed to the shareholders. Total dividends distributed shall account for at least 10% of the distributable earnings for the current year. Cash dividends shall account for at least 5% 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 2023 and 2022 earnings distribution proposals, which were approved by the resolution of the shareholders' meetings on May 30, 2024 and May 31, 2023, respectively, are detailed below:

Year ended December 31				
2023		2022		
	AMOUNT	Dividends per share (in dollars)	AMOUNT	Dividends per share (in dollars)
Legal reserve	\$ 82,733	\$ -	\$ 106,927	\$ -
Special reserve	83,542	-	(19,696)	-
Cash dividends	196,244	4.0	245,304	5.0
	<u>\$ 362,519</u>	<u>\$ 4.0</u>	<u>\$ 332,535</u>	<u>\$ 5.0</u>

(18) Operating revenues

Three months ended September 30		
	2024	2023
Revenue from contracts with customers	<u>\$ 2,951,763</u>	<u>\$ 4,184,558</u>

Nine months ended September 30		
	2024	2023
Revenue from contracts with customers	<u>\$ 8,327,511</u>	<u>\$ 12,848,189</u>

A. Information on disaggregation of revenue from contracts with customers based on geographical regions is provided in Note 14(2).

B. Contract liabilities

(a) The Group has recognized the following revenue-related contract liabilities:

	September 30, 2024	December 31, 2023
Current contract liabilities:		
Contract liabilities- sales of goods	\$ 207,558	\$ 182,305
Contract liabilities- providing services	18,924	17,071
Sub-total	226,482	199,376
Non-current contract liabilities:		
Contract liabilities- providing services	15,830	17,081
Total	<u>\$ 242,312</u>	<u>\$ 216,457</u>
	September 30, 2023	January 1, 2023
Current contract liabilities:		
Contract liabilities- sales of goods	\$ 231,674	\$ 360,823
Contract liabilities- providing services	19,275	11,577
Sub-total	250,949	372,400
Non-current contract liabilities:		
Contract liabilities- providing services	16,792	13,928
Total	<u>\$ 267,741</u>	<u>\$ 386,328</u>

- (b) Revenue recognized that was included in the contract liability balance at the beginning of the period:

		Three months ended September 30	
		2024	2023
Revenue from contracts with customers	\$	9,454	\$ 59,009

		Nine months ended September 30	
		2024	2023
Revenue from contracts with customers	\$	112,794	\$ 269,088

- (c) Financing components

The Group does not expect to have many contracts where the time interval between the transfer of the committed goods or services to the customer and payment by the customer exceeds one year. In addition, the transaction prices for those contracts where the time interval exceeds a year are immaterial. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(19) Net other income (expenses)

		Three months ended September 30	
		2024	2023
Other income			
Project development income	\$	46,047	\$ 7,888

		Nine months ended September 30	
		2024	2023
Other income			
Project development income	\$	130,371	\$ 33,619

(20) Interest income

		Three months ended September 30	
		2024	2023
Interest income	\$	7,862	\$ 16,655
Other interest income		38	34
	\$	7,900	\$ 16,689

	Nine months ended September 30	
	2024	2023
Interest income	\$ 25,163	\$ 54,354
Other interest income	144	131
	<u>\$ 25,307</u>	<u>\$ 54,485</u>

(21) Other income

	Three months ended September 30	
	2024	2023
Rent income	\$ 1,338	\$ 1,321
Other income	828	3,631
	<u>\$ 2,166</u>	<u>\$ 4,952</u>

	Nine months ended September 30	
	2024	2023
Rent income	\$ 4,031	\$ 3,410
Other income	16,406	8,435
	<u>\$ 20,437</u>	<u>\$ 11,845</u>

(22) Other gains and losses

	Three months ended September 30	
	2024	2023
Foreign exchange gains	(\$ 23,372)	\$ 87,848
Losses on disposal of property, plant and equipment	- (28)	
Lease modification gain	126	-
Gains on financial assets/liabilities at fair value through profit or loss	6,391	-
Others	(450)	(97)
	<u>(\$ 17,305)</u>	<u>\$ 87,723</u>

	Nine months ended September 30	
	2024	2023
Foreign exchange gains	\$ 39,985	\$ 119,319
Losses on disposal of property, plant and equipment	(56)	(56)
Lease modification gain	901	-
Losses on financial assets/liabilities at fair value through profit or loss	(1,773)	-
Others	(450)	(569)
	<u>\$ 38,607</u>	<u>\$ 118,694</u>

(23) Finance costs

Three months ended September 30			
	2024		2023
Interest expense	\$ 6,712	\$	3,376
Other financial expense	79		322
	<u>\$ 6,791</u>	<u>\$</u>	<u>3,698</u>

Nine months ended September 30			
	2024		2023
Interest expense	\$ 17,118	\$	9,518
Other financial expense	329		1,023
	<u>\$ 17,447</u>	<u>\$</u>	<u>10,541</u>

(24) Expenses by nature

Three months ended September 30			
	2024		2023
Wages and salaries	\$ 488,633	\$	714,774
Labor and health insurance fees	45,298		50,779
Pension costs	20,562		22,682
Other personnel expenses	21,453		24,705
Employee benefit expense	<u>\$ 575,946</u>	<u>\$</u>	<u>812,940</u>
Depreciation	<u>\$ 86,002</u>	<u>\$</u>	<u>73,180</u>
Amortization	<u>\$ 4,313</u>	<u>\$</u>	<u>1,855</u>

Nine months ended September 30			
	2024		2023
Wages and salaries	\$ 1,361,179	\$	2,123,599
Labor and health insurance fees	150,119		144,594
Pension costs	65,956		61,806
Other personnel expenses	70,038		82,922
Employee benefit expense	<u>\$ 1,647,292</u>	<u>\$</u>	<u>2,412,921</u>
Depreciation	<u>\$ 254,610</u>	<u>\$</u>	<u>205,474</u>
Amortization	<u>\$ 11,280</u>	<u>\$</u>	<u>5,932</u>

- A. According to the Articles of Incorporation of the Company and its domestic subsidiaries, where the Company or its domestic subsidiaries make a profit for a fiscal year, they shall provide no lower than 3% of the balance for employees' compensation and no higher than 3% for directors' and supervisors' remuneration. However, if the Company has accumulated deficit, the Company should cover accumulated losses first. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned employees' compensation may be specified in the Articles of Incorporation. Qualification requirements are set by the Board of Directors. Distribution of employees' compensation

and directors' and supervisors' remuneration shall be reported to the stockholders during their meeting and distributed in the form of shares or in cash as resolved by the Board of Directors.

- B. For the three months and nine months ended September 30, 2024 and 2023, employees' compensation was accrued at \$16,370, \$27,357, \$34,052 and \$94,827, respectively; while directors' and supervisors' remuneration was accrued at \$2,181, \$4,746, \$4,574 and \$16,163, respectively. The aforementioned amounts were recognized in salary expenses. The expenses recognized were accrued based on the earnings as of the end of this period.

On February 27, 2024, employees' compensation and directors' remuneration for 2023 amounting to \$82,041 and \$15,382, respectively, as resolved at the meeting of the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements. Information about employees' compensation and directors' and supervisors' remuneration 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.

On February 17, 2024, employees' compensation and directors' and supervisors' remuneration of the subsidiary, Emplus Technologies, Inc., for 2023 amounting to \$20,489 and \$2,008, respectively, as resolved at the meeting of the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements.

On February 26, 2024, employees' compensation and directors' and supervisors' remuneration of the subsidiary, EnRack Technology Inc., for 2023 amounting to \$1,210 and \$227, respectively, as resolved at the meeting of the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements.

On February 26, 2024, both employees' compensation and directors' and supervisors' remuneration of the subsidiary, EnGenius Technology Inc., for 2023, amounted to \$0, as resolved at the meeting of the Board of Directors; the differences from the amounts recognized in the financial statements were adjusted in profit or loss of the fiscal year 2024.

(25) Income tax

- A. Income tax expense

	Three months ended September 30	
	2024	2023
Current tax:		
Current tax on profit for the period	\$ 28,048	\$ 64,826
Tax on undistributed surplus earnings	(42)	(3,982)
Prior year income tax underestimation	25	190
Total current tax	28,031	61,034
Deferred tax:		
Origination and reversal of temporary differences	9,911	(28,461)
Income tax expense	<u>\$ 37,942</u>	<u>\$ 32,573</u>

	Nine months ended September 30	
	2024	2023
Current tax:		
Current tax on profit for the period	\$ 57,850	\$ 203,097
Tax on undistributed surplus earnings	-	7,507
Prior year income tax overestimation and underestimation	(1,955)	3,599
Total current tax	55,895	214,203
Deferred tax:		
Origination and reversal of temporary differences	24,636	(64,797)
Income tax expense	<u>\$ 80,531</u>	<u>\$ 149,406</u>

- B. The profit-seeking enterprise income tax returns filed by the Company and subsidiary, EnRack Technology Inc., and EnGenius Networks Inc. up to 2022 were approved by the Tax Authority. The profit-seeking enterprise income tax returns of the subsidiary, Emplus Technologies, Inc., up to 2020 was approved by the Tax Authority.

(26) Earnings per share

	Three months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 60,704	49,061	<u>\$ 1.24</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	89	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 60,704</u>	<u>49,150</u>	<u>\$ 1.24</u>

Three months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 221,329	49,061	<u>\$ 4.51</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	283	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 221,329</u>	<u>49,344</u>	<u>\$ 4.49</u>

Nine months ended September 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 137,484	49,061	<u>\$ 2.80</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	159	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 137,484</u>	<u>49,220</u>	<u>\$ 2.79</u>

Nine months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 723,448	49,061	<u>\$ 14.75</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	356	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 723,448</u>	<u>49,417</u>	<u>\$ 14.64</u>

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Nine months ended September 30	
	2024	2023
Purchase of property, plant and equipment and other non-current assets-transferred in property, plant and equipment	\$ 250,702	\$ 612,799
Less: Ending balance of payable on equipment	(51,102)	(73,950)
Ending balance of construction retainage received (Note)	(110,859)	(105,068)
Opening balance of prepayments for equipment	(7,152)	(22,716)
Add: Opening balance of payable on equipment	48,854	51,508
Opening balance of construction retainage received (Note)	109,241	95,418
Ending balance of prepayments for equipment	3,185	42,290
Cash paid during the period for purchase of property, plant and equipment	<u>\$ 242,869</u>	<u>\$ 600,281</u>

Note: Recorded as “other payables”.

B. Financing activities with no cash flow effects:

	Nine months ended September 30	
	2024	2023
Cash dividends declared but yet to be paid	<u>\$ -</u>	<u>\$ 245,304</u>

(28) Changes in liabilities from financing activities

Under the amendments to IAS 7, “Disclosure initiative”, changes during the nine months ended September 30, 2024 and 2023 are disclosed as follows:

	2024			
	Short-term borrowings	Lease liabilities	Other non-current liabilities	Liabilities from financing gross
At January 1	\$ 1,598,581	\$ 312,406	\$ 184	\$ 1,911,171
Changes in cash flow from financing activities	(266,170)	(103,156)	-	(369,326)
Impact of changes in foreign exchange rate	630	1,569	-	2,199
Changes in other non-cash items	-	124,872	(94)	124,778
At September 30	<u>\$ 1,333,041</u>	<u>\$ 335,691</u>	<u>\$ 90</u>	<u>\$ 1,668,822</u>

	2023			
	Short-term borrowings	Lease liabilities	Other non-current liabilities	Liabilities from financing gross
At January 1	\$ 1,200,119	\$ 395,269	\$ 90	\$ 1,595,478
Changes in cash flow from financing activities	137,597	(94,902)	-	42,695
Impact of changes in foreign exchange rate	903	2,243	-	3,146
Changes in other non-cash items	-	38,776	-	38,776
At September 30	<u>\$ 1,338,619</u>	<u>\$ 341,386</u>	<u>\$ 90</u>	<u>\$ 1,680,095</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group does not have a parent company. Senao International Co., Ltd. held 33.79% of the Company's shares, and is the most influential entity to the Company.

(2) Name of related party and relationship

Name of related party	Relationship with the Group
Senao International Co., Ltd. (SIC)	Entities with joint control or significant influence over the Group

(3) Significant related party transactions

A. Operating revenues

	Three months ended September 30	
	2024	2023
Merchandise sales:		
Entities with joint control or significant influence over the Group	<u>\$ -</u>	<u>(\$ 846)</u>
	Nine months ended September 30	
	2024	2023
Merchandise sales:		
Entities with joint control or significant influence over the Group	<u>\$ 637</u>	<u>\$ 2,083</u>

The Group's selling prices and payment term for the merchandise sold to the related parties are based on mutual agreement, which is due within 60 days after the end of each month.

B. Receivables from related parties

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables- payment on behalf of others:			
Entities with joint control or significant influence over the Group	<u>\$ 967</u>	<u>\$ 930</u>	<u>\$ 1,125</u>

C. Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Dividends payable			
Entities with joint control or significant influence over the Group	\$ -	\$ -	\$ 82,895
Others:			
Entities with joint control or significant influence over the Group	<u>-</u>	<u>126</u>	<u>1,157</u>
	<u>\$ -</u>	<u>\$ 126</u>	<u>\$ 84,052</u>

D. Lease transactions- lessee

- (a) The Group has leased office buildings from SIC. The rental contracts are typically made for periods from 2024 through 2026 and from 2019 through 2024. The lease terms and prices were determined in accordance with mutual agreement, and rent is paid monthly.

(b) Acquisition of right-of-use assets

The Group acquired rights-of-use assets, totaling \$93,722, from Senao International Co., Ltd. during the nine months ended September 30, 2024. There was no such a case during the nine months ended September 30, 2023.

(c) Lease liabilities

i. Ending balance:

	September 30, 2024	December 31, 2023	September 30, 2023
Entities with joint control or significant influence over the Group			
Current	\$ 46,770	\$ 11,378	\$ 22,724
Non-current	<u>27,773</u>	<u>-</u>	<u>-</u>
	<u>\$ 74,543</u>	<u>\$ 11,378</u>	<u>\$ 22,724</u>

ii. Interest expense

		Three months ended September 30	
		2024	2023
Entities with joint control or significant influence over the Group			
		\$ 441	\$ 87
		Nine months ended September 30	
		2024	2023
Entities with joint control or significant influence over the Group			
		\$ 793	\$ 359

(4) Information on the remuneration to directors, supervisors, the President, Vice Presidents, and other key management personnel

		Three months ended September 30	
		2024	2023
Salaries and other short-term employee benefits	\$	14,920	\$ 22,560
Post-employment benefits		290	654
	\$	15,210	\$ 23,214
		Nine months ended September 30	
		2024	2023
Salaries and other short-term employee benefits	\$	43,969	\$ 69,531
Post-employment benefits		906	1,216
	\$	44,875	\$ 70,747

8. PLEDGED ASSETS

The details of the assets provided as collateral by the Group are as follows:

Assets	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Property (under property, plant and equipment)	\$ 2,267,374	\$ -	\$ -	Medium- and long-term borrowing facility

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of September 30, 2024, the Company had capital expenditures contracted for but not yet incurred in the amount of \$513,471.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's cash capital increase by issuing new shares and issuance of the first domestic unsecured convertible corporate bonds as of November 5, 2024 are detailed in Note 6 (15) C.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to maintain an optimal capital ratio to support the Group's operations and to maximize the shareholders' equity. The Group builds a suitable capital structure based on the future growth and gearing ratios of the industry and the consideration of costs and risks that may result from different capital structures. The Group normally utilizes a meticulous risk management policy.

(2) Financial instruments

A. Financial instruments by category

The financial assets and liabilities at amortized cost include cash and cash equivalents, accounts receivable, other receivables (including related parties), guarantee deposits paid (under other non-current assets), short-term borrowings, notes payable, accounts payable, other payables (including related parties), guarantee deposits received (under other non-current liabilities), and lease liabilities.

B. Financial risk management policies

The Group adopts overall risk management and control systems to identify, measure and control all kinds of risk (including market risk, credit risk, liquidity risk and cash flow risk), so that the management of the Group can effectively control and evaluate market risk, credit risk, liquidity risk and cash flow risk.

The Group maintains an optimal level of liquidity and centralizes risk management operations in order to effectively monitor and control the various kinds of market risks and to achieve management objectives. This decision is made with consideration of the economic environment, competitive status and market value risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future

commercial transactions.

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

September 30, 2024					
		Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	USD	78,367	31.650	\$	2,480,330
JPY:NTD	JPY	613,886	0.222		136,467
USD:VND (Note)	USD	603	24,483		18,668
<u>Non-monetary items</u>					
USD:NTD	USD	3,211	31.650		101,627
CAD:NTD	CAD	535	23.420		12,519
JPY:NTD	JPY	25,371	0.222		5,640
VND:NTD	VND	485,295,861	0.001		613,899
INR:NTD	INR	85,025	0.377		32,063
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	USD	59,243	31.650	\$	1,875,057

December 31, 2023						
(Foreign currency: functional currency)	Foreign currency amount (in thousands)			Exchange rate	Book value (NTD)	
	<u>Financial assets</u>					
	<u>Monetary items</u>					
	USD:NTD	USD	85,833	30.705	\$	2,635,494
JPY:NTD	JPY	595,802	0.217		129,408	
USD:VND (Note)	USD	12,700	30,705		389,954	
<u>Non-monetary items</u>						
USD:NTD	USD	4,969	30.705		152,578	
CAD:NTD	CAD	584	23.200		13,554	
JPY:NTD	JPY	29,191	0.217		6,340	
VND:NTD	VND	466,078,248	0.001		559,294	
INR:NTD	INR	90,369	0.366		33,087	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD	54,872	30.705	\$	1,684,831	
September 30, 2023						
(Foreign currency: functional currency)	Foreign currency amount (in thousands)			Exchange rate	Book value (NTD)	
	<u>Financial assets</u>					
	<u>Monetary items</u>					
	USD:NTD	USD	150,046	32.270	\$	4,841,984
JPY:NTD	JPY	14,301	0.216		31,846	
<u>Non-monetary items</u>						
USD:NTD	USD	4,959	32.270		160,041	
CAD:NTD	CAD	617	23.900		14,758	
JPY:NTD	JPY	29,527	0.216		6,384	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD	68,658	32.270	\$	2,215,589	

Note: As the NTD is not a functional currency adopted by some of the consolidated entities, it should also be considered when being disclosed.

- iii. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

Three months ended September 30, 2024			
Exchange gain (loss)			
Foreign currency amount			
(in thousands)	Exchange rate	Book value	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	-	31.650 (\$	63,832)
JPY:NTD	-	0.222	12,238
USD:VND (Note) (	206,611)	24,483 (	265)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	-	31.650 \$	50,756

Three months ended September 30, 2023			
Exchange gain (loss)			
Foreign currency amount			
(in thousands)	Exchange rate	Book value	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	-	32.270	\$ 29,771
JPY:NTD	-	0.216	176
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	-	32.270	(\$ 21,393)

Nine months ended September 30, 2024			
Exchange gain (loss)			
Foreign currency amount			
(in thousands)	Exchange rate	Book value	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	-	31.650 (\$	39,949)
JPY:NTD	-	0.222	5,743
USD:VND (Note) (	172,989)	24,483 (	221)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	-	31.650 \$	36,465

Nine months ended September 30, 2023			
Exchange gain (loss)			
Foreign currency amount			
(in thousands)	Exchange rate	Book value	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	-	32.270	\$ 70,001
JPY:NTD	-	0.216	191
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	-	32.270	(\$ 64,744)

Note: As the NTD is not a functional currency adopted by some of the consolidated entities, it should also be considered when being disclosed.

- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine months ended September 30, 2024					
Sensitivity analysis					
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income		
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	1%	\$	24,803	\$	-
JPY:NTD	1%		1,365		-
USD:VND (Note)	1%		187		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1%	\$	18,751	\$	-

Nine months ended September 30, 2023				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 48,420	\$	-
JPY:NTD	1%	318		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 22,156	\$	-

Note: As the NTD is not a functional currency adopted by some of the consolidated entities, it should also be considered when being disclosed.

Price risk

The Group is not exposed to commodity price risk. In addition, as the Group has no investments, there was no significant price risk based on the Group's assessment.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term borrowings and accounts receivable factoring. Borrowings are issued at fixed rates and factoring expenses are charged at fixed rate, thus, the Group is exposed to fair value interest rate risk.

(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.
- ii. According to the Group's credit policy, the Group is responsible for managing and analyzing 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. Credit risk arises from cash and cash equivalents, derivative financial instruments, notes receivable and other receivables as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only the parties with excellent credit ratings are accepted.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments are past due over 30 days based on the terms, there has

been a significant increase in credit risk on that instrument since initial recognition.

- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer and historical information of default. The Company applies loss rate methodology to estimate expected credit loss.
- vi. The Group takes into account the forecasts of the Basel Committee on Banking Supervision to adjust historical and timely information to assess the default possibility of receivables (including related parties) as of September 30, 2024, December 31, 2023, and September 30, 2023.

	Not past due	30 days	31-60 days	61-90 days	91-180 days	Over 181 days	Total
<u>September 30, 2024</u>							
Expected loss rate	0.03%	0.03%	10%	30%	50%	100%	
Total book value	\$ 1,852,746	\$ 13,997	\$ 7,766	\$ 41	\$ -	\$ -	\$ 1,874,550
Loss allowance	\$ -	\$ -	\$ 668	\$ -	\$ -	\$ -	\$ 668
	Not past due	30 days	31-60 days	61-90 days	91-180 days	Over 181 days	Total
<u>December 31, 2023</u>							
Expected loss rate	0.03%	0.03%	10%	30%	50%	100%	
Total book value	\$ 1,776,909	\$ 33,285	\$ 2,089	\$ 5	\$ -	\$ 79	\$ 1,812,367
Loss allowance	\$ -	\$ -	\$ 190	\$ -	\$ -	\$ 79	\$ 269
	Not past due	30 days	31-60 days	61-90 days	91-180 days	Over 181 days	Total
<u>September 30, 2023</u>							
Expected loss rate	0.03%	0.03%	10%	30%	50%	100%	
Total book value	\$ 2,571,817	\$ 17,082	\$ 91	\$ 104	\$ -	\$ 84	\$ 2,589,178
Loss allowance	\$ -	\$ -	\$ -	\$ 26	\$ -	\$ 84	\$ 110

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	\$ 269	\$ 153
Provision for/Reversal of impairment loss	492 (	59)
Amounts written off due to irrecoverability	(84)	-
Effect of exchange rate changes	(9)	16
At September 30	\$ 668	\$ 110

(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.
- ii. Surplus cash held by the operating entities over and above the balance required for working capital management are invested in interest bearing current accounts, time deposits, and marketable securities. The Group chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

- iii. The table below analyses the Group's non-derivative financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
September 30, 2024				
Short-term borrowings	\$ 1,339,666	\$ -	\$ -	\$ -
Notes payable	4,008	-	-	-
Accounts payable	2,871,924	-	-	-
Other payables (including related parties)	1,051,464	-	-	-
Lease liabilities	141,916	120,003	81,708	-
Other non-current liabilities	-	90	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2023				
Short-term borrowings	\$ 1,607,075	\$ -	\$ -	\$ -
Notes payable	2,681	-	-	-
Accounts payable	3,082,714	-	-	-
Other payables (including related parties)	1,484,178	-	-	-
Lease liabilities	101,826	89,514	128,629	-
Other non-current liabilities	94	90	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
September 30, 2023				
Short-term borrowings	\$ 1,345,046	\$ -	\$ -	\$ -
Notes payable	3,586	-	-	-
Accounts payable	3,896,788	-	-	-
Other payables (including related parties)	1,656,358	-	-	-
Lease liabilities	113,916	90,720	143,844	-
Other non-current liabilities	-	90	-	-

(3) Fair value

- A. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to 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.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities.

Level 3: Unobservable inputs of assets or liabilities.

- B. The carrying amounts of the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables, refundable deposits (under other non-current assets), short-term borrowings, notes payable, accounts payable, other payables, and guarantee deposits received (under other non-current liabilities) are reasonable approximations of their fair values.
- C. Financial and non-financial instruments at fair value are classified by the Group as per the nature, characteristics, and risks of assets and liabilities, and the fair value level. The details are as follows:

September 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Derivatives	\$ -	\$ 6,391	\$ -	\$ 6,391

December 31, 2023 and September 30, 2023: None.

- D. The Group's derivative financial instruments are forward exchange agreements, and the method used to measure their fair values is usually based on the present forward exchange rates.
- E. There was no transfer between level 1 and level 2 fair values during the nine months ended September 30, 2024: There was no such a transfer during the nine months ended September 30, 2023.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information:

- A. Loan to others: None.
- B. Provisions 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): None.

- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 1.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading of derivative instruments undertaken during the reporting periods: See Note 6 (2).
- J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Please refer to table 4.

(2) Information on investments

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Please refer to table 6.

14. SEGMENT INFORMATION

(1) General information

The information about geographical areas is provided to the chief operating decision-maker to make decisions. The sales orders will be divided into three main areas, namely Taiwan, America and Others (including Europe, Asia and Africa). Because the nature of the product and the model of sales of the three areas are different, and the chief operating decision-maker also uses the information on the three areas in financial management and operational performance evaluation, therefore, the reportable segments are Taiwan, America and Others.

(2) Assessment of segment information

The operational performance evaluation of each segment is based on operating revenue and income (not including administrative expense). All the operating segments consistently apply

uniform accounting policies as described in Note 4, “Summary of significant accounting policies”. The interdepartmental sales are in accordance with the fair value principle. Revenues from external customers provided to the chief operating decision-maker are measured in a manner consistent with that used for the income statement. The Group's segment information for the three months and nine months ended September 30, 2024 and 2023 is provided as follows:

Three months ended September 30, 2024					
	Taiwan	America	Others	Eliminated transactions during the consolidation	Total
Revenue from external customers	\$ 2,442,579	\$ 100,522	\$ 408,662	\$ -	\$ 2,951,763
Inter-segment revenue	623,077	6,812	330	(630,219)	-
Total segment revenue	<u>\$ 3,065,656</u>	<u>\$ 107,334</u>	<u>\$ 408,992</u>	<u>(\$ 630,219)</u>	<u>\$ 2,951,763</u>
Segment income	<u>\$ 304,062</u>	<u>(\$ 16,713)</u>	<u>(\$ 7,321)</u>	<u>\$ 1,559</u>	<u>\$ 281,587</u>
Segment income, including:					
Depreciation and amortization	<u>\$ 77,345</u>	<u>\$ 2,148</u>	<u>\$ 496</u>	<u>(\$ 3,119)</u>	<u>\$ 76,870</u>
Three months ended September 30, 2023					
	Taiwan	America	Others	Eliminated transactions during the consolidation	Total
Revenue from external customers	\$ 3,951,720	\$ 155,511	\$ 77,327	\$ -	\$ 4,184,558
Inter-segment revenue	242,584	8,063	94	(250,741)	-
Total segment revenue	<u>\$ 4,194,304</u>	<u>\$ 163,574</u>	<u>\$ 77,421</u>	<u>(\$ 250,741)</u>	<u>\$ 4,184,558</u>
Segment income	<u>\$ 283,118</u>	<u>\$ 719</u>	<u>\$ 7,026</u>	<u>\$ 573</u>	<u>\$ 291,436</u>
Segment income, including:					
Depreciation and amortization	<u>\$ 67,027</u>	<u>\$ 1,488</u>	<u>\$ 451</u>	<u>(\$ 3,119)</u>	<u>\$ 65,847</u>

Nine months ended September 30, 2024					
	Taiwan	America	Others	Eliminated transactions during the consolidation	Total
Revenue from external customers	\$ 7,192,763	\$ 375,568	\$ 759,180	\$ -	\$ 8,327,511
Inter-segment revenue	1,207,147	17,316	1,758	(1,226,221)	-
Total segment revenue	<u>\$ 8,399,910</u>	<u>\$ 392,884</u>	<u>\$ 760,938</u>	<u>(\$ 1,226,221)</u>	<u>\$ 8,327,511</u>
Segment income	<u>\$ 599,394</u>	<u>(\$ 16,025)</u>	<u>(\$ 12,120)</u>	<u>\$ 14,584</u>	<u>\$ 585,833</u>
Segment income, including:					
Depreciation and amortization	<u>\$ 228,579</u>	<u>\$ 6,762</u>	<u>\$ 1,442</u>	<u>(\$ 9,356)</u>	<u>\$ 227,427</u>
Nine months ended September 30, 2023					
	Taiwan	America	Others	Eliminated transactions during the consolidation	Total
Revenue from external customers	\$ 12,136,974	\$ 447,294	\$ 263,921	\$ -	\$ 12,848,189
Inter-segment revenue	749,699	19,956	495	(770,150)	-
Total segment revenue	<u>\$ 12,886,673</u>	<u>\$ 467,250</u>	<u>\$ 264,416</u>	<u>(\$ 770,150)</u>	<u>\$ 12,848,189</u>
Segment income	<u>\$ 1,100,319</u>	<u>\$ 10,191</u>	<u>\$ 24,914</u>	<u>\$ 9,765</u>	<u>\$ 1,145,189</u>
Segment income, including:					
Depreciation and amortization	<u>\$ 188,705</u>	<u>\$ 3,516</u>	<u>\$ 1,321</u>	<u>(\$ 9,268)</u>	<u>\$ 184,274</u>

(3) Reconciliation for segment income (loss)

The Group's segments' operating income reported to the chief operating decision-maker is measured in a manner consistent with the revenue and expenses in the statement of comprehensive income. The Group did not provide the chief operating decision-maker with the amount of total assets and liabilities for decision-making purposes. A reconciliation of reportable segment income or loss and income from continuing operations before income tax for the three months and nine months ended September 30, 2024 and 2023 is provided as follows:

		Three months ended September 30	
		2024	2023
Reportable segments profit	\$	281,587	\$ 291,436
Undistributed amount			
General administrative expense	(	121,024)	(121,505)
Non-operating income	(	14,030)	105,666
Income from continuing operations before income tax	\$	<u>146,533</u>	\$ <u>275,597</u>

		Nine months ended September 30	
		2024	2023
Reportable segments profit	\$	585,833	\$ 1,145,189
Undistributed amount			
General administrative expense	(	338,381)	(356,416)
Non-operating income		<u>66,904</u>	<u>174,483</u>
Income from continuing operations before income tax	\$	<u>314,356</u>	\$ <u>963,256</u>

SENAO NETWORKS INC. AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Nine months ended September 30, 2024

Table 1

Expressed in thousands of NTD
(except as otherwise indicated)

Company acquiring real estate	Property	Date of event	Transaction amount	Payment status	Trading counterparty	Relationship with the counterparty	The information on the previous transfer if a transaction counterparty is a related party				Basis for price determination	Purpose of acquisition and use	Other agreed matters
							All entities	Relations with the issuer	Date of transfer	Amount			
Senao Networks Vietnam Co., Ltd.	Land use rights	October 5, 2023 (Note 1)	\$ 238,738 VND 183,503,711 thousand	As agreed in contract	Tai He Urban and Industrial Zone Development Stock Company	Non-related person	-	-	-	\$ -	Appraisal report	Business needs	None
Senao Networks Vietnam Co., Ltd.	Civil engineering projects	May 27, 2024 (Note 2)	547,060 USD 17,000 thousand	As agreed in contract	VISICONS CONSTRUCTION AND INVESTMENT JOINT STOCK COMPANY	Non-related person	-	-	-	-	Price comparison and negotiation	Construction of self-owned plants	None

Note 1: It refers to a date when a contract is signed.

Note 2: This is the date when the winning bidder and transaction price were determined.

SENAO NETWORKS INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2024

Expressed in thousands of NTD
(except as otherwise indicated)

Table 2

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Remarks (Note 3)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Senao Networks Inc.	EnGenius Technologies, Inc.	Parent company and subsidiaries	Sales	\$ 179,978	3	Note 1	Note 1	Note 1	\$ 35,498	3	
EnGenius Technologies, Inc.	Senao Networks Inc.	Parent company and subsidiaries	Purchases	179,978	93	"	"	"	(35,498)	82	
Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	An affiliate	Sales	519,875	28	"	"	"	224,187	51	
Emplus Technologies India Private Ltd.	Emplus Technologies, Inc.	An affiliate	Purchases	519,875	100	"	"	"	(224,187)	100	
EnRack Technology Inc.	Senao Networks Inc.	Parent company and subsidiaries	Sales	158,049	67	Note 2	Note 2	Note 2	72,093	73	
Senao Networks Inc.	EnRack Technology Inc.	Parent company and subsidiaries	Purchases	158,049	4	"	"	"	(72,093)	4	

Note 1: Sales prices are based on the sales volume. The collection term is net 60 days end of the month.

Note 2: Sales prices are based on the sales volume. The collection term is net 90 days end of the month.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

SENAO NETWORKS INC.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

September 30, 2024

Table 3

Expressed in thousands of NTD
(except as otherwise indicated)

Company under the account of receivables	Counterparty	Relationship with the counterparty	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Amount of receivables from related parties recovered after the balance sheet date (Note)	Allowance for losses
					Amount	Handling method		
Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	An affiliate	\$ 224,187	6.18	\$ -		\$ 68,966	\$ -

Note: The receivables recovered after the balance sheet date and as of November 5, 2024.

SENAO NETWORKS INC. AND SUBSIDIARIES

The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them.
Nine months ended September 30, 2024

Expressed in thousands of NTD
(except as otherwise indicated)

Table 4

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Notes 7 and 8)		
0	Senao Networks Inc.	EnGenius Technologies, Inc.	1	Sales of goods	\$ 179,978	Note 4	2
0	Senao Networks Inc.	EnGenius Technologies, Inc.	1	Accounts receivable	35,498	"	-
0	Senao Networks Inc.	EnGenius Networks Singapore Pte. Ltd.	1	Sales of goods	83,361	"	1
0	Senao Networks Inc.	EnGenius Networks Singapore Pte. Ltd.	1	Accounts receivable	14,613	"	-
0	Senao Networks Inc.	EnGenius Networks Europe B.V.	1	Sales of goods	38,401	"	-
0	Senao Networks Inc.	EnGenius Networks Inc.	1	Sales of goods	53,055	"	1
0	Senao Networks Inc.	EnGenius Networks Inc.	1	Accounts receivable	35,117	"	-
0	Senao Networks Inc.	Emplus Technologies, Inc.	1	Sales of goods	16,819	"	-
0	Senao Networks Inc.	Emplus Technologies, Inc.	1	Accounts receivable	10,516	"	-
1	EnRack Technology Inc.	Senao Networks Inc.	2	Sales of goods	158,049	Note 5	2
1	EnRack Technology Inc.	Senao Networks Inc.	2	Accounts receivable	72,093	"	1
1	EnRack Technology Inc.	Emplus Technologies, Inc.	3	Sales of goods	59,940	"	1
1	EnRack Technology Inc.	Emplus Technologies, Inc.	3	Accounts receivable	20,979	"	-
2	Emplus Technologies, Inc.	Senao Networks Inc.	2	Sales of goods	11,495	Note 4	-
2	Emplus Technologies, Inc.	Senao Networks Inc.	2	Lease liabilities	34,342	Note 6	-
2	Emplus Technologies, Inc.	EnGenius Networks Inc.	3	Sales of goods	29,238	Note 4	-
2	Emplus Technologies, Inc.	EnGenius Networks Inc.	3	Accounts receivable	14,523	"	-
2	Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	3	Sales of goods	519,875	"	6
2	Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	3	Accounts receivable	224,187	"	2
3	EnGenius Networks Inc.	EnGenius Networks Singapore Pte. Ltd.	3	Sales of goods	20,485	"	-
3	EnGenius Networks Inc.	EnGenius Technologies, Inc.	3	Sales of goods	14,207	"	-
4	EnGenius Technologies, Inc.	EnGenius Technologies Canada Inc.	3	Sales of goods	14,767	"	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: The discounts on the sales were offered depending on the sales volume. The credit terms were approximately the same with third parties, which is 60 days from the first day of the month following the month of sales. Among them, the sales by Emplus Technologies, Inc. to EnGenius Networks Singapore Pte. Ltd. and EnGenius Technologies, Inc. through EnGenius Networks Inc. were recognized as income on a net basis.

Note 5: The discounts on the sales were offered depending on the sales volume. The credit terms were approximately the same with third parties, which is 90 days from the first day of the month following the month of sales.

Note 6: The rental payments were determined by mutual agreements and were paid monthly. The right-of-use assets and lease liabilities were the balance recognized on September 30, 2024 in line with IFRS 16.

Note 7: Only amounts in excess of \$10 million of related party transactions are disclosed, and the opposite side of the transaction is not disclosed.

Note 8: The transactions were eliminated when preparing the consolidated financial statements.

SENAO NETWORKS INC. AND SUBSIDIARIES

Information on investees

Nine months ended September 30, 2024

Expressed in thousands of NTD
(except as otherwise indicated)

Table 5

Name of investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at September 30, 2024			Net profit (loss) of the investee for the nine months ended September 30, 2024	Investment income (loss) recognized by the Company for the nine months ended September 30, 2024 (Note 2)		Remarks (Note 4)
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value				
Senao Networks Inc.	EnGenius Technologies, Inc.	USA	Sales of communication products	\$ 63,300	\$ 63,300	60,000	100.00	\$ 76,331	(\$ 47,902)	(\$ 50,302)		
Senao Networks Inc.	EnRack Technology Inc.	Taiwan	Sales of communication products and Sales of manufactured stamping component	194,000	194,000	24,900,000	100.00	243,679	(21,198)	(19,678)		
Senao Networks Inc.	Emplus Technologies, Inc.	Taiwan	Research and development, manufacture and sales of communication products	84,249	84,249	11,196,630	50.99	263,402	196,586	100,823		
Senao Networks Inc.	EnGenius International (Samoa) Ltd.	Samoa	Investment holdings	189,584	189,584	1,832,289	100.00	23,175	(32,239)	(32,125)		
Senao Networks Inc.	EnGenius Technologies Canada Inc.	Canada	Sales of communication products	4,338	4,338	100	100.00	12,519	(1,174)	(1,174)		
Senao Networks Inc.	EnGenius Networks Inc.	Taiwan	Sales of communication products	60,000	60,000	6,000,000	100.00	54,963	(5,000)	(7,069)		
Senao Networks Inc.	EnGenius Networks Japan	Japan	Sales of communication products	6,669	6,669	3,000	100.00	5,640	(834)	(834)		
Senao Networks Inc.	Senao Networks Vietnam Co., Ltd.	Vietnam	Manufacture and sales of communication products	633,000	633,000	-	100.00	613,899	1,834	1,834		Note 3
Senao Networks Inc.	Senao Networks Private Ltd.	India	Sales of communication products	6,370	6,370	1,640,000	100.00	3,453	(2,768)	(2,768)		
EnGenius International (Samoa) Ltd.	EnGenius Networks Singapore Pte. Ltd.	Singapore	Sales of communication products	188,318	188,318	1,792,000	100.00	25,296	(32,161)	(32,161)		
EnGenius Networks Singapore Pte. Ltd.	EnGenius Networks Europe B.V.	Netherlands	Sales of communication products	64,183	64,183	210,000	100.00	(1,788)	(15,361)	(15,361)		
EnGenius Networks Inc.	EnGenius Networks Private Ltd.	India	Sales of communication products	28,674	28,674	7,400,000	100.00	16,085	(11,988)	(11,988)		
Emplus Technologies, Inc.	Emplus Technologies India Private Ltd.	India	Sales of communication products	3,889	-	1,000,000	100.00	12,525	8,889	8,889		

Note 1: The column “Initial investment amount” is translated into New Taiwan Dollars at the spot exchange rate prevailing at the end of the period.

Note 2: Regarding “Investment income (loss) recognized by the Company for the nine months ended September 30, 2024” please only enter the income or loss on each direct subsidiary recognized by the Company and each investee valued using the equity method. Regarding the “income or loss on each direct subsidiary recognized by the Company for this period”, it should be confirmed that the amount of income or loss on each direct subsidiary for this period has included its investment income or loss that should be recognized in accordance with the regulations on its investment.

Note 3: It is a limited company, so it has no shares.

Note 4: The transactions were eliminated when preparing the consolidated financial statements.

SENAO NETWORKS INC. AND SUBSIDIARIES

Major shareholders information

September 30, 2024

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Senao International Co., Ltd.	16,579,033	33.79

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which are held in trust by the shareholders, the data is disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10%, in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on the reported share equity of insider, please refer to the Market Observation Post System.

Note 3: The preparation principle of this table uses the shareholders' register as of the book closure date for the shareholders' special meeting (no need buy-to-cover short sales) to calculate the distribution of the balance of each unsecured transaction.

Note 4: Ownership (%) = total shares held by the shareholder/total shares transferred in dematerialised form.

Note 5: Total shares transferred in dematerialised form (including treasury shares) amounted to 49,060,881 shares=49,060,881 common shares+0 preference shares.