Innodisk Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Review Report

Third Quarter of 2024 and 2023

(Stock Code: 5289)

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Innodisk Corporation and Subsidiaries

Consolidated Financial Report and Independent Auditor's Review Report for the Third Quarter of 2024 and 2023

Table of Contents

Independent Auditor's Review Report

(113) Cai-Shen-Bao-Zi No. 24002005

To the Board of Directors of Innodisk Corporation:

Opinion

We have duly audited the Consolidated Balance Sheet of Innodisk Corporation and its subsidiaries (hereinafter referred to as Innodisk Group) as of September 30, 2024 and 2023, the Consolidated Statement of Comprehensive Income from July 1 to September 30, 2024 and 2023, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement from January 1 to September 30, 2024 and 2023, as well as the Notes to the Consolidated Financial Statements (including the summary of significant accounting policies). The management shall be responsible for preparing the financial statements fairly presented based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards No. 34 "Interim Financial Reporting" recognized and released by the Financial Supervisory Commission. We are only responsible for concluding the financial statements based on the result of the review.

Scope of Review

We conducted the review in accordance with the "Review of Financial Statements" of the Auditing Standards Bulletin No. 2410. The procedures of reviewing the consolidated financial statements include inquiry (mainly with the personnel in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of the review work is significantly smaller than that of the audit work, so we may not be able to detect all significant matters that can be identified through the audit work. Therefore, we cannot express an audit opinion.

Conclusion

According to our review results, we did not find that the consolidated financial statements above have not been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" approved and released by the Financial Supervisory Commission which may lead to the inability to properly express the consolidated financial status of the Innodisk Group as of September 30, 2024 and 2023, the consolidated financial performance from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, as well as the consolidated cash flow from January 1 to September 30, 2024 and 2023.

PricewaterhouseCoopers, Taiwan

Tsui Miao Yeh

Accountant

Chan-Yuan Tu

Previously Securities and Futures Bureau of Financial Supervisory Commission under Executive Yuan

Approval Number: Jin-Guan-Zheng-Liu-Zi No. 0960058737

Financial Supervisory Commission

Approval number: Jin-Guan-Cheng-Shen-Zi No. 1120348565

November 7, 2024

Innodisk Corporation and Subsidiaries
Consolidated Balance Sheet
September 30, 2024 and December 31 and September 30, 2023

Unit: Thousand NTD

	Assets	Note	September 30, 2024 Amount	%	December 31, 2023 Amount	%	September 30, 2023 Amount	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 2,422,630	26	$ 3,557,022	38	$ 3,559,664	38
1136	Current financial assets at amortised cost	6 (3)	157,898	2	-	-	-	-
1150	Notes receivable, net	6 (4)	1,095	-	1,017	-	1,779	-
1170	Accounts receivable, net	6 (4)	1,256,185	13	1,333,627	14	1,341,992	15
1180	Accounts receivable -- related parties	6 (4) and 7 (2)	9	-	31	-	4	-
1200	Other receivables		50,803	1	18,452	-	32,551	-
1210	Other receivables -- related parties	7 (2)	32	-	31	-	32	-
1220	Current income tax assets	6 (27)	2,541	-	4,838	-	4,473	-
130X	Inventories	6 (5)	1,712,783	18	1,159,248	13	1,117,209	12
1410	Prepayments		77,402	1	66,066	1	62,513	1
11XX	**Total Current Assets**		5,681,378	61	6,140,332	66	6,120,217	66
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income -- Non-current	6 (2)	28,438	-	28,105	-	27,373	-
1535	Financial assets at amortized cost - Non-current	6 (3) and 8	11,206	-	11,206	-	10,706	-
1550	Investments accounted for using equity method	6 (6)	35,942	-	38,534	-	16,477	-
1600	Property, plant and equipment	6 (7) and 8	2,863,895	31	2,677,880	29	2,648,358	29
1755	Right-of-use assets	6 (8)	212,542	2	214,578	2	207,520	2
1760	Investment property -- Net	6 (10) and 8	335,112	4	118,355	1	118,691	1
1780	Intangible assets	6 (11)	46,549	1	39,375	1	35,311	1
1840	Deferred income tax assets		98,465	1	86,861	1	77,426	1
1920	Refundable deposit		6,933	-	6,354	-	6,772	-
1990	Other non-current assets - others		13,683	-	126	-	-	-
15XX	**Total Non-Current Assets**		3,652,765	39	3,221,374	34	3,148,634	34
1XXX	**Total Assets**		$ 9,334,143	100	$ 9,361,706	100	$ 9,268,851	100

(Continued)

Innodisk Corporation and Subsidiaries
Consolidated Balance Sheet
September 30, 2024 and December 31 and September 30, 2023

Unit: Thousand NTD

	Liabilities and Owner's Equity	Note	September 30, 2024 Amount	%	December 31, 2023 Amount	%	September 30, 2023 Amount	%
	Current liabilities							
2130	Current contract liabilities	6 (20)	$ 27,844	1	$ 27,548	-	$ 42,812	1
2170	Accounts payable		677,504	7	730,973	8	910,927	10
2180	Accounts payable -- Related parties	7 (2)	406	-	187	-	130	-
2200	Other payables	6 (12)	479,449	5	508,917	6	540,565	6
2220	Other accounts payable -- Related parties	7 (2)	-	-	114	-	-	-
2230	Current income tax liabilities	6 (27)	104,312	1	288,855	3	245,359	3
2250	Provisions for liabilities -- current	6 (16)	20,937	-	22,232	-	15,943	-
2280	Current lease liabilities		28,901	1	28,001	1	25,219	-
2320	Long-term liabilities -- current portion	6 (13)	8,405	-	11,705	-	19,168	-
2399	Other current liabilities, others		10,848	-	7,174	-	9,344	-
21XX	**Current Liabilities**		1,358,606	15	1,625,706	18	1,809,467	20
	Non-current liabilities							
2540	Long-term loans	6 (13)	357,249	4	357,755	4	350,754	4
2550	Provisions for non-current liabilities	6 (16)	42,136	-	37,337	-	46,220	-
2570	Deferred income tax liabilities:		4,525	-	3,790	-	9,618	-
2580	Non-current lease liabilities		188,338	2	190,523	2	185,966	2
2645	Guarantee deposit received	7 (2)	5,651	-	3,310	-	3,299	-
25XX	**Non-current Liabilities**		597,899	6	592,715	6	595,857	6
2XXX	**Total liabilities**		1,956,505	21	2,218,421	24	2,405,324	26
	Equity attributable to owners of parent							
	Share capital	6 (17)						
3110	Share capital - common stock		913,372	10	883,977	10	883,977	10
	Capital surplus	6 (18)						
3200	Capital surplus		1,632,755	18	1,416,781	15	1,401,756	15
	Retained earnings	6 (19)						
3310	Legal reserve		1,066,612	11	951,850	10	951,850	10
3320	Special reserve		-	-	924	-	924	-
3350	Unappropriated retained earnings		3,576,362	38	3,774,896	40	3,512,658	38
	Other equity interests							
3400	Other equity interests		7,127	-	8,489	-	5,796	-
31XX	**Total equity attributable to owners of parent**		7,196,228	77	7,036,917	75	6,756,961	73
36XX	**Non-controlling interest**		181,410	2	106,368	1	106,566	1
3XXX	**Total equity**		7,377,638	79	7,143,285	76	6,863,527	74
	Material contingent liabilities and unrecognized contractual commitments	9						
	Material Events Subsequent to the Balance Sheet Date	11						
3X2X	**Total Liabilities and Equity**		$ 9,334,143	100	$ 9,361,706	100	$ 9,268,851	100

The accompanying consolidated financial statements are an integral part of the consolidated financial report and should be read in conjunction.

Chairman:Chien, Chuan-Sheng Manager: Chien, Chuan-Sheng Head of Accounting:Hsiao, Wen-Kui

Innodisk Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to September 30, 2024 and 2023

Unit: Thousand NTD
(Except for earnings per share)

Code	Item	Note	July 1 to September 30, 2024 Amount	%	July 1 to September 30, 2023 Amount	%	January 1 to September 30, 2024 Amount	%	January 1 to September 30, 2023 Amount	%
4000	Operating revenue	6 (20) and 7 (2)	$ 2,321,419	100	$ 1,993,007	100	$ 6,687,637	100	$ 6,183,729	100
5000	Operating costs	6 (5) and 7 (2)	(1,662,986)	(71)	(1,305,494)	(65)	(4,511,344)	(68)	(4,045,201)	(66)
5950	Gross profit before unrealized gross profit on sales to subsidiaries		658,433	29	687,513	35	2,176,293	32	2,138,528	34
	Operating expenses	6 (25) and 7 (2)								
6100	Selling expenses		(176,572)	(8)	(156,560)	(8)	(523,435)	(8)	(478,850)	(8)
6200	General and administrative expenses		(104,876)	(4)	(111,430)	(6)	(337,186)	(5)	(350,641)	(5)
6300	Research and development expenses		(131,910)	(6)	(103,475)	(5)	(363,898)	(5)	(302,396)	(5)
6450	Expected gain (loss) on credit impairment	12 (2)	121	-	(2,072)	-	5,686	-	19,347	-
6000	Total operating expenses		(413,237)	(18)	(373,537)	(19)	(1,218,833)	(18)	(1,112,540)	(18)
6900	Operating profit		245,196	11	313,976	16	957,460	14	1,025,988	16
	Non-operating income and expenses									
7100	Interest income	6 (21)	5,321	-	8,841	-	26,380	1	26,897	1
7010	Other income	6 (22) and 7 (2)	9,724	-	7,039	-	21,080	-	16,834	-
7020	Other gains and losses	6 (23)	(23,230)	(1)	55,323	3	65,893	1	77,916	1
7050	Finance cost	6 (24)	(2,296)	-	(1,789)	-	(6,838)	-	(4,897)	-
7060	Shares of losses of associates and joint ventures accounted for using equity method	6 (6)	(870)	-	(671)	-	(2,592)	-	(3,976)	-
7000	Total non-operating income and expenses		(11,351)	(1)	68,743	3	103,923	2	112,774	2
7900	**Profit before income tax**		233,845	10	382,719	19	1,061,383	16	1,138,762	18
7950	Income tax expense	6 (27)	(48,618)	(2)	(78,587)	(4)	(227,874)	(4)	(256,661)	(4)
8200	**Net income for the year**		$ 185,227	8	$ 304,132	15	$ 833,509	12	$ 882,101	14
	Other comprehensive income for the year (net)									
	Items that will not be reclassified to profit or loss									
8316	Unrealized gains or losses of equity instruments measured at fair value through other comprehensive income		$ 556	-	($ 666)	-	$ 333	-	($ 466)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		556	-	(666)	-	333	-	(466)	-
	Items that may be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		122	-	5,203	-	(1,519)	-	7,350	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss		122	-	5,203	-	(1,519)	-	7,350	-
8300	**Other comprehensive profit (loss) for the period, net of tax**		$ 678	-	$ 4,537	-	($ 1,186)	-	$ 6,884	-
8500	**Total comprehensive income for the year**		$ 185,905	8	$ 308,669	15	$ 832,323	12	$ 888,985	14
	Profit attributable to:									
8610	Owners of the parent		$ 188,620	8	$ 306,457	15	$ 834,640	12	$ 885,378	14
8620	Non-controlling interest		(3,393)	-	(2,325)	-	(1,131)	-	(3,277)	-
	Net income for the year		$ 185,227	8	$ 304,132	15	$ 833,509	12	$ 882,101	14
	Comprehensive income attributable to									
8710	Owners of the parent		$ 189,265	8	$ 310,830	15	$ 833,278	12	$ 892,098	14
8720	Non-controlling interest		(3,360)	-	(2,161)	-	(955)	-	(3,113)	-
	Total comprehensive income for the year		$ 185,905	8	$ 308,669	15	$ 832,323	12	$ 888,985	14
	Basic earnings per share	6 (28)								
9750	Net income for the year		$	2.08	$	3.40	$	9.23	$	9.82
	Diluted earnings per share	6 (28)								
9850	Net income for the year		$	2.05	$	3.35	$	9.10	$	9.63

The accompanying consolidated financial statements are an integral part of the consolidated financial report and should be read in conjunction.

Chairman:Chien, Chuan-Sheng　　Manager: Chien, Chuan-Sheng　　Head of Accounting:Hsiao, Wen-Kui

Innodisk Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to September 30, 2024 and 2023

Unit: Thousand NTD

		Equity attributable to owners of parent									
		Share capital		Retained earnings			Other equity interests				
	Note	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
January 1 to September 30, 2023											
Balance on January 1, 2023		$ 865,531	$ 1,356,462	$ 766,831	$ 13,147	$ 4,011,820	$ 1,207	($ 2,131)	$ 7,012,867	$ 106,570	$ 7,119,437
Net income for the year		-	-	-	-	885,378	-	-	885,378	(3,277)	882,101
Other comprehensive profit and loss for the year		-	-	-	-	-	7,186	(466)	6,720	164	6,884
Total comprehensive profit and loss for the year		-	-	-	-	885,378	7,186	(466)	892,098	(3,113)	888,985
Appropriation and distribution of 2022 earnings	6 (19)										
Legal reserve		-	-	185,019	-	(185,019)	-	-	-	-	-
Special reserve		-	-	-	(12,223)	12,223	-	-	-	-	-
Stock dividends	6 (17)	17,311	-	-	-	(17,311)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,194,433)	-	-	(1,194,433)	-	(1,194,433)
Share-based payment	6 (15)	-	36,090	-	-	-	-	-	36,090	-	36,090
Employees exercise options	6 (17)	1,135	8,104	-	-	-	-	-	9,239	-	9,239
Share-based remuneration for employees of subsidiaries		-	580	-	-	-	-	-	580	3,109	3,689
Exercise right of disgorgement		-	520	-	-	-	-	-	520	-	520
Balance on September 30, 2023		$ 883,977	$ 1,401,756	$ 951,850	$ 924	$ 3,512,658	$ 8,393	($ 2,597)	$ 6,756,961	$ 106,566	$ 6,863,527
January 1 to September 30, 2024											
Balance on January 1, 2024		$ 883,977	$ 1,416,781	$ 951,850	$ 924	$ 3,774,896	$ 10,354	($ 1,865)	$ 7,036,917	$ 106,368	$ 7,143,285
Net income for the year		-	-	-	-	834,640	-	-	834,640	(1,131)	833,509
Other comprehensive profit and loss for the year		-	-	-	-	-	(1,695)	333	(1,362)	176	(1,186)
Total comprehensive profit and loss for the year		-	-	-	-	834,640	(1,695)	333	833,278	(955)	832,323
Appropriation and distribution of retained earnings for 2023	6 (19)										
Legal reserve		-	-	114,762	-	(114,762)	-	-	-	-	-
Special reserve		-	-	-	(924)	924	-	-	-	-	-
Stock dividends	6 (17)	17,680	-	-	-	(17,680)	-	-	-	-	-
Cash dividends		-	-	-	-	(901,656)	-	-	(901,656)	-	(901,656)
Share-based payment	6 (15)	-	31,663	-	-	-	-	-	31,663	-	31,663
Employees exercise options	6 (17)	11,715	162,301	-	-	-	-	-	174,016	-	174,016
Changes in shareholders' equity in subsidiaries not recognized proportionately to ownership	6 (31)	-	22,010	-	-	-	-	-	22,010	(22,010)	-
Subsidiary share-based payment transactions	6 (15)	-	-	-	-	-	-	-	-	3,215	3,215
Capital increase in cash by subsidiaries	6 (31)	-	-	-	-	-	-	-	-	94,792	94,792
Balance on September 30, 2024		$ 913,372	$ 1,632,755	$ 1,066,612	$ -	$ 3,576,362	$ 8,659	($ 1,532)	$ 7,196,228	$ 181,410	$ 7,377,638

The accompanying consolidated financial statements are an integral part of the consolidated financial report and should be read in conjunction.

Chairman:Chien, Chuan-Sheng | Manager: Chien, Chuan-Sheng | Head of Accounting:Hsiao, Wen-Kui

Innodisk Corporation and Subsidiaries
Consolidated Cash Flow Statement
January 1 to September 30, 2024 and 2023

Unit: Thousand NTD

	Note	January 1 to September 30, 2024	January 1 to September 30, 2023
Cash flow from operating activities			
Net profit before tax for the period		$ 1,061,383	$ 1,138,762
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charges on property, plant and equipment	6 (25)	89,265	82,821
Depreciation expenses for right-of-use assets	6 (25)	25,554	24,937
Amortization expenses on intangible assets and deferred assets.	6 (25)	19,871	18,147
Depreciation expenses of real estate investment	6 (23)	2,037	1,083
Expected loss (gain) on credit impairment	12 (2)	(5,686)	(19,347)
Recovered gain or loss on falling prices of inventory	6 (5)	30,872	(54,812)
Losses on scrapping of inventory	6 (5)	10,604	11,061
Gain on lease modifications	6 (8)	(17)	-
Interest income	6 (21)	(26,380)	(26,897)
Dividend income	6 (22)	(1,349)	(1,127)
Interest expense	6 (24)	6,838	4,897
Share-based compensation costs	6 (15)	34,878	36,090
Shares of losses of associates accounted for using equity method	6 (6)	2,592	3,976
Loss (gain) on disposal of property, plant and equipment	6 (23)	18	25
Changes in operating assets and liabilities			
Net change in assets related to operating activities			
Notes receivable, net		(78)	786
Accounts receivable, net		82,993	96,371
Accounts receivable -- related parties		22	105
Other receivables		(32,127)	(26,155)
Other receivables -- related parties		(1)	20
Inventories		(595,011)	85,017
Prepayments		(9,466)	(1,196)
Net change in liabilities related to operating activities			
Current contract liabilities		296	733
Accounts payable		(53,469)	204,310
Accounts payable -- Related parties		219	65
Other payables		(43,920)	(69,885)
Other payables -- Related parties		(114)	-
Provisions for liabilities -- current		(1,295)	(383)
Provisions for non-current liabilities		4,799	(6,565)
Other current liabilities, others		3,674	3,068
Cash flow from operating activities		607,002	1,505,907
Interest received		26,156	25,718
Dividends received		1,349	1,127
Income taxes paid		(421,725)	(212,838)
Net cash flow from operating activities		212,782	1,319,914

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Innodisk Corporation and Subsidiaries
Consolidated Cash Flow Statement
January 1 to September 30, 2024 and 2023

Unit: Thousand NTD

	Note	January 1 to September 30, 2024	January 1 to September 30, 2023
Cash Flow from Investing Activities			
Increase in current financial assets at amortized cost		($ 157,898)	$ -
Acquisition of investments accounted for using equity method	6 (6)	-	(7,500)
Acquisition of property, plant and equipment	6 (29)	(258,230)	(581,387)
Disposal of property, plant and equipment		-	7
Acquisition of investment property	6 (10)	(218,273)	-
Refundable deposits (increase)		(896)	(1,715)
Decrease in refundable deposits		471	482
Acquisition of intangible assets	6 (11)	(26,709)	(8,785)
Other non-current assets -- Other decreases (increases)		(13,557)	-
Net cash used in investing activities		(675,092)	(598,898)
Cash Flow from Financing Activities			
Increase in long-term loans	6 (30)	-	229,000
Repayment of long-term borrowings	6 (30)	(4,394)	(180,670)
Increase in guarantee deposits received	6 (30)	2,707	1,745
Decrease in guarantee deposit	6 (30)	(373)	(6)
Cash dividends paid	6 (30)	(901,656)	(1,194,433)
Employees exercise options		174,016	9,239
Capital increase in cash by subsidiaries	6 (31)	94,792	-
Interest paid		(6,844)	(5,209)
Payment of lease liabilities	6 (30)	(23,771)	(24,033)
Exercise right of disgorgement		-	520
Net cash used in financing activities		(665,523)	(1,163,847)
Effects of changes in foreign exchange rates		(6,559)	2,446
Decrease in cash and cash equivalents in the current period		(1,134,392)	(440,385)
Beginning cash and cash equivalents		3,557,022	4,000,049
Ending cash and cash equivalents		$ 2,422,630	$ 3,559,664

The accompanying consolidated financial statements are an integral part of the consolidated financial report and should be read in conjunction.

Chairman:Chien, Chuan-Sheng   Manager: Chien, Chuan-Sheng   Head of Accounting:Hsiao, Wen-Kui

Innodisk Corporation and Subsidiaries
Notes to Consolidated Financial Statements
Third Quarter of 2024 and 2023

Unit: Thousand NTD
(Unless otherwise specified)

I.Company history

(1) Innodisk Corporation (hereinafter referred to as the "Company") was established in March 2005. The Company and its subsidiaries (hereinafter referred to as the "Group") mainly engage in the research, development, manufacturing and sales of various types of industrial embedded storage devices.

(2) The Taipei Exchange reviewed the Company's application and approved its eligibility to be publicly traded in October, 2013 and the Company became officially listed on the OTC board on November 27, 2013.

II.Date and procedures for approving the financial report

This consolidated financial report has been approved by the Board of Directors for release on November 7, 2024.

III.Application of new standards, amendments, and interpretations

(1)The impact of adopting the newly released and revised International Financial Reporting Standards recognized and issued into effect by the Financial Supervisory Commission (FSC)

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized and released by the Financial Supervisory Commission in 2024:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendment to IAS 1 "Non-Current Liabilities With Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the consolidated financial position and performance.

(2)Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company

The following table summarizes the standards and interpretations for new releases, amendments, and revisions of the IFRSs applicable in 2025 approved by the FSC:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendment to IAS 21 -- "Lack of Exchangeability"	January 1, 2025

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the consolidated financial position and performance.

(3)IFRSs issued by the IASB but not yet recognized by the FSC

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the IASB but not yet recognized by the FSC:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendment to IFRS No. 9 and IFRS No. 7 "Amendment to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendment to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by the IASB
IFRS 17 - "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 - "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 -- Initial application of IFRS 17 and IFRS 9 - Comparative information "	January 1, 2023
IFRS No. 18 "Presentation and Disclosures of Financial Statements"	January 1, 2027
IFRS No. 19 "Subsidiaries not with Public Accountability: Disclosures"	January 1, 2027
Annual Improvements of IFRS - Volume 11	January 1, 2026

Except for the following, the Group has assessed that the standards and interpretations above have no significant impact on the Group's financial position and financial performance, and the amount of the relevant impact will be disclosed when the assessment is completed:

IFRS No. 18 "Presentation and Disclosures of Financial Statements"

IFRS No. 18 "Financial Statement Presentation and Disclosure" supersedes IAS No. 1 and updates the structure of the comprehensive income statement, adds the disclosure of management performance measurement, and strengthens the application in the summary and principle of subdivision of the main financial statements and notes.

IV.Summary of significant accounting policies

The principal accounting polices applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1)Compliance statement

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards No. 34 "Interim Financial Reporting" recognized and released by the Financial Supervisory Commission.

(2)Basis of preparation

1. Other than financial assets measured at fair value through other comprehensive income, the consolidated financial statements are prepared based on historical cost.

2. The preparation of financial statements in compliance with the International Financial Reporting Standards, International Accounting Standards, and IFRIC Interpretations and announcements of interpretations (hereinafter collectively referred to as "IFRSs") requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying them to the Group's accounting policies, which involves a high degree of judgment or complexity, or the significant assumptions and estimates in the consolidated financial statements. Please refer to note 5.

(3)Basis of consolidation

1. The basis for preparation of consolidated financial statements

(1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) The profit and loss and the components of other comprehensive income attribute to the owners of the parent company and non-controlling interest. The total comprehensive

income also attributes to the owners of the parent company and non-controlling interest, even if this results in the non-controlling interests having a deficit balance.

(4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions, and they are considered as transactions with owners in their capacity as owners. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly recognized in equity.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activity	Percentage of Equity Holdings			Remarks
			September 30, 2024	December 31, 2023	September 30, 2023	
Innodisk Corporation	Innodisk USA Corporation	Industrial embedded storage devices	100	100	100	
Innodisk Corporation	Innodisk Japan Corporation	After-sales services and support of industrial embedded storage devices	100	100	100	
Innodisk Corporation	Innodisk Europe B.V.	After-sales services and support of industrial embedded storage devices	100	100	100	
Innodisk Corporation	Innodisk Global-M Corporation	Investment holdings	100	100	100	
Innodisk Corporation	Aetina Corporation	Manufacturing and sales of industrial graphics cards	67.06	73.67	73.67	Note 1
Innodisk Corporation	Antzer Tech Co., Ltd.	Electronics Components Manufacturing	100	100	100	
Innodisk Global-M Corporation	Innodisk Shenzhen Corporation	Industrial embedded storage devices	100	100	100	
Innodisk Europe B.V.	Innodisk France SAS	After-sales services and support of industrial embedded storage devices	100	100	100	
Aetina Corporation	Aetina USA Corporation	After-sales service and support for industrial graphics cards	100	100	100	Note 2
Aetina Corporation	Aetina Europe B.V.	After-sales service and support for industrial graphics cards	100	100	100	Note 3
Aetina Corporation	Aetina (Shenzhen) Artificial Intelligence Co., Ltd.	After-sales service and support for industrial graphics cards	100	100	100	Note 4
Aetina Corporation	Aetina Japan Corporation	After-sales service and support for industrial graphics cards	100	100	-	Note 5

For the subsidiaries included in the consolidated financial statements as of September 30, 2024 and 2023 referred to above, their financial statements as of September 30, 2024 and 2023 have all been reviewed by the Firm's CPAs. The subsidiaries listed in the consolidated financial report as of December 31, 2023 were all audited by the Company's independent auditors.

Note 1: Aetina Corporation, through a resolution of the shareholders' meeting on May 19, 2023, issued 230,000 shares from capital increase for the payment of employees' remuneration by shares, with August 21, 2023 as the ex-date for capital increase, and the shareholding ratio of the Company decreased to 73.67%.

On May 9, 2024, Aetina Corporation Approved by the Board of Directors A capital increase in cash of NT$138,000 was conducted. The record date of the capital increase was September 5, 2024. The Company failed to increase the capital in accordance with the shareholding percentage, and the shareholding percentage fell to 67.06%.

Note 2: Aetina Corporation established its subsidiary Aetina USA Corporation in September 2021, and the capital injection has been completed on January 10, 2023.

Note 3: Aetina Corporation established its subsidiary Aetina Europe B.V. in January 2022, and the capital injection has been completed on March 13, 2023.

Note 4: Aetina Corporation established the subsidiary Aetina (Shenzhen) Artificial Intelligence Co., Ltd. in July 2023, and the capital injection has been completed on November 10, 2023.

Note 5: Aetina Corporation established the subsidiary, Aetina Japan Corporation in October 2023, and the capital injection was completed on October 12, 2023.

3. Subsidiaries not included in the consolidated financial report: none.

4. Adjustments for subsidiaries with different balance sheet dates: none.

5. Significant restrictions: none.

6. Subsidiaries that have non-controlling interests that are material to the Group: none.

(4) <u>Foreign currency translation</u>

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter referred to as the "functional currency"). The functional currency of the Company is "New Taiwan dollar", and the functional currencies of subsidiaries are "New Taiwan dollar", "Renminbi", "US dollar", "Euro" and "Japanese yen." The consolidated financial statements are presented in New Taiwan dollar, which is the Company's functional currency.

1. Foreign currency transactions and balances

(1) Foreign currency transactions are translated into the functional currency using spot exchange rate at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated using spot exchange rate at the balance sheet date. Exchange differences arising from re-translation at the balance sheet date are recognized in profit or loss.

(3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated using spot exchange rate at the balance sheet date. Their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated using spot exchange at the balance sheet date. Their translation differences are recognized in other comprehensive income. For those which are not measured at fair value, they measured by the historical exchange rate of the initial transaction date.

(4) All foreign exchange gains and losses are presented in the statement of consolidated comprehensive income within "Other gains and losses."

2. Translation of foreign operations

(1) The operating results and financial position of all the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.

C. All resulting exchange differences are recognized in other comprehensive income.

(2) Goodwill and fair value adjustments arising on acquisition of a foreign entity are regarded as assets and liabilities of the foreign entity, and are translated at the closing rate.

(5)Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

(2) Assets held mainly for trading purposes.

(3) Assets that are expected to be realized within twelve months from the balance sheet date.

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above criteria as non-current.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be paid off within the normal operating cycle.
   (2) Assets held mainly for trading purposes.
   (3) Liabilities that are to be paid off within twelve months from the balance sheet date.
   (4) Those without the right to defer the settlement of liabilities for at least 12 months after the reporting period.

   The Group classifies all liabilities that do not meet the above criteria as non-current.

(6)Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

1. Refers to an irrevocable election at the time of initial recognition to report the fair value changes of equity investments that are not held for trading in other comprehensive income.
2. The Group adopts transaction-date accounting for financial assets measured at fair value through other comprehensive income which meet the regular transaction practice requirements.
3. The Group measures assets at the fair value plus transaction cost at the time of initial recognition, and subsequently measures at the fair value; changes in the fair value of equity instruments are recognized in other comprehensive income. At derecognition, the accumulated profits or losses previously recognized in other comprehensive income shall not be reclassified to profits and losses but transferred to retained earnings. When the right to receive dividends is confirmed, the economic benefits related to dividends are likely to flow in, and the amount of dividends can be measured reliably; the Group recognizes dividend income in profit or loss.

(8)Financial assets measured at amortized cost

1. Refer to those that meet the following criteria at the same time:

   (1) The objective of the business model is achieved by collecting contractual cash flows.

   (2) The assets' contractual cash flows solely represent payments of principal and interest.

2. The Group adopts transaction-date accounting for financial assets measured at amortized cost which meet the regular transaction practice requirements.

3. The Group measures financial assets at fair value plus transaction costs in the initial recognition. The financial assets are subsequently amortized by the effective interest rate during the circulation to recognize interest income and impairment loss. The profits or losses are recognized in the profit and loss when the assets are derecognized.

4. The Group holds time deposits that are not considered cash equivalents. Due to the short holding period, the impact of discounting is insignificant and is measured by the amount of investment.

(9)Accounts and notes receivable

1. Refers to accounts and notes that have been unconditionally charged for the right to exchange the value of the consideration due to the transfer of goods or services.

2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10)Impairment of financial assets

Regarding the financial assets measured at amortized cost, the Group considers all reasonable and supportable information (including forward-looking ones) and measures the loss allowance based on the expected 12-month credit losses for those that do not have their credit risk increased significantly since initial recognition. For those with their credit risk increasing significantly since initial recognition, the loss allowance is measured based on the expected full lifetime credit losses. For accounts receivable that do not contain significant financial components, the loss allowance is measured based on the expected amount of credit loss during the duration.

(11)De-recognition of financial assets

A financial asset is de-recognized when the Group's rights to receive cash flows from the financial assets have expired.

(12)Leasing arrangements (lessor) -- operating leases

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(13)Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads, but excludes borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost needed for completion and estimated cost needed to complete the sale.

(14)Investments accounted for under equity method -- Associates

1. Associates refer to entities over which the Group has significant influence but is not in control. In general, the associates may have more than 20% of their voting shares directly or indirectly owned by the Group. The Group accounts for its investment in associates using the equity method, and the investment is initially recognized at cost.
2. The Group recognizes the profit and loss upon the acquisition of associates as the current profit and loss. Other comprehensive profit and loss after the acquisition are recognized as the other comprehensive profit and loss. When the Group’s share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group will not recognize further losses, unless it has incurred legal or constructive obligations or make payments on behalf of the associate.
3. If an associate has changes in equity not from profit or loss or other comprehensive income, and such changes do not affect the Group’s shareholding in the associate, the Group will recognize all changes in equity as “capital surplus” according to the shareholding percentage.
4. Unrealized gains on transactions between the Group and associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. In the event that an associate issues new shares and the Group does not subscribe to or acquire the new shares in proportion, which results in a change to the Group’s shareholding percentage but the Group maintains a significant influence on the associate, the increase or decrease of the Group’s share of equity interest is the adjustment of “capital surplus” and “investments accounted for under the equity method.” If the investment

percentage is reduced, in addition to the above adjustments, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionally on the same basis as would be required if the relevant assets or liabilities were disposed of.

6. When the Group loses its significant influence on an associate, the remaining investment in said associate is re-measured at fair value, and the difference between the fair value and the book value is recognized as profit or loss in the current period.

7. When the Group disposes of an associate, if it loses the significant influence on the associate, all amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses the significant influence on an associate, all gains or losses previously recognized in other comprehensive income in relation to the associate should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. If there is still significant influence over the associate, only the amount previously recognized in other comprehensive income will be transferred out in the abovementioned manner.

(15)Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost.

2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

4. The Group reviews the assets' residual values, useful lives and depreciation methods at the end of each fiscal year. If the estimates of the residual values and useful lives are different from the previous estimates or the expected pattern of consumption of future economic benefits embodied in the assets has changed significantly, then from the date of change, it shall be handled in accordance with the provisions of International Accounting Standards No. 8 "Changes and Errors in Accounting Policies and Accounting Estimates"

regarding accounting estimate changes.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 to 50 years
Machinery and equipment	1 year to 8 years
Office equipment	2 to 6 years
Others	1 to 6 years

(16)Leasing agreements (lessee) - right-of-use assets/lease liabilities

1. Leases are recognized as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.

2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments, less any lease incentives receivables.

   The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. At the commencement date, the right-of-use asset is recognized at cost comprising the amount of initial measurement of lease liability.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term. When the lease liability is remeasured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

4. For lease modifications that reduce the scope of the lease, the lessee reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizes the difference between this amount and the remeasurement amount of the lease liability in profit or loss.

(17)Investment property

Investment properties are initially measured at cost, and may be subsequently measured using a cost model. Except for land, the service life is recognized on a straight-line basis of depreciation and is about 18 to 41 years.

(18)Intangible assets

1. Computer software

   Recognized by the acquisition cost and is amortized on a straight-line basis with an estimated service life of 1 to 8 years.

2. Trademarks and patent rights

   Trademarks and patent rights acquired as a result of a business combination are recognized at fair value on the acquisition date. Trademarks and patent rights are assets with a finite useful life and are amortized at the estimated useful life of three years on a straight line basis.

3. Goodwill

   Goodwill is measured in a business combination using the acquisition method.

(19)Impairment of non-financial assets

1. The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount is lower than the book value, the impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less disposal cost or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
2. Goodwill regularly estimates its recoverable amount. An impairment loss is recognized when the recoverable amount is lower than its carrying amount. The goodwill impairment loss will not be reversed in subsequent years.
3. Goodwill is allocated to cash-generating units for the purpose of conducting the impairment testing. The allocation identified based on the operating segment, and the goodwill is allocated to cash-generation units or groups of cash-generation units expected to benefit from the business combination that generates goodwill.

(20)Borrowings

Refers to long- and short-term funds borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(21)Accounts and notes payable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services and the notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22)De-recognition of financial liabilities

The Group derecognizes financial liabilities when the obligations specified in the contract are fulfilled, cancelled or expired.

(23)Offset between financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis when there is a legally enforceable right to offset the amount of the recognized financial assets and liabilities and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(24)Provisions

Liability reserve (which is for warranty) is a present statutory or deferred obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Future operating losses shall not be recognized as liability reserves.

(25)Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

3. Remuneration for employees and directors

   Remunerations for employees and directors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actually distributed amounts shall be treated as accounting estimate changes. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26)Employee share-based payments

The share-based payment agreement for delivery of equity is a transaction in which employees' labor service received as consideration for the Company's equity instrument at fair value, and it is recognized as compensation costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instrument shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

(27)Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the

related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities. They are levied by the same taxation authority on either the same entities or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6. The income tax expenses during the interim period are calculated using the estimated annual average effective tax rate applied to the pre-tax profit and loss during the interim period, and relevant information is disclosed in accordance with the aforementioned policies.

(28)Share capital

Common stocks are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(29)Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as dividends to be distributed and transferred to be common stocks on the record date of issuance of new shares.

(30)Revenue recognition

1. Our Group develops, manufactures and sells various products related to industrial storage devices and memory modules. Sales revenue is recognized when the control of products is transferred to customers. That is, once products are delivered to customers, the customers have discretion on the channel and price of product sales, and the Group has no outstanding performance obligations that may affect customers' acceptance of the products. The delivery of products occurs when products are shipped to a designated

location and the risk of obsolescence and loss has been transferred to customers, and the customers accept the products in accordance with the sales contract or have objective evidence that all criteria have been met.

2. The payment terms of sales transactions are usually payment in advance or net 30 to 90. With respect to the contracts signed between the Group and customers, the time interval between the transfer products or services promised to customers and the customers' payment has not exceeded one year, so the Group has not adjusted the transaction price to reflect the time value of money.
3. Sales revenue is recognized as the net from subtracting sales discounts from the contract price. The Group estimates possible sales discounts based on past experience and different contract conditions, and recognizes the refund liabilities accordingly.
4. The Group provides warranty for products sold, and has the obligation to repair product defects, which are recognized as liability provisions when goods are sold.
5. Accounts receivable are recognized when the product is delivered to the customer, because the Group has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

(31)Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(32)Government grants

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and that the grant will be received. If the nature of government subsidies is to compensate the Group for expenses incurred, the government subsidies are recognized in profit or loss on a systematic basis in the period in which the related expenses are incurred.

V.Critical accounting judgments and key sources of estimation and uncertainty

In the Group's preparation of the consolidated financial statements, the management has used its judgment to determine the accounting policies to be adopted, and based on the current situation on the balance sheet date, has made accounting estimates and assumptions based on reasonable expectations for future events. Significant accounting estimates and assumptions may differ from the actual results, and continuous evaluation and adjustment will be made based on historical experience and other factors. Such estimates and assumptions have a risk of causing an adjustment to the carrying amounts of assets and liabilities in the next financial year. Please see the following explanation of critical accounting judgments and key sources of estimation and uncertainty:

(1)Critical judgments adopted by the accounting policies

The critical judgments adopted in the Group's accounting policies have been assessed to be free from significant uncertainty.

(2)Significant Accounting Estimates and Assumptions

Inventory Evaluation

During the inventory valuation, the Group needs to use judgment to evaluate the wear and tear, obsolescence and market sales value of the inventory to estimate the net realizable value, and write down the inventory cost to the net realizable value. Technological changes, environmental changes and sales conditions will change the inventory value, further affecting its valuation.

For the book value of the Group's inventories as of September 30, 2024 is detailed in Note 6(5).

VI.Contents of significant accounts

(1)Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash:			
Cash on hand and working capital	$ 1,476	$ 1,225	$ 1,128
Checking accounts and demand deposits	1,370,654	1,970,297	1,895,551
Cash equivalents:			
Time deposits	1,050,500	1,585,500	1,662,985
	$ 2,422,630	$ 3,557,022	$ 3,559,664

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

2. The Group has transferred restricted bank deposits to financial assets measured at amortized cost - non-current. Please refer to Note 8 for details.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Non-current items:			
Equity instruments			
Domestic listed stocks - Preferred stock	$ 29,970	$ 29,970	$ 29,970
Valuation adjustment	(1,532)	(1,865)	(2,597)
	$ 28,438	$ 28,105	$ 27,373

1. The Group chooses to classify equity instruments of strategic investment nature as financial assets measured at fair value through other comprehensive income.

2. Please refer to the consolidated statement of comprehensive income for the details of the financial assets measured at fair value through other comprehensive income which are recognized in the comprehensive profit and loss of the Group.

3. The Group has not provided financial assets measured at fair value through other comprehensive income as pledged collateral.

4. Please refer to Note 12(3) for relevant fair value information.

(3)Financial assets measured at amortized cost

	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Time deposits due in three months to one year	$ 157,898	$ -	$ -
Non-current items:			
Pledged time deposits	$ 11,206	$ 11,206	$ 10,706

1. Please refer to Note 6(21) for the recognized interest income from financial assets measured at amortized cost.

2. Please refer to note 8 for the Group's provision of financial assets at amortized cost as pledged collateral.

(4)Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	$ 1,095	$ 1,017	$ 1,779
Less: Loss allowance	-	-	-
	$ 1,095	$ 1,017	$ 1,779
Accounts receivable	$ 1,256,620	$ 1,339,613	$ 1,345,028
Account receivable - Related parties	9	31	4
	1,256,629	1,339,644	1,345,032
Less: Loss allowance	(435)	(5,986)	(3,036)
	$ 1,256,194	$ 1,333,658	$ 1,341,996

1. For the aging analysis and the related credit risk information on notes and accounts receivable, please refer to Note 12 (2).

2. As of September 30, 2024, December 31, 2023 and September 30, 2023, all notes receivable and accounts receivable were generated from contracts with customers. The balance of notes and accounts receivable as of January 1, 2023 were NT$1,444,073.

3. The Group does not hold any collateral for the aforementioned notes and accounts receivable.

(5)Inventories

	September 30, 2024		
	Cost	Loss allowance for falling prices	Book value
Raw materials	$ 1,244,754	($ 168,946)	$ 1,075,808
Work in process	315,445	(24,905)	290,540
Finished goods	284,200	(37,299)	246,901
Merchandise	110,795	(11,261)	99,534
	$ 1,955,194	($ 242,411)	$ 1,712,783

	December 31, 2023		
	Cost	Loss allowance	Book value
Raw materials	$ 885,869	($ 155,352)	$ 730,517
Work in process	235,190	(22,909)	212,281
Finished goods	210,156	(25,154)	185,002
Merchandise	39,572	(8,124)	31,448
	$ 1,370,787	($ 211,539)	$ 1,159,248

	September 30, 2023		
	Cost	Loss allowance for falling prices	Book value
Raw materials	$ 847,598	($ 168,228)	$ 679,370
Work in process	229,808	(22,509)	207,299
Finished goods	216,018	(23,875)	192,143
Merchandise	48,293	(9,896)	38,397
	$ 1,341,717	($ 224,508)	$ 1,117,209

1. None of the above inventories are provided with pledged collaterals.

2. The cost of inventories recognized as losses by the Group.

	July 1 to September 30, 2024	July 1 to September 30, 2023
Cost of inventory sold	$ 1,638,623	$ 1,326,728
Recovered gain or loss on falling prices of inventory	18,700	(25,998)
Loss on scrapping of inventory	100	-
Others	5,563	4,764
	$ 1,662,986	$ 1,305,494

	January 1 to September 30, 2024	January 1 to September 30, 2023
Cost of inventory sold	$ 4,453,280	$ 4,072,044
Recovered gain or loss on falling prices of inventory	30,872	(54,812)
Loss on scrapping of inventory	10,604	11,061
Others	16,588	16,908
	$ 4,511,344	$ 4,045,201

Because the Group sold inventory with valuation loss already recognized and inactive stock, the allowance for impairment loss reduced, and thus a price recovery gain was generated.

(6)Investments accounted for using equity method

	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	Shareholding percentage	Amount	Shareholding percentage	Amount	Shareholding percentage
Affiliates:						
Millitronic Co., Ltd.	$ 24,757	32.16%	$ 26,256	32.16%	$ 3,664	33.55%
Sysinno Technology Inc.	11,185	42.95%	12,278	42.95%	12,813	42.95%
	$ 35,942		$ 38,534		$ 16,477	

From July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, the Group's share of profit (loss) from affiliates recognized by the equity method was NT$(870), NT$(671), NT$(2,592), and NT$(3,976), respectively, as recognized in the financial statements reviewed by the Company's independent auditors.

1. Sysinno Technology Inc. increased its capital by NT$17,500 in cash on March 21, 2023; the Company participated in the capital increase with NT$7,500 and obtained 300,000 shares, resulting in a decrease in our shareholding ratio to 42.95%.
2. Millitronic Co., Ltd. increased its capital by cash of NT$70,000 on December 19, 2023. The Company participated in the capital increase with NT$19,361 and acquired 1,382,944 shares, so the Company's shareholding decreased from 33.55% to 32.16%. The difference from the net worth of equity is increased by $2,994 for "capital surplus" and "investment under equity method", respectively.
3. As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group had no significant associates, and the consolidated book value of individual non-significant associates were NT$35,942, NT$38,534, and NT$16,477, respectively. Their operating results are summarized as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023
Profit (loss) from continuing operations	($ 870)	($ 671)
Other comprehensive income or loss (net)	-	-
Total comprehensive income for the year	($ 870)	($ 671)

	January 1 to September 30, 2024	January 1 to September 30, 2023
Profit (loss) from continuing operations	($ 2,592)	($ 3,976)
Other comprehensive income or loss (net)	-	-
Total comprehensive income for the year	($ 2,592)	($ 3,976)

(blank below)

(7)Property, plant and equipment

	2024										
	Land			Buildings and structures			Machinery and equipment	Office equipment	Unfinished construction and equipment pending acceptance	Others	Total
	For self use	For lease	Subtotal	For self use	For lease	Subtotal	For self use	For self use	For self use	For self use	
January 1											
Cost	$ 818,813	$ 213,475	$ 1,032,288	$ 1,059,117	$ 109,359	$ 1,168,476	$ 342,453	$ 78,969	$ 446,960	$ 129,926	$ 3,199,072
Accumulated depreciation and impairments	-	-	-	(164,279)	(1,356)	(165,635)	(232,068)	(49,363)	-	(74,126)	(521,192)
	$ 818,813	$ 213,475	$ 1,032,288	$ 894,838	$ 108,003	$ 1,002,841	$ 110,385	$ 29,606	$ 446,960	$ 55,800	$ 2,677,880
January 1	$ 818,813	$ 213,475	$ 1,032,288	$ 894,838	$ 108,003	$ 1,002,841	$ 110,385	$ 29,606	$ 446,960	$ 55,800	$ 2,677,880
Addition	-	-	-	178,806	-	178,806	14,115	36,675	29,178	13,914	272,688
Reclassification	-	-	-	436,186	-	436,186	6,024	1,718	(446,960)	1,162	(1,870)
Disposal	-	-	-	-	-	-	(9)	(9)	-	-	(18)
Depreciation expense	-	-	-	(28,569)	(2,034)	(30,603)	(29,507)	(15,950)	-	(13,205)	(89,265)
Net exchange difference	597	-	597	2,217	-	2,217	14	(140)	-	1,792	4,480
September 30	$ 819,410	$ 213,475	$ 1,032,885	$ 1,483,478	$ 105,969	$ 1,589,447	$ 101,022	$ 51,900	$ 29,178	$ 59,463	$ 2,863,895
September 30											
Cost	$ 819,410	$ 213,475	$ 1,032,885	$ 1,677,009	$ 109,359	$ 1,786,368	$ 362,349	$ 109,457	$ 29,178	$ 143,862	$ 3,464,099
Accumulated depreciation and impairments	-	-	-	(193,531)	(3,390)	(196,921)	(261,327)	(57,557)	-	(84,399)	(600,204)
	$ 819,410	$ 213,475	$ 1,032,885	$ 1,483,478	$ 105,969	$ 1,589,447	$ 101,022	$ 51,900	$ 29,178	$ 59,463	$ 2,863,895

	2023										
	Land			Buildings and structures			Machinery and equipment	Office equipment	Unfinished construction and equipment pending acceptance	Others	Total
	For self use	For lease	Subtotal	For self use	For lease	Subtotal	For self use	For self use	For self use	For self use	
January 1											
Cost	$ 818,658	$ -	$ 818,658	$ 1,042,912	$ -	$ 1,042,912	$ 324,396	$ 72,245	$ 220,157	$ 102,344	$ 2,580,712
Accumulated depreciation and impairments		-	-	(146,361)	-	(146,361)	(191,254)	(43,738)	-	(60,849)	(442,202)
	$ 818,658	$ -	$ 818,658	$ 896,551	$ -	$ 896,551	$ 133,142	$ 28,507	$ 220,157	$ 41,495	$ 2,138,510
January 1	$ 818,658	$ -	$ 818,658	$ 896,551	$ -	$ 896,551	$ 133,142	$ 28,507	$ 220,157	$ 41,495	$ 2,138,510
Addition	-	213,475	213,475	6,836	109,359	116,195	2,779	15,083	230,057	11,237	588,826
Reclassification	-	-	-	800	-	800	2,632	-	(5,967)	2,535	-
Disposal	-	-	-	-	-	-	(16)	(16)	-	-	(32)
Depreciation expense	-	-	-	(26,343)	(678)	(27,021)	(30,322)	(15,266)	-	(10,212)	(82,821)
Net exchange difference	846	-	846	2,906	-	2,906	-	81	-	42	3,875
September 30	$ 819,504	$ 213,475	$ 1,032,979	$ 880,750	$ 108,681	$ 989,431	$ 108,215	$ 28,389	$ 444,247	$ 45,097	$ 2,648,358
September 30											
Cost	$ 819,504	$ 213,475	$ 1,032,979	$ 1,039,548	$ 109,359	$ 1,148,907	$ 329,785	$ 76,020	$ 444,247	$ 115,644	$ 3,147,582
Accumulated depreciation and impairments	-	-	-	(158,798)	(678)	(159,476)	(221,570)	(47,631)	-	(70,547)	(499,224)
	$ 819,504	$ 213,475	$ 1,032,979	$ 880,750	$ 108,681	$ 989,431	$ 108,215	$ 28,389	$ 444,247	$ 45,097	$ 2,648,358

1. Please refer to note 8 for the information on the collateral provided by the Group with its property, plant and equipment.

2. The Group did not have interest capitalized on property, plant and equipment from January 1 to September 30, 2024 and 2023.

(8)<u>Leasing arrangements - lessee</u>

1. The underlying assets leased by the Group include land, buildings and company vehicles, with the lease contract periods for buildings and company vehicles from 1 to 9 years. The land for the plant site in Taiwan is leased from Hsinchu Science Park; the lease contract has a term of 20 years, and the Company enjoys the priority of lease, with the lease period expected to be 50 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.

2. The information on the book value and recognized depreciation expenses of right-of-use assets are as follows:

	Land	Buildings	Company vehicles	Total
January 1, 2024	$ 168,613	$ 41,715	$ 4,250	$ 214,578
Addition	3,688	18,837	4,304	26,829
Early termination of leases	-	(4,326)	-	(4,326)
Depreciation expense	(5,059)	(17,897)	(2,598)	(25,554)
Net exchange difference	-	875	140	1,015
September 30, 2024	$ 167,242	$ 39,204	$ 6,096	$ 212,542

	Land	Buildings	Company vehicles	Total
January 1, 2023	$ 175,260	$ 27,702	$ 4,521	$ 207,483
Addition	-	21,544	3,261	24,805
Depreciation expense	(4,986)	(17,225)	(2,726)	(24,937)
Net exchange difference	-	57	112	169
September 30, 2023	$ 170,274	$ 32,078	$ 5,168	$ 207,520

3. The information on profit and loss items related to lease contracts is as follows:

<u>Items affecting current profit and loss</u>	July 1 to September 30, 2024	July 1 to September 30, 2023
Interest expenses on lease liabilities	$ 660	$ 645
Lease modification loss (gain)	(11)	-

<u>Items affecting current profit and loss</u>	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest expenses on lease liabilities	$ 1,996	$ 1,913
Lease modification loss (gain)	(17)	-

4. From January 1 to September 30, 2024 and 2023, other than the cash outflow from lease-

related expenses mentioned in Note 6(8)3 above, please refer to Note 6(30) for details of the amount of cash outflow arising from the payment of lease liabilities.

(9)Leasing arrangements - lessor

1. The Group leases out assets such as land and buildings. The periods of lease contracts are typically from 1 to 6 years, and the terms of lease contracts are negotiated separately. In order to preserve the condition of leased assets, the Group usually requires lessees not to sublet, sublease or pledge all or part of the underlying leased assets.
2. Please refer to 6(22) for the rental income recognized by the Group based on operating lease contracts.
3. The maturity analysis of the lease payments under the operating leases is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
2023	$ -	$ -	$ 3,741
2024	4,100	15,536	12,607
2025	16,974	11,285	11,230
2026	253	1,437	3,144
2027 and afterwards	-	1,874	-
	$ 21,327	$ 30,132	$ 30,722

(10)Investment property

	2024		
	Land	Buildings and structures	Total
January 1			
Cost	$ 86,909	$ 44,468	$ 131,377
Accumulated depreciation and impairments	-	(13,022)	(13,022)
	$ 86,909	$ 31,446	$ 118,355
January 1	$ 86,909	$ 31,446	$ 118,355
Addition	110,650	107,623	218,273
Depreciation expense	-	(2,037)	(2,037)
Net exchange difference	245	276	521
September 30	$ 197,804	$ 137,308	$ 335,112
September 30			
Cost	$ 197,804	$ 152,442	$ 350,246
Accumulated depreciation and impairments	-	(15,134)	(15,134)
	$ 197,804	$ 137,308	$ 335,112

2023

	Land	Buildings and structures	Total
January 1			
Cost	$ 86,688	$ 44,153	$ 130,841
Accumulated depreciation and impairments	-	(11,523)	(11,523)
	$ 86,688	$ 32,630	$ 119,318
January 1	$ 86,688	$ 32,630	$ 119,318
Depreciation expense	-	(1,083)	(1,083)
Net exchange difference	208	248	456
September 30	$ 86,896	$ 31,795	$ 118,691
September 30			
Cost	$ 86,896	$ 44,451	$ 131,347
Accumulated depreciation and impairments	-	(12,656)	(12,656)
	$ 86,896	$ 31,795	$ 118,691

1. Rental income and direct operating expenses of investment real estate:

	July 1 to September 30, 2024	July 1 to September 30, 2023
Rental income from investment property	$ 2,670	$ 1,808
Direct operating expenses incurred by investment property that generates rental income for the period	$ 1,539	$ 448

	January 1 to September 30, 2024	January 1 to September 30, 2023
Rental income from investment property	$ 5,945	$ 4,984
Direct operating expenses incurred by investment property that generates rental income for the period	$ 2,489	$ 1,406

2. The fair value of the investment property held by the Group as of September 30, 2024, December 31, 2023, and September 30, 2023 were NT$441,262, NT$172,026 and NT$172,516, respectively. The abovementioned fair value is obtained from the market price assessments and actual transaction prices of similar properties in the vicinity of the relevant assets.
3. Please refer to Note 8 for the information on the collateral provided by the Group with its property, plant and equipment.
4. There was no capitalization of interest on the Group's investment property from January 1 to September 30, 2024 and 2023.

(XI) Intangible assets

	2024				
	Patent	Computer software	Trademark rights	Goodwill	Total
January 1					
Cost	$ 6,000	$ 119,037	$ 3,000	$ 12,464	$ 140,501
Accumulated amortization and impairments	(5,333)	(93,126)	(2,667)	-	(101,126)
	$ 667	$ 25,911	$ 333	$ 12,464	$ 39,375
January 1	$ 667	$ 25,911	$ 333	$ 12,464	$ 39,375
Additions - from separate acquisition	-	26,709	-	-	26,709
Amortization expense	(667)	(18,871)	(333)	-	(19,871)
Net exchange difference	-	-	-	336	336
September 30	$ -	$ 33,749	$ -	$ 12,800	$ 46,549
September 30					
Cost	$ 6,000	$ 145,746	$ 3,000	$ 12,800	$ 167,546
Accumulated amortization and impairments	(6,000)	(111,997)	(3,000)	-	(120,997)
	$ -	$ 33,749	$ -	$ 12,800	$ 46,549

	2023				
	Patent	Computer software	Trademark rights	Goodwill	Total
January 1					
Cost	$ 6,000	$ 99,750	$ 3,000	$ 12,466	$ 121,216
Accumulated amortization and impairments	(3,333)	(72,099)	(1,667)	-	(77,099)
	$ 2,667	$ 27,651	$ 1,333	$ 12,466	$ 44,117
January 1	$ 2,667	$ 27,651	$ 1,333	$ 12,466	$ 44,117
Additions - from separate acquisition	-	8,785	-	-	8,785
Amortization expense	(1,500)	(15,897)	(750)	-	(18,147)
Net exchange difference	-	1	-	555	556
September 30	$ 1,167	$ 20,540	$ 583	$ 13,021	$ 35,311
September 30					
Cost	$ 6,000	$ 108,535	$ 3,000	$ 13,021	$ 130,556
Accumulated amortization and impairments	(4,833)	(87,995)	(2,417)	-	(95,245)
	$ 1,167	$ 20,540	$ 583	$ 13,021	$ 35,311

1. Breakdown of intangible assets amortization:

	July 1 to September 30, 2024	July 1 to September 30, 2023
Operating costs	$ 327	$ 318
Selling expenses	11	25
General and administrative expenses	1,818	2,746
Research and development expenses	4,154	2,342
	$ 6,310	$ 5,431

	January 1 to September 30, 2024	January 1 to September 30, 2023
Operating costs	$ 977	$ 1,164
Selling expenses	44	93
General and administrative expenses	7,024	8,662
Research and development expenses	11,826	8,228
	$ 19,871	$ 18,147

2. Goodwill is allocated to the cash-generating units of the Group:

	September 30, 2024	December 31, 2023	September 30, 2023
Innodisk USA Corporation	$ 11,269	$ 10,933	$ 11,490
Others	1,531	1,531	1,531
	$ 12,800	$ 12,464	$ 13,021

3. Goodwill is allocated to cash-generating units identified by the Group. The recoverable amount is evaluated based on the value in use which is calculated based on the estimated cash flow before taxes.

   The Group calculated that the recoverable amount exceeds the carrying amount based on the value in use, so there is no impairment of goodwill. The calculation of value in use mainly considers gross margin, growth rate and discount rate.

   The management determines the budgeted gross margin based on past performance and the expectations for market development. The weighted average growth rate used is consistent with the industry's reported forecast. The adopted discount rate is a pre-tax rate and reflects the specific risks of the related operating units.

4. As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group had not pledged intangible assets as collaterals.

(XII) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Payroll and bonus payable	$ 274,511	$ 304,206	$ 269,261
Remunerations payable to employees and directors	73,002	97,981	108,420
Accrued expenses	81,228	73,781	85,382
Payable on machinery and equipment	31,224	16,766	60,240
Others	19,484	16,183	17,262
	$ 479,449	$ 508,917	$ 540,565

(XIII) Long-term loans

Type of borrowing	Borrowing period and payment method	Range of interest rate	Collateral	September 30, 2024
Borrowing with installment repayments				
Innodisk Corporation				
Credit loan of E.Sun Bank	The borrowing period is from August 23, 2023 to August 15, 2033; the grace period for the principal is two years, and the interest is paid monthly.	1.25%	None	$ 229,000
Innodisk Europe B.V.				
Chinatrust Commercial Bank Credit loan	The borrowing period is from December 8, 2023 to December 8, 2028; the principal is amortized annually and the interest is paid quarterly.	1.15%	None	10,614
Chinatrust Commercial Bank Credit loan	From March 15, 2019 to March 15, 2024; an extension was applied for the current period from March 15, 2024 to February 28, 2029. The principal and interest are paid on a quarterly basis each year.	1.15%	None	4,246
Aetina Corporation				
Chinatrust Commercial Bank Secured borrowings	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	0.94%	Please see Note 8 for details.	86,515
Chinatrust Commercial Bank Credit loan	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	1.09%	None	35,279
				365,654
Less: Long-term loans, current portion				(8,405)
				$ 357,249

Type of borrowing	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2023
Borrowing with installment repayments				
Innodisk Corporation				
E.Sun Commercial Bank Credit loan	The borrowing period is from August 23, 2023 to August 15, 2033; the grace period for the principal is two years, and the interest is paid monthly.	1.25%	None	$ 229,000
Innodisk Europe B.V.				
Chinatrust Commercial Bank	The borrowing period is from December 8, 2023 to December 8, 2028; the	1.15%	None	10,194

Credit loan	principal is amortized annually and the interest is paid quarterly.			
Chinatrust Commercial Bank Credit loan	The borrowing period is from March 15, 2019 to March 15, 2024; the principal is amortized annually and the interest is paid quarterly.	1.15%	None	4,078
Aetina Corporation				
Chinatrust Commercial Bank Secured borrowings	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	0.94%	Please see Note 8 for details.	89,649
Chinatrust Commercial Bank Credit loan	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	1.09%	None	36,539
				369,460
Less: Long-term loans, current portion				(11,705)
				$ 357,755

Type of borrowing	Borrowing period and payment method	Range of interest rate	Collateral	September 30, 2023
Borrowing with installment repayments				
Innodisk Corporation				
E.Sun Commercial Bank Credit loan	The borrowing period is from August 23, 2023 to August 15, 2033; the grace period for the principal is two years, and the interest is paid monthly.	1.25%	None	$ 229,000
Innodisk Europe B.V.				
Chinatrust Commercial Bank Credit loan	The borrowing period is from December 10, 2018 to December 10, 2023; the principal is amortized annually and the interest is paid quarterly.	1.15%	None	$ 10,173
Chinatrust Commercial Bank Credit loan	The borrowing period is from March 15, 2019 to March 15, 2024; the principal is amortized annually and the interest is paid quarterly.	1.15%	None	4,069
Aetina Corporation				
Chinatrust Commercial Bank Secured borrowings	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	0.94%	Please see Note 8 for details.	90,000
Chinatrust Commercial Bank Credit loan	The borrowing period is from November 24, 2021 to November 24, 2041; the grace period for the principal is two years, and the interest is paid monthly.	1.09%	None	36,680
				369,922
Less: Long-term loans, current portion				(19,168)
				$ 350,754

Please refer to Note 6(24) for the Group’s interest expense recognized in profit or loss.

(XIV) Pensions

1. The Company and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act covering all regular employees with domestic citizenship. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

2. The overseas subsidiary Innodisk Global-M Corporation has not stipulated any employee pension regulations, and there is no mandatory requirement by local laws and regulations. Innodisk USA Corporation, Innodisk Europe BV, Innodisk Japan Corporation, and Aetina Japan Co., Ltd. adopt the defined contribution pension plan, and appropriate a certain percentage of the total salary of local employees on a monthly basis as pension. The Company has no further obligation other than the monthly appropriation.

3. Innodisk Memory Technology (Shenzhen) Co., Ltd. and Aetina (Shenzhen) Artificial Intelligence contribute monthly to the endowment insurance in accordance with the endowment insurance system stipulated by the government of the People's Republic of China, which is based on a certain percentage of the total salary of the local employees. The pension of each employee is coordinated and arranged by the government. Other than the monthly contributions, the Group has no further obligations.

4. From July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, the pension costs recognized by the Group in accordance with the pension regulations above were NT$13,578, NT$11,130, NT$39,652, and NT$34,833, respectively.

(XV) Share-based payment

1. The Company's share-based payment arrangements

(1) The board resolution on November 8, 2018 determined the first employee stock option plan of 2018 and established the stock option method. A total of 3,000,000 units of employee stock options was to be issued, and each unit of stock option subscribed to 1 share, and measures became effective on December 11, 2018. The Company has processed the issuance of employee stock options on January 29, 2019.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Employee stock option plan - A	2019.1.29	3,000 thousand shares	4 years	Note	Equity delivery

Note: Employees with 2 years of service tenure are entitled to 50%. Those with 3 years of service tenure are entitled to 100%.

(2) The board resolution on July 6, 2022 determined the first employee stock option plan of 2022 and established the stock option method. A total of 3,500,000 units of employee stock options was to be issued, and each unit of stock option subscribed to 1 share, and measures became effective on July 26, 2022. The Company has processed the issuance of employee stock options on August 5, 2022.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Employee stock option plan - B	2022.8.5	3,500 thousand shares	4 years	Note	Equity delivery

Note: Employees with 2 years of service tenure are entitled to 50%. Those with 3 years of service tenure are entitled to 100%.

(3) On November 16, 2023, the board of directors of Aetina Corporation, the Company's subsidiary, resolved to issue the first employee stock options in 2023 and stipulated the measures for issuing employee stock options. It is planned to issue employee stock options of 1,700,000 units, and the number of shares to be subscribed per unit is 1 share. The Company issued the employee stock option options on December 22, 2023.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Employee stock option plan - Aetina	2023.12.22	1,700 thousand shares	4 years	Note	Equity delivery

Note: Employees with 2 years of service tenure are entitled to 50%. Those with 3 years of service tenure are entitled to 100%.

(4) On May 9, 2024, the board of directors of Aetina Corporation, the Company's subsidiary, resolved to issue 2024 employee stock options reserved from capital increase in cash. It was planned to issue employee stock options of 900,000 units, and the number of shares to be subscribed per unit is 1 share. The Company issued the employee stock option options on July 26, 2024.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Capital increase in cash reserved for employee stock options - Aetina	2024.7.26	900 thousand shares	-	Immediate acquisition	Equity delivery

2. The detailed information of the above share-based payment arrangement

(1) Employee stock option plan

	January 1 to September 30, 2024					
	Innodisk				Aetina	
	Employee stock option plan - A		Employee stock option plan - B		Employee stock option plan	
	Number of stock options (thousand shares)	Weighted average strike price (NTD)	Number of stock options (thousand shares)	Weighted average strike price (NTD)	Number of stock options (thousand shares)	Weighted average strike price (NTD)
Options outstanding as of January 1	-	-	3,362	156.84	1,383	16.04
Share options granted this period	-	-	-	-	89	16.04
Share options foregone this period	-	-	(46)	156.84	-	-
Share options exercised this period	-	-	(1,171)	148.54	-	-
Stock options expired in this period	-	-	-	-	-	-
Stock options outstanding as of September 30	-	-	2,145	148.54	1,472	16.04
Stock options exercisable as of September 30	-		478		-	-

	January 1 to September 30, 2023					
	Innodisk				Aetina	
	Employee stock option plan - A		Employee stock option plan - B		Employee stock option plan	
	Number of stock options (thousand shares)	Weighted average strike price (NTD)	Number of stock options (thousand shares)	Weighted average strike price (NTD)	Number of stock options (thousand shares)	Weighted average strike price (NTD)
Options outstanding as of January 1	123	81.40	3,455	168.00	-	-
Share options granted this period	-	-	-	-	-	-
Share options foregone this period	(10)	81.40	(86)	168.00	-	-
Share options exercised this period	(113)	81.40	-	-	-	-
Stock options expired in this period	-	-	-	-	-	-
Stock options outstanding as of September 30	-	81.40	3,369	168.00	-	-
Stock options exercisable as of September 30	-		-		-	-

(2) Capital increase in cash reserved for employee stock options

The Company’s subsidiary, Aetina Corporation, made a capital increase in cash in the third quarter of 2024, and reserved 900,000 shares for employee stock options at a strike price of NT$23 per share.

3. The weighted-average share prices of the stock options exercised from January 1 to September 30, 2024 and 2023 were NT$298.80 and NT$221.28, respectively on the date of exercise.

4. The expiration date and exercise price of stock options outstanding as of the balance sheet date are as follows:

(1) The Company

		September 30, 2024	
Approved issue date	Expiration date	Number of shares (thousand)	Strike price (NTD)
August 5, 2022	August 5, 2026	2,145	148.54

		December 31, 2023	
Approved issue date	Expiration date	Number of shares (thousand)	Strike price (NTD)
August 5, 2022	August 5, 2026	3,362	156.84

		September 30, 2023	
Approved issue date	Expiration date	Number of shares (thousand)	Strike price (NTD)
August 5, 2022	August 5, 2026	3,369	168.00

(2) The Company's subsidiary, Aetina Corporation

		September 30, 2024	
Approved issue date	Expiration date	Number of shares (thousand)	Strike price (NTD)
December 22, 2023	December 31, 2027	1,472	16.04

		December 31, 2023	
Approved issue date	Expiration date	Number of shares (thousand)	Strike price (NTD)
December 22, 2023	December 21, 2027	1,383	16.04

September 30, 2023: None.

5. The Company and the Company's subsidiary, Aetina Corporation, on the grant date share-based payment transactions used the binomial evaluation model and the Black-Scholes option evaluation model to estimate the fair value of the stock option. The information is as follows:

Type of arrangement	Grant date	Stock price (NT$)	Strike price (NT$)	Expected volatility	Expected duration	Expected dividend	Risk-free rate	Weighted average fair value per unit (NTD)
Employee stock option plan - Innodisk-A	108.1.29	105.50	105.50	34.34%	4 years	NA	0.61%	26.4442
Employee stock option plan - Innodisk-B	111.8.5	168.00	168.00	30.62%	3.25 years	NA	0.95%	38.5462
Employee stock option plan - Aetina	112.12.22	22.00	16.04	36.77%	3.25 years	NA	1.13%	8.7668
Capital increase in cash reserved for employee stock options - Aetina	113.7.26	19.92	23.00	46.28%	0.05 year	NA	1.22%	0.0726

6. Expenses incurred on share-based payment transactions are shown below:

Equity delivery

	July 1 to September 30, 2024	July 1 to September 30, 2023
The Company	$ 7,603	$ 12,030
Subsidiary of the Company - Aetina	1,076	-
	$ 8,679	$ 12,030

	January 1 to September 30, 2024	January 1 to September 30, 2023
The Company	$ 31,663	$ 36,090
Subsidiary of the Company - Aetina	3,215	-
	$ 34,878	$ 36,090

(XVI) Provisions

	2024	2023
Balance on January 1	$ 59,569	$ 69,111
Provisions used for the period	(9,882)	(20,296)
Provision for liabilities added in this period	13,386	13,348
Balance on September 30	$ 63,073	$ 62,163

The analysis of provisions is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	$ 20,937	$ 22,232	$ 15,943
Non-current	42,136	37,337	46,220
	$ 63,073	$ 59,569	$ 62,163

The Company's provisions for warranty liabilities are mainly related to sales of industrial storage devices and memory modules. The provisions for warranty liabilities are estimated based on the historical warranty information of the products.

(XVII) Share capital

1. As of September 30, 2024, the Company's authorized capital was NT$1,000,000, divided into 100,000 thousand shares (including 10,000 thousand shares of employee share options), and the paid-in capital was NT$913,372 with a par value of NT$10 per share. All proceeds from shares issued have been collected. The adjustment to the number of the Company's ordinary shares outstanding are as follows: (unit: share) (unit: shares)

	2024	2023
January 1	88,397,642	86,553,081
Stock dividends	1,767,953	1,731,061
Employees exercise options	1,171,500	113,500
September 30	91,337,095	88,397,642

2. The shareholders' meeting on May 31, 2024 resolved to increase the Company's capital by issuing new shares with the 2023 unappropriated retained earnings of NT$17,680. The record date for the capital increase was July 21, 2024.

3. The shareholders' meeting on May 31, 2023 resolved to increase the Company's capital by issuing new shares with the 2022 unappropriated retained earnings of NT$17,311. The record date for the capital increase was August 27, 2023.

4. The ordinary shares issued due to the exercise of employee stock options from January 1 to September 30, 2024 were 1,171,500 shares, and the registration for change of share capital was not yet completed as of September 30, 2024.

5. The ordinary shares issued due to the exercise of employee stock options from January 1 to September 30, 2023 were 113,500 shares, and the share capital change has been registered.

(XVIII) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks 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 Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2024	Issue of shares at premium	Difference between acquisition or disposal price and carrying value of equity in subsidiaries	Changes in ownership interests in subsidiaries recognized	Changes in net value of equities of associates and joint ventures recognized by using the equity method	Employee stock options	Others	Total
January 1	$ 1,315,986	$ 802	$ 25,386	$ 2,994	$ 62,674	$ 8,939	$ 1,416,781
Share-based payment	-	-	-	-	31,663	-	31,663
Changes in shareholders' equity in subsidiaries not recognized proportionately to ownership	-	-	22,010	-	-	-	22,010
Employees exercise options	203,471	-	-	-	(41,170)	-	162,301
Expired options	-	-	-	-	(1,615)	1,615	-
September 30	$ 1,519,457	$ 802	$ 47,396	$ 2,994	$ 51,552	$ 10,554	$ 1,632,755

2023	Issue of shares at premium	Difference between acquisition or disposal price and carrying value of equity in subsidiaries	Changes in ownership interests in subsidiaries recognized	Employee stock options	Others	Total
January 1	$ 1,302,829	$ 802	$ 24,806	$ 23,320	$ 4,705	$ 1,356,462
Share-based payment	-	-	-	36,090	-	36,090
Share-based remuneration for employees of subsidiaries	-	-	580	-	-	580
Employees exercise options	13,157	-	-	(5,053)	-	8,104
Exercise right of	-	-	-	-	520	520

disgorgement						
Expired options	-	-	-	(3,467)	3,467	-
September 30	$ 1,315,986	$ 802	$ 25,386	$ 50,890	$ 8,692	$ 1,401,756

(XIX) Retained earnings

1. According to the Company's Articles of Incorporation, the surplus income after the final accounts is distributed to the following accounts in their respective order:

   (1) Withholding taxes.

   (2) Make up for past losses.

   (3) Allocate 10% as legal reserve. However, this shall not apply when the legal reserve has reached the amount of the Company's paid-in capital. Special reserve is then allocated or reversed in accordance with the law or regulations of the authority.

   (4) With respect to the balance and the accumulated unappropriated retained earnings of the previous year, the board proposes a surplus distribution to the shareholders meeting for resolution.

   Dividend policy: The Company considers future needs for business operations, long-term financial planning and shareholders' interest in the dividend policy. As the Company is currently in the growing stage, considering the future capital expenditure budget and the need for cash, the annual cash dividends will not be less than 10% of the total of cash and stock dividends. The Company's surplus distribution and shareholders equity shall not be less than 30% of the current year's surplus.

2. 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 purposes. The use of the 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.

3. 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.

4. The Company's distribution of profits

   The 2023 and 2022 earnings distributions of the Company, as resolved by the Company's shareholders' meetings on May 31, 2024 and May 31, 2023, are as follows:

	2023		2022	
	Amount	Dividends per share (NT$)	Amount	Dividends per share (NT$)
Legal reserve allocated	$ 114,762		$ 185,019	
(Reversed) Recognized special reserve	(924)		(12,223)	
Stock dividends	17,680	0.20	17,311	0.20
Cash dividends	901,656	10.20	1,194,433	13.80
	$ 1,033,174		$ 1,384,540	

(XX) Operating revenue

1. Segmentation of revenue from contracts with customers

The Group derives its revenue from the transfer of goods at a point in time in the following product categories and geographical regions:

	Industrial storage devices and memory modules					
July 1 to September 30, 2024	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	$ 788,170	$ 670,293	$ 408,511	$ 433,293	$ 21,152	$ 2,321,419

	Industrial storage devices and memory modules					
July 1 to September 30, 2023	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	$ 555,549	$ 679,914	$ 337,573	$ 389,607	$ 30,364	$ 1,993,007

	Industrial storage devices and memory modules					
January 1 to September 30, 2024	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	$ 2,068,098	$ 1,895,353	$ 1,241,277	$ 1,405,600	$ 77,309	$ 6,687,637

	Industrial storage devices and memory modules					
January 1 to September 30, 2023	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	$ 1,976,070	$ 1,847,167	$ 906,282	$ 1,352,806	$ 101,404	$ 6,183,729

2. Contract liabilities

(1) Contract liabilities related to contracts with customers recognized by the Group:

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Product sales contracts	$ 27,844	$ 27,548	$ 42,812	$ 42,079

(2) Contract liabilities at the beginning of the period recognized as revenue of the period

	July 1 to September 30, 2024	July 1 to September 30, 2023
Product sales contracts	$ 1,557	$ 397

	January 1 to September 30, 2024	January 1 to September 30, 2023
Product sales contracts	$ 25,457	$ 39,620

(XXI) Interest income

	July 1 to September 30, 2024	July 1 to September 30, 2023
Interest on bank deposits	$ 5,228	$ 8,371
Interest income from financial assets measured at amortized cost	90	467
Others	3	3
	$ 5,321	$ 8,841

	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest on bank deposits	$ 26,238	$ 26,255
Interest income from financial assets measured at amortized cost	127	629
Others	15	13
	$ 26,380	$ 26,897

(XXII) Other income

	July 1 to September 30, 2024	July 1 to September 30, 2023
Government grants	$ -	$ -
Rental income	5,607	3,781
Dividend income	1,349	1,127
Others	2,768	2,131
	$ 9,724	$ 7,039

	January 1 to September 30, 2024	January 1 to September 30, 2023
Government grants	$ 55	$ -
Rental income	13,558	8,276
Dividend income	1,349	1,127
Others	6,118	7,431
	$ 21,080	$ 16,834

(XXIII) Other gains and (losses)

	July 1 to September 30, 2024	July 1 to September 30, 2023
Net currency exchange gain (loss)	($ 21,973)	$ 55,728
Disposal of property, plant and equipment		
Profit (loss)	(3)	-
Depreciation expenses of real estate investment	(1,310)	(363)
Others	56	(42)
	($ 23,230)	$ 55,323

	January 1 to September 30, 2024	January 1 to September 30, 2023
Net currency exchange gain (loss)	$ 70,807	$ 79,073
Disposal of property, plant and equipment		
Profit (loss)	(18)	(25)
Depreciation expenses of real estate investment	(2,037)	(1,083)
Others	(2,859)	(49)
	$ 65,893	$ 77,916

(XXIV) Finance cost

	July 1 to September 30, 2024	July 1 to September 30, 2023
Interest expense on bank borrowings	$ 1,635	$ 1,114
Interest expenses on lease liabilities	660	645
Others	1	30
	$ 2,296	$ 1,789

	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest expense on bank borrowings	$ 4,795	$ 2,936
Interest expenses on lease liabilities	1,996	1,913
Others	47	48
	$ 6,838	$ 4,897

(XXV) Expenses by nature

	July 1 to September 30, 2024	July 1 to September 30, 2023
Employee benefits expense	$ 386,167	$ 357,521
Depreciation charges on property, plant and equipment	$ 28,595	$ 28,162
Depreciation expenses for right-of-use assets	$ 8,307	$ 8,556
Amortization expense on intangible assets	$ 6,310	$ 5,431

	January 1 to September 30, 2024	January 1 to September 30, 2023
Employee benefits expense	$ 1,165,214	$ 1,080,489
Depreciation charges on property, plant and equipment	$ 89,265	$ 82,821
Depreciation expenses for right-of-use assets	$ 25,554	$ 24,937
Amortization expense on intangible assets	$ 19,871	$ 18,147

(XXVI) Employee benefits expense

	July 1 to September 30, 2024	July 1 to September 30, 2023
Payroll expenses	$ 318,801	$ 294,769
Employee stock options	8,737	12,030
Labor and health insurance fees	27,425	24,184
Pension expense	13,578	11,130
Directors' remuneration	3,129	4,608
Other employee benefit expenses	14,497	10,800
	$ 386,167	$ 357,521

	January 1 to September 30, 2024	January 1 to September 30, 2023
Payroll expenses	$ 955,823	$ 890,285
Employee stock options	34,936	36,090
Labor and health insurance fees	81,156	72,003
Pension expense	39,652	34,833
Directors' remuneration	12,580	16,278
Other employee benefit expenses	41,067	31,000
	$ 1,165,214	$ 1,080,489

1. The Company shall allocate the following amounts as employee bonuses and director remunerations if the income before taxes after the deduction to make up for losses still has a balance:

   (1) Employees' remuneration of more than 3%.

   (2) Less than 2% as directors' remuneration.

   The employee remuneration may be made in the form of shares or cash, subject to the special resolution made by the board of directors, and shall reported to a shareholders' meeting. The recipients include the employees of subordinate companies in which the Company holds more than half of the shares with voting power or the total capital of the subordinate companies.

2. The estimated employee remuneration from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023 is NT$15,400, NT$21,000, NT$61,600 and NT$93,000, respectively; the estimated directors' remunerations is NT$2,800, NT$4,200, NT$11,200 and NT$15,000, respectively; these amounts are recognized as salary expenses.

   The employees' remuneration and directors' remuneration were respectively estimated and accrued at 5.57% and 1.01% of the Company's profit from January 1 to September 30, 2024.

   The employees' remuneration and directors' remuneration approved by the board meeting for 2023 were NT$84,079 and NT$13,700, respectively, which were consistent with the amounts recognized in the 2023 consolidated financial statements, and NT$84,079 and NT$13,700 have been paid respectively in cash as of September 30, 2024.

3. Information about employees remuneration and director remuneration of the Company as resolved by the board will be posted in the Market Observation Post System.

(XXVII) Income tax

1. Income tax expense

   (1) Components of income tax expense

	July 1 to September 30, 2024	July 1 to September 30, 2023
Current tax:		
Income tax arising from income of the current period	($ 88,032)	$ 72,506
Prior year income tax underestimate (overestimate)	206	(189)
Withholding and provisional tax	147,338	2,176
Additional surtax on unappropriated	-	-

retained earnings		
Total current tax	59,512	74,493
Deferred income tax:		
Origination and reversal of temporary differences	(11,415)	4,006
Others:		
Additional surtax on unappropriated retained earnings	-	-
Effects of changes in foreign exchange rates	521	88
Income tax expense	$ 48,618	$ 78,587

	January 1 to September 30, 2024	January 1 to September 30, 2023
Current tax:		
Income tax arising from income of the current period	$ 76,695	$ 240,886
Prior year income tax underestimate (overestimate)	11,703	(4,706)
Withholding and provisional tax	151,081	7,417
Additional surtax on unappropriated retained earnings	(5,722)	(23,282)
Total current tax	233,757	220,315
Deferred income tax:		
Origination and reversal of temporary differences	(10,869)	12,952
Others:		
Additional surtax on unappropriated retained earnings	5,722	23,282
Effects of changes in foreign exchange rates	(736)	112
Income tax expense	$ 227,874	$ 256,661

(2) From July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023, the Group had no income tax related to other comprehensive income or direct debits or credits of equity.

2. The Company's business income taxes have been approved by the tax authority up to 2021.

The business income taxes of the Group's domestic consolidated subsidiary Aetina Corporation have been approved by the tax authority up to 2022.

The income taxes of the Group's domestic consolidated subsidiary Antzer Tech Co., Ltd. have been approved by the tax authority up to 2022.

(XXVIII) Earnings per share

	July 1 to September 30, 2024		
	Amount after tax	Weighted average share outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Current net profit attributable to ordinary shareholders of the parent company	$ 188,620	90,806	2.08
Diluted earnings per share			
Current net profit attributable to ordinary shareholders of the parent company	$ 188,620	90,806	
Impact of conversion of all dilutive potential ordinary shares			
- Employee remuneration	-	59	
- Employee stock options	-	1,046	
Current net profit attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares from conversion	$ 188,620	91,911	2.05

	July 1 to September 30, 2023		
	Amount after tax	Weighted average share outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Current net profit attributable to ordinary shareholders of the parent company	$ 306,457	90,166	3.40
Diluted earnings per share			
Current net profit attributable to ordinary shareholders of the parent company	$ 306,457	90,166	
Impact of conversion of all dilutive potential ordinary shares			
- Employee remuneration	-	71	
- Employee stock options	-	1,322	
Current net profit attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares from conversion	$ 306,457	91,559	3.35

	January 1 to September 30, 2024		
	Amount after tax	Weighted average share outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Current net profit attributable to ordinary shareholders of the parent company	$ 834,640	90,381	9.23
Diluted earnings per share			
Current net profit attributable to ordinary shareholders of the parent company	$ 834,640	90,381	
Impact of conversion of all dilutive potential ordinary shares			
- Employee remuneration	-	275	
- Employee stock options	-	1,078	
Current net profit attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares from conversion	$ 834,640	91,734	9.10

	January 1 to September 30, 2023		
	Amount after tax	Weighted average share outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Current net profit attributable to ordinary shareholders of the parent company	$ 885,378	90,163	9.82
Diluted earnings per share			
Current net profit attributable to ordinary shareholders of the parent company	$ 885,378	90,163	
Impact of conversion of all dilutive potential ordinary shares			
- Employee remuneration	-	433	
- Employee stock options	-	1,322	
Current net profit attributable to ordinary shareholders of the parent company plus the impact of potential ordinary shares from conversion	$ 885,378	91,918	9.63

The abovementioned weighted average shares outstanding from January 1 to September 30, 2024 and 2023 have been adjusted retrospectively in accordance with the 2024 earnings conversion to capital increase ratio.

(XXIX) Supplemental cash flow information

1. Investing activities with partial cash payments:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Purchase of property, plant and equipment	$ 272,688	$ 588,826
Add: Opening balance of payable on equipment	16,766	52,801
Less: Ending balance of payable on equipment	(31,224)	(60,240)
Cash paid during the year	$ 258,230	$ 581,387

2. Financing activities with no cash flow effects:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Capitalization of profit	$ 17,680	$ 17,311

(XXX) Changes in liabilities arising from financing activities

	2024			
	Other payables - Cash dividends payable	Long-term loans (including current portion)	Lease liabilities (current/non-current)	Guarantee deposit received
January 1	$ -	$ 369,460	$ 218,524	$ 3,310
Repayment of borrowings	-	(4,394)	-	-
Declared cash dividends	901,656	-	-	-
Cash dividends paid	(901,656)	-	-	-
Increase in principal of lease liabilities	-	-	26,829	-
Payment of lease liabilities	-	-	(23,771)	-
Other non-cash transactions	-	-	(4,343)	-
Increase in guarantee deposits received	-	-	-	2,707
Decrease in guarantee deposit received	-	-	-	(373)
Impact of changes in foreign exchange rates	-	588	-	7
September 30	$ -	$ 365,654	$ 217,239	$ 5,651

	2023			
	Other payables - Cash dividends payable	Long-term loans (including current portion)	Lease liabilities (current/non-current)	Guarantee deposit received
January 1	$ -	$ 321,076	$ 210,413	$ 1,586
Increase in borrowings	-	229,000	-	-
Repayment of borrowings	-	(180,670)	-	-
Declared cash dividends	1,194,433	-	-	-
Cash dividends paid	(1,194,433)	-	-	-
Increase in principal of lease liabilities	-	-	24,805	-
Payment of lease liabilities	-	-	(24,033)	-
Increase in guarantee deposits received	-	-	-	1,745
Decrease in guarantee deposit received	-	-	-	(6)
Impact of changes in foreign exchange rates	-	516	-	(26)
September 30	$ -	$ 369,922	$ 211,185	$ 3,299

(XXXI) Non-controlling interests

Capital increased in cash by a subsidiary, but the Group did not subscribe the shares in proportion to its shareholding

The Company's subsidiary, Aetina Corporation issued new shares for cash increase on September 5, 2024. The Company did not subscribe according to the shareholding ratio, so the shareholding was reduced by 6.61%. The transaction increased the non-controlling interests by NT$72,782, and the equity attributable to owners of the parent decreased by NT$72,782. The effect of the change in equity of Aetina Corporation in 2024 on the equity attributable to owners of the parent is as follows:

	2024
Cash	$ 94,792
Increase in book value of non-controlling interests	(72,782)
Capital surplus - recognition pf changes in ownership interests in subsidiaries	$ 22,010

VII. Related-party transactions

(1) Related parties' names and relationship

Name of the related party	Relationship with the Group
Affiliates:	
Millitronic Co., Ltd.	An entity over which the Group has significant influence
Sysinno Technology Inc.	An entity over which the Group has significant influence
Other related parties:	

I-Media Tech Co., Ltd.	The director of that company and one of the Company's directors are the same person.
Innodisk Foundation	The amount donated by the Company and the directors is more than one-third of the total fund received by the foundation.
All directors, the general manager and key executives.	The Group's key executives and governance units

(2)Significant transactions with the related parties

1. Sales of goods

(1) Operating revenue

The Group's revenue from sales of goods and services to the related parties is shown as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023
An entity over which the Group has significant influence	$ 47	$ 55
	January 1 to September 30, 2024	January 1 to September 30, 2023
An entity over which the Group has significant influence	$ 110	$ 118

The prices of products sold and services provided to the related parties from the Group are based on the agreements between the parties. The payment terms are net 25 to net 35. There are no significant differences with the non-related parties. The payment terms for non-related parties are payment in advance and net 30 to 90 days.

(2) Accounts receivable

The Group's accounts receivable from the above transactions with related parties is shown as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
An entity over which the Group has significant influence	$ 9	$ 31	$ 4

2. Purchase transaction

(1) Operating costs

Details on the Group's purchase transactions with related parties are as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023
An entity over which the Group has significant influence	$ 568	$ 70
Other related parties	122	28
	$ 690	$ 98

	January 1 to September 30, 2024	January 1 to September 30, 2023
An entity over which the Group has significant influence	$ 1,032	$ 282
Other related parties	184	74
	$ 1,216	$ 356

The prices of the Group's purchase transactions with related parties are based on the agreements with such parties. The payment term is monthly settlement, net 30 to 90 days, which is not significantly different from those of non-related parties. The payment term for non-related parties is payment in advance, 7 days after shipment and monthly settlement, net 30 to 90 days.

(2) Accounts payable

The Group's accounts payment from the above transactions with related parties is shown as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
An entity over which the Group has significant influence	$ 278	$ 108	$ 67
Other related parties	128	79	63
	$ 406	$ 187	$ 130

3. Donations / operating expenses

The operating expenses arising from supporting education development, fulfilling corporate social responsibility and donations to related parties are detailed as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023
Innodisk Foundation	$ 1,000	$ 1,000

	January 1 to September 30, 2024	January 1 to September 30, 2023
Innodisk Foundation	$ 3,000	$ 3,000

4. Manufacturing overhead/operating expenses

The breakdown of the purchase of miscellaneous items from related parties by the Group is as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023
An entity over which the Group has significant influence	$ -	$ -

	January 1 to September 30, 2024	January 1 to September 30, 2023
An entity over which the Group has significant influence	$ 36	$ -

The Group's other accounts payable arising from the above-mentioned related party transactions on September 30, 2024, December 31, 2023, and June 30, 2023 were NT$0, NT$114 and NT$0, respectively.

5. Lease and service transactions

(1) Other income

The Group's income from leasing assets to related parties and providing administrative support and other services is detailed as follows:

	July 1 to September 30, 2024		July 1 to September 30, 2023	
	Rental income	Other income	Rental income	Other income
An entity over which the Group has significant influence	$ 241	$ 90	$ 249	$ 90

	January 1 to September 30, 2024		January 1 to September 30, 2023	
	Rental income	Other income	Rental income	Other income
An entity over which the Group has significant influence	$ 731	$ 272	$ 748	$ 270

The Group's rental income from leasing out offices is negotiated with the related parties and is collected on a monthly basis.

(2) Other receivables

The Group's other accounts receivable from the above transactions with related parties is shown as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
An entity over which the Group has significant influence	$ 32	$ 31	$ 32

(3) Guarantee deposits received

The Group's deposits received from the above transactions with related parties are shown as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
An entity over which the Group has significant influence	$ 169	$ 146	$ 146

6. Acquisition of financial assets

From July 1 to September 30, 2024 and from January 1 to September 30, 2024: None.

Counterparty	Accounting item	Number of shares traded	Subject of transaction	July 1 to September 30, 2023
				Price of acquisition
Sysinno Technology Inc.	Investments accounted for using equity method	300,000	Common stock	$ -

Counterparty	Accounting item	Number of shares traded	Subject of transaction	January 1 to September 30, 2023
				Price of acquisition
Sysinno Technology Inc.	Investments accounted for using equity method	300,000	Common stock	$ 7,500

(3)Compensation of key management personnel

	July 1 to September 30, 2024	July 1 to September 30, 2023
Short-term employee benefits	$ 30,644	$ 41,608
Post-employment benefits	244	241
Share-based payment	1,768	2,827
	$ 32,656	$ 44,676

	January 1 to September 30, 2024	January 1 to September 30, 2023
Short-term employee benefits	$ 75,139	$ 88,516
Post-employment benefits	780	722
Share-based payment	7,250	8,481
	$ 83,169	$ 97,719

VIII.Pledged assets

Assets pledged by the Group as collateral are as follows:

Assets	Book value			Purpose of collateral
	September 30, 2024	December 31, 2023	September 30, 2023	
Financial assets measured at amortized cost				
-- Non-current - Pledged time deposits	$ 11,206	$ 11,206	$ 10,706	Provide pledged time deposits for lease and customs tax guarantee
Land and buildings	152,343	153,375	153,719	Long-term loans
	$ 163,549	$ 164,581	$ 164,425	

IX. Material contingent liabilities and unrecognized contractual commitments

(1) Material contingent liabilities

None.

(2) Material unrecognized contractual commitments

1. As of September 30, 2024, December 31, 2023 and September 30, 2023, the amount of endorsements and guarantees for individual entities in the Group was NT$20,120, NT$19,323 and NT$19,283, respectively, and the amount used was NT$14,860, NT$14,272 ad NT$14,242, respectively.
2. Capital expenditures that have been signed but not yet incurred

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment (Note)	$ -	$ 144,703	$ 166,505

Note: It was mainly due to the contractual commitment of the Company to invest in the new plant in the Yilan area of Hsinchu Science Park.

X. Losses due to major disasters

None.

XI. Material Events Subsequent to the Balance Sheet Date

None.

XII. Others

(I) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. The total debt is the total liabilities reported in the Consolidated Balance Sheet. Total capital is calculated as "equity" as shown in the Consolidated Balance Sheet, plus net debt.

The Group maintained the same strategy in 2024 as in 2023. Please refer to the consolidated balance sheet for the Group’s debt-to-capital ratio as of September 30, 2024, December 31, 2023 and September 30, 2023.

(II) Financial instruments

1. Types of financial instrument

The Group’s financial assets (cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), financial assets measured at fair value through other comprehensive income - non-current , Financial assets at amortized cost - non-current and refundable deposits) and financial liabilities (accounts payable (including related parties), other payables (including related parties), long-term loans (including current portion) , deposits, lease liabilities (current and non-current), please refer to the relevant information in the Consolidated Balance Sheet and Note 6.

2. Risk management policies

(1) The Group’s operations are exposed to a variety of financial risks, including market risk (exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial position and performance.

(2) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the senior executives. The Group’s treasury department primarily identifies, evaluates and hedges financial risks.

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

(A) The Group is a multinational operation and therefore is subject to exchange rate risk arising from transactions between the different currencies of the Company and its subsidiaries, mainly in USD, RMB, JPY and Euro. The related exchange risk from future business transactions have been recognized in assets and liabilities.

(B) The Group’s management has set up policies to require companies within the Group to manage their foreign exchange risk against their functional currency. Each company hedges its overall exchange rate risk through its treasury department. Exchange rate risk arises when future business transactions and recognized assets or liabilities are denominated in foreign currencies that are not the entity's function currency.

(C) The Group's operations involve certain non-functional currencies (the Company's and certain subsidiaries' functional currency is the New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is Euro, USD, JPY and Renminbi (RMB)), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values that would be materially affected by exchange rate fluctuations are as follows:

	September 30, 2024		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
Financial Assets			
Monetary items			
USD : NTD	64,604	31.6500	$ 2,044,717
RMB : NTD	13,453	4.5230	60,848
JPY : NTD	142,808	0.2223	31,746
EUR : NTD	444	35.3800	15,709
GBP : NTD	11	42.4300	467
Financial liabilities			
Monetary items			
USD : NTD	7,155	31.6500	$ 226,456
EUR : NTD	15	35.3800	531
JPY : NTD	22,722	0.2223	5,051
USD : RMB	5,155	6.9976	163,156

	December 31, 2023		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
Financial Assets			
Monetary items			
USD : NTD	69,139	30.7050	$ 2,122,913
RMB : NTD	24,519	4.3270	106,094
JPY : NTD	144,556	0.2172	31,398
EUR : NTD	251	33.9800	8,529
GBP : NTD	6	39.1500	235
Financial liabilities			
Monetary items			
USD : NTD	19,175	30.7050	$ 588,768
RMB : NTD	170	4.3270	736
EUR : NTD	5	33.9800	170
JPY : NTD	5,944	0.2172	1,291
USD : RMB	6,714	7.0960	206,153

(Foreign currency: functional currency)	September 30, 2023 Foreign currency (in thousands)	Exchange rate	Book value (NTD)
Financial Assets			
Monetary items			
USD : NTD	60,258	32.2700	$ 1,944,526
RMB : NTD	17,242	4.41500	76,123
JPY : NTD	139,302	0.2162	30,117
EUR : NTD	1,586	33.9100	53,781
GBP : NTD	6	39.2300	235
Financial liabilities			
Monetary items			
USD : NTD	23,737	32.2700	$ 765,993
RMB : NTD	3	4.4150	13
EUR : NTD	4	33.9100	136
JPY : NTD	5,469	0.2162	1,182
USD : RMB	4,572	7.3090	147,538

(D) Please refer to the description in Note 6(23) for the total exchange gains (losses) (including realized and unrealized) of the Group's monetary items that are significantly affected by exchange rate fluctuations from July 1 to September 30, 2024 and 2023 and from January 1 to September 30, 2024 and 2023.

(E) The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

	January 1 to September 30, 2024 Sensitivity Analysis		
	Fluctuation	Effect on profit or loss	Effect on other comprehensive income
Financial Assets			
Monetary items			
USD : NTD	1%	$ 20,447	$ -
RMB : NTD	1%	608	-
JPY : NTD	1%	317	-
EUR : NTD	1%	157	-
GBP : NTD	1%	5	-
Financial liabilities			
Monetary items			
USD : NTD	1%	(2,265)	-
EUR : NTD	1%	(5)	-
JPY : NTD	1%	(51)	-
USD : RMB	1%	(1,632)	-

	January 1 to September 30, 2023		
	Sensitivity Analysis		
	Fluctuation	Effect on profit or loss	Effect on other comprehensive income
Financial Assets			
Monetary items			
USD : NTD	1%	$ 19,445	$ -
RMB : NTD	1%	761	-
JPY : NTD	1%	301	-
EUR : NTD	1%	538	-
GBP : NTD	1%	2	-
Financial liabilities			
Monetary items			
USD : NTD	1%	(7,660)	-
RMB : NTD	1%	(0)	-
EUR : NTD	1%	(1)	-
JPY : NTD	1%	(12)	-
USD : RMB	1%	(1,475)	-

B. Price risk

(A) The Group's equity instruments exposed to price risk are financial assets held and recognized at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the Group dispersed its investment portfolio in accordance with the limits set by the Group.

(B) The Group mainly invests in equity instruments issued by domestic companies, and the price of such equity instruments will be affected by the uncertainty of the future values of the investment objects. If the price of these instruments rose or fell by 1% with all other factors remaining unchanged, the other comprehensive income from January 1 to September 30, 2024 and 2023 from equity investment measured at fair value would have increased or decreased by NT$284 and NT$273, respectively.

C. Cash flow and fair value interest rate risk

(A) The Group's interest rate risk arises from long-term loans. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings issued at floating rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at floating rates. The Group's floating interest rate borrowings from January 1 to September 30, 2024 and 2023 were denominated in NTD and EUR.

(B) On September 30, 2024 and 2023, if the borrowing rate increased by 1% with all other reasons remained unchanged, the profit before income tax from January 1 to September 30, 2024 and 2023 would decrease by NT$2,742 and NT$2,774, respectively, mainly due to the increase of borrowing interest caused by floating interest rates.

(2) Credit risk

A. The credit risk of the Group is the risk of financial loss of the Group due to the inability of customers or counterparties of financial instruments to perform their contractual obligations, mainly due to the inability of counterparties to pay off the notes and accounts receivable according to the terms of collection, and the contractual cash flow classified as debt instrument investment measured at amortized cost.

B. The management of credit risk is established with a Group perspective. According to the Group's credit policy, each local entity in 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored.

C. The credit risk of the Group's investment in debt instrument measured at amortized cost refers to counterparties defaulting on contractual obligations, leading to the Group's financial losses. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

D. In considering the past experience, if the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.

E. In considering the past experience with payment collection, if a contract payment is overdue for more than 180 days in accordance with the agreed payment terms, it is considered a breach of contract.

F. The Group categorizes the accounts receivable from customers based on their evaluation ratings. The loss rate method is adopted as the basis for estimating the expected credit loss.

G. The Group has included the economic indicators and signals of the National

Development Council and Basel Committee on Banking Supervision's forward-looking considerations to adjust the loss rate based on historical and current information for a specific period.

H. The Group uses the following indicators to determine the status of credit impairments of debt instruments:

(A) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.

(B) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.

(C) The issuer delays or does not pay for the interest or principal.

(D) Unfavorable changes in the national- or regional-level economic situation resulting in the issuer's default.

I. The Group will continue the recourse for financial assets that have defaulted to protect the rights of the claims. The Group may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse.

J. The Group has incorporated forward-looking considerations to adjust the loss rate built according to historic and current data in order to estimate the loss allowance notes and accounts receivables. The loss rates are shown as follows:

	Not past due	Less than 30 days past due	31 to 60 days past due	61 to 180 days past due	More than 181 days past due	Total
September 30, 2024						
Expected loss rate	0.03%~0.2%	0.03%~0.74%	0.03%~1.47%	0.03%~56.53%	100%	
Notes receivable	$ 1,095	$ -	$ -	$ -	$ -	$ 1,095
Accounts receivable	1,194,193	59,624	296	2,514	2	1,256,629
Total book value	$ 1,195,288	$ 59,624	$ 296	$ 2,514	$ 2	$ 1,257,724
Loss allowance	($ 408)	($ 24)	$ -	($ 1)	($ 2)	($ 435)

	Not past due	Less than 30 days past due	31 to 60 days past due	61 to 180 days past due	More than 181 days past due	Total
December 31, 2023						
Expected loss rate	0.03%~0.20%	0.03%~0.61%	0.03%~1.22%	0.03%~76.51%	100%	
Notes receivable	$ 1,017	$ -	$ -	$ -	$ -	$ 1,017
Accounts receivable	1,273,748	52,472	4,015	9,408	1	1,339,644
Total book value	$ 1,274,765	$ 52,472	$ 4,015	$ 9,408	$ 1	$ 1,340,661
Loss allowance	($ 440)	($ 34)	($ 496)	($ 5,015)	($ 1)	($ 5,986)

	Not past due	Less than 30 days past due	31 to 60 days past due	61 to 180 days past due	More than 181 days past due	Total
September 30, 2023						
Expected loss rate	0.03%~0.08%	0.03%~0.36%	0.03%~12.54%	0.03%~80.38%	100%	
Notes receivable	$ 1,779	$ -	$ -	$ -	$ -	$ 1,779
Accounts receivable	1,250,430	72,790	17,153	3,258	1,401	1,345,032
Total book value	$ 1,252,209	$ 72,790	$ 17,153	$ 3,258	$ 1,401	$ 1,346,811
Loss allowance	($ 388)	($ 23)	($ 246)	($ 978)	($ 1,401)	($ 3,036)

The above is an aging report based on the number of days past due.

K. The Group adopts a simplified method in which the loss allowance for the accounts receivable is shown below:

	2024 Accounts receivable	2023 Accounts receivable
January 1	$ 5,986	$ 22,605
Expected loss (profit) on credit impairment	(5,686)	(19,347)
Effects of changes in foreign exchange rates	135	(222)
September 30	$ 435	$ 3,036

(3) Liquidity risk

A. Cash flow forecasting is performed by the operating entities of the Group and aggregated by the Group's treasury department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs.

B. The Finance Department of the Group invests the remaining funds in interest-bearing demand deposits and equity securities; the instruments chosen have appropriate maturities or sufficient liquidity to respond to the forecasts above and provide sufficient funds required in the future. As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group's positions in currency and securities markets are expected to generate immediate cash flow for liquidity risk management.

C. The Group does not have derivative financial liabilities. The table below analyzes the non-derivative financial liabilities by maturity groups based on the remaining period from the balance sheet date to the contractual maturity date. Except those listed in the table below, the liabilities mature within a year. The undiscounted cash flow amount is equivalent to the amount listed in the balance sheet. The remaining undiscounted cash flow of non-derivative financial liabilities is shown as follows:

September 30, 2024	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-derivative financial liabilities:					
Lease liabilities (current/non-current)	$ 31,281	$ 18,336	$ 35,216	$ 168,785	$ 253,618
Long-term loans (including current portion)	16,946	42,886	128,244	218,244	406,320
December 31, 2023	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-derivative financial liabilities:					
Lease liabilities (current/non-current)	$ 28,501	$ 20,742	$ 34,693	$ 171,846	$ 255,782
Long-term loans (including current portion)	17,028	22,458	122,750	247,356	409,592
September 30, 2023	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-derivative financial liabilities:					
Lease liabilities (current/non-current)	$ 27,596	$ 17,293	$ 29,727	$ 174,089	$ 248,705
Long-term loans (including current portion)	24,560	13,615	117,914	255,308	411,397

(III) Fair value information

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

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investments in TWSE and TPEx listed stocks belongs to this category.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3: Unobservable inputs for the asset or liability.

2. For fair value information of investment property measured at cost, please refer to Note 6 (10).

3. Financial instruments not measured at fair value

   For the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), non-current financial assets measured at amortized cost, refundable deposits, accounts payable (including related parties), other payables (including related parties), lease liabilities (current and non-current), long-term loans (including the current portion), and guarantee deposits received, the book value is a reasonable approximation of the fair value.

4. Financial and non-financial instruments measured at fair value are classified by the Group based on the nature, characteristics and risks of assets and liabilities and the level of fair value, and the relevant information is as follows:

(1) For those classified by the Group based on the nature of assets and liabilities, the relevant information is as follows:

September 30, 2024	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
- Equity securities	$ 28,438	$ -	$ -	$ 28,438

December 31, 2023	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
- Equity securities	$ 28,105	$ -	$ -	$ 28,105

September 30, 2023	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
- Equity securities	$ 27,373	$ -	$ -	$ 27,373

(2) The methods and assumptions used by the Group to measure fair value are as follows:

A. Where the Group adopts market quotation as the fair value input (i.e., Level 1), the closing price of the shares of TWSE and TPEx listed companies on the balance sheet date shall be adopted.

B. The Group includes the adjustment of credit risk evaluation into the calculation of fair value of financial instruments and non-financial instruments to reflect the credit risk of counterparties and the credit quality of the Group.

5. The Company did not have any transfer between Level 1 and Level 2, and there was no change in Level 3 and no transfer into or out of Level 3 from January 1 to September 30, 2024 and 2023.

XIII. Additional disclosures

(I) Significant transactions information

1. Loans to others: None.

2. Provision of endorsements and guarantees to others: Please refer to Schedule 1.

3. Holdings of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Schedule 2.

4. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please see Schedule 3.

6. Disposal of real estate exceeding $300 million or 20% of paid-in capital or more: None.

7. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Schedule 4.

8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please see Schedule 5.

9. Engaged in derivative trading: None.

10. Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Schedule 6.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Schedule 7.

(III) Information on investments in China

1. Basic information: Please refer to Schedule 8.

2. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please see Schedule 9.

(IV) Information on major shareholders

Information on major shareholders: Detailed in Schedule 10.

XIV. Operating Segments Information

(I) General information

The Group is involved in only one industry. The main business is the research, development, manufacturing and sales of industrial memory storage devices. The Group's operating decision maker evaluates the performance and allocates resources of the Group as a whole, and has identified that the Company has only one reportable operating segment.

(II) Measurement of segment information

The accounting policies of the operating segments of the Group are the same as those of the Company. The Company's operating decision maker assesses the performance of each operating segments based on the operating net profit.

(III) Information on segment profit and loss, assets and liabilities

The Group has only one reportable segment and is not required to disclose information on segment profit or loss, assets and liabilities. In addition, the accounting policies and estimates of the Company's reportable segments are the same as the significant accounting policies summary, significant estimates and assumptions in Notes 4 and 5.

(IV) Information on reconciliation of segment profit and loss, assets and liabilities

1. Sales between segments are conducted according to the principle of transactions at fair value. The operating revenue from external customers reported to the operating decision maker is measured in a manner consistent with that in the comprehensive income statement. A reconciliation of reportable segment income to the profit before income tax from continuing operations is provided as follows:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Profit (loss) from reportable segments	$ 957,460	$ 1,025,988
Interest income	26,380	26,897
Other income	21,080	16,834
Other gains and losses	65,893	77,916
Finance cost	(6,838)	(4,897)
Shares of losses of associates accounted for using equity method	(2,592)	(3,976)
Income (loss) before tax from continuing operations	$ 1,061,383	$ 1,138,762

2. The amount of total assets provided to the chief operating decision-maker is measured in a manner consistent with the assets on the balance sheet, and the Group's reportable segment assets are equal to total assets and no reconciliation is required.

(blank below)

Innodisk Corporation and Subsidiaries
Provision of endorsements and guarantees to others
January 1 to September 30, 2024

Schedule 1

Unit: Thousand NTD

(Unless otherwise specified)

Number (Note 1)	Endorser / guarantor	Party being endorsed/ guaranteed		Endorsement/ guarantee limit for a single enterprise (Note 3)	Current maximum endorsement/ guarantee balance (Note 4)	Outstanding endorsement/ guarantee amount for the period	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Percentage of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Maximum amount of endorsements/ guarantees (Note 3)	Provision of endorsements/ guarantees by the parent company to the subsidiary	Provision of endorsements/ guarantees by the subsidiary to the parent company	Provision of endorsements/ guarantees to the party in China	Remarks
		Company name	Relationship (Note 2)											
0	Innodisk Corporation	Innodisk Europe B.V.	2	$ 1,439,246	$ 14,860	$ 14,860	$ 14,860	-	0.21%	$ 3,598,114	Y	N	N	
1	Innodisk Europe B.V.	Innodisk France SAS	4	11,816	5,260	5,260	-	-	8.90%	29,539	N	N	N	

Note 1: The numbers to be filled in the number column is explained as follows:

(1). Fill in 0 for the issuer.
(2). The invested companies are numbered in order starting from 1.

Note 2: Relationships between the endorser/ guarantor and the party being endorsed/ guaranteed are classified into the following seven categories; fill in the number of the category:

(1). A company with business dealings.
(2). A company in which the Company directly or indirectly holds more than 50% of its voting shares.
(3). A company which directly or indirectly holds more than 50% of the voting shares of the Company.
(4). A company in which the Company directly or indirectly holds more than 90% of its voting shares.
(5). A company with mutual guarantees in accordance with the contract which is in the same industry or a joint constructor for the purpose of contracting the project.
(6). A company jointly endorsed/ guaranteed by all its shareholders in proportion to their ownerships due to joint venture.
(7). Performance guarantee and joint guarantee by industry peers engaging in a house pre-sale contract in accordance with the Consumer Protection Act.

Note 3: The total amount of endorsements and guarantees of the Company shall not exceed 50% of the Company's net worth, and the total amount to a single enterprise shall not exceed 20% of the Company's net worth.
Note 4: The total amount of endorsements and guarantees by a subsidiary shall not exceed 50% of the subsidiary's net worth, and the total amount to a single enterprise shall not exceed 20% of the subsidiary's net worth.
Note 5: Maximum outstanding balance of endorsements/ guarantees in the current year.

Innodisk Corporation and Subsidiaries

Holding of marketable securities at the end of the period (not including those of subsidiaries, associates and joint ventures)

September 30, 2024

Schedule 2

Unit: Thousand NTD
(Unless otherwise specified)

Holding company	Type and name of securities	Relationship with the issuer of securities	Account of recognition	Period end				Remarks
				Number of Shares	Book value	Shareholding percentage	Fair value	
Innodisk Corporation	Preferred shares of domestic TWSE/ TPEx listed companies - Supreme Electronics Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	666,000	$ 28,438	2.22%	$ 28,438	

Note: The shareholding ratio is calculated based on the total number of shares of the same type issued by the investee company; the stocks of TWSE and TPEx listed companies are expressed at the closing price at the end of the period, and the stocks of non-TWSE or non-TPEx listed companies are expressed at the estimated fair value.

Innodisk Corporation and Subsidiaries
Acquisition of real estate reaching NT$300 million or 20% of the paid-in capital or more
January 1 to September 30, 2024

Schedule 3

Unit: Thousand NTD
(Unless otherwise specified)

The company which acquired the real estate	Property name	Date of fact	Transaction amount	Payment status	Counterparty	Relationship with the endorser/ guarantor	Previous transfer information if the counterparty is a related party				Reference for price determination	Purpose of acquisition and status of use	Other agreed matters
							Owner	Relationship with the Issuer	Transfer date	Amount			
Innodisk Corporation	Nihonbashihama Real Estate	July 2024	$ 228,846	2024: Already paid NT$228,846.	Shibuya East Real Estate Co., Ltd.	-	-	-	-	-	In accordance with the contract.	For the Company's operation.	None

Note: It refers to the total contract price and deed tax.

Innodisk Corporation and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more
January 1 to September 30, 2024

Schedule 4

Unit: Thousand NTD
(Unless otherwise specified)

			Transaction				Differences in transaction terms compared with third party transactions		Notes/ accounts receivable (payable)		
Purchaser/ seller	Counterparty name	Relationship with the endorser/ guarantor	Purchase/ sales	Amount	Percentage of total purchase (sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/ accounts receivable (payable)	Remarks
Innodisk Corporation	Innodisk USA Corporation	Subsidiary	(sales)	($ 785,883)	(13%)	Net 60	None	None	$ 225,70	17%	
Innodisk Corporation	Innodisk Shenzhen Corporation	Subsidiary	(sales)	(383,421)	(6%)	Net 60	None	None	163,146	12%	
Innodisk USA Corporation	Innodisk Corporation	Parent company	Purchase	785,883	19%	Net 60	None	None	(225,708)	(37%)	
Innodisk Shenzhen Corporation	Innodisk Corporation	Parent company	Purchase	(383,421)	9%	Net 60	None	None	(163,146)	(27%)	

Innodisk Corporation and Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
January 1 to September 30, 2024

Schedule 5

Unit: Thousand NTD
(Unless otherwise specified)

Companies with accounts receivables	Counterparty name	Relationship with the endorser/ guarantor	Balance of account receivable from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Amount of recognized allowance for bad debts
					Amount	Action taken		
Innodisk Corporation	Innodisk Corporation	Subsidiary	$ 225,708	5.74	$ -	Not applicable	$ 10,952	$ -
Innodisk Corporation	Innodisk Corporation	Subsidiary	163,146	4.22	-	Not applicable	24,943	-

Innodisk Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods and their business relationships
January 1 to September 30, 2024

Schedule 6 | Unit: Thousand NTD
Individual transactions less than NT$10 million will not be disclosed. Transactions which are disclosed as part of the parent company’s transactions will not be disclosed again. | (Unless otherwise specified)

				Status of transaction			
Number (Note 1)	Name of the trader	Counterparty of transaction	Relationship with the trader	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 2)
0	Innodisk Corporation	Innodisk USA Corporation	Parent company to	Sales	$ 785,883	Same with other customers	12%
0	Innodisk Corporation	Innodisk Shenzhen Corporation	Parent company to	Sales	383,421	Same with other customers	6%
0	Innodisk Corporation	Innodisk USA Corporation	Parent company to	Accounts receivable	225,708	Same with other customers	2%
0	Innodisk Corporation	Innodisk Shenzhen Corporation	Parent company to	Accounts receivable	163,146	Same with other customers	2%
0	Innodisk Corporation	Innodisk Japan Corporation	Parent company to	Operating expenses	27,724	Same with other customers	0%
0	Innodisk Corporation	Innodisk Europe B.V.	Parent company to	Operating expenses	78,704	Same with other customers	1%

Note 1: Information on business transactions between the parent company and its subsidiaries should be indicated in the number column, and the number should be filled in as follows:
(1). Fill in 0 for the parent.
(2). The subsidiaries are numbered in order starting from “1”.

Note 2: For the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, in the case of an asset or liability item, it is calculated as the ending balance as a percentage of the consolidated total assets; in the case of an income item, it is calculated as the ratio of the interim accumulated amount to the consolidated total operating revenue.

Note 3: For details of endorsements and guarantees between the parent and subsidiaries, please refer to Schedule (1) for the description of endorsements and guarantees for others.

Innodisk Corporation and Subsidiaries

Names, locations and other information of investee companies (not including investees in China)

January 1 to September 30, 2024

Schedule 7

Unit: Thousand NTD

(Unless otherwise specified)

Name of Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as of the end of period			Net profit (loss) of the investee for the current period	Investment income(loss) recognized by the Company for the current period	Remarks
				Balance at the end of period	End of the previous year	Number of Shares	Percentage	Book value			
Innodisk Corporation	Innodisk USA Corporation	United States	Industrial embedded storage devices	$ 140,499	$ 140,499	2,046,511	100.00	$ 76,582	($ 29,909)	($ 29,875)	
Innodisk Corporation	Innodisk Japan Corporation	Japan	After-sales services and support of industrial embedded storage devices	3,533	3,533	196	100.00	12,777	1,339	1,427	
Innodisk Corporation	Innodisk Europe B.V.	Netherlands	After-sales services and support of industrial embedded storage devices	17,802	17,802	50,000,100	100.00	59,078	7,796	7,796	
Innodisk Corporation	Innodisk Global-M Corporation	Mauritius	Investment holdings	20,154	20,154	665,000	100.00	(19,771))	(17,421))	(17,386))	
Innodisk Corporation	Aetina Corporation	Taiwan	Manufacturing and sales of industrial graphics cards	67,300	24,091	25,762,726	67.06	362,271	1,628)	495)	
Innodisk Corporation	Antzer Tech Co., Ltd.	Taiwan	Electronics Components Manufacturing	57,133	57,133	58,400,000	100.00	34,445	4,626	3,626	
Innodisk Corporation	Millitronic Co., Ltd.	Taiwan	Electronics Components Manufacturing	73,518	73,518	6,798,664	32.16	24,757	(4,661))	(1,499))	註 6
Innodisk Corporation	Sysinno Technology Inc.	Taiwan	Electronics Components Manufacturing	20,400	20,400	945,000	42.95	11,185	(2,545))	(1,093))	註 5
Innodisk Europe B.V.	Innodisk France SAS	France	After-sales services and support of industrial embedded storage devices	175	175	5,000	100.00	5,053	806	806	
Aetina Corporation	Aetina USA Corporation	United States	After-sales service and support for industrial graphics cards	6,098	6,098	200,000	100.00	6,736	(37)	(37)	註 2
Aetina Corporation	Aetina Europe B.V.	Netherlands	After-sales service and support for industrial graphics cards	-	-	100	100.00	2,286	943	943	註 3
Aetina Corporation	Aetina Japan Corporation	Japan	After-sales service and support for industrial graphics cards	1,087	1,087	500	100.00	1,171	157	157	註 4

Note 1: Disclosed at the historical exchange rate.
Note 2: Aetina Corporation established its subsidiary Aetina USA Corporation in September 2021, and the capital injection has been completed on January 10, 2023.
Note 3: Aetina Corporation established its subsidiary Aetina Europe B.V. in January 2022, and the capital injection has been completed on March 13, 2023.
Note 4: Aetina Corporation established its subsidiary Aetina Japan Co., Ltd. in October 2023, and the capital injection has been completed on October 12, 2023.
Note 5: The Company invested NT$7,500 into Sysinno Technology Inc. in March 2023, and additionally acquired 300 thousand shares.
Note 6: The Company invested NT$19,361 in Millitronic Co., Ltd. in December 2023, and additionally acquired 1,383 thousand shares.
Note 7: The Company invested NT$43,208 in Aetina Corporation in September 2024, and additionally acquired 1,879 thousand shares.

Innodisk Corporation and Subsidiaries
Information on investments in China - Basic data
January 1 to September 30, 2024

Schedule 8

Unit: Thousand NTD
(Unless otherwise specified)

Investee in China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to China	Amount remitted from Taiwan to China/ Amount remitted back to Taiwan for the year		Accumulated amount of remittance from Taiwan to China	Net profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized in the current period (Note 2)	Net profit (loss) of the investee for the year	Accumulated amount of investment income remitted back to Taiwan	Remarks
					Remitted to	Remitted back							
Innodisk Shenzhen Corporation	Industrial embedded storage devices	$18,168 (USD 600 thousand) (Note 3)	2.Innodisk Global-M Corporation	$18,168 (USD 600 thousand) (Note 3)	$ -	$ -	$18,168 (USD 600 thousand) (Note 3)	($ 17,421)	100	($ 17,421)	($ 21,225)	$ -	
Aetina (Shenzhen) Artificial Intelligence Co., Ltd.	After-sales service and support for industrial graphics cards	$1,360 (USD 42 thousand) (Note 5)	1. Aetina Corporation	$1,360 (USD 42 thousand) (Note 5)	-	-	$1,360 (USD 42 thousand) (Note 5)	82	100	82	1,219	-	Note 6

Note 1: Investment methods are classified into the following three categories; fill in the number of the category that each case belongs to:
(1) Direct investment in a company in China.
(2) Reinvestment in Mainland China through a company in a third region (please specify the investment company in the third region)
(3) Other methods.
Note 2: The investment income (loss) recognized in the current period is based on the company's financial statements for the same period audited by the Taiwan parent company's independent accountants.
Note 3: Disclosed at the historical exchange rate

Company name	Accumulated amount of investment remitted from Taiwan to China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in China imposed by the Investment Commission, MOEA (Note 4)
Innodisk Corporation	$18,168 (USD 600 thousand) (Note 3)	$18,168 (USD 600 thousand) (Note 3)	$ 4,426,582
Aetina Corporation	$1,360 (USD 42 thousand) (Note 5)	$1,360 (USD 42 thousand) (Note 5)	$ 326,207

Note 4: The cap is 60% of the net worth in accordance with the provisions in the letter referenced (90) Tai-Cai-Zheng (I) #006130 from the Securities and Futures Commission, Ministry of Finance on November 16, 2001.
Note 5: Investment amount of Aetina Corporation approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is USD 42 thousand.
Note 6: Aetina Corporation established its subsidiary, Aetna (Shenzhen) Artificial Intelligence Co., Ltd. in July 2023, and the capital injection has been completed on November 10, 2023.

Innodisk Corporation and Subsidiaries

Information on Investment in China - Significant transactions, either directly or indirectly through a third area, with investee companies in China

January 1 to September 30, 2024

Schedule 9

Unit: Thousand NTD

(Unless otherwise specified)

	Sales (purchase)		Property transactions		Accounts receivable/ payable		Notes endorsement and guarantee or provision of collateral		Financial intermediation				
Investee in China	Amount	%	Amount	%	Balance	%	Balance at the end of the period	Purpose	Highest balance	Balance at the end of the period	Range of interest rate	Current interest rate	Others
Innodisk Shenzhen Corporation	$ 383,421	6%	$ -	-	$ 163,146	12%	$ -	-	$ -	$ -	-	$ -	-

Innodisk Corporation and Subsidiaries

Information on major shareholders

September 30, 2024

Schedule 10

Names of major shareholders	Shares	
	Number of shares held	Shareholding percentage
Rui Ding Investment Co., Ltd.	6,957,733	7.61%
Cathay Life Insurance Company, Ltd.	4,674,592	5.11%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the data of the last business day of the quarter, on shareholders holding 5% or more of the Company's ordinary shares and preference shares (including treasury shares) combined whose scripless registration and delivery have been completed. The number of shares recorded in the Company's financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee. As for shareholders who hold more than 10% of the shares and are required to declare the insider's equity according to the Securities and Exchange Act, the shareholding includes both their own shares and those delivered to trusts, over which they have the right to make usage decisions. Please refer to the Market Observation Post System for information on the filing of insider's equity.