

**Accton Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and 2023
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Accton Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Accton Technology Corporation and its subsidiaries as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023, for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “ consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the consolidated financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2024, and 2023, total assets of these non-significant subsidiaries were NT\$10,376,189 thousand and NT\$6,557,853 thousand, respectively, representing 15% and 13%, respectively, of the consolidated total assets, and total liabilities of these subsidiaries were NT\$2,342,267 thousand and NT\$2,060,813 thousand, respectively, representing 6% and 7%, respectively, of the consolidated total liabilities; for three months ended September 30, 2024, and 2023 the amounts of comprehensive income (loss) of these subsidiaries were NT\$(652) thousand and NT\$184,140 thousand, respectively, representing 0% and 7%, respectively, of the consolidated total comprehensive income; for the nine months ended September 30, 2024, and 2023, the amounts of comprehensive income of these subsidiaries were NT\$248,352 thousand and NT\$298,582 thousand, respectively, representing 3% and 4%, respectively, of the consolidated comprehensive income. As disclosed in Note 14 to the consolidated financial statements, some investments accounted for using the equity method in the consolidated financial statements were not reviewed. The aggregate carrying amount of these investments were NT\$7,180 thousand and NT\$9,907 thousand as of September 30, 2024 and 2023, respectively, and the share of profit and loss from associates accounted for using the equity method were NT\$(114) thousand and NT\$(174) thousand for the three months ended September 30, 2024 and 2023, respectively; the share of profit and loss from associates accounted for using the equity method were NT\$(571)

thousand and NT\$(480) thousand for the nine months ended September 30, 2024 and 2023, respectively.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statement of the non-significant subsidiaries and associates as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Ming Yuan Chung and Hsin Tung Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 7, 2024

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

| ASSETS | September 30, 2024 | | December 31, 2023 | | September 30, 2023 | |
|--|--------------------|-----|-------------------|-----|--------------------|-----|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Notes 6 and 33) | \$ 12,805,227 | 18 | \$ 14,070,421 | 25 | \$ 11,315,466 | 22 |
| Financial assets at fair value through profit or loss - current (Notes 7 and 33) | 948,182 | 1 | 1,786,172 | 3 | 1,294,243 | 3 |
| Financial assets at fair value through other comprehensive income - current (Notes 8 and 33) | 226,856 | - | 306,112 | - | 258,388 | - |
| Financial assets at amortized cost - current (Notes 9 and 33) | 7,646,630 | 11 | 8,169,991 | 14 | 4,835,168 | 10 |
| Notes and trade receivables, net (Notes 10 and 33) | 13,164,173 | 19 | 11,118,994 | 20 | 12,365,748 | 24 |
| Receivables from related parties (Notes 33 and 34) | 7 | - | 122 | - | 37 | - |
| Other receivables (Notes 10 and 33) | 480,274 | 1 | 603,214 | 1 | 622,386 | 1 |
| Other receivables from related parties (Notes 33 and 34) | 16 | - | 16 | - | 1,387 | - |
| Inventories (Note 11) | 17,807,319 | 26 | 13,550,704 | 24 | 14,177,806 | 28 |
| Prepayments (Note 19) | 426,310 | 1 | 360,798 | 1 | 290,326 | 1 |
| Non-current assets held for sale (Note 12) | 3,617,336 | 5 | - | - | - | - |
| Other current assets - other | 2,618 | - | 24,772 | - | 29,561 | - |
| | | | | | | |
| Total current assets | 57,124,948 | 82 | 49,991,316 | 88 | 45,190,516 | 89 |
| | | | | | | |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 7 and 33) | 417,251 | 1 | 261,658 | 1 | 160,862 | - |
| Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 33) | 2,721,095 | 4 | 46,909 | - | 111,831 | - |
| Financial assets at amortized cost - non-current (Notes 9 and 33) | 1,218,759 | 2 | - | - | - | - |
| Investments accounted for using the equity method (Note 14) | 7,180 | - | 7,751 | - | 9,907 | - |
| Property, plant and equipment (Notes 15 and 26) | 4,598,096 | 7 | 3,181,458 | 6 | 2,742,762 | 6 |
| Right-of-use assets (Note 16) | 2,219,250 | 3 | 1,898,651 | 3 | 1,536,262 | 3 |
| Goodwill (Note 17) | 1,930 | - | 1,930 | - | 1,930 | - |
| Intangible assets (Note 18) | 109,288 | - | 154,420 | - | 150,161 | - |
| Deferred income tax assets (Notes 4 and 27) | 316,902 | - | 325,345 | 1 | 248,519 | 1 |
| Prepayments for equipment | 381,538 | 1 | 492,510 | 1 | 416,666 | 1 |
| Refundable deposits (Note 33) | 119,286 | - | 112,548 | - | 124,534 | - |
| Other financial assets - non-current (Notes 19, 33 and 35) | 79,242 | - | 79,623 | - | 79,623 | - |
| Other non-current assets-other (Note 19) | 22,484 | - | 21,470 | - | 65,428 | - |
| | | | | | | |
| Total non-current assets | 12,212,301 | 18 | 6,584,273 | 12 | 5,648,485 | 11 |
| | | | | | | |
| TOTAL | \$ 69,337,249 | 100 | \$ 56,575,589 | 100 | \$ 50,839,001 | 100 |

| LIABILITIES AND EQUITY | September 30, 2024 | | December 31, 2023 | | September 30, 2023 | |
|---|--------------------|-----|-------------------|-----|--------------------|-----|
| | Amount | % | Amount | % | Amount | % |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Notes 20 and 33) | \$ 45,663 | - | \$ 133,253 | - | \$ 180,469 | - |
| Contract liabilities - current (Note 25) | 7,436,864 | 11 | 6,245,622 | 11 | 1,648,010 | 3 |
| Trade payables (Note 33) | 19,217,551 | 28 | 13,681,233 | 24 | 15,154,529 | 30 |
| Accrued compensation of employees and remuneration of directors (Note 26) | 2,152,880 | 3 | 1,690,169 | 3 | 2,048,804 | 4 |
| Payables to contractors and equipment suppliers (Note 33) | 357,133 | 1 | 205,572 | - | 125,563 | - |
| Other payables (Notes 21 and 33) | 3,885,980 | 6 | 3,426,176 | 6 | 2,996,103 | 6 |
| Other payables to related parties (Notes 33 and 34) | - | - | 531 | - | - | - |
| Income tax payable (Notes 4 and 27) | 991,646 | 1 | 2,803,761 | 5 | 2,170,748 | 4 |
| Provisions - current (Note 22) | 271,365 | - | 304,128 | 1 | 279,957 | 1 |
| Liabilities directly associated with non-current assets held for sale (Note 12) | 2,515,798 | 4 | - | - | - | - |
| Lease liabilities - current (Note 16) | 147,689 | - | 210,380 | - | 195,661 | - |
| Deferred revenue - current (Notes 20 and 30) | 5,981 | - | 8,303 | - | 8,485 | - |
| Long-term borrowings - current portion (Notes 20, 30 and 33) | 300,558 | - | 300,558 | 1 | 300,558 | 1 |
| Refund liabilities - current (Note 25) | 50,835 | - | 69,846 | - | 152,152 | - |
| | | | | | | |
| Total current liabilities | 37,379,943 | 54 | 29,079,532 | 51 | 25,261,039 | 49 |
| | | | | | | |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Notes 20, 30 and 33) | 315,918 | - | 537,747 | 1 | 611,679 | 1 |
| Deferred income tax liabilities (Notes 4 and 27) | 610,387 | 1 | 364,939 | 1 | 673,072 | 2 |
| Lease liabilities - non-current (Note 16) | 1,879,237 | 3 | 1,381,397 | 2 | 1,141,329 | 2 |
| Deferred revenue - non-current (Notes 20 and 30) | 1,055 | - | 5,835 | - | 7,793 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 23) | 16,493 | - | 17,534 | - | 5,708 | - |
| Guarantee deposits (Note 33) | 816 | - | 816 | - | 816 | - |
| | | | | | | |
| Total non-current liabilities | 2,823,906 | 4 | 2,308,268 | 4 | 2,440,397 | 5 |
| | | | | | | |
| Total liabilities | 40,203,849 | 58 | 31,387,800 | 55 | 27,701,436 | 54 |
| | | | | | | |
| EQUITY (Notes 24 and 29) | | | | | | |
| Share capital | | | | | | |
| Ordinary shares | 5,611,179 | 8 | 5,603,564 | 10 | 5,601,589 | 11 |
| Capital surplus | 898,877 | 1 | 874,754 | 2 | 874,201 | 2 |
| Retained earnings | | | | | | |
| Legal reserve | 4,528,737 | 7 | 3,636,972 | 6 | 3,636,972 | 7 |
| Special reserve | 438,274 | 1 | 462,016 | 1 | 462,016 | 1 |
| Unappropriated earnings | 16,109,031 | 23 | 15,099,756 | 27 | 12,859,519 | 25 |
| Total retained earnings | 21,076,042 | 31 | 19,198,744 | 34 | 16,958,507 | 33 |
| Other equity | 1,598,301 | 2 | (438,274) | (1) | (245,733) | - |
| Treasury shares | (50,999) | - | (50,999) | - | (50,999) | - |
| | | | | | | |
| Total equity | 29,133,400 | 42 | 25,187,789 | 45 | 23,137,565 | 46 |
| | | | | | | |
| TOTAL | \$ 69,337,249 | 100 | \$ 56,575,589 | 100 | \$ 50,839,001 | 100 |

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

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|--|---|-----|---------------|-----|--|-----|---------------|-----|
| | 2024 | | 2023 | | 2024 | | 2023 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 25 and 34) | \$ 28,192,739 | 100 | \$ 22,426,730 | 100 | \$ 71,452,841 | 100 | \$ 62,232,085 | 100 |
| OPERATING COSTS (Notes 11, 23 and 26) | 22,584,009 | 80 | 17,262,507 | 77 | 56,726,429 | 79 | 48,259,740 | 78 |
| GROSS PROFIT | 5,608,730 | 20 | 5,164,223 | 23 | 14,726,412 | 21 | 13,972,345 | 22 |
| OPERATING EXPENSES (Notes 10, 23, 26 and 34) | | | | | | | | |
| Selling and marketing | 456,227 | 2 | 496,309 | 2 | 1,420,573 | 2 | 1,343,756 | 2 |
| General and administrative | 569,031 | 2 | 547,394 | 2 | 1,686,318 | 2 | 1,593,724 | 2 |
| Research and development | 1,120,022 | 4 | 1,040,938 | 5 | 3,188,046 | 5 | 2,766,504 | 4 |
| Expected credit (gain) loss | 145 | - | (1,194) | - | (983) | - | 173 | - |
| Total operating expenses | 2,145,425 | 8 | 2,083,447 | 9 | 6,293,954 | 9 | 5,704,157 | 8 |
| OPERATING INCOME | 3,463,305 | 12 | 3,080,776 | 14 | 8,432,458 | 12 | 8,268,188 | 14 |
| NON-OPERATING INCOME AND EXPENSES (Notes 14, 26 and 34) | | | | | | | | |
| Interest income | 218,046 | 1 | 144,144 | 1 | 643,866 | 1 | 437,879 | 1 |
| Other income | 23,335 | - | 36,013 | - | 81,275 | - | 78,671 | - |
| Other gains and losses | (372,891) | (1) | 141,569 | - | 381,834 | - | 265,371 | - |
| Finance costs | (22,954) | - | (15,115) | - | (64,080) | - | (51,436) | - |
| Share of loss of associates | (114) | - | (174) | - | (571) | - | (480) | - |
| Total non-operating income and expenses | (154,578) | - | 306,437 | 1 | 1,042,324 | 1 | 730,005 | 1 |
| PROFIT BEFORE INCOME TAX | 3,308,727 | 12 | 3,387,213 | 15 | 9,474,782 | 13 | 8,998,193 | 15 |
| INCOME TAX EXPENSE (Notes 4 and 27) | 658,652 | 3 | 1,001,405 | 4 | 2,000,015 | 3 | 2,330,324 | 4 |
| NET INCOME | 2,650,075 | 9 | 2,385,808 | 11 | 7,474,767 | 10 | 6,667,869 | 11 |
| OTHER COMPREHENSIVE INCOME (LOSS) (Note 24) | | | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | | |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | (346,788) | (1) | (4,184) | - | 1,821,842 | 3 | 79,635 | - |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | | |
| Exchange differences on translation of the financial statements of foreign operations | (39,688) | - | 248,514 | 1 | 221,098 | - | 146,194 | - |
| Other comprehensive income, net of income tax | (386,476) | (1) | 244,330 | 1 | 2,042,940 | 3 | 225,829 | - |
| TOTAL COMPREHENSIVE INCOME | \$ 2,263,599 | 8 | \$ 2,630,138 | 12 | \$ 9,517,707 | 13 | \$ 6,893,698 | 11 |
| EARNINGS PER SHARE (Note 28) | | | | | | | | |
| Basic | \$ 4.75 | | \$ 4.28 | | \$ 13.39 | | \$ 11.95 | |
| Diluted | \$ 4.70 | | \$ 4.25 | | \$ 13.30 | | \$ 11.86 | |

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

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

| | Share Capital | Capital Surplus | Retained Earnings | | | Other Equity | | Treasury Shares | Total Equity |
|---|---------------------|-------------------|---------------------|-------------------|-------------------------|---|---|--------------------|----------------------|
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translation of the Financial Statements of Foreign Operations | Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income | | |
| BALANCE AT JANUARY 1, 2023 | \$ 5,601,399 | \$ 857,568 | \$ 2,818,364 | \$ 494,541 | \$ 11,169,304 | (\$ 371,447) | (\$ 90,569) | (\$ 50,999) | \$ 20,428,161 |
| Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries | - | 16,574 | - | - | - | - | - | - | 16,574 |
| Appropriation of 2022 earnings | | | | | | | | | |
| Legal reserve | - | - | 818,608 | - | (818,608) | - | - | - | - |
| Special reserve | - | - | - | (32,525) | 32,525 | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (4,201,117) | - | - | - | (4,201,117) |
| Net income for the nine months ended September 30, 2023 | - | - | - | - | 6,667,869 | - | - | - | 6,667,869 |
| Other comprehensive (loss) income for the nine months ended September 30, 2023, net of income tax | - | - | - | - | - | 146,194 | 79,635 | - | 225,829 |
| Total comprehensive (loss) income for the nine months ended September 30, 2023 | - | - | - | - | 6,667,869 | 146,194 | 79,635 | - | 6,893,698 |
| Share-based payment arrangements | 190 | 59 | - | - | - | - | - | - | 249 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 9,546 | - | (9,546) | - | - |
| BALANCE AT SEPTEMBER 30, 2023 | <u>\$ 5,601,589</u> | <u>\$ 874,201</u> | <u>\$ 3,636,972</u> | <u>\$ 462,016</u> | <u>\$ 12,859,519</u> | <u>(\$ 225,253)</u> | <u>(\$ 20,480)</u> | <u>(\$ 50,999)</u> | <u>\$ 23,137,565</u> |
| BALANCE AT JANUARY 1, 2024 | \$ 5,603,564 | \$ 874,754 | \$ 3,636,972 | \$ 462,016 | \$ 15,099,756 | (\$ 465,594) | \$ 27,320 | (\$ 50,999) | \$ 25,187,789 |
| Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries | - | 22,089 | - | - | - | - | - | - | 22,089 |
| Appropriation of 2023 earnings | | | | | | | | | |
| Legal reserve | - | - | 891,765 | - | (891,765) | - | - | - | - |
| Special reserve | - | - | - | (23,742) | 23,742 | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | (5,603,834) | - | - | - | (5,603,834) |
| Net income for the nine months ended September 30, 2024 | - | - | - | - | 7,474,767 | - | - | - | 7,474,767 |
| Other comprehensive income for the nine months ended September 30, 2024, net of income tax | - | - | - | - | - | 221,098 | 1,821,842 | - | 2,042,940 |
| Total comprehensive income for the nine months ended September 30, 2024 | - | - | - | - | 7,474,767 | 221,098 | 1,821,842 | - | 9,517,707 |
| Share-based payment arrangements | 7,615 | 2,034 | - | - | - | - | - | - | 9,649 |
| Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 6,365 | - | (6,365) | - | - |
| BALANCE AT SEPTEMBER 30, 2024 | <u>\$ 5,611,179</u> | <u>\$ 898,877</u> | <u>\$ 4,528,737</u> | <u>\$ 438,274</u> | <u>\$ 16,109,031</u> | <u>(\$ 244,496)</u> | <u>\$ 1,842,797</u> | <u>(\$ 50,999)</u> | <u>\$ 29,133,400</u> |

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

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

| | Nine Months Ended September 30 | |
|---|-----------------------------------|----------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 9,474,782 | \$ 8,998,193 |
| Adjustments for: | | |
| Depreciation expense | 762,805 | 641,030 |
| Amortization expense | 63,144 | 55,820 |
| Expected credit (gain) loss | (983) | 173 |
| Net gain on financial assets and liabilities at fair value through profit or loss | (66,630) | (9,398) |
| Finance costs | 64,080 | 51,436 |
| Interest income | (643,866) | (437,879) |
| Dividend income | (16,863) | (7,276) |
| Share of loss of associates | 571 | 480 |
| Loss (gain) on disposal of property, plant and equipment, net | 1,791 | (555) |
| Write-downs of inventories | 119,329 | 491,458 |
| Unrealized gain on foreign currency exchange | (192,872) | (169,545) |
| Amortization of grant revenue | (6,227) | (6,416) |
| Changes in operating assets and liabilities | | |
| Notes and trade receivables, net | (3,165,569) | 1,129,625 |
| Receivables from related parties | 115 | 1,106 |
| Other receivables | 166,461 | (19,002) |
| Other receivables from related parties | - | 9,607 |
| Inventories | (5,706,565) | (1,886,929) |
| Prepayments | (101,259) | (6,431) |
| Other current assets | 16,860 | (18,449) |
| Contract liabilities | 1,209,649 | 771,157 |
| Notes and trade payables | 7,624,368 | 2,208,801 |
| Accrued compensation of employees and remuneration of directors | 462,711 | 533,888 |
| Other payables | 708,447 | (30,030) |
| Other payables to related parties | (531) | (674) |
| Provisions | (32,854) | 15,099 |
| Refund liabilities | (20,155) | 3,349 |
| Net defined benefit liabilities | (1,041) | (2,018) |
| Cash generated from operations | 10,719,698 | 12,316,620 |
| Interest paid | (62,143) | (47,070) |
| Income tax paid | (3,997,958) | (1,923,602) |
| Net cash generated from operating activities | 6,659,597 | 10,345,948 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other comprehensive income | (320,738) | (89,762) |
| Proceeds from sale of financial assets at fair value through other comprehensive income | 39,815 | 42,458 |
| Purchase of financial assets at amortized cost | (17,550,279) | (11,371,224) |

(Continued)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

| | Nine Months Ended September 30 | |
|---|-----------------------------------|---------------|
| | 2024 | 2023 |
| Proceeds from sale of financial assets at amortized cost | \$ 16,875,345 | \$ 12,626,123 |
| Purchase of financial assets at fair value through profit or loss | (2,137,518) | (1,312,853) |
| Proceeds from sale of financial assets at fair value through profit or loss | 2,867,402 | 194,180 |
| Acquisition of property, plant and equipment | (1,817,740) | (1,630,056) |
| Proceeds from disposal of property, plant and equipment | 3,726 | 10,324 |
| Increase in refundable deposits | (26,347) | (43,405) |
| Acquisition of intangible assets | (45,931) | (42,623) |
| Proceeds from disposal of intangible assets | - | 8 |
| Net cash inflow arising from merger | - | 424 |
| Increase in other financial assets | (31,704) | (204) |
| Increase in other non-current assets | (1,014) | - |
| Interest received | 605,440 | 432,866 |
| Dividends received | 16,863 | 7,276 |
| Net cash used in investing activities | (1,522,680) | (1,176,468) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 44,931 | 711,923 |
| Repayments of short-term borrowings | (128,824) | (529,588) |
| Proceeds from long-term borrowings | - | 100,000 |
| Repayments of long-term borrowings | (225,418) | (2,725,418) |
| Repayments of the principal portion of lease liabilities | (162,232) | (176,759) |
| Dividends paid to owners of the Company | (5,581,745) | (4,184,543) |
| Employee share options | 9,649 | 249 |
| Net cash used in financing activities | (6,043,639) | (6,804,136) |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | 361,452 | 254,750 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (545,270) | 2,620,094 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 14,070,421 | 8,695,372 |
| CASH AND CASH EQUIVALENTS INCLUDED IN DISPOSAL GROUPS HELD FOR SALE | (719,924) | - |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 12,805,227 | \$ 11,315,466 |

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

(Concluded)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Accton Technology Corporation (the “Company”) was incorporated in Hsinchu Science-based Industrial Park in February 1988. The Company develops, manufactures and sells innovative high-quality products for computer network systems and wireless land area network (LAN) hardware and software products and renders related technical consulting and engineering design services.

The Company’s shares have been listed on the Taiwan Stock Exchange since November 5, 1995.

The Company together with the entities controlled by the Company are hereinafter referred to collectively as the “Group”.

The functional currency of the Group is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on November 7, 2024.

3. APPLICATION OF NEW AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB |
|---|---|
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note) |

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC.

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note) |
|--|--|
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information” | January 1, 2023 |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” | January 1, 2027 |

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not

present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRS Accounting Standards endorsed.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and net defined benefit liabilities that are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 13 and Tables 8 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

In addition to the description below, please refer to the summary of significant accounting policies in the 2023 consolidated financial statements.

1) Classification of current and non-current assets and liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after

the reporting period and before the consolidated financial statements are authorized for issue; and

- c) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

4) Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale/all of the carrying amounts of the investments in that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same material accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

| | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| Cash on hand | \$ 726 | \$ 1,780 | \$ 1,887 |
| Checking accounts and demand deposits | 3,630,750 | 3,596,922 | 4,066,142 |
| Cash equivalents | | | |
| Time deposits with original maturities of less than 3 months | 7,373,001 | 10,231,719 | 6,350,687 |
| Repurchase agreements collateralized by bonds | <u>1,800,750</u> | <u>240,000</u> | <u>896,750</u> |
| | <u>\$ 12,805,227</u> | <u>\$ 14,070,421</u> | <u>\$ 11,315,466</u> |

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period were as follows:

| | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|--|-------------------------------|------------------------------|-------------------------------|
| Bank balance | 0.002%-5.430% | 0.001%-5.780% | 0.001%-5.540% |
| Repurchase agreements collateralized by bonds | 1.000%-5.300% | 0.930%-0.940% | 0.950%-5.200% |

Cash and cash equivalents are assessed for impairment. The Group considers its cash and cash equivalents as low credit risk; thus, no allowance for impairment loss was recognized.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| <u>Financial assets at FVTPL - current</u> | | | |
| Financial assets mandatorily classified as at FVTPL | | | |
| Mutual funds | <u>\$ 948,182</u> | <u>\$ 1,786,172</u> | <u>\$ 1,294,243</u> |
| <u>Financial assets at FVTPL - non-current</u> | | | |
| Financial assets mandatorily classified as at FVTPL | | | |
| Domestic and foreign unlisted shares | \$ 202,050 | \$ 125,129 | \$ 113,357 |
| Simple Agreement for Future Equity | 97,815 | - | - |
| Foreign convertible bonds | 79,100 | 79,100 | 47,505 |
| Structured products | <u>38,286</u> | <u>57,429</u> | <u>-</u> |
| | <u>\$ 417,251</u> | <u>\$ 261,658</u> | <u>\$ 160,862</u> |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|--|-------------------------------|------------------------------|-------------------------------|
| <u>Current</u> | | | |
| Domestic and foreign investments | | | |
| Listed shares and emerging market shares | \$ 226,856 | \$ 306,112 | \$ 258,388 |
| <u>Non-current</u> | | | |
| Foreign investments | | | |
| Foreign listed shares | \$ 2,334,305 | \$ - | \$ - |
| Foreign unlisted shares | 386,790 | 46,909 | 111,831 |
| | <u>\$ 2,721,095</u> | <u>\$ 46,909</u> | <u>\$ 111,831</u> |

The Group holds listed (unlisted) shares and emerging market shares of domestic and foreign for strategic purposes and expects to profit from the investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

| | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| <u>Current</u> | | | |
| Time deposits with original maturity of more than 3 months (Note 1) | \$ 7,646,630 | \$ 8,169,991 | \$ 4,835,168 |
| <u>Non-current</u> | | | |
| Corporate bonds (Note 2) | \$ 925,634 | \$ - | \$ - |
| Government bonds/Agency bonds (Note 3) | 293,125 | - | - |
| | <u>\$ 1,218,759</u> | <u>\$ -</u> | <u>\$ -</u> |

Note 1: The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.25%-5.50%, 0.25%-5.77% and 0.25%-5.77% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

Note 2: For the nine months ended September 2024, the Group bought 1.98-10 years corporate bonds issued at face values of \$500 thousand - \$3,000 thousand, with a coupon rates of 3.125%-5.500% and an effective interest rates of 4.492%-5.500%.

Note 3: For the nine months ended September 2024, the Group bought 3-10 years government bonds at face values of \$1,000 thousand - \$1,300 thousand, with a coupon rates of 3.125%-4.625% and an effective interest rates of 4.112%-4.642%.

Financial assets at amortized cost were assessed for impairment. The Group considered its financial assets at amortized cost as low credit risk; thus, no allowance for impairment loss was recognized. For information on credit risk management and impairment assessment related to financial assets at amortized cost, please refer to Note 33.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-------------------------------------|-----------------------|----------------------|-----------------------|
| <u>Notes receivable</u> | | | |
| Notes receivable - operating | \$ 17,760 | \$ 475 | \$ - |
| <u>Trade receivables</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 13,148,412 | \$ 11,134,357 | \$ 12,382,502 |
| Less: Allowance for impairment loss | (1,999) | (15,838) | (16,754) |
| | <u>\$ 13,146,413</u> | <u>\$ 11,118,519</u> | <u>\$ 12,365,748</u> |
| <u>Other receivables</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 483,320 | \$ 606,260 | \$ 625,432 |
| Less: Allowance for impairment loss | (3,046) | (3,046) | (3,046) |
| | <u>\$ 480,274</u> | <u>\$ 603,214</u> | <u>\$ 622,386</u> |

a. Notes and trade receivables

The average credit period of sales of goods is 30 days, and some customers have credit period of 45 to 90 days after the end of the month. No interest is charged on trade receivables. The Group adopted a policy to obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own historical transaction records to rate its major customers.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, as well as the economic condition of the industry in which the customer operates. The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. The Group estimates expected credit losses based on the number of days for which receivables are past due.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

September 30, 2024

| | Not Past Due | 1 to 60 Days Past Due | 61 to 180 Days Past Due | Over 180 Days Past Due | Total |
|--------------------------------|----------------------|--------------------------|----------------------------|---------------------------|----------------------|
| Gross carrying amount | \$ 12,602,700 | \$ 541,032 | \$ 4,201 | \$ 479 | \$ 13,148,412 |
| Loss allowance (Lifetime ECLs) | - | (965) | (555) | (479) | (1,999) |
| Amortized cost | <u>\$ 12,602,700</u> | <u>\$ 540,067</u> | <u>\$ 3,646</u> | <u>\$ -</u> | <u>\$ 13,146,413</u> |

December 31, 2023

| | <u>Not Past Due</u> | <u>1 to 60 Days Past Due</u> | <u>61 to 180 Days Past Due</u> | <u>Over 180 Days Past Due</u> | <u>Total</u> |
|--------------------------------|----------------------|----------------------------------|------------------------------------|-----------------------------------|----------------------|
| Gross carrying amount | \$ 10,382,899 | \$ 740,927 | \$ 8 | \$ 10,523 | \$ 11,134,357 |
| Loss allowance (Lifetime ECLs) | <u>-</u> | <u>(5,314)</u> | <u>(1)</u> | <u>(10,523)</u> | <u>(15,838)</u> |
| Amortized cost | <u>\$ 10,382,899</u> | <u>\$ 735,613</u> | <u>\$ 7</u> | <u>\$ -</u> | <u>\$ 11,118,519</u> |

September 30, 2023

| | <u>Not Past Due</u> | <u>1 to 60 Days Past Due</u> | <u>61 to 180 Days Past Due</u> | <u>Over 180 Days Past Due</u> | <u>Total</u> |
|--------------------------------|----------------------|----------------------------------|------------------------------------|-----------------------------------|----------------------|
| Gross carrying amount | \$ 11,675,154 | \$ 694,757 | \$ 9 | \$ 12,582 | \$ 12,382,502 |
| Loss allowance (Lifetime ECLs) | <u>-</u> | <u>(4,170)</u> | <u>(2)</u> | <u>(12,582)</u> | <u>(16,754)</u> |
| Amortized cost | <u>\$ 11,675,154</u> | <u>\$ 690,587</u> | <u>\$ 7</u> | <u>\$ -</u> | <u>\$ 12,365,748</u> |

The movements of the loss allowance of trade receivables were as follows:

| | For the Nine Months Ended September 30 | |
|-------------------------------------|---|--------------------|
| | <u>2024</u> | <u>2023</u> |
| Balance at January 1 | \$ 15,838 | \$ 16,275 |
| Add: Amounts (reversed) provisioned | (983) | 173 |
| Write-off | (157) | - |
| Reclassified to held for sale | (13,291) | - |
| Foreign exchange gains and losses | <u>592</u> | <u>306</u> |
| Balance at September 30 | <u>\$ 1,999</u> | <u>\$ 16,754</u> |

b. Other receivables

The average credit period of sales of goods is 30 days, and some customers have credit period of 30 to 45 days after the end of the month. No interest is charged on other receivables. The Group adopted a policy to obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The movements of the loss allowance of other receivables were as follows:

| | For the Nine Months Ended September 30 | |
|---------------------------------------|---|--------------------|
| | <u>2024</u> | <u>2023</u> |
| Balance at January 1 and September 30 | <u>\$ 3,046</u> | <u>\$ 3,046</u> |

As of September 30, 2024, December 31, 2023 and September 30, 2023, the amount of allowance losses did not include individual impairment of other receivables that were subject to risk control due to tight cash flow from customers.

11. INVENTORIES

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-----------------|-----------------------|----------------------|-----------------------|
| Merchandise | \$ 3,963,345 | \$ 2,426,943 | \$ 1,710,797 |
| Finished goods | 4,368,165 | 2,697,338 | 2,888,786 |
| Work in process | 1,747,862 | 723,969 | 1,246,294 |
| Raw materials | 7,727,947 | 7,702,454 | 8,331,929 |
| | <u>\$ 17,807,319</u> | <u>\$ 13,550,704</u> | <u>\$ 14,177,806</u> |

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2024 and 2023, which amounted to \$22,584,009 thousand, \$17,262,507 thousand, respectively; and \$56,726,429 thousand and \$48,259,740 thousand for the nine months ended September 30, 2024 and 2023, respectively. The cost of inventories recognized as cost of goods sold consisted an inventory write-down for the three months ended September 30, 2024 and 2023, which amounted to \$55,600 thousand, \$267,977 thousand, respectively; and \$119,329 thousand and \$491,458 thousand for the nine months ended September 30, 2024 and 2023, respectively.

12. DISPOSAL GROUPS HELD FOR SALE

On September 26, 2024, the Company's board of directors approved to dispose of Joy Technology (Shenzhen) Co., Ltd. and Accton Technology Co., Ltd. 100% equity. The Group is actively seeking a buyer and the expectation to complete the sale within twelve months. The Group has reclassified the assets and liabilities of Joy Technology (Shenzhen) Co., Ltd. and Accton Technology Co., Ltd. as a disposal group held for sale in its consolidated balance sheet as of September 30, 2024. The major classes of assets and liabilities classified as held for sale were disclosed as follows:

The major assets and liabilities included in the disposal groups held for sale are as follows:

| | September 30, 2024 |
|--|---------------------|
| Disposal group held for sale | |
| Cash and cash equivalents | \$ 719,924 |
| Notes and trade receivables, net | 1,178,735 |
| Other receivables | 454 |
| Inventories | 1,326,015 |
| Prepayments | 35,747 |
| Other financial assets - current | 32,085 |
| Other current assets - other | 5,294 |
| Property, plant and equipment | 211,868 |
| Right-of-use assets | 56,320 |
| Intangible assets | 28,250 |
| Prepayments for equipment | 2,827 |
| Refundable deposits | 19,817 |
| | <u>\$ 3,617,336</u> |
| Liabilities directly associated with disposal groups held for sale | |
| Contract liabilities - current | \$ 18,407 |
| Trade payables | 2,147,883 |
| Payables to contractors and equipment suppliers | 19,183 |
| Other payables | 243,200 |
| Income tax payable | 28,732 |
| Lease liabilities - current | 41,454 |
| Refund liabilities - current | 97 |
| Lease liabilities - non-current | 16,842 |
| | <u>\$ 2,515,798</u> |

The net proceeds from the disposal were expected to exceed the carrying amount of the related net assets, and accordingly, no impairment loss was recognized while reclassifying the assets and liabilities attributable to the production line to disposal groups held for sale.

13. SUBSIDIARIES

The subsidiaries in the consolidated financial statement:

| Investor | Investee | Main Business | % of Ownership | | | Remark |
|-------------------|--|---|--------------------|-------------------|--------------------|--------|
| | | | September 30, 2024 | December 31, 2023 | September 30, 2023 | |
| The Company | Accton Century Holding (BVI) Co., Ltd. ("Accton Century") | Investment holding company | 100 | 100 | 100 | - |
| | Edgecore Networks Corp. ("Edgecore Networks") | Research, development, design, manufacture and selling of switching hubs | 100 | 100 | 100 | - |
| | Accton Global, Inc. ("Accton Global") | Selling and marketing of high-quality LAN hardware and software products | 100 | 100 | 100 | Note 1 |
| | Accton Manufacturing and Service, Inc. ("AMS") | Manufacture and selling of switching hubs | 100 | 100 | 100 | - |
| | Accton Investment Corp. ("Accton Investment") | Investment holding company | 100 | 100 | 100 | - |
| | Accton Technology (China) Co., Ltd. ("Accton China") | Investment holding company | 100 | 100 | 100 | - |
| | Accton Technology Corp. USA ("Accton USA") | Service of technique of high-quality LAN hardware and software products | 100 | 100 | 100 | - |
| | Accton Logistics Corp. ("AL") | Selling and marketing of high-quality LAN hardware and software products | 100 | 100 | 100 | - |
| | Nocsys Inc. ("Nocsys") | Investment holding company | - | - | 100 | Note 2 |
| | E-Direct Corp. ("E-Direct") | Provides services in information software and information technology | 100 | 100 | 100 | - |
| | Vietnam Accton Technology Co., Ltd. ("Accton Vietnam") | Research, development, design, manufacture and selling of switching hubs | 100 | 100 | 100 | - |
| | Metalligence Technology Corp. ("Metalligence") | Provides e-commerce apps, information software and advertising services | 100 | 100 | 100 | - |
| | ACCE Technology Corp. (ACCE) | Investment holding company | 100 | - | - | Note 3 |
| | Accton Century | Accton Asia Investments Corp. ("Accton Asia") | 100 | 100 | 100 | - |
| | Accton Asia | Joy Technology (Shenzhen) Co., Ltd. ("Joy Tech") | 100 | 100 | 100 | Note 1 |
| Joy Tech | ATAN NetworKs Co., Ltd. ("ATAN") | Sale of network products | 100 | 100 | 100 | - |
| Accton China | Accton Technology Co., Ltd. ("Accton SH") | Sale of network products | 100 | 100 | 100 | - |
| Accton SH | MuXi Technology Co., Ltd. ("MuXi") | Sale of network products | 100 | 100 | 100 | - |
| Edgecore Networks | Edgecore Networks Singapore Pte. Ltd. ("Edgecore Singapore") | Selling and marketing of high-quality LAN hardware and software products | 100 | 100 | 100 | - |
| | Edgecore Americas Networking Corp. ("Edgecore Americas") | Selling and marketing of high-quality LAN hardware and software products | 100 | 100 | 100 | - |
| | Edgecore Networks India Pvt. Ltd. ("Edgecore India") | Research, development, design, manufacture and selling of switching hubs | 100 | 100 | 100 | - |
| ACCE | GoldiLink Technology Corp. ("GoldiLink") | Research, development, design, manufacture and selling of optical modules | 100 | - | - | Note 4 |

Note 1: The financial statements of the non-material subsidiaries for the nine months ended September 30, 2024, and 2023 were not reviewed by the CPAs, except Joy Tech and Accton Global.

Note 2: In December 2023, Nocsys Inc. completed its liquidation procedures.

Note 3: In February 2024, ACCE Technology Corp. completed its capital injection.

Note 4: In May 2024, GoldiLink completed the registration of its establishment.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|-----------------------|----------------------|-----------------------|
| Associates that are not individually material | \$ 7,180 | \$ 7,751 | \$ 9,907 |

On the date of balance sheet, the percentages of the Group's ownership and voting rights to the associates were as follows:

| Name of Associate | Main Business | Location | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|----------------------------|---|----------|--------------------|-------------------|--------------------|
| Oenix Biomed Co., Ltd. | Research and development of health care services and equipment | Taipei | 40% | 40% | 40% |
| CheerLife Technology Corp. | Provides e-commerce apps, information software and advertising services | Taipei | 20% | 20% | 20% |

15. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

| | Buildings | Machinery and Equipment | Molding Equipment | Testing Equipment | Transportation Equipment | Office Equipment | Leasehold Improvements | Other Equipment | Construction in Progress | Total |
|--|---------------------|-------------------------|-------------------|-------------------|--------------------------|-------------------|------------------------|-------------------|--------------------------|---------------------|
| Cost | | | | | | | | | | |
| Balance at January 1, 2024 | \$ 408,702 | \$ 2,552,887 | \$ 564,782 | \$ 693,417 | \$ 39,895 | \$ 256,409 | \$ 637,620 | \$ 480,353 | \$ 1,592,280 | \$ 7,226,345 |
| Additions | 24,552 | 549,521 | 80,523 | 146,728 | 1,923 | 39,346 | 260,109 | 37,205 | 959,957 | 2,099,864 |
| Reductions | - | (257,490) | (9,195) | (5,862) | (2,357) | (9,148) | (37,486) | (23,004) | - | (344,542) |
| Reclassified | 1,611,027 | - | - | - | - | - | - | - | (1,611,027) | - |
| Reclassified to held for sale | - | (941,172) | (50,987) | (47,502) | (6,009) | (47,528) | (210,481) | (281,703) | - | (1,585,382) |
| Effect of foreign currency exchange differences | - | 52,208 | 1,866 | 1,378 | 259 | 2,082 | 11,998 | 13,145 | - | 82,936 |
| Balance at September 30, 2024 | <u>\$ 2,044,281</u> | <u>\$ 1,955,954</u> | <u>\$ 586,989</u> | <u>\$ 788,159</u> | <u>\$ 33,711</u> | <u>\$ 241,161</u> | <u>\$ 661,760</u> | <u>\$ 225,996</u> | <u>\$ 941,210</u> | <u>\$ 7,479,221</u> |
| Accumulated depreciation | | | | | | | | | | |
| Balance at January 1, 2024 | \$ 298,510 | \$ 1,822,356 | \$ 374,405 | \$ 536,638 | \$ 34,271 | \$ 195,618 | \$ 464,998 | \$ 318,091 | \$ - | \$ 4,044,887 |
| Additions | 22,252 | 206,435 | 72,150 | 57,124 | 2,098 | 23,128 | 50,027 | 49,391 | - | 482,605 |
| Reductions | - | (255,884) | (8,679) | (5,476) | (2,136) | (8,937) | (36,494) | (21,419) | - | (339,025) |
| Reclassified to held for sale | - | (847,191) | (43,225) | (26,253) | (4,779) | (40,833) | (195,779) | (215,454) | - | (1,373,514) |
| Effect of foreign currency exchange differences | - | 43,519 | 1,676 | 827 | 186 | 1,738 | 9,361 | 8,865 | - | 66,172 |
| Balance at September 30, 2024 | <u>\$ 320,762</u> | <u>\$ 969,235</u> | <u>\$ 396,327</u> | <u>\$ 562,860</u> | <u>\$ 29,640</u> | <u>\$ 170,714</u> | <u>\$ 292,113</u> | <u>\$ 139,474</u> | <u>\$ -</u> | <u>\$ 2,881,125</u> |
| Carrying amount at September 30, 2024 | <u>\$ 1,723,519</u> | <u>\$ 986,719</u> | <u>\$ 190,662</u> | <u>\$ 225,299</u> | <u>\$ 4,071</u> | <u>\$ 70,447</u> | <u>\$ 369,647</u> | <u>\$ 86,522</u> | <u>\$ 941,210</u> | <u>\$ 4,598,096</u> |
| Carrying amount at December 31, 2023 and January 1, 2024 | <u>\$ 110,192</u> | <u>\$ 730,531</u> | <u>\$ 190,377</u> | <u>\$ 156,779</u> | <u>\$ 5,624</u> | <u>\$ 60,791</u> | <u>\$ 172,622</u> | <u>\$ 162,262</u> | <u>\$ 1,592,280</u> | <u>\$ 3,181,458</u> |
| Cost | | | | | | | | | | |
| Balance at January 1, 2023 | \$ 406,064 | \$ 2,312,530 | \$ 551,435 | \$ 616,569 | \$ 41,596 | \$ 248,592 | \$ 519,008 | \$ 383,566 | \$ 418,613 | \$ 5,497,973 |
| Additions | 2,230 | 158,824 | 67,855 | 62,158 | 215 | 12,303 | 92,080 | 88,452 | 870,948 | 1,355,065 |
| Reductions | (2,496) | (24,575) | (43,937) | (3,828) | (2,155) | (10,008) | (808) | (6,311) | - | (94,118) |
| Reclassified | - | - | - | (339) | 339 | - | - | 1,928 | - | 1,928 |
| Effect of foreign currency exchange differences | - | 24,203 | 1,159 | 652 | 141 | 1,070 | 5,966 | 6,116 | - | 39,307 |
| Balance at September 30, 2023 | <u>\$ 405,798</u> | <u>\$ 2,470,982</u> | <u>\$ 576,512</u> | <u>\$ 675,212</u> | <u>\$ 40,136</u> | <u>\$ 251,957</u> | <u>\$ 616,246</u> | <u>\$ 473,751</u> | <u>\$ 1,289,561</u> | <u>\$ 6,800,155</u> |
| Accumulated depreciation | | | | | | | | | | |
| Balance at January 1, 2023 | \$ 287,382 | \$ 1,671,286 | \$ 383,486 | \$ 488,340 | \$ 33,105 | \$ 174,202 | \$ 387,649 | \$ 268,105 | \$ - | \$ 3,693,555 |
| Additions | 10,295 | 166,164 | 58,882 | 49,227 | 2,665 | 25,542 | 60,993 | 43,144 | - | 416,912 |
| Reductions | (2,343) | (18,215) | (43,892) | (3,828) | (2,155) | (9,489) | (767) | (3,660) | - | (84,349) |
| Effect of foreign currency exchange differences | - | 20,731 | 1,047 | 350 | 96 | 927 | 4,225 | 3,899 | - | 31,275 |
| Balance at September 30, 2023 | <u>\$ 295,334</u> | <u>\$ 1,839,966</u> | <u>\$ 399,523</u> | <u>\$ 534,089</u> | <u>\$ 33,711</u> | <u>\$ 191,182</u> | <u>\$ 452,100</u> | <u>\$ 311,488</u> | <u>\$ -</u> | <u>\$ 4,057,393</u> |
| Carrying amount at September 30, 2023 | <u>\$ 110,464</u> | <u>\$ 631,016</u> | <u>\$ 176,989</u> | <u>\$ 141,123</u> | <u>\$ 6,425</u> | <u>\$ 60,775</u> | <u>\$ 164,146</u> | <u>\$ 162,263</u> | <u>\$ 1,289,561</u> | <u>\$ 2,742,762</u> |

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over the estimated useful lives as follows:

| | |
|--------------------------|------------|
| Buildings | 2-56 years |
| Machinery and equipment | 2-10 years |
| Molding equipment | 1-10 years |
| Testing equipment | 1-8 years |
| Transportation equipment | 5-10 years |
| Office equipment | 1-8 years |
| Leasehold improvements | 1-10 years |
| Other equipment | 2-8 years |

The buildings held by the Group, which consisted of main buildings; and electric equipment and construction, are depreciated over their estimated useful lives of 56 years and 9 to 22 years, respectively, using the straight-line method.

The above items of property, plant and equipment were not used as collateral.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|--------------------------|-------------------------------|------------------------------|-------------------------------|
| <u>Carrying amount</u> | | | |
| Land | \$ 1,062,166 | \$ 1,084,969 | \$ 1,092,570 |
| Buildings | 1,154,393 | 809,165 | 438,030 |
| Transportation equipment | 2,691 | 4,517 | 5,126 |
| Other equipment | <u>-</u> | <u>-</u> | <u>536</u> |
| | <u>\$ 2,219,250</u> | <u>\$ 1,898,651</u> | <u>\$ 1,536,262</u> |

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|------------------|---|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Additions to right-of-use assets | | | <u>\$ 643,991</u> | <u>\$ 134,066</u> |
| Depreciation charge for right-of-use assets | | | | |
| Land | \$ 7,601 | \$ 7,601 | \$ 22,803 | \$ 22,803 |
| Buildings | 94,158 | 67,475 | 255,570 | 197,200 |
| Transportation equipment | 609 | 609 | 1,827 | 1,704 |
| Other equipment | <u>-</u> | <u>804</u> | <u>-</u> | <u>2,411</u> |
| | <u>\$ 102,368</u> | <u>\$ 76,489</u> | <u>\$ 280,200</u> | <u>\$ 224,118</u> |

b. Lease liabilities

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|------------------------|-----------------------|----------------------|-----------------------|
| <u>Carrying amount</u> | | | |
| Current | \$ 147,689 | \$ 210,380 | \$ 195,661 |
| Non-current | \$ 1,879,237 | \$ 1,381,397 | \$ 1,141,329 |

Range of discount rates for lease liabilities was as follows:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|--------------------------|-----------------------|----------------------|-----------------------|
| Land | 2.37%-2.80% | 2.37%-2.80% | 2.37%-2.80% |
| Buildings | 0.85%-9.60% | 0.85%-9.60% | 0.85%-8.02% |
| Transportation equipment | 2.14%-2.77% | 2.14%-2.77% | 2.14%-2.77% |
| Other equipment | - | - | 1.89% |

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants and offices with lease terms of 5 to 40 years. The lease contract for land located in Republic of China specifies that lease payments will be adjusted on the basis of changes in announced land value prices. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-----------|---|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Expenses relating to short-term leases | \$ 10,840 | \$ 20,554 | \$ 29,063 | \$ 50,104 |
| Total cash outflow for leases | \$ 83,772 | \$ 94,238 | \$ 246,945 | \$ 259,943 |

The Group's leases of certain office equipment and other assets which qualify as short-term leases. Thus, the Group elected to apply the recognition exemption and did not recognize these leases as right-of-use assets and lease liabilities.

17. GOODWILL

| | For the Nine Months Ended September 30 | |
|---------------------------------------|---|----------|
| <u>Cost</u> | 2024 | 2023 |
| Balance at January 1 and September 30 | \$ 1,930 | \$ 1,930 |

The Group recognized that there was no impairment loss of the recoverable amount of the assessed goodwill for the nine months ended September 30, 2024 and 2023.

18. INTANGIBLE ASSETS

| | Technology License Fees | Computer Software | Total |
|---|------------------------------------|------------------------------|-------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2024 | \$ 15,577 | \$ 290,545 | \$ 306,122 |
| Additions | - | 45,931 | 45,931 |
| Reductions | - | (29,643) | (29,643) |
| Reclassified to held for sale | - | (82,939) | (82,939) |
| Effect of foreign currency exchange differences | - | 1,838 | 1,838 |
| Balance at September 30, 2024 | <u>\$ 15,577</u> | <u>\$ 225,732</u> | <u>\$ 241,309</u> |
| <u>Accumulated amortization</u> | | | |
| Balance at January 1, 2024 | \$ 6,586 | \$ 145,116 | \$ 151,702 |
| Additions | 2,417 | 60,727 | 63,144 |
| Reductions | - | (29,643) | (29,643) |
| Reclassified to held for sale | - | (54,689) | (54,689) |
| Effect of foreign currency exchange differences | - | 1,507 | 1,507 |
| Balance at September 30, 2024 | <u>\$ 9,003</u> | <u>\$ 123,018</u> | <u>\$ 132,021</u> |
| Carrying amount at September 30, 2024 | <u>\$ 6,574</u> | <u>\$ 102,714</u> | <u>\$ 109,288</u> |
| Carrying amount at January 1, 2024 and December 31, 2023 | <u>\$ 8,991</u> | <u>\$ 145,429</u> | <u>\$ 154,420</u> |
| <u>Cost</u> | | | |
| Balance at January 1, 2023 | \$ 15,577 | \$ 243,766 | \$ 259,343 |
| Additions | - | 42,623 | 42,623 |
| Reductions | - | (16,326) | (16,326) |
| Reclassified | - | (2,867) | (2,867) |
| Effect of foreign currency exchange differences | - | 864 | 864 |
| Balance at September 30, 2023 | <u>\$ 15,577</u> | <u>\$ 268,060</u> | <u>\$ 283,637</u> |
| <u>Accumulated amortization</u> | | | |
| Balance at January 1, 2023 | \$ 3,363 | \$ 89,995 | \$ 93,358 |
| Additions | 2,417 | 53,403 | 55,820 |
| Reductions | - | (16,318) | (16,318) |
| Effect of foreign currency exchange differences | - | 616 | 616 |
| Balance at September 30, 2023 | <u>\$ 5,780</u> | <u>\$ 127,696</u> | <u>\$ 133,476</u> |
| Carrying amount at September 30, 2023 | <u>\$ 9,797</u> | <u>\$ 140,364</u> | <u>\$ 150,161</u> |

The above items of intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

| | |
|-------------------------|-----------|
| Technology license fees | 3-5 years |
| Computer software | 1-6 years |

The above items of intangible assets were not used as collateral.

19. PREPAYMENTS AND OTHER ASSETS

| | <u>September 30,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> | <u>September 30,</u> <u>2023</u> |
|---|-------------------------------------|------------------------------------|-------------------------------------|
| <u>Current</u> | | | |
| Prepayments | | | |
| Excess VAT paid | \$ 193,679 | \$ 259,168 | \$ 156,746 |
| Prepayments for software maintenance fees | 80,663 | 14,186 | 17,766 |
| Prepayments for purchases | 63,302 | 39,781 | 64,543 |
| Others | 88,666 | 47,663 | 51,271 |
| | <u>\$ 426,310</u> | <u>\$ 360,798</u> | <u>\$ 290,326</u> |
| <u>Non-current</u> | | | |
| Other financial assets | | | |
| Pledged time deposits | \$ 79,242 | \$ 79,623 | \$ 79,623 |
| Other assets | | | |
| Prepayments for software maintenance fees | \$ 22,484 | \$ 21,470 | \$ - |
| Prepaid Rent | - | - | 64,134 |
| Others | - | - | 1,294 |
| | <u>\$ 22,484</u> | <u>\$ 21,470</u> | <u>\$ 65,428</u> |

20. BORROWINGS

a. Short-term borrowings

| | <u>September 30,</u> <u>2024</u> | <u>December 31,</u> <u>2023</u> | <u>September 30,</u> <u>2023</u> |
|-----------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| Unsecured credit borrowings | <u>\$ 45,663</u> | <u>\$ 133,253</u> | <u>\$ 180,469</u> |

The effective interest rates on bank loans as of September 30, 2024, December 31, 2023 and September 30, 2023 were 1.35%, 1.35% - 3.50% and 1.35%-3.90% per annum, respectively.

b. Long-term borrowings

| | Maturity Date | Significant Covenant | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|--|---------------|---|--------------------|-------------------|--------------------|
| Unsecured bank borrowings | 2026.06.15 | From June 2022, there are 49 monthly payments of principal and interest. | \$ 428,571 | \$ 612,245 | \$ 673,470 |
| Unsecured bank borrowings | 2026.04.15 | From June 2022, there are 47 monthly payments of principal and interest. | 88,128 | 129,872 | 143,787 |
| Unsecured bank borrowings | 2030.02.16 | From February 2026, the 1st to 16th quarterly payments are 4% of the principal, and the 17th quarterly payments are 36% of the principal. | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> |
| Long-term borrowings | | | 616,699 | 842,117 | 917,257 |
| Less: Discounts on government grants (Note 30) | | | (223) | (3,812) | (5,020) |
| Less: Current portion | | | <u>(300,558)</u> | <u>(300,558)</u> | <u>(300,558)</u> |
| | | | <u>\$ 315,918</u> | <u>\$ 537,747</u> | <u>\$ 611,679</u> |

The intervals of effective borrowing rates as of September 30, 2024, December 31, 2023 and September 30, 2023 were 0.725%-2.307%, 0.600%-2.184% and 0.600%-2.184%, respectively.

The loan agreements require the maintenance of a current ratio, debt ratio, and interest coverage ratio based on the Group's annual and quarterly consolidated financial statements. For the September 30, 2024, December 31, 2023 and September 30, 2023, the Group had met the financial ratio covenants.

21. OTHER LIABILITIES

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-------------------------------------|---------------------|---------------------|---------------------|
| <u>Current</u> | | | |
| Other payables | | | |
| Temporary receipts from customers | \$ 2,027,584 | \$ 992,477 | \$ 714,959 |
| Payable for salaries and bonuses | 442,205 | 651,510 | 575,811 |
| Temporary credit and agency receipt | 105,039 | 113,908 | 178,283 |
| Payable for import/export | 103,643 | 53,221 | 65,539 |
| Payable for insurance | 57,741 | 104,345 | 92,259 |
| Payable for service | 48,502 | 60,555 | 45,461 |
| Others | <u>1,101,266</u> | <u>1,450,160</u> | <u>1,323,791</u> |
| | <u>\$ 3,885,980</u> | <u>\$ 3,426,176</u> | <u>\$ 2,996,103</u> |

22. PROVISIONS

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|----------------|--------------------|-------------------|--------------------|
| <u>Current</u> | | | |
| Warranties | <u>\$ 271,365</u> | <u>\$ 304,128</u> | <u>\$ 279,957</u> |

Warranties

For the Nine Months Ended September 30, 2024

| | |
|---|-------------------|
| Balance at January 1, 2024 | \$ 304,128 |
| Additional provisions recognized | 84,627 |
| Amounts used | (117,481) |
| Effect of foreign currency exchange differences | <u>91</u> |
| Balance at December 31, 2024 | <u>\$ 271,365</u> |

For the Nine Months Ended September 30, 2023

| | |
|---|-------------------|
| Balance at January 1, 2023 | \$ 264,711 |
| Additional provisions recognized | 132,708 |
| Amounts used | (117,609) |
| Effect of foreign currency exchange differences | <u>147</u> |
| Balance at December 31, 2023 | <u>\$ 279,957</u> |

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties and under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

23. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2024 and 2023, the pension expenses of defined benefit plans were \$301 thousand and \$159 thousand, respectively. For the nine months ended September 30, 2024 and 2023, the pension expenses of defined benefit plans were \$903 thousand and \$477 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

24. EQUITY

a. Ordinary shares

| | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|---|-------------------------------|------------------------------|-------------------------------|
| Authorized shares (in thousands) | <u>880,000</u> | <u>880,000</u> | <u>880,000</u> |
| Authorized capital | <u>\$ 8,800,000</u> | <u>\$ 8,800,000</u> | <u>\$ 8,800,000</u> |
| Issued and fully paid shares (in thousands) | <u>561,118</u> | <u>560,356</u> | <u>560,159</u> |
| Issued capital | <u>\$ 5,611,179</u> | <u>\$ 5,603,564</u> | <u>\$ 5,601,589</u> |

A holder of issued ordinary shares with par value of NT\$10 is entitled to vote and to receive dividends.

The authorized shares include 87,000 thousand shares allocated for the exercise of employee share options.

Exercise of employee share options is the main reason for the share movement.

b. Capital surplus

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|-----------------------|----------------------|-----------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1) | | | |
| Issuance of ordinary shares | \$ 540,492 | \$ 538,458 | \$ 537,905 |
| Treasury share transactions | 122,056 | 99,967 | 99,967 |
| Employee share options | 228,216 | 222,048 | 221,082 |
| <u>May only be used to offset a deficit</u> | | | |
| Changes in percentage of ownership interests in subsidiaries (2) | 8,113 | 8,113 | 8,113 |
| <u>May not be used for any purpose</u> | | | |
| Employee share options | - | 6,168 | 7,134 |
| | <u>\$ 898,877</u> | <u>\$ 874,754</u> | <u>\$ 874,201</u> |

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulted from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

A reconciliation of the carrying amounts at the beginning and at the ended of September 30, 2024 and 2023, for each class of capital surplus was as follows:

| | Premium on Issuance of Shares | Treasury Shares | Employee Share Options | Change in Percentage of Ownership Interests in Subsidiaries | Employee Share Options - May not be used for any Purpose |
|---|-------------------------------------|--------------------|------------------------------|--|---|
| Balance at January 1, 2024 | \$ 538,458 | \$ 99,967 | \$ 222,048 | \$ 8,113 | \$ 6,168 |
| Employee share options exercised | 2,034 | - | 6,168 | - | (6,168) |
| Cash dividends received by subsidiaries from parent company | - | 22,089 | - | - | - |
| Balance at September 30, 2024 | <u>\$ 540,492</u> | <u>\$ 122,056</u> | <u>\$ 228,216</u> | <u>\$ 8,113</u> | <u>\$ -</u> |

(Continued)

| | Premium on Issuance of Shares | Treasury Shares | Employee Share Options | Change in Percentage of Ownership Interests in Subsidiaries | Employee Share Options - May not be used for any Purpose |
|---|-------------------------------------|--------------------|------------------------------|--|---|
| Balance at January 1, 2023 | \$ 537,846 | \$ 83,393 | \$ 220,988 | \$ 8,113 | \$ 7,228 |
| Employee share options exercised | 59 | - | 94 | - | (94) |
| Cash dividends received by subsidiaries from parent company | - | 16,574 | - | - | - |
| Balance at September 30, 2023 | <u>\$ 537,905</u> | <u>\$ 99,967</u> | <u>\$ 221,082</u> | <u>\$ 8,113</u> | <u>\$ 7,134</u> |

(Concluded)

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 26-7.

The Company's Articles stipulate that the dividend policy must comply with present and future development plans and take investment environment, demand of funds, domestic and foreign competition, and shareholders' interests into consideration. The shareholder's compensation can be appropriated by way of cash dividends or share dividends, with provision that the percentage of cash dividends must exceed 50% of total dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2023 and 2022, which were approved in the shareholders' meetings on June 13, 2024 and June 15, 2023, respectively, were as follows:

| | Appropriation of Earnings | | Dividends Per Share (NT\$) | |
|-----------------------------|---------------------------|---------------|----------------------------|---------------|
| | For Year 2023 | For Year 2022 | For Year 2023 | For Year 2022 |
| Legal reserve | \$ 891,765 | \$ 818,608 | \$ - | \$ - |
| Reversal of special reserve | (23,742) | (32,525) | - | - |
| Cash dividends | 5,603,834 | 4,201,117 | 9.9956 | 7.4998 |

d. Special reserves

| | For the Nine Months Ended September 30 | |
|--|---|-------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 462,016 | \$ 494,541 |
| Reversal of appropriations in respect of Debits to other equity items | <u>(23,742)</u> | <u>(32,525)</u> |
| Balance at September 30 | <u>\$ 438,274</u> | <u>\$ 462,016</u> |

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

| | For the Nine Months Ended September 30 | |
|--|---|---------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ (465,594) | \$ (371,447) |
| Recognized for the period | | |
| Exchange differences on the translation of the financial statements of foreign operations | <u>221,098</u> | <u>146,194</u> |
| Balance at September 30 | <u>\$ (244,496)</u> | <u>\$ (225,253)</u> |

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

| | For the Nine Months Ended September 30 | |
|--|---|--------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 27,320 | \$ (90,569) |
| Recognized for the period | | |
| Unrealized gain (loss) - equity instruments | 1,821,842 | 79,635 |
| Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal | <u>(6,365)</u> | <u>(9,546)</u> |
| Balance at September 30 | <u>\$1,842,797</u> | <u>\$ (20,480)</u> |

f. Treasury shares

The Company's shares held by its subsidiaries on the balance sheet date were as follows:

| Name of Subsidiary | Number of Shares Held (In Thousands of Shares) | Carrying Amount | Market Value |
|---------------------------|---|----------------------------|---------------------|
| <u>September 30, 2024</u> | | | |
| Accton Investment | 2,210 | <u>\$ 50,999</u> | <u>\$ 1,175,649</u> |
| <u>December 31, 2023</u> | | | |
| Accton Investment | 2,210 | <u>\$ 50,999</u> | <u>\$ 1,155,760</u> |
| <u>September 30, 2023</u> | | | |
| Accton Investment | 2,210 | <u>\$ 50,999</u> | <u>\$ 1,089,464</u> |

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

25. REVENUE

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--------------------------------|--|----------------------|---|----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue from the sale of goods | \$ 28,173,143 | \$ 22,407,361 | \$ 71,394,011 | \$ 62,175,529 |
| Other operating revenue | <u>19,596</u> | <u>19,369</u> | <u>58,830</u> | <u>56,556</u> |
| | <u>\$ 28,192,739</u> | <u>\$ 22,426,730</u> | <u>\$ 71,452,841</u> | <u>\$ 62,232,085</u> |

a. Contract information

Revenue from the sale of goods comes from sales of network communication equipment. Based on the different trading conditions of the network communication equipment, sales of goods are recognized as revenue when they are delivered to the customer's specific location and the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group recognized the estimated possible sales return and discount of the refundable liabilities. As of September 30, 2024, December 31, 2023 and September 30, 2023, for information on the refund liability which amounted to \$50,835 thousand, \$69,846 thousand and \$152,152 thousand, respectively.

b. Contract balances

| | September 30, 2024 | December 31, 2023 | September 30, 2023 | January 01, 2023 |
|--------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Trade receivables (Note 10) | <u>\$ 13,146,413</u> | <u>\$ 11,118,519</u> | <u>\$ 12,365,748</u> | <u>\$ 13,135,959</u> |
| Contract liabilities - current | | | | |
| Sale of goods | <u>\$ 7,436,864</u> | <u>\$ 6,245,622</u> | <u>\$ 1,648,010</u> | <u>\$ 876,472</u> |

As of December 31, 2023 and 2022, the sales of goods amount from contract liabilities as follows:

| | For the Nine Months Ended September 30 | |
|----------------------------------|---|-------------------|
| | 2024 | 2023 |
| <u>From contract liabilities</u> | | |
| Sale of goods | <u>\$1,167,149</u> | <u>\$ 172,372</u> |

c. Disaggregation of revenue

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|----------------------|---|----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| <u>By Product</u> | | | | |
| Switch | \$ 16,420,659 | \$ 14,682,692 | \$ 41,188,624 | \$ 42,539,943 |
| Network Application | 10,433,532 | 5,948,390 | 24,167,030 | 13,906,824 |
| Metro Access Switch | 877,181 | 1,010,059 | 3,416,916 | 3,590,121 |
| Wireless | 170,743 | 174,191 | 402,738 | 732,392 |
| Other | <u>290,624</u> | <u>611,398</u> | <u>2,277,533</u> | <u>1,462,805</u> |
| | <u>\$ 28,192,739</u> | <u>\$ 22,426,730</u> | <u>\$ 71,452,841</u> | <u>\$ 62,232,085</u> |
| <u>By Region</u> | | | | |
| Americas | \$ 21,186,708 | \$ 16,496,485 | \$ 51,327,407 | \$ 44,820,584 |
| Asia | 3,922,999 | 3,650,352 | 11,083,896 | 8,689,879 |
| Europe | 2,818,746 | 2,083,232 | 8,089,765 | 8,027,167 |
| Taiwan (Company location) | 260,227 | 185,805 | 939,725 | 657,251 |
| Other | <u>4,059</u> | <u>10,856</u> | <u>12,048</u> | <u>37,204</u> |
| | <u>\$ 28,192,739</u> | <u>\$ 22,426,730</u> | <u>\$ 71,452,841</u> | <u>\$ 62,232,085</u> |

26. NET PROFIT

Net profit attributable to:

a. Interest income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|------------------------------------|--|-------------------|---|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Bank deposits | \$ 203,621 | \$ 144,077 | \$ 622,432 | \$ 437,739 |
| Financial assets at amortized cost | 14,372 | - | 21,278 | - |
| Others | 53 | 67 | 156 | 140 |
| | <u>\$ 218,046</u> | <u>\$ 144,144</u> | <u>\$ 643,866</u> | <u>\$ 437,879</u> |

b. Other income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|------------------------|--|------------------|---|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Grant income (Note 30) | \$ 2,558 | \$ 16,403 | \$ 9,784 | \$ 22,318 |
| Dividends | 8,119 | 7,220 | 16,863 | 7,276 |
| Others | 12,658 | 12,390 | 54,628 | 49,077 |
| | <u>\$ 23,335</u> | <u>\$ 36,013</u> | <u>\$ 81,275</u> | <u>\$ 78,671</u> |

c. Other gains and losses

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-------------------|---|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net foreign exchange gain (loss) | \$ (395,626) | \$ 137,932 | \$ 341,649 | \$ 262,821 |
| Net gain (loss) on fair value changes of financial assets | | | | |
| Financial assets mandatorily classified as at FVTPL | 22,547 | 4,493 | 66,630 | 9,398 |
| Others | 188 | (856) | (26,445) | (6,848) |
| | <u>\$ (372,891)</u> | <u>\$ 141,569</u> | <u>\$ 381,834</u> | <u>\$ 265,371</u> |

d. Finance costs

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|------------------|---|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Interest on lease liabilities | \$ 20,393 | \$ 11,056 | \$ 55,650 | \$ 33,080 |
| Interest on bank loans | 2,561 | 4,334 | 8,982 | 19,020 |
| | 22,954 | 15,390 | 64,632 | 52,100 |
| Less: Amounts included in the cost of qualifying assets | - | (275) | (552) | (664) |
| | <u>\$ 22,954</u> | <u>\$ 15,115</u> | <u>\$ 64,080</u> | <u>\$ 51,436</u> |

Information on capitalized interest is as follows:

| | For the Nine Months Ended September 30 | |
|-----------------------------|---|---------------|
| | 2024 | 2023 |
| Capitalized interest amount | \$ 552 | \$ 664 |
| Capitalization rate | 2.184%-2.310 | 2.056%-2.184% |

e. Depreciation and amortization

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-------------------|---|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| An analysis of depreciation by function | | | | |
| Operating costs | \$ 149,780 | \$ 113,907 | \$ 393,806 | \$ 321,651 |
| Operating expenses | 131,412 | 104,551 | 368,999 | 319,379 |
| | <u>\$ 281,192</u> | <u>\$ 218,458</u> | <u>\$ 762,805</u> | <u>\$ 641,030</u> |
| An analysis of amortization by function | | | | |
| Operating costs | \$ 1,713 | \$ 1,965 | \$ 5,729 | \$ 5,539 |
| Operating expenses | 21,911 | 17,255 | 57,415 | 50,281 |
| | <u>\$ 23,624</u> | <u>\$ 19,220</u> | <u>\$ 63,144</u> | <u>\$ 55,820</u> |

f. Employee benefits expense

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|---------------------|---|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Short-term benefits | \$ 1,778,802 | \$ 1,803,687 | \$ 5,251,779 | \$ 5,085,104 |
| Post-employment benefits (Note 23) | | | | |
| Defined contribution plan | 71,802 | 64,950 | 168,698 | 192,598 |
| Defined benefit plans | 301 | 159 | 903 | 477 |
| Total employee benefits expense | <u>\$ 1,850,905</u> | <u>\$ 1,868,796</u> | <u>\$ 5,421,380</u> | <u>\$ 5,278,179</u> |
| An analysis of employee benefits expense by function | | | | |
| Operating costs | \$ 467,967 | \$ 491,744 | \$ 1,337,306 | \$ 1,498,860 |
| Operating expenses | 1,382,938 | 1,377,052 | 4,084,074 | 3,779,319 |
| | <u>\$ 1,850,905</u> | <u>\$ 1,868,796</u> | <u>\$ 5,421,380</u> | <u>\$ 5,278,179</u> |

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors at rates of no less than 1%-11.25% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The accrual compensation of employees and the remuneration of directors for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, were as follows:

Accrual rate

| | For the Nine Months Ended September 30 | |
|---------------------------|---|--------|
| | 2024 | 2023 |
| Compensation of employees | 11.25% | 11.25% |
| Remuneration of directors | 0.34% | 0.4% |

Amount

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|------------|---|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| Compensation of employees | \$ 410,686 | \$ 418,277 | \$ 1,148,813 | \$ 1,111,465 |
| Remuneration of directors | \$ - | \$ - | \$ 35,000 | \$ 35,000 |

If there is a change in the amounts after the annual financial statements have been authorized for issue, the differences will be recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 7, 2024 and March 9, 2023, respectively, were as follows:

| | For the Year Ended December 31 | | | |
|---------------------------|--------------------------------|-------|--------------|-------|
| | 2023 | | 2022 | |
| | Cash | Share | Cash | Share |
| Compensation of employees | \$ 1,425,819 | \$ - | \$ 1,269,568 | \$ - |
| Remuneration of directors | \$ 35,000 | - | \$ 40,000 | - |

There is no difference between the amounts of compensation of employees and remuneration of directors solved by the board of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense recognized are as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|---------------------|---|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Current tax | | | | |
| In respect of the period | \$ 711,407 | \$ 767,576 | \$ 2,171,246 | \$ 1,853,668 |
| Income tax on unappropriated earnings | - | (1,194) | 41,739 | 168,752 |
| Adjustments for prior years | - | - | - | 30 |
| Deferred tax | | | | |
| In respect of the period | (52,755) | 235,023 | (212,970) | 307,874 |
| Income tax expense recognized in profit or loss | <u>\$ 658,652</u> | <u>\$ 1,001,405</u> | <u>\$ 2,000,015</u> | <u>\$ 2,330,324</u> |

b. Income tax recognized in other comprehensive income:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-------------|---|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Deferred Income Tax | | | | |
| Unrealized gains (loss) on investments in equity instruments at fair value through other comprehensive income | <u>\$ (86,164)</u> | <u>\$ -</u> | <u>\$ 466,861</u> | <u>\$ -</u> |

c. Income tax assessments

The tax authorities have examined income tax returns of the Company and Edgecore Networks through 2021 and examined income tax returns of E-Direct through 2022.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|----------------------------|--|---------|---|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Basic earnings per share | \$ 4.75 | \$ 4.28 | \$ 13.39 | \$ 11.95 |
| Diluted earnings per share | \$ 4.70 | \$ 4.25 | \$ 13.30 | \$ 11.86 |

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Period

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|--------------|---|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| Earnings used in the computation of basic and diluted earnings per share | \$ 2,650,075 | \$ 2,385,808 | \$ 7,474,767 | \$ 6,667,869 |

The weighted average number of ordinary shares outstanding (in thousand shares) was as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|---------|---|---------|
| | 2024 | 2023 | 2024 | 2023 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 558,632 | 557,949 | 558,371 | 557,946 |
| Effect of potentially dilutive ordinary shares | | | | |
| Employee share options | 420 | 1,124 | 688 | 1,119 |
| Compensation of employees | 2,160 | 2,255 | 2,827 | 3,293 |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 561,212 | 561,328 | 561,886 | 562,358 |

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company and its subsidiaries were granted 20,000 thousand options on September 4, 2014. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Information on employee share options was as follows:

| | For the Year Ended December 31, 2014 | |
|---|---|--|
| | Number of Options (In Thousands) | Weighted- average Exercise Price (NT\$) |
| <u>For the nine months ended September 30, 2024</u> | | |
| Balance at January 1 | 962 | \$ 12.80 |
| Options exercised | (762) | 12.76 |
| Options expired | <u>(200)</u> | - |
| Balance at September 30 | <u><u>-</u></u> | - |
| <u>For the nine months ended September 30, 2023</u> | | |
| Balance at January 1 | 1,178 | \$ 13.10 |
| Options exercised | <u>(19)</u> | 13.10 |
| Balance at September 30 | <u><u>1,159</u></u> | 12.80 |

The number of outstanding share options and the exercise prices have been adjusted to reflect the share dividends and the cancellation of ordinary shares according to plan.

Options granted in 2014 were priced using the Black-Scholes pricing model. The inputs to the model were as follows:

| | 2014 |
|-----------------------------|-------------|
| Grant-date share price (\$) | \$ 17.90 |
| Exercise price (\$) | 17.90 |
| Expected volatility | 22.30% |
| Expected life | 10 years |
| Expected dividend yield | - |
| Risk-free interest rate | 1.63% |

The grant-date share fair price was measured by market-based method.

Expected volatility was based on the same industry company historical share price volatility over the past 1 year.

No Compensation cost was recognized for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023.

30. GOVERNMENT GRANTS

As of September 30, 2024, the Company obtained a government preferential interest rate loan of \$1,218,000 thousand from the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” for capital expenditure and operating turnover. The loan will be settled in three to seven years through installments. At the time of borrowing, the market interest rate was 1.10%-1.29%. Based on this, the fair value of the loan is estimated to be \$1,162,932 thousand. The difference between the amount obtained and the fair value of the loan is \$55,068 thousand, which is regarded as a government low-interest loan and recognized as deferred income. The Company recognized other income, which amounted to \$2,041 thousand and \$2,139 thousand for the three months ended September 30, 2024 and 2023, respectively; and \$6,227 thousand and \$6,416 thousand for the nine months ended September 30, 2024 and 2023, respectively. The Company recognized interest expense of the loan, which amounted to \$1,740 thousand and \$2,673 thousand for the three months ended September 30, 2024 and 2023, respectively; and \$6,342 thousand and \$9,304 thousand for the nine months ended September 30, 2024 and 2023, respectively.

If the Company fails to meet the key points of the above project during the loan period and the National Development Fund terminates the government grant, then the Company should pay the original interest rate plus the annual interest rate.

The Company recognized \$39 thousand, \$5,000 thousand for the three months ended September 30, 2024 and 2023, respectively; and \$39 thousand and \$5,795 thousand for the nine months ended September 30, 2024 and 2023, respectively, as other income from the business development grant and labor allowance grant received from the local government.

Joy Tech recognized the \$478 thousand and \$9,264 thousand for the three months ended September 30, 2024 and 2023, respectively; and \$3,518 thousand and \$10,107 thousand for the nine months ended September 30, 2024 and 2023, respectively, as other income from the business development grant and labor allowance grant received from the local government.

31. DISPOSAL OF SUBSIDIARY

On December 29, 2023, the Group completed the liquidation of its subsidiary, Nocsys Inc.

a. Analysis of assets and liabilities on the date of liquidation

| | Nocsys Inc. |
|---------------------------|--------------------|
| Current assets | |
| Cash and cash equivalents | \$ <u>2,683</u> |
| Net assets disposed of | \$ <u>2,683</u> |

b. Gain on liquidation of subsidiary

| | Nocsys Inc. |
|------------------------|--------------------|
| Consideration received | \$ 2,683 |
| Net assets disposed of | <u>(2,683)</u> |
| Gain on disposal | <u>\$ -</u> |

32. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it has the necessary financial resources and operational plan to cover all required funds for the next 12 months, for its capital expenditures, research and development plan, debt repayment and dividends, etc.

Based on the Group's business model and working capital sources, the Group has no significant changes except for shareholders' share dividends and exercise of employee share options.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

September 30, 2024

| | | Fair Value | | | |
|-------------------------------------|---------------------|-------------|---------------------|-------------|---------------------|
| | Carrying Amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Financial assets at amortized costs | | | | | |
| Corporate bonds | \$ 925,634 | \$ - | \$ 916,991 | \$ - | \$ 916,991 |
| Government bond/Agency bonds | 293,125 | - | 296,686 | - | 296,686 |
| | <u>\$ 1,218,759</u> | <u>\$ -</u> | <u>\$ 1,213,677</u> | <u>\$ -</u> | <u>\$ 1,213,677</u> |

The fair value of Level 2 refers to the reference price provided by the issuing bank.

b. Fair value of financial instruments measured at fair value on a recurring basic

1) Fair value hierarchy

September 30, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------------|-------------|-------------------|---------------------|
| Financial assets at FVTPL | | | | |
| Mutual funds | \$ 948,182 | \$ - | \$ - | \$ 948,182 |
| Unlisted shares | - | - | 202,050 | 202,050 |
| Simple agreement for future equity | - | - | 97,815 | 97,815 |
| Convertible bonds | - | - | 79,100 | 79,100 |
| Structured products | - | - | 38,286 | 38,286 |
| Total | <u>\$ 948,182</u> | <u>\$ -</u> | <u>\$ 417,251</u> | <u>\$ 1,365,433</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Listed shares and emerging market shares | \$ 2,561,161 | \$ - | \$ - | \$ 2,561,161 |
| Unlisted shares | - | - | 386,790 | 386,790 |
| | <u>\$ 2,561,161</u> | <u>\$ -</u> | <u>\$ 386,790</u> | <u>\$ 2,947,951</u> |

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------------|-------------|-------------------|---------------------|
| Financial assets at FVTPL | | | | |
| Mutual funds | \$ 1,786,172 | \$ - | \$ - | \$ 1,786,172 |
| Unlisted shares | - | - | 125,129 | 125,129 |
| Convertible bonds | - | - | 79,100 | 79,100 |
| Structured products | - | - | 57,429 | 57,429 |
| | <u>\$ 1,786,172</u> | <u>\$ -</u> | <u>\$ 261,658</u> | <u>\$ 2,047,830</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Listed shares and emerging market shares | \$ 306,112 | \$ - | \$ - | \$ 306,112 |
| Foreign unlisted shares | - | - | 46,909 | 46,909 |
| | <u>\$ 306,112</u> | <u>\$ -</u> | <u>\$ 46,909</u> | <u>\$ 353,021</u> |

September 30, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------------|-------------|-------------------|---------------------|
| Financial assets at FVTPL | | | | |
| Mutual funds | \$ 1,294,243 | \$ - | \$ - | \$ 1,294,243 |
| Unlisted shares | - | - | 113,357 | 113,357 |
| Foreign convertible bond | - | - | 47,505 | 47,505 |
| | <u>\$ 1,294,243</u> | <u>\$ -</u> | <u>\$ 160,862</u> | <u>\$ 1,455,105</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Listed shares and emerging market shares | \$ 258,388 | \$ - | \$ - | \$ 258,388 |
| Foreign unlisted shares | - | - | 111,831 | 111,831 |
| | <u>\$ 258,388</u> | <u>\$ -</u> | <u>\$ 111,831</u> | <u>\$ 370,219</u> |

There were no transfers between Level 1 and 2 for the nine months ended September 30, 2024 and 2023.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2024

| Financial Assets | Financial Assets at FVTPL | | | | Financial Assets at FVTOCI |
|--------------------------------------|---------------------------|-------------------|------------------|--------------------------------|----------------------------|
| | Structured | | | Future equity simple agreement | Stocks |
| | Products | Stocks | Bonds | | |
| Balance at January 1, 2024 | \$ 57,429 | \$ 125,129 | \$ 79,100 | \$ - | \$ 46,909 |
| Recognized in other gains and losses | - | 44,352 | - | - | - |
| Purchases | - | 34,703 | - | 97,815 | 320,738 |
| Sales | - | (2,134) | - | - | - |
| Transfer | (19,143) | - | - | - | 19,143 |
| Balance at September 30, 2024 | <u>\$ 38,286</u> | <u>\$ 202,050</u> | <u>\$ 79,100</u> | <u>\$ 97,815</u> | <u>\$ 386,790</u> |

For the nine months ended September 30, 2023

| Financial Assets | Financial Assets at FVTPL | | Financial Assets at FVTOCI |
|--------------------------------------|----------------------------------|------------------|-----------------------------------|
| | Stocks | Bonds | Stocks |
| Balance at January 1, 2023 | \$ 108,999 | \$ - | \$ 22,472 |
| Recognized in other gains and losses | 4,358 | - | - |
| Purchases | <u>-</u> | <u>47,505</u> | <u>89,359</u> |
| Balance at September 30, 2023 | <u>\$ 113,357</u> | <u>\$ 47,505</u> | <u>\$ 111,831</u> |

3) Valuation techniques and inputs applied for Level 3 fair value measurement

- a) Some foreign unlisted equity securities are determined by using the Hybrid method which is to calculate the overall equity value of the target company based on the recent transaction and issue price. Then the Group assesses the net of these investment targets to determine the fair value of the equity investments to reflect the overall value.
- b) Some of the fair values of unlisted equity securities for both domestic and foreign were determined using the market approach based on the transaction price of the comparable standard and financial information of the underlying company and the market peers. Market multipliers, such as price-to-earnings ratio, price-to-book ratio, price-to-sales ratio or other financial ratios, are used to analyze and evaluate.

| | September 30, 2024 | September 30, 2023 |
|----------------------|-------------------------------|-------------------------------|
| Price book ratio | 2.06-2.88 | 2.50-2.88 |
| Price-to-sales ratio | 1.23-1.96 | 0.79-1.03 |
| Liquidity discount | 20% | 20% |

c) Categories of financial instruments

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|-------------------------------|------------------------------|-------------------------------|
| <u>Financial assets</u> | | | |
| <u>FVTPL</u> | | | |
| Mandatorily classified as at FVTPL | \$ 1,365,433 | \$ 2,047,830 | \$ 1,455,105 |
| Financial assets at amortized cost (Note 1) | 37,464,629 | 34,154,929 | 29,344,349 |
| <u>Financial assets at FVTOCI</u> | | | |
| Equity instruments | 2,947,951 | 353,021 | 370,219 |
| <u>Financial liabilities</u> | | | |
| Amortized cost (Note 2) | 26,533,885 | 18,285,886 | 19,369,717 |

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and trade receivables (including related parties), other receivables (including related parties), time deposits with original maturity of more than 3 months, pledged time deposits, refundable deposits and bonds. The amount includes the related assets, which were reclassified as disposal groups held for sale.

Note 2: The balances included financial liabilities at amortized cost, which comprise trade payables,

payables to contractors and equipment suppliers, other payables (including related parties), short-term borrowings, long-term borrowings - current portion, long-term borrowings and guarantee deposits. The amount includes the related liabilities, which were reclassified as disposal groups held for sale.

d) Financial risk management objectives and policies

The Group's financial risk management objective is to manage all risks that are relevant to operating activities, like foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group strives to identify, assess and avoid the uncertainty in market to minimize the potential adverse impact of market. Important financial activities of the Group are approved by the board of directors and reviewed for compliance with internal controls and relevant regulations and management practices. The Group abides by the relevant financial procedures on overall financial risk management and division of responsibilities when implementing financial plans.

The Group's policies on market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk are as follows:

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes short-term loans in foreign currency and derivative financial instruments (including forward exchange contracts) to hedge its currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 38.

Sensitivity analysis

The Group is mainly exposed to the USD, RMB and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and forward contracts and their adjusted translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balance below would be negative.

| | USD Impact | | RMB Impact | | JPY Impact | |
|----------------|---|-------------|---|-------------|---|-------------|
| | For the Nine Months Ended September 30 | | For the Nine Months Ended September 30 | | For the Nine Months Ended September 30 | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Profit or loss | \$ 64,128 | \$ 117,385 | \$ 164 | \$ 4,849 | \$ (431) | \$ (25) |

b) Interest rate risk

Interest rates of the Group's bank loans are fixed and variable, and have little effect on changing in interest rates, so the Group has not engaged in any hedging activities.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting periods were as follows:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-------------------------------|-------------------------------|------------------------------|-------------------------------|
| Fair value interest rate risk | | | |
| Financial assets | \$ 18,011,382 | \$ 18,581,833 | \$ 12,028,728 |
| Financial liabilities | 2,026,926 | 1,618,882 | 1,363,926 |
| Cash flow interest rate risk | | | |
| Financial assets | 3,475,547 | 3,347,258 | 3,928,048 |
| Financial liabilities | 662,139 | 944,453 | 1,065,770 |

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable interest rate assets, the analysis was prepared assuming the amount of each asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$2,110 thousand and \$2,147 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group's equity price risk was mainly concentrated in equity instruments operating in electronic industry quoted in the Taiwan Stock Exchange and Greta Securities Market.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the post-tax other comprehensive income for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$25,612 thousand and \$2,584 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risks from operating activities, primarily accounts receivable, and from investing activities, primarily deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures. As of the end of the reporting period, the Company's maximum credit risk exposure is equal to the carrying amount of financial assets.

Business related credit risk

In order to mitigate credit risk, the Group has made the management of credit policy to ensure that appropriate action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of each trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Group considers the credit risk is significantly reduced.

The Group's trade receivables outstanding arose from trading with its customers spreading across diverse industries and geographical areas. The balances are monitored on an ongoing basis by evaluating the customers' financial conditions. The Group will purchase the credit guarantee insurance contract if necessary.

Under its credit policy, the Group evaluates the credit grade of new customers individually before determining payments and other transaction terms. For this evaluation, the Group acquires external information from credit rating agencies and banks. If this information is not available, the Group will use other publicly available financial information and its own trading records to rate its customers. The Group reviews credits and trades of each customer regularly and does not trade with the customers that do not meet the credit grade in advance.

The Group estimated the allowance for impairment loss recognized on trade receivables, other receivables and investments.

Financial credit risk

The Group invests only in debt instruments with credit ratings of investment grade or higher and low credit risk, based on impairment assessments. Credit rating information is provided by independent rating agencies. The Group regularly monitors external ratings and other financial indicators such as bond yield curves and significant information regarding the debt issuers to assess whether there has been a significant increase in credit risk since the initial recognition of the debt instruments.

The Group assesses the 12-month expected credit loss and lifetime expected credit loss based on the probability of default and loss given default provided by external credit rating agencies, along with the current financial condition of the debtors and industry outlook forecasts.

| Category | Description | Basis for Recognizing Expected Credit Loss |
|-----------------|--|---|
| Performing | Credit rating is investment grade on valuation date | 12 months expected credit loss |
| Doubtful | Credit rating is non-investment grade on valuation date | Lifetime expected credit loss-not credit impaired |
| In default | Credit rating is CC or below on valuation date | Lifetime expected credit loss-credit impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery | Amount is written off |

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

September 30, 2024

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1+ Years | Total |
|---|---|---------------------|-------------------------------|---------------------|----------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Non-interest bearing | \$ 11,706,043 | \$ 9,366,294 | \$ 4,798,265 | \$ 816 | \$ 25,871,418 |
| Lease liabilities | 92,945 | 49,401 | 125,011 | 2,499,256 | 2,766,613 |
| Variable interest rate liabilities | 25,611 | 51,195 | 274,813 | 323,868 | 675,487 |
| | <u>\$ 11,824,599</u> | <u>\$ 9,466,890</u> | <u>\$ 5,198,089</u> | <u>\$ 2,823,940</u> | <u>\$ 29,313,518</u> |

Further information on the maturity analysis of the above financial liabilities was as follows:

| | Less than 1 Year | 1-5 years | 5-10 years | 10-15 years | 15-20 years | 20+ years |
|------------------------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Lease liabilities | \$ 267,357 | \$ 685,145 | \$ 904,695 | \$ 89,125 | \$ 351,625 | \$ 468,666 |
| Variable interest rate liabilities | 351,619 | 283,504 | 40,364 | - | - | - |
| | <u>\$ 618,976</u> | <u>\$ 968,649</u> | <u>\$ 945,059</u> | <u>\$ 89,125</u> | <u>\$ 351,625</u> | <u>\$ 468,666</u> |

December 31, 2023

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1+ Years | Total |
|---|---|---------------------|-------------------------------|---------------------|----------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Non-interest bearing | \$ 7,646,070 | \$ 6,446,605 | \$ 3,220,285 | \$ 816 | \$ 17,313,776 |
| Lease liabilities | 12,612 | 37,855 | 248,648 | 1,964,664 | 2,263,779 |
| Variable interest rate liabilities | 25,831 | 51,464 | 336,323 | 552,083 | 965,701 |
| Fixed interest rate liabilities | 29 | 60 | 27,111 | - | 27,200 |
| | <u>\$ 7,684,542</u> | <u>\$ 6,535,984</u> | <u>\$ 3,832,367</u> | <u>\$ 2,517,563</u> | <u>\$ 20,570,456</u> |

Further information on the maturity analysis of the above financial liabilities was as follows:

| | Less than 1 Year | 1-5 years | 5-10 years | 10-15 years | 15-20 years | 20+ years |
|------------------------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Lease liabilities | \$ 299,115 | \$ 435,312 | \$ 614,543 | \$ 89,125 | \$ 351,625 | \$ 474,059 |
| Variable interest rate liabilities | 413,618 | 552,083 | - | - | - | - |
| Fixed interest rate liabilities | 27,200 | - | - | - | - | - |
| | <u>\$ 739,933</u> | <u>\$ 987,395</u> | <u>\$ 614,543</u> | <u>\$ 89,125</u> | <u>\$ 351,625</u> | <u>\$ 474,059</u> |

September 30, 2023

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1+ Years | Total |
|---|---|---------------------|-------------------------------|---------------------|----------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Non-interest bearing | \$ 7,472,836 | \$ 6,737,929 | \$ 4,064,740 | \$ 816 | \$ 18,276,321 |
| Lease liabilities | 32,072 | 45,013 | 157,828 | 1,626,387 | 1,861,300 |
| Variable interest rate liabilities | 25,988 | 97,709 | 339,041 | 628,554 | 1,091,292 |
| Fixed interest rate liabilities | 30 | 61 | 27,033 | - | 27,124 |
| | <u>\$ 7,530,926</u> | <u>\$ 6,880,712</u> | <u>\$ 4,588,642</u> | <u>\$ 2,255,757</u> | <u>\$ 21,256,037</u> |

Further information on the maturity analysis of the above financial liabilities was as follows:

| | Less than 1 Year | 1-5 years | 5-10 years | 10-15 years | 15-20 years | 20+ years |
|------------------------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Lease liabilities | \$ 234,913 | \$ 267,394 | \$ 431,752 | \$ 89,125 | \$ 351,625 | \$ 486,491 |
| Variable interest rate liabilities | 462,738 | 571,147 | 57,407 | - | - | - |
| Fixed interest rate liabilities | 27,124 | - | - | - | - | - |
| | <u>\$ 724,775</u> | <u>\$ 838,541</u> | <u>\$ 489,159</u> | <u>\$ 89,125</u> | <u>\$ 351,625</u> | <u>\$ 486,491</u> |

b) Financing facilities

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|--------------------------------------|-------------------------------|------------------------------|-------------------------------|
| Unsecured bank overdraft facilities: | | | |
| Amount used | \$ 662,362 | \$ 975,370 | \$ 1,097,726 |
| Amount unused | <u>10,623,908</u> | <u>10,143,310</u> | <u>9,969,890</u> |
| | <u>\$ 11,286,270</u> | <u>\$ 11,118,680</u> | <u>\$ 11,067,616</u> |

The Group does not have bank loan facilities which may be extended by mutual agreements on September 30, 2024, December 31, 2023 and September 30, 2023.

34. TRANSACTIONS WITH RELATED PARTIES

Intercompany balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties:

a. Related party name and categories

| <u>Related Party Name</u> | <u>Related Party Categories</u> |
|--|------------------------------------|
| Noctilucent Systems (Shanghai) Limited | Substantial related party (Note 1) |
| Oenix Biomed Co., Ltd. | Associate |
| Metalligence Technology Corp. | Subsidiary (Note 2) |
| CheerLife Technology Corp. | Associate |

Note 1: In June 2024, Noctilucent Systems (Shanghai) Limited was not a substantive related party.

Note 2: In April 2023, Metalligence Technology Corp. was classified from an associate into a subsidiary.

b. Sales

| <u>Line Item</u> | <u>Related Party Name</u> | <u>For the Three Months Ended September 30</u> | | <u>For the Nine Months Ended September 30</u> | |
|------------------|-------------------------------|--|---------------|---|---------------|
| | | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Sales | Oenix Biomed Co., Ltd. | \$ 82 | \$ 104 | \$ 370 | \$ 1,297 |
| | Metalligence Technology Corp. | - | - | - | 580 |
| | CheerLife Technology Corp. | - | - | - | (1,883) |
| | | <u>\$ 82</u> | <u>\$ 104</u> | <u>\$ 370</u> | <u>\$ (6)</u> |

The price of the Group's sales to related parties is based on the agreed terms; therefore, there is no appropriate transaction object to compare.

c. Operating expense

| <u>Line Item</u> | <u>Related Party Name</u> | <u>For the Three Months Ended September 30</u> | | <u>For the Nine Months Ended September 30</u> | |
|-------------------|-------------------------------|--|-----------------|---|-----------------|
| | | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Operating expense | CheerLife Technology Corp. | \$ 2,274 | \$ 2,333 | \$ 7,018 | \$ 4,717 |
| | Metalligence Technology Corp. | - | - | - | 957 |
| | | <u>\$ 2,274</u> | <u>\$ 2,333</u> | <u>\$ 7,018</u> | <u>\$ 5,674</u> |

The transactions of the Group to related parties are based on the agreed terms.

d. Non-operating income and expenses

| <u>Line Item</u> | <u>Related Party Name</u> | <u>For the Three Months Ended September 30</u> | | <u>For the Nine Months Ended September 30</u> | |
|------------------|----------------------------|--|--------------|---|--------------|
| | | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Other revenue | Oenix Biomed Co., Ltd. | \$ 23 | \$ 23 | \$ 69 | \$ 69 |
| | CheerLife Technology Corp. | - | - | - | (24) |
| | | <u>\$ 23</u> | <u>\$ 23</u> | <u>\$ 69</u> | <u>\$ 45</u> |

The non-significant transactions of the Group to related parties are based on the agreed terms.

e. Receivables from related parties

| <u>Line Item</u> | <u>Related Party Name</u> | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|--|---------------------------|-------------------------------|------------------------------|-------------------------------|
| Trade receivables from related parties | Oenix Biomed Co., Ltd. | <u>\$ 7</u> | <u>\$ 122</u> | <u>\$ 37</u> |

The Group's collection conditions for related parties are 75 days to 90 days after delivery.

f. Other receivables from related parties

| Line Item | Related Party Name | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|--|---|-----------------------|----------------------|-----------------------|
| Other receivables from related parties | Oenix Biomed Co., Ltd. Noctilucent Systems (Shanghai) Limited | \$ 16 | \$ 16 | \$ 16 |
| | | <u>-</u> | <u>-</u> | <u>1,371</u> |
| | | <u>\$ 16</u> | <u>\$ 16</u> | <u>\$ 1,387</u> |

The transactions between the Group and related parties are based on the agreed terms.

g. Other payables to related parties

| Line Item | Related Party Name | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-----------------------------------|----------------------------|-----------------------|----------------------|-----------------------|
| Other payables to related parties | CheerLife Technology Corp. | \$ - | \$ 531 | \$ - |

The transactions between the Group and related parties are based on the agreed terms.

h. Remuneration of key management personnel

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|------------------------------|--|------------------|---|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Short-term employee benefits | \$ 51,804 | \$ 38,077 | \$ 189,367 | \$ 168,962 |
| Termination benefits | <u>296</u> | <u>289</u> | <u>853</u> | <u>884</u> |
| | <u>\$ 52,100</u> | <u>\$ 38,366</u> | <u>\$ 190,220</u> | <u>\$ 169,846</u> |

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff guarantee and performance guarantee:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|--|-----------------------|----------------------|-----------------------|
| Pledged time deposits (classified as other financial assets) | <u>\$ 79,242</u> | <u>\$ 79,623</u> | <u>\$ 79,623</u> |

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of September 30, 2024, the Company needed to issue a letter of guarantee from the bank to the customs for the import/export of goods that amounted to \$30,000 thousand.

As of September 30, 2024, the Company had unused letter of credit for equipment purchases amounted to JPY 654,443 thousand.

As of September 30, 2024, Edgecore Networks needed to issue a letter of guarantee from the bank to the customs for the import/export of goods that amounted to \$300 thousand.

The Company is building a new plant, and the total estimated value of the signed construction contract was \$2,650,000 thousand. As of September 30, 2024, the unrecognized amount was \$1,040,464 thousand.

37. OTHERS ITEMS

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, on August 29, 2024, the Ministry of Environment announced the “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees”. The carbon fee rate was announced on October 21, 2024, and became effective on January 1, 2025. Based on the 2024 emission estimates, the Group will be subject to carbon fees. Therefore, it will recognize the corresponding liability provision in 2025 based on actual emissions and pay the carbon fees in May 2026.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

September 30, 2024

| | Foreign Currency (In thousand) | Exchange Rate | Carrying Amount (In thousand) |
|------------------------------|---|----------------------|--|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 933,500 | 31.65 (USD:NTD) | \$ 29,545,280 |
| USD | 2,388 | 4.523 (RMB:NTD) | 75,576 |
| | | 6.9976 (USD:RMB) | |
| RMB | 3,628 | 4.523 (RMB:NTD) | 16,411 |
| USD | 233 | 0.001265 (VND:NTD) | 7,363 |
| | | 25,019.76 (USD:VND) | |
| JPY | 15,525 | 0.2223 (JPY:VND) | 3,451 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 680,451 | 31.65 (USD:NTD) | 21,536,287 |
| USD | 36,972 | 4.523 (RMB:NTD) | 1,170,161 |
| | | 6.9976 (USD:RMB) | |
| USD | 16,080 | 0.001265 (VND:NTD) | 508,940 |
| | | 25,019.76 (USD:VND) | |
| JPY | 209,611 | 0.001265 (VND:NTD) | 46,596 |
| | | 175.73 (JPY:VND) | |
| HKD | 2,549 | 4.523 (RMB:NTD) | 10,386 |
| | | 0.901 (HKD:RMB) | |

December 31, 2023

| | Foreign Currency (In thousand) | Exchange Rate | Carrying Amount (In thousand) |
|------------------------------|---|----------------------|--|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 744,342 | 30.705 (USD:NTD) | \$ 22,855,020 |
| RMB | 41,116 | 4.327 (RMB:NTD) | 177,908 |
| USD | 3,078 | 4.327 (RMB:NTD) | 94,496 |
| | | 7.0961 (USD:RMB) | |
| JPY | 44,736 | 0.2172 (JPY:NTD) | 9,717 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 388,055 | 30.705 (USD:NTD) | 11,915,242 |
| USD | 46,401 | 4.327 (RMB:NTD) | 1,424,755 |
| | | 7.0961 (USD:RMB) | |
| JPY | 417,833 | 0.001245 (VND:NTD) | 90,753 |
| | | 174.46 (JPY:VND) | |
| JPY | 17,740 | 0.2172 (JPY:NTD) | 3,853 |

September 30, 2023

| | Foreign Currency (In thousand) | Exchange Rate | Carrying Amount (In thousand) |
|------------------------------|---|----------------------|--|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 823,758 | 32.27 (USD:NTD) | \$ 26,582,671 |
| USD | 166,070 | 4.415 (RMB:NTD) | 5,359,065 |
| | | 7.3092 (USD:RMB) | |
| RMB | 109,835 | 4.415 (RMB:NTD) | 484,923 |
| JPY | 405,888 | 0.2162 (JPY:NTD) | 87,753 |
| EUR | 40 | 33.91 (EUR:NTD) | 1,366 |
| USD | 9 | 0.001305 (VND:NTD) | 301 |
| | | 24,729.97 (USD:VND) | |
| HKD | 12 | 4.415 (RMB:NTD) | 49 |
| | | 0.9339 (HKD:RMB) | |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 555,458 | 32.27 (USD:NTD) | 17,924,624 |
| USD | 70,620 | 4.415 (RMB:NTD) | 2,278,910 |
| | | 7.3092 (USD:RMB) | |
| JPY | 417,833 | 0.001305 (VND:NTD) | 90,336 |
| | | 165.67 (JPY:VND) | |
| HKD | 3,993 | 4.415 (RMB:NTD) | 16,465 |
| | | 0.9339 (HKD:RMB) | |

The Group is mainly exposed to the USD and the RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

| For the Three Months Ended September 30 | | | | |
|---|--|-------------------------------------|--|-------------------------------------|
| Functional Currency | 2024 | | 2023 | |
| | Exchange Rate (Functional Currency: Presentation Currency) | Net Foreign Exchange Gain (Loss) | Exchange Rate (Functional Currency: Presentation Currency) | Net Foreign Exchange Gain (Loss) |
| NTD | 1 (NTD:NTD) | \$ (395,030) | 1 (NTD:NTD) | \$ 164,333 |
| RMB | 4.5398 (RMB:NTD) | (12,574) | 4.4171 (RMB:NTD) | (16,532) |
| USD | 32.301 (USD:NTD) | (9) | 31.684 (USD:NTD) | (7) |
| VND | 0.001272 (VND:NTD) | 11,987 | 0.001305 (VND:NTD) | (9,862) |
| | | <u>\$ (395,626)</u> | | <u>\$ 137,932</u> |
| For the Nine Months Ended September 30 | | | | |
| Functional Currency | 2024 | | 2023 | |
| | Exchange Rate (Functional Currency: Presentation Currency) | Net Foreign Exchange Gain (Loss) | Exchange Rate (Functional Currency: Presentation Currency) | Net Foreign Exchange Gain (Loss) |
| NTD | 1 (NTD:NTD) | \$ 347,648 | 1 (NTD:NTD) | \$ 168,753 |
| RMB | 4.5065 (RMB:NTD) | 6,971 | 4.4139 (RMB:NTD) | 104,340 |
| USD | 32.034 (USD:NTD) | (18) | 30.928 (USD:NTD) | (15) |
| VND | 0.001264 (VND:NTD) | (12,952) | 0.001288 (VND:NTD) | (10,257) |
| | | <u>\$ 341,649</u> | | <u>\$ 262,821</u> |

39. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)

- 9) Trading in derivative instruments. (Note 33)
 - 10) Other: Intercompany relationships and significant intercompany transactions (Table 7)
 - 11) Information on investees (excluding any investee company in mainland China) (Table 8)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 7)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)
- e. The Company's shares held by its subsidiaries: Except for Accton Investment holding the Company's shares for investment purposes as disclosed in Note 24, no other subsidiaries hold shares issued by the Company.

40. SEGMENT INFORMATION

For resource allocation and performance assessment, the Group's chief operating decision maker reviews operating results and financial information. The focus is on the operating results of each plant operated by the Company and its subsidiaries. Thus, each plant is an operating segment of the Group. As each plant shares similar economic characteristics, produces similar products by using similar production processes and all products produced are distributed and sold to the same level of customers through a centralized sales function, the Group's segments are aggregated into a single reportable segment.

The revenue, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenue and operating results are shown in the consolidated income statements for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023. The segment assets are shown in the consolidated balance sheets as of September 30, 2024, December 31, 2023 and September 30, 2023.

TABLE 1

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of Various Foreign Currencies/New Taiwan Dollars)

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3) | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 3) | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|-----|-------------------------------------|-------------------------------------|--------------------------|--|--|---|-------------------------------|---|--|--|---|---|---|
| | | Name | Relationship (Note 2) | | | | | | | | | | |
| 0 | Accton Technology Corporation | Accton Global, Inc. | 2 | \$ 2,913,340 | \$ 94,950 (USD 3,000) | \$ 94,950 (USD 3,000) | \$ - | \$ - | 0.33 | \$ 8,740,020 | Yes | No | No |
| 0 | Accton Technology Corporation | Vietnam Accton Technology Co., Ltd. | 2 | 2,913,340 | 933,675 (USD 29,500) | 933,675 (USD 29,500) | 45,663 | - | 3.20 | 8,740,020 | Yes | No | No |
| 1 | Accton Global, Inc. | Accton Logistics Corporation | 4 | 124,560 | 6,258 (USD 200) | - | - | - | - | 124,560 | No | No | No |
| 2 | Joy Technology (ShenZhen) Co., Ltd. | MuXi Technology Co., Ltd. | 4 | 2,725,349 | 591,916 (RMB 130,000) | 203,252 (RMB 45,000) | - | - | 7.46 | 2,735,349 | No | No | Yes |

Note 1: The description of the number column is as follows:

- 1) Lender is numbered as 0.
- 2) Investee is numbered sequentially from 1.

Note 2: The following seven items are relationship of endorsement guarantors and endorsed objects:

- 1) The company with business contact.
- 2) The company directly and indirectly holds more than 50% of the shares of the voting rights.
- 3) Directly and indirectly holds more than 50% of the shares of the voting rights to the company.
- 4) The company directly and indirectly holds more than 90% of the shares of the voting rights.
- 5) The company that is mutually protected under contractual requirements based on the needs of the contractor.
- 6) The company that is endorsed by its all-funded shareholders in accordance with its shareholding ratio because of the joint investment relationship.
- 7) Performance guarantees for the sale of presale contracts under the Consumer Protection Act.

Note 3: The limit on amount of endorsement and guarantee is explained below:

- 1) In accordance with the company’s procedure for endorsement and guarantee, the ceiling on total endorsement and guarantee to all parties is 30% of its net sales value; the ceiling on single guarantee object to all parties is 10% of its net assets value.
- 2) The policy for endorsement and guarantee granted by subsidiaries to the company whose voting shares are directly or indirectly wholly-owned is not limited by the above description.

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2024

(In Thousands of Various Foreign Currencies/New Taiwan Dollars)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2024 | | | | Note |
|-------------------------------|---|---------------------------------------|---|--------------------------|-----------------|-------------------------|------------|--------|
| | | | | Shares/Units (Thousands) | Carrying Amount | Percentage of Ownership | Fair Value | |
| Accton Technology Corporation | <u>Fund</u> | | | | | | | |
| | Yuanta Wan Tai Money Market Fund | - | Financial assets at fair value through profit or loss - current | 19,771 | \$ 310,702 | - | \$ 310,702 | Note 5 |
| | Allianz Global Investors Taiwan Money Market Fund | - | Financial assets at fair value through profit or loss - current | 17,677 | 230,184 | - | 230,184 | Note 5 |
| | Yuanta De- Bao Money Market Fund | - | Financial assets at fair value through profit or loss - current | 13,630 | 170,019 | - | 170,019 | Note 5 |
| | Yuanta De-Li Money Market Fund | - | Financial assets at fair value through profit or loss - current | 10,035 | 170,000 | - | 170,000 | Note 5 |
| | JPMorgan Funds - US Aggregate Bond Fund | - | Financial assets at fair value through profit or loss - current | 48 | 27,056 | - | 27,056 | Note 5 |
| | JPMorgan (Taiwan) First Money Market Fund | - | Financial assets at fair value through profit or loss - current | 648 | 10,100 | - | 10,100 | Note 5 |
| | <u>Share</u> | | | | | | | |
| | First Hi-Tec Enterprise Co., Ltd. | - | Financial assets at fair value through other comprehensive income - current | 1,496 | 143,603 | 2% | 143,603 | Note 4 |
| | Cathay Financial Holding Co., Ltd. - preference shares | - | Financial assets at fair value through other comprehensive income - current | 830 | 50,215 | - | 50,215 | Note 4 |
| | Marvell Technology Inc. | - | Financial assets at fair value through other comprehensive income - current | 5 | 11,235 | - | 11,235 | Note 4 |
| | Clientron Corp. | - | Financial assets at fair value through other comprehensive income - current | 289 | 3,892 | - | 3,892 | Note 6 |
| | Cathay Financial Holding Co., Ltd. - preference share B | - | Financial assets at fair value through other comprehensive income - current | 35 | 2,002 | - | 2,002 | Note 4 |
| | TechnoConcepts Inc. | - | Financial assets at fair value through other comprehensive income - current | 597 | - | - | - | Note 3 |
| | Lumilens Inc. - preference shares | - | Financial assets at fair value through other comprehensive income - non-current | 6,376 | 296,562 | 13% | 296,562 | Note 3 |
| | Reed Semiconductor Corp. - preference share | - | Financial assets at fair value through other comprehensive income - non-current | 250 | 31,930 | 1% | 31,930 | Note 3 |
| | Neuroblade Ltd. - preference shares | - | Financial assets at fair value through other comprehensive income - non-current | 330 | 24,176 | 1% | 24,176 | Note 3 |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2024 | | | | Note |
|-------------------------------|--|---------------------------------------|---|--------------------------|-----------------|-------------------------|------------|--------|
| | | | | Shares/Units (Thousands) | Carrying Amount | Percentage of Ownership | Fair Value | |
| Accton Technology Corporation | Enfabrica Corp. - preference shares | - | Financial assets at fair value through other comprehensive income - non-current | 308 | \$ 19,143 | - | \$ 19,143 | Note 3 |
| | Worldgate Communication, Inc. | - | Financial assets at fair value through other comprehensive income - non-current | 3,200 | - | - | - | Note 3 |
| | Pershing Systems Corp. | - | Financial assets at fair value through profit or loss - non-current | 2,942 | 134,280 | 9% | 134,280 | Note 3 |
| | XConn Technologies Holdings Inc. - preference shares | - | Financial assets at fair value through profit or loss - non-current | 268 | 32,605 | - | 32,605 | Note 3 |
| | Wave-In Communication Inc. | - | Financial assets at fair value through profit or loss - non-current | 1,318 | 15,012 | 7% | 15,012 | Note 3 |
| | iPASS Corporation | - | Financial assets at fair value through profit or loss - non-current | 1,140 | - | 1% | - | Note 3 |
| | Linker Corporation | - | Financial assets at fair value through profit or loss - non-current | 469 | - | 2% | - | Note 3 |
| | Global Channel Resource Pte. Ltd. | - | Financial assets at fair value through profit or loss - non-current | 500 | - | 7% | - | Note 3 |
| | Stratus Medicine Inc. | - | Financial assets at fair value through profit or loss - non-current | 833 | - | 4% | - | Note 3 |
| | Zentera Systems, Inc. | - | Financial assets at fair value through profit or loss - non-current | 400 | - | 3% | - | Note 3 |
| | Xingtera Technology Optimizes | - | Financial assets at fair value through profit or loss - non-current | 478 | - | 1% | - | Note 3 |
| | Midfin Systems Inc. | - | Financial assets at fair value through profit or loss - non-current | 1,084 | - | 4% | - | Note 3 |
| | MiTAC Information Technology Corp. | - | Financial assets at fair value through profit or loss - non-current | 300 | - | - | - | Note 3 |
| | Clop Technologies Pte. Ltd. | - | Financial assets at fair value through profit or loss - non-current | 2,000 | - | 9% | - | Note 3 |
| | Acute Technology Corp. | - | Financial assets at fair value through profit or loss - non-current | 2,650 | - | 15% | - | Note 3 |
| | Microlinks Technology Corp. | - | Financial assets at fair value through profit or loss - non-current | 138 | - | 2% | - | Note 3 |
| | Peracom Networks, Inc. | - | Financial assets at fair value through profit or loss - non-current | 2,931 | - | - | - | Note 3 |
| | MoBitS Electronics, Inc. | - | Financial assets at fair value through profit or loss - non-current | 387 | - | 5% | - | Note 3 |
| | VODTEL Communication Inc. | - | Financial assets at fair value through profit or loss - non-current | 122 | - | 3% | - | Note 3 |
| | Noctilucent (HK) Limited | - | Financial assets at fair value through profit or loss - non-current | - | - | 19% | - | Note 3 |
| | <u>Structured Products</u> | | | | | | | |
| | Enfabrica Corp. | - | Financial assets at fair value through profit or loss - non-current | - | 38,286 | - | 38,286 | Note 3 |
| | <u>Convertible Bonds</u> | | | | | | | |
| | AVIZ Networks Inc. | - | Financial assets at fair value through profit or loss - non-current | - | 47,505 | - | 47,505 | Note 3 |
| | Shoreline AI, Inc. | - | Financial assets at fair value through profit or loss - non-current | - | 31,595 | - | 31,595 | Note 3 |
| | <u>Simple Agreement for Future Equity</u> | | | | | | | |
| | Nubis Communications, Inc. | - | Financial assets at fair value through profit or loss - non-current | - | 97,815 | - | 97,815 | Note 3 |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2024 | | | | Note |
|-------------------------|--|---------------------------------------|---|--------------------------|-----------------|-------------------------|------------|--------|
| | | | | Shares/Units (Thousands) | Carrying Amount | Percentage of Ownership | Fair Value | |
| Accton Investment Corp. | <u>Bonds</u> | | | | | | | |
| | US Treasury Bonds | - | Financial assets at amortized cost - non-current | 9,300 | \$ 293,125 | - | \$ 296,686 | Note 3 |
| | Citigroup Global Markets Holdings Inc. | - | Financial assets at amortized cost - non-current | 9,000 | 292,620 | - | 288,422 | Note 3 |
| | Westpac Banking Corp. | - | Financial assets at amortized cost - non-current | 6,500 | 214,479 | - | 213,872 | Note 3 |
| | Wells Fargo & Company | - | Financial assets at amortized cost - non-current | 5,500 | 177,436 | - | 174,601 | Note 3 |
| | HSBC Global Investment Funds | - | Financial assets at amortized cost - non-current | 4,000 | 130,264 | - | 128,928 | Note 3 |
| | Berkshire Hathaway Inc. | - | Financial assets at amortized cost - non-current | 2,000 | 62,773 | - | 62,572 | Note 3 |
| | Toyota Motor Credit Corp. | - | Financial assets at amortized cost - non-current | 1,000 | 31,991 | - | 32,327 | Note 3 |
| | National Australia Bank Ltd | - | Financial assets at amortized cost - non-current | 500 | 16,071 | - | 16,269 | Note 3 |
| | <u>Shares</u> | | | | | | | |
| | Accton Technology Corporation | Parent company | Financial assets at fair value through other comprehensive income - non-current | 2,210 | 50,999 | - | 1,175,649 | Note 4 |
| | Astera Labs, Inc. | - | Financial assets at fair value through other comprehensive income - current | 1,408 | 2,334,305 | - | 2,334,305 | Note 4 |
| | Xsight Labs Ltd. - preference share D-1 | - | Financial assets at fair value through profit or loss - non-current | 8 | 2,098 | - | 2,098 | Note 3 |
| | Xsight Labs Ltd. - preference share D | - | Financial assets at fair value through profit or loss - non-current | 125 | - | - | - | Note 3 |
| | Quantun Machines Ltd. - preference share A | - | Financial assets at fair value through profit or loss - non-current | 217 | - | 1% | - | Note 3 |
| | Pavilion Data Systems - preference share C | - | Financial assets at fair value through profit or loss - non-current | 336 | - | 1% | - | Note 3 |
| | Dustphotronics, Inc. - preference share A | - | Financial assets at fair value through profit or loss - non-current | 38 | - | - | - | Note 3 |
| | Dustphotronics, Inc. - preference share B | - | Financial assets at fair value through profit or loss - non-current | 5 | - | - | - | Note 3 |
| | Aspac Communications, Inc. | - | Financial assets at fair value through profit or loss - non-current | 120 | - | - | - | Note 3 |
| | Kai Chieh International Investment Ltd. | - | Financial assets at fair value through profit or loss - non-current | 46 | - | - | - | Note 3 |
| | MoBitS Electronics, Inc. | - | Financial assets at fair value through profit or loss - non-current | 232 | - | 3% | - | Note 3 |
| | Fulfillment Plus Inc. | - | Financial assets at fair value through profit or loss - non-current | 500 | - | 2% | - | Note 3 |
| | @Network, Inc. | - | Financial assets at fair value through profit or loss - non-current | 100 | - | - | - | Note 3 |
| | Telectronics International, Inc. | - | Financial assets at fair value through profit or loss - non-current | 286 | - | 2% | - | Note 3 |
| | Itelco Communication, Inc. - preference shares | - | Financial assets at fair value through profit or loss - non-current | 202 | - | - | - | Note 3 |
| | Network Excellence For Enterprises Corp. - preference shares | - | Financial assets at fair value through profit or loss - non-current | 600 | - | - | - | Note 3 |
| | Caspain Networks, Inc. | - | Financial assets at fair value through profit or loss - non-current | 2 | - | - | - | Note 3 |
| | Truetel Communications Inc. | - | Financial assets at fair value through profit or loss - non-current | 600 | - | 3% | - | Note 3 |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | September 30, 2024 | | | | Note |
|--|--|---------------------------------------|---|--------------------------|-----------------|-------------------------|----------------|--------|
| | | | | Shares/Units (Thousands) | Carrying Amount | Percentage of Ownership | Fair Value | |
| Accton Investment Corp. | Voipack Corporation - preference shares | - | Financial assets at fair value through profit or loss - non-current | 1,075 | \$ - | - | \$ - | Note 3 |
| | Ip Unity - preference shares | - | Financial assets at fair value through profit or loss - non-current | 68 | - | - | - | Note 3 |
| | Peracom Networks, Inc. | - | Financial assets at fair value through profit or loss - non-current | 2,629 | - | - | - | Note 3 |
| | Discovery Times Ltd. | - | Financial assets at fair value through profit or loss - non-current | - | - | - | - | Note 3 |
| | Engim, Inc. - preference shares A | - | Financial assets at fair value through profit or loss - non-current | 455 | - | - | - | Note 3 |
| | Engim, Inc. - preference shares A-1 | - | Financial assets at fair value through profit or loss - non-current | 2,308 | - | - | - | Note 3 |
| | Softfoundry International Pte. Ltd. | - | Financial assets at fair value through profit or loss - non-current | 833 | - | - | - | Note 3 |
| | MiTAC Information Technology Corp. | - | Financial assets at fair value through profit or loss - non-current | 15 | - | - | - | Note 3 |
| | E2O Communications Inc. | - | Financial assets at fair value through profit or loss - non-current | 30 | - | - | - | Note 3 |
| | <u>Convertible Bonds</u> Awoo Japan | - | Financial assets at fair value through profit or loss - non-current | - | - | - | - | Note 3 |
| Accton Century holding (BVI) Co., Ltd. | <u>Shares</u> @ Network, Inc. | - | Financial assets at fair value through profit or loss - non-current | 167 | - | - | - | Note 3 |
| | 3CX Inc. | - | Financial assets at fair value through profit or loss - non-current | 375 | - | - | - | Note 3 |
| | Discovery Times Alpha Ltd. | - | Financial assets at fair value through profit or loss - non-current | - | - | - | - | Note 3 |
| | Telmax Communications Corp. | - | Financial assets at fair value through profit or loss - non-current | 613 | - | - | - | Note 3 |
| | Programmable Silicon Solutions | - | Financial assets at fair value through profit or loss - non-current | 143 | - | - | - | Note 3 |
| | Aviva Communications INC. - preference shares | - | Financial assets at fair value through profit or loss - non-current | 30 | - | - | - | Note 3 |
| | Conveigh Inc. | - | Financial assets at fair value through profit or loss - non-current | 765 | - | - | - | Note 3 |
| | Fortress | - | Financial assets at fair value through profit or loss - non-current | - | - | - | - | Note 3 |
| | <u>Shares</u> Zhuhai Jinfangda Technology Co., Ltd. | - | Financial assets at fair value through profit or loss - non-current | - | - | 18% | - | Note 3 |
| Edgecore Networks Corp. | <u>Fund</u> CTBC Hua Win Money Market Fund | | Financial assets at fair value through profit or loss - non-current | 2,635 | 30,121 | - | 30,121 | Note 5 |
| | <u>Shares</u> ALFA Network Inc. | - | Financial assets at fair value through profit or loss - non-current | 969 | 18,055 | 19% | 18,055 | Note 3 |
| | AVIZ Networks Inc. - preference shares | - | Financial assets at fair value through other comprehensive income - non-current | 4,065 | 14,979 | - | 14,979 | Note 3 |
| | <u>Shares</u> Humax Co., Ltd. | - | Financial assets at fair value through other comprehensive income - current | 363 | 15,909 | - | 15,909 | Note 4 |
| Accton Manufacturing and Service, Inc. | Wedge Networks | - | Financial assets at fair value through profit or loss - non-current | 250 | (USD 503) - | 1% | (USD 503) - | Note 3 |

(Concluded)

Note 1: As of September 30, 2024 the above marketable securities have not been pledged or mortgaged.

Note 2: For information on subsidiaries and associates, refer to Tables 8 and 9.

Note 3: The market value was based on the carrying amount as of September 30, 2024.

Note 4: The market value was based on the closing price as of September 30, 2024.

Note 5: The market value was based on the net asset value of the fund as of September 30, 2024.

Note 6: The market value was based on the average quoted price as of September 30, 2024.

TABLE 3

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|-------------------------------|--|---|--------------|--------------|-------------------|------------|------------------|---------|------------------|------------|-----------------|-------------------------|------------------|---------|
| | | | | | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | Amount | Carrying Amount | Gain (Loss) on Disposal | Number of Shares | Amount |
| Accton Technology Corporation | Mega Diamond Money Market Fund | Financial assets at fair value through profit or loss - current | — | — | 46,542 | \$ 600,367 | - | \$ - | 46,542 | \$ 605,579 | \$ 600,000 | \$ 5,579 | - | \$ - |
| | Jih Sun Money Market Fund | Financial assets at fair value through profit or loss - current | — | — | 36,079 | 550,362 | 15,662 | 240,000 | 51,741 | 796,756 | 790,000 | 6,756 | - | - |
| | Yuanta Wan Tai Money Market Fund | Financial assets at fair value through profit or loss - current | — | — | 10,292 | 160,077 | 22,955 | 360,000 | 13,475 | 210,751 | 209,749 | 1,002 | 19,772 | 310,702 |

Note: The disposal cost represents acquisition cost.

TABLE 4

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of Foreign Currencies/ New Taiwan Dollars)

| Company Name | Types of Property | Transaction Date | Transaction Amount (Note) | Payment Term | Counter-party | Nature of Relationship | Previous Transaction of Related Counter-party | | | | Pricing Reference | Purpose of Acquisition | Other Terms |
|------------------------------------|--|--------------------------------------|-------------------------------|--|--|------------------------|---|----------------|----------------|----------------|-------------------|------------------------|-------------|
| | | | | | | | Owner | Relationship | Transfer Date | Amount | | | |
| Accton Technology Corporation | Buildings | January 1, 2024 – September 30, 2024 | \$ 328,514 (Note 1) | Payment will be made monthly after acceptance according to the progress of the project | Xu Yuan Construction Engineering Co., Ltd. | None | Not applicable | Not applicable | Not applicable | Not applicable | Bid price | Operating purpose | None |
| Vietnam Accton Technology Co., Ltd | Buildings and right-of-use assets-land | June 21, 2024 (Note 2) | 377,000 (USD 12,164) (Note 2) | (Note 2) | CNCTech Group Joint Stock Company | None | Not applicable | Not applicable | Not applicable | Not applicable | Bid price | Operating purpose | None |

Note 1: The payment was made for the engineering and construction order.

Note 2: According to the anticipated transaction information approved by the board directors of the Company, the actual terms of the transaction will be based on the contract. The contract is unsigned yet.

TABLE 5

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Trade Receivables (Payables) | | Note |
|-------------------------------------|-------------------------------------|---|---------------------|--------------|------------|---------------------------------|-------------------------------|---------------------------------|------------------------------------|------------|------|
| | | | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | |
| Accton Technology Corporation | Joy Technology (Shenzhen) Co., Ltd. | Indirect subsidiary | Purchase | \$ 5,254,337 | 9 | 45 days after the invoice date | Specified at each transaction | 45 days after the invoice date | \$ (1,844,900) | 10 | - |
| | Vietnam Accton Technology Co., Ltd. | Subsidiary | Purchase | 3,536,777 | 6 | 90 days after the invoice date | Specified at each transaction | 90 days after the invoice date | (1,503,496) | 8 | - |
| | Accton Global, Inc. | Subsidiary | Purchase | 206,545 | - | 75 days after the delivery date | Specified at each transaction | 75 days after the delivery date | - | - | - |
| | Edgecore Networks Corp. | Subsidiary | Purchase | 102,201 | - | 60 days after the delivery date | Specified at each transaction | 60 days after the delivery date | - | - | - |
| | Accton Global, Inc. | Subsidiary | Sale | 15,443,964 | 22 | 75 days after the delivery date | Specified at each transaction | 75 days after the delivery date | 7,209,677 | 55 | - |
| | Edgecore Networks Corp. | Subsidiary | Sale | 2,664,245 | 4 | 60 days after the delivery date | Specified at each transaction | 60 days after the delivery date | 292,984 | 2 | - |
| Joy Technology (Shenzhen) Co., Ltd. | MuXi Technology Co., Ltd. | Held by the same ultimate holding company | Sale | 3,326,048 | 5 | Monthly 45 days | Specified at each transaction | Monthly 45 days | 934,155 | 7 | - |
| | Accton Technology Co., Ltd. | Held by the same ultimate holding company | Sale | 1,398,951 | 2 | 90 days after the invoice date | Specified at each transaction | 90 days after the invoice date | 1,067,666 | 8 | - |
| Edgecore Networks Corporation | Edgecore Americas Networking Corp. | Subsidiary | Sale | 1,110,776 | 2 | 75 days after the invoice date | Specified at each transaction | 75 days after the invoice date | 136,225 | 1 | - |
| Accton Technology (China) Co., Ltd. | MuXi Technology Co., Ltd. | Subsidiary | Sale | 134,531 | - | Monthly 90 days | Specified at each transaction | Monthly 90 days | - | - | - |

TABLE 6

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Relationship | Ending Balance (Note 3) | Turnover Rate (Note 1) | Overdue | | Amounts Received in Subsequent Period | Allowance for Impairment Loss |
|-------------------------------------|-------------------------------------|---|----------------------------|---------------------------|--------------|--------------------------|--|----------------------------------|
| | | | | | Amount | Actions Taken | | |
| Accton Technology Corporation | Accton Global, Inc. | Subsidiary | \$ 7,210,213 | 3.21 | \$ 2,048,778 | Strengthen collection | \$ 630,460 | \$ - |
| | Vietnam Accton Technology Co., Ltd. | Subsidiary | 3,086,066 | Note 2 | 779,846 | Strengthen collection | - | - |
| | Edgecore Networks Corp. | Subsidiary | 302,377 | 5.76 | - | - | - | - |
| Joy Technology (Shenzhen) Co., Ltd. | Joy Technology (Shenzhen) Co., Ltd. | Indirect subsidiary | 278,448 | Note 2 | - | - | - | - |
| | Accton Technology Corporation | Ultimate parent company | 1,845,431 | 3.24 | 23,215 | Strengthen collection | 23,215 | - |
| | Accton Technology Co., Ltd. | Held by the same ultimate holding company | 1,067,666 | 1.98 | 420,777 | Strengthen collection | 171,640 | - |
| | MuXi Technology Co., Ltd. | Held by the same ultimate holding company | 934,155 | 4.75 | 298,184 | Strengthen collection | 293,601 | - |
| | Vietnam Accton Technology Co., Ltd. | Held by the same ultimate holding company | 138,948 | Note 2 | 73,706 | Strengthen collection | - | - |
| Vietnam Accton Technology Co., Ltd. | Accton Technology Corporation | Ultimate parent company | 1,503,496 | 4.61 | - | - | - | - |
| Accton Technology Co., Ltd. | Joy Technology (Shenzhen) Co., Ltd. | Held by the same ultimate holding company | 596,688 | 0.01 | 450,687 | Strengthen collection | 450,687 | - |
| MuXi Technology Co., Ltd. | Joy Technology (Shenzhen) Co., Ltd. | Held by the same ultimate holding company | 500,282 | - | 479,341 | Strengthen collection | 479,341 | - |
| Edgecore Networks Corp. | Edgecore Americas Networking Corp. | Subsidiary | 137,379 | 6.62 | - | - | - | - |

Note 1: The calculation of turnover days excludes other receivables.

Note 2: The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover days.

Note 3: Receivables from related parties include trade receivables from related parties and other receivables from related parties.

TABLE 7

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars)

| No. | Investee Company | Counterparty | Relationship (Note 3) | Transaction Details | | | |
|-----|-------------------------------------|--|--------------------------|--|---------------|---------------|-------------------------------|
| | | | | Financial Statements Accounts | Amount | Payment Terms | % of Total Sales or Assets |
| 0 | Accton Technology Corporation | Accton Global, Inc. | 1 | Sales | \$ 15,443,964 | Note 1 | 22 |
| | | Edgecore Networks Corp. | 1 | Sales | 2,664,245 | Note 1 | 4 |
| | | Accton Logistics Corp. | 1 | Sales | 61,075 | Note 1 | - |
| | | Accton Manufacturing and Service, Inc. | 1 | Sales | 56,182 | Note 1 | - |
| | | Accton Technology Co., Ltd. | 1 | Sales | 21,604 | Note 1 | - |
| | | ATAN NetworKs Co., Ltd. | 1 | Sales | 16,590 | Note 1 | - |
| | | Joy Technology (Shenzhen) Co., Ltd. | 1 | Purchases and processing | 5,254,337 | Note 1 | 7 |
| | | Vietnam Accton Technology Co., Ltd. | 1 | Purchases and processing | 3,536,777 | Note 1 | 5 |
| | | Accton Global, Inc. | 1 | Purchases and processing | 206,545 | Note 1 | - |
| | | Edgecore Networks Corp. | 1 | Purchases and processing | 102,201 | Note 1 | - |
| | | Accton Technology Co., Ltd. | 1 | Purchases and processing | 29,098 | Note 1 | - |
| | | Accton Manufacturing and Service, Inc | 1 | Purchases and processing | 13,978 | Note 1 | - |
| | | Accton Technology Corp. USA | 1 | Operating expenses | 218,130 | Note 1 | - |
| | | Accton Technology Co., Ltd. | 1 | Operating expenses | 40,567 | Note 1 | - |
| | | Vietnam Accton Technology Co., Ltd. | 1 | Non-operating income | 49,111 | Note 1 | - |
| | | Accton Global, Inc. | 1 | Trade receivables from related parties | 7,209,677 | Note 2 | 10 |
| | | Edgecore Networks Corp. | 1 | Trade receivables from related parties | 292,984 | Note 2 | - |
| | | Accton Logistics Corp. | 1 | Trade receivables from related parties | 50,813 | Note 2 | - |
| | | Accton Manufacturing and Service, Inc | 1 | Trade receivables from related parties | 47,874 | Note 2 | - |
| | | Vietnam Accton Technology Co., Ltd. | 1 | Other receivables from related parties | 3,080,620 | Note 2 | 4 |
| | | Joy Technology (Shenzhen) Co., Ltd. | 1 | Other receivables from related parties | 278,448 | Note 2 | - |
| | | Joy Technology (Shenzhen) Co., Ltd. | 1 | Trade receivables from related parties | 1,844,900 | Note 1 | 3 |
| | | Vietnam Accton Technology Co., Ltd. | 1 | Trade receivables from related parties | 1,503,496 | Note 1 | 2 |
| | | Accton Technology Corp. USA | 1 | Other payables to related parties | 214,964 | Note 1 | - |
| | | Accton Technology Co., Ltd. | 1 | Other payables to related parties | 39,769 | Note 1 | - |
| 1 | Joy Technology (Shenzhen) Co., Ltd. | MuXi Technology Co., Ltd. | 3 | Sales | 3,326,048 | Note 1 | 5 |
| | | Accton Technology Co., Ltd. | 3 | Sales | 1,398,951 | Note 1 | 2 |
| | | ATAN NetworKs Co., Ltd. | 3 | Purchases and processing | 15,394 | Note 1 | - |
| | | Vietnam Accton Technology Co., Ltd. | 3 | Non-operating income | 15,076 | Note 1 | - |
| | | Accton Technology Co., Ltd. | 3 | Trade receivables from related parties | 1,067,666 | Note 1 | 1 |
| | | MuXi Technology Co., Ltd. | 3 | Trade receivables from related parties | 934,155 | Note 1 | 2 |
| | | Vietnam Accton Technology Co., Ltd. | 3 | Other receivables from related parties | 137,598 | Note 1 | - |
| | | Accton Technology Co., Ltd. | 3 | Trade payables to related parties | 596,496 | Note 1 | 1 |
| | | MuXi Technology Co., Ltd. | 3 | Trade payables to related parties | 479,816 | Note 1 | 1 |
| 2 | Edgecore Networks Corp. | Edgecore Americas Networking Corp | 3 | Sales | 1,110,776 | Note 1 | 2 |
| | | Edgecore Networks India Pvt. Ltd. | 3 | Sales | 22,528 | Note 1 | - |
| | | Edgecore Networks Singapore Pte. Ltd. | 3 | Operating expenses | 10,324 | Note 1 | - |
| | | Edgecore Americas Networking Corp. | 3 | Trade receivables from related parties | 136,225 | Note 1 | - |
| | | Edgecore Networks India Pvt. Ltd. | 3 | Trade receivables from related parties | 43,260 | Note 1 | - |
| | | ATAN NetworKs Co., Ltd. | 3 | Trade receivables from related parties | 27,557 | Note 1 | - |
| | | Edgecore Networks Singapore Pte. Ltd. | 3 | Other payables to related parties | 22,795 | Note 1 | - |
| 3 | Accton Technology Co., Ltd. | MuXi Technology Co., Ltd. | 3 | Sales | 134,531 | Note 1 | - |
| | | ATAN NetworKs Co., Ltd. | 3 | Trade receivables from related parties | 33,719 | Note 1 | - |

Note 1: Intercompany transactions between the Company and its subsidiaries are based on the agreed terms; therefore, there is no appropriate transaction object to compare.

Note 2: Transaction settlement was from 60 to 90 days after the product is shipped from the point of departure.

Note 3: No. 1 represents the transaction between the parent company and its subsidiary.

No. 3 represents the transaction between the subsidiaries.

(Concluded)

TABLE 8

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES (EXCLUDING ANY INVESTEEES COMPANY IN MAINLAND CHINA)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of Foreign Currencies/New Taiwan Dollars)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of September 30, 2024 | | | Net Income (Loss) of the Investee | Investment Gain (Loss) Recognized | Note |
|--|--|------------------------|---|----------------------------|------------------------|----------------------------------|----------------|-----------------|-----------------------------------|-----------------------------------|---------------|
| | | | | September 30, 2024 | December 31, 2023 | Number of Shares (Thousands) | % of Ownership | Carrying Amount | | | |
| Accton Technology Corporation | Accton Century Holding (BVI) Co., Ltd. | British Virgin Islands | Investment holding company | \$ 1,664,416 | \$ 1,664,416 | 51,973 | 100 | \$ 2,788,933 | \$ (351) | \$ (11,370) | Notes 1 and 3 |
| | Edgecore Networks Corp. | Hsinchu | Research, development, design, manufacture and selling of switching hubs | 650,000 | 650,000 | 50,000 | 100 | 1,634,988 | 528,983 | 528,983 | Note 1 |
| | Accton Manufacturing and Service, Inc. | USA | Manufacture and selling of switching hubs | 769,644 | 769,644 | 24,149 | 100 | 83,235 | 8,235 | 8,235 | Note 1 |
| | Accton Technology (China) Co., Ltd. | Cayman Islands | Investment holding company | 279,635 | 279,635 | 6,600 | 100 | 160,268 | 39,889 | 39,889 | Note 1 |
| | Accton Technology Corp. USA | USA | Service of technique of high-quality LAN hardware and software products | 342,132 | 342,132 | 2,199 | 100 | 200,323 | 3,534 | 3,534 | Note 1 |
| | Accton Investment Corp. | British Virgin Islands | Investment holding company | 79,676 | 79,676 | 1,004 | 100 | 2,642,567 | 33,631 | 11,542 | Note 1 |
| | Accton Logistics Corp. | USA | Selling and marketing of high-quality LAN hardware and software products | 89,267 | 89,267 | 1 | 100 | 118,212 | 228 | 228 | Note 1 |
| | Accton Global, Inc. | USA | Selling and marketing of high-quality LAN hardware and software products | 35,316 | 35,316 | 10 | 100 | (386,682) | 16,657 | 16,657 | Note 2 |
| | ACCE Technology Corp. | Cayman Islands | Investment holding company | 43,596 | - | 1,400 | 100 | 43,868 | 272 | 272 | Notes 1 and 4 |
| | E-Direct Corp. | Taipei | Provides services in information software and information technology | 12,556 | 43,075 | 800 | 100 | 54,073 | 16,382 | 16,382 | Note 1 |
| | Metalligence Technology Corp. | Taipei | Provides e-commerce apps, information software and advertising services | 430 | 430 | 215 | 100 | (1,355) | - | - | Note 1 |
| | CheerLife Technology Corp. | Taipei | Provides e-commerce apps, information software and advertising services | 70 | 70 | 7 | 20 | - | - | - | Note 5 |
| | Oenix Biomed Co., Ltd. | Taipei | Research and development of health care services and equipment | 20,000 | 20,000 | 2,000 | 40 | 7,181 | (1,426) | (571) | Note 1 |
| | Vietnam Accton Technology Co., Ltd. | Vietnam | Research, development, design, manufacture and selling of switching hubs | 793,520 | 793,520 | - | 100 | 288,963 | (200,555) | (204,879) | Notes 1 and 3 |
| Accton Century Holding (BVI) Co., Ltd. | Accton Asia Investments Corp. | British Virgin Islands | Investment holding company | 1,332,655 (USD 42,106) | 1,332,655 (USD 42,106) | 42,106 | 100 | 2,747,514 | (6,669) | (6,669) | Note 1 |
| Edgecore Networks Corp. | Edgecore Networks Singapore Pte. Ltd. | Singapore | Selling and marketing of high-quality LAN hardware and software products | 22,466 | 22,466 | 3,557 | 100 | 34,459 | 1,143 | 1,143 | Note 1 |
| | Edgecore Americas Networking Corp. | USA | Selling and marketing of high-quality LAN hardware and software products | 19,307 (USD 610) | 19,307 (USD 610) | 10 | 100 | 184,871 | 82,366 | 82,366 | Note 1 |
| | Edgecore Networks India Pvt. Ltd. | India | Research, development, design, manufacture and selling of switching hubs | 15,039 | 15,039 | 3,885 | 100 | 3,443 | (167) | (167) | Note 1 |
| ACCE Technology Corp. | GoldiLink Technology Corp. | Hsinchu | Research, development, design, manufacturing and sales of optical modules | 40,000 | - | 4,000 | 100 | 40,070 | 70 | 70 | Notes 1 and 6 |

Note 1: Based on the financial statements were not reviewed by the CPAs

Note 2: Based on the financial statements were reviewed by the CPAs.

Note 3: After adjustment of gains or losses from related parties.

Note 4: In February 2024, ACCE Technology Corp. completed its capital injection.

Note 5: Recognized an impairment loss.

Note 6: In May 2024, GoldiLink Technology Corp. completed the registration of its establishment.

(Concluded)

TABLE 9

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of Foreign Currencies/New Taiwan Dollars)

| Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital (Note 2) | Method of Investment | Accumulated Outflow Remittance for Investment from Taiwan as of January 1, 2024 (Note 2) | Investment Flows | | Accumulated Outflow Remittance for Investment from Taiwan as of September 30, 2024 (Note 2) | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of September 30, 2024 | Accumulated Repatriation of Investment Income as of September 30, 2024 (Note 2) | Note |
|--|--|--|----------------------|--|------------------|--------|---|-----------------------------------|--|------------------------|--|---|--------|
| | | | | | Outflow | Inflow | | | | | | | |
| Joy Technology (Shenzhen) Co., Ltd. | Selling and producing of high-end network switches | \$ 1,408,425 (USD 44,500) | Note 1 | \$ - (USD -) | \$ - | \$ - | \$ - (USD -) | \$ 140,052 | 100 | \$ 140,052 | \$ 2,725,350 | \$ 3,186,902 (USD 100,692) | Note 3 |
| Accton Technology Co., Ltd. | Sales of network related products | 189,900 (USD 6,000) | Note 1 | 189,900 (USD 6,000) | - | - | 189,900 (USD 6,000) | 39,671 | 100 | 39,671 | 152,995 | - | Note 4 |
| Noctilucent Systems (Shanghai) Limited | Development, design and manufacture of software, selling product and consultation and service of technique | 158,250 (USD 5,000) | Note 1 | 205,060 (USD 6,479) | - | - | 205,060 (USD 6,479) | - | - | - | - | - | - |
| ATAN NetworKs Co., Ltd. | Sale of network products | 98,115 (USD 3,100) | Note 11 | 98,115 (USD 3,100) | - | - | 98,115 (USD 3,100) | (4,336) | 100 | (4,336) | (22,396) | - | Note 4 |
| MuXi Technology Co., Ltd. | Sale of network products | 4,517 (RMB 1,000) | Note 12 | - (RMB -) | - | - | - (RMB -) | (45,566) | 100 | (45,566) | (49,674) | - | Note 4 |

| Investee Company | Accumulated Investment in Mainland China as of September 30, 2024 | Investment Amounts Authorized by the Investment Commission, MOEA | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA |
|---|---|--|--|
| Joy Technology (Shenzhen) Co., Ltd. | USD - (Notes 13 and 14) | USD 44,500 (Note 5) | \$ 17,480,040 |
| Accton Technology Co., Ltd. | USD 6,000 | USD 6,000 | |
| Noctilucent Systems (Shanghai) Limited | USD 6,479 (Notes 6 and 9) | USD 5,000 | |
| ATAN NetworKs Co., Ltd. | USD 3,100 | USD 3,500 | |
| Arcadyan Technology (Shanghai) Corp. (Note 7) | USD 684 | USD 5,586 | |
| Tomato Technology (Shanghai) Corp. (Note 8) | USD 380 | USD 380 | |
| Zhuhai Jinfangda Technology Co., Ltd. (Note 10) | USD 937 | USD 937 | |

Note 1: Investment made in mainland China was through the Company's subsidiaries that are located in the third region.

Note 2: Based on the exchange rate as of September 30, 2024.

Note 3: The amount was recognized based on the financial statements which were reviewed by the CPAs.

Note 4: The amount was recognized based on the financial statements which were not reviewed by the CPAs.

Note 5: Issuance of ordinary shares out of retained earnings amounted to USD7,500 thousand.

Note 6: Repayment of debt amounted to USD1,567 thousand.

(Continued)

- Note 7: In December 2009, the Company sold 17% shares of Arcadyan Technology (Shanghai) Co., Ltd. to Arcadyan Technology Company and its affiliates.
- Note 8: Tomato Technology (Shanghai) Corp. was sold in July 2009. The Investment Commission of the Ministry of Economic Affairs approved the sale of the investment.
- Note 9: In September 2017, the Company sold Noctilucent (HK)'s 81% shares and jointly disposed of Noctilucent Systems (Shanghai) Limited. The resale case was approved by the Ministry of Economic Affairs for review. In October 2023, the Company was approved by the No. 11256116460 letter to deduct the amount of investment by US\$88 thousand.
- Note 10: On April 19, 2019, the Company got the approval from the Investment Board, Ministry of Economic Affairs to invest in Zhuhai Jinfangda Technology Co., Ltd. which was recognized under the financial assets at fair value through profit or loss - non-current.
- Note 11: Joy Technology (Shenzhen) Co., Ltd.'s indirect investment in a company located in mainland China.
- Note 12: Accton Technology Co., Ltd.'s indirect investment in a company located in mainland China.
- Note 13: In accordance with the No. 11320059460 Letter in January 2024, the Company remitted US\$59,858 thousand of investment income from Joy Technology (Shenzhen) Co., Ltd. to deduct the accumulated outflow remittance for investment from Taiwan.
- Note 14: In accordance with the No. 11320136370 Letter in July 2024, the Company remitted US\$40,834 thousand of investment income from Joy Technology (Shenzhen) Co., Ltd. to deduct the accumulated outflow remittance for investment from Taiwan.

(Concluded)

ACCTON TECHNOLOGY CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2024

| Name of Major Shareholder | Shares | |
|---------------------------|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| Golden Tengis Co., Ltd. | 45,113,765 | 8.03 |