

Eastech Holding Limited and Subsidiaries

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

Notice to Readers

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Eastech Holding Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Eastech Holding Limited (“Eastech”) and its subsidiaries (collectively, the “Group”) as of September 30, 2024 and the related consolidated statements of comprehensive income for the three months ended and nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then ended September 30, 2024 and 2023, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Accounting Standards 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement on Review Engagements of the Republic of China No. 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.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of September 30, 2024, its consolidated financial performance for the three months ended September 30, 2024 and 2023, as well as its consolidated financial performance and its consolidated cash flows for the nine months then ended September 30, 2024 and 2023 in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The engagement partners on the reviews resulting in this independent auditors' review report are Jung-Chin Liu and Tzu-Ping Huang.

Ernst & Young
Taipei, Taiwan
Republic of China

November 8, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2024 AND DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

ASSETS		September 30, 2024		December 31, 2023		LIABILITIES AND EQUITY		September 30, 2024		December 31, 2023	
Accounts	Notes	Amount	%	Amount	%	Accounts	Notes	Amount	%	Amount	%
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	6.(1)	\$2,389,359	30.02	\$2,186,227	36.39	Accounts payable	6.(9)	\$3,311,751	41.61	\$2,110,446	35.13
Financial assets at fair value through profit or loss	6.(2)	2	-	463	0.01	Other payables	6.(9)	1,015,356	12.76	716,399	11.92
-current						Current tax liabilities	6.(13)	46,031	0.58	18,344	0.31
Accounts receivable, net	6.(3),6.(12) and 8	2,601,348	32.68	1,400,071	23.31	Lease liabilities - current	6.(7)	78,413	0.99	68,457	1.14
Inventories	6.(5) and 8	1,349,689	16.96	904,727	15.06	Current portion of long-term liabilities	6.(8)	22,339	0.28	143,226	2.38
Other receivables and prepayments	6.(4)	406,603	5.11	358,592	5.98	Total current liabilities		4,473,890	56.22	3,056,872	50.88
Current tax assets		1,276	0.02	6,829	0.11	NON-CURRENT LIABILITIES					
Total current assets		6,748,277	84.79	4,856,909	80.86	Deferred tax liabilities		8,221	0.10	8,050	0.13
NON-CURRENT ASSETS						Lease liabilities - non-current	6.(7)	86,957	1.09	96,472	1.61
Financial assets at fair value through profit or loss - non-current	6.(2)	131,205	1.65	131,205	2.18	Total non-current liabilities		95,178	1.19	104,522	1.74
Property, plant and equipment	6.(6) and 8	850,018	10.68	797,354	13.27	Total liabilities		4,569,068	57.41	3,161,394	52.62
Right-of-use assets	6.(7)	193,053	2.43	186,613	3.11	EQUITY					
Intangible assets	8	15,393	0.19	15,272	0.25	Share capital - common stock	6.(11)	769,194	9.66	716,934	11.93
Deferred tax assets		20,998	0.26	20,104	0.33	Capital surplus	6.(11)	1,134,446	14.25	1,027,588	17.11
Total non-current assets		1,210,667	15.21	1,150,548	19.14	Retained earnings	6.(11)				
TOTAL						Legal reserve		9,599	0.12	8,981	0.15
		\$7,958,944	100.00	\$6,007,457	100.00	Unappropriated earnings		1,360,350	17.10	1,063,421	17.70
						Exchange differences on translating the financial statements of foreign operations	6.(11)	140,306	1.76	53,158	0.89
						Treasury shares	6.(11)	(24,019)	(0.30)	(24,019)	(0.40)
						Total equity		3,389,876	42.59	2,846,063	47.38
						TOTAL		\$7,958,944	100.00	\$6,007,457	100.00

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars, except for earnings per share)

Accounts	Notes	For three months ended September 30,				For the nine months ended September 30,			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
NET SALES	6.(12)	\$3,804,320	100.00	\$3,580,458	100.00	\$9,638,286	100.00	\$8,129,477	100.00
COST OF SALES	6.(5)and6.(12)	3,073,452	80.79	3,029,400	84.61	7,893,281	81.90	6,899,580	84.87
GROSS PROFIT		730,868	19.21	551,058	15.39	1,745,005	18.10	1,229,897	15.13
OPERATING EXPENSES	6.(12)								
Selling and distribution		57,922	1.52	42,826	1.20	162,434	1.69	136,452	1.68
General and administrative		276,660	7.27	298,258	8.33	796,364	8.26	653,112	8.03
Expected credit losses (reversal gains)	6.(3)	1,481	0.04	(54)	-	(4,988)	(0.05)	(213)	-
Total operating expenses		336,063	8.83	341,030	9.53	953,810	9.90	789,351	9.71
OPERATING PROFIT		394,805	10.38	210,028	5.86	791,195	8.20	440,546	5.42
NON-OPERATING INCOME AND EXPENSES									
Other income	6.(12)	25,019	0.66	28,039	0.78	74,107	0.77	64,423	0.79
Foreign exchange (loss) gain, net		(34,249)	(0.90)	(5,784)	(0.16)	28,994	0.30	24,885	0.31
Other losses	6.(12)	(6,399)	(0.17)	(6,819)	(0.19)	(8,458)	(0.09)	(95,102)	(1.17)
Finance costs	6.(12)	(2,150)	(0.06)	(3,183)	(0.09)	(7,392)	(0.08)	(11,825)	(0.15)
Total non-operating income and expenses		(17,779)	(0.47)	12,253	0.34	87,251	0.90	(17,619)	(0.22)
PROFIT BEFORE TAX		377,026	9.91	222,281	6.20	878,446	9.10	422,927	5.20
INCOME TAX EXPENSE	6.(13)	(35,707)	(0.94)	(1,308)	(0.04)	(86,624)	(0.90)	(1,712)	(0.02)
NET PROFIT FOR THE PERIOD		341,319	8.97	220,973	6.16	791,822	8.20	421,215	5.18
OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)									
Items that may be reclassified subsequently to profit or loss:		(35,140)	(0.92)	80,238	2.24	87,148	0.90	88,853	1.09
Exchange differences on translating foreign operations		(35,140)	(0.92)	80,238	2.24	87,148	0.90	88,853	1.09
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		\$306,179	8.05	\$301,211	8.40	\$878,970	9.10	\$510,068	6.27
EARNINGS PER SHARE (NT\$)	6.(14)								
Basic earnings per share after income tax		\$4.52		\$3.27		\$10.62		\$6.47	
Diluted earnings per share after income tax		\$4.35		\$2.88		\$9.99		\$5.54	

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

Descriptions	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
	Share Capital - Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Treasured Stock	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2023	\$631,390	\$829,969	\$7,629	\$109,717	\$618,143	\$74,012	\$(24,019)	\$2,246,841
Appropriation of earnings of 2022								
Reversal of special reserve	-	-	-	(109,717)	109,717	-	-	-
Cash dividend of common stock	-	-	-	-	(196,397)	-	-	(196,397)
Net profit for the nine months ended September 30, 2023	-	-	-	-	421,215	-	-	421,215
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	88,853	-	88,853
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	421,215	88,853	-	510,068
Cash dividends distributed to the subsidiary which adjusted to capital surplus	-	1,379	-	-	-	-	-	1,379
Compensation costs of employee stock options	-	5,947	-	-	-	-	-	5,947
Issuance of common stock under employee share options	30,380	52,934	-	-	-	-	-	83,314
Conversion of convertible bonds	41,263	101,701	-	-	-	-	-	142,964
BALANCE AT SEPTEMBER 30, 2023	\$703,033	\$991,930	\$7,629	\$-	\$952,678	\$162,865	\$(24,019)	\$2,794,116
BALANCE AT JANUARY 1, 2024	\$716,934	\$1,027,588	\$8,981	\$-	\$1,063,421	\$53,158	\$(24,019)	\$2,846,063
Appropriation of earnings of 2023								
Cash dividend of common stock	-	-	-	-	(494,275)	-	-	(494,275)
Subsidiary's provision for legal reserve	-	-	618	-	(618)	-	-	-
Net profit for the nine months ended September 30, 2024	-	-	-	-	791,822	-	-	791,822
Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	87,148	-	87,148
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	791,822	87,148	-	878,970
Cash dividends distributed to the subsidiary which adjusted to capital surplus	-	2,977	-	-	-	-	-	2,977
Compensation costs of employee stock options	-	4,138	-	-	-	-	-	4,138
Issuance of common stock under employee share options	17,430	13,034	-	-	-	-	-	30,464
Convert of convertible bonds	34,830	86,709	-	-	-	-	-	121,539
BALANCE AT SEPTEMBER 30, 2024	\$769,194	\$1,134,446	\$9,599	\$-	\$1,360,350	\$140,306	\$(24,019)	\$3,389,876

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

EASTECH HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	For the nine months ended September 30,			For the nine months ended September 30,	
	2024	2023		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM INVESTING ACTIVITIES :		
Profit before income tax	\$878,446	\$422,927	Proceeds from disposal of financial assets at fair value through profits or loss	-	96
Depreciation of property, plant and equipment	112,107	109,729	Payments for financial assets at fair value through profits or loss	-	(20)
Depreciation of right-of-use assets	51,818	20,738	Payments for acquiring property, plan and equipment	(148,625)	(43,809)
Amortization of intangible assets	4,180	11,101	Proceeds from disposal of property, plant and equipment	4,120	22,683
Allowance for inventories provision and inventories write-off	8,873	99,193	Increase in intangible assets	(2,942)	(2,606)
Reversal gains from expected credit loss	(4,988)	(213)	Increase in restricted assets	-	(16,797)
Loss on fair value changes of financial instruments at fair value through profit or loss	460	32,888	Net cash used in investing activities	(147,447)	(40,453)
Interest expense	7,392	11,825			
Interest income	(47,860)	(16,907)	CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend Income	-	(10,656)	Proceeds from bank borrowings	-	144,636
Compensation costs of employee stock options	4,138	5,947	Repayments of bank borrowings	-	(149,876)
Loss on disposal of property, plant and equipment	41	9,393	Repayments of the principal portion of lease liabilities	(58,436)	(39,259)
Gain on modifications of lease	-	(33)	Cash dividends	(494,275)	(196,397)
Operating cash flows before working capital changes			Exercise of employee share options	30,462	83,314
Accounts receivable	(1,196,289)	(425,003)	Cash dividend received from treasury shares	2,977	1,379
Other receivables and prepayments	(48,011)	10,631	Net cash used in financing activities	(519,272)	(156,203)
Inventories	(453,835)	(71,308)			
Accounts payable	1,201,305	563,519			
Other payables	298,957	(45,104)			
Cash generated from operating activities	816,734	728,667			
Interest received	47,860	16,907			
Dividends received	-	10,656	EFFECT OF EXCHANGE RATE CHANGES	65,935	85,322
Interest paid	(6,740)	(6,960)	NET INCREASE IN CASH AND CASH EQUIVALENTS	203,132	626,029
Income tax paid	(53,938)	(11,907)	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,186,227	1,290,720
Net cash generated from operating activities	803,916	737,363	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$2,389,359	\$1,916,749

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

EASTECH HOLDING LIMITED 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) (Reviewed, Not Audited)

1. General information

Eastech Holding Limited (the “Company”) is an investment holding company incorporated in Cayman Islands on February 1, 2011.

The Company was set up to acquire Eastern Asia Technology (HK) Limited (the “EAH”) and its subsidiaries (the “EAH Group”) and to list on the Taiwan Stock Exchange. EAH Group was originally a subsidiary under Eastern Asia Technology Limited (the “EATL”, a company formerly listed on Singapore Stock Exchange and delisted in February 2011) and was principally engaged in the production and sales of speaker systems and headphones. Through restructuring, the Company acquired 100% interests in EAH Group from EATL with a consideration determined based on the carrying amount of EAH Group as at September 30, 2011. After the acquisition, the Company (as EAH Group) applied primary listing on the Taiwan Stock Exchange, and the shares of the Company commenced trading on the Taiwan Stock Exchange from November 5, 2012.

For the integration between the speaker systems and 3C electronic appliances to boost the sales, EAH acquired 99.98% interests in Eastech Electronics (Taiwan) Inc. (“ETT”) and its subsidiaries from Luster Green Limited in January 2015. The principal activities of ETT and its subsidiaries are to design, production and sales of smart speakers and audio/video (“AV”) electronics home entertainment systems.

In order to maximize the allocation and to diffuse the risk of cost inflation and tariff on the current main production base, EAH established a wholly-owned subsidiary - Eastech (VN) Company Limited in Vietnam on January 25, 2019, as second production base, with the accumulated registered capital of US\$8 million.

In order to develop new technology and design the product, EAH established a wholly-owned subsidiary - Eastech Innovations (TW) Inc. on July 2, 2020. Following several capital injection, the capital of Eastech Innovations (TW) Inc. was accumulated to \$215,000 thousand.

In order to expand the business, EAH established a wholly-owned subsidiary - Eastech Trading (VN) Company Limited, with registered capital of US\$200 thousand on July 6, 2021.

The Company’s and its subsidiaries (collectively as the “Group”) principal places of operation are located in Hong Kong and Huizhou, Guangdong Province, China and Hai Duong Vietnam.

2. Approval of financial statements

The consolidated financial statements were approved by the Company’s board of directors on November 8, 2024.

3. Application of new, amended and revised standards and interpretations

(1) Standards and interpretations effective for the year

The Group has adopted all new, revised and amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the “IFRSs”) issued into effect after fiscal year beginning on January 1, 2024. Except for the following, whenever applied, the initial application of the amendments to the IFRSs issued into effect would not have any material impact on the Group’s consolidated financial statements for the nine months ended September 30, 2024.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	Lack of Exchangeability – Amendments to IAS 21	1 January 2025
c	IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027
d	Disclosure Initiative – The Subsidiaries without Public Accountability: Disclosure (IFRS 19)	1 January 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026

As of the date the consolidated financial statements were authorized for issue, the Group accessed the forementioned new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting” and Rule No.10200546801 issued by the Financial Supervisory Commission (the “FSC”). This interim consolidated financial statements does not include all the disclosures required by IFRSs which normally included in annual consolidated financial statements. Moreover, the IFRSs applicable to these consolidated financial statements have no difference with the IFRS, IAS, interpretations as well as interpretation announcement which are endorsed by FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

A. The basis of consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2023.

B. The consolidated financial statements had been originally presented in the functional currency of the Company - NTD.

C. Pursuant to the above basis of preparation of the consolidated financial statements, the detail information of the subsidiaries was as follows:

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest		Descriptions
			September 30, 2024	December 31, 2023	
The Company	Eastern Asia Technology (HK) Limited (“EAH”)	Sales of speaker systems and headphones	100.00	100.00	The Company acquired EAH 100% ownership interest on March 31, 2011 and thereby obtained 100% controlling power over EAH and its subsidiaries.
EAH	Eastech (Huizhou) Co., Ltd. (“EAHZ”)	Production, assembly and sales of speaker systems, accessories, headphones, smart speakers and AV electronics home entertainment systems	100.00	100.00 Note 1	The Company acquired EAH 100% ownership interest on March 31, 2011 and thereby obtained 100% controlling power over EAH and its subsidiaries.
EAH	Eastech (SZ) Co., Ltd. (“ESZ”)	Import and export trading of audio accessories, machinery and equipment, etc.	100.00	100.00	ESZ was established by EAH on November 13, 2013
EAH	Scan-Speak A/S (“ScS”)	Research and development, production and sales of high-end transducers	100.00	100.00	EAH acquired ScS 100% ownership interest on April 1, 2014
EAH	Eastech (VN) Company Limited (“EAVN”)	Production, assembly and sales of transducer speakers, bluetooth speakers and headphones	100.00	100.00	EAVN was established by EAH on January 25, 2019
EAH	Eastech Trading (VN) Company Limited (“ETV”)	Sales of speaker systems and headphones	100.00	100.00	ETV was established by EAH on July 10, 2021, and liquidation is still in progress.

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest		Descriptions
			September 30, 2024	December 31, 2023	
EAH	Eastech (SG) Pte. Ltd. (“ESG”)	Research and development of system architecture/new product concept/state-of-the-art products/sound and acoustics advance technology	100.00	100.00	ESG was established by ETH in October 2017 and was transferred 100% ownership from ETH to EAH in July 2019.
EAH	Eastech Microacoustics (HK) Limited (“EMH”)	Sales of headphones and AV products	-	100.00	EMH was established by EAH on August 30, 2019, and was dissolved in 2024Q2.
EAH	Eastech Electronics (HK) Limited (“ETH”)	Sales of smart speakers and AV electronics home entertainment systems and headphones	100.00	100.00	ETH was acquired in January 2015 and was transferred 100% ownership from ETH to EAH in September 2021.
EAH	Eastech Innovations (TW) Inc. (“ETW”)	New technology research, product design and development	100.00	100.00 Note 2	ETW was established by EAH on July 2, 2020

Note 1: On February 24, 2023, the board of directors resolved to merge Eastech Systems (Huiyang) Co., Ltd. with EAHZ, and the base date was March 31, 2023. After the merger, the surviving company was EAHZ.

Note 2: On August 25, 2023, the board of directors resolved to merge ETT with ETW, and the base date was September 28, 2023. After the merger, the surviving company was ETW.

(3) Other significant accounting policies

Except for the following, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023.

A. Taxation

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.

B. Explanatory about the seasonality of interim operations

The Group's majority of clients are internationally renowned audio-visual brand enterprises. In line with the relevant European and American customers' Christmas holiday sales, the Group's production and sales is focus on the third quarter of the year to make sure stock availability before Christmas holiday. The first half of the year is typically the case of the off-season operation; therefore, the Group has a seasonal cycle of operations.

5. Material accounting judgments and key sources of estimation uncertainty

The same material accounting judgments and key sources of estimates and assumptions have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. Please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023.

6. Contents of significant accounts

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023
Cash on hand	\$1,040	\$568
Cash at bank	1,132,316	2,112,832
Fixed deposits	1,256,003	72,827
Total	<u>\$2,389,359</u>	<u>\$2,186,227</u>

Cash equivalents comprise term deposits which are highly liquid and are readily convertible into cash with low risk of changes in value.

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

	September 30, 2024	December 31, 2023
<u>Financial assets - current</u>		
Designation as at FVTPL		
Derivative financial assets		
Convertible bond options (Note 6.(8))	\$2	\$463
<u>Financial assets - non-current</u>		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted stocks	\$131,205	\$131,205

(3) Accounts receivable

	September 30, 2024	December 31, 2023
Accounts receivable	\$2,619,290	\$1,440,402
Less: Allowance for impairment loss	(17,942)	(40,331)
Total	<u>\$2,601,348</u>	<u>\$1,400,071</u>

The Group's average credit period of sales of goods was 58 days (56 days in 2023). No interest was charged on accounts receivable. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs (excluding accounts receivable that recognizes loss allowance at full amount). The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position and adjusted for general economic conditions of the industry in which the debtors operate. As 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 writes off the accounts receivable when there is information 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, or when the accounts receivable are over 180 days past due, whichever occurs earlier.

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

September 30, 2024

	<u>Not Past Due</u>	<u>1 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over One Year</u>	<u>Total</u>
Gross carrying amount	\$2,586,855	\$14,493	\$1,674	\$16,268	\$2,619,290
Loss allowance (Lifetime ECLs)	-	-	(1,674)	(16,268)	(17,942)
Amortized cost	<u>\$2,586,855</u>	<u>\$14,493</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,601,348</u>

December 31, 2023

	<u>Not Past Due</u>	<u>1 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over One Year</u>	<u>Total</u>
Gross carrying amount	\$1,371,485	\$28,586	\$7	\$40,324	\$1,440,402
Loss allowance (Lifetime ECLs)	-	-	(7)	(40,324)	(40,331)
Amortized cost	<u>\$1,371,485</u>	<u>\$28,586</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,400,071</u>

The movements of the loss allowance of accounts receivable were as follows:

	<u>For the Nine Months Ended September 30, 2024</u>	<u>For the Year Ended December 31, 2023</u>
Balance at the beginning of the period	\$40,331	\$40,554
Less: Reversal of impairment losses recognized	(4,988)	(231)
Less: Write-off for this period	(19,042)	-
Effect of exchange rate change	1,641	8
Balance at the end of the period	<u>\$17,942</u>	<u>\$40,331</u>

(4) Other receivables and prepayments

	September 30, 2024	December 31, 2023
Other receivables, net	\$69,367	\$66,866
Prepayments for purchases	73,653	55,795
Prepayments	10,847	7,089
Prepayments for purchases of equipment and mold	16,283	16,760
Value-added tax recoverable and refundable	209,846	194,116
Guarantee deposits	26,607	17,966
Total	<u>\$406,603</u>	<u>\$358,592</u>

As of September 30, 2024 and December 31, 2023, the amounts of temporary payments as described in Note 6.(9) were \$51,945 thousand and \$28,825 thousand, respectively.

(5) Inventories

	September 30, 2024	December 31, 2023
Raw materials	\$763,808	\$530,781
Work-in-process	342,412	199,207
Finished goods	85,088	100,122
Goods in transit	158,381	74,617
Total	<u>\$1,349,689</u>	<u>\$904,727</u>

The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2024 and 2023 was \$7,893,281 thousand and \$6,899,580 thousand, respectively, which included \$8,873 thousand and \$99,193 thousand, allowance for inventories provision and inventories write-off, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2024 and 2023 was \$3,073,452 thousand and \$3,029,400 thousand, respectively, which included loss of net realizable value of inventories and loss of written-off of inventories of \$3,929 thousand and \$85,000 thousand, respectively.

The inventories pledged as collateral for bank borrowing are set out in Note 8.

(6) Property, plant and equipment

A. Details of property, plant and equipment were as follows:

	September 30, 2024	December 31, 2023
Cost	\$1,566,226	\$1,380,533
Accumulated depreciation and impairment	(716,208)	(583,179)
Carrying amount	<u>\$850,018</u>	<u>\$797,354</u>
Buildings and leasehold improvements	\$281,023	\$296,728
Machinery and office equipment	530,581	488,170
Construction in progress	38,414	12,456
Carrying amount	<u>\$850,018</u>	<u>\$797,354</u>

B. Changes in property, plant and equipment are as follows:

	Buildings and Leasehold Improvements	Machinery and Office Equipment	Construction in Progress	Total
<u>Cost</u>				
Balance at January 1, 2023	\$329,077	\$1,086,120	\$11,232	\$1,426,429
Additions	-	52,269	9,468	61,737
Disposals	(641)	(79,572)	(992)	(81,205)
Reclassification	-	7,577	(7,577)	-
Effect of exchange rate change	(8,251)	(18,502)	325	(26,428)
Balance at December 31, 2023	320,185	1,047,892	12,456	1,380,533
Additions	18,799	57,472	72,354	148,625
Disposals	(192)	(14,376)	(516)	(15,084)
Reclassification	(27,649)	73,602	(45,953)	-
Effect of exchange rate change	8,896	43,183	73	52,152
Balance at September 30, 2024	\$320,039	\$1,207,773	\$38,414	\$1,566,226
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$16,286	\$466,996	\$-	\$483,282
Depreciation	7,918	137,733	-	145,651
Disposals	(75)	(38,565)	-	(38,640)
Effect of exchange rate change	(672)	(6,442)	-	(7,114)
Balance at December 31, 2023	23,457	559,722	-	583,179
Depreciation	8,523	103,584	-	112,107
Disposals	(153)	(10,770)	-	(10,923)
Reclassification	6,070	(6,070)	-	-
Effect of exchange rate change	1,119	30,726	-	31,845
Balance at September 30, 2024	\$39,016	\$677,192	\$-	\$716,208

Management assesses no indication of impairment, therefore, no impairment loss is recognized as of September 30, 2024 and December 31, 2023.

C. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and leasehold improvements	Building in Vietnam were 40 to 55 years; and leasehold improvements were depreciated over 2 to 10 years.
Machinery equipment	5 to 10 years
Office equipment	1 to 10 years

D. Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 8.

(7) Lease arrangements

A. Right-of-use assets

	September 30, 2024	December 31, 2023
<u>Carrying amounts</u>		
Land and buildings	\$136,794	\$169,197
Machinery and office equipment	56,259	17,416
Total	<u>\$193,053</u>	<u>\$186,613</u>
	<u>For the Nine Months Ended September 30</u>	
	2024	2023
Additions to right-of-use assets	<u>\$50,303</u>	<u>\$32,175</u>
Depreciation charge for right-of-use assets		
Land and buildings	\$40,971	\$14,480
Machinery and office equipment	10,847	6,258
Total	<u>\$51,818</u>	<u>\$20,738</u>
	<u>For the Three Months Ended September 30</u>	
	2024	2023
Additions to right-of-use assets	<u>\$1,027</u>	<u>\$-</u>
Depreciation charge for right-of-use assets		
Land and buildings	\$13,815	\$4,901
Machinery and office equipment	4,364	2,213
Total	<u>\$18,179</u>	<u>\$7,114</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2024 and for the year ended December 31, 2023.

B. Lease liabilities

	September 30, 2024	December 31, 2023
<u>Carrying amounts</u>		
Current	\$78,413	\$68,457
Non-current	86,957	96,472
Total	<u>\$165,370</u>	<u>\$164,929</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2024	December 31, 2023
Land and buildings	2.42% ~ 6.75%	2.42% ~ 6.75%
Machinery and office equipment	2.75% ~ 4.91%	2.56% ~ 4.15%

C. Material lease-in activities and terms

The Group leases lands, office, and other operating assets for the operations and manufacturing purpose. The Group does not have bargain purchase options to acquire the leased assets at the end of the lease terms. In addition, since land use right in respect of lands at Vietnam were obtained by way of lease as they could not be directly acquired subject to restrictions of laws, the Group's land use rights in Vietnam have been paid in full at the inception of the lease. The details of land use right held by the Group were as follows:

September 30, 2024 and December 31, 2023

Company Name	Location	Description	Tenure/Unexpired Term
EAVN	B2-4, Cong Hoa Industrial Park, Cong Hoa Ward, Chi Linh City, Hai Duong Province, Vietnam	41,227.5 sq. ft. land (the land use right is recognized under right-of-use assets)	Lease for a term of 40 years from January 2019 to April 2058

D. Other lease information

	For the Nine Months Ended September 30	
	2024	2023
Expenses relating to short-term leases	\$3,422	\$6,303
Total cash outflow for leases	\$(67,667)	\$(47,613)
	For the Three Months Ended September 30	
	2024	2023
Expenses relating to short-term leases	\$914	\$2,052

The Group leases certain motor vehicles, employee dormitories and etc. which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

(8) Bonds payable

	September 30, 2024	December 31, 2023
The first secured domestic convertible bonds	\$22,339	\$143,226
Less: Current portion	(22,339)	(143,226)
Total	<u>\$-</u>	<u>\$-</u>

On November 28, 2022, the Company issued 3,500 of the first secured convertible bonds in Taiwan, with a coupon rate of 0%, which total amount was \$350,000 thousand, with face value of \$100 thousand. Besides, the terms and conditions of the bonds were as follows:

A. Conversion period: From March 1, 2023 to November 28, 2025.

B. Conversion price:

- (a) The initial conversion price was \$39.2 per share. Afterwards, if there were any changes in share capital (including but not limited to capital increase by cash, earnings or capital reserves, etc.), the conversion price shall be adjusted according to the prescribed calculation. As of September 30, 2024, the conversion price was \$34.2.
- (b) After the issuance of this convertible bonds, if the Company distributes cash dividends to common stock, the conversion price shall be reduced on the ex-dividend date by the adjustment formula of conversion price. This provision of reduction of the conversion price shall not be applied to those requested converting before the ex-dividend date.

C. Redemption:

- (a) Redeem the bonds upon maturity: The principal is fully redeemed upon maturity.
- (b) Redeem the bonds in advance:

The Company may redeem all or part of the bonds at face value from March 1, 2023, which is 3 months after the issuance date to October 19, 2025, which is 40 days before the expiry date, when the closing price of the ordinary shares on the TWSE exceeds the conversion price by 30% for 30 consecutive trading days.

The Company may redeem the bonds at face value from March 1, 2023, which is 3 months after the issuance date to October 19, 2025, which is 40 days before the expiry date, when the bonds outstanding balance is lower than 10% of the total issuance amount.

- (c) Sell back the bonds in advance:

After two years from the issuance date, November 28, 2024, the bondholders may sell back the bonds at the face value. As of September 30, 2024 and December 31, 2023, the convertible bonds no longer qualified for the right of deferred, therefore, the convertible bonds were converted to current portion of long-term liabilities.

The convertible bonds consist of liability and equity component. The equity component was presented in equity under capital surplus – convertible bonds. The

effective interest rate of the liability component was 2.1426% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$6,185 thousand)	\$366,287
Equity component	(37,622)
Financial liabilities at FVTPL	<u>(455)</u>
Liability component at issuance date	<u>328,210</u>
Exercise conversion right	(191,388)
Amortization of discount on bonds payable	<u>6,404</u>
Liability component at December 31, 2023	143,226
Exercise conversion right	(121,539)
Amortization of discount on bonds payable	<u>652</u>
Liability component at September 30, 2024	<u><u>\$22,339</u></u>

(9) Accounts payable and other payables

A. Accounts payable were mainly due to the suppliers. The Group's payment terms were from 30 to 120 days. No interest is charged by accounts payable in general. The Group has financial risk management policies to ensure settlement of all payables within payment term.

B. Details of other payables were as follows:

	September 30, 2024	December 31, 2023
Accrued salaries	\$403,453	\$266,297
Temporary receivables (Note)	72,725	28,026
Accrued employee's severance pay	227,650	230,634
Other payables	<u>311,528</u>	<u>191,442</u>
Total	<u><u>\$1,015,356</u></u>	<u><u>\$716,399</u></u>

Note: Temporary receivables are mainly sample fee, test fee, safety certification fee, etc. received in advance. Since the Group produces customized audio-visual electronic products for individual customer demand, related costs associated with the customized audio-visual electronic products, payment on behalf and installment prepayments based on agreements negotiated by both parties, are recorded in temporary payments (please refer to Note 6.(4)) and temporary receivables, respectively. After completion of the project (customer confirmed), the Group will reverse the aforementioned temporary payments and temporary receivables at the same time and the differences are recorded as income.

(10) Retirement benefit plans

Defined Contribution Plans

ETW adopt a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group’s subsidiaries in Hong Kong, the PRC, Singapore, Denmark and Vietnam are members of a state-managed retirement benefit plan operated by the government of Hong Kong, the PRC, Singapore, Denmark and Vietnam. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

(11) Equity

A. Share capital

The initial setup capital of the Company is NT\$1,000 thousand (registered capital is denominated in NTD). After several capital increments, the ordinary share capital of the Company as of September 30, 2024 and December 31, 2023 were \$769,194 thousand and \$716,934 thousand, respectively, divided into 76,919 thousand shares and 71,693 thousand shares, each with a nominal amount of NT\$10 per share. All of the shares were ordinary shares, each carrying the rights to vote and receive dividend.

The movements of the shares issued and outstanding were as follows:

	(In Thousands of Shares)
	<u>Number of Shares</u>
January 1, 2023	63,139
Conversion of convertible bonds	5,516
Exercise of employee stock options	3,038
December 31, 2023	<u>71,693</u>
Conversion of convertible bonds	3,483
Exercise of employee stock options	1,743
September 30, 2024	<u><u>76,919</u></u>

B. Treasury shares

As of September 30, 2024 and December 31, 2023, the details of treasury shares are as follows:

	Number of Shares
<u>Purpose of Buy-back</u>	<u>(In Thousands of Shares)</u>
Shares held by its subsidiaries	<u><u>453</u></u>

For the purpose of short-term investment, related information regarding shares of the Company held by its subsidiaries on the balance sheet date was as follows:

September 30, 2024

Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Value
ETW	453	\$24,019	\$59,343

The subsidiaries holding treasury shares, however, are bestowed shareholder's rights, except the rights to participate in any share issuance for cash and to vote.

C. Capital surplus

Capital surplus arising from issuance of common shares 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 10% of the Company's capital annually. As of September 30, 2024 and December 31, 2023, the capital surplus of the Company are as follows:

	September 30, 2024	December 31, 2023
<u>May be used to offset a deficit, distributed as cash</u> <u>dividends, or transferred to share capital</u>		
Arising from issuance of common share	\$835,516	\$807,843
Arising from convertible bonds	258,092	157,807
Expired employee stock option	2,401	2,401
<u>May not be used for any purpose</u>		
Arising from employee restricted shares	26,409	26,409
Arising from employee stock options	9,565	17,089
Convertible bonds	2,463	16,039
Total	\$1,134,446	\$1,027,588

D. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining net profit together with any undistributed earnings shall be used by the 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. The remaining net profit in a fiscal year could be distributed by the Company, subject to the following requirements:

The dividends/bonus distribution to the shareholders under this clause shall not be less than 10% of the remaining net profit for the period, and the cash dividend shall not be less than 50% of the total dividends/bonus distribution and the remaining distribution may be in

shares dividends. However, if the Company only distributes cash dividend, it can be resolved by special resolution of the board of the directors. For information about the accrual basis of the employees' and directors' compensation and the actual appropriations, please refer to Note 6.(12)(D) for details.

When a special reserve is appropriated for cumulative net debit balance reserves from prior periods, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The following cash dividends were approved by the board of directors on February 24, 2023, and the rest of distribution of earnings were resolved by the shareholders' meeting on June 16, 2023.

The distribution of earnings and dividends per share for 2022 were as follows:

	2022
Ordinary shares - cash dividends	NT\$3.1 per share, totaling NT\$196,397 thousand
Reversal of special reserve	NT\$109,717 thousand

The following cash dividends were approved by the board of directors on February 26, 2024.

The dividends per share for 2023 were as follows:

	2023
Ordinary shares - cash dividends	NT\$6.61466011 per share (Note), totaling NT\$494,275 thousand

Note: The Company has issued convertible bonds and employee stock options which then lead to the total amount of the outstanding common shares may vary subsequently. Hence, the Company will adjust dividend distribution ratio before ex-dividend base date. The 2022 and 2023 adjusted earnings per share were NT\$3.0452042 and NT\$6.57218246, respectively.

Legal reserve

Subsidiaries in China shall appropriate legal reserve fund (recognized under legal reserves) and provide other fund (recognized under liabilities items) from the profit after tax. Legal reserve fund subject to a proportion not less than 10% of the profit after tax after offsetting accumulated losses in prior years and no appropriation shall be made when the accumulated amount reaches 50% of the registered capital. The provision in respect of other fund shall be determined by the Company upon passing of directors' resolution; however, it has not yet been approved as of September 30, 2024.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals ETW's paid-in capital. Legal reserve may be used to offset deficit. If ETW has no deficit

and its legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash.

E. Share-based payment arrangements

Employee stock options

Information on outstanding employee stock options as of September 30, 2024 is as follow :

Grant Date	Issued Shares	Vesting Date	Exercisable Price
2021.04.27	219 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	\$18.30 (Note)
2021.08.20	2,460 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	\$16.40 (Note)
2022.01.21	1,030 units (equivalent 1,000 outstanding shares per unit)	Within 4 years after the grant date	\$17.60 (Note)

Note: The exercise price of the employee stock options is equal to the closing price on the grant date. After the options are granted, upon the occurrence of certain events relating to the change in the number of common shares of the Company and distribute cash dividend, the exercise price shall be adjusted in accordance with the regulated formula.

The Company granted the employee stock options for the qualified employees of the Company or any of its subsidiaries. The options become exercisable after the three years from the grant date by subscribing new shares.

Information on employee stock options is as follows:

Employee Stock Options	For the Nine Months Ended September 30, 2024		For the Year Ended December 31, 2023	
	Number of Options	Weighted- average Exercise Price (NT\$)	Number of Options	Weighted- average Exercise Price (NT\$)
Balance at the beginning of period	3,319	\$18.39	6,958	\$24.01
Executed	(1,743)	17.47	(3,038)	27.42
Write-off	(30)	18.70	(601)	22.72
Balance at the end of period	<u>1,546</u>	17.24	<u>3,319</u>	18.39
Options exercisable, end of period	<u>576</u>		<u>250</u>	

Information about outstanding options was as follows:

Grant Date	September 30, 2024		December 31, 2023	
	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (Years)
2020.05.19	\$-	-	\$22.80	0.38
2021.04.27	18.30	0.58	19.50	1.33
2021.08.20	16.40	0.92	17.50	1.67
2022.01.21	17.60	1.30	18.70	2.05

Employee stock options granted were priced using the black-scholes pricing model and the inputs to the model were as follows :

	January 21, 2022	August 20, 2021	April 27, 2021
Grant-date share price (NT\$)	20.85	19.45	21.65
Exercise price (NT\$)	20.85	19.45	21.65
Expected volatility	43.96%	44.87%	44.32%
Expected life (in years)	3.5 years	3.5 years	3.5 years
Expected dividend yield	-	-	-
Risk-free interest rate	0.53%	0.25%	0.24%

Expected volatility was based on the historical share price volatility over the past years.

The costs of employee stock options were as follows:

	For the Nine Months Ended September 30	
	2024	2023
Compensation costs of employee stock options	\$4,138	\$5,947

	For the Three Months Ended September 30	
	2024	2023
Compensation costs of employee stock options	\$1,041	\$1,263

F. Other equity items

Exchange differences on translating the financial statements of foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Company's presentation currency were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. When all or a part of the foreign operations are disposed, exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

(12) Consolidated net profit

In addition to the disclosures made in other notes, the consolidated net profit shall include:

A. Net revenue

(a) Contract information

a. Revenue from the sale of goods

The Group sells audio system related products and recognizes revenue at which time the goods are delivered to the customer's specific location. The Group does not provide any after-sales services, such as warranty, right to return, etc. The quotation of products is based on the current market price of the raw materials, the labor input and direct costs, and the expected profit. The term of sales of products is fixed price, not volatile. Since payment term granted to customers are usually less than 180 days, there is no significant financing component from contracts with customers.

b. Revenue from project service (recognized under non-operating income)

Please refer to the remark in Note 6.(9)B.

(b) Contract balances

	September 30, 2024	December 31, 2023
Accounts receivable, net (Note 6.(3))	\$2,601,348	\$1,400,071

(c) Disaggregation of revenue from customer contracts

Product category	For the Nine Months Ended	
	September 30	
	2024	2023
Home audio	\$5,626,276	\$5,493,673
Personal audio	3,113,904	1,782,440
Transducer speaker	331,165	255,636
Others	566,941	597,728
Total	<u>\$9,638,286</u>	<u>\$8,129,477</u>

Product category	For the Three Months Ended	
	September 30	
	2024	2023
Home audio	\$2,266,430	\$2,570,928
Personal audio	1,240,197	729,128
Transducer speaker	99,021	70,866
Others	198,672	209,536
Total	<u>\$3,804,320</u>	<u>\$3,580,458</u>

B. Depreciation and amortization expenses

	For the Nine Months Ended	
	September 30	
	2024	2023
Depreciation of property, plant and equipment	\$112,107	\$109,729
Amortization of other intangible assets	4,180	11,101
Depreciation right-of-use assets	51,818	20,738
Total	<u>\$168,105</u>	<u>\$141,568</u>

	For the Three Months Ended	
	September 30	
	2024	2023
Depreciation of property, plant and equipment	\$39,947	\$36,189
Amortization of other intangible assets	1,450	3,035
Depreciation right-of-use assets	18,179	7,114
Total	<u>\$59,576</u>	<u>\$46,338</u>

C. Remuneration of directors and key management personnel and employee benefits expense

	For the Nine Months Ended September 30	
	2024	2023
Remuneration of directors and key management		
Short-term benefits	\$139,832	\$110,411
Post-employment benefits	2,450	2,360
Share-based payments	1,054	2,019
Employee benefits		
Short-term benefits	1,186,247	1,041,532
Post-employment benefits	75,902	72,092
Share-based payments	3,084	3,928
Total	<u>\$1,408,569</u>	<u>\$1,232,342</u>

	For the Three Months Ended September 30	
	2024	2023
Remuneration of directors and key management		
Short-term benefits	\$32,491	\$29,198
Post-employment benefits	826	762
Share-based payments	250	405
Employee benefits		
Short-term benefits	424,879	471,529
Post-employment benefits	26,420	26,037
Share-based payments	791	858
Total	<u>\$485,657</u>	<u>\$528,789</u>

D. Employees' and directors' compensation

Under the Company's Article of Incorporation, the Company should distribute employees' compensation at the rates no less than 1% and no higher than 15% and directors' compensation at the rates no higher than 2%, respectively, of net profit before income tax, employees' and directors' compensation.

For the three months and nine months ended September 30, 2024 and 2023, the employees' compensation and directors' compensation and supervisors are as follows:

Accrual rate

	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2024
Employees' compensation	6.0%	6.0%
Directors' compensation	1.9%	1.9%

Amount

	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2024
Employees' compensation	\$24,700	\$57,600
Directors' compensation	\$7,700	\$17,900

Accrual rate

	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2023
Employees' compensation	5.5%	5.5%
Directors' compensation	1.5%	1.5%

Amount

	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2023
Employees' compensation	\$13,100	\$25,000
Directors' compensation	\$3,600	\$6,800

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The Group held the board of directors on February 26, 2024, and had the resolution of the employees' and directors' compensation of 2023. For the years ended 2023 and 2022, the employees' and directors' compensation are as follows:

Amount

	For the Year of 2023	For the Year of 2022
Employees' compensation	\$36,431	\$22,370
Directors' compensation	\$10,500	\$6,300

There was no significant difference between the actual amounts of employees' and directors' compensation paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

E. Other income

	For the Nine Months Ended	
	September 30	
	2024	2023
Government grants	\$1,035	\$92
Project service revenue	6,226	5,850
Dividend income	-	10,656
Interest income	47,860	16,907
Scrap income	4,343	935
Rental revenue	2,831	514
Gains on disposal of property, plant and equipment	2,458	169
Gains on evaluation and disposal financial instruments at FVTPL	-	13,284
Reversal of accrued employee's severance	4,971	7,430
Others	4,383	8,586
Total	<u>\$74,107</u>	<u>\$64,423</u>

	For the Three Months Ended	
	September 30	
	2024	2023
Government grants	\$6	\$-
Project service revenue	1,253	2,736
Dividend income	-	10,656
Interest income	15,202	8,510
Scrap income	2,000	449
Rental revenue	841	285
Gains on disposal of property, plant and equipment	1,858	-
Gains on evaluation and disposal financial instruments at FVTPL	-	214
Reversal of accrued employee's severance	1,806	3,158
Others	2,053	2,031
Total	<u>\$25,019</u>	<u>\$28,039</u>

F. Other losses

	For the Nine Months Ended	
	September 30	
	2024	2023
Losses on fair value change of financial instruments at FVTPL	\$460	\$82,082
Losses on disposal and scrap property, plant and equipment	2,499	9,562
Others	5,499	3,458
Total	<u>\$8,458</u>	<u>\$95,102</u>

For the Three Months Ended

	September 30	
	2024	2023
Losses on fair value change of financial instruments at FVTPL	\$7	\$3,164
Losses on disposal and scrap property, plant and equipment	893	543
Others	5,499	3,112
Total	<u>\$6,399</u>	<u>\$6,819</u>

G. Finance costs

	For the Nine Months Ended September 30	
	2024	2023
Interest expense arising from bank borrowings	\$31	\$782
Guarantee interest on convertible bonds	900	4,127
Interest expense on bonds payable	652	4,865
Interest on lease liabilities	5809	2,051
Total	<u>\$7,392</u>	<u>\$11,825</u>

	For the Three Months Ended September 30	
	2024	2023
Interest expense arising from bank borrowings	\$11	\$22
Guarantee interest on convertible bonds	101	1,193
Interest expense on bonds payable	125	1,363
Interest on lease liabilities	1,913	605
Total	<u>\$2,150</u>	<u>\$3,183</u>

(13) Income taxes

A. Income tax recognized in profit or loss

Major components of tax expense are as follows:

	For the Nine Months Ended September 30	
	2024	2023
Current tax		
In respect of the current year	\$92,870	\$7,034
Adjustments for prior years	(5,914)	8,683
Deferred tax		
In respect of the current year	(332)	(14,005)
Income tax expense recognized in profit or loss	<u>\$86,624</u>	<u>\$1,712</u>

For the Three Months Ended

	September 30	
	2024	2023
Current tax		
In respect of the current year	\$36,045	\$3,979
Adjustments for prior years	(99)	8,778
Deferred tax		
In respect of the current year	(239)	(11,449)
Income tax expense recognized in profit or loss	<u>\$35,707</u>	<u>\$1,308</u>

The Group uses the estimated effective annual interest rate and calculating the income tax expense of each interim period. Therefore, the Group is unable to disclose the difference between the accounting income and the taxable income.

The Company was incorporated in accordance with the International Business Companies Order issued by the government of the Cayman Islands and is exempted from income tax charged by the government of the Cayman Islands.

The local tax rate for the subsidiaries in the PRC is 25%. However, according to local corporate income tax laws, the applicable preferential income tax is reduced from 25% to 15% once obtained the innovation and high technology enterprise certificates jointly issued by the local tax authority and the Departments of Ministry of Science and Technology and Ministry of Finance of the PRC. The aforementioned certificate must be reviewed and reissued every three years. EAHZ obtained the certificate in December 2021 and was subject to the applicable preferential income tax rate from 2021 to 2023. EAHZ expects to obtain the certificate issued by the local government in December 2024.

In accordance with Enterprise Income Tax Law of the PRC as well as the interpretations and implementation of some clauses in the arrangement between the Mainland of China and Hong Kong Special Administrative Region on the avoidance of double taxation, if the foreign enterprise allocates dividend to the Hong Kong Company, 5% levy tax is imposed on the earnings distribution when it meets certain conditions.

The tax rate in Hong Kong is a two-level progressive tax. Tax rate for taxable income less than HK\$2 million is 8.25%, and for taxable income more than HK\$2 million is 16.5%.

The local tax rates for the subsidiaries in Denmark and Singapore are 22% and 17%, respectively. The local tax rate for the subsidiary in Vietnam is 20%. EAVN can enjoy the income tax exemption for the first two years after making profit and proceed with fifty percent reduction for the four subsequent years. The local tax rate for the subsidiaries in Taiwan is 20%.

B. Income tax assessments

The Company and its subsidiaries are located in the Cayman Islands, the PRC, Hong Kong, Singapore, Vietnam and Denmark. Their tax authorities will not take the initiative to send a tax returns assessment to enterprises. When there are tax disputes, they issue a tax payment notice to enterprises and reserve the right to propose additional taxes. The tax authorities have assessed both income tax returns of ETT and ETW up to 2022.

(14) Earnings per share

	For the Nine Months Ended September 30	
	2024	2023
Basic earnings per share	\$10.62	\$6.47
Diluted earnings per share	\$9.99	\$5.54

	For the Three Months Ended September 30	
	2024	2023
Basic earnings per share	\$4.52	\$3.27
Diluted earnings per share	\$4.35	\$2.88

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Nine Months Ended September 30	
	2024	2023
Net profit the period attributable to owners of the Company	\$791,822	\$421,215
Net profit used in the computation of basic earnings per share	\$791,822	\$421,215
Effect of potentially dilutive net profit:		
Convertible bonds (after tax)	1,113	3,171
Net profit used in the computation of diluted earnings per share	\$792,935	\$424,386

	For the Three Months Ended September 30	
	2024	2023
Net profit the period attributable to owners of the Company	\$341,319	\$220,973
Net profit used in the computation of basic earnings per share	\$341,319	\$220,973
Effect of potentially dilutive net profit:		
Convertible bonds (after tax)	133	1,302
Net profit used in the computation of diluted earnings per share	\$341,452	\$222,275

No. of Share

	(In Thousands of Shares)	
	For the Nine Months Ended	
	September 30	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	74,592	65,091
Effect of potentially dilutive ordinary shares		
Employee stock options	3,585	2,692
Convertible bonds	1,211	8,828
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>79,388</u>	<u>76,611</u>
	For the Three Months Ended	
	September 30	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	75,502	67,629
Effect of potentially dilutive ordinary shares		
Employee stock options	2,317	2,201
Convertible bonds	696	7,325
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>78,515</u>	<u>77,155</u>

7. Transactions with related parties

Balance transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below:

Remuneration of Key Management Personnel

The remuneration of directors and key management was determined by the remuneration committee based on the performance of individuals and market trends. Please refer to Note 6.(12)C. for details.

8. Assets pledged

The following assets were provided as collateral for bank borrowings. Part of loan guarantees is provided by the Chairman of the Company.

	September 30, 2024	December 31, 2023
Intangible assets	\$12,210	\$12,623
Machineries and office equipment	18,560	12,137
Inventories and other assets	78,509	75,712
Construction in progress	2,486	6,295
Total	<u>\$111,765</u>	<u>\$106,767</u>

9. Commitments and contingent liabilities

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) DISCLOSURE ON FINANCIAL INSTRUMENTS

A. Capital risk management

The Group's capital risk management policy is consistent as consolidated financial statements for the year ended December 31, 2023. In addition, the Group is not subject to any externally imposed capital requirements.

B. Fair value of financial instruments

(a) Fair value of financial instruments not measured at fair value

If a non-derivative instrument has short maturity, its future amount receivable and payable approximate its carrying amount, and its carrying amount provides a reasonable basis for estimation of fair value, then the fair value of which shall be estimated based on its carrying amount as shown in the balance sheet. Hence, in addition to the carrying amounts of the following financial instruments approximate their fair values.

	<u>September 30, 2024</u>		<u>December 31, 2023</u>	
	Carrying		Carrying	
	Amount	Fair Value	Amount	Fair Value
<u>Financial liabilities</u>				
Convertible bonds	\$22,339	\$22,476	\$143,226	\$145,216

(b) Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

September 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic – unlisted stocks	\$-	\$-	\$131,205	\$131,205
Convertible bonds options	-	-	2	2
Total	<u>\$-</u>	<u>\$-</u>	<u>\$131,207</u>	<u>\$131,207</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic – unlisted stocks	\$-	\$-	\$131,205	\$131,205
Convertible bonds options	-	-	463	463
Total	<u>\$-</u>	<u>\$-</u>	<u>\$131,668</u>	<u>\$131,668</u>

There were no measurement transfers between Level 1 and Level 2 of fair value during the three quarters of 2024 and the fiscal year 2023.

(c) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2024:

<u>Financial Assets (Liabilities)</u>	<u>FVTPL</u>		
	<u>Derivatives</u>	<u>Equity Instruments</u>	<u>Total</u>
Beginning balance	\$463	\$131,205	\$131,668
Recognized in profit or loss	(460)	-	(460)
Effect of exchange rate change	(1)	-	(1)
Ending balance	<u>\$2</u>	<u>\$131,205</u>	<u>\$131,207</u>
Recognized in gains (losses) - unrealized	<u>\$(460)</u>	<u>\$-</u>	<u>\$(460)</u>

For the year ended December 31, 2023:

<u>Financial Assets (Liabilities)</u>	<u>FVTPL</u>		
	<u>Derivatives</u>	<u>Equity Instruments</u>	<u>Total</u>
Beginning balance	\$(595)	\$120,787	\$120,192
Additions	-	20	20
Recognized in profit or loss	1,058	10,410	11,468
Effect of exchange rate change	-	(12)	(12)
Ending balance	<u>\$463</u>	<u>\$131,205</u>	<u>\$131,668</u>
Recognized in gains (losses) - unrealized	<u>\$1,058</u>	<u>\$10,410</u>	<u>\$11,468</u>

(d) Valuation techniques and inputs applied for Level 2 fair value measurement

None.

- (e) The valuation techniques and hypothesis for Level 3 fair value measurements.

The fair value of the redemption rights and sell back rights embedded in the convertible bonds was estimated using a binary tree convertible bond valuation model, and the significant unobservable input value used was the stock price volatility. As the volatility of the stock price increases, the fair value of these redemption rights and resale rights will increase. The stock price volatility used as of September 30, 2024 and December 31, 2023, was 48.18% and 41.79%, respectively.

The fair value of non-publicly traded equity investments without an active market is estimated at the lower of the asset approach or market approach. The asset approach takes into account the net asset value measured at the fair value by independent parties. The market approach is used to arrive at their fair values, for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered.

C. Categories of financial instruments

	September 30, 2024	December 31, 2023
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$131,205	\$131,205
Designated as at FVTPL	2	463
Financial assets at amortized cost (Note 1)	5,086,681	3,675,957
Total	<u>\$5,217,888</u>	<u>\$3,807,625</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	<u>\$4,349,446</u>	<u>\$2,970,071</u>

Note 1: The balance includes financial assets at amortized cost, which comprise cash and bank deposit, accounts receivable, other receivables and guarantee deposits, etc.

Note 2: The balances include financial liabilities at amortized cost, which comprise bank borrowings, accounts payable, other payables and convertible bonds, etc.

D. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash in bank, accounts receivable, other financial assets, bank borrowings and financial liabilities etc. Details of the aforementioned financial instruments have been disclosed in the consolidated financial statements.

Set out below are the risks related to the financial instruments, policies to mitigate the risks, how the management monitor the risks in order to adopt timely, appropriate and effective measures.

E. Financial risk information

Based on the internal report containing analysis of exposure of and amount involved in risks by financial units, the Group monitors and manages financial risks relating to the enterprise as a whole, the domestic and international financial market and the operations of the Group. These risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Financial units of the Group constantly report to the management. Management will then monitor the risks and execute policies according to its duties and responsibilities so as to mitigate exposure.

There is no change on the Group's type of exposure and its management and measurement thereof.

(a) Market risk

The Group's financial instrument transaction is exposed to foreign exchange risk and interest rate risk (refer to (b) and (c) below).

(b) Foreign exchange risk

The Group has foreign currency-denominated transactions that are exposed to the risk caused by fluctuation of exchange rates in the market. To monitor the risk, the responsible team of the Group reviews constantly the portion of assets and liabilities that are exposed to the risk and makes appropriate adjustment so as to control any risk arising from fluctuation of exchange rates.

Since the principal currency of the Group is the US dollar, thus the Group is exposed to risk of exchange rate fluctuation. Fortunately, the risk is mitigated as the majority of receivables and payables and bank borrowings are denominated in US dollar.

As of the reporting period, the carrying amounts of the significant foreign currency-denominated assets and liabilities that are expected to be exposed to exchange rates fluctuation were as follows:

	Assets	
	September 30, 2024	December 31, 2023
USD	\$4,272,851	\$2,986,344

	Liabilities	
	September 30, 2024	December 31, 2023
USD	\$883,754	\$591,670

The following table details the Company's sensitivity to a 5% increase and decrease in the foreign currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with currency strengthen 5% against the relevant currency. For a 5% weakening of currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit would be negative.

	Currency USD Impact	
	For the Nine Months Ended September 30, 2024	For the Year Ended December 31, 2023
Profit or loss	\$169,455	\$119,734

The management considers that the sensitivity analysis is unrepresentative of the inherent foreign exchange rate risk as the year end exposure does not reflect the exposure during the period.

(c) Interest rate risk

Management of interest rate risk

As the Group does not have any floating-rate borrowings, it is not exposed to interest rate fluctuations.

(d) Credit risk

The Group is exposed to credit risk in the event of the counterparties' failure to perform their obligations under the contracts. The credit risk of the Group is assessed based on the contracts with positive fair values as at the end of the reporting period. Counterparties of the Group are creditworthy financial institutes and corporate entities, and the extent of credit risk that may arise from the counterparties and their creditworthiness are reviewed annually by a special team. Therefore, it is expected that the credit risk is insignificant.

The accounts receivables of the Group concentrate in certain clients who are mainly internationally renowned brands of media players and are not connected. Credit assessments on the financial status of the clients have been conducted. Therefore, it is expected that the credit risk from accounts receivables is minimal.

The maximum exposure of the Group to credit risk is the net amount of carrying amount less amount required to be offset and impairment loss required to be recognized under relevant rules (i.e. carrying amount of financial assets), without taking into account any security and other credit enhancement. The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(e) Liquidity risk

Appropriate management structure addressing liquidity risk is formulated by the management to monitor short, medium and long term financing and solvency. As such, the Group is not exposed to any liquidity risk attributable to failure to perform obligation under the contract due to inability to finance funds.

The table below analyzes the remaining unexpired maturity of non-derivative financial liabilities with fixed term of repayment based on the undiscounted cash flow of the financial liabilities on the earliest date that repayment shall be made on demand, and the interest and principal are included in the analysis. In respect of the interest cash flow payable at floating rates, the undiscounted interests are estimated based on yield curve as at the end of the reporting period. Maturities of contracts are estimated on the earliest date of repayment on demand. When the amount payable or receivable is not fixed, disclosure of such amount is determined based on the estimated interest rate derived from the yield curve on the balance sheet date.

	September 30, 2024				Total
	Effective Interest Rate	On Demand	2 Years to	More than	
		or Within 1 Year	5 Years	5 Years	
<u>Non-interest bearing liabilities</u>					
Accounts payable	-	\$3,311,751	\$-	\$-	\$3,311,751
Other payables	-	1,015,356	-	-	1,015,356
Convertible bonds	-	22,339	-	-	22,339
<u>Interest bearing liabilities</u>					
Lease liabilities	2.42%~6.75%	94,425	105,577	5,292	205,294

December 31, 2023

	Effective Interest Rate	On Demand			Total
		or Within 1 Year	2 Years to 5 Years	More than 5 Years	
<u>Non-interest bearing liabilities</u>					
Accounts payable	-	\$2,110,446	\$-	\$-	\$2,110,446
Other payables	-	716,399	-	-	716,399
Convertible bonds	-	143,226	-	-	143,226
<u>Interest bearing liabilities</u>					
Lease liabilities	2.42%~6.75%	70,504	103,766	-	174,270

F. Financial facilities

	September 30, 2024	December 31, 2023
Secured borrowings		
Amount unused	\$1,068,471	\$815,183

G. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2024

	Unit: Foreign Currencies (In Thousands)			
	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT\$)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$123,975	HKD	31.85	\$3,947,995
USD	6,151	NTD	31.85	195,893
USD	106	RMB	31.85	3,381
USD	215	DKK	31.85	6,839
USD	3,729	VND	31.85	118,743
	<u>\$134,176</u>			<u>\$4,272,851</u>

	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT\$)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$13,801	HKD	31.85	\$439,503
USD	7,725	RMB	31.85	246,006
USD	66	DKK	31.85	2,092
USD	6,160	VND	31.85	196,153
	<u>\$27,752</u>			<u>\$883,754</u>

December 31, 2023

	Unit: Foreign Currencies (In Thousands)			
	Foreign Currencies	Function Currencies	Exchange Rate (Note)	Carrying Amount (NT\$)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$91,921	HKD	30.72	\$2,823,826
USD	3,315	NTD	30.72	101,841
USD	85	RMB	30.72	2,608
USD	525	DKK	30.72	16,132
USD	1,365	VND	30.72	41,937
	<u>\$97,211</u>			<u>\$2,986,344</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$9,879	HKD	30.72	\$303,472
USD	6,429	RMB	30.72	197,501
USD	84	DKK	30.72	2,592
USD	2,868	VND	30.72	88,105
	<u>\$19,260</u>			<u>\$591,670</u>

Note: Exchange rates represent the closing exchange rate of foreign currency into New Taiwan dollars.

Information of foreign exchange gains (losses) are as follow:

	For the Nine Months Ended September 30	
	2024	2023
Realized foreign exchange (losses) gains	\$(48,707)	\$3,180
Unrealized foreign exchange gains	77,701	21,705
	<u>\$28,994</u>	<u>\$24,885</u>

It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

(2) Reconciliation of liabilities arising from financing activities

For the nine months ended September 30, 2024:

	Bank Borrowings	Convertible Bonds	Lease Liability	Total Liabilities from Financing Activities
2024.1.1	\$-	\$143,226	\$164,929	\$308,155
Cash flow	-	-	(64,245)	(64,245)
Non-cash changes (Note)	-	(120,887)	56,112	(64,775)
Exchange rate fluctuations	-	-	8,574	8,574
2024.9.30	\$-	\$22,339	\$165,370	\$187,709

For the nine months ended September 30, 2023:

	Bank Borrowings	Convertible Bonds	Lease Liability	Total Liabilities from Financing Activities
2023.1.1	\$5,019	\$328,865	\$75,060	\$408,944
Cash flow	(5,240)	-	(41,310)	(46,550)
Non-cash changes (Note)	-	(138,099)	30,544	(107,555)
Exchange rate fluctuations	221	-	626	847
2023.9.30	\$-	\$190,766	\$64,920	\$255,686

Note: Including amortization of convertible payables, conversion of convertible bonds into equity, acquiring assets by leasing and financial costs of lease liabilities.

13. Segment information

Operating Segments

IFRS 8 requires that operating units shall be identified based on the internal report to the chief decision maker for periodical review for the purpose of resource allocation to each component of the Group and assessment of their performance. Since the Group is engaged in the processing of

speaker systems, and AV electronics products, under the model that the Hong Kong outsources production orders to the subsidiaries in PRC and Vietnam, there is no other segment which has allocated resources or whose performance has been assessed other than processing of speaker systems, earphones and AV electronics products.

Since the Group's speaker systems, earphones and AV electronics sectors have been fully integrated and centrally managed and the financial management information provided to chief decision maker has also been changed to a single segment, the entire Group's resources to be allocated to and evaluates the overall performance, no longer distinguish from the speaker system, headphones and audio-visual electronic sector. As a result, the operating information to the chief decision maker for periodical review is measured in the same way as the financial statements, which is reported by a single segment. For the nine months ended September 30, 2024 and 2023, the revenue and operating results of the operating segment can be found in the consolidated income statement for the nine months ended September 30, 2024 and 2023. The product revenue of the Group please refer to Note 6.(12)A.

14. Separately disclosed items

(1) Information about significant transactions and investees:

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

- I. Trading in derivative instruments (Note 6(2))
 - J. Intercompany relationships and significant intercompany transactions (Table 6)
- (2) Information on investees
- Information of investee companies (not including investees in Mainland China) (Table 7).
- (3) Information on investments in mainland China
- A. 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 8)
 - B. 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 8):
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - (c) The amount of property transactions and the amount of the resultant gains or losses
 - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds
 - (f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- (4) 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 9)

EASTECH HOLDING LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 1

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	The Company	EAH	Other receivables from related parties	Yes	\$228,130	\$-	\$-	-	The need for short-term financing	\$-	Operating capital	\$-	-	\$-	\$1,355,950	\$1,355,950	-
1	EAH	EAVN	Other receivables from related parties	Yes	393,960	382,140	382,140	-	The need for short-term financing	-	Operating capital	-	-	-	2,015,384	2,015,384	-

Note1: The individual financing amount provided to the Company holds, directly or indirectly, 100% of the voting shares shall not exceed 40% of the net worth of the Company.

The individual financing amount provided to parent and a subsidiary that EAH holds, directly or indirectly, 100% of the voting shares shall not exceed 100% of the net worth of EAH.

Note2: According to the Company and its subsidiaries' guidance of financing provide to others, the amount of financing limit is based on the net value of the most recent financial statements reviewed or audited by CPA. The information on the limit of endorsements/ guarantees announced by the Company in September 30, 2024 is different from the amounts listed above, the reason is that the financial statements of EAH for the nine months ended September 30, 2024 have not been reviewed by CPA at the announcement moment, thus the Company announced the information based on the financial statements for the six months ended June 30, 2024.

EASYTECH HOLDING LIMITED AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 2

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note2)	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	Note
		Name	Relationship (Note1)											
0	The Company	EAH	(2)	\$13,559,504	\$277,015	\$175,148	\$-	\$-	5.17%	\$13,559,504	Y	N	N	
0	The Company	ETH	(2)	13,559,504	1,101,837	1,101,837	-	-	32.50%	13,559,504	Y	N	N	
0	The Company	EAVN	(2)	13,559,504	196,980	191,070	-	-	5.64%	13,559,504	Y	N	N	
0	The Company	EAHZ	(2)	13,559,504	224,540	113,640	-	-	3.35%	13,559,504	Y	N	Y	
1	EAH	The Company	(3)	2,015,385	199,800	199,800	22,900	-	9.91%	2,015,385	N	Y	N	
1	EAH	EAHZ	(2)	2,015,385	32,830	-	-	-	-	2,015,385	Y	N	Y	
2	ETH	The Company	(3)	822,354	19,980	19,980	-	-	2.43%	822,354	N	Y	N	

Note 1: Relationship of the guarantee:

- (2) Entities that Company hold, directly or indirectly, more than 50% of voting shares.
- (3) Companies hold, directly or indirectly, more than 50% of voting share of entities.

Note 2: The Company's limitations of the endorsements/guarantees are set forth below:

- (1) The total amount of the guarantee provided by the Company to other entities shall not exceed four hundred percent (400%) of the Company's consolidated net worth.
- (2) The total amount of the guarantee provided by the Company and its subsidiaries to any individual entity shall not exceed five hundred percent (500%) of the Company's consolidated net worth.

EAH and ETH's limitation of the endorsements/guarantees are set forth below:

- (1) The total amount of the guarantee provided by EAH to other entities shall not exceed one hundred percent (100%) of the Company's consolidated net worth.
- (2) The total amount of the guarantee provided by ETH to other entities shall not exceed one hundred percent (100%) of the Company's consolidated net worth.

Note 3: According to the Company's guidance of endorsement/guarantees provided, the amount of endorsement/guarantees is based on the net value of the most recent financial statements reviewed or audited by CPA. The information on the limit of endorsements/guarantees announced by the Company on September 30, 2024 is different from the amounts listed above, the reason is that the financial statements for the nine months ended September 30, 2024 have not been reviewed by CPA at the announcement moment, thus the Company announced the information based on the financial statements of EAH and ETH for the six months ended June 30, 2024.

EASTECH HOLDING LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 3

Holding Company Name	Type and Name of Marketable	Type and Name of Marketable	Relationship with the Holding Company	Financial Statement Account	SEPTEMBER 30, 2024				Remarks
					Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ETW	Taiwan publicly traded stocks	Eastech Holding Limited	Parent and subsidiary	FVTPL - non-current	453,000	\$59,343	1%	\$59,343	Note 1
ETW	Taiwan non-publicly traded stocks	HT Precision Technologies, Inc.	-	FVTPL - non-current	6,660,141	131,205	19%	131,205	

Note 1: The stocks are held by the Company's subsidiary; hence, the investment is accounted for treasury shares.

EASTECH HOLDING LIMITED 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, Unless Specified Otherwise)

Table 4

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
EAH	EAVN	Parent and subsidiary	Purchase	2,911,695	74%	90 days	\$-	-	(457,237)	(40%)	Note 1
ETH	EAHZ	Fellow subsidiary	Purchase	3,344,328	69%	90 days	-	-	(1,593,461)	(77%)	Note 1
ETH	EAVN	Fellow subsidiary	Purchase	1,440,354	30%	90 days	-	-	(424,061)	(21%)	Note 1
EAVN	EAH	Parent and subsidiary	Purchase	950,104	23%	90 days	-	-	457,237	29%	Note 1
EAVN	ESZ	Fellow subsidiary	Purchase	1,063,476	26%	90 days	-	-	(418,398)	(29%)	Note 1
EAHZ	ETH	Fellow subsidiary	Sale	(3,344,328)	(79%)	90 days	-	-	1,593,461	86%	Note 1
EAH	EAVN	Parent and subsidiary	Sale	(950,104)	(22%)	90 days	-	-	(457,237)	(40%)	Note 1
ESZ	EAVN	Fellow subsidiary	Sale	(1,063,476)	(100%)	90 days	-	-	418,398	100%	Note 1
EAVN	EAH	Parent and subsidiary	Sale	(2,911,695)	(66%)	90 days	-	-	457,237	29%	Note 1
EAVN	ETH	Fellow subsidiary	Sale	(1,440,354)	(33%)	90 days	-	-	424,061	36%	Note 1

Note 1: Intercompany transactions are eliminated in consolidated financial statement.

EASTECH HOLDING LIMITED 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, Unless Specified Otherwise)

Table 5

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
EAHZ	ETH	Fellow subsidiary	\$1,593,461	3.49	\$-	\$-	\$595,048	\$-
ESZ	EAVN	Fellow subsidiary	418,398	3.82	-	-	145,930	-
EAVN	EAH	Parent and subsidiary	457,237	12.83	-	-	358,334	-
EAVN	ETH	Fellow subsidiary	424,061	5.21	-	-	287,686	-

EASTECH HOLDING LIMITED AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 6

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions			% of Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount	Payment Terms	
0	The Company	EAH	1、2	Other income	\$240,061	Dividend Income	2%
1	EAH	ETH	1、2	Other income	292,672	Dividend Income	3%
1	EAH	EAVN	1、2	Other receivables from and other payables to related parties	382,140	Short-term financing, 1 year loan	5%
1	EAH	EAVN	1、2	Net sales from sale of goods and purchase	950,104	Credit on transfer pricing policy	10%
2	EAVN	EAH	1、2	Net sales from sale of goods and purchase	2,911,695	Credit on transfer pricing policy	30%
2	EAVN	ETH	3	Net sales from sale of goods and purchase	1,440,354	Credit on transfer pricing policy	15%
2	EAVN	ETH	3	Receivables from and payables to related parties	424,061	90 days	5%
2	EAVN	EAH	1、2	Receivables from and payables to related parties	457,237	90 days	6%
3	EAHZ	EAH	1、2	Net sales from sale of goods and purchase	79,583	Credit on transfer pricing policy	1%
3	EAHZ	ETH	3	Net sales from sale of goods and purchase	3,344,328	Credit on transfer pricing policy	35%
3	EAHZ	ETH	3	Receivables from and payables to related parties	1,593,461	90 days	20%
4	ESZ	EAVN	3	Net sales from sale of goods and purchase	1,063,476	Credit on transfer pricing policy	11%
4	ESZ	EAVN	3	Receivables from and payables to related parties	418,398	90 days	5%

Note 1 : For the disclosure of intercompany transactions within the Group, individual code numbers are assigned to each entity of the Group, which are set forth below:

(1) No. 0 represents the parent company.

(2) The code number for the subsidiaries is listed below:
No. 1 ; EAH; No. 2: EAVN; No. 3: EAHZ; No. 4: ESZ.

Note 2: There are NINE categories of the related party transactions:

- (1) Parent company to its subsidiary.
- (2) Subsidiary to its parent company.
- (3) Subsidiary to other subsidiary.

Note 3: In calculation the weight percentages of related party transactions over total sales or total assets, the consolidated total assets is used for calculating the balance sheet item, whereas the consolidated sales up to date is used for calculating the profit and loss items.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 7

Investor Company	Investee Company (Note 1、2)	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Remarks
				September 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount (Note 1)			
The Company	EAH	Hong Kong	Sales of speaker systems and headphones	\$1,341,546	\$1,341,546	80,000,000	100.00%	\$1,341,546	\$459,716	\$-	
EAH	ScS	Denmark	Research, development, production and sales of high-end transducers	225,530	225,530	1,320,045	100.00%	106,652	1,800	-	
EAH	ESG	Singapore	Research and development of system architecture/new product concept/state-of-the-art products/sound and acoustics advance technology	1,056	1,056	50,000	100.00%	1,056	(943)	-	
EAH	EAVN	Vietnam	Production, assembly and sales of transducer speakers, bluetooth speakers and headphones	238,206	238,206	-	100.00%	238,206	169,908	-	
EAH	EMH	Hong Kong	Sales of headphones and AV products	-	386	-	-	-	-	-	Note3
EAH	ETW	Taiwan	New technology research, product design and development	215,000	215,000	21,500,000	100.00%	185,000	37,200	-	
EAH	ETH	Hong Kong	Sales of smart speakers, AV electronics home entertainment systems and headphones	201,653	201,653	115,000,000	100.00%	201,653	240,430	-	
EAH	ETV	Vietnam	Sales of speaker systems and headphones	5,599	5,599	-	100.00%	5,599	(29)	-	

Note 1: Based on IAS 27 Paragraph 10: The investments in subsidiaries are account for at cost less impairment. Dividends from a subsidiary are recognized in profit or loss.

Note 2: Please refer to Table 8 for the information on investments in mainland China.

Note 3: Dissolved in 2024Q2.

EASTECH HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 8

1.Information of investee company, main business and products, total amount of paid-in capital, method of investment, remittance of funds, net income of the investee, % of ownership, carrying amount of investments and repatriation of investment income:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of September 30, 2024 (Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outward	Inward						
					EAHZ	Production, assembly and sales of speaker systems, accessories, headphones, smart speakers and AV electronics home entertainment systems						
ESZ	Import and export trading of audio accessories, machinery and equipment, etc.	RMB2,000 in thousand	(2)	-	-	-	-	12,944	100.00%	-	-	-

2.Upper limit on the amount of investment in mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2024	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
N/A (Note 2)	N/A (Note 2)	N/A (Note 2)

- 3.The significant transactions (including purchases and sales, property transactions, and the rendering or receipt of services) with investee companies in mainland China, either directly or indirectly through a third party: Please see Table 6.
4.The negotiable instrument endorsements or guarantees or pledges with investee companies in mainland China, either directly or indirectly through a third party: Table 2.
5.The financing of funds with investee companies in mainland China, either directly or indirectly through a third party: Table 1.

Note 1: The amounts are represented registered capital.

Note 2: The Method of Investment is divided into 3 types as follows:

- (1)Direct investment from the Company.
- (2)Indirect investment via the Company's subsidiary in Hong Kong.
- (3)The Company was established in the Cayman Islands and is a foreign company listed in Taiwan. The companies located in China had established before the Company listed in Taiwan, so the main source of investment funds were not come from Taiwan.

Note 3:

- (1)If the investee company is in preparation, and no investment income and losses are recognized, it should be noted.
- (2)Recognized investment income (loss):
 - A.The basis for investment income (loss) recognition is from the financial statements audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The basis for investment income (loss) recognition is from the financial statements audited and attested by R.O.C. parent company's CPA.
 - C.Other. (Based on IAS 27: The investments in subsidiaries are account for at cost less impairment. Dividends from a subsidiary are recognized in profit or loss.)

EASTECH HOLDING LIMITED
 INFORMATION OF MAJOR SHAREHOLDERS
 AS OF SEPTEMBER 30, 2024

Table 9

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Taishin International Bank is entrusted to manage the investment account for Above Vantage Limited	27,956,600 shares in common shares	36.34%

(1) This table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of the Company's stocks completed the process of registration and book-entry delivery in dematerialized form on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the Company's consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.

(2) As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity declaration is available on the Market Observation Post System website.