

English Translation of a Report and Consolidated Financial Statements Originally Issued in Chinese

**ITE TECH. INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT AUDITORS  
FOR THE SIX-MONTH PERIODS ENDED  
JUNE 30, 2024 AND 2023**

Notice to Readers

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

## **Independent Auditors' Review Report Translated from Chinese**

To ITE Tech. Inc.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of ITE Tech. Inc. and its subsidiaries (“the Group”) as of June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023 and consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No.34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of 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 conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As explained in Note 4(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$3,588 thousand and NT\$7,325 thousand, constituting 0.04% and 0.09% of the consolidated total assets, and total liabilities of NT\$458 thousand and NT\$4,475 thousand, constituting 0.01% and 0.17% of the consolidated total liabilities as of June 30, 2024 and 2023, respectively; and total comprehensive income (loss) of NT\$620 thousand, NT\$(872) thousand, NT\$992 thousand and NT\$433 thousand, constituting 0.16%, (0.18)%, 0.13% and 0.04% of the consolidated total comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023, respectively. And as explained in Note 6(8), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent auditors. Those associates and joint ventures under equity method amounted to NT\$10,731 thousand and NT\$16,633 thousand as of June 30, 2024 and 2023, respectively. The related shares of profit or loss from the associates and joint ventures under the equity method amounted to NT\$681 thousand, NT\$(1,987) thousand, NT\$(1,073) thousand and NT\$(4,936) thousand for the three-month and six-month periods ended June 30, 2024 and 2023, respectively. The information related to above subsidiaries and the associate accounted for under the equity method disclosed in Note 13 was also not reviewed by independent auditors.

### **Qualified Conclusion**

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries and the associate accounted for using the equity method and the information disclosed in the footnotes been reviewed by independent auditors described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of ITE Tech. Inc. and its subsidiaries as of June 30, 2024 and 2023, and their consolidated financial performance for the three-month and six-month periods ended June 30, 2024 and 2023, and their consolidated cash flows for the six-month periods ended June 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Hu, Shen-Chieh

Hsu, Hsin-Min

Ernst & Young, Taiwan

August 6, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the consolidated financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

**ITE TECH. INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**June 30, 2024, December 31, 2023 and June 30, 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

ASSETS	Notes	As of					
		June 30, 2024		December 31, 2023		June 30, 2023	
<b>Current assets</b>							
Cash and cash equivalents	6(1)	\$4,086,891	45.61	\$3,297,069	40.14	\$3,579,878	43.88
Financial assets at fair value through profit or loss-current	6(2)	402,196	4.49	400,861	4.88	-	-
Financial assets measured at amortized cost-current	6(4),8	-	-	-	-	2,200	0.03
Notes receivables, net	6(5),6(16)	8,147	0.09	7,294	0.09	8,649	0.11
Trade receivables, net	6(6),6(16)	1,034,516	11.54	867,926	10.57	1,037,081	12.71
Trade receivables from related parties, net	6(6),6(16),7	-	-	847	0.01	1,210	0.01
Other receivables		12,218	0.14	7,783	0.09	4,918	0.06
Inventories, net	6(7)	683,812	7.63	804,480	9.79	820,323	10.05
Prepayments		61,371	0.68	75,442	0.92	60,661	0.74
Other current assets		63	-	104	-	29	-
Total current assets		6,289,214	70.18	5,461,806	66.49	5,514,949	67.59
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss-noncurrent	6(2)	222,338	2.48	168,908	2.06	138,744	1.70
Financial assets at fair value through other comprehensive income-noncurrent	6(3)	1,321,489	14.74	1,459,037	17.76	1,397,177	17.13
Financial assets measured at amortized cost-noncurrent	6(4),8	4,230	0.05	4,230	0.05	4,230	0.05
Investments accounted for using the equity method	6(8)	10,731	0.12	11,804	0.14	16,633	0.20
Property, plant and equipment	6(9)	657,683	7.34	662,142	8.06	630,268	7.73
Right-of-use assets	6(17)	75,942	0.85	79,888	0.97	83,804	1.03
Intangible assets	6(10)	287,933	3.21	277,680	3.38	282,398	3.46
Deferred tax assets	4,6(21)	90,279	1.01	86,835	1.06	88,227	1.08
Other non-current assets		1,667	0.02	1,901	0.03	2,497	0.03
Total non-current assets		2,672,292	29.82	2,752,425	33.51	2,643,978	32.41
<b>Total assets</b>		<b>\$8,961,506</b>	<b>100.00</b>	<b>\$8,214,231</b>	<b>100.00</b>	<b>\$8,158,927</b>	<b>100.00</b>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

**ITE TECH. INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**June 30, 2024, December 31, 2023 and June 30, 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

LIABILITIES AND EQUITY	Notes	As of					
		June 30, 2024		December 31, 2023		June 30, 2023	
<b>Current liabilities</b>							
Contract liabilities-current	6(15)	\$3,337	0.04	\$8,034	0.10	\$12,800	0.16
Trade payables		316,943	3.54	384,385	4.68	381,728	4.68
Trade payables to related parties	7	213,629	2.38	177,102	2.16	169,846	2.08
Other payables		1,880,226	20.98	546,212	6.65	1,481,315	18.16
Other payables to related parties	7	25,099	0.28	10,565	0.13	13,040	0.16
Current tax liabilities	4,6(21)	249,766	2.79	286,613	3.49	241,760	2.96
Lease liabilities-current	6(17)	4,081	0.04	6,152	0.07	7,748	0.09
Other current liabilities	6(11)	194,127	2.17	185,227	2.25	164,826	2.02
Total current liabilities		2,887,208	32.22	1,604,290	19.53	2,473,063	30.31
<b>Non-current liabilities</b>							
Deferred tax liabilities	4,6(21)	204	-	-	-	356	0.01
Lease liabilities-noncurrent	6(17)	75,159	0.84	77,011	0.94	79,226	0.97
Net defined benefit liabilities-noncurrent	4,6(12)	71,646	0.80	78,347	0.95	82,575	1.01
Deposits received		28,290	0.31	28,290	0.35	28,290	0.35
Total non-current liabilities		175,299	1.95	183,648	2.24	190,447	2.34
Total liabilities		3,062,507	34.17	1,787,938	21.77	2,663,510	32.65
<b>Equity attributable to owners of the parent</b>							
Share capital	6(13)						
Common stock		1,610,801	17.97	1,610,801	19.61	1,610,801	19.74
Capital surplus	6(13)	1,149,284	12.83	1,229,824	14.97	1,229,824	15.07
Retained earnings	6(13)						
Legal reserve		876,184	9.78	710,912	8.65	710,912	8.71
Undistributed earnings		1,910,620	21.32	2,375,480	28.92	1,535,380	18.82
Other equity		352,110	3.93	499,276	6.08	408,500	5.01
Total equity		5,898,999	65.83	6,426,293	78.23	5,495,417	67.35
<b>Total liabilities and equity</b>		<b>\$8,961,506</b>	<b>100.00</b>	<b>\$8,214,231</b>	<b>100.00</b>	<b>\$8,158,927</b>	<b>100.00</b>

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

## ITE TECH. INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month and six-month periods ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Description	Notes	For the three-month periods ended June 30,				For the six-month periods ended June 30,			
		2024		2023		2024		2023	
<b>Operating revenues</b>	6(15),7	\$1,616,779	100.00	\$1,711,064	100.00	\$3,129,129	100.00	\$3,032,133	100.00
<b>Operating costs</b>	6(7),6(17),6(18),7	(697,911)	(43.17)	(766,115)	(44.77)	(1,398,341)	(44.69)	(1,350,757)	(44.55)
<b>Gross profit</b>		918,868	56.83	944,949	55.23	1,730,788	55.31	1,681,376	55.45
<b>Operating expenses</b>	6(17),6(18),7								
Selling expenses		(110,587)	(6.84)	(96,914)	(5.66)	(201,045)	(6.43)	(177,922)	(5.87)
Administrative expenses		(76,371)	(4.72)	(76,007)	(4.44)	(144,376)	(4.61)	(134,303)	(4.43)
Research and development expenses		(263,854)	(16.32)	(242,711)	(14.19)	(504,377)	(16.12)	(452,805)	(14.93)
Total operating expenses		(450,812)	(27.88)	(415,632)	(24.29)	(849,798)	(27.16)	(765,030)	(25.23)
<b>Operating income</b>		468,056	28.95	529,317	30.94	880,990	28.15	916,346	30.22
<b>Non-operating income and expenses</b>									
Interest income	6(19)	15,549	0.96	8,140	0.48	26,578	0.85	12,070	0.40
Other income	6(19)	9,909	0.62	9,234	0.54	10,585	0.34	10,363	0.34
Other gains and losses	6(19)	21,384	1.32	8,634	0.50	39,749	1.27	6,683	0.22
Finance costs	6(19)	(343)	(0.02)	(404)	(0.02)	(702)	(0.02)	(822)	(0.03)
Share of profit or loss of associates and joint ventures accounted for using the equity method	6(8)	681	0.04	(1,987)	(0.12)	(1,073)	(0.03)	(4,936)	(0.16)
Total non-operating income and expenses		47,180	2.92	23,617	1.38	75,137	2.41	23,358	0.77
<b>Net income before income tax</b>		515,236	31.87	552,934	32.32	956,127	30.56	939,704	30.99
<b>Income tax expense</b>	4,6(21)	(110,406)	(6.83)	(115,505)	(6.75)	(156,445)	(5.00)	(160,330)	(5.29)
<b>Net income</b>		404,830	25.04	437,429	25.57	799,682	25.56	779,374	25.70
<b>Other comprehensive income (loss)</b>	6(20)								
<b>Items that may not be reclassified subsequently to profit or loss</b>									
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		(11,195)	(0.69)	43,004	2.51	(39,846)	(1.27)	291,758	9.62
Income tax relating to those items not to be reclassified to profit or loss		568	0.03	(640)	(0.04)	1,440	0.04	(1,864)	(0.06)
<b>Items that may be reclassified subsequently to profit or loss</b>									
Exchange differences resulting from translating the financial statements of foreign operations		30	-	(103)	(0.01)	71	-	(81)	-
<b>Other comprehensive income (loss), net of tax</b>		(10,597)	(0.66)	42,261	2.46	(38,335)	(1.23)	289,813	9.56
<b>Total comprehensive income</b>		\$394,233	24.38	\$479,690	28.03	\$761,347	24.33	\$1,069,187	35.26
<b>Net income for the periods attributable to:</b>									
Owners of the parent		\$404,830		\$437,429		\$799,682		\$779,374	
<b>Total comprehensive income for the periods attributable to:</b>									
Owners of the parent		\$394,233		\$479,690		\$761,347		\$1,069,187	
<b>Earning per share (in New Taiwan Dollars)</b>	6(22)								
Basic earnings per share (in New Taiwan Dollars)		\$2.51		\$2.72		\$4.96		\$4.84	
Diluted earnings per share (in New Taiwan Dollars)		\$2.50		\$2.70		\$4.93		\$4.79	

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

**ITE TECH. INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the six-month periods ended June 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

Description	Equity attributable to owners of the parent							Total equity
	Share capital	Capital surplus	Retained earnings		Other equity		Equity attributable to owners of the parent	
			Legal reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Balance as of January 1, 2023	\$1,610,801	\$1,297,073	\$588,175	\$1,731,439	\$(206)	\$152,138	\$5,379,420	\$5,379,420
Appropriation and distribution of 2022 earnings:								
Legal reserve	-	-	122,737	(122,737)	-	-	-	-
Cash dividends	-	-	-	(885,941)	-	-	(885,941)	(885,941)
Changes in other capital surplus								
Changes in associates and joint ventures accounted for using the equity method	-	13,291	-	-	-	-	13,291	13,291
Cash dividends distributed from capital surplus	-	(80,540)	-	-	-	-	(80,540)	(80,540)
Profit for the six-month period ended June 30, 2023	-	-	-	779,374	-	-	779,374	779,374
Other comprehensive income (loss) for the six-month period ended June 30, 2023	-	-	-	-	(81)	289,894	289,813	289,813
Total comprehensive income (loss) for the six-month period ended June 30, 2023	-	-	-	779,374	(81)	289,894	1,069,187	1,069,187
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	33,245	-	(33,245)	-	-
Balance as of June 30, 2023	\$1,610,801	\$1,229,824	\$710,912	\$1,535,380	\$(287)	\$408,787	\$5,495,417	\$5,495,417
Balance as of January 1, 2024	\$1,610,801	\$1,229,824	\$710,912	\$2,375,480	\$(247)	\$499,523	\$6,426,293	\$6,426,293
Appropriation and distribution of 2023 earnings:								
Legal reserve	-	-	165,272	(165,272)	-	-	-	-
Cash dividends	-	-	-	(1,208,101)	-	-	(1,208,101)	(1,208,101)
Changes in other capital surplus								
Cash dividends distributed from capital surplus	-	(80,540)	-	-	-	-	(80,540)	(80,540)
Profit for the six-month period ended June 30, 2024	-	-	-	799,682	-	-	799,682	799,682
Other comprehensive income (loss) for the six-month period ended June 30, 2024	-	-	-	-	71	(38,406)	(38,335)	(38,335)
Total comprehensive income (loss) for the six-month period ended June 30, 2024	-	-	-	799,682	71	(38,406)	761,347	761,347
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	108,831	-	(108,831)	-	-
Balance as of June 30, 2024	\$1,610,801	\$1,149,284	\$876,184	\$1,910,620	\$(176)	\$352,286	\$5,898,999	\$5,898,999

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



English Translation of Consolidated Financial Statements Originally Issued in Chinese

**ITE TECH. INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the six-month periods ended June 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

Description	For the six-month periods ended June 30,		Description	For the six-month periods ended June 30,	
	2024	2023		2024	2023
<b>Cash flows from operating activities:</b>			<b>Cash flows from investing activities:</b>		
Profit before tax	\$956,127	\$939,704	Acquisition of financial assets at fair value through other comprehensive income	(37,500)	(37,500)
Adjustments for:			Proceeds from disposal of financial assets at fair value through other comprehensive income	135,202	36,993
The profit or loss items which did not affect cash flows:			Proceeds from capital return of financial assets at fair value through other comprehensive income	-	50,000
Depreciation	32,016	23,431	Acquisition of financial assets measured at amortized cost	-	(2,200)
Amortization	6,446	5,920	Acquisition of financial assets at fair value through profit or loss	(35,913)	(50,013)
Gains on financial assets at fair value through profit or loss	(21,442)	(3,018)	Acquisition of property, plant and equipment	(23,541)	(20,430)
Interest expenses	702	822	Acquisition of intangible assets	(16,685)	(5,782)
Interest income	(26,578)	(12,070)	Decrease in other non-current assets	814	329
Dividend income	(9,047)	(9,020)	Increase in prepayments for equipment	(580)	-
Share of loss of associates and joint ventures accounted for using the equity method	1,073	4,936	Dividends received	9,047	9,020
Changes in operating assets and liabilities:			Net cash provided by (used in) investing activities	30,844	(19,583)
Financial assets mandatorily measured at fair value through profit or loss	1,197	666,792			
Notes receivables	(853)	16			
Trade receivables	(166,590)	(319,497)			
Trade receivables from related parties	847	(1,210)			
Other receivables	-	24			
Inventories	120,668	250,888	<b>Cash flows from financing activities:</b>		
Prepayments	14,071	13,601	Cash payment for the principal portion of the lease liabilities	(3,923)	(3,808)
Other current assets	41	100	Net cash used in financing activities	(3,923)	(3,808)
Contract liabilities	(4,697)	913			
Trade payables	(67,442)	124,350			
Trade payables to related parties	36,527	59,996			
Other payables	45,373	42,683			
Other payables to related parties	14,534	6,475			
Other current liabilities	8,900	44,993			
Net defined benefit liabilities	(6,701)	(960)			
Cash generated from operating activities:	935,172	1,839,869			
Interest received	23,536	8,519	Effect of exchange rate changes on cash and cash equivalents	(13)	68
Interest paid	(702)	(822)	Net increase in cash and cash equivalents	789,822	1,794,390
Income tax paid	(195,092)	(29,853)	Cash and cash equivalents at the beginning of period	3,297,069	1,785,488
Net cash provided by operating activities	762,914	1,817,713	Cash and cash equivalents at the end of period	\$4,086,891	\$3,579,878

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

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Six-Month Periods Ended June 30, 2024 and 2023

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

**1. Organization and Operation**

ITE Tech. Inc. (“the Company”) was incorporated in Hsinchu Science Park on May 29, 1996. The Company’s main products are Super I/O control (SIO) ICs for desktop computers, embedded control (EC) ICs for notebook computers, high-speed audio-video interface related ICs, system on a chip (SoC), and other customized application chips. The Company’s shares are traded in Taiwan Stock Exchange. The Company’s registered office and the main business location is at 3F, No.13, Innovation Road I, Hsinchu Science Park, Hsinchu City.

**2. Date and Procedures of Authorization of Financial Statements for Issue**

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized for issue by the Board of Directors on August 6, 2024.

**3. Newly Issued or Revised Standards and Interpretations**

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments.

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2024. The application of these new standards and amendments had no material effect on the Group.

- (2) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2025. The aforementioned standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised, or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

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	IFRS 17 “Insurance Contracts”	January 1, 2023
c	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (c), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

#### 4. Summary of Material Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the six-month periods ended June 30, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 *Interim Financial Reporting* as endorsed and became effective 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.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (b) rights arising from other contractual arrangements
- (c) the Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfers directly to retained earnings if required by other IFRSs; and
- (f) recognizes any resulting difference in profit or loss.

The consolidated entity is listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership		
			June 30, 2024	December 31, 2023	June 30, 2023
ITE Tech. Inc.	ITE Tech. (Shenzhen) Inc.	Technological consultation services for ICs products	100.00%	100.00%	100.00%

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The financial statements of the consolidated subsidiary listed above had not been reviewed by independent auditors. As of June 30, 2024 and 2023, the related asset of the subsidiary is NT\$3,588 thousand and NT\$7,325 thousand, respectively, and the related liability is NT\$458 thousand and NT\$4,475 thousand, respectively. The comprehensive income (loss) of the subsidiary is NT\$620 thousand, NT\$(872) thousand, NT\$992 thousand and NT\$433 thousand for the three-month and six-month periods ended June 30, 2024 and 2023, respectively.

(4) Except for the accounting policies listed in Note 4(5) to 4(6), the same accounting policies have been followed in the consolidated financial statements for the six-month period ended June 30, 2024 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. For the summary of other material accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2023.

(5) Post-employment benefits

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

(6) Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

## **5. Significant Accounting Judgments, Estimates and Assumptions**

The same significant accounting judgments, estimates and assumptions have been followed in the consolidated financial statements for the six-month periods ended June 30, 2024 and 2023 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. Please refer to the consolidated financial statements for the year ended December 31 2023.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

**6. Contents of Significant Accounts**

(1) Cash and cash equivalents

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$314	\$316	\$287
Checking and saving accounts	255,559	215,760	786,041
Time deposits	3,831,018	3,080,993	2,793,550
Total	\$4,086,891	\$3,297,069	\$3,579,878

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

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Mandatorily measured at fair value through profit or loss:			
Funds	\$440,643	\$435,830	\$30,546
Capital	183,891	133,939	108,198
Total	\$624,534	\$569,769	\$138,744
Current	\$402,196	\$400,861	\$-
Non-current	222,338	168,908	138,744
Total	\$624,534	\$569,769	\$138,744

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income, non-current

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Equity instrument investments measured at fair value through other comprehensive income-non-current:			
Listed company stocks	\$183,630	\$333,627	\$292,462
Unlisted company stocks	1,137,859	1,125,410	1,104,715
Total	\$1,321,489	\$1,459,037	\$1,397,177

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial assets at fair value through other comprehensive income were not pledged.

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income is as follows:

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Related to investments held at the end of the reporting period	\$9,047	\$9,020	\$9,047	\$9,020
Related to investments derecognized during the period	-	-	-	-
Dividends income recognized during the period	<u>\$9,047</u>	<u>\$9,020</u>	<u>\$9,047</u>	<u>\$9,020</u>

In consideration of the Group's investment strategy, the Group disposed and derecognized certain equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments are as follows:

	For the six-month periods	
	ended June 30,	
	2024	2023
The fair value of the investments at the date of derecognition	\$135,202	\$36,993
The cumulative gain on disposal reclassified from other equity to retained earnings	\$108,831	\$33,245

(4) Financial assets measured at amortized cost

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Time deposits	<u>\$4,230</u>	<u>\$4,230</u>	<u>\$6,430</u>
Current	\$-	\$-	\$2,200
Non-current	<u>4,230</u>	<u>4,230</u>	<u>4,230</u>
Total	<u>\$4,230</u>	<u>\$4,230</u>	<u>\$6,430</u>



ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Group classified certain financial assets as financial assets measured at amortized cost. Since credit risk is low, expected credit losses during the duration are not significant. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for more details on credit risk.

(5) Notes receivables

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivables arising from operating activities	\$8,147	\$7,294	\$8,649
Less: loss allowance	-	-	-
Total	\$8,147	\$7,294	\$8,649

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(16) for more details on loss allowance and Note 12 for more details on credit risk.

(6) Trade receivables and trade receivables from related parties

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Trade receivables	\$1,034,516	\$867,926	\$1,037,081
Less: loss allowance	-	-	-
Subtotal	1,034,516	867,926	1,037,081
Trade receivables from related parties	-	847	1,210
Less: loss allowance	-	-	-
Subtotal	-	847	1,210
Total	\$1,034,516	\$868,773	\$1,038,291

Trade receivables and trade receivables from related parties were not pledged.

Trade receivables are generally on 30-90 day terms. The total carrying amounts were NT\$1,034,516 thousand, NT\$868,773 thousand and NT\$1,038,291 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively. Please refer to Note 6(16) for more details on impairment of trade receivables and Note 12 for more details on credit risk.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Inventories

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$6,761	\$2,467	\$5,831
Work in progress	359,876	395,164	463,487
Finished goods	317,175	406,849	351,005
Total	<u>\$683,812</u>	<u>\$804,480</u>	<u>\$820,323</u>

The cost of inventories recognized in expenses amounted to NT\$697,911 thousand and NT\$766,115 thousand for the three-month periods ended June 30, 2024 and 2023, respectively, including the inventory valuation gain (reversal of decline in market value, obsolete and slow-moving inventories) of NT\$2,293 thousand and NT\$29,323 thousand for the three-month periods ended June 30, 2024 and 2023, respectively.

The cost of inventories recognized in expenses amounted to NT\$1,398,341 thousand and NT\$1,350,757 thousand for the six-month periods ended June 30, 2024 and 2023, respectively, including the inventory valuation loss of NT\$15,669 thousand and the inventory valuation gain (reversal of decline in market value, obsolete and slow-moving inventories) of NT\$49,634 thousand for the six-month periods ended June 30, 2024 and 2023, respectively.

Inventories were not pledged.

(8) Investments accounted for using the equity method

The detail of investments accounted for using the equity method is as follows:

Investee	As of					
	June 30, 2024		December 31, 2023		June 30, 2023	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in an associate:						
Emright Technology Co., Ltd.	<u>\$10,731</u>	30.15%	<u>\$11,804</u>	30.15%	<u>\$16,633</u>	30.15%

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Emright Technology Co., Ltd. increased capital in March 2023, and the Company did not subscribe the new share proportionate to its original ownership interest. Its ownership was therefore reduced to 30.15%.

Although the Group is the largest shareholder of the aforementioned associate; after comprehensive assessment, the Group does not own the major voting rights as the remaining voting rights holders are able to align and prevent the Group from ruling the relevant operation. Therefore, the Group does not control but owns significant influence over the aforementioned associate.

The aggregate amount of the Group's share of the aforementioned immaterial associate that is accounted for using the equity method is as follows:

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Income (loss) from continuing operations	\$681	\$(1,987)	\$(1,073)	\$(4,936)
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive Income (loss)	<u>\$681</u>	<u>\$(1,987)</u>	<u>\$(1,073)</u>	<u>\$(4,936)</u>

The Group did not have contingent liabilities or capital commitments to the aforementioned associate and the investment was not pledged as of June 30, 2024, December 31, 2023 and June 30, 2023.

The carrying amount of the associate under equity method amounted to NT\$10,731 thousand and NT\$16,633 thousand as of June 30, 2024 and 2023, respectively. The related shares of profit or loss from the associate under the equity method amounted to NT\$681 thousand, NT\$(1,987) thousand, NT\$(1,073) thousand and NT\$(4,936) thousand for the three-month and six-month periods ended June 30, 2024 and 2023, respectively. The information related to above associate accounted for under the equity method was not reviewed by independent auditors.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(9) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Research and development equipment	Office equipment	Other equipment	Total
<b>Cost:</b>							
As of January 1, 2024	\$311,450	\$387,143	\$41,084	\$99,713	\$7,763	\$28,451	\$875,604
Additions	-	921	-	16,793	598	5,229	23,541
Disposals	-	(1,981)	-	(3,779)	-	(6,866)	(12,626)
Exchange differences	-	-	-	-	184	-	184
As of June 30, 2024	\$311,450	\$386,083	\$41,084	\$112,727	\$8,545	\$26,814	\$886,703
As of January 1, 2023	\$311,450	\$377,001	\$41,084	\$49,072	\$5,813	\$24,499	\$808,919
Additions	-	474	-	13,560	145	6,251	20,430
Disposals	-	(1,236)	-	(1,910)	-	(2,969)	(6,115)
Exchange differences	-	-	-	-	(166)	-	(166)
As of June 30, 2023	\$311,450	\$376,239	\$41,084	\$60,722	\$5,792	\$27,781	\$823,068
<b>Depreciation and impairment:</b>							
As of January 1, 2024	\$-	\$141,598	\$17,484	\$33,253	\$5,423	\$15,704	\$213,462
Depreciation	-	7,957	3,424	13,105	352	3,179	28,017
Disposals	-	(1,981)	-	(3,779)	-	(6,866)	(12,626)
Exchange differences	-	-	-	-	167	-	167
As of June 30, 2024	\$-	\$147,574	\$20,908	\$42,579	\$5,942	\$12,017	\$229,020
As of January 1, 2023	\$-	\$129,252	\$10,636	\$22,369	\$5,199	\$12,096	\$179,552
Depreciation	-	6,337	3,424	6,522	144	3,088	19,515
Disposals	-	(1,236)	-	(1,910)	-	(2,969)	(6,115)
Exchange differences	-	-	-	-	(152)	-	(152)
As of June 30, 2023	\$-	\$134,353	\$14,060	\$26,981	\$5,191	\$12,215	\$192,800
<b>Net carrying amount as of:</b>							
June 30, 2024	\$311,450	\$238,509	\$20,176	\$70,148	\$2,603	\$14,797	\$657,683
December 31, 2023	\$311,450	\$245,545	\$23,600	\$66,460	\$2,340	\$12,747	\$662,142
June 30, 2023	\$311,450	\$241,886	\$27,024	\$33,741	\$601	\$15,566	\$630,268

(a) Components of buildings with different useful lives are main building structure and air conditioning units, which are depreciated over 41 years and 3 years, respectively.

(b) Property, plant and equipment were not pledged.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(10) Intangible assets

	Software	Goodwill	Others	Total
<b>Cost:</b>				
As of January 1, 2024	\$12,558	\$2,674,827	\$81,191	\$2,768,576
Additions — acquired separately	604	-	16,081	16,685
Disposals	(190)	-	-	(190)
Exchange differences	90	-	-	90
As of June 30, 2024	<u>\$13,062</u>	<u>\$2,674,827</u>	<u>\$97,272</u>	<u>\$2,785,161</u>
As of January 1, 2023	\$12,430	\$2,674,827	\$79,351	\$2,766,608
Additions — acquired separately	3,942	-	1,840	5,782
Disposals	(575)	-	-	(575)
Exchange differences	(85)	-	-	(85)
As of June 30, 2023	<u>\$15,712</u>	<u>\$2,674,827</u>	<u>\$81,191</u>	<u>\$2,771,730</u>
<b>Amortization and impairment:</b>				
As of January 1, 2024	\$6,302	\$2,468,504	\$16,090	\$2,490,896
Amortization	1,718	-	4,728	6,446
Disposals	(190)	-	-	(190)
Exchange differences	76	-	-	76
As of June 30, 2024	<u>\$7,906</u>	<u>\$2,468,504</u>	<u>\$20,818</u>	<u>\$2,497,228</u>
As of January 1, 2023	\$7,943	\$2,468,504	\$7,608	\$2,484,055
Amortization	1,952	-	3,968	5,920
Disposals	(575)	-	-	(575)
Exchange differences	(68)	-	-	(68)
As of June 30, 2023	<u>\$9,252</u>	<u>\$2,468,504</u>	<u>\$11,576</u>	<u>\$2,489,332</u>
<b>Net carrying amount as of:</b>				
June 30, 2024	<u>\$5,156</u>	<u>\$206,323</u>	<u>\$76,454</u>	<u>\$287,933</u>
December 31, 2023	<u>\$6,256</u>	<u>\$206,323</u>	<u>\$65,101</u>	<u>\$277,680</u>
June 30, 2023	<u>\$6,460</u>	<u>\$206,323</u>	<u>\$69,615</u>	<u>\$282,398</u>

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Amortization expenses of intangible assets under the statement of comprehensive income are as follows:

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Selling expenses	\$49	\$107	\$108	\$224
Administrative expenses	\$34	\$42	\$72	\$95
Research and development expenses	\$3,238	\$3,143	\$6,266	\$5,601

(11) Other current liabilities

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Refund liabilities	\$182,020	\$173,638	\$154,553
Others	12,107	11,589	10,273
Total	\$194,127	\$185,227	\$164,826

(12) Post-employment benefits plans

Defined contribution plan

For the three-month periods ended June 30, 2024 and 2023, the pension expenses recognized under the defined contribution plan are NT\$8,508 thousand and NT\$8,117 thousand, respectively. For the six-month periods ended June 30, 2024 and 2023, the pension expenses recognized under the defined contribution plan are NT\$16,725 thousand and NT\$16,041 thousand, respectively.

Defined benefit plan

For the three-month periods ended June 30, 2024 and 2023, the pension expenses recognized under the defined benefit plan are NT\$725 thousand and NT\$730 thousand, respectively. For the six-month periods ended June 30, 2024 and 2023, the pension expenses recognized under the defined benefit plan are NT\$1,451 thousand and NT\$1,460 thousand, respectively.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(13) Equity

(a) Common stock

The Company's authorized capital as of June 30, 2024, December 31, 2023 and June 30, 2023 was NT\$2,500,000 thousand divided into 250,000,000 shares (including 30,000,000 shares reserved for exercise of employee stock options at each period), each at a par value of NT\$10. The Company's issued capital was NT\$1,610,801 thousand divided into 161,080,124 shares as of June 30, 2024, December 31, 2023 and June 30, 2023. Each share has one voting right and a right to receive dividends.

(b) Capital surplus

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Premium from merger	\$656,877	\$737,417	\$737,417
Restricted stocks for employees	191,764	191,764	191,764
Employee stock options	112,008	112,008	112,008
Treasury share transactions	19,238	19,238	19,238
Premium from issuance of common stock	16,424	16,424	16,424
Change in subsidiaries' ownership	1,977	1,977	1,977
Share of changes in net assets of associates and joint ventures accounted for using equity method	14,299	14,299	14,299
Others	136,697	136,697	136,697
Total	<u>\$1,149,284</u>	<u>\$1,229,824</u>	<u>\$1,229,824</u>

According to the Company Act, the capital surplus shall not be used except for offset a deficit of the company. When a company incurs no loss, it may distribute the capital surplus derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(c) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- I. Income tax obligation;
- II. Offsetting accumulated deficits, if any;
- III. Legal reserve at 10% of net income after tax;
- IV. Allocation or reverse of special reserves as required by law;
- V. After deducting the respective amount specified from item I to IV, at least 50% of the remaining earnings will be distributed, together with the undistributed earnings at the beginning of the period, and the capital surplus. However, if the total distribution divided by all the issued shares is less than NT\$0.1 per share, all the remaining and surplus shall not be distributed.

According to Article 240, Paragraph 5, and Article 241, Paragraph 2 of the Company Act, the Company authorizes the distributable dividends, legal reserve, and capital surplus in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The distribution of dividends to shareholders of the company can be paid in cash or shares. The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets. And the dividends in cash shouldn't less than 30% of the distributable earnings, as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve, which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On March 31, 2021, FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The amount of special reserve provided by the Company for the first time in adopting IFRS is nil.

The appropriations of earnings for 2023 and 2022 were resolved by the Board of Directors' meeting on February 23, 2024 and February 23, 2023, respectively. The details of distribution are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>Years Ended December 31,</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve (Note)	\$165,272	\$122,737		
Common stock– cash dividends	1,208,101	885,941	\$7.5	\$5.5

Note: The amount of legal reserve in 2023 and 2022 was approved by the shareholders at the regular shareholders' meeting held on May 28, 2024 and June 16, 2023, respectively.

In addition, the Board of Directors' meeting on February 23, 2024 and February 23, 2023 resolved to distribute the capital surplus by cash in the amount of NT\$80,540 thousand, each share at NT\$0.5.

Please refer to Note 6(18) for more details on employees' compensations and the remunerations to directors.

(14) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Restricted shares plans for employees

On June 16, 2023, a compensation plan was approved by the shareholders' meeting to issue 5,000,000 restricted shares to qualified employees and the plan was approved by the competent authority on October 12, 2023. There were no shares issued as of June 30, 2024.

(15) Operating revenues

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Revenue from contracts with customers				
Sale of goods	\$1,615,651	\$1,710,530	\$3,126,678	\$3,024,359
Other operating revenues	1,128	534	2,451	7,774
Total	<u>\$1,616,779</u>	<u>\$1,711,064</u>	<u>\$3,129,129</u>	<u>\$3,032,133</u>

Revenue recognition point of the Group is at a point in time. Analysis of revenue from contracts with customers for the six-month periods ended June 30, 2024 and 2023 is as follows:

(a) Contract balances

Contract liabilities – current

	As of			
	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Sale of goods	<u>\$3,337</u>	<u>\$8,034</u>	<u>\$12,800</u>	<u>\$11,887</u>

The significant changes in the Group's balances of contract liabilities for the six-month periods ended June 30, 2024 and 2023 are as follows:

	For the six-month periods ended June 30,	
	2024	2023
The opening balance transferred to revenue	\$(8,031)	\$(11,885)
Increase in receipts in advance during the period (deducting the amount incurred and transferred to revenue during the period)	3,334	12,798
Total	<u>\$(4,697)</u>	<u>\$913</u>

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(b) Transaction price allocated to unsatisfied performance obligations

As of June 30, 2024 and 2023, it was not required to disclose relevant information of the unsatisfied performance obligations as the contract terms with customers about the sales of goods are all shorter than one year.

(c) Assets recognized from costs to fulfil a contract

None.

(16) Expected credit loss (gains)

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Operating expenses – expected credit losses (gains)				
Notes receivables	\$-	\$-	\$-	\$-
Trade receivables	-	-	-	-
Total	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including notes receivables, trade receivables and trade receivables from related parties) at an amount equal to lifetime expected credit losses. The assessments of the Group's loss allowance as of June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

The trade receivables loss allowance is measured by using a provision matrix, details are as follows:

2024.06.30

	Not past due (Note)	Past due			Total
		Within 30 days	31-120 days	After 121 days	
Gross carrying amount	\$1,040,143	\$2,219	\$301	\$-	\$1,042,663
Loss ratio	-	-	-	1%-100%	
Lifetime expected credit losses	-	-	-	-	-
Carrying amount of trade receivables	<u>\$1,040,143</u>	<u>\$2,219</u>	<u>\$301</u>	<u>\$-</u>	<u>\$1,042,663</u>

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

2023.12.31

	Not past due	Past due			Total
	(Note)	Within 30 days	31-120 days	After 121 days	
Gross carrying amount	\$870,974	\$5,093	\$-	\$-	\$876,067
Loss ratio	-	-	-	1%-100%	
Lifetime expected credit losses	-	-	-	-	-
Carrying amount of trade receivables	\$870,974	\$5,093	\$-	\$-	\$876,067

2023.06.30

	Not past due	Past due			Total
	(Note)	Within 30 days	31-120 days	After 121 days	
Gross carrying amount	\$1,043,240	\$3,700	\$-	\$-	\$1,046,940
Loss ratio	-	-	-	1%-100%	
Lifetime expected credit losses	-	-	-	-	-
Carrying amount of trade receivables	\$1,043,240	\$3,700	\$-	\$-	\$1,046,940

Note: All of the Group's notes receivables are not yet due.

(17) Leases

Group as a lessee

The Group leases various properties, including real estate such as land and buildings, and furniture and fixtures. The lease terms range from 3 to 33 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

I. Right-of-use assets

The carrying amount of right-of-use assets

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$73,105	\$74,779	\$76,454
Buildings	2,454	4,596	6,707
Furniture and fixtures	383	513	643
Total	<u>\$75,942</u>	<u>\$79,888</u>	<u>\$83,804</u>

During the six-month periods ended June 30, 2024 and 2023, the additions to right-of-use assets of the Group amounted to NT\$0 and NT\$3,289 thousand, respectively.

II. Lease liabilities

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Current	\$4,081	\$6,152	\$7,748
Non-current	75,159	77,011	79,226
Total	<u>\$79,240</u>	<u>\$83,163</u>	<u>\$86,974</u>

Please refer to Note 6(19)(d) for the interest on lease liabilities recognized during the six-month periods ended June 30, 2024 and 2023, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Land	\$837	\$837	\$1,674	\$1,674
Buildings	1,107	1,064	2,195	2,112
Furniture and fixtures	65	65	130	130
Total	<u>\$2,009</u>	<u>\$1,966</u>	<u>\$3,999</u>	<u>\$3,916</u>

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(c) Income and costs relating to leasing activities

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
The expenses relating to short-term leases	\$450	\$422	\$894	\$849
The expenses relating to leases of low-value assets (Not including the short-term leases)	6	44	46	44
The expenses relating to variable lease payments not included in the measurement of lease liabilities	372	324	718	626
Total	<u>\$828</u>	<u>\$790</u>	<u>\$1,658</u>	<u>\$1,519</u>
Income from subleasing right-of-use assets	<u>\$159</u>	<u>\$159</u>	<u>\$317</u>	<u>\$317</u>

(d) Cash outflow relating to leasing activities

During the six-month periods ended June 30, 2024 and 2023, the Group's total cash outflows for leases amounted to NT\$6,384 thousand and NT\$6,148 thousand, respectively.

(e) Extension options

Some of the Group's property rental agreements contain extension options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option. The option is used to maximize operational flexibility in terms of managing contracts. The majority of extension option held is exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(18) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the three-month periods ended June 30,					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$11,856	\$298,235	\$310,091	\$11,621	\$291,511	\$303,132
Labor and health insurance	889	13,917	14,806	864	13,714	14,578
Pension	530	8,703	9,233	503	8,344	8,847
Other employee benefits	308	4,161	4,469	193	2,611	2,804
Total	<u>\$13,583</u>	<u>\$325,016</u>	<u>\$338,599</u>	<u>\$13,181</u>	<u>\$316,180</u>	<u>\$329,361</u>
Depreciation	<u>\$2,033</u>	<u>\$14,323</u>	<u>\$16,356</u>	<u>\$2,006</u>	<u>\$9,873</u>	<u>\$11,879</u>
Amortization	<u>\$-</u>	<u>\$3,321</u>	<u>\$3,321</u>	<u>\$-</u>	<u>\$3,292</u>	<u>\$3,292</u>

	For the six-month periods ended June 30,					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$23,249	\$575,245	\$598,494	\$22,314	\$540,013	\$562,327
Labor and health insurance	1,744	27,936	29,680	1,674	26,568	28,242
Pension	1,041	17,135	18,176	995	16,506	17,501
Other employee benefits	609	8,303	8,912	386	5,220	5,606
Total	<u>\$26,643</u>	<u>\$628,619</u>	<u>\$655,262</u>	<u>\$25,369</u>	<u>\$588,307</u>	<u>\$613,676</u>
Depreciation	<u>\$4,064</u>	<u>\$27,952</u>	<u>\$32,016</u>	<u>\$4,014</u>	<u>\$19,417</u>	<u>\$23,431</u>
Amortization	<u>\$-</u>	<u>\$6,446</u>	<u>\$6,446</u>	<u>\$-</u>	<u>\$5,920</u>	<u>\$5,920</u>

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

According to the Articles of Incorporation, between 8% to 20% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the Taiwan Stock Exchange (TWSE).

Based on a specific rate of profit of current year, the Company estimated the amounts of the employees' compensation and remuneration to directors for the three-month periods ended June 30, 2024 and June 30, 2023 to be NT\$57,894 thousand, NT\$5,789 thousand, NT\$62,126 thousand and NT\$6,212 thousand, respectively. The amounts of the employees' compensation and remuneration to directors for the six-month periods ended June 30, 2024 and June 30, 2023 were NT\$107,432 thousand, NT\$10,743 thousand, NT\$105,583 thousand and NT\$10,558 thousand, respectively. The employees' compensation and remuneration to directors recognized as salary expense. If the board of directors resolved to distribute employees' compensation in the form of shares, then the number of shares distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the board of directors, the Company will recognize the change as an adjustment to income of next year.

The distributions of the employees' compensation and remuneration to directors in cash for 2023 and 2022 were approved through the Board of Directors' meeting on February 23, 2024 and February 23, 2023, respectively. There were no differences between the aforementioned approved amounts and the actual distribution of the employees' compensation and remuneration to directors.

Information relevant to the aforementioned employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.



ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(19) Non-operating income and expenses

(a) Interest income

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Financial assets measured at amortized cost	\$15,549	\$8,140	\$26,578	\$12,070

(b) Other income

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Rental income	\$159	\$159	\$317	\$317
Dividend income	9,047	9,020	9,047	9,020
Others	703	55	1,221	1,026
Total	\$9,909	\$9,234	\$10,585	\$10,363

(c) Other gains and losses

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Foreign exchange gains, net	\$5,277	\$6,051	\$18,307	\$3,670
Gains on financial assets at fair value through profit or loss (Note)	16,107	2,583	21,442	3,018
Others	-	-	-	(5)
Total	\$21,384	\$8,634	\$39,749	\$6,683

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss, including valuation adjustment, dividend income and exchange difference, etc.

(d) Finance costs

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Interest expenses on lease liabilities	\$343	\$404	\$702	\$822

(20) Components of other comprehensive income (loss)

For the three-month period ended June 30, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income	Other comprehensive income (loss), net of tax
Items that may not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$(11,195)	\$-	\$(11,195)	\$568	\$(10,627)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	30	-	30	-	30
Total	\$(11,165)	\$-	\$(11,165)	\$568	\$(10,597)

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the three-month period ended June 30, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income	Other comprehensive income (loss), net of tax
Items that may not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$43,004	\$-	\$43,004	\$(640)	\$42,364
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	(103)	-	(103)	-	(103)
<b>Total</b>	<b>\$42,901</b>	<b>\$-</b>	<b>\$42,901</b>	<b>\$(640)</b>	<b>\$42,261</b>

For the six-month period ended June 30, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income	Other comprehensive income (loss), net of tax
Items that may not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$(39,846)	\$-	\$(39,846)	\$1,440	\$(38,406)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	71	-	71	-	71
<b>Total</b>	<b>\$(39,775)</b>	<b>\$-</b>	<b>\$(39,775)</b>	<b>\$1,440</b>	<b>\$(38,335)</b>

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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the six-month period ended June 30, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income	Other comprehensive income (loss), net of tax
Items that may not be reclassified subsequently to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$291,758	\$-	\$291,758	\$(1,864)	\$289,894
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	(81)	-	(81)	-	(81)
Total	<u>\$291,677</u>	<u>\$-</u>	<u>\$291,677</u>	<u>\$(1,864)</u>	<u>\$289,813</u>

(21) Income tax

(a) The major components of income tax expense are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Current income tax expense (income):				
Current income tax charge	\$115,580	\$118,660	\$201,167	\$195,696
Adjustments in respect of current income tax of prior periods	(1,367)	(4,247)	(42,923)	(37,122)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	(3,807)	1,092	(1,799)	1,756
Total income tax expense	<u>\$110,406</u>	<u>\$115,505</u>	<u>\$156,445</u>	<u>\$160,330</u>

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Income tax relating to components of other comprehensive income

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Deferred tax expense				
(income):				
Unrealized gains or losses				
from equity instrument				
investments measured at				
fair value through other				
comprehensive income	<u>\$ (568)</u>	<u>\$ 640</u>	<u>\$ (1,440)</u>	<u>\$ 1,864</u>

(b) The assessment of income tax returns

As of June 30, 2024, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
ITE Tech. Inc.	Assessed and approved up to 2022
Subsidiary – ITE Tech. (Shenzhen) Inc.	Assessed to 2023

(22) Earnings per share

Basic earnings per share are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
(a) Basic earnings per share				
Profit attributable to ordinary equity holders of the parent company (in thousand NT\$)	<u>\$404,830</u>	<u>\$437,429</u>	<u>\$799,682</u>	<u>\$779,374</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	<u>161,080,124</u>	<u>161,080,124</u>	<u>161,080,124</u>	<u>161,080,124</u>
Basic earnings per share (NT\$)	<u>\$2.51</u>	<u>\$2.72</u>	<u>\$4.96</u>	<u>\$4.84</u>
(b) Diluted earnings per share				
Profit attributable to ordinary equity holders of the parent company after dilution (in thousand NT\$)	<u>\$404,830</u>	<u>\$437,429</u>	<u>\$799,682</u>	<u>\$779,374</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	161,080,124	161,080,124	161,080,124	161,080,124
Effect of dilution:				
Employees' compensation-stock (share)	<u>630,102</u>	<u>938,513</u>	<u>1,008,013</u>	<u>1,493,216</u>
Weighted average number of ordinary shares outstanding after dilution (share)	<u>161,710,226</u>	<u>162,018,637</u>	<u>162,088,137</u>	<u>162,573,340</u>
Diluted earnings per share (NT\$)	<u>\$2.50</u>	<u>\$2.70</u>	<u>\$4.93</u>	<u>\$4.79</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

**7. Related Party Transactions**

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Names of related parties</u>	<u>Nature of relationship of the related parties</u>
United Microelectronics Corp.	Director of the Group
HeJian Technology (Suzhou) Co., Ltd.	Other related party
Emright Technology Co., Ltd.	Associate

Significant transactions with the related parties

(1) Sales

	<u>For the three-month periods ended June 30,</u>		<u>For the six-month periods ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Associate	<u>\$-</u>	<u>\$1,135</u>	<u>\$-</u>	<u>\$1,135</u>

The sales price to the above related party was determined through mutual agreement in reference to market conditions. The payment term for the related party was 30 days after month-end.

(2) Purchases

	<u>For the three-month periods ended June 30,</u>		<u>For the six-month periods ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
United Microelectronics Corp.	\$233,425	\$146,447	\$429,319	\$225,096
HeJian Technology (Suzhou) Co., Ltd.	94,129	87,657	172,917	181,298
Total	<u>\$327,554</u>	<u>\$234,104</u>	<u>\$602,236</u>	<u>\$406,394</u>

The purchase prices to the above related parties were not comparable to the market due to differentiation of manufacturing process and product specification. Payment terms to related parties were 45 days after month-end.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(3) Trade receivables from related parties

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Associate	\$-	\$847	\$1,210

(4) Trade payables to related parties

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
United Microelectronics Corp.	\$157,581	\$122,916	\$101,993
HeJian Technology (Suzhou) Co., Ltd.	56,048	54,186	67,853
Total	\$213,629	\$177,102	\$169,846

(5) Other payables to related parties

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
United Microelectronics Corp.	\$25,099	\$10,565	\$12,946
Other related party	-	-	94
Total	\$25,099	\$10,565	\$13,040

(6) The Group purchased masks and other from the director of the Group and recognized NT\$26,108 thousand, NT\$24,353 thousand, NT\$40,319 thousand and NT\$37,157 thousand as manufacturing expenses and operating expenses for the three-month and six-month periods ended June 30, 2024 and 2023, respectively. Payment term for the related party was 45 days after month-end.

(7) The Group had transactions with other related parties and recognized NT\$0, NT\$92 thousand, NT\$239 thousand and NT\$92 thousand as manufacturing expenses and operating expenses for the three-month and six-month periods ended June 30, 2024 and 2023, respectively. Payment terms for related parties were 45 days after month-end.



ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Key management personnel compensation

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$20,591	\$20,727	\$52,092	\$48,053
Post-employment benefits	454	487	905	971
Total	<u>\$21,045</u>	<u>\$21,214</u>	<u>\$52,997</u>	<u>\$49,024</u>

**8. Assets Pledged as Security**

The following table lists assets of the Group pledged as security:

Assets pledged for security	As of			Secured liabilities
	June 30, 2024	December 31, 2023	June 30, 2023	
Financial assets measured at amortized cost – current	\$-	\$-	\$2,200	Guarantee for land
Financial assets measured at amortized cost – non-current	4,230	4,230	2,030	Guarantee for land
Total	<u>\$4,230</u>	<u>\$4,230</u>	<u>\$4,230</u>	

**9. Significant Contingencies and Unrecognized Contractual Commitments**

The Group uses patents of other companies for certain products, and will pay royalty fees based on sales amounts or quantities of these products in accordance with the agreements.

**10. Losses Due to Major Disasters**

None.

**11. Significant Subsequent Events**

None.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

**12. Others**

(1) Categories of financial instruments

Financial assets

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$624,534	\$569,769	\$138,744
Financial assets at fair value through other comprehensive income	1,321,489	1,459,037	1,397,177
Financial assets measured at amortized cost (Note)	5,146,699	4,186,219	4,639,429
Total	<u>\$7,092,722</u>	<u>\$6,215,025</u>	<u>\$6,175,350</u>

Financial liabilities

	As of		
	June 30, 2024	December 31, 2023	June 30, 2023
Financial liabilities at amortized cost:			
Trade and other payables (including related parties)	\$2,435,897	\$1,118,264	\$2,045,929
Lease liabilities	79,240	83,163	86,974
Deposits received	28,290	28,290	28,290
Total	<u>\$2,543,427</u>	<u>\$1,229,717</u>	<u>\$2,161,193</u>

Note: Including cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes receivables, trade receivables (including related parties), other receivables and other non-current assets (refundable deposits).

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risks comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenues or expenses are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When NTD strengthens/weakens against USD by 5%, the profit for the six-month periods ended June 30, 2024 and 2023 would decrease/increase by NT\$14,252 thousand and NT\$13,832 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group doesn't have any liabilities risk of changes in market interest rates. Therefore, the Group expects no fair value and cash flow risks due to significant interest rate fluctuations.

All of the Group's financial assets and financial liabilities that are exposed to cash flow risk due to fluctuating interest rate are under short term contracts, thus the cash flow risk of fluctuate interest is considerably low.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments with variable interest rate. At the reporting date, an increase/decrease of 10 basis points (0.1%) of interest rate in a reporting period could cause the profit for the six-month periods ended June 30, 2024 and 2023 to increase/decrease both by NT\$0.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment objectives. The Group's listed and unlisted equity securities are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves certain equity investments according to level of authority.

For the six-month periods ended June 30, 2024 and 2023, a change of 10% in the price of the listed equity instrument investments measured at fair value through other comprehensive income could increase/decrease by NT\$18,363 thousand and NT\$29,246 thousand, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments that are linked to such equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of June 30, 2024, December 31, 2023 and June 30, 2023, trade receivables from top ten customers represented 94.51%, 93.34% and 96.02% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions and companies with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. The measurement indicators of the Group are described as follows:

Level of credit risk	Indicator	Measurement method for expected credit losses	Gross carrying amount as of		
			June 30, 2024	December 31, 2023	June 30, 2023
Simplified approach (Note)	(Note)	Lifetime expected credit losses	\$1,042,663	\$876,067	\$1,046,940

Note: By using simplified approach (loss allowance is measured at lifetime expected credit losses), including notes receivables, trade receivables and trade receivables from related parties.

Financial assets are written off when there is no realistic prospect of future recovery.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and financial assets and liabilities at fair value through profit or loss. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	5 to 15 years	15 to 20 years	> 20 years	Total
June 30, 2024							
Payables (including related parties)	\$2,435,897	\$-	\$-	\$-	\$-	\$-	\$2,435,897
Lease liabilities	\$5,382	\$9,832	\$8,688	\$41,856	\$12,716	\$17,034	\$95,508
Deposits received	\$-	\$28,290	\$-	\$-	\$-	\$-	\$28,290
December 31, 2023							
Payables (including related parties)	\$1,118,264	\$-	\$-	\$-	\$-	\$-	\$1,118,264
Lease liabilities	\$7,512	\$9,904	\$9,017	\$41,856	\$13,722	\$18,121	\$100,132
Deposits received	\$-	\$28,290	\$-	\$-	\$-	\$-	\$28,290
June 30, 2023							
Payables (including related parties)	\$2,045,929	\$-	\$-	\$-	\$-	\$-	\$2,045,929
Lease liabilities	\$9,213	\$10,320	\$9,381	\$41,856	\$14,727	\$19,209	\$104,706
Deposits received	\$-	\$28,290	\$-	\$-	\$-	\$-	\$28,290

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six-month periods ended June 30, 2024 and 2023:

	Deposits received	Lease liabilities	Total liabilities from financing activities
As of January 1, 2024	\$28,290	\$83,163	\$111,453
Cash flows	-	(3,923)	(3,923)
Non-cash changes	-	-	-
As of June 30, 2024	<u>\$28,290</u>	<u>\$79,240</u>	<u>\$107,530</u>
As of January 1, 2023	\$28,290	\$87,493	\$115,783
Cash flows	-	(3,808)	(3,808)
Non-cash changes	-	3,289	3,289
As of June 30, 2023	<u>\$28,290</u>	<u>\$86,974</u>	<u>\$115,264</u>

(7) Fair value of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- I. The carrying amount of cash and cash equivalents, trade receivables (including related parties), other receivables, other non-current assets, payables (including related parties) and deposits received approximate their fair value due to their short maturities.
- II. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and funds) at the reporting date.
- III. Fair value of equity instruments without market quotations (including private company equity securities) is estimated using the market approach and asset approach valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(b) Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3 — Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	\$440,643	\$-	\$-	\$440,643
Capital	-	-	183,891	183,891
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	183,630	-	1,137,859	1,321,489
Total	<u>\$624,273</u>	<u>\$-</u>	<u>\$1,321,750</u>	<u>\$1,946,023</u>

As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	\$435,830	\$-	\$-	\$435,830
Capital	-	-	133,939	133,939
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	333,627	-	1,125,410	1,459,037
Total	<u>\$769,457</u>	<u>\$-</u>	<u>\$1,259,349</u>	<u>\$2,028,806</u>

As of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	\$30,546	\$-	\$-	\$30,546
Capital	-	-	108,198	108,198
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	292,462	-	1,104,715	1,397,177
Total	<u>\$323,008</u>	<u>\$-</u>	<u>\$1,212,913</u>	<u>\$1,535,921</u>

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Transfers between Level 1 and Level 2 during the period

During the six-month periods ended June 30, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets		
	At fair value through profit or loss	At fair value through other comprehensive income	Total
	Capital	Stocks	
As of January 1, 2024	\$133,939	\$1,125,410	\$1,259,349
Total gains and losses recognized:			
Amount recognized in profit or loss ("other gains and losses")	14,039	-	14,039
Amount recognized in other comprehensive income ("Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income")	-	(25,051)	(25,051)
Additions	35,913	37,500	73,413
As of June 30, 2024	<u>\$183,891</u>	<u>\$1,137,859</u>	<u>\$1,321,750</u>
	Assets		
	At fair value through profit or loss	At fair value through other comprehensive income	Total
	Capital	Stocks	
As of January 1, 2023	\$65,086	\$953,970	\$1,019,056
Total gains and losses recognized:			
Amount recognized in profit or loss ("other gains and losses")	(6,901)	-	(6,901)
Amount recognized in other comprehensive income ("Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income")	-	163,245	163,245
Additions	50,013	37,500	87,513
Capital return	-	(50,000)	(50,000)
As of June 30, 2023	<u>\$108,198</u>	<u>\$1,104,715</u>	<u>\$1,212,913</u>

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of June 30, 2024

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the input to fair value
Financial assets:					
Financial assets at fair value through profit or loss					
Capital	Asset approach	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's profit (loss) by NT\$20,432 thousand
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT\$19,815 thousand
Stocks	Asset approach	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT\$111,084 thousand

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of December 31, 2023

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the input to fair value
Financial assets:					
Financial assets at fair value					
through profit or loss					
Capital	Asset approach	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's profit (loss) by NT\$14,882 thousand
Financial assets at fair value					
through other					
comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT\$20,662 thousand
Stocks	Asset approach	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT\$108,975 thousand

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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of June 30, 2023

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the input to fair value
Financial assets:					
Financial assets at fair value					
through profit or loss					
Capital	Asset approach	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's profit (loss) by NT\$10,820 thousand
Financial assets at fair value					
through other					
comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT\$13,746 thousand
Stocks	Asset approach	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value estimated	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NT\$96,725 thousand

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group validates the fair value measurements and ensures that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Group also analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed based on the Group's accounting policies at each reporting date.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant financial assets and liabilities denominated in foreign currencies is listed below:

	As of					
	June 30, 2024			December 31, 2023		
	Foreign currencies (In thousands)	Foreign exchange rate	NTD (In thousands)	Foreign currencies (In thousands)	Foreign exchange rate	NTD (In thousands)
<u>Financial assets</u>						
Monetary items:						
USD	\$17,189	32.57	\$559,844	\$17,268	30.705	\$530,202
<u>Financial liabilities</u>						
Monetary items:						
USD	\$8,437	32.57	\$274,806	\$7,089	30.705	\$217,676
	As of					
	June 30, 2023					
	Foreign currencies (In thousands)	Foreign exchange rate	NTD (In thousands)			
<u>Financial assets</u>						
Monetary items:						
USD	\$15,768	31.14	\$491,003			
<u>Financial liabilities</u>						
Monetary items:						
USD	\$6,884	31.14	\$214,370			

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

During the three-month and six-month periods ended June 30, 2024 and 2023, the foreign exchange gains were NT\$5,277 thousand, NT\$6,051 thousand, NT\$18,307 thousand and NT\$3,670 thousand, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

**13. Additional Disclosure**

(1) Information at significant transactions

Additional disclosures for information of the Company for the six-month period ended June 30, 2024:

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of June 30, 2024 (excluding subsidiaries, associates and joint ventures):

Held Company Name	Marketable Securities Type and Name		Relationship with the Company	Financial Statement Account	June 30, 2024				Note
					Shares/Units	Carrying Value/Thousands of NTD	Percentage of Ownership (%)	Fair Value/Thousands of NTD	
ITE Tech. Inc.	Common Stock	Unitech Capital, Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2,000,000	\$46,520	4.00%	\$46,520	
	Common Stock	Shieh Yong Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	31,602,269	\$307,806	1.52%	\$307,806	
	Common Stock	Darjun Venture Corporation	-	Financial assets at fair value through other comprehensive income, non-current	9,280,000	\$85,469	19.61%	\$85,469	
	Common Stock	TriKnight Capital Corporation	-	Financial assets at fair value through other comprehensive income, non-current	28,841,800	\$218,044	5.00%	\$218,044	
	Common Stock	Darhe II Venture Corporation	-	Financial assets at fair value through other comprehensive income, non-current	10,000,000	\$95,000	14.29%	\$95,000	
	Common Stock	Darchan Venture Corporation	-	Financial assets at fair value through other comprehensive income, non-current	20,000,000	\$180,200	18.18%	\$180,200	
	Common Stock	Darjiun Venture Corporation	-	Financial assets at fair value through other comprehensive income, non-current	7,500,000	\$66,150	10.00%	\$66,150	



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Held Company Name	Marketable Securities Type and Name		Relationship with the Company	Financial Statement Account	June 30, 2024				Note
					Shares/Units	Carrying Value/Thousands of NTD	Percentage of Ownership (%)	Fair Value/Thousands of NTD	
ITE Tech. Inc.	Common Stock	Generiton Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	508,047	\$25,276	12.70%	\$25,276	
	Common Stock	Embestor Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	4,400,000	\$90,244	16.92%	\$90,244	
	Common Stock	Isentek Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,000,000	\$23,150	3.30%	\$23,150	
	Common Stock	Gigastone Corporation	-	Financial assets at fair value through other comprehensive income, non-current	636,841	\$38,726	1.26%	\$38,726	
	Common Stock	M3 Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	944,000	\$144,904	2.21%	\$144,904	
	Fund	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss, current	17,873,273.90	\$250,907	-	\$250,907	
	Fund	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss, current	6,862,109.20	\$100,914	-	\$100,914	
	Fund	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss, current	2,989,679.63	\$50,375	-	\$50,375	
	Fund	Yuanta/P-shares Taiwan Dividend Plus ETF	-	Financial assets at fair value through profit or loss, non-current	935,000	\$38,447	-	\$38,447	
	Capital	TGVest Asia Partners II (Taiwan), L.P.	-	Financial assets at fair value through profit or loss, non-current	-	\$183,891	-	\$183,891	

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(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock:

Amount: Thousands of NTD

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Trade (Payable) or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITE Tech. Inc.	United Microelectronics Corp.	Directors of the Company	Purchases	\$429,319	65.98%	45 days after month-end	Not comparable to the market due to differentiation of manufacturing process and product specification	Same as general trading conditions	\$(157,581)	(29.70)%	
	HeJian Technology (Suzhou) Co., Ltd.	Other related party	Purchases	\$172,917	26.58%	45 days after month-end	Not comparable to the market due to differentiation of manufacturing process and product specification	Same as general trading conditions	\$(56,048)	(10.56)%	

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of June 30, 2024: None.
- (i) Trading in derivative instruments: None.
- (j) Intercompany relationship and significant intercompany transactions:

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Item	Amount	Term	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	ITE Tech. Inc.	ITE Tech. (Shenzhen) Inc.	1	Administrative expenses	\$19,755	On demand	0.63%

Note 1: Number should be input in the remark column for intercompany transactions. Here illustrate how to assign numbers to transactions.

- 1. 0 for parent company.
- 2. Subsidiaries are given a number in sequence starting with No. 1.

Note 2: There are three types of transactions. Please remark the type of transaction by giving a number to it.

- 1. Parent to Subsidiary.
- 2. Subsidiary to Parent.
- 3. Subsidiaries to Subsidiaries.

Note 3: Asset/liability items are calculated by using the ending balances of the item divided by ending balance of total consolidated assets; Profit/loss items are calculated by using the amount of the transaction divided by total consolidated revenue.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(2) Information on investees

Names, locations and related information of investees as of June 30, 2024 (excluding investment in Mainland China):

Amount: Thousands of NTD

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balances as of June 30, 2024			Net Income (Losses) of the Investee Company	Share of Profits /(Losses)	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
ITE Tech. Inc.	Emright Technology Co., Ltd.	Taiwan	Communication machinery equipment, electronic components manufacturing	\$41,768	\$41,768	4,176,800	30.15%	\$10,731	\$(3,560)	\$(1,073)	

(3) Investment in Mainland China

(a) Investment situation:

Amount: US Dollars/Thousands of NTD

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 4)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Note 4)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2024 (Note 4)	Percentage of Ownership	Net Income (Losses) of the Investee Company	Share of Profits /(Losses) (Note 3)	Carrying Amount as of June 30, 2024 (Note 3)	Accumulated Inward Remittance of Earnings as of June 30, 2024
					Outflow	Inflow						
ITE Tech. (Shenzhen) Inc.	Technological consultation services for ICs products	\$19,542 USD 600,000	Direct investment in Mainland China (Note 1)	\$19,542 USD 600,000	\$-	\$-	\$19,542 USD 600,000	100%	\$992	\$992	\$3,130	\$-

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Accumulated Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$19,542 (Note 4) (USD600,000)	\$19,542 (Note 4) (USD600,000)	\$3,539,399 (Note 2)

Note 1: The Company has been approved the investment which that changed the investment structure and directly invested in ITE Tech. (Shenzhen) Inc. by the Investment Commission, MOEA.

Note 2: Based on Regulations Governing the Approval of Investment or Technical Cooperation in the Mainland China promulgated by Investment Commission, MOEA.

Note 3: According to regulations, it may be evaluated based on the financial statements of the investee company un-reviewed by the accountant during the same period.

Note 4: Converted to NTD at the exchange rate on the financial reporting date (1 USD=32.57 NTD).

(b) Significant direct or indirect transactions with the investees in Mainland China:

I. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.

II. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.

III. The amount of property transactions and the amount of the resultant gains or losses: None.

IV. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

V. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

VI. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Please refer to Note 13(1) (j).

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(4) Information of major shareholders

Name of major shareholders	Number of shares held (shares)	Percentage of ownership
United Microelectronics Corp.	13,959,978	8.66%
Capital Tip Customized Taiwan Select High Dividend ETF	11,700,000	7.26%
Custody Account of Taipei Fubon Commercial Bank Co., Ltd. for Fuh Hwa Taiwan Technology Dividend Highlight ETF	10,117,000	6.28%

Note1: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the Company without physical registration (including treasury shares) is more than 5%. As for the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration, the calculation basis may be different or inconsistent.

Note2: If the above data is number of trusted shares, it is disclosed by accounts of trustee. The report of shareholders who holding more than 10% ownership according to Securities and Exchange Act, includes the shares held by shareholders and trusted assets with right to use. Please refer to Market Observation Post System for insiders to report changes in shareholding to the Company.

ITE TECH. INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

**14. Segment information**

General Information

The products of the Group are all related to integrated circuit design products and the chief operating decision maker reviews the Group's operating results as a whole to make decisions about resources to be allocated and assess its performance; therefore, the Group is considered a single segment. The preparation basis of the segment is the same with the preparation of this financial statements, and the policies are the same with those mentioned in Note 4, Summary of Material Accounting Policies.