

**IEI INTEGRATION CORP.  
AND SUBSIDIARIES**

**Consolidated Financial Statements  
With Independent Auditors' Review Report**

**For the Three Months Ended March 31, 2024 and 2023**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Review Report

To the Board of Directors of IEI Integration Corp.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of IEI Integration Corp. (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion 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 the 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 stated in note 4(2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$1,611,464 thousand and \$3,551,835 thousand, constituting 10.88% and 26.21% of the total consolidated assets as of March 31, 2024 and 2023, respectively, total liabilities amounting to \$452,214 thousand and \$533,930 thousand, constituting 11.03% and 13.85% of the total consolidated liabilities as of March 31, 2024 and 2023, respectively. Also, the total comprehensive income amounting to \$148,305 thousand and \$95,227 thousand, constituting 27.20% and 20.65% of the total consolidated comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(7) to the consolidated financial statements, the investments accounted for using equity method of IEI Integration Corp. and its subsidiaries amounted to \$2,599,463 thousand and \$2,580,474 thousand as of March 31, 2024 and 2023, and the share of profit of associates under the equity method amounted to \$70,281 thousand and \$90,851 thousand for the three months ended March 31, 2024 and 2023, respectively. These amounts were recognized based on financial statements of the investees for the same period and were not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, 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 the Group as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chung-Che Chen and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)

May 10, 2024

### **Notes to Readers**

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

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**March 31, 2024 , December 31, 2023 and March 31, 2023**  
**(Expressed in Thousands of New Taiwan Dollar)**

Assets		Mar 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		Mar 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(1)(23))	\$ 1,924,666	13	4,757,865	33	2,144,712	16	2100	Current borrowings (note 6(12))	\$ 22,551	-	173,408	1	-	-
1110	Financial assets at fair value through profit and loss – current (note 6(2)(23))	791,128	5	722,917	5	562,141	4	2130	Current contract liabilities (note 6(20) and 7)	555,695	4	521,853	4	430,227	3
1170	Notes & accounts receivable, net (note 6(4)(20)(23))	921,517	6	962,531	7	1,340,121	10	2170	Accounts payable (note 6(23))	1,136,005	8	1,088,257	8	1,114,186	8
1180	Accounts receivable - related parties, net (note 6(23) and 7)	98,477	1	35,513	-	24,137	-	2180	Accounts payable - related parties (note 6(23) and 7)	103,378	1	98,047	1	97,278	1
1210	Other receivable - related parties (note 6(23) and 7)	191,380	1	184,645	1	191,545	1	2219	Other payables, others (note 6(23))	671,384	5	676,151	5	560,219	4
130X	Inventories (note 6(5))	1,266,666	9	1,305,085	9	1,385,703	10	2220	Other payables - related parties (note 6(23) and 7)	57,066	-	198,816	1	110,153	1
1476	Other financial assets, current (note 6(6)(23) and 8)	4,881,933	32	1,745,373	12	3,322,963	25	2230	Current tax liabilities	425,497	3	359,472	3	492,703	4
1479	Other current assets	336,837	2	312,755	2	233,743	2	2280	Current lease liabilities (note 6(13)(23) and 7)	10,179	-	11,419	-	11,063	-
		<u>10,412,604</u>	<u>69</u>	<u>10,026,684</u>	<u>69</u>	<u>9,205,065</u>	<u>68</u>	2399	Other current liabilities	28,053	-	40,484	-	37,278	-
										<u>3,009,808</u>	<u>21</u>	<u>3,167,907</u>	<u>23</u>	<u>2,853,107</u>	<u>21</u>
<b>Non-current assets:</b>								<b>Non-current liabilities:</b>							
1510	Financial assets at fair value through profit or loss, non-current (note 2 and 23)	31,197	-	-	-	-	-	2570	Deferred tax liabilities	1,032,691	7	995,039	7	936,675	7
1517	Financial assets at fair value through other comprehensive income, non-current (note 6(3)(23))	50,632	-	59,729	-	30,885	-	2580	Non-current lease liabilities (note 6(13)(23) and 7)	1,246	-	2,951	-	8,627	-
1550	Investments accounted for using equity method (note 6(7))	2,599,463	18	2,525,069	18	2,580,474	19	2640	Net defined benefit liability, non-current	3	-	-	-	-	-
1600	Property, plant and equipment (note 6(9))	1,272,201	10	1,260,982	10	1,287,768	10	2670	Other non-current liabilities, others	56,374	-	57,700	1	57,027	-
1755	Right-of-use assets (note 6(10))	11,268	-	13,870	-	17,808	-			<u>1,090,314</u>	<u>7</u>	<u>1,055,690</u>	<u>8</u>	<u>1,002,329</u>	<u>7</u>
1760	Investment property, net (note 6(11))	270,177	2	271,537	2	276,003	2	<b>Total liabilities</b>		<u>4,100,122</u>	<u>28</u>	<u>4,223,597</u>	<u>31</u>	<u>3,855,436</u>	<u>28</u>
1821	Other intangible assets, net	18,105	-	19,051	-	20,589	-	<b>Equity attributable to owners of parent (note 6(8)(17))</b>							
1840	Deferred tax assets	110,752	1	112,068	1	96,072	1	3100	Share Capital	1,765,978	12	1,765,978	12	1,765,978	13
1975	Net defined benefit assets, non-current	8,585	-	8,578	-	8,093	-	3200	Capital surplus	845,472	6	845,521	6	820,592	6
1990	Other non-current assets, others	21,444	-	24,743	-	26,143	-		Retained earnings:						
		<u>4,393,824</u>	<u>31</u>	<u>4,295,627</u>	<u>31</u>	<u>4,343,835</u>	<u>32</u>	3310	Legal reserve	1,902,369	13	1,902,369	13	1,753,262	13
								3320	Special reserve	453,579	3	453,579	3	687,892	5
								3350	Unappropriated retained earnings	5,931,180	39	5,507,775	38	5,036,770	37
										<u>8,287,128</u>	<u>55</u>	<u>7,863,723</u>	<u>54</u>	<u>7,477,924</u>	<u>55</u>
								3400	Other equity	(312,018)	(2)	(385,290)	(3)	(371,030)	(2)
									Equity attributable to owners of parent	10,586,560	71	10,089,932	69	9,693,464	72
								36XX	Non-controlling interests	119,746	1	8,782	-	-	-
									<b>Total equity</b>	<u>10,706,306</u>	<u>72</u>	<u>10,098,714</u>	<u>69</u>	<u>9,693,464</u>	<u>72</u>
<b>Total Assets</b>		<b>\$ 14,806,428</b>	<b>100</b>	<b>14,322,311</b>	<b>100</b>	<b>13,548,900</b>	<b>100</b>	<b>Total Liabilities and Equity</b>		<b>\$ 14,806,428</b>	<b>100</b>	<b>14,322,311</b>	<b>100</b>	<b>13,548,900</b>	<b>100</b>

(See accompanying notes to the consolidated financial statements)

Chairman: Ming-Chih Chang

Manager: Jonq-Liang Jiang

Account Officer: Ti-Szu Wei

**IEI INTEGRATION CORP. AND SUBSIDIARIES**

**Consolidated Statement of Comprehensive Income**

**For the three months ended March 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollar, Except for Earnings per share)**

		<b>For the three months ended March 31</b>			
		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4110	<b>Sales revenue</b>	\$ 1,706,409	100	2,161,375	100
4170	Less: Sales returns and discounts	2,123	-	7,701	-
	<b>Net sales revenue</b> (note 6(20) and 7)	<u>1,704,286</u>	<u>100</u>	<u>2,153,674</u>	<u>100</u>
5110	<b>Cost of sales</b> (note 6(5)(15), 7 and 12)	1,072,804	64	1,437,859	67
	<b>Gross profit</b>	631,482	36	715,815	33
5910	Unrealized profit (loss) from sales	(1,211)	-	(1,491)	-
5920	Realized profit (loss) from sales	2,446	-	1,526	-
	<b>Gross profit from operations</b>	<u>632,717</u>	<u>36</u>	<u>715,850</u>	<u>33</u>
	<b>Operating expenses</b> (note 6(4)(15)(18)(21), 7 and 12)				
6100	Selling expenses	137,226	8	134,322	6
6200	Administrative expenses	123,076	7	135,324	6
6300	Research and development expenses	153,664	9	129,963	6
6450	Expected credit impairment loss (reversal gain)	(10,927)	(1)	914	-
	<b>Total operating expenses</b>	<u>403,039</u>	<u>23</u>	<u>400,523</u>	<u>18</u>
	<b>Net operating income</b>	<u>229,678</u>	<u>13</u>	<u>315,327</u>	<u>15</u>
	<b>Non-operating income and expenses</b> (note 6(22) and 7)				
7100	Interest income	63,279	4	43,964	2
7010	Other income	14,998	1	29,995	1
7020	Other gains and losses, net	218,210	13	(14,289)	(1)
7050	Financial costs	(4,099)	-	(2,510)	-
7060	Share of profit of associates and joint ventures accounted for using equity method, net	70,281	4	90,851	4
	<b>Total non-operating income and expenses</b>	<u>362,669</u>	<u>22</u>	<u>148,011</u>	<u>6</u>
	<b>Profit (loss) from continuing operations before tax</b>	<u>592,347</u>	<u>35</u>	<u>463,338</u>	<u>21</u>
7950	Less: Income tax expense (note 6(16))	120,429	7	84,661	4
	<b>Profit (loss)</b>	<u>471,918</u>	<u>28</u>	<u>378,677</u>	<u>17</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	(24,096)	(1)	(1,140)	-
8320	Share of other comprehensive gain (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(9,923)	(1)	86,059	4
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(34,019)</u>	<u>(2)</u>	<u>84,919</u>	<u>4</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	93,144	5	(2,919)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss.	14,147	1	549	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>	<u>107,291</u>	<u>6</u>	<u>(2,370)</u>	<u>-</u>
8300	<b>Other comprehensive income, net of income tax</b>	<u>73,272</u>	<u>4</u>	<u>82,549</u>	<u>4</u>
	<b>Total comprehensive income</b>	<u>\$ 545,190</u>	<u>32</u>	<u>461,226</u>	<u>21</u>
	<b>Profit (loss) attributable to:</b>				
8610	Owners of parent	\$ 471,424	28	378,677	17
8620	Non-controlling Interests	494	-	-	-
		<u>\$ 471,918</u>	<u>28</u>	<u>378,677</u>	<u>17</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 544,696	32	461,226	21
8720	Non-controlling Interests	494	-	-	-
		<u>\$ 545,190</u>	<u>32</u>	<u>461,226</u>	<u>21</u>
	<b>Earnings per share (NT\$)</b>				
	<b>Basic earnings per share (NT\$)</b>	<u>\$ 2.67</u>		<u>2.14</u>	
	<b>Diluted earnings per share (NT\$)</b>	<u>\$ 2.65</u>		<u>2.13</u>	

(See accompanying notes to the consolidated financial statements)

Chairman: Ming-Chih Chang

Manager: Jonq-Liang Jiang

Account Officer: Ti-Szu Wei

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Consolidated Statement of Changes in Equity**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollar)**

	Equity attributable to owners of parent											
	Share Capital		Retained earnings				Other equity interest			Total equity attributable to owners of parent	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total other equity interest			
<b>A1 Balance at January 1, 2023</b>	\$ 1,765,978	820,437	1,753,262	687,892	4,658,093	7,099,247	(410,176)	(43,403)	(453,579)	9,232,083	215	9,232,298
D1 Profit (loss)	-	-	-	-	378,677	378,677	-	-	-	378,677	-	378,677
D3 Other comprehensive income (loss)	-	-	-	-	-	-	(2,370)	84,919	82,549	82,549	-	82,549
D5 Total comprehensive income (loss)	-	-	-	-	378,677	378,677	(2,370)	84,919	82,549	461,226	-	461,226
M3 Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(215)	(215)
C7 Changes in equity of associates accounted for using equity method	-	(165)	-	-	-	-	-	-	-	(165)	-	(165)
C17 Other changes in capital surplus	-	320	-	-	-	-	-	-	-	320	-	320
<b>Z1 Balance at March 31, 2023</b>	<b>\$ 1,765,978</b>	<b>820,592</b>	<b>1,753,262</b>	<b>687,892</b>	<b>5,036,770</b>	<b>7,477,924</b>	<b>(412,546)</b>	<b>41,516</b>	<b>(371,030)</b>	<b>9,693,464</b>	<b>-</b>	<b>9,693,464</b>
<b>A1 Balance at January 1, 2024</b>	\$ 1,765,978	845,521	1,902,369	453,579	5,507,775	7,863,723	(435,177)	49,887	(385,290)	10,089,932	8,782	10,098,714
D1 Profit (loss)	-	-	-	-	471,424	471,424	-	-	-	471,424	494	471,918
D3 Other comprehensive income (loss)	-	-	-	-	-	-	107,291	(34,019)	73,272	73,272	-	73,272
D5 Total comprehensive income (loss)	-	-	-	-	471,424	471,424	107,291	(34,019)	73,272	544,696	494	545,190
C7 Changes in equity of associates accounted for using equity method	-	(111)	-	-	-	-	-	-	-	(111)	-	(111)
C17 Other changes in capital surplus	-	62	-	-	-	-	-	-	-	62	-	62
M7 Change in ownership of subsidiaries	-	-	-	-	(48,019)	(48,019)	-	-	-	(48,019)	103,262	55,243
N1 Share-based payment	-	-	-	-	-	-	-	-	-	-	7,208	7,208
<b>Z1 Balance at March 31, 2024</b>	<b>\$ 1,765,978</b>	<b>845,472</b>	<b>1,902,369</b>	<b>453,579</b>	<b>5,931,180</b>	<b>8,287,128</b>	<b>(327,886)</b>	<b>15,868</b>	<b>(312,018)</b>	<b>10,586,560</b>	<b>119,746</b>	<b>10,706,306</b>

(See accompanying notes to the consolidated financial statements)

Chairman: Ming-Chih Chang

Manager: Jonq-Liang Jiang

Account Officer: Ti-Szu Wei

# IEI INTEGRATION CORP. AND SUBSIDIARIES

## Consolidated Statement of Cash Flows

**For the three months ended March 31, 2024 and 2023**

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

		<b>For the three months ended March 31</b>	
		<b>2024</b>	<b>2023</b>
AAAA	Cash flows from (used in) operating activities:		
A10000	Profit (loss) from continuing operations before tax	\$ 592,347	463,338
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	35,987	35,485
A20200	Amortization expense	5,813	5,209
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(10,927)	914
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(3,189)	(1,247)
A20900	Interest expense	4,099	2,510
A21200	Interest income	(63,279)	(43,964)
A21900	Share-based payments	7,208	-
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	(70,281)	(90,851)
A22500	Loss (gain) on disposal of property, plant and equipment	683	86
A23700	Impairment loss (reversal gain) on non-financial assets	(9,760)	34,647
A24000	Realized profit from sales	(1,235)	(35)
A24100	Unrealized foreign exchange loss (gain)	(77,055)	41,400
A20010	Total adjustments to reconcile profit (loss)	(181,936)	(15,846)
A30000	Changes in operating assets and liabilities:		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(64,174)	(179,894)
A31150	Decrease (increase) in notes and accounts receivable	110,312	(366,271)
A31160	Decrease (increase) in accounts receivable due from related parties	(31,833)	2,039
A31190	Decrease (increase) in other receivables due from related parties	39,214	(50,432)
A31200	Decrease (increase) in inventories	75,178	381,566
A31240	Decrease (increase) in other current assets	(43,805)	(1,361)
A31990	Decrease (increase) in other operating assets	(4)	-
A32000	Changes in operating assets and liabilities:		
A32125	Increase (decrease) in contract liabilities	33,842	(100,638)
A32150	Increase (decrease) in accounts payable	10,373	(131,014)
A32160	Increase (decrease) in accounts payable to related parties	(19,484)	(52,884)
A32180	Increase (decrease) in other payable	(12,466)	(64,762)
A32190	Increase (decrease) in other payable to related parties	(206,897)	(32,713)
A32200	Increase (decrease) in provisions	(843)	4,391
A32230	Increase (decrease) in other current liabilities	(27,826)	(4,234)
A30000	Total changes in operating assets and liabilities	(138,413)	(596,207)
A20000	Total adjustments	(320,349)	(612,053)
A33000	Cash inflow (outflow) generated from operations	271,998	(148,715)
A33100	Interest received	63,730	34,042
A33300	Interest paid	(4,099)	(2,510)
A33500	Income taxes refund (paid)	(6,255)	(449)
AAAA	Net cash flows from (used in) operating activities	325,374	(117,632)



**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Consolidated Statement of Cash Flows (continued)**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollar)**

		<b>For the three months ended March 31</b>	
		<b>2024</b>	<b>2023</b>
BBBB	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(14,999)	-
B00100	Acquisition of financial assets at fair value through profit or loss	(31,197)	-
B02700	Acquisition of property, plant and equipment	(18,199)	(16,185)
B02800	Proceeds from disposal of property, plant and equipment	164	-
B04500	Acquisition of intangible assets	(4,517)	(5,261)
B06500	Increase in other financial assets	(3,038,801)	(1,849,786)
B06700	Increase in other non-current assets	4,093	(4,876)
BBBB	Net cash flows from (used in) investing activities	<u>(3,103,456)</u>	<u>(1,876,108)</u>
CCCC	Cash flows from (used in) financing activities		
C00200	Increase in short-term loans	(154,960)	-
C03000	Decrease in guarantee deposits received	(65)	13
C04020	Payments of lease liabilities	(3,110)	(1,643)
C05800	Change in non-controlling interests	55,243	(215)
C09900	Other financing activities	62	320
CCCC	Net cash flows from (used in) financing activities	<u>(102,830)</u>	<u>(1,525)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	47,713	2,440
EEEE	Net increase (decrease) in cash and cash equivalents	(2,833,199)	(1,992,825)
E00100	Cash and cash equivalents at beginning of period	4,757,865	4,137,537
E00200	Cash and cash equivalents at end of period	<u><b>\$ 1,924,666</b></u>	<u><b>2,144,712</b></u>

(See accompanying notes to the consolidated financial statements)

**Chairman: Ming-Chih Chang**

**Manager: Jonq-Liang Jiang**

**Account Officer: Ti-Szu Wei**

# IEI INTEGRATION CORP. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

### 1. Company history

IEI INTEGRATION CORP. (the “Company”) was incorporated with the approval of the Ministry of Economic Affairs on April 17, 1997. The main business activities of the Company and its subsidiaries (the “Group”) are manufacturing and sales of computers, computer peripherals and related import and export trade.

### 2. Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on May 10, 2024.

### 3. New standards, amendments and interpretations adopted

(1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback”

(2) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on the consolidated financial statements

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17, “Insurance Contracts” and amendments to IFRS 17
- Amendments to IFRS 21 “Lack of Exchangeability”
- IFRS 18 “Presentation and Disclosure in Financial Statements”

### 4. Summary of significant accounting policies

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. These consolidated financial statements do not include all disclosures required for annual financial statements under the Regulations and IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as IFRS endorsed by the FSC).

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

Except as described below, the significant accounting policies adopted in the consolidated financial statements are the same as those adopted in the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

Name of investor	Name of subsidiary	Principal activity	Shareholding ratio			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	ICP Electronics Limited	Investing and selling computers	100%	100%	100%	
The Company	Internet Application Technology Ltd.	Investing and selling computers	100%	100%	100%	Note 1, 3
The Company	Britemed Technology Inc.	Manufacturing and selling electronic components	100%	100%	100%	Note 1
ICP Electronics Limited	Fortunetec International Corp.	Investing and selling computers	100%	100%	100%	
Fortunetec International Corp.	Armorlink SH Corp.	Manufacturing and selling computers	90.70%	100%	100%	Note 2
Internet Application Technology Ltd.	Rich Excel Corporation Holdings Limited	Investing and selling computers	100%	100%	100%	Note 1, 3
Rich Excel Corporation Holdings Limited	Equilico Inc.	Leasing property	100%	100%	100%	Note 1
Rich Excel Corporation Holdings Limited	Potency Inc.	Investing and selling computers	100%	100%	100%	Note 1, 3
Equilico Inc.	Suntend LLC	Leasing property	100%	100%	100%	Note 1
Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd	Logistics center, selling computers	100%	100%	100%	
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Logistics center, selling computers	100%	100%	100%	Note 1
Armorlink SH Corp.	Ailean Technologies Corp.	Manufacturing and selling computers	100%	100%	100%	Note 1
Armorlink SH Corp.	SYNCDA International Limited.	Logistics center, selling computers	100%	100%	- %	Note 1
Ailean Technologies Corp.	Ash Energy Group Limited	Managing supply chain	100%	100%	100%	Note 1
Potency Inc.	IEI Technology USA Corporation	Selling computers	100%	100%	100%	Note 1, 3

Note 1: These are non-significant subsidiaries whose financial statements for the three months ended March 31, 2024 and 2023 were not reviewed.

Note 2: The Group's shareholding ratio of Armorlink SH Corp. dropped from 100% to 90.70% due to its issuance of restricted new stock to employees.

Note 3: Internet Application Technology Ltd., Rich Excel Corporation Holdings Limited, Potency Inc. and IEI Technology USA Corporation meet the conditions and are listed as significant subsidiaries starting from 2023.

(ii) The subsidiaries are not included in the consolidated financial statements: None.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(3) Employee benefits

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

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(5) Income taxes

The Group evaluates and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for an interim period are best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

When income tax expenses are recognized directly in equity or other comprehensive income in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, the related amounts shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled.

**5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates..

The preparation of the consolidated interim financial statements, critical judgments and estimation uncertainties made by management are in conformity with note 5 of the consolidated financial statements for the year ended December 31, 2023.

Information about judgments made in applying accounting policies that have significant effects on the

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

amount recognized in the consolidated financial statements is as follows:

(1) Judgment of whether the Group have substantive control over its investees

The Group held 24.49% of shares with voting rights of QNAP Systems, Inc. and was the single largest shareholder of the company. Although the remaining 75.51% of the shares held by other shareholders were not concentrated in specific shareholders, the Group still could not acquire more than half of the director seats and voting rights present at the shareholders' meeting. Therefore, it is determined that the Group only had significant influence on QNAP Systems, Inc.

**6. Explanation of significant accounts**

Except as described below, the explanation of significant accounts in the accompanying consolidated financial statements is not materially different from those in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023, for more details.

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand	\$ 4,814	5,221	7,600
Bank deposits	1,211,052	1,279,519	1,296,692
Cash equivalents	708,800	3,473,125	840,420
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,924,666</u>	<u>4,757,865</u>	<u>2,144,712</u>

(i) There is no pledge guarantee for cash and cash equivalents.

(ii) Cash equivalents that do not meet the definition of cash have been transferred to other financial assets, please refer to note 6(6).

(iii) Please refer to note 6(23) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Current:			
Fund beneficiary certificate	\$ 725,281	722,917	562,141
Open-end Financial Products	65,847	-	-
	<u>\$ 791,128</u>	<u>722,917</u>	<u>562,141</u>
Non-current:			
Secondary Markets Foreign Bond	<u>\$ 31,197</u>	-	-

(i) As of March 31, 2024 and 2013, the financial assets at fair value through profit or loss of the Group, please refer to note 6(22).

(ii) The above financial assets were not pledged as collateral.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Equity investments at fair value through other comprehensive income:			
Domestic unlisted stocks	<b>\$ 50,632</b>	<b>59,729</b>	<b>30,885</b>

(i) The Group designated the investments shown above as at fair value through other comprehensive income because these equity investments represent those investments that the Group intends to hold for long-term strategic purposes.

(ii) Please refer to note 6(23) for credit risk and market risk information.

(iii) The above financial assets were not pledged as collateral.

(4) Notes and accounts receivable

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes receivable	\$ 133,889	170,959	168,906
Accounts receivable	800,916	815,740	1,188,005
Less: Loss allowance	(13,288)	(24,168)	(16,790)
	<b>\$ 921,517</b>	<b>962,531</b>	<b>1,340,121</b>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The aging analysis of notes and accounts receivable of the Group was as follows:

Group 1:

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 781,189	0%	-
1 to 90 days past due	135,884	0%~0.01%	750
91 to 180 days past due	3,012	0%	-
More than 181 days past due	667	8.33%~100%	467
	<b>\$ 920,752</b>		<b>1,217</b>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 701,376	0%	-
1 to 90 days past due	261,660	0%~0.01%	723
91 to 180 days past due	218	0%	-
More than 181 days past due	<u>516</u>	100%	<u>516</u>
	<b><u>\$ 963,770</u></b>		<b><u>1,239</u></b>

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,167,436	0%	-
1 to 90 days past due	173,111	0%~0.77%	670
91 to 180 days past due	211	13.19%	28
More than 181 days past due	<u>529</u>	0%~100%	<u>468</u>
	<b><u>\$ 1,341,287</u></b>		<b><u>1,166</u></b>

Group 2:

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,982	0%	-
1 to 90 days past due	-	100%	-
91 to 180 days past due	7,589	100%	7,589
More than 181 days past due	<u>4,482</u>	100%	<u>4,482</u>
	<b><u>\$ 14,053</u></b>		<b><u>12,071</u></b>

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ -	0%	-
1 to 90 days past due	7,589	100%	7,589
91 to 180 days past due	15,340	100%	15,340
More than 181 days past due	<u>-</u>	100%	<u>-</u>
	<b><u>\$ 22,929</u></b>		<b><u>22,929</u></b>

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 6,851	0%	6,851
1 to 90 days past due	8,773	100%	8,773
91 to 180 days past due	-	100%	-
More than 181 days past due	<u>-</u>	100%	<u>-</u>
	<b><u>\$ 15,624</u></b>		<b><u>15,624</u></b>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

The movements of the allowance for notes and accounts receivable of the Group were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 24,168	15,876
Impairment losses recognized (reversed)	(10,927)	914
Foreign exchange gains/(losses)	47	-
Ending balance	<b>\$ 13,288</b>	<b>16,790</b>

None of notes and accounts receivable held by the Group were pledged as collateral as of March 31, 2024, and December 31, and March 31, 2023.

(5) Inventories

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Finished goods	\$ 555,573	704,000	541,843
Work in progress	216,575	97,888	276,314
Raw materials	494,518	503,197	567,546
	<b>\$ 1,266,666</b>	<b>1,305,085</b>	<b>1,385,703</b>

- (i) The cost of inventories recognized as costs and expenses of sales amounted to \$1,072,804 thousand and \$1,437,859 thousand for the three months ended March 31, 2024 and 2023, respectively. From January 1 to March 31, 2024, due to the sale of long-age inventories, the net realizable value increased and the cost of goods sold decreased by \$9,760 thousand. For the three months ended March 31, 2023, the inventory impairment losses due to a reduction from costs to net realizable value were \$34,647 thousand.
- (ii) As of March 31, 2024 and December 31, and March 31, 2023, the aforesaid inventories were not pledged as collateral.

(6) Other Financial Assets

Details of other financial assets of the Group were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current:			
Time Deposits and restricted assets	\$ 4,746,626	1,745,373	3,322,963
National debt reverse repurchase	135,307	-	-
	<b>\$ 4,881,933</b>	<b>1,745,373</b>	<b>3,322,963</b>

The information of other financial assets pledge guarantees of the Group, please refer to note 8.



**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(7) Investments accounted for using equity method

The details of the Group's investments accounted for using equity method at the reporting date were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates	<u>\$ 2,599,463</u>	<u>2,525,069</u>	<u>2,580,474</u>

(i) Significant associates of the Group:

Name of Associate	Nature of relationship with the Group	Main operating location/Registered Country of the Company	Proportion of shareholding and voting rights		
			<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
QNAP Systems, Inc.	Selling network security monitoring and network storage communication related products	Taiwan	24.49%	24.45%	24.44%

The following was the summary of financial information about the Group's significant associates. In order to reflect the adjustments for fair value in acquisition of shares and differences in accounting policies, adjustment for the amounts presented on the financial statements of associates in accordance with IFRS has been made to such financial information:

The summarized financial information of QNAP Systems, Inc.:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current assets	\$ 3,112,894	2,615,002	2,675,949
Noncurrent assets	8,062,297	8,179,667	8,051,675
Current liabilities	(1,760,412)	(1,680,874)	(1,411,548)
Noncurrent liabilities	<u>(194,665)</u>	<u>(155,685)</u>	<u>(95,991)</u>
Net assets	<u>\$ 9,220,114</u>	<u>8,958,110</u>	<u>9,220,085</u>

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Operating revenue	<u>\$ 1,237,950</u>	<u>1,224,426</u>
Profit from continuing operations	\$ 342,526	363,295
Other comprehensive income	<u>(12,154)</u>	<u>350,490</u>
Total comprehensive income	<u>\$ 330,372</u>	<u>713,785</u>
Comprehensive income attributable to the Group	<u>\$ 74,932</u>	<u>181,422</u>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Net assets attributable to the Group, January 1	\$ 2,183,261	2,072,316
Comprehensive income attributable to the Group	74,932	181,422
Changes in equity of investment in associates	(111)	(165)
Net assets attributable to the Group, March 31	2,258,082	2,253,573
Less: Unrealized gain from side-stream sales transactions offset	6,431	4,821
Unrealized gain from upstream sales transactions offset	436	814
Carrying amount of interests in associates, March 31	<b>\$ 2,251,215</b>	<b>2,247,938</b>

QNAP Systems Inc. held a total of 23,963 thousand shares of the Company as of March 31, 2024.

- (ii) The Group's financial information for investments accounted for using equity method that are individually insignificant was as follows: (The financial information is the amount included in the consolidated financial statements of the Group.)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Carrying amount of individually insignificant associates	<b>\$ 348,248</b>	<b>341,808</b>	<b>332,536</b>

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Attributable to the Group:		
Profit (loss) from continuing operations	\$ (710)	714
Other comprehensive income	7,150	958
Total comprehensive income	<b>\$ 6,440</b>	<b>1,672</b>

- (iii) Collateral

As of March 31, 2024 and December 31, and March 31, 2023, the investments accounted for using equity method of the Group were not pledged as collateral.

- (8) Material non-controlling interests of subsidiaries

Subsidiary that has material non-controlling interests was as follows:

Subsidiary	Main operating location/Registered Country of the Company	Proportion of shareholding and voting rights held by non-controlling interests		
		March 31, 2024	December 31, 2023	March 31, 2023
Armorlink SH Corp.	China	90.70%	100%	100%

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

The Group's shareholding ratio of Armorlink SH Corp. dropped from 100% to 90.70% due to its issuance of restricted new stock to employees. For details for share-based payment please refer to note 6(18). The following information of the aforementioned subsidiary was prepared in accordance with the IFRS endorsed by the FSC, which was included in the fair value adjustments and the adjustments of differences in accounting principles at the acquisition date. Intra-group transactions were not eliminated in this information.

The summarized financial information of Armorlink SH Corp.:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current assets	\$ 2,787,493	2,762,220	3,387,808
Noncurrent assets	968,183	947,260	955,478
Current liabilities	<u>(2,624,018)</u>	<u>(2,384,313)</u>	<u>(3,286,312)</u>
Net assets	<u>\$ 1,131,658</u>	<u>1,325,167</u>	<u>1,056,974</u>
The carrying amount of non-controlling interests	<u>\$ 119,746</u>	<u>8,782</u>	<u>-</u>

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Operating revenue	<u>\$ 605,415</u>	<u>917,960</u>
Net income	\$ 21,256	21,328
Other comprehensive income	16	-
Total comprehensive income	<u>\$ 21,272</u>	<u>21,328</u>
Net income attributable to non-controlling interests	<u>\$ 494</u>	<u>-</u>
Cash flow from operating activities	\$ 124,796	214,891
Cash flow from investing activities	272	(23,027)
Cash flow from financing activities	<u>(105,179)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 19,889</u>	<u>191,864</u>

(9) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance at January 1, 2024	\$ 427,463	1,027,097	316,734	422,200	2,193,494
Additions	-	-	9,794	7,279	17,073
Disposals	-	-	(2,277)	-	(2,277)
Effect of exchange rate changes	3,303	26,749	13,025	5,927	49,004
Balance at March 31, 2024	<u>\$ 430,766</u>	<u>1,053,846</u>	<u>337,276</u>	<u>435,406</u>	<u>2,257,294</u>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2023	\$ 427,476	1,036,619	289,824	391,591	2,145,510
Additions	-	-	212	5,166	5,378
Disposals	-	-	(1,794)	(1,706)	(3,500)
Effect of exchange rate changes	(663)	2,555	1,330	(349)	2,873
Balance at March 31, 2023	<u>\$ 426,813</u>	<u>1,039,174</u>	<u>289,572</u>	<u>394,702</u>	<u>2,150,261</u>
Depreciation and impairments loss:					
Balance at January 1, 2024	\$ -	504,282	114,882	313,348	932,512
Depreciation	-	9,860	12,102	9,799	31,761
Disposals	-	-	(1,303)	(33)	(1,336)
Effect of exchange rate changes	-	15,328	4,104	2,724	22,156
Balance at March 31, 2024	<u>\$ -</u>	<u>529,470</u>	<u>129,785</u>	<u>325,838</u>	<u>985,093</u>
Balance on January 1, 2023	\$ -	469,429	86,412	277,010	832,851
Depreciation	-	10,688	10,136	10,500	31,324
Disposals	-	-	(1,614)	(1,706)	(3,320)
Effect of exchange rate changes	-	1,480	331	(173)	1,638
Balance at March 31, 2023	<u>\$ -</u>	<u>481,597</u>	<u>95,265</u>	<u>285,631</u>	<u>862,493</u>
Carrying amounts:					
Balance at January 1, 2024	<u>\$ 427,463</u>	<u>522,815</u>	<u>201,852</u>	<u>108,852</u>	<u>1,260,982</u>
Balance at March 31, 2024	<u>\$ 430,766</u>	<u>524,376</u>	<u>207,491</u>	<u>109,568</u>	<u>1,272,201</u>
Balance at January 1, 2023	<u>\$ 427,476</u>	<u>567,190</u>	<u>203,412</u>	<u>114,581</u>	<u>1,312,659</u>
Balance at March 31, 2023	<u>\$ 426,813</u>	<u>557,577</u>	<u>194,307</u>	<u>109,071</u>	<u>1,287,768</u>

(i) Net gain or loss on disposals of property, plant and equipment of the Group, please refer to note 6(22).

(ii) As of March 31, 2024 and December 31 and March 31, 2023, the Group's property, plant and equipment were not pledged as collateral.

(10) Right-of-use assets

	<u>Buildings</u>
Carrying amounts:	
Balance at January 1, 2024	<u>\$ 13,870</u>
Balance at March 31, 2024	<u>\$ 11,268</u>
Balance at January 1, 2023	<u>\$ 20,534</u>
Balance at March 31, 2023	<u>\$ 17,808</u>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(11) Investment Property

	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2024	\$ 124,376	147,161	271,537
Balance at March 31, 2024	\$ 124,376	145,801	270,177
Balance at January 1, 2023	\$ 124,376	153,077	277,453
Balance at March 31, 2023	\$ 124,376	151,627	276,003

- (i) There were no significant additions, disposals, impairments, or reversals of investment properties of the Group for the three months ended March 31, 2024 and 2023. Please refer to note 12 for depreciation information. For other relevant information, please refer to Note 6 (10) of the consolidated financial statements for the year ended December 31, 2023.
- (ii) There was no significant difference between the fair value of investment property of the Group and the information disclosed in note 6(10) of the consolidated financial report for the year ended December 31, 2023.

(12) Current borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured bank loans	\$ 22,551	173,408	-
Unused limits	\$ 928,471	760,113	500,000
Range of interest rates	2.9%	2.8%~2.9%	-

(13) Lease liabilities

The lease liabilities of the Group were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current	\$ 10,179	11,419	11,063
Noncurrent	\$ 1,246	2,951	8,627

For the maturity analysis, please refer to note 6(23).

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	\$ 72	105
Expenses relating to short-term leases	\$ 2,817	1,414

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

The amounts recognized in the statements of cash flows were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflows for leases	<b>\$ 5,999</b>	<b>3,162</b>

Real estate leases

The Group leased buildings as factories in April and September 2022. The lease period is usually one year. When the lease period expired, the Group has an option to extend the lease for the same period as the original contract.

(14) Operating lease

The Group had no significant new operating lease contracts for the three months ended March 31, 2024 and 2023. Please refer to note 6(13) of the consolidated financial statements for the year ended December 31, 2023, for more details.

(15) Employee benefits

(i) Defined benefit plans

Subsequent to December 31, 2023 and 2022 there were no apparent evidence of any material market volatility, material curtailment, reimbursement and settlement, or other material onetime events. Therefore, pension costs in the interim consolidated financial statements is measured and disclosed according to the respective actuarial report for the years ended December 31, 2023 and 2022.

The expenses recognized for the Group were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Selling expenses	\$ 7	10
Research and development expenses	10	12
Total	<b>\$ 17</b>	<b>22</b>

(ii) Defined contribution plans

The pension costs that were contributed to Bureau of Labor Insurance were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 441	441
Selling expenses	1,592	1,456
Administrative expense	618	686
Research and development expenses	2,668	2,419
STotal	<b>\$ 5,319</b>	<b>5,002</b>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(16) Income taxes

(i) The details of the Group's income tax expense were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax expense		
Current period	\$ 78,888	66,290
Adjustment for prior periods	-	(453)
	78,888	65,837
Deferred tax expense		
Origination and reversal of temporary differences	41,541	18,824
Income tax expense	<b>\$ 120,429</b>	<b>84,661</b>

(ii) The year of income tax returns were assessed by the Taipei National Tax Administration:

<b>Name of company</b>	<b>The year</b>
The Company	2021
Britemed Technology Inc.	2022

(17) Capital and other equity

Except for the following disclosure, there were no significant change for capital and other equity for the three months ended March 31, 2024 and 2023. For the related information, please refer to note 6 (16) of the consolidated financial statements for the year ended December 31, 2023.

(i) Capital surplus

The balances of capital surplus of the Company were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Share capital	\$ 46,223	46,223	46,223
Corporate bond conversion premium	730,821	730,821	730,821
Treasury stock transactions	13,187	13,187	13,187
Changes in equity of associates			
accounted for using equity method	36,917	37,028	12,099
Other	18,324	18,262	18,262
	<b>\$ 845,472</b>	<b>845,521</b>	<b>820,592</b>

(ii) Retained earnings

The Company's Article of Incorporation stipulate that company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings, shall be distributed according to

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

the distribution plan proposed by the Board of Directors, and submitted to the stockholders' meeting for approval.

The Company is in the business growth period. In response to the needs of the overall industrial environment and business scale expansion, the future dividend distribution is to consider the medium and long-term financial capital budget planning, to balance the dividend policy and pursue the development of stable and sustainable operation. The shareholder bonus is determined by the Board of Directors to measure factors such as past issuance, peers and future operational capabilities. The total dividends paid by shareholders each year shall not exceed 90% of the accumulated distributable surplus, and the proportion of cash dividends shall not be less than 5% of the total dividends of shareholders.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

According to the regulations of the FSC, when the Company distributes the distributable surplus, the net amount of other shareholders' equity incurred in the current year is deducted from the current profit and loss and the previous period. The surplus supplement includes the special surplus reserve; the amount of other shareholders' equity deducted from the previous period is not included in the special surplus reserve from the previous undistributed surplus. When the amount of other shareholders' equity reductions is reversed, the surplus may be distributed in the revolving part.

(c) Earnings distribution

Earnings distributions for 2023 was proposed by the Board of Directors held on March 8, 2024 and earnings distributions for 2022 was approved by the annual general meeting of the shareholders held on June 16, 2023. The relevant dividend distributions to shareholders were as follows:

	<b>For the year ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>per share (in dollars)</b>	<b>Amount</b>	<b>per share (in dollars)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 3.50	<b>618,092</b>	3.50	<b>618,092</b>



**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(iii) Other equity (net of income tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (435,177)	49,887	(385,290)
Exchange differences on foreign operations	93,144	-	93,144
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	-	(24,096)	(24,096)
Share of unrealized gain (loss) on financial assets at fair value through other comprehensive income attributed to associates accounted for using equity method	-	(9,923)	(9,923)
Share of exchange differences on translation attributed to associates accounted for using equity method	14,147	-	14,147
Balance at March 31, 2024	<u>\$ (327,886)</u>	<u>15,868</u>	<u>(312,018)</u>

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (410,176)	(43,403)	(453,579)
Exchange differences on foreign operations	(2,919)	-	(2,919)
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	-	(1,140)	(1,140)
Share of unrealized gain (loss) on financial assets at fair value through other comprehensive income attributed to associates accounted for using equity method	-	86,059	86,059
Share of exchange differences on translation attributed to associates accounted for using equity method	549	-	549
Balance at March 31, 2023	<u>\$ (412,546)</u>	<u>41,516</u>	<u>(371,030)</u>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(18) Share-based Payment

Except as described below, there were no significant change for share-based payment for the three months ended March 31, 2024 and 2023. For the related information, please refer to note 6 (17) of the consolidated financial statements for the year ended December 31, 2023.

(i) Employee expenses

Employee expenses of the subsidiary incurred due to share-based payments for the period from January 1, 2023, to March 31, 2024 were as follows:

	<b>For the three months ended March 31, 2024</b>
Expenses incurred due to restricted new stock to employees	<b>\$ 7,208</b>

(ii) As of March 31, 2024, the unearned employee benefits compensation was \$121,070 thousand. (CNY\$ 26,843 thousand).

(19) Earnings per share

The basic earnings per share and diluted earnings per share were calculated as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	<b>\$ 471,424</b>	<b>378,677</b>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	176,598	176,598
Basic earnings per share (in dollars)	<b>\$ 2.67</b>	<b>2.14</b>
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the Company (diluted)	<b>\$ 471,424</b>	<b>378,677</b>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	176,598	176,598
Effect of dilutive potential ordinary shares		
Effect on employee's stock bonus (in thousands)	1,120	1,102
Weighted-average number of ordinary shares (diluted) (in thousands of shares)	177,718	177,700
Diluted earnings per share (in dollars)	<b>\$ 2.65</b>	<b>2.13</b>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(20) Revenue from contracts with customers

(i) Details of revenue

		For the three months ended March 31, 2024				
		Orders, Design and Brand sales	Product manufacturing	China brand sales	Other operating departments	Total
Main markets						
Domestic sales	\$	47,435	-	-	-	47,435
Asia		441,710	77,344	277,026	4,670	800,750
America		280,342	148	-	421,171	701,661
Europe		148,703	-	-	-	148,703
Others		5,737	-	-	-	5,737
		<b>\$ 923,927</b>	<b>77,492</b>	<b>277,026</b>	<b>425,841</b>	<b>1,704,286</b>

		For the three months ended March 31, 2023				
		Orders, Design and Brand sales	Product manufacturing	China brand sales	Other operating departments	Total
Main markets						
Domestic sales	\$	108,742	-	-	-	108,742
Asia		511,804	13,764	446,031	5,808	977,407
America		348,752	258	-	443,970	792,980
Europe		265,676	-	-	-	265,676
Others		8,869	-	-	-	8,869
		<b>\$ 1,243,843</b>	<b>14,022</b>	<b>446,031</b>	<b>449,778</b>	<b>2,153,674</b>

(ii) Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Notes and accounts receivable	\$ 934,805	986,699	1,356,911
Less: Loss allowance	(13,288)	(24,168)	(16,790)
Total	<b>\$ 921,517</b>	<b>962,531</b>	<b>1,340,121</b>
Contract liabilities -Advance Sales Receipts	<b>\$ 555,695</b>	<b>521,853</b>	<b>430,227</b>

For details on accounts receivable and allowance for impairment, please refer to note 6(4). The amounts of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the contract liability balances at January 1, 2024 and 2023 were \$405,612 thousand and \$530,865 thousand, respectively.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(21) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company, 5%~20% of the profit should contribute as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. For the three months ended March 31, 2024 and 2023, the Company estimated its employee remuneration at \$29,551 thousand and \$22,951 thousand, respectively, and directors' remuneration both at \$825 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles. These remunerations were recognized under operating costs or operating expenses in the financial statements. If there would be any difference between accrued amount and the actual distributed amount in the following year, the difference shall be accounted for as changes in accounting estimates and recognizes as profit or loss in the following year.

For the years ended December 31, 2023 and 2022, the Company listed \$86,381 thousand and \$91,976 thousand, respectively, to its employee remuneration, and listed \$3,300 thousand for both year, to its directors' and supervisors' remuneration. There was no differences between the listed amount and the amount that was distributed. Related information would be available at the Market Observation Post System website.

(22) Non-operating income and expenses

(i) Interest income

The details of interest income of the Group were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest income from bank deposits	<b>\$ 63,279</b>	<b>43,964</b>

(ii) Other income

The details of other income of the Group were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Rental income	\$ 3,008	3,027
Other income	11,990	26,968
Total	<b>\$ 14,998</b>	<b>29,995</b>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(iii) Other gains and losses

The details of other gains and losses of the Group were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains (losses)	\$ 217,396	(13,890)
Gain on financial assets at fair value through profit or loss	3,189	1,247
Gains (Losses) on disposals of property, plant and equipment	(683)	(86)
Other	(1,692)	(1,560)
<b>Total</b>	<b>\$ 218,210</b>	<b>(14,289)</b>

(iv) Finance costs

The details of finance costs of the Group were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expense		
Interest expense from bank loans	\$ 898	-
Other finance expenses	3,201	2,510
<b>Total</b>	<b>\$ 4,099</b>	<b>2,510</b>

(23) Financial instruments

Except for the content mentioned below, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(22) of the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

As the Group sells globally, there is no significant concentration of transactions with a single customer and the sales area is fragmented, so the credit risk of accounts receivable is not significantly concentrated. The policy adopted by the Group is to transact with reputable entities and also continuously monitor credit risk exposure and the credit ratings of customers.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(c) Credit risk of receivables

Please refer to note 6(4) for credit risk exposure of notes and accounts receivable.

Other financial assets measured at amortized cost include other receivables, and other financial assets, please refer to note 6(6) for the details. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. The time deposits and national debt reverse repurchase products, transaction partners and performance parties held by the Group were financial institutions with investment grade or above, so the credit risk was considered to be low.

The related information on loss allowance for the three months ended March 31, 2024 and 2023, please refer to note 6(4).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>
<b>March 31, 2024</b>						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 22,551	22,824	22,824	-	-	-
Non-interest-bearing liabilities (including related parties)	1,967,833	1,967,833	1,826,973	110,484	30,376	-
Lease liabilities	11,425	11,553	5,686	4,592	1,275	-
	<u>\$ 2,001,809</u>	<u>2,002,210</u>	<u>1,855,483</u>	<u>115,076</u>	<u>31,651</u>	<u>-</u>
<b>December 31, 2023</b>						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 173,408	176,703	-	176,703	-	-
Non-interest-bearing liabilities (including related parties)	2,061,271	2,061,271	1,974,890	86,381	-	-
Lease liabilities	14,370	14,568	5,947	5,597	3,024	-
	<u>\$ 2,249,049</u>	<u>2,252,542</u>	<u>1,980,837</u>	<u>268,681</u>	<u>3,024</u>	<u>-</u>
<b>March 31, 2023</b>						
Non-derivative financial liabilities						
Unsecured bank loans	\$ -	-	-	-	-	-
Non-interest-bearing liabilities (including related parties)	1,881,836	1,881,836	1,766,084	91,976	23,776	-
Lease liabilities	19,690	20,012	7,204	4,539	6,994	1,275
	<u>\$ 1,901,526</u>	<u>1,901,848</u>	<u>1,773,288</u>	<u>96,515</u>	<u>30,770</u>	<u>1,275</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(iii) Exchange rate risk

(a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD:NTD	\$ 121,820	32.000	3,898,233	115,520	30.705	3,547,032	108,177	30.450	3,293,990
CNY:NTD	514,408	4.5102	2,320,084	454,975	4.3352	1,972,407	512,471	4.4310	2,270,861
USD:CNY(note)	56,966	7.10	1,822,907	55,684	7.08	1,709,762	46,950	6.87	1,429,642
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:NTD	21,146	32.000	676,680	23,446	30.705	719,924	24,920	30.450	758,814
USD:CNY(note)	8,654	7.10	276,935	9,549	7.08	293,213	13,700	6.87	417,159

Note: Since the functional currency of some entities in the Group is not NTD, it must be considered when disclosing. For example, when the functional currency of a certain subsidiary is CNY, the foreign currency position of the US dollar must also be taken into consideration.

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, accounts payable and other payables that are denominated in foreign currency.

A strengthening (weakening) of 5% of the NTD against the USD as of March 31, 2024 and 2023, would have increased (decreased) the net profit after tax by \$283,504 and \$141,906 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis was based on the same basis.

(c) Foreign exchange gain (loss) on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$217,396 and \$(13,890) thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The rate of change is expressed as the interest rate increases or decreases by 5 basis points when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 5 basis points, the Group's net income would have increased / decreased by \$121 and \$130 thousand for the three months ended March 31, 2024 and 2023, respectively, with all other variable factors remaining constant.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(v) Other market price risk

For the three months ended March 31, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Prices of securities at reporting date</u>	<u>For the three months ended March 31, 2024</u>		<u>For the three months ended March 31, 2023</u>	
	<u>Other comprehensive income, after tax</u>	<u>Net income</u>	<u>Other comprehensive income, after tax</u>	<u>Net income</u>
Increasing 5%	<u>\$ 2,532</u>	<u>41,116</u>	<u>1,544</u>	<u>28,107</u>
Decreasing 5%	<u>\$ (2,532)</u>	<u>(41,116)</u>	<u>(1,544)</u>	<u>(28,107)</u>

(vi) Fair value of financial instruments

(a) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required:

	<u>Carrying amount</u>	<u>March 31, 2024</u>			<u>Total</u>
		<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit and loss					
Non-derivative mandatorily measured at fair value through profit or loss	\$ 822,325	822,325	-	-	822,325
Financial assets at fair value through other comprehensive income					
Domestic unlisted stocks	\$ 50,632	-	-	50,632	50,632
Subtotal	50,632	-	-	50,632	50,632
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,924,666	-	-	-	-
Notes and accounts receivable (including related parties)	1,019,994	-	-	-	-
Other receivables - related parties	191,380	-	-	-	-
Other financial assets (current and noncurrent)	4,881,933	-	-	-	-
Subtotal	8,017,973	-	-	-	-
Financial liabilities measured at amortized cost					
Current borrowings	\$ 22,551	-	-	-	-
Notes and accounts-payable (including related parties)	1,239,383	-	-	-	-
Other payables (including related parties)	728,450	-	-	-	-
Lease liabilities	11,425	-	-	-	-
Total	<u>\$ 2,001,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

	<b>December 31, 2023</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit and loss					
Non-derivative mandatorily measured at fair value through profit or loss	\$ 722,917	722,917	-	-	722,917
Financial assets at fair value through other comprehensive income					
Domestic unlisted stocks	59,729	-	-	59,729	59,729
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,757,865	-	-	-	-
Notes and accounts receivable (including related parties)	998,044	-	-	-	-
Other receivables - related parties	184,645	-	-	-	-
Other financial assets (current and noncurrent)	1,745,373	-	-	-	-
Subtotal	7,685,927	-	-	-	-
Financial liabilities measured at amortized cost					
Current borrowings	\$ 173,408	-	-	-	-
Notes and accounts payable (including related parties)	1,186,304	-	-	-	-
Other payables (including related parties)	874,967	-	-	-	-
Lease liabilities	14,370	-	-	-	-
Total	<b>\$ 2,249,049</b>	-	-	-	-
	<b>March 31, 2023</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit and loss					
Non-derivative mandatorily measured at fair value through profit or loss	\$ 562,141	562,141	-	-	562,141
Financial assets at fair value through other comprehensive income					
Domestic unlisted stocks	30,885	-	-	30,885	30,885
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,144,712	-	-	-	-
Notes and accounts receivable (including related parties)	1,364,258	-	-	-	-
Other receivables - related parties	191,545	-	-	-	-
Other financial assets (current and noncurrent)	3,322,963	-	-	-	-
Subtotal	7,023,478	-	-	-	-
Financial liabilities measured at amortized cost					
Current borrowings	\$ 1,211,464	-	-	-	-
Other payables (including related parties)	670,372	-	-	-	-
Lease liabilities	19,690	-	-	-	-
Total	1,901,526	-	-	-	-

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(b) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(c) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments traded in an active market is based on the quoted market prices. The quotations, which are published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, are included in the fair value of the listed securities instruments and the debt instruments in active market with open bid.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(d) Transfers between Level 1 and Level 2: None.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(e) Reconciliation of Level 3 fair values

	At fair value through profit or loss	At fair value through other comprehensive income	Total
	Non-derivative mandatorily measured at fair value through profit or loss	Unquoted equity instruments	
Balance as of January 1, 2024	\$ -	59,729	59,729
Total gains and losses recognized:			
In other comprehensive income	-	(24,096)	(24,096)
Acquisition	-	14,999	14,999
Effect of movements in exchange rates	-	-	-
Balance as of March 31, 2024	<u>\$ -</u>	<u>50,632</u>	<u>50,632</u>
Balance as of January 1, 2023	\$ -	32,025	32,025
Total gains and losses recognized:			
In other comprehensive income	-	(1,140)	(1,140)
Effect of movements in exchange rates	-	-	-
Balance as of March 31, 2023	<u>\$ -</u>	<u>30,885</u>	<u>30,885</u>

For the three months ended March 31, 2024 and 2023, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income”. were as follows:

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Total gains and losses recognized	-	-
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ (24,096)	(1,140)

(f) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “fair value through other comprehensive income– equity investments”

The majority of the Group’s fair value is classified as a third level with only a single significant unobservable input value, and only an equity instrument investment without an active market has multiple significant unobservable inputs. The significant unobservable inputs of equity instrument investments in an inactive market are independent of each other and therefore are not interrelated.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income -equity investments without an active market	Discounted cash flow method Comparable listed companies method	<ul style="list-style-type: none"> <li>• Weighted average cost of capital (On March 31, 2024, December 31, 2023 and March 31, 2023 were 13.13%, 12.13% and 15.91%, respectively.)</li> <li>• Lack of market liquidity discount (On March 31, 2024, December 31, 2023 and March 31, 2023 all were 20%.)</li> <li>• Minority share discount (On March 31, 2024, December 31, 2023 and March 31, 2023 all of 18.57%~21.30%.)</li> <li>• Price-Book Ratio (On March 31, 2024, December 31, 2023 and March 31, 2023 were 1.40, 1.38 and 1.44, respectively.)</li> <li>• Price-to-Sales Ratio (On March 31, 2024, December 31, 2023 and March 31, 2023 were 3.77, 2.60 and 1.89, respectively.)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the weighted average cost of capital, the minority share discount and the lack of liquidity discount, the lower the fair value</li> <li>• The lower the multiplier, the lower the fair value.</li> </ul>

(g) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The use of different evaluation models or evaluation parameters by the Group for the fair value measurement of financial instruments may result in different evaluation results.

(24) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(23) of the consolidated financial statements for the year ended December 31, 2023.

(25) Capital management

Management believe that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, there were no significant changes in the Grop's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(24) of the consolidated financial statements for the year ended December 31, 2023 for further details.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

**7. Related-party transactions**

(1) Names and relationship with related parties

The entities that had transactions with the Group during the periods covered in the consolidated financial statements were as follows:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
QNAP Systems, Inc.	An associate
QNAP Inc.(USA)	An associate
QNAP Inc.(CANADA)	An associate
QNAP UK Limited	An associate
QNAP Inc. (JAPAN)	An associate
QNAP Gmbh	An associate
Oring Industrial Networking Corp.	An associate
Oring Industrial Networking Americas Inc.	An associate
Acquire System Inc.	An associate
Xingwei Computer (Kunshan) Co., Ltd.	An associate
Xuanwei Electronics (Beijing) Co., Ltd.	An associate
Anewtech Systems Pte Ltd.	An associate
Oring Industrial Networking Corp. (Shanghai)	An associate
BEYONDZB Inc.	An associate
Genevisio Co., Ltd. (Note)	An associate
QNAP HK Limited	An associate

Note: An associate disposed the shares of Genevisio Co., Ltd. in June 2023, and then it ceased to be a related party.

(2) Significant transactions with related parties

(i) Sales revenue

The amounts of significant sales by the Group to related parties were as follows:

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Associates	<u>\$ 89,170</u>	<u>31,719</u>

The terms of sales to related parties were not significantly different from those with third-party customers.

The Group involved in related-party transactions which acting as an agent, and these transactions were expressed in net amount of their revenue and costs.

Since the receivables and payables related to these agency transactions did not meet the principle of deducting financial assets and liabilities, they were disclosed in gross amount.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(ii) Purchases

The amounts of purchases by the Group from related parties were as follows:

	For the three months ended March 31	
	2024	2023
Associate- QNAP Systems, Inc.	\$ 42,805	57,633
Associates	32,158	33,631
	<b>\$ 74,963</b>	<b>91,264</b>

The prices of purchase transactions with related parties were not significantly different from those offered by other vendors.

(iii) Receivables (payables) from Related Parties

The Group's receivables (payables) from related parties were as follows:

Account	Relationship	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	Associates	<b>\$ 98,477</b>	<b>35,513</b>	<b>24,137</b>
Other receivables	Associate- QNAP Systems, Inc.	\$ 1,287	1,158	5,354
Other receivables	Associate- QNAP Inc.(USA)	151,046	136,024	127,728
Other receivables	Associate- QNAP Inc.(CANADA)	39,047	47,463	58,463
		<b>\$ 191,380</b>	<b>184,645</b>	<b>191,545</b>
Accounts payable	Associate- QNAP Systems, Inc.	\$ 68,795	71,234	67,402
Accounts payable	Associates	34,583	26,813	29,876
		<b>\$ 103,378</b>	<b>98,047</b>	<b>97,278</b>
Other payables	Associate- QNAP Systems, Inc.	\$ 54,466	195,813	109,319
Other payables	Associates	2,600	3,003	834
		<b>\$ 57,066</b>	<b>198,816</b>	<b>110,153</b>

On March 31, 2024 and December 31 and March 31, 2023, the Group's accounts receivable and other receivables from related parties were not overdue, and there was no expected credit loss.

(iv) Contract liabilities

The Group's contract liabilities from related parties were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	\$ -	-	<b>5,566</b>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(v) Leases

(a) Lessor

<u>Account</u>	<u>Relationship</u>	<u>For the three months ended March 31</u>	
		<u>2024</u>	<u>2023</u>
Rental income	Associate- QNAP Systems, Inc.	\$ 2,006	2,006
Rental income	Associates	212	222
		<u>\$ 2,218</u>	<u>2,228</u>

(b) Lessee

The Group leased factories from an associate, QNAP Systems, Inc., in April and September of 2022. The right-of-use assets and lease liabilities were recognized as \$20,383 thousand when the lease transaction was executed by signing contract, with reference to rent price of neighboring areas. The interest expenses recognized for the three months ended March 31, 2024 and 2023 were respectively \$72 thousand and \$105 thousand. The balance of lease liabilities as of March 31, 2024, December 31, 2023 and March 31, 2023 were \$11,425 thousand, \$14,370 thousand and \$19,690 thousand, respectively.

(vi) Others

<u>Account</u>	<u>Relationship</u>	<u>For the three months ended March 31</u>	
		<u>2024</u>	<u>2023</u>
Non-operating income	Associate- QNAP Systems, Inc.	\$ -	2,621
Non-operating income	Associates	-	1,744
Manufacturing overhead and operating expenses	Associates	(15,456)	(11,663)
		<u>\$ (15,456)</u>	<u>(7,298)</u>

(3) Key management personnel transactions

Key management personnel compensation comprised:

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 9,154	10,470
Post-employment benefits	154	172
	<u>\$ 9,308</u>	<u>10,642</u>

**8. Pledged assets**

The carrying values of pledged assets of the Group were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other financial assets - current	Post-release duty payment for imported goods	\$ 7,933	7,903	7,285
Other financial assets - current	Bank's Acceptance Bill	153,346	158,980	105,858
		<u>\$ 161,279</u>	<u>166,883</u>	<u>113,143</u>

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

**9. Commitments and contingencies:** None

**10. Losses Due to Major Disasters:** None

**11. Subsequent events:** None

**12. Other**

(1) Employee benefits, depreciation, and amortization expenses categorized by function were as follows:

By function By item	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	54,323	222,321	276,644	63,726	216,832	280,558
Labor and health insurance	10,718	25,324	36,042	10,170	23,615	33,785
Pension	441	4,895	5,336	441	4,583	5,024
Others	2,586	13,242	15,828	2,326	14,025	16,351
Depreciation	16,650	17,869	34,519	10,812	23,204	34,016
Amortization	104	5,709	5,813	-	5,209	5,209

The above depreciation expenses excluded the depreciation of investment property. The depreciation expenses of investment property recognized as non-operating expenses were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Depreciation of investment property	<b>\$ 1,468</b>	<b>1,469</b>

(2) Seasonality of operations

The operation of the Group was not materially influenced by seasonality and periodicity.

**13. Other disclosures**

(1) Information on significant transactions

In accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the Group discloses the following information on significant transactions for the three months ended March 31, 2024:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.



**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(iii) Marketable securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares / In Thousands of New Taiwan Dollar)

Investing Company	Marketable Securities Type and Name (Note 1)	Relationship with the Group	Financial Statement Account	March 31, 2024				Note
				Shares/Units	Carrying amount	Percentage of Ownership	Fair value	
The Company	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit and loss- current	39,670	513,398	- %	513,398	
"	Jih Sun Money Market Fund	-	"	5,928	90,720	- %	90,720	
"	Hundure Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-noncurrent	497	2,385	4.78 %	2,385	
"	HUA DA Venture Capital Corporation	-	"	150	5,274	10.00 %	5,274	
"	ANTEYA Technology Corporation	-	"	500	-	5.26 %	-	
The Company	GENESIS PHOTONICS INC	-	Financial assets at fair value through other comprehensive income-noncurrent	309	-	0.41 %	-	
"	CASTEC International Corporation	-	"	2,400	22,478	6.60 %	22,478	
"	Chun-Sheng Innovation Investment Corporation	-	"	3,000	20,495	10.00 %	20,495	
Britemed Technology Inc.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit and loss- current	2,651	40,575	- %	40,575	
"	Mega Diamond Money Market Fund	-	"	6,227	80,588	- %	80,588	
Ailean Technologies Corp.	Premier Seasonal Profit No.1 Asset Management Plan		Financial assets at fair value through profit and loss- current	-	43,250	- %	43,250	
"	CITIC Wealth Win-Steady Financial Product.		"	-	22,597	- %	22,597	
FORTUNETEC INTERNATIONAL CORP.	Berkshire Hathaway Finance Corp. 4.2% 18/48 Bond (US084664CQ25)		Financial assets at fair value through profit or loss, mandatorily measured at fair value - noncurrent	-	15,542	- %	15,542	
"	Johnson & Johnson 3.7% 16/46 Bond (US478160BV55)		"	-	15,655	- %	15,655	

Note 1: "Marketable Securities" in this table refers to the scope of IFRS 9, "Financial Instruments", including stocks, bonds, beneficiary certificates and other marketable securities derived from the aforementioned items.

(iv) Marketable securities for which the accumulated purchase or sale amounts for the period exceed \$300 million or 20% of the paid-in capital: None.

(v) Acquisition of real estate which exceed \$300 million or 20% of the paid-in capital: None.

(vi) Disposal of real estate which exceed \$300 million or 20% of the paid-in capital: None.

(vii) Total purchases from or sales to related parties which exceed \$100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollar)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal transaction		Notes/Accounts Payable or Receivable		Note
			Purchases /Sales	Amount	% to Total Purchases /Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total Notes/Accounts payable or receivable	
The Company	IEI Technology USA Corporation	Subsidiary	Sales	(233,246)	(22.62) %	60 days	-	-	266,374	38.29%	
IEI Technology USA Corporation	The Company	Ultimate parent company	Purchases	233,246	90.41 %	60 days	-	-	(266,374)	(93.63)%	
Armorlink SH Corp.	The Company	Ultimate parent company	Sales	(293,612)	(48.50) %	60 days	-	-	214,895	38.18%	
The Company	Armorlink SH Corp.	Subsidiary	Purchases	293,612	39.88 %	60 days	-	-	(214,895)	(29.71)%	
Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd	Subsidiary	Sales	(157,396)	(26.00) %	90 days	-	-	127,784	22.70%	
IEI Technology (Shanghai) Co., Ltd	Armorlink SH Corp.	Parent company	Purchases	157,396	99.57 %	90 days	-	-	(127,784)	(46.21)%	

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(viii) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollar)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover rate (Note 2)	Overdue		Amount received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	IEI Technology USA Corporation	Subsidiary	266,739	3.78	-	-	128,372	-
Armorlink SH Corp.	The Company	Ultimate parent company	214,895	5.00	-	-	77,403	-
Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd	Subsidiary	127,784	4.01	-	-	84,354	-
IEI Technology USA Corporation	QNAP Inc. (USA)	Associate	157,152	4.53	-	-	75,469	-
Fortunetec International Corp.	Armorlink SH Corp.	Subsidiary	1,701,936	-	-	-	-	-

Note 1: The above intercompany transactions between the parent company and its subsidiaries had been eliminated when preparing the consolidated financial statements.

Note 2: The calculation for turnover rate excluded other receivables.

(ix) Transactions about derivative instruments: None.

(x) Business relationships and significant intercompany transactions between the parent company and its subsidiaries:

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions (Note 3)			
				Account	Amount	Payment terms	Percentage of consolidated operating revenue or total assets (Note 4)
0	The Company	Britemed Technology Inc.	1	Sales	46,434	60 days	2.72%
0	The Company	Britemed Technology Inc.	1	Accounts receivable - related parties	24,430	60 days	0.16%
0	The Company	IEI Technology USA Corporation	1	Sales	233,246	60 days	13.69%
0	The Company	IEI Technology USA Corporation	1	Accounts receivable - related parties	266,374	60 days	1.80%
1	Armorlink SH Corp.	The Company	2	Sales	293,612	60 days	17.23%
1	Armorlink SH Corp.	The Company	2	Accounts receivable - related parties	214,895	60 days	1.45%
1	Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	1	Sales	68,362	90 days	4.01%
1	Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	1	Accounts receivable - related parties	90,150	90 days	0.61%
1	Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd	1	Sales	157,396	90 days	9.24%
1	Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd	1	Accounts receivable - related parties	123,590	90 days	0.83%
2	FORTUNETEC INTERNATIONAL CORP.	Armorlink SH Corp.	1	Other receivables - related parties	1,701,936	According to contract	11.49%
3	IEI Technology (Shanghai) Co., Ltd	Armorlink SH Corp.	2	Advance Payment	151,972	Advance Payment	1.03%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

- a) "0" represents the Company.
- b) Subsidiaries are numbered from 1.

Note 2: The relationships with counterparty are as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 3: Only disclosed the amount of sales and accounts receivable, no need to disclose corresponding purchase and accounts payable.

Note 4: Calculated by using the transaction amount, divided by the consolidated operating revenue or total assets.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(2) Information on investees

Information on the Group's investees for the three months ended March 31, 2024 was as follows (excluding investments in Mainland China):

(In Thousands of New Taiwan Dollar)

Investor company name	Investee company name	Location	Main business and products	Original Investment Amount (Note 1)		Balance as of March 31, 2024 (Note 1)			Net Income (Losses) of the Investee	Investment income (loss) recognized (Note 2)	Note
				March 31, 2024	December 31, 2023	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	ICP Electronics Limited	Samoa	Investing and selling computers	219,313	219,313	5,000	100.00%	4,747,536	169,730	172,192	Subsidiary
The Company	QNAP Systems, Inc.	Taiwan	Selling network security monitoring and network storage communication related products	584,106	584,106	33,930	24.49%	2,251,215	342,526	70,991	Investment accounted for using equity method
The Company	Internet Application Technology Ltd.	Samoa	Investing and selling computers	375,897	375,897	11,853	100.00%	1,366,885	45,529	45,529	Subsidiary
The Company	Britemed Technology Inc.	Taiwan	Manufacturing and selling electronic components	80,000	80,000	8,000	100.00%	347,256	47,742	47,742	Subsidiary
The Company	Oring Industrial Networking Corp.	Taiwan	Selling network storage communication related products and electronic components.	30,510	30,510	2,797	16.36%	83,450	964	158	Investment accounted for using equity method
ICP Electronics Limited	Fortunetec International Corp	Mauritius	Investing and selling computers	160,000	160,000	500	100.00%	4,460,516	165,027	-	Subsidiary
ICP Electronics Limited	Acquire System Inc.	Mauritius	Investing and selling computers	60,877	60,877	199	49.71%	156,483	(2,253)	-	Investment accounted for using equity method
Internet Application Technology Ltd.	Rich Excel Corporation Holdings Limited	British Virgin Islands	Investing and selling computers	372,080	372,080	11,628	100.00%	1,212,333	44,191	-	Subsidiary
Britemed Technology Inc.	Oring Industrial Networking Corp.	Taiwan	Selling network storage communication related products and electronic components.	30,517	30,517	1,483	8.67%	44,791	964	-	Investment accounted for using equity method
Rich Excel Corporation Holdings Limited	Equilico Inc.	USA	Leasing property	207,485	207,485	6,484	100.00%	221,914	3,919	-	Subsidiary
Rich Excel Corporation Holdings Limited	Potency Inc.	Samoa	Investing and selling computers	237,807	237,807	5,840	100.00%	954,869	39,834	-	Subsidiary
Equilico Inc.	Suntend LLC	USA	Leasing property	127,165	127,165	-	100.00%	214,307	3,985	-	Subsidiary
Potency Inc.	IEI Technology USA Corporation	USA	Selling Industrial computers and related products	58,051	58,051	14,000	100.00%	761,766	32,887	-	Subsidiary
Potency Inc.	Anewtech Systems Pte. Ltd	Singapore	Selling Industrial computers and related products	38,943	38,943	400	31.68%	64,072	531	-	Investment accounted for using equity method
Armorlink SH Corp.	SYNCDA International Limited.	Hong Kong	Logistics center and selling Industrial computers	9,600	9,600	300	100.00%	9,667	102	-	Subsidiary

Note 1: The original investment amount and the ending balance was converted at exchange rate of 32.000 NTD to USD as of March 31, 2024.

Note 2: The Income (Losses) for this period was converted at exchange rate of 31.448.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(3) Information on investment in Mainland China

(i) Relevant information about investments in Mainland China:

(In Thousands of New Taiwan Dollar)

Name of investee in Mainland China	Main business and products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows for the period		Accumulated Outflow of Investment from Taiwan as of March 31, 2024	Net Income (Losses) of Investee	Percentage of Ownership of direct or indirect investment	Investment income (loss) recognized	Carrying Amount as of March 31, 2024	Accumulated inward remittance of earnings as of March 31, 2024
					Outflow	Inflow						
IEI Technology (Shanghai) Co., Ltd	Logistics center and selling Industrial computers	117,992 (RMB26,161)	Investee company of Armorlink SH Corp.	113,600 (USD3,550)	-	-	113,600 (USD3,550)	1,715	90.70%	1,555	106,223	-
Xingwei Computer (Kunshan) Co., Ltd.	Logistics center and selling Industrial computers	153,600 (USD4,800)	Indirect investments in Mainland China through Acquire System Inc., a holding company established in third region.	60,864 (USD1,902)	-	-	60,864 (USD1,902)	(2,786)	49.71%	(1,385)	152,054	-
Armorlink SH Corp.	Manufacturing and selling computers	282,249 (USD8,820)	Indirect investments in Mainland China through Fortunetec International Corp., a holding company established in third region.	64,000 (USD2,000)	-	-	64,000 (USD2,000)	21,256	90.70%	20,761	1,011,911	155,872 (USD4,871)
Ailean Technologies Corp.	Manufacturing and selling computers	264,474 (RMB58,639)	Investee company of Armorlink SH Corp.	192,000 (USD6,000)	-	-	192,000 (USD6,000)	(4,108)	90.70%	(3,726)	463,796	292,128 (USD9,129)
Ash Energy Group Limited	Managing supply chain	45,102 (RMB10,000)	Investee company of Ailean Technologies Corp.	-	-	-	-	173	90.70%	157	54,786	-
Weibotong Technology (Shanghai) Co., Ltd.	Logistics center and selling Industrial computers	9,020 (RMB2,000)	Investee company of Armorlink SH Corp.	-	-	-	-	(6,806)	90.70%	(6,173)	(38,164)	-

(ii) Limits on investments in Mainland China

Accumulated investment in Mainland China as of March 31, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment authorized by Investment Commission, MOEA (Note 3)
430,464 (USD 13,452 )	IEI Technology 113,600 (Shanghai) Co., Ltd (USD 3,550 ) Xingwei Computer 75,424 (Kunshan) Co., Ltd. (USD 2,357 ) Armorlink SH Corp. 408,000 (USD 12,750 ) Ailean Technologies 792,000 Corp. (USD 24,750 )	6,423,784

The exchange rate of USD to NTD as of the reporting date was 1:32.000, and the average exchange rate of USD to NTD for the reporting period was 1:31.448.

The exchange rate of CNY to NTD as of the reporting date was 1:4.5102, and the average exchange rate of CNY to NTD for the reporting period was 1: 4.4274.

Note 1: Method of investments:

- 1) Direct investment in Mainland China.
- 2) Indirect investment in Mainland China through a holding company established in third region.
- 3) Others

Note 2: The bases for investment income or loss recognized:

- 1) The financial statements of the investees were reviewed by the Company's independent auditors.
- 2) The financial statements of the investees were not reviewed by independent auditors.

Note 2: The amount in this table were presented in New Taiwan Dollar. The investment income or loss recognized for the reporting period and the carrying value of investments as of the reporting date that were measured in foreign currencies were converted to NTD using the average exchange rate for the reporting period and the exchange rate as of the reporting date, respectively.

Note 3: The calculation of limits: Net equity ×60% = \$10,706,306 thousand ×60% = \$6,423,784 thousand.

**IEI INTEGRATION CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements (continued)**

(iii) Significant transactions:

The transactions between parent and investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section “Information on significant transactions” for detail explanation.

(4) Major Shareholders

(Unit: share)

Shareholder's Name	Shareholding	Shares	Percentage
QNAP Systems, Inc.		23,963,007	13.56%
Po-TA Kuo		21,932,396	12.41%
HSBC (Taiwan) Commercial Bank Ltd. entrusted with the custody of Bitbank Investment Trust		10,927,000	6.18%

**14. Segments information**

The Group's operating segment information and reconciliation were as follows:

	<u>Order, design, and brand sales</u>	<u>Product manufacturing</u>	<u>Brand sales in China</u>	<u>Other operating department</u>	<u>Reconciliation and eliminations</u>	<u>Total</u>
<b>For the three months ended March 31, 2024</b>						
Revenue:						
Revenue from external revenue	\$ 923,927	77,492	277,026	425,841	-	1,704,286
Intra-group revenue	<u>287,485</u>	<u>528,042</u>	<u>432</u>	<u>2,665</u>	<u>(818,624)</u>	<u>-</u>
Total revenue	<u>\$ 1,211,412</u>	<u>605,534</u>	<u>277,458</u>	<u>428,506</u>	<u>(818,624)</u>	<u>1,704,286</u>
<b>profit (loss) from reportable segment</b>	<u>\$ 352,308</u>	<u>33,164</u>	<u>(5,404)</u>	<u>209,817</u>	<u>2,462</u>	<u>592,347</u>
<b>For the three months ended March 31, 2023</b>						
Revenue:						
Revenue from external revenue	\$ 1,243,843	14,022	446,031	449,778	-	2,153,674
Intra-group revenue	<u>394,004</u>	<u>904,306</u>	<u>559</u>	<u>2,599</u>	<u>(1,301,468)</u>	<u>-</u>
Total revenue	<u>\$ 1,637,847</u>	<u>918,328</u>	<u>446,590</u>	<u>452,377</u>	<u>(1,301,468)</u>	<u>2,153,674</u>
<b>profit (loss) from reportable segment</b>	<u>\$ 371,597</u>	<u>41,244</u>	<u>(13,202)</u>	<u>43,397</u>	<u>20,302</u>	<u>463,338</u>