

**IEI INTEGRATION CORP.
AND SUBSIDIARIES**

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Six Months Ended June 30, 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 June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2024 and 2023, as well as changes in equity and cash flows for the six months ended June 30, 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 \$1,622,450 thousand and \$3,821,190 thousand, constituting 10.93% and 27.35% of the total consolidated assets as of June 30, 2024 and 2023, respectively, total liabilities amounting to \$390,939 thousand and \$626,583 thousand, constituting 8.72% and 13.82% of the total consolidated liabilities as of June 30, 2024 and 2023, respectively. Also, the total comprehensive income amounting to \$128,711 thousand, \$96,141 thousand, \$277,016 thousand and \$191,368 thousand, constituting 47.37%, 26.49%, 33.91% and 23.22% of the total consolidated comprehensive income for the three months ended June 30, 2024 and 2023 and six months ended June 30, 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 \$2,359,668 thousand and \$2,439,853 thousand as of June 30, 2024 and 2023, and the share of profit of associates under the equity method amounted to \$31,029 thousand, \$102,915 thousand, \$101,310 thousand and \$193,766 thousand for the three months ended June 30, 2024 and 2023 and six months ended June 30, 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 June 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months and six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

August 9, 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 review 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
June 30, 2024 , December 31, 2023 and June 30, 2023
(Expressed in Thousands of New Taiwan Dollar)

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note6 (1)(23))	\$ 2,301,833	16	4,757,865	33	2,249,259	16	2100	Current borrowings (note 6(12))	\$ -	-	173,408	1	-	-
1110	Financial assets at fair value through profit and loss – current (note 6(2)(23))	793,598	5	722,917	5	547,545	4	2130	Current contract liabilities (note 6(20) and 7)	455,813	3	521,853	4	377,120	3
1170	Notes & accounts receivable, net (note 6(4)(20)(23))	1,011,134	7	962,531	7	1,079,992	8	2170	Accounts payable (note 6(23))	1,206,047	8	1,088,257	8	1,185,946	9
1180	Accounts receivable - related parties, net (note 6(23) and 7)	108,714	1	35,513	-	26,797	-	2180	Accounts payable - related parties (note 6(23) and 7)	67,344	-	98,047	1	122,752	1
1210	Other receivable - related parties (note 6(23) and 7)	795,204	5	184,645	1	506,467	4	2216	Dividends payable (note 6(23))	618,092	4	-	-	618,092	4
130X	Inventories (note 6(5))	1,289,237	9	1,305,085	9	1,339,700	9	2219	Other payables, others (note 6(23))	672,365	5	676,151	5	646,155	5
1476	Other financial assets, current (note 6(6)(23) and 8)	4,059,145	27	1,745,373	12	3,747,478	27	2220	Other payables - related parties (note 6(23) and 7)	42,487	-	198,816	1	172,777	1
1479	Other current assets	350,825	2	312,755	2	264,330	2	2230	Current tax liabilities	272,608	2	359,472	3	346,667	2
		<u>10,709,690</u>	<u>72</u>	<u>10,026,684</u>	<u>69</u>	<u>9,761,568</u>	<u>70</u>	2280	Current lease liabilities (note 6(13)(23) and 7)	8,980	-	11,419	-	9,046	-
								2399	Other current liabilities	50,032	-	40,484	-	36,796	-
										<u>3,393,768</u>	<u>22</u>	<u>3,167,907</u>	<u>23</u>	<u>3,515,351</u>	<u>25</u>
Non-current assets:								Non-current liabilities:							
1510	Financial assets at fair value through profit or loss, non-current (note 2 and 23)	29,852	-	-	-	-	-	2570	Deferred tax liabilities	1,031,714	7	995,039	7	953,154	7
1517	Financial assets at fair value through other comprehensive income, non-current (note 6(3)(23))	58,489	-	59,729	-	44,239	-	2580	Non-current lease liabilities (note 6(13)(23) and 7)	428	-	2,951	-	6,948	-
1550	Investments accounted for using equity method (note 6(7))	2,359,668	16	2,525,069	18	2,439,853	18	2640	Net defined benefit liability, non-current	3	-	-	-	-	-
1600	Property, plant and equipment (note 6(9))	1,257,620	9	1,260,982	10	1,284,199	9	2670	Other non-current liabilities, others	55,992	-	57,700	1	57,429	-
1755	Right-of-use assets (note 6(10))	8,521	-	13,870	-	15,161	-			<u>1,088,137</u>	<u>7</u>	<u>1,055,690</u>	<u>8</u>	<u>1,017,531</u>	<u>7</u>
1760	Investment property, net (note 6(11))	268,729	2	271,537	2	274,445	2		Total liabilities	<u>4,481,905</u>	<u>29</u>	<u>4,223,597</u>	<u>31</u>	<u>4,532,882</u>	<u>32</u>
1821	Other intangible assets, net	15,666	-	19,051	-	22,405	-		Equity attributable to owners of parent (note 6(8)(17))						
1840	Deferred tax assets	111,326	1	112,068	1	97,541	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	820,433	6
1990	Other non-current assets, others	21,468	-	24,743	-	23,569	-		Retained earnings:						
		<u>4,139,924</u>	<u>28</u>	<u>4,295,627</u>	<u>31</u>	<u>4,209,505</u>	<u>30</u>	3310	Legal reserve	2,040,627	14	1,902,369	13	1,902,369	13
								3320	Special reserve	385,290	3	453,579	3	453,579	3
								3350	Unappropriated retained earnings	5,495,600	37	5,507,775	38	4,848,648	35
										<u>7,921,517</u>	<u>54</u>	<u>7,863,723</u>	<u>54</u>	<u>7,204,596</u>	<u>51</u>
								3400	Other equity	(294,746)	(2)	(385,290)	(3)	(352,816)	(2)
									Equity attributable to owners of parent	10,238,221	70	10,089,932	69	9,438,191	68
								36XX	Non-controlling interests	129,488	1	8,782	-	-	-
									Total equity	<u>10,367,709</u>	<u>71</u>	<u>10,098,714</u>	<u>69</u>	<u>9,438,191</u>	<u>68</u>
Total Assets		<u>\$ 14,849,614</u>	<u>100</u>	<u>14,322,311</u>	<u>100</u>	<u>13,971,073</u>	<u>100</u>	Total Liabilities and Equity		<u>\$ 14,849,614</u>	<u>100</u>	<u>14,322,311</u>	<u>100</u>	<u>13,971,073</u>	<u>100</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 Comprehensive Income
For the three months and six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollar, Except for Earnings per share)

	For the three months ended June 30				For the six months ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 Sales revenue	\$ 1,632,838	100	1,923,608	100	3,339,247	100	4,084,983	100
4170 Less: Sales returns and discounts	1,912	-	9,718	-	4,035	-	17,419	-
Net sales revenue (note 6(20) and 7)	1,630,926	100	1,913,890	100	3,335,212	100	4,067,564	100
5110 Cost of sales (note 6(5)(15), 7 and 12)	1,070,085	65	1,225,303	64	2,142,889	64	2,663,162	65
Gross profit	560,841	35	688,587	36	1,192,323	36	1,404,402	35
5910 Unrealized profit (loss) from sales	288	-	(496)	-	(923)	-	(1,987)	-
5920 Realized profit (loss) from sales	-	-	-	-	2,446	-	1,526	-
Gross profit from operations	561,129	35	688,091	36	1,193,846	36	1,403,941	35
Operating expenses (note 6(4)(15)(18)(21), 7 and 12)								
6100 Selling expenses	122,832	8	129,886	7	260,058	8	264,208	6
6200 Administrative expenses	108,415	7	115,116	6	231,491	8	250,440	6
6300 Research and development expenses	133,938	8	136,493	7	287,602	9	266,456	7
6450 Expected credit impairment loss (reversal gain)	(12,091)	(1)	(5,672)	-	(23,018)	(1)	(4,758)	-
Total operating expenses	353,094	22	375,823	20	756,133	24	776,346	19
Net operating income	208,035	13	312,268	16	437,713	12	627,595	16
Non-operating income and expenses (note 6(22) and 7)								
7100 Interest income	71,197	4	52,821	3	134,476	4	96,785	2
7010 Other income	15,600	1	17,851	1	30,598	1	47,846	1
7020 Other gains and losses, net	36,730	2	55,114	3	254,940	8	40,825	1
7050 Financial costs	(1,790)	-	(3,453)	-	(5,889)	-	(5,963)	-
7060 Share of profit of associates and joint ventures accounted for using equity method, net	31,029	2	102,915	5	101,310	3	193,766	5
Total non-operating income and expenses	152,766	9	225,248	12	515,435	16	373,259	9
Profit (loss) from continuing operations before tax	360,801	22	537,516	28	953,148	28	1,000,854	25
7950 Less: Income tax expense (note 6(16))	106,368	7	192,752	10	226,797	7	277,413	7
Profit (loss)	254,433	15	344,764	18	726,351	21	723,441	18
8300 Other comprehensive income:								
8310 Components of other comprehensive income that will not be reclassified to profit or loss								
8316 Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	(9,644)	(1)	(1,646)	-	(33,740)	(1)	(2,786)	-
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	(4,693)	-	28,259	1	(14,616)	-	114,318	2
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income that will not be reclassified to profit or loss	(14,337)	(1)	26,613	1	(48,356)	(1)	111,532	2
8360 Components of other comprehensive income that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	26,298	2	(10,421)	-	119,442	3	(13,340)	-
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.	5,311	-	2,022	-	19,458	1	2,571	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income that will be reclassified to profit or loss	31,609	2	(8,399)	-	138,900	4	(10,769)	-
8300 Other comprehensive income, net of income tax	17,272	1	18,214	1	90,544	3	100,763	2
Total comprehensive income	\$ 271,705	16	362,978	19	816,895	24	824,204	20
Profit (loss) attributable to:								
8610 Owners of parent	\$ 252,481	15	344,764	18	723,905	21	723,441	18
8620 Non-controlling Interests	1,952	-	-	-	2,446	-	-	-
Comprehensive income attributable to:	\$ 254,433	15	344,764	18	726,351	21	723,441	18
8710 Owners of parent	\$ 269,753	16	362,978	19	814,449	24	824,204	20
8720 Non-controlling Interests	1,952	-	-	-	2,446	-	-	-
Earnings per share (NT\$)								
Basic earnings per share (NT\$)	\$ 1.43		1.95		4.10		4.10	
Diluted earnings per share (NT\$)	\$ 1.42		1.95		4.08		4.08	

(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 six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent											
	Share Capital		Retained earnings				Other equity interest					
	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	Total equity attributable to owners of parent	Non-controlling Interests	Total Equity
A1 Balance at January 1, 2023	\$ 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)	-	-	-	-	723,441	723,441	-	-	-	723,441	-	723,441
D3 Other comprehensive income (loss)	-	-	-	-	-	-	(10,769)	111,532	100,763	100,763	-	100,763
D5 Total comprehensive income (loss)	-	-	-	-	723,441	723,441	(10,769)	111,532	100,763	824,204	-	824,204
Appropriation and distribution of retained earnings:												
B1 Legal reserve	-	-	149,107	-	(149,107)	-	-	-	-	-	-	-
B5 Cash dividends of ordinary share	-	-	-	-	(618,092)	(618,092)	-	-	-	(618,092)	-	(618,092)
B17 Reversal of special reserve	-	-	-	(234,313)	234,313	-	-	-	-	-	-	-
Others changes in capital surplus:												
M3 Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(215)	(215)
C7 Changes in equity of associates accounted for using equity method	-	(324)	-	-	-	-	-	-	-	(324)	-	(324)
C17 Other changes in capital surplus	-	320	-	-	-	-	-	-	-	320	-	320
Z1 Balance at June 30, 2023	\$ 1,765,978	820,433	1,902,369	453,579	4,848,648	7,204,596	(420,945)	68,129	(352,816)	9,438,191	-	9,438,191
A1 Balance at January 1, 2024	\$ 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)	-	-	-	-	723,905	723,905	-	-	-	723,905	2,446	726,351
D3 Other comprehensive income (loss)	-	-	-	-	-	-	138,900	(48,356)	90,544	90,544	-	90,544
D5 Total comprehensive income (loss)	-	-	-	-	723,905	723,905	138,900	(48,356)	90,544	814,449	2,446	816,895
B1 Legal reserve	-	-	138,258	-	(138,258)	-	-	-	-	-	-	-
B5 Cash dividends of ordinary share	-	-	-	-	(618,092)	(618,092)	-	-	-	(618,092)	-	(618,092)
B17 Reversal of special reserve	-	-	-	(68,289)	68,289	-	-	-	-	-	-	-
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)	103,981	55,962
N1 Share-based payment	-	-	-	-	-	-	-	-	-	-	14,279	14,279
Z1 Balance at June 30, 2024	\$ 1,765,978	845,472	2,040,627	385,290	5,495,600	7,921,517	(296,277)	1,531	(294,746)	10,238,221	129,488	10,367,709

(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 six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

		For the six months ended June 30	
		2024	2023
AAAA	Cash flows from (used in) operating activities:		
A10000	Profit (loss) from continuing operations before tax	\$ 953,148	1,000,854
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	71,588	70,096
A20200	Amortization expense	10,745	10,511
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(23,018)	(4,758)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(6,082)	(2,860)
A20900	Interest expense	5,889	5,963
A21200	Interest income	(134,476)	(96,785)
A21900	Share-based payments	14,279	-
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	(101,310)	(193,766)
A22500	Loss (gain) on disposal of property, plant and equipment	662	(6)
A23800	Impairment loss (reversal gain) on non-financial assets	(11,072)	57,291
A24000	Realized profit from sales	(1,523)	461
A24100	Unrealized foreign exchange loss (gain)	(27,018)	69,030
A20010	Total adjustments to reconcile profit (loss)	<u>(201,336)</u>	<u>(84,823)</u>
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	(63,081)	(163,685)
A31150	Decrease (increase) in notes and accounts receivable	28,544	(90,309)
A31160	Decrease (increase) in accounts receivable due from related parties	(31,649)	(36,452)
A31190	Decrease (increase) in other receivables due from related parties	5,263	(131,596)
A31200	Decrease (increase) in inventories	62,558	388,591
A31240	Decrease (increase) in other current assets	(19,725)	(35,728)
A31990	Decrease (increase) in other operating assets	(4)	-
A32000	Changes in operating liabilities:		
A32125	Increase (decrease) in contract liabilities	(66,040)	(153,745)
A32150	Increase (decrease) in accounts payable	56,009	(52,029)
A32160	Increase (decrease) in accounts payable to related parties	(62,410)	(19,749)
A32180	Increase (decrease) in other payable	(15,011)	25,318
A32190	Increase (decrease) in other payable to related parties	(236,051)	107,481
A32200	Increase (decrease) in provisions	(2,530)	3,431
A32230	Increase (decrease) in other current liabilities	(7,900)	(492)
A30000	Total changes in operating assets and liabilities	<u>(352,027)</u>	<u>(158,964)</u>
A20000	Total adjustments	<u>(553,363)</u>	<u>(243,787)</u>

IEI INTEGRATION CORP. AND SUBSIDIARIES
Consolidated Statement of Cash Flows (continued)
For the six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollar)

		For the six months ended June 30	
		2024	2023
A33000	Cash inflow (outflow) generated from operations	399,785	757,067
A33100	Interest received	127,822	86,931
A33300	Interest paid	(5,889)	(5,963)
A33500	Income taxes refund (paid)	(266,777)	(323,755)
AAAA	Net cash flows from (used in) operating activities	<u>254,941</u>	<u>514,280</u>
BBBB	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(32,500)	(15,000)
B00100	Acquisition of financial assets at fair value through profit or loss	(31,197)	-
B02700	Acquisition of property, plant and equipment	(26,293)	(54,004)
B02800	Proceeds from disposal of property, plant and equipment	166	-
B04300	Increase in other receivables due from related parties	(324,000)	-
B04500	Acquisition of intangible assets	(6,794)	(12,323)
B06500	Increase in other financial assets	(2,231,329)	(2,298,693)
B06700	Increase in other non-current assets	4,173	(3,064)
BBBB	Net cash flows from (used in) investing activities	<u>(2,647,774)</u>	<u>(2,383,084)</u>
CCCC	Cash flows from (used in) financing activities		
C00200	Decrease in short-term loans	(179,589)	-
C03100	Decrease in guarantee deposits received	(87)	(21)
C04020	Payments of lease liabilities	(5,187)	(5,393)
C05800	Change in non-controlling interests	55,962	(215)
C09900	Other financing activities	62	320
CCCC	Net cash flows from (used in) financing activities	<u>(128,839)</u>	<u>(5,309)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	65,640	(14,165)
EEEE	Net increase (decrease) in cash and cash equivalents	(2,456,032)	(1,888,278)
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>\$ 2,301,833</u>	<u>2,249,259</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 six months ended June 30, 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 August 9, 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 IFRSs endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

(3) 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
- IFRS 18 “Presentation and Disclosure in Financial Statements”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements of IFRS Accounting Standards

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

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).

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
			June 30, 2024	December 31, 2023	June 30, 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%	
ICP Electronics Limited	Fortune Name Holdings Limited	Investing and selling computers	100%	- %	- %	Note 1, 4
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

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

Note 1: These are non-significant subsidiaries whose financial statements for the six months ended June 30, 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 2024.

Note 4: Fortune Name Holdings Limited was incorporated on May 6, 2024. °

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

(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.

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

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 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 a 24.49% voting interest in QNAP Systems, Inc., making it the single largest shareholder. Although the remaining 75.51% of the shares in QNAP Systems, Inc. were not concentrated in any specific shareholder, the Group was still unable to obtain a majority of the board seats in QNAP Systems, Inc., nor did it have the voting power of a majority of the shareholders attending the shareholders' meeting. Therefore, it was determined that the Group had significant influence over QNAP Systems, Inc.

The Group held a 24.49% voting interest in SHEN FONG INC. (in preparation) making it the single largest shareholder. Although the remaining 75.51% of the shares in SHEN FONG INC. (in preparation) were not concentrated in any specific shareholder, the Group was still unable to obtain a majority of the board seats in SHEN FONG INC., nor did it have the voting power of a majority of the shareholders attending the shareholders' meeting. Therefore, it was determined that the Group had significant influence over SHEN FONG INC. (in preparation).

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

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 4,096	5,221	6,982
Bank deposits	1,165,232	1,279,519	1,272,801
Cash equivalents	1,132,505	3,473,125	969,476
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 2,301,833</u>	<u>4,757,865</u>	<u>2,249,259</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.

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

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

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at fair value through profit or loss, mandatorily measured at fair value :			
Current:			
Fund beneficiary certificate	\$ 726,077	722,917	547,545
Open-end Financial Products	67,521	-	-
	\$ 793,598	722,917	547,545
Non-current:			
Secondary Markets Foreign Bond	\$ 29,852	-	-

(i) For the amount recognized in profit or loss upon remeasurement at fair value, please refer to Note 6(22).

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

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

	June 30, 2024	December 31, 2023	June 30, 2023
Equity investments at fair value through other comprehensive income:			
Domestic unlisted stocks	\$ 58,489	59,729	44,239

(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

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 56,590	170,959	160,832
Accounts receivable	955,756	815,740	930,273
Less: Loss allowance	(1,212)	(24,168)	(11,113)
	\$ 1,011,134	962,531	1,079,992

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:

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

Group 1:

	June 30, 2024		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 744,065	0%	-
1 to 90 days past due	267,567	0%~0.29%	759
91 to 180 days past due	81	0%	-
More than 181 days past due	633	0%~100%	453
	<u>\$ 1,012,346</u>		<u>1,212</u>

	December 31, 2023		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
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	516	100%	516
	<u>\$ 963,770</u>		<u>1,239</u>

	June 30, 2023		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 939,959	0%	-
1 to 90 days past due	140,794	0%~1.42%	761
More than 181 days past due	515	0%~100%	515
	<u>\$ 1,081,268</u>		<u>1,276</u>

Group 2:

	December 31, 2023		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
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	-	0%	-
	<u>\$ 22,929</u>		<u>22,929</u>

	June 30, 2023		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 9,837	100%	9,837
1 to 90 days past due	-	0%	-
More than 181 days past due	-	0%	-
	<u>\$ 9,837</u>		<u>9,837</u>

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:

	For the six months ended June 30	
	2024	2023
Beginning balance	\$ 24,168	15,876
Impairment losses recognized (reversed)	(23,018)	(4,758)
Foreign exchange gains/(losses)	62	(5)
Ending balance	\$ 1,212	11,113

None of notes and accounts receivable held by the Group were pledged as collateral as of June 30, 2024, and December 31, and June 30, 2023

(5) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Finished goods	\$ 555,548	704,000	609,838
Work in progress	129,342	97,888	101,220
Raw materials	604,347	503,197	628,642
	\$ 1,289,237	1,305,085	1,339,700

(i) The cost of inventory recognized as cost of goods sold and expenses for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, amounted to \$1,070,085 thousand, \$1,225,303 thousand, \$2,142,889 thousand, and \$2,663,162 thousand, respectively. For the three months and six months ended June 30, 2024, the net realizable value of inventory increased due to the liquidation of long-term inventory, resulting in a reduction of recognized cost of goods sold by \$1,312 thousand and \$11,072 thousand, respectively. For the three months and six months ended June 30, 2023, the inventory impairment losses due to a reduction from costs to net realizable value were \$22,644 thousand and \$57,291 thousand, respectively.

(ii) As of June 30, 2024 and December 31, and June 30, 2023, the aforesaid inventories were not pledged as collateral.

(6) Other Financial Assets

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

	June 30, 2024	December 31, 2023	June 30, 2023
Current:			
Time Deposits and restricted assets	\$ 4,059,145	1,745,373	3,747,478

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:

	June 30, 2024	December 31, 2023	June 30, 2023
Associates	<u>\$ 2,359,668</u>	<u>2,525,069</u>	<u>2,439,853</u>

On May 8, 2024, due to a reorganization of QNAP Systems, Inc., QNAP Systems, Inc. transferred its independently operated investment business division to SHEN FONG INC. at book value. SHEN FONG INC. issued ordinary shares to the original shareholders of QNAP Systems, Inc. as consideration, and as a result, the Group acquired significant influence over SHEN FONG INC.

(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		
			June 30, 2024	December 31, 2023	June 30, 2023
QNAP Systems, Inc.	Selling network security monitoring and network storage communication related products	Taiwan	24.49%	24.45%	24.45%
Preparation office of SHEN FONG INC.	Leasing property	Taiwan	24.49%	- %	- %

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.:

	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 3,804,912	2,615,002	3,065,797
Noncurrent assets	4,224,186	8,179,667	8,181,134
Current liabilities	(3,003,827)	(1,680,874)	(2,519,510)
Noncurrent liabilities	(121,292)	(155,685)	(95,146)
Net assets	<u>\$ 4,903,979</u>	<u>8,958,110</u>	<u>8,632,275</u>

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Operating revenue	<u>\$ 1,351,341</u>	<u>1,275,002</u>	<u>2,589,291</u>	<u>2,499,428</u>
Profit from continuing operations	\$ 195,695	385,083	538,221	748,378
Other comprehensive income	(32,148)	141,202	(44,302)	491,692
Total comprehensive income	<u>\$ 163,547</u>	<u>526,285</u>	<u>493,919</u>	<u>1,240,070</u>
Comprehensive income attributable to the Group	<u>\$ 39,385</u>	<u>128,635</u>	<u>114,317</u>	<u>310,057</u>

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

	For the six months ended June 30	
	2024	2023
Net assets attributable to the Group, January 1	\$ 2,183,261	2,072,316
Comprehensive income attributable to the Group	114,317	310,057
Changes in equity of investment in associates	(111)	(324)
Spin-off	(825,002)	-
Dividends received from the associate during the period	(271,440)	(271,518)
Net assets attributable to the Group, June 30	1,201,025	2,110,531
Less: Unrealized gain from side-stream sales transactions offset	6,394	4,692
Unrealized gain from upstream sales transactions offset	200	806
Carrying amount of interests in associates, June 30	\$ 1,194,431	2,105,033

QNAP Systems Inc. held a total of 13,367 thousand shares of the Company as of June 30, 2024.

The summarized financial information of the preparation office of SHEN FONG INC.:

	June 30, 2024
Current assets	\$ 1,000
Noncurrent assets	3,390,841
Net assets	\$ 3,391,841

	For the three months ended June 30, 2024	For the six months ended June 30, 2024
Operating revenue	\$ -	-
Profit from continuing operations	\$ (4,327)	(4,327)
Other comprehensive income	27,549	27,549
Total comprehensive income	\$ 23,222	23,222
Comprehensive income attributable to the Group	\$ 5,687	5,687

	For the six months ended June 30, 2024
Net assets attributable to the Group, January 1	\$ -
Comprehensive income attributable to the Group	5,687
Changes in equity of investment in associates	-
Acquisition through Spin-off	825,002
Dividends received from the associate during the period	-
Net assets attributable to the Group, June 30	830,689
Less: Unrealized gain from side-stream sales transactions offset	-
Unrealized gain from upstream sales transactions offset	-
Carrying amount of interests in associates, June 30	\$ 830,689

Preparation office of SHEN FONG INC. held a total of 10,596 thousand shares of the Company as of June 30, 2024.

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

- (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.)

	June 30, 2024	December 31, 2023	June 30, 2023	
Carrying amount of individually insignificant associates	<u>\$ 334,548</u>	<u>341,808</u>	<u>334,820</u>	
	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Attributable to the Group:				
Profit (loss) from continuing operations	\$ (16,112)	8,655	(16,822)	9,369
Other comprehensive income	2,411	(4,231)	9,561	(3,273)
Total comprehensive income	<u>\$ (13,701)</u>	<u>4,424</u>	<u>(7,261)</u>	<u>6,096</u>

- (iii) Collateral

As of June 30, 2024 and December 31, and June 30, 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			
		June 30, 2024	December 31, 2023	June 30, 2023	
Armorlink SH Corp.	China	9.30%	-	%	-

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.:

	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 2,891,431	2,762,220	3,370,676
Noncurrent assets	952,572	947,260	938,424
Current liabilities	(2,676,563)	(2,384,313)	(3,120,809)
Net assets	<u>\$ 1,167,440</u>	<u>1,325,167</u>	<u>1,188,291</u>
The carrying amount of non-controlling interests	<u>\$ 129,488</u>	<u>8,782</u>	<u>-</u>

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Operating revenue	<u>\$ 617,716</u>	<u>865,647</u>	<u>1,223,131</u>	<u>1,744,446</u>
Net income	\$ 18,073	165,384	39,329	186,712
Other comprehensive income	44	-	60	-
Total comprehensive income	<u>\$ 18,117</u>	<u>165,384</u>	<u>39,389</u>	<u>186,712</u>
Net income attributable to non-controlling interests	<u>\$ 1,952</u>	<u>-</u>	<u>2,446</u>	<u>-</u>

	For the six months ended June 30	
	2024	2023
Cash flow from operating activities	\$ 145,687	444,711
Cash flow from investing activities	23,277	(38,109)
Cash flow from financing activities	(129,045)	(89,650)
Net increase (decrease) in cash and cash equivalents	<u>\$ 39,919</u>	<u>316,952</u>

(9) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost or deemed cost:					
Balance at January 1, 2024	\$ 427,463	1,027,097	316,734	422,200	2,193,494
Additions	-	2,914	10,219	13,167	26,300
Disposals	-	-	(2,309)	(1,042)	(3,351)
Effect of exchange rate changes	4,451	33,601	16,682	7,699	62,433
Balance at June 30, 2024	<u>\$ 431,914</u>	<u>1,063,612</u>	<u>341,326</u>	<u>442,024</u>	<u>2,278,876</u>
Balance at January 1, 2023	\$ 427,476	1,036,619	289,824	391,591	2,145,510
Additions	-	-	35,870	7,011	42,881
Disposals	-	-	(1,814)	(1,859)	(3,673)
Effect of exchange rate changes	1,097	(13,112)	(6,871)	(268)	(19,154)
Balance at June 30, 2023	<u>\$ 428,573</u>	<u>1,023,507</u>	<u>317,009</u>	<u>396,475</u>	<u>2,165,564</u>
Depreciation and impairments loss:					
Balance at January 1, 2024	\$ -	504,282	114,882	313,348	932,512
Depreciation	-	19,848	24,612	18,639	63,099
Disposals	-	-	(1,321)	(1,013)	(2,334)
Effect of exchange rate changes	-	19,223	5,188	3,568	27,979
Balance at June 30, 2024	<u>\$ -</u>	<u>543,353</u>	<u>143,361</u>	<u>334,542</u>	<u>1,021,256</u>
Balance at January 1, 2023	\$ -	469,429	86,412	277,010	832,851
Depreciation	-	20,746	20,532	20,493	61,771
Disposals	-	-	(1,633)	(1,859)	(3,492)
Effect of exchange rate changes	-	(7,624)	(2,014)	(127)	(9,765)
Balance at June 30, 2023	<u>\$ -</u>	<u>482,551</u>	<u>103,297</u>	<u>295,517</u>	<u>881,365</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 June 30, 2024	<u>\$ 431,914</u>	<u>520,259</u>	<u>197,965</u>	<u>107,482</u>	<u>1,257,620</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 June 30, 2023	<u>\$ 428,573</u>	<u>540,956</u>	<u>213,712</u>	<u>100,958</u>	<u>1,284,199</u>

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

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

(ii) As of June 30, 2024 and December 31 and June 30, 2023, the Group's property, plant and equipment were not pledged as collateral.

(10) Right-of-use assets

	Buildings
Carrying amounts:	
Balance at January 1, 2024	\$ 13,870
Balance at June 30, 2024	\$ 8,521
Balance at January 1, 2023	\$ 20,534
Balance at June 30, 2023	\$ 15,161

(11) Investment Property

	Land and Improvements	Buildings	Total
Carrying amounts:			
Balance at January 1, 2024	\$ 124,376	147,161	271,537
Balance at June 30, 2024	\$ 124,376	144,353	268,729
Balance at January 1, 2023	\$ 124,376	153,077	277,453
Balance at June 30, 2023	\$ 124,376	150,069	274,445

(i) There were no significant additions, disposals, impairments, or reversals of investment properties of the Group for the six months ended June 30, 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

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	\$ -	173,408	-
Unused limits	\$ 955,324	760,113	500,000
Range of interest rates	-	2.8%~2.9%	-

(13) Lease liabilities

The lease liabilities of the Group were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	\$ 8,980	11,419	9,046
Noncurrent	\$ 428	2,951	6,948

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

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
	Interest on lease liabilities	\$ 56	89	128
Expenses relating to short-term leases	\$ 1,821	1,480	4,638	2,894

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

	For the six months ended June 30	
	2024	2023
	Total cash outflows for leases	\$ 9,953

Real estate leases

The Group leased buildings as factories in April and September 2022. The lease term is typically one year, with an option to renew for the same period at the end of the lease term.

(14) Operating lease

The Group had no significant new operating lease contracts for the six months ended June 30, 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:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
	Selling expenses	\$ 3	9	10
Research and development expenses	4	12	14	24
Total	\$ 7	21	24	43

(ii) Defined contribution plans

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
	Operating costs	\$ 434	437	875
Selling expenses	1,568	1,499	3,160	2,955
Administrative expense	623	671	1,241	1,357
Research and development expenses	2,632	2,462	5,300	4,881
Total	\$ 5,257	5,069	10,576	10,071

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:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ 71,186	179,367	150,074	245,657
Tax on unappropriated earnings	34,725	47,909	34,725	47,909
Adjustment for prior periods	1,354	(48,037)	1,354	(48,490)
	<u>107,265</u>	<u>179,239</u>	<u>186,153</u>	<u>245,076</u>
Deferred tax expense				
Origination and reversal of temporary differences	(897)	13,513	40,644	32,337
Income tax expense	<u>\$ 106,368</u>	<u>192,752</u>	<u>226,797</u>	<u>277,413</u>

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

<u>Name of company</u>	<u>The year</u>
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 six months ended June 30, 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:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
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	11,940
Other	18,324	18,262	18,262
	<u>\$ 845,472</u>	<u>845,521</u>	<u>820,433</u>

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

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

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

The Company has resolved the profit distribution for the fiscal years 2023 and 2022, as approved by the shareholders' meetings held on June 18, 2024 and June 16, 2023, respectively. The dividend amounts are as follows:

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

(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	119,442	-	119,442
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	-	(33,740)	(33,740)
Share of unrealized gain (loss) on financial assets at fair value through other comprehensive income attributed to associates accounted for using equity method	-	(14,616)	(14,616)
Share of exchange differences on translation attributed to associates accounted for using equity method	19,458	-	19,458
Balance at June 30, 2024	<u><u>\$ (296,277)</u></u>	<u><u>1,531</u></u>	<u><u>(294,746)</u></u>

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

	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	(13,340)	-	(13,340)
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	-	(2,786)	(2,786)
Share of unrealized gain (loss) on financial assets at fair value through other comprehensive income attributed to associates accounted for using equity method	-	114,318	114,318
Share of exchange differences on translation attributed to associates accounted for using equity method	2,571	-	2,571
Balance at June 30, 2023	<u>\$ (420,945)</u>	<u>68,129</u>	<u>(352,816)</u>

(18) Share-based Payment

Except as described below, there were no significant change for share-based payment for the six months ended June 30, 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 June 30, 2024 were as follows:

	For the three months ended June 30, 2024	For the six months ended June 30, 2024
Expenses incurred due to restricted new stock to employees	<u>\$ 7,071</u>	<u>14,279</u>

(ii) As of June 30, 2024, the unearned employee benefits compensation was \$115,305 thousand.
(RMB\$ 25,324 thousand)

(19) Earnings per share

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	<u>\$ 252,481</u>	<u>344,764</u>	<u>723,905</u>	<u>723,441</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	176,598	176,598	176,598	176,598
Basic earnings per share (in dollars)	<u>\$ 1.43</u>	<u>1.95</u>	<u>4.10</u>	<u>4.10</u>

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 252,481</u>	<u>344,764</u>	<u>723,905</u>	<u>723,441</u>
Weighted-average number of ordinary shares outstanding (in thousands of shares)	176,598	176,598	176,598	176,598
Effect of dilutive potential ordinary shares				
Effect on employee's stock bonus (in thousands)	583	518	963	932
Weighted-average number of ordinary shares (diluted) (in thousands of shares)	<u>177,181</u>	<u>177,116</u>	<u>177,561</u>	<u>177,530</u>
Diluted earnings per share (in dollars)	<u>\$ 1.42</u>	<u>1.95</u>	<u>4.08</u>	<u>4.08</u>

(20) Revenue from contracts with customers

(i) Details of revenue

For the three months ended June 30, 2024					
	Orders, Design and Brand sales	Product manufacturing	China brand sales	Other operating departments	Total
Main markets					
Domestic sales	\$ 95,843	-	-	-	95,843
Asia	302,932	88,037	305,683	67	696,719
America	358,015	15	-	300,160	658,190
Europe	170,568	42	-	-	170,610
Others	9,564	-	-	-	9,564
	<u>\$ 936,922</u>	<u>88,094</u>	<u>305,683</u>	<u>300,227</u>	<u>1,630,926</u>

For the three months ended June 30, 2023					
	Orders, Design and Brand sales	Product manufacturing	China brand sales	Other operating departments	Total
Main markets					
Domestic sales	\$ 75,982	-	-	-	75,982
Asia	451,946	21,010	441,132	754	914,842
America	245,268	-	-	515,996	761,264
Europe	156,929	518	-	-	157,447
Others	4,355	-	-	-	4,355
	<u>\$ 934,480</u>	<u>21,528</u>	<u>441,132</u>	<u>516,750</u>	<u>1,913,890</u>

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

For the six months ended June 30, 2024					
	Orders, Design and Brand sales	Product manufacturing	China brand sales	Other operating departments	Total
Main markets					
Domestic sales	\$ 143,278	-	-	-	143,278
Asia	744,642	165,381	582,709	4,737	1,497,469
America	638,357	163	-	721,331	1,359,851
Europe	319,271	42	-	-	319,313
Others	15,301	-	-	-	15,301
	\$ 1,860,849	165,586	582,709	726,068	3,335,212

For the six months ended June 30, 2023					
	Orders, Design and Brand sales	Product manufacturing	China brand sales	Other operating departments	Total
Main markets					
Domestic sales	\$ 184,724	-	-	-	184,724
Asia	963,750	34,774	887,163	6,562	1,892,249
America	594,020	258	-	959,966	1,554,244
Europe	422,605	518	-	-	423,123
Others	13,224	-	-	-	13,224
	\$ 2,178,323	35,550	887,163	966,528	4,067,564

(ii) Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Notes and accounts receivable	\$ 1,012,346	986,699	1,091,105
Less: Loss allowance	(1,212)	(24,168)	(11,113)
Total	\$ 1,011,134	962,531	1,079,992
Contract liabilities -Advance Sales Receipts	\$ 455,813	521,853	377,120

For details on accounts receivable and allowance for impairment, please refer to note 6(4). The amounts of revenue recognized for the six months ended June 30, 2024 and 2023 that were included in the contract liability balances at January 1, 2024 and 2023 were \$415,482 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 June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, the Company estimated its employee remuneration at \$17,965 thousand, \$23,735 thousand, \$47,516 thousand and \$46,686 thousand, respectively, and directors' remuneration at \$825 thousand, \$825 thousand, \$1,650 thousand and \$1,650 thousand, respectively. 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:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 71,197	52,821	134,476	96,785

(ii) Other income

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Rental income	\$ 2,468	3,027	5,476	6,054
Other income	13,132	14,824	25,122	41,792
Total	\$ 15,600	17,851	30,598	47,846

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:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Foreign exchange gains (losses)	\$ 62,392	55,211	279,788	41,321
Gain on financial assets at fair value through profit or loss	2,893	1,613	6,082	2,860
Gains (Losses) on disposals of property, plant and equipment	21	92	(662)	6
Loss on Compensation	(27,018)	-	(27,018)	-
Other	(1,558)	(1,802)	(3,250)	(3,362)
Total	\$ 36,730	55,114	254,940	40,825

(iv) Finance costs

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest expense				
Interest expense from bank loans	\$ 109	-	1,007	-
Other finance expenses	1,681	3,453	4,882	5,963
Total	\$ 1,790	3,453	5,889	5,963

(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 six months ended June 30, 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>
June 30, 2024						
Non-derivative financial liabilities						
Non-interest-bearing liabilities (including related parties)	\$ 2,606,335	2,606,335	2,462,407	94,937	48,991	-
Lease liabilities	9,408	9,480	6,457	2,586	437	-
	<u>\$ 2,615,743</u>	<u>2,615,815</u>	<u>2,468,864</u>	<u>97,523</u>	<u>49,428</u>	<u>-</u>
December 31, 2023						
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>
June 30, 2023						
Non-derivative financial liabilities						
Non-interest-bearing liabilities (including related parties)	\$ 2,745,722	2,745,722	2,697,386	1,650	46,686	-
Lease liabilities	15,994	16,228	6,210	3,497	6,084	437
	<u>\$ 2,761,716</u>	<u>2,761,950</u>	<u>2,703,596</u>	<u>5,147</u>	<u>52,770</u>	<u>437</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:

	June 30, 2024			December 31, 2023			June 30, 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	\$ 140,043	32.450	4,544,379	115,520	30.705	3,547,032	108,334	31.140	3,373,511
RMB:NTD	377,776	4.5532	1,720,090	454,975	4.3352	1,972,407	491,659	4.3100	2,118,853
USD:RMB(note)	59,112	7.13	1,918,183	55,684	7.08	1,709,762	50,901	7.23	1,585,047
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:NTD	22,606	32.450	733,562	23,446	30.705	719,924	24,782	31.140	771,722
USD:RMB(note)	8,979	7.13	291,375	9,549	7.08	293,213	12,926	7.23	402,502

Note: Given that the functional currency of some entities within the Group is not New Taiwan Dollar, this factor must also be considered in the disclosure. For example, if a subsidiary's functional currency is RMB, foreign currency positions in other currencies, such as the US dollar, must be taken into account.

(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 June 30, 2024 and 2023, would have increased (decreased) the net profit after tax by \$286,309 thousand and \$236,127 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 June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$62,392 thousand, \$55,211 thousand, \$279,788 thousand and \$41,321 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 \$233 thousand and \$255 thousand for the six months ended June 30, 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

If the prices of commodities or equity securities had changed as of the reporting date (assuming the same basis of comparison for both periods and all other variables remain unchanged), the impact on comprehensive income would be as follows:

Prices of securities at reporting date	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Other comprehensive income, after tax	Net income	Other comprehensive income, after tax	Net income
Increasing 5%	\$ 2,924	41,172	2,212	27,377
Decreasing 5%	\$ (2,924)	(41,172)	(2,212)	(27,377)

(vi) Fair value of financial instruments

(a) Categories and fair value of financial instruments

The Group measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amounts and fair values (including fair value hierarchy information, except for carrying amounts of financial assets not measured at fair value that are reasonable approximations of fair value, and lease liabilities, which are not required to be disclosed at fair value pursuant to the applicable standards) of the various financial assets and financial liabilities are as follow:

	Carrying amount	June 30, 2024			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Non-derivative mandatorily measured at fair value through profit or loss	\$ 823,450	823,450	-	-	823,450
Financial assets at fair value through other comprehensive income					
Domestic unlisted stocks	\$ 58,489	-	-	58,489	58,489
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,301,833	-	-	-	-
Notes and accounts receivable (including related parties)	1,119,848	-	-	-	-
Other receivables - related parties	795,204	-	-	-	-
Other financial assets (current and noncurrent)	4,059,145	-	-	-	-
Subtotal	8,276,030	-	-	-	-
Financial liabilities measured at amortized cost					
Notes and accounts-payable (including related parties)	\$ 1,273,391	-	-	-	-
Dividends payable	618,092	-	-	-	-
Other payables (including related parties)	714,852	-	-	-	-
Lease liabilities	9,408	-	-	-	-
Total	\$ 2,615,743	-	-	-	-

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

	December 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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	\$ 2,249,049	-	-	-	-
	June 30, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Non-derivative mandatorily measured at fair value through profit or loss	\$ 547,545	547,545	-	-	547,545
Financial assets at fair value through other comprehensive income					
Domestic unlisted stocks	\$ 44,239	-	-	44,239	44,239
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,249,259	-	-	-	-
Notes and accounts receivable (including related parties)	1,106,789	-	-	-	-
Other receivables - related parties	506,467	-	-	-	-
Other financial assets (current and noncurrent)	3,747,478	-	-	-	-
Subtotal	7,609,993	-	-	-	-
Financial liabilities measured at amortized cost					
Notes and accounts-payable (including related parties)	\$ 1,308,698	-	-	-	-
Dividends payable	618,092	-	-	-	-
Other payables (including related parties)	818,932	-	-	-	-
Lease liabilities	15,994	-	-	-	-
Total	2,761,716	-	-	-	-

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	
	Non-derivative mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
Balance as of January 1, 2024	\$ -	59,729	59,729
Total gains and losses recognized:			
In other comprehensive income	-	(33,740)	(33,740)
Acquisition	-	32,500	32,500
Effect of movements in exchange rates	-	-	-
Balance as of June 30, 2024	<u>\$ -</u>	<u>58,489</u>	<u>58,489</u>
Balance as of January 1, 2023	\$ -	32,025	32,025
Total gains and losses recognized:			
In other comprehensive income	-	(2,786)	(2,786)
Acquisition	-	15,000	15,000
Effect of movements in exchange rates	-	-	-
Balance as of June 30, 2023	<u>\$ -</u>	<u>44,239</u>	<u>44,239</u>

The above total gains or losses were recognized in "Other gains and losses" and "Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income". Of these, the amounts related to assets still held as of June 30, 2024 and 2023 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Total gains and losses recognized				
In other comprehensive income (recognized as "Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income)	\$ (9,644)	(1,646)	(33,740)	(2,786)

(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"> • Weighted average cost of capital (On June 30, 2024, December 31, 2023 and June 30, 2023 were 10.15%, 12.13% and 14.31%, respectively.) • Lack of market liquidity discount (On June 30, 2024, December 31, 2023 and June 30, 2023 all were 20%.) • Minority share discount (On June 30, 2024, December 31, 2023 and June 30, 2023 all of 18.57%~21.30%.) • Price-Book Ratio (On June 30, 2024, December 31, 2023 and June 30, 2023 were 1.42~2.85, 1.38 and 1.63, respectively.) • Price-to-Sales Ratio (On June 30, 2024, December 31, 2023 and June 30, 2023 were 2.82~3.6, 2.60 and 3.17, respectively.) 	<ul style="list-style-type: none"> • The higher the weighted average cost of capital, the minority share discount and the lack of liquidity discount, the lower the fair value • The lower the multiplier, the lower the fair value.

(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 Group'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
Preparation Office of SHEN FONG INC. (Note1)	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 2)	An associate
QNAP HK Limited	An associate

Note 1 : Our associate, QNAP Systems, Inc. was spun off in May 2024. For more details, please see Note 6(7).

Note 2 : 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</u>		<u>For the six months</u>	
	<u>ended June 30</u>		<u>ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Associates	<u>\$ 106,389</u>	<u>34,368</u>	<u>195,559</u>	<u>66,087</u>

The selling terms to related parties were not materially different from those to unrelated third parties.

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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
Associate- QNAP Systems, Inc.	\$ 51,922	65,623	94,727	123,256
Associates	23,522	41,764	55,680	75,395
	\$ 75,444	107,387	150,407	198,651

The purchase prices from related parties were not materially different from those from independent third parties.

(iii) Receivables (payables) from Related Parties

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

Account	Relationship	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	Associates	\$ 108,714	35,513	26,797
Other receivables	Associate- QNAP Systems, Inc.	\$ 274,190	1,158	272,975
Other receivables	Associate- QNAP Inc.(USA)	154,438	136,024	177,015
Other receivables	Associate- QNAP Inc.(CANADA)	41,499	47,463	54,221
Other receivables	Associates	-	-	2,256
		\$ 470,127	184,645	506,467
Accounts payable	Associate- QNAP Systems, Inc.	\$ 47,803	71,234	85,003
Accounts payable	Associates	19,541	26,813	37,749
		\$ 67,344	98,047	122,752
Other payables	Associate- QNAP Systems, Inc.	\$ 38,384	195,813	170,228
Other payables	Associates	4,103	3,003	2,549
		\$ 42,487	198,816	172,777

On June 30, 2024 and December 31 and June 30, 2023, the Group's accounts receivable and other receivables to related parties were not overdue, and there was no expected credit loss.

(iv) Loans to Related Parties

The loans to related parties were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
QNAP Inc. (JAPAN)	\$ 324,500	-	-

Loans to related parties of the Group were recognized at an interest rate equal to the average borrowing rate from financial institutions of the Group in the year in which the loans were made. The Group has obtained collateral in the form of real estate owned by the borrowers. After assessment, no allowance for doubtful accounts was required. Interest

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

income of \$577 thousand was recognized for the three-month periods ended June 30, 2024 and for the six-month period ended June 30, 2024, respectively. As of June 30, 2024, the amount of interest receivable was \$577 thousand.

(v) Contract liabilities

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

	<u>June 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
Associates	\$ -	-	<u>2,766</u>

(vi) Leases

(a) Lessor

<u>Account</u>	<u>Relationship</u>	<u>For the three months</u> <u>ended June 30</u>		<u>For the six months</u> <u>ended June 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Rental income	Associate- QNAP Systems, Inc.	\$ 2,005	2,005	4,011	4,011
Rental income	Associates	115	121	327	343
		<u>\$ 2,120</u>	<u>2,126</u>	<u>4,338</u>	<u>4,354</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 six months ended June 30, 2024 and 2023 were respectively \$128 thousand and \$194 thousand. The balance of lease liabilities as of June 30, 2024, December 31, 2023 and June 30, 2023 were \$9,408 thousand, \$14,370 thousand and \$15,994 thousand, respectively.

(vii) Others

<u>Account</u>	<u>Relationship</u>	<u>For the three months</u> <u>ended June 30</u>		<u>For the six months</u> <u>ended June 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Non-operating income	Associate- QNAP Systems, Inc.	\$ 5,391	2,315	5,391	4,936
Non-operating income	Associates	-	71	-	1,815
Manufacturing overhead and operating expenses	Associates	(13,725)	(18,559)	(29,181)	(30,222)
		<u>\$ (8,334)</u>	<u>(16,173)</u>	<u>(23,790)</u>	<u>(23,471)</u>

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

(3) Key management personnel transactions

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 8,812	10,158	17,966	20,628
Post-employment benefits	155	161	309	333
	\$ 8,967	10,319	18,275	20,961

8. Pledged assets

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

Pledged assets	Pledged to secure	June 30, 2024	December 31, 2023	June 30, 2023
Other financial assets - current	Post-release duty payment for imported goods	\$ 7,963	7,903	7,311
Other financial assets - current	Bank's Acceptance Bill	98,279	158,980	99,489
		\$ 106,242	166,883	106,800

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	For the three months ended June 30, 2024			For the three months ended June 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item						
Employee benefits						
Salaries	53,350	197,266	250,616	61,084	218,065	279,149
Labor and health insurance	10,062	24,251	34,313	10,436	23,277	33,713
Pension	434	4,830	5,264	437	4,653	5,090
Others	2,368	10,090	12,458	2,623	4,592	7,215
Depreciation	17,129	16,998	34,127	10,975	22,171	33,146
Amortization	150	4,782	4,932	-	5,302	5,302

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Notes to the Consolidated Financial Statements (continued)

By function By item	For the six months ended June 30, 2024			For the six months ended June 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	107,673	419,587	527,260	124,810	434,897	559,707
Labor and health insurance	20,780	49,575	70,355	20,606	46,892	67,498
Pension	875	9,725	10,600	878	9,236	10,114
Others	4,954	23,332	28,286	4,949	18,617	23,566
Depreciation	33,779	34,867	68,646	21,787	45,375	67,162
Amortization	254	10,491	10,745	-	10,511	10,511

The depreciation expense mentioned above excluded depreciation of investment properties. The amounts recognized as non-operating expenses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Depreciation of investment property	\$ 1,474	1,465	2,942	2,934

(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, the Group discloses the following information on significant transactions for the six months ended June 30, 2024:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollar)

No. (Note 1)	Name of Lender	Name of borrower	Account Name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual usage amount during the period (Note 2)	Range of interest rates during the period	Purpose of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Item	Value		
1	Fortunetec International Inc. Corp.	QNAP (JAPAN)	Other receivable-related parties	Yes	324,500	324,500	324,500	5.90%	Short-term financing purpose		Operating capital		Owned real estate	386,480	1,811,948	1,811,948

Note 1: The numbering column is explained as follows:

(1) The issuer shall fill in 0.

(2) The investee company shall be numbered sequentially starting from 1 for each company.

Note 2: All amounts were converted at the exchange rate of USD\$1 = NTD\$32.4500 at the end of June 2024.

Note 3: The lending limit for each individual borrower and the total lending limit were capped at 40% of the net asset value of the lending company as of the most recent financial report dated June 30, 2024.

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

(iii) Marketable securities held as of June 30, 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	June 30, 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	27,209	353,314	- %	353,314	

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Notes to the Consolidated Financial Statements (continued)

Investing Company	Marketable Securities Type and Name (Note 1)	Relationship with the Group	Financial Statement Account	June 30, 2024				Note
				Shares/Units	Carrying amount	Percentage of Ownership	Fair value	
"	Jih Sun Money Market Fund	-	Financial assets at fair value through profit and loss-current	5,928	91,029	- %	91,029	
"	Franklin Templeton Money Market Fund	-	"	4,673	50,008	- %	50,008	
"	Hundure Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-noncurrent	497	3,086	4.78 %	3,086	
"	HUA DA Venture Capital Corporation	-	"	150	4,212	10.00 %	4,212	
"	ANTEYA Technology Corporation	-	"	500	-	5.26 %	-	
"	GENESIS PHOTONICS INC	-	"	309	-	0.41 %	-	
"	CASTEC International Corporation	-	"	2,400	21,496	6.60 %	21,496	
"	Chun-Sheng Innovation Investment Corporation	-	"	3,000	20,997	10.00 %	20,997	
Britemed Technology Inc.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit and loss-current	10,088	130,997	- %	130,997	
"	Franklin Templeton Money Market Fund	-	"	5,608	60,016	- %	60,016	
"	Jih Sun Money Market Fund	-	"	2,651	40,713	- %	40,713	
Ailean Technologies Corp.	Premier Seasonal Profit No.1 Asset Management Plan	-	"	9,051	44,536	- %	44,536	
Armorlink SH Corp.	Opensource Weekly Purchase 7-Day Rolling Asset Management Plan	-	"	4,957	22,985	- %	22,985	
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	-	14,881	- %	14,881	
"	Johnson & Johnson 3.7% 16/46 Bond (US478160BV55)	-	"	-	14,971	- %	14,971	
Fortune Name Holdings Limited	OPCOM Medical Inc.	-	Financial assets at fair value through other comprehensive income-noncurrent	438	8,698	10.29 %	8,698	

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	(447,456)	(21.25) %	60 days	-	-	200,428	26.39%	
IEI Technology USA Corporation	The Company	Ultimate parent company	Purchases	447,456	89.97 %	60 days	-	-	(200,428)	(96.45)%	
Armorlink SH Corp.	The Company	Ultimate parent company	Sales	(541,471)	(44.27) %	60 days	-	-	217,444	35.62%	
The Company	Armorlink SH Corp.	Subsidiary	Purchases	541,471	37.97 %	60 days	-	-	(217,444)	(28.69)%	
Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd.	Subsidiary	Sales	(337,327)	(27.58) %	90 days	-	-	154,316	25.28%	
IEI Technology (Shanghai) Co., Ltd.	Armorlink SH Corp.	Parent company	Purchases	337,327	99.59 %	90 days	-	-	(154,316)	(61.48)%	
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	Sales	(161,314)	(13.19) %	90 days			121,254	19.86%	
Weibotong Technology (Shanghai) Co., Ltd.	Armorlink SH Corp.	Parent company	Purchases	161,314	100.00 %	90 days			(121,254)	(100.00)%	

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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	
Armorlink SH Corp.	QNAP Systems, Inc.	Associate	Sales	(149,615)	(12.23) %	60 days			94,507	15.48%	
QNAP Systems, Inc.	Armorlink SH Corp.	Associate	Purchases	149,615	14.07 %	60 days			(94,507)	16.24%	

(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	201,318	4.18	-		5,586	-
The Company	Britemed Technology Inc	Subsidiary	139,199	6.01	-		138,125	-
The Company	QNAP Systems, Inc.	Associate	274,190	-	-		3,606	-
Armorlink SH Corp.	The Company	Ultimate parent company	217,444	4.58	-		118,944	-
Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd	Subsidiary	154,316	3.96	-		88,382	-
Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	Subsidiary	121,254	2.50	-		3,643	-
IEI Technology USA Corporation	QNAP Inc. (USA)	Associate	160,384	4.87	-		79,575	-
Fortunetec International Corp.	Armorlink SH Corp.	Subsidiary	1,718,169	-	-		-	-
Fortunetec International Corp.	QNAP Inc. (JAPAN)	Associate	325,077	-	-		325,077	-

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	77,432	60 days	2.32%
0	The Company	Britemed Technology Inc.	1	Other receivables-related parties	123,344	According to contract	0.83%
0	The Company	IEI Technology USA Corporation	1	Sales	447,456	60 days	13.42%
0	The Company	IEI Technology USA Corporation	1	Accounts receivable - related parties	200,428	60 days	1.35%
1	Armorlink SH Corp.	The Company	2	Sales	541,471	60 days	16.23%
1	Armorlink SH Corp.	The Company	2	Accounts receivable - related parties	217,444	60 days	1.46%
1	Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	1	Sales	161,314	90 days	4.84%
1	Armorlink SH Corp.	Weibotong Technology (Shanghai) Co., Ltd.	1	Accounts receivable - related parties	121,254	90 days	0.82%
1	Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd	1	Sales	337,327	90 days	10.11%
1	Armorlink SH Corp.	IEI Technology (Shanghai) Co., Ltd	1	Accounts receivable - related parties	154,316	90 days	1.04%
2	FORTUNETEC INTERNATIONAL CORP.	Armorlink SH Corp.	1	Other receivables-related parties	1,718,169	According to contract	11.57%
3	IEI Technology (Shanghai) Co., Ltd	Armorlink SH Corp.	2	Advance Payment	156,692	Advance Payment	1.06%

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 six months ended June 30, 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 June 30, 2024 (Note 1)			Net Income (Losses) of the Investee	Investment income (loss) recognized (Note 2)	Note
				June 30, 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%	4,793,263	211,567	215,468	Subsidiary
The Company	QNAP Systems, Inc.	Taiwan	Selling network security monitoring and network storage communication related products	584,106	584,106	6,767	24.49%	1,194,431	538,221	119,191	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%	1,413,265	74,987	74,987	Subsidiary
The Company	Britemed Technology Inc.	Taiwan	Manufacturing and selling electronic components	80,000	80,000	8,000	100.00%	247,938	71,458	71,458	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%	85,475	11,211	1,834	Investment accounted for using equity method
The Company	Preparation Office of SHEN FONG INC.	Taiwan	Leasing property	825,002	-	341	24.49%	830,689	(4,327)	-	Investment accounted for using equity method
ICP Electronics Limited	Fortunetec International Corp	Mauritius	Investing and selling computers	162,250	162,250	500	100.00%	4,529,870	224,462	-	Subsidiary
ICP Electronics Limited	FORTUNE NAME HOLDINGS LIMITED	Samoa	Investing and selling computers	22,715	-	700	100.00%	13,896	(83)	-	Subsidiary
ICP Electronics Limited	Acquire System Inc.	Mauritius	Investing and selling computers	61,734	61,734	199	49.71%	138,629	(40,854)	-	Investment accounted for using equity method
Internet Application Technology Ltd.	Rich Excel Corporation Holdings Limited	British Virgin Islands	Investing and selling computers	377,312	377,312	11,628	100.00%	1,255,080	72,194	-	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%	45,865	11,211	-	Investment accounted for using equity method
Rich Excel Corporation Holdings Limited	Equilico Inc.	USA	Leasing property	210,402	210,402	6,484	100.00%	229,132	8,003	-	Subsidiary
Rich Excel Corporation Holdings Limited	Potency Inc.	Samoa	Investing and selling computers	241,151	241,151	5,840	100.00%	989,438	63,295	-	Subsidiary
Equilico Inc.	Suntend LLC	USA	Leasing property	128,953	128,953	-	100.00%	221,520	8,171	-	Subsidiary
Potency Inc.	IEI Technology USA Corporation	USA	Selling Industrial computers and related products	58,867	58,867	14,000	100.00%	791,797	52,352	-	Subsidiary
Potency Inc.	Anewtech Systems Pte. Ltd	Singapore	Selling Industrial computers and related products	39,491	39,491	400	31.68%	65,128	2,149	-	Investment accounted for using equity method
Armorlink SH Corp.	SYNCDA International Limited.	Hong Kong	Logistics center and selling Industrial computers	9,735	9,735	300	100.00%	9,877	177	-	Subsidiary

Note 1: The original investment amount and the ending balance was converted at exchange rate of 32.450 NTD to USD as of June 30, 2024.

Note 2: The Income (Losses) for this period was converted at exchange rate of 31.901.

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 June 30, 2024	Net Income (Losses) of Investee	Percentage of Ownership of direct or indirect investment	Investment income (loss) recognized	Carrying Amount as of June 30, 2024	Accumulated inward remittance of earnings as of June 30, 2024
					Outflow	Inflow						
IEI Technology (Shanghai) Co., Ltd	Logistics center and selling Industrial computers	119,117 (RMB26,161)	Investee company of Armorlink SH Corp.	115,198 (USD3,550)	-	-	115,198 (USD3,550)	(6,042)	90.70%	(5,480)	100,903	-
Xingwei Computer (Kunshan) Co., Ltd.	Logistics center and selling Industrial computers	155,760 (USD4,800)	Indirect investments in Mainland China through Acquire System Inc., a holding company established in third region.	61,720 (USD1,902)	-	-	61,720 (USD1,902)	(1,235)	49.71%	(614)	129,197	-
Armorlink SH Corp.	Manufacturing and selling computers	286,218 (USD8,820)	Indirect investments in Mainland China through Fortunetee International Corp., a holding company established in third region.	64,900 (USD2,000)	-	-	64,900 (USD2,000)	39,329	90.70%	36,883	1,037,951	158,064 (USD4,871)
Ailean Technologies Corp.	Manufacturing and selling computers	266,995 (RMB58,639)	Investee company of Armorlink SH Corp.	194,700 (USD6,000)	-	-	194,700 (USD6,000)	(4,036)	90.70%	(3,661)	468,339	296,236 (USD9,129)
Ash Energy Group Limited	Managing supply chain	45,532 (RMB10,000)	Investee company of Ailean Technologies Corp.	-	-	-	-	531	90.70%	482	55,635	-
Weibotong Technology (Shanghai) Co., Ltd.	Logistics center and selling Industrial computers	9,106 (RMB2,000)	Investee company of Armorlink SH Corp.	-	-	-	-	(13,600)	90.70%	(12,335)	(44,400)	-

(ii) Limits on investments in Mainland China

Accumulated investment in Mainland China as of June 30, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment authorized by Investment Commission, MOEA (Note 3)
(USD 436,517 13,452)	IEI Technology (Shanghai) Co., Ltd (USD 115,198 3,550) Xingwei Computer (Kunshan) Co., Ltd. (USD 76,485 2,357) Armorlink SH Corp. (USD 413,738 12,750) Ailean Technologies Corp. (USD 803,138 24,750)	6,220,625

The exchange rate of USD to NTD as of the reporting date was 1:32.450, and the average exchange rate of USD to NTD for the reporting period was 1:31.901

The exchange rate of RMB to NTD as of the reporting date was 1:4.5532, and the average exchange rate of RMB to NTD for the reporting period was 1: 4.4897.

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 $\times 60\% = \$10,367,709$ thousand $\times 60\% = \$6,220,625$ thousand.

(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.

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

(4) Major Shareholders

(Unit: share)

Shareholder's Name	Shareholding	Shares	Percentage
Po-TA Kuo		21,932,396	12.41%
QNAP Systems, Inc.		13,367,140	7.56%
Preparation Office of SHEN FONG INC., represented by Li-Ying Lee		10,595,867	5.99%

14. Segments information

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

	Order, design, and brand sales	Product manufacturing	Brand sales in China	Other operating department	Reconciliation and eliminations	Total
For the three months ended June 30, 2024						
Revenue:						
Revenue from external revenue	\$ 936,922	88,094	305,683	300,227	-	1,630,926
Intra-group revenue	251,412	529,757	116	2,822	(784,107)	-
Total revenue	<u>\$ 1,188,334</u>	<u>617,851</u>	<u>305,799</u>	<u>303,049</u>	<u>(784,107)</u>	<u>1,630,926</u>
profit (loss) from reportable segment	<u>\$ 256,636</u>	<u>32,367</u>	<u>(12,199)</u>	<u>82,558</u>	<u>1,439</u>	<u>360,801</u>
For the three months ended June 30, 2023						
Revenue:						
Revenue from external revenue	\$ 934,480	21,526	441,132	516,752	-	1,913,890
Intra-group revenue	451,308	805,033	28	2,808	(1,259,177)	-
Total revenue	<u>\$ 1,385,788</u>	<u>826,559</u>	<u>441,160</u>	<u>519,560</u>	<u>(1,259,177)</u>	<u>1,913,890</u>
profit (loss) from reportable segment	<u>\$ 378,715</u>	<u>156,323</u>	<u>(13,610)</u>	<u>16,403</u>	<u>(315)</u>	<u>537,516</u>
For the six months ended June 30, 2024						
Revenue:						
Revenue from external revenue	\$ 1,860,849	165,586	582,709	726,068	-	3,335,212
Intra-group revenue	538,897	1,057,799	548	5,487	(1,602,731)	-
Total revenue	<u>\$ 2,399,746</u>	<u>1,223,385</u>	<u>583,257</u>	<u>731,555</u>	<u>(1,602,731)</u>	<u>3,335,212</u>
profit (loss) from reportable segment	<u>\$ 608,944</u>	<u>65,531</u>	<u>(17,603)</u>	<u>292,375</u>	<u>3,901</u>	<u>953,148</u>
For the six months ended June 30, 2023						
Revenue:						
Revenue from external revenue	\$ 2,178,323	35,548	887,163	966,530	-	4,067,564
Intra-group revenue	845,312	1,709,339	587	5,407	(2,560,645)	-
Total revenue	<u>\$ 3,023,635</u>	<u>1,744,887</u>	<u>887,750</u>	<u>971,937</u>	<u>(2,560,645)</u>	<u>4,067,564</u>
profit (loss) from reportable segment	<u>\$ 750,312</u>	<u>197,567</u>	<u>(26,812)</u>	<u>59,800</u>	<u>19,987</u>	<u>1,000,854</u>