

M-Power Information Co., Ltd.

Individual Financial Statements and Independent Auditors' Review Report For the Nine Months Ended September 30, 2023 and 2022

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of M-Power Information Co., Ltd.:

Foreword

We have audited the accompanying balance sheets of M-Power Information Co., Ltd. as at September 30, 2023 and 2022, and the statements of comprehensive income for the periods from July 1 to September 30, 2023 and 2022 and January 1 to September 30, 2023 and 2022, and the statements of changes in equity and the statements of cash flows for the periods from January 1 to September 30, 2023 and 2022, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS thirty-four "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to form a conclusion on these financial statements based on our review.

Scope

We conducted our review in accordance with the Standard on Review Engagements 2410, "Review of Financial Statements". The procedures for reviewing financial reports include inquiries (primarily to personnel responsible for financial and accounting affairs), analytical procedures, and other review procedures. Since the scope of our audit is significantly less than that of our audit, we may not be able to detect all material matters that can be identified through our audit and therefore we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that the above financial statements are not prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. thirty-four "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission in all material respects, which makes it impossible to properly express the financial position of M-Power Information Co., Ltd. as at September 30, 2023 and 2022, and the financial performance from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022 and the cash flow from January 1 to September 30, 2023 and 2022.

The engagement partners on the audit resulting in this independent auditors' report are Chun-I, Chang and Chun-Hsiu Kuang.

KPMG Taiwans
Taipei, Taiwan (The Republic of China)
November 7, 2023

Notes to Readers

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

The independent auditors' audit report and the accompanying company only 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' audit report and the company only financial statements, the Chinese version shall prevail.

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)
Only reviewed, not audited in accordance with auditing standards
M-Power Information Co., Ltd.

Balance sheet

September 30, 2023, December 31, 2022, and September 30, 2022

Unit: NT \$thousands

	2023.9.30		2022.12.31		2022.9.30			2023.9.30		2022.12.31		2022.9.30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
11xx Current assets:							21xx Current liabilities:						
1100 Cash and cash equivalents (note 6 (a))	\$ 150,678	14	242,888	20	97,764	10	2100 Short-term borrowings (notes 6 (a), (f), 7 and 8)	\$ 272,137	25	150,565	13	306,751	31
1136 Current financial assets at amortized cost (notes 6 (a), (f) and 8)	200	-	3,580	-	6,080	1	2130 Current contract liabilities (note 6 (13))	102,962	10	35,059	3	36,493	4
1150 Notes receivable, net (note 6 (b) and (13))	252	-	402	-	-	-	2170 Accounts payable (note 7)	121,938	11	424,782	35	240,698	24
1170 Accounts receivable, net (note 6 (b) and (13))	708,779	67	473,222	40	626,586	62	2200 Other payables (note 6 (14))	41,776	4	60,671	5	54,255	5
1200 Other receivables	-	-	220	-	-	-	2216 Payables for dividends (note 6 (11))	-	-	-	-	21,750	2
130X Inventories (note 6 (c))	85,215	8	344,301	29	140,935	14	2230 Current tax liabilities	6,341	1	11,749	1	4,177	-
1410 Prepayments	8,116	1	6,061	1	8,266	1	2280 Current lease liabilities (note 6 (h))	6,491	1	6,401	1	6,261	1
1470 Other current assets	-	-	92	-	202	-	2322 Long-term borrowings, current portion (Notes 6 (g) and 7)	11,873	1	-	-	-	-
Total current assets	<u>953,240</u>	<u>90</u>	<u>1,070,766</u>	<u>90</u>	<u>879,833</u>	<u>88</u>	2399 Other current liabilities	1,417	-	2,257	-	364	-
15xx Non-current assets:							Total current liabilities	<u>564,935</u>	<u>53</u>	<u>691,484</u>	<u>58</u>	<u>670,749</u>	<u>67</u>
1600 Property, plant and equipment (note 6 (d))	1,418	-	2,236	-	2,529	-	25xx Non-current liabilities:						
1755 Right-of-use assets (note 6 (e) and (h))	22,221	2	27,034	2	28,340	3	2540 Long-term borrowings (notes 6 (g) and 7)	14,236	1	-	-	-	-
1780 Intangible assets	808	-	841	-	263	-	2580 Non-current lease liabilities (note 6 (h))	16,564	2	21,444	2	22,886	2
1840 Deferred tax assets	1,547	-	1,547	-	3,107	-	2640 Net defined benefit liabilities-non-current	3,534	-	3,534	-	5,291	1
1920 Guarantee deposits paid	20,369	2	18,930	2	15,494	2	Total non-current liabilities	<u>34,334</u>	<u>3</u>	<u>24,978</u>	<u>2</u>	<u>28,177</u>	<u>3</u>
1930 Long-term receivables (note 6 (b) and (13))	65,395	6	75,761	6	75,182	7	2xxx Total liabilities	<u>599,269</u>	<u>56</u>	<u>716,462</u>	<u>60</u>	<u>698,926</u>	<u>70</u>
Total non-current assets	<u>111,758</u>	<u>10</u>	<u>126,349</u>	<u>10</u>	<u>124,915</u>	<u>12</u>	31xx Equity (Note (11)):						
							Share capital:						
							3110 Ordinary shares	220,000	21	220,000	18	145,000	14
							3150 Stock dividends to be distributed	-	-	-	-	43,500	4
								<u>220,000</u>	<u>21</u>	<u>220,000</u>	<u>18</u>	<u>188,500</u>	<u>18</u>
							3200 Capital surplus	133,28	13	133,284	1	26,600	3
							3300 Retained earnings:						
							3310 Legal reserve	35,239	3	25,963	2	25,963	3
							3350 Unappropriated earnings	77,206	7	101,406	9	64,759	6
							Total retained earnings	<u>112,445</u>	<u>10</u>	<u>127,369</u>	<u>11</u>	<u>90,722</u>	<u>9</u>
							3xxx Total equity	<u>465,729</u>	<u>44</u>	<u>480,653</u>	<u>40</u>	<u>305,822</u>	<u>30</u>
1xxx Total assets	<u>\$ 1,064,998</u>	<u>100</u>	<u>1,197,115</u>	<u>100</u>	<u>1,004,748</u>	<u>100</u>	23xx Total liabilities and equity	<u>\$ 1,064,998</u>	<u>100</u>	<u>1,197,115</u>	<u>100</u>	<u>1,004,748</u>	<u>100</u>

(See the attached notes to financial statements)

(English Translation of Individual Financial Statements and Report Originally Issued in Chinese)

Only reviewed, not audited in accordance with auditing standards

M-Power Information Co., Ltd.

Statements of Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022

Unit: NT \$thousands

	July to September 2023		July to September 2022		January to September 2023		January to September 2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4110	Operating revenue (note 6 (13))	\$ 239,236	101	181,419	103	1,311,254	100	1,270,962	100
4190	Less: Sales discounts and allowances	2,566	1	5,172	3	5,566	-	5,172	-
	Net operating revenue	236,670	100	176,247	100	1,305,688	100	1,265,790	100
5000	Operating costs (notes 6 (c), (d), (e), (i) and 7)	189,982	80	133,262	76	1,134,416	87	1,115,930	89
5900	Gross profit	46,688	20	42,985	24	171,272	13	149,860	11
6000	Operating expenses (notes 6 (b), (d), (e), (h), (i), (n) and 7):								
6100	Selling and marketing expenses	13,586	6	13,789	8	40,487	3	38,712	3
6200	Administrative expenses	8,573	4	8,557	5	26,425	2	25,50	2
6300	Research and development expenses	4,579	2	4,688	2	14,418	1	12,543	1
6450	Reversal of expected credit loss	-	-	(207)	-	(25)	-	(81)	-
	Total operating expenses	26,738	12	26,827	15	81,305	6	76,678	6
6900	Profit from operations	19,950	8	16,158	9	89,967	7	73,182	5
7000	Non-operating income and expenses (note 6 (h) and (15)):								
7100	Interest income	20	-	5	-	467	-	53	-
7020	Other gains and losses	200	-	303	-	1,049	-	1,463	-
7050	Finance costs	(2,368)	-	(2,310)	(1)	(5,346)	-	(4,554)	-
	Total non-operating income and expenses	(2,148)	-	(2,002)	(1)	(3,830)	-	(3,038)	-
7900	Net profit before tax	17,802	8	14,156	8	86,137	7	70,144	5
7950	Less: Income tax expenses (note 6 (j))	3,563	2	2,465	1	17,461	1	14,026	1
8200	Net income	14,239	6	11,691	7	68,676	6	56,118	4
8300	Other comprehensive income for the period	-	-	-	-	-	-	-	-
8500	Total comprehensive income for the year	\$ 14,239	6	11,691	7	68,676	6	56,118	4
	Earnings per share (Unit: NT \$, Note 6 (12))								
9750	Basic earnings per share	\$ 0.65		0.62		3.12		2.98	
9850	Diluted earnings per share	\$ 0.64		0.62		3.10		2.94	

(See the attached notes to financial statements)

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M-Power Information Co., Ltd.
 Statements of Changes in Equity
 For the nine months ended September 30, 2023 and 2022

Unit: NT \$thousands

	Share capital			Capital surplus	Retained earnings			
	Common Shares	To be distributed Stock dividends	Total Shares		Statutory earnings Surplus reserve	Undistribut ed Surplus	Total Shares	Total equity
Balance at January 1, 2022	\$ 145,000	-	145,000	26,600	18,740	81,114	99,854	271,454
Appropriation and distribution of earnings:								
Legal reserve	-	-	-	-	7,223	(7,223)	-	-
Cash dividends	-	-	-	-	-	(21,750)	(21,750)	(21,750)
Stock dividends	-	43,500	43,500	-	-	(43,500)	(43,500)	-
Net income	-	-	-	-	-	56,118	56,118	56,118
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	56,118	56,118	56,118
Balance at September 30, 2022	\$ 145,000	43,500	188,500	26,600	25,963	64,759	90,722	305,822
Balance at January 1, 2023	\$ 220,000	-	220,000	133,284	25,963	101,406	127,369	480,653
Appropriation and distribution of earnings:								
Legal reserve	-	-	-	-	9,276	(9,276)	-	-
Cash dividends	-	-	-	-	-	(83,600)	(83,600)	(83,600)
Net income	-	-	-	-	-	68,676	68,676	68,676
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	68,676	68,676	68,676
Balance at September 30, 2023	\$ 220,000	-	220,000	133,284	35,239	77,206	112,445	465,729

(See the attached notes to financial statements)

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M-Power Information Co., Ltd.

Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

Unit: NT \$thousands

	<u>January to</u> <u>September 2023</u>	<u>January to</u> <u>September 2022</u>
Cash flows from operating activities:		
Profit before tax	\$ 86,137	70,144
Adjustments:		
Income and expense items		
Depreciation expense	5,631	5,540
Amortization expense	315	90
Reversal of expected credit loss	(25)	(81)
Interest expense	5,346	4,554
Interest income	(467)	(53)
Total income and expense items	<u>10,800</u>	<u>10,050</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	150	515
Accounts receivable	(235,532)	(348,563)
Other receivables	220	41
Inventories	259,086	(103,739)
Prepayments	(2,055)	(5,490)
Other current assets	92	(187)
Long-term receivables	10,366	(49,882)
Total changes in operating assets	<u>32,327</u>	<u>(507,305)</u>
Changes in operating liabilities:		
Contract liabilities	67,903	(831)
Accounts payable	(302,844)	130,483
OTHER PAYABLES	(18,895)	(3,451)
Other current liabilities	(840)	(4,115)
Total changes in operating liabilities	<u>(254,676)</u>	<u>122,086</u>
Total changes in operating assets and liabilities	<u>(222,349)</u>	<u>(385,219)</u>
Total adjustments	<u>(211,549)</u>	<u>(375,169)</u>
Cash outflow generated from operations	(125,412)	(305,025)
Interest received	467	53
Interest paid	(5,346)	(4,554)
Income taxes paid	(22,869)	(24,948)
Net cash used in operating activities	<u>(153,160)</u>	<u>(334,474)</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	3,380	(5,500)
Acquisition of property, plant and equipment	-	(703)
Increase in refundable deposits	(1,439)	1,165
Acquisition of intangible assets	(282)	(286)
Net cash flows from (used in) investing activities	<u>1,659</u>	<u>(5,324)</u>
Cash flows from financing activities:		
Increase in short-term loans	121,572	278,751
Proceeds from long-term borrowings	30,000	-
Repayments of long-term borrowings	(3,891)	-
Repayment of lease principal	(4,790)	(4,540)
Cash dividends	(83,600)	-
Net cash flows from financing activities	<u>59,291</u>	<u>274,211</u>
Net decrease in cash and cash equivalents	<u>(92,210)</u>	<u>(65,587)</u>
Cash and cash equivalents at beginning of period	<u>242,888</u>	<u>163,351</u>
Cash and cash equivalents at end of period	<u>\$ 150,678</u>	<u>97,764</u>

(See the attached notes to financial statements)

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

M-Power Information Co., Ltd. Notes to Financial Statements September 30, 2023 and 2022

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

1. Company History

M-Power Information Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on September 10, 1999. On December 22, 2021, the Company's shares began to be traded on the Taipei Exchange (TPEX) Emerging Stock Strategy (new version), and on May 3, 2022, the Company began to be traded on the TPEX. In addition, the Company has been listed on the Taipei Exchange since December 14, 2022. The Company is primarily engaged in the wholesaling and retailing of information software and the provision of professional consultation, education and training and technical services.

2. Approval date and procedures of the financial statements

The financial statements were approved by the board of directors and authorized for issue on November 7, 2023.

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

(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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023.

Amendments to IAS 1 "Disclosure of Accounting Policies"

Amendments to IAS 8 "Definition of Accounting Estimates"

Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from May 23, 2023.

Amendments to IAS 12, 'The reform of international rent tax - the model of the Pillar 2 rules'

(2) Effect of IFRSs endorsed by the FSC but not yet adopted by the Company

The Company assesses that the adoption of the following new amendments to IFRSs effective January 1, 2024 would not have any material impact on its financial statements.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Amendments to IAS 1 “Non-current liabilities with contract terms”

Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”

Amendment to IFRS 16 “Lease liabilities from sale and leaseback”

(3) Newly issued and amended standards and interpretations not yet endorsed by the FSC

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

Amendments to IFRS 10 and IAS twenty-eight “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

Amendments to IFRS 17, ‘ Insurance contracts’ and IFRS 17

Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 comparative information’

K Amendments to IAS twenty-one, ‘ Lack of marketability’

4. Summary of significant accounting policies

Except as described below, the significant accounting policies adopted in the financial statements are the same as those in the 2022 annual financial statements. For relevant information, please refer to Note 4 of the 2022 annual financial statements.

(1) Statement of compliance

These 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 thirty-four “Interim Financial Reporting” endorsed and issued into effect by the FSC. The financial statements do not include all the information required for full annual financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Employee benefits

The interim amount of defined benefit plan is determined based on the pension cost rate, which is the actuarial rate on the reporting date of the previous year, and is calculated on the basis of the beginning of the year to the end of the current period, and adjusted for significant market fluctuations, significant reductions, settlements, or other significant one-time events after the reporting date.

(3) Income tax

The Company measures and discloses income tax expense for the interim period in accordance with paragraph B12 of IAS thirty-four “Interim Financial Reporting”.

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Income tax expense is measured by the interim reporting period net profit before tax multiplied by the best estimate of the annual effective tax rate by the management and is fully recognized as current income tax expense.

Income tax expense recognized directly in equity or other comprehensive income is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the temporary difference between its carrying amount and the corresponding tax base.

5. Significant accounting judgements, estimates and key sources of assumption uncertainty

The preparation of the financial statements in conformity with the Regulations and the IFRSs 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.

In preparing the consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in Note 5 to the consolidated financial statements for the year ended December 31, 2022.

6. Explanation of significant accounts

Except for the following, there is no significant difference between the explanations of major accounting items in this financial report and the 2022 financial report. For relevant information, please refer to Note 6 of the 2022 financial report.

(1) Cash and cash equivalents

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Demand deposits	\$ 149,491	242,198	97,320
Check deposits	1,187	690	444
	<u>\$ 150,678</u>	<u>242,888</u>	<u>97,764</u>

Please refer to note 6 (16) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company. In addition, on September 30, 2023, December 31, 2022 and September 30, 2022, the Company applied for a loan line from the bank, and the demand deposits of NT \$200,000, NT \$3,580,000 and NT \$6,080,000 were used as collateral, respectively, which were recorded under financial assets at amortized cost-current. For the status of providing pledge guarantee, please refer to Note 8.

(2) Notes and accounts receivable

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Notes receivable	\$ 252	402	-
Accounts receivable	708,779	473,247	626,612

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Long-term receivables	67,947	78,280	77,593
Less: Allowance for doubtful accounts	-	(25)	(26)
Unrealized interest income-long-term receivables	(2,552)	(2,519)	(2,411)
	<u>\$ 774,426</u>	<u>549,385</u>	<u>701,768</u>

The Company 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 macroeconomic and relevant industry information.

The expected credit losses of the Company's notes and accounts receivable as of September 30, 2023, December 31, 2022 and September 30, 2022 are analyzed as follows:

	2023.9.30		
	Notes and accounts receivable Carrying amount	Expected weighted average Credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 772,557	-	-
1 to 30 days past due	3,717	-	-
Past due 31-60 days	206	-	-
61 to 90 days past due	120	-	-
91 to 120 days past due	189	-	-
121 to 180 days past due	189	-	-
	<u>\$ 776,978</u>		<u>-</u>
	2022.12.31		
	Notes and accounts receivable Carrying amount	Expected weighted average Credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 546,343	-	-
1 to 30 days past due	2,332	-	-
Past due 31-60 days	2,672	0.34	9
61 to 90 days past due	539	2.04	11
121 to 180 days past due	43	11.63	5
	<u>\$ 551,929</u>		<u>25</u>

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

	2022.9.30		
	Notes and accounts receivable Carrying amount	Expected weighted average Credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 653,736	-	-
1 to 30 days past due	41,124	-	-
Past due 31-60 days	9,015	0.22	20
61 to 90 days past due	330	1.82	6
	<u>\$ 704,205</u>		<u>26</u>

The movement in the allowance for notes and accounts receivable for the nine months ended September 30, 2023 and 2022 were as follows:

	Year 2023 January to September	Year 2022 January to September
Beginning balance	\$ 25	107
Reversal of impairment loss	(25)	(81)
Ending balance	<u>\$ -</u>	<u>26</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Company's accounts receivable were not discounted or pledged as collateral.

(3) Inventories

	2023.9.30	2022.12.31	2022.9.30
Merchandise inventory	\$ 89,414	348,500	150,526
Allowance for inventory valuation losses	(4,199)	(4,199)	(9,591)
	<u>\$ 85,215</u>	<u>344,301</u>	<u>140,935</u>

The cost of goods sold recognized by the Company in the current period is as follows:

	Year 2023 July to September	Year 2022 July to September	Year 2023 January to September	Year 2022 January to September
Cost of inventories sold	\$ 178,846	121,427	1,100,008	1,082,593
Allowance for inventory valuation losses	-	593	-	484
Service and maintenance costs	11,136	11,242	34,408	32,853
	<u>\$ 189,982</u>	<u>133,262</u>	<u>1,134,416</u>	<u>1,115,930</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, no inventories of the Company were pledged as collateral.

(4) Property, plant and equipment

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Changes in the cost and accumulated depreciation of the Company's property, plant and equipment from January 1 to September 30, 2023 and 2022 are as follows:

	Office equipment
Costs:	
Balance at January 1, 2023	\$ 5,355
Disposals	<u>(358)</u>
Balance at September 30, 2023	<u>\$ 4,997</u>
Balance at January 1, 2022	\$ 6,772
Additions	703
Disposals	<u>(2,005)</u>
Balance at September 30, 2022	<u>\$ 5,470</u>
Accumulated depreciation:	
Balance at January 1, 2023	\$ 3,119
Depreciation	818
Disposals	<u>(358)</u>
Balance at September 30, 2023	<u>\$ 3,579</u>
Balance at January 1, 2022	\$ 4,046
Depreciation	900
Disposals	<u>(2,005)</u>
Balance at September 30, 2022	<u>\$ 2,941</u>
Carrying amounts:	
Balance at January 1, 2023	<u>\$ 2,236</u>
Balance at September 30, 2023	<u>\$ 1,418</u>
Balance at September 30, 2022	<u>\$ 2,529</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, no property, plant and equipment of the Company were pledged as collateral.

(5) Right-of-use assets

The Company leases many assets including buildings and transportation equipment. Information about leases for which the Company as a lessee is presented below:

	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
Balance at September 30, 2023 (Balance as of January 1, 2023)	<u>\$ 43,712</u>	<u>2,659</u>	<u>46,371</u>
Balance at January 1, 2022	\$ 43,996	2,229	46,225
Additions	-	2,659	2,659

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Contractual maturities	-	(2,228)	(2,228)
Balance at September 30, 2022	<u>\$ 43,996</u>	<u>2,660</u>	<u>46,656</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	\$ 18,598	739	19,337
Depreciation	<u>4,149</u>	<u>664</u>	<u>4,813</u>
Balance at September 30, 2023	<u>\$ 22,747</u>	<u>1,403</u>	<u>24,150</u>
Balance at January 1, 2022	\$ 13,737	2,167	15,904
Depreciation	<u>4,061</u>	<u>579</u>	<u>4,640</u>
Contractual maturities	-	(2,228)	(2,228)
Balance at September 30, 2022	<u>\$ 17,798</u>	<u>518</u>	<u>18,316</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 25,114</u>	<u>1,920</u>	<u>27,034</u>
Balance at September 30, 2023	<u>\$ 20,965</u>	<u>1,256</u>	<u>22,221</u>
Balance at September 30, 2022	<u>\$ 26,198</u>	<u>2,142</u>	<u>28,340</u>

(6) Short-term loans

The details of short-term loans of the Company are as follows:

	2023.9.30	2022.12.31	2022.9.30
Unsecured loans	<u>\$ 272,137</u>	<u>150,565</u>	<u>306,751</u>
Unused credit lines	<u>\$ 349,000</u>	<u>351,435</u>	<u>290,249</u>
Interest Rate (%)	<u>1.6 ~ 2.54</u>	<u>1.87 ~ 2.54</u>	<u>1.87 ~ 2.30</u>

For the collateral for long-term borrowings, please refer to note 8.

(7) Long-term borrowings

Details, conditions, and terms of long-term loans of the Company are as follows:

	2023.9.30			
	Currency	Range of interest rates	Maturity date	Amount
Unsecured loans	TWD	2.53	2025.11.19	\$ 26,109
Less: current portion				<u>(11,873)</u>
				<u>\$ 14,236</u>
Unused credit lines				<u>\$ -</u>

During the period from January 1, 2023 to September 30, 2023, the Company obtained new borrowings in the amount of NT \$30,000,000 at an interest rate of 2.53% per annum. The maturity date is from May 2023 to November 2025. The principal of NT \$3,891,000 is repayable from January 1, 2023 to September 30, 2023.

(8) Lease liabilities

The carrying amount of lease liabilities was as follows:

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Current	\$ 6,491	6,401	6,261
Non-current	<u>16,564</u>	<u>21,444</u>	<u>22,886</u>
Total Shares	<u>\$ 23,055</u>	<u>27,845</u>	<u>29,147</u>

For the maturity analysis, please refer to note 6 (16).

The amounts recognized in profit or loss were as follows:

	<u>Year 2023 July to September</u>	<u>Year 2022 July to September</u>	<u>Year 2023 January to September</u>	<u>Year 2022 January to September</u>
Interest on lease liabilities	\$ 113	140	360	435
Expenses relating to short-term leases	\$ 8	-	18	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 107	5	164	18

The amounts recognized in the statement of cash flows for the Company were as follows:

	<u>Year 2023 January to September</u>	<u>Year 2022 January to September</u>
Total cash outflow from operating activities	\$ 542	453
Total cash outflow from financing activities	<u>4,790</u>	<u>4,540</u>
Total cash outflow for leases	<u>\$ 5,332</u>	<u>4,993</u>

The Company leases houses and buildings as office premises and leases transportation equipment for operational use. The lease period of office premises is usually five years, and the lease period of transportation equipment is three years.

(9) Employee benefits

A. Defined benefit plans

As there is no significant market fluctuation, significant curtailment, settlement or other significant one-off events after the reporting date of the previous year, the Company measured the pension cost determined by actuarial calculation on December 31, 2022 and 2021 and disclosed the pension cost during the interim period.

The pension costs incurred from January 1 to September 30, 2023 and 2022 under the defined benefit plan were both NT \$0.

B. Defined contribution plan

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The details of pension expenses under the Company's defined contribution pension plan are as follows:

	Year 2023	Year 2022	Year 2023	Year 2022
	July to	July to	January to	January to
	September	September	September	September
Operating costs	\$ 425	350	1,265	1,122
Operating expenses	<u>836</u>	<u>757</u>	<u>2,454</u>	<u>2,213</u>
	<u>\$ 1,261</u>	<u>1,107</u>	<u>3,719</u>	<u>3,335</u>

(10) Income tax

The components of income tax expense were as follows:

	Year 2023	Year 2022	Year 2023	Year 2022
	July to	July to	January to	January to
	September	September	September	September
Current income tax expense	<u>\$ 3,563</u>	<u>2,465</u>	<u>17,461</u>	<u>14,026</u>

The Company's tax returns through 2020 have been assessed and approved by the tax authorities.

(11) Share capital and other interests

Except for the following, there were no significant changes in the Company's capital and other equity between January 1, 2023 and September 30, 2022. For related information, please refer to Note 6 (10) of the 2022 financial report.

A. Earnings distribution

On June 9, 2023, the Company's shareholders' meeting resolved the 2022 earnings distribution plan and on June 10, 2022, the shareholders' meeting resolved the 2021 and annual earnings distribution plans, respectively. The amounts of dividends distributed to shareholders were as follows:

	FY22		FY21	
	Dividends		Dividends	
	per share		per share	
	(in dollars)	Amount	(in dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.80	83,600	1.50	21,750

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Stocks	-	<u>-</u>	3.00	<u>43,500</u>
		<u>\$ 83,600</u>		<u>65,250</u>

Cash dividends of NT \$21,750,000 from unappropriated earnings for the year ended December 31, 2021 were not distributed as of September 30, 2022, and accounted for as dividends payable. Information about the earnings distribution as resolved by the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(12) Earnings per share

	<u>Year 2023</u> <u>July to</u> <u>September</u>	<u>Year 2022</u> <u>July to</u> <u>September</u>	<u>Year 2023</u> <u>January to</u> <u>September</u>	<u>Year 2022</u> <u>January to</u> <u>September</u>
Basic earnings per share:				
Net income	<u>\$ 14,239</u>	<u>11,691</u>	<u>68,676</u>	<u>56,118</u>
Weighted-average number of ordinary shares outstanding (shares in thousands)	<u>22,000</u>	<u>18,850</u>	<u>22,000</u>	<u>18,850</u>
Basic earnings per share (NT dollars)	<u>\$ 0.65</u>	<u>0.62</u>	<u>3.12</u>	<u>2.98</u>
Diluted earnings per share:				
Net income	<u>\$ 14,239</u>	<u>11,691</u>	<u>68,676</u>	<u>56,118</u>
Weighted-average number of ordinary shares outstanding (shares in thousands)	22,000	18,850	22,000	18,850
Dilutive potential ordinary shares-employee remuneration (Unit: thousand shares)	115	159	142	214
Weighted-average number of shares outstanding used in the computation of diluted earnings per share (in thousands)	<u>22,115</u>	<u>19,009</u>	<u>22,142</u>	<u>19,064</u>
Diluted earnings per share (NT dollars)	<u>\$ 0.64</u>	<u>0.62</u>	<u>3.10</u>	<u>2.94</u>

The base date for the capital increase of the Company's 2021 surplus to capital increase is October 3, 2022. Therefore, the above-mentioned weighted average number of outstanding shares from July to September 2022 and January

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

to September 2022 have been retrospectively adjusted and calculated in accordance with the proportion of 2021 surplus to capital increase.

(13) Revenue from contracts with customers

A. Disaggregation of revenue

	Year 2023 July to September	Year 2022 July to September	Year 2023 January to September	Year 2022 January to September
Primary geographical markets:				
Taiwan	\$ 232,429	172,829	1,299,349	1,259,645
Other countries	<u>4,241</u>	<u>3,418</u>	<u>6,339</u>	<u>6,145</u>
	<u>\$ 236,670</u>	<u>176,247</u>	<u>1,305,688</u>	<u>1,265,790</u>
Major products/services lines:				
Sale of computer software	\$ 204,221	155,149	1,219,207	1,203,854
Service and maintenance income	34,867	21,001	91,557	61,647
Other:	148	97	490	289
Less: Sales returns and allowances	<u>(2,566)</u>	<u>-</u>	<u>(5,566)</u>	<u>-</u>
	<u>\$ 236,670</u>	<u>176,247</u>	<u>1,305,688</u>	<u>1,265,790</u>

B. Contract balances

	2023.9.30	2022.12.31	2022.9.30
Notes and accounts receivable (including long-term receivables)	\$ 776,978	551,929	704,205
Less: Allowance for doubtful accounts	-	(25)	(26)
Less: Unrealized interest revenue	<u>(2,552)</u>	<u>(2,519)</u>	<u>(2,411)</u>
Total Shares	<u>\$ 774,426</u>	<u>549,385</u>	<u>701,768</u>
Contract liabilities	<u>\$ 102,962</u>	<u>35,059</u>	<u>36,493</u>

For details on notes and accounts receivable and allowance for impairment, please refer to note 6 (b).

Revenue recognized that was included in the contract liability balance at the beginning of the period was NT \$0, NT \$18,061,000, NT \$35,059,000 and NT \$34,447,000 for the periods from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2022, respectively.

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(14) Remuneration to employees, directors and supervisors

In accordance with the Company's Articles of Incorporation amended on August 18, 2021, 10%~15% of the profit, if any, shall be appropriated as employee compensation and no more than 3% of the profit shall be appropriated as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. In addition, on January 24, 2022, due to the re-election of directors and supervisors, the Company's Articles of Incorporation were amended to replace the supervisors by the Audit Committee, and the remuneration of directors and supervisors was revised to the remuneration of directors and supervisors. The remuneration of directors in the preceding paragraph can only be paid in cash.

For the period from July 1 to September 30, 2023 and 2022, and for the period from January 1 to September 30, 2022, the estimated amount of employee compensation was NT \$2,499,000, NT \$500,000, NT \$11,881,000 and NT \$10,000,000, respectively, and the estimated amount of remuneration of directors and supervisors was NT \$360,000, NT \$0, NT \$1,080 and NT \$2,000, respectively. The estimated amounts were based on the net profit before tax of each period of the Company before deducting the remuneration of employees, directors and supervisors, multiplied by the distribution ratio of remuneration of employees, directors and supervisors as stipulated in the Company's articles of association, and were recognized as operating expenses for that period. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the number of shares on the day preceding the Board of Directors' meeting.

For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$15,795,000 and \$14,000,000, respectively; while directors' and supervisors' remuneration was accrued at \$1,403,000 and \$700,000, respectively. There was no difference from the amount resolved by the Board of Directors. Relevant information is available at the Market Observation Post System website.

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

(15) Non-operating income and expenses

A. Interest income

	Year 2023 July to September	Year 2022 July to September	Year 2023 January to September	Year 2022 January to September
Interest on bank deposits	\$ 16	3	456	47
Interest income from deposit	<u>4</u>	<u>2</u>	<u>11</u>	<u>6</u>
	<u>\$ 20</u>	<u>5</u>	<u>467</u>	<u>53</u>

B. Other gains and losses

	Year 2023 July to September	Year 2022 July to September	Year 2023 January to September	Year 2022 January to September
Net foreign exchange losses	\$ (581)	(589)	(598)	(456)
Other benefits	<u>781</u>	<u>892</u>	<u>1,647</u>	<u>1,919</u>
	<u>\$ 200</u>	<u>303</u>	<u>1,049</u>	<u>1,463</u>

C. Finance costs

	Year 2023 July to September	Year 2022 July to September	Year 2023 January to September	Year 2022 January to September
Interest expense:				
Bank loans	\$ 2,255	2,170	4,986	4,119
Lease liabilities	<u>113</u>	<u>140</u>	<u>360</u>	<u>435</u>
	<u>\$ 2,368</u>	<u>2,310</u>	<u>5,346</u>	<u>4,554</u>

(16) Financial instruments

Except for the following, there is no significant change in the types of financial instruments, fair value and exposure to credit risk, liquidity risk and market risk due to financial instruments of the Company. Please refer to Note 6 (16) of the 2022 financial report for relevant information.

A. Credit risk

(A) Maximum credit risk exposure

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

(B) Concentration of credit risk

The Company's customer base is large and unrelated, so the concentration of credit risk is limited.

(C) Credit risk of receivables

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

For credit risk exposure of notes and accounts receivable, please refer to note 6 (b).

B. Liquidity risk

The following table shows the contractual maturities of the Company's financial liabilities, excluding estimated interest payments.

	Carrying Amount	Contract Cash flow	Within 1 year	12 years	25 years	Over 5 years
September 30, 2023						
Non-derivative financial liabilities						
Short-term loans	\$ 272,137	272,137	272,137	-	-	-
Accounts payable	121,938	121,938	121,938	-	-	-
Other payables	41,776	41,776	41,776	-	-	-
Lease liabilities	23,055	23,055	6,491	6,079	10,485	-
Long-term loans	26,109	26,109	11,873	12,176	2,060	-
	<u>\$ 485,015</u>	<u>485,015</u>	<u>454,215</u>	<u>18,255</u>	<u>12,545</u>	<u>-</u>
December 31, 2022						
Non-derivative financial liabilities						
Short-term loans	\$ 150,565	150,565	150,565	-	-	-
Accounts payable	424,782	424,782	424,782	-	-	-
Other payables	60,671	60,671	60,671	-	-	-
Lease liabilities	27,845	27,845	6,401	6,521	14,923	-
	<u>\$ 663,863</u>	<u>663,863</u>	<u>642,419</u>	<u>6,521</u>	<u>14,923</u>	<u>-</u>
September 30, 2022						
Non-derivative financial liabilities						
Short-term loans	\$ 306,751	306,751	306,751	-	-	-
Accounts payable	240,698	240,698	240,698	-	-	-
Other payables	54,255	54,255	54,255	-	-	-
Lease liabilities	29,147	29,147	6,261	6,380	16,506	-
Payables for dividends	21,750	21,750	21,750	-	-	-
	<u>\$ 652,601</u>	<u>652,601</u>	<u>629,715</u>	<u>6,380</u>	<u>16,506</u>	<u>-</u>

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

C. Exchange rate risk

(A) Exposure to currency risk

The Company's financial assets and liabilities exposed to foreign currency risk were as follows:

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

	2023.9.30			2022.12.31			2022.9.30		
	Foreign currencies	Exchange Rate	TWD	Foreign currencies	Exchange Rate	TWD	Foreign currencies	Exchange Rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 22	32.27	710	25	30.66	760	-	-	-
RMB	24	4.38	105	24	4.380	105	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	100	32.40	3,240	200	30.75	6,149	72	31.75	2,286

(B) Sensitivity analysis

The amount of foreign currency assets and liabilities held by the Company is not significant, so there is no sensitivity analysis on exchange rate risk.

(C) Exchange gains and losses of monetary items

Please refer to Note 6 (15) for the exchange gains and losses of monetary items of the Company.

D. Interest rate analysis

The short-term and long-term borrowings of the Company are at fixed interest rates, so there is no significant interest rate risk.

E. Fair value information

(A) Categories and fair value of financial instruments

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	Carrying Amount	2023.9.30			Total Shares
		Level 1	Level 2	Level 3	
<u>Financial assets measured at amortized cost</u>					
Cash and cash equivalents	\$ 150,678	-	-	-	-
Financial assets at amortized cost-current	200	-	-	-	-
Notes and accounts receivable	709,031	-	-	-	-

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Guarantee deposits paid	20,369	-	-	-	-
Long-term receivables	<u>65,395</u>	-	-	-	-
Total Shares	<u>\$ 945,673</u>	-	-	-	-
Financial liabilities at amortized cost					
Short-term loans	\$ 272,137	-	-	-	-
Accounts payable	121,938	-	-	-	-
OTHER PAYABLES	41,776	-	-	-	-
Lease liabilities	23,055	-	-	-	-
Long-term loans	<u>26,109</u>	-	-	-	-
Total Shares	<u>\$ 485,015</u>	-	-	-	-

2022.12.31					
	Carrying Amount	Fair value			Total Shares
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 242,888	-	-	-	-
Financial assets at amortized cost-current	3,580	-	-	-	-
Notes and accounts receivable	473,624	-	-	-	-
Other receivables	220	-	-	-	-
Guarantee deposits paid	18,930	-	-	-	-
Long-term receivables	<u>75,761</u>	-	-	-	-
Total Shares	<u>\$ 815,003</u>	-	-	-	-
Financial liabilities at amortized cost					
Short-term loans	\$ 150,565	-	-	-	-
Accounts payable	424,782	-	-	-	-
OTHER PAYABLES	60,671	-	-	-	-
Lease liabilities	<u>27,845</u>	-	-	-	-
Total Shares	<u>\$ 663,863</u>	-	-	-	-

2022.9.30					
	Carrying Amount	Fair value			Total Shares
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash	\$ 97,764	-	-	-	-

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

equivalents					
Financial assets at amortized cost- current	6,080	-	-	-	-
Notes and accounts receivable	626,586	-	-	-	-
Guarantee deposits paid	15,494	-	-	-	-
Long-term receivables	<u>75,182</u>	-	-	-	-
Total Shares	<u>\$ 821,106</u>	-	-	-	-
Financial liabilities at amortized cost					
Short-term loans	\$ 306,751	-	-	-	-
Accounts payable	240,698	-	-	-	-
OTHER PAYABLES	54,255	-	-	-	-
Lease liabilities	29,147	-	-	-	-
Payables for dividends	<u>21,750</u>	-	-	-	-
Total Shares	<u>\$ 652,601</u>	-	-	-	-

There was no transfer of financial assets and liabilities between January 1 and September 30, 2023 and 2022.

(17) Financial risk management

The Company's financial risk management objectives and policies did not change significantly from those disclosed in Note 6 (17) of the Company's 2022 financial statements.

(18) Capital management

The Company's capital management objectives, policies and procedures are consistent with those disclosed in Note 6 (18) of the Company's 2022 financial statements.

The gearing ratios as at September 30, 2023 and December 31, 2022 and September 30, 2022 were as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Total liabilities	\$ 599,269	716,462	698,926
Less: Cash and cash equivalents	<u>(150,678)</u>	<u>(242,888)</u>	<u>(97,764)</u>
Net debt	<u>\$ 448,591</u>	<u>473,574</u>	<u>601,162</u>
Total capital	<u>\$ 465,729</u>	<u>480,653</u>	<u>305,822</u>
Debt-to-equity ratio	<u>96.32%</u>	<u>98.53%</u>	<u>196.57%</u>

The decrease in the debt-to-capital ratio on September 30, 2023 was mainly due to the decrease in liabilities arising from operating activities.

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

(19) Financing activities not affecting current cash flow

The Company acquired right-of-use assets by means of lease from January 1 to September 30, 2023 and 2022. Please refer to Note 6 (5) and (8) for details.

Reconciliation of liabilities arising from financing activities for the nine months ended September 30, 2023 and 2022 were as follows:

	2023.1.1	Cash flow	Non-cash changes		2023.9.30
			Additions	Cancel	
Short-term loans	\$ 150,565	121,572	-	-	272,137
Long-term loans	-	26,109	-	-	26,109
Lease liabilities	27,845	(4,790)	-	-	23,055
Total liabilities from financing activities	\$ 178,410	142,891	-	-	321,301

	2022.1.1	Cashflow	Non-cashchanges		2022.9.30
			Additions	Cancel	
Short-term loans	\$ 28,000	278,751	-	-	306,751
Lease liabilities	31,028	(4,540)	2,659	-	29,147
Total liabilities from financing activities	\$ 59,028	274,211	2,659	-	335,898

7. Related party transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related parties	Relationship with the Company
ARES INTERNATIONAL CORP.	The entity with significant influence over the Company
Chin-Lung, Hsu	Key management personnel of the Corporation
Han-Lin Li	Key management personnel of the Corporation

(2) Significant transactions with related parties

A. Purchases

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

	Year 2023 July to September	Year 2022 July to September	Year 2023 January to September	Year 2022 January to September
The entity with significant influence over the Company	\$ -	2,110	-	3,760

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

There were no significant differences between the terms and pricing of purchase transactions with related parties and those carried out with other normal vendors. The payment terms for related parties were 3075 days, which were not materially different from those carried out with other normal vendors.-

B. Payables to related parties

The payables to related parties were as follows:

Account	Type of related party	2023.9.30	2022.12.31	2022.9.30
Accounts payable	The entity with significant influence over the Company	\$ -	<u>1,108</u>	<u>1,402</u>

C. Endorsements and guarantees

Chin-Lung, Hsu and Han-Lin Li, key management personnel of the Company, are the joint and several guarantors for the Company's borrowings from financial institutions in the form of credit guarantees from January 1 to September 30, 2023 and 2022.

(3) Compensation of key management personnel

	Year 2023 July to September	Year 2022 July to September	Year 2023 January to September	Year 2022 January to September
Short-term employee benefits	\$ 7,094	5,495	17,484	13,652
Retirement benefits	<u>105</u>	<u>79</u>	<u>403</u>	<u>366</u>
	<u>\$ 7,199</u>	<u>5,574</u>	<u>17,887</u>	<u>14,018</u>

8. Pledged assets

The carrying values of pledged assets were as follows:

Assets	Pledge guarantee subject	2023.9.30	2022.12.31	2022.9.30
Financial assets at amortized cost-current:				
Restricted deposits	Short-term borrowings and tariff guarantee	\$ <u>200</u>	<u>3,580</u>	<u>6,080</u>

9. Significant contingent liabilities and unrecognized commitments: None.

10. Significant disaster loss: None.

11. Significant subsequent events: None.

12. Others

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

- (1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

Function Nature	July to September 2023			July to September 2022		
	Operating costs	Operating expenses	Total Shares	Operating costs	Operating expenses	Total Shares
Employee benefits expense						
Wages and salaries	8,173	18,757	26,930	8,245	15,574	23,819
Labor and health insurance	680	1,349	2,029	625	1,213	1,838
Pension expense	425	836	1,261	350	757	1,107
Other employee benefits	607	751	1,358	377	433	810
Depreciation expense	505	1,370	1,875	484	1,380	1,864
Amortization expense	36	72	108	10	19	29

Function Nature	January to September 2023			January to September 2022		
	Operating costs	Operating expenses	Total Shares	Operating costs	Operating expenses	Total Shares
Employee benefits expense						
Wages and salaries	26,005	57,833	83,838	24,505	52,199	76,704
Labor and health insurance	2,246	4,476	6,722	2,268	4,305	6,573
Pension expense	1,265	2,454	3,719	1,122	2,213	3,335
Other employee benefits	1,389	2,273	3,662	1,205	1,861	3,066
Depreciation expense	1,526	4,105	5,631	1,531	4,009	5,540
Amortization expense	108	207	315	31	59	90

- (2) Seasonality of operations:

The Company's operations are not affected by seasonal or cyclical factors.

13. Other disclosures

- (1) Information on significant transactions: None.
- (2) Information on investees: None.
- (3) Information on investments in mainland China: None.
- (4) Information of major shareholders:

M-Power Information Co., Ltd. Notes to Individual Financial Statements (Continued)

Unit: Shares

Shares			
Name of Major Shareholders	Shares	Shares Held	Shareholding ratio
ARES INTERNATIONAL CORP.		3,843,015	17.46%
Wei Gu Co., Ltd.		2,682,381	12.19%

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5 percent or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital which was recorded on the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

(2) If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than ten (10) percent pursuant to the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.

(3) The shareholding ratio is calculated by unconditionally rounding off to two decimal places.

14. Segment information

The information on the Company's segment profit or loss, segment assets, and segment liabilities is consistent with the financial statements. Please refer to the balance sheet and statement of comprehensive income.