

M-Power Information Co., Ltd.

**Individual Financial Statements
and Independent Auditors' Review Report**

For the Nine Months Ended September 30, 2024 and 2023

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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

M-Power Information Co., Ltd. The Board of Directors and Shareholders:

Preface

The Balance Sheets of M-Power Information Co., Ltd. as of September 30, 2024 and 2023, and the Statements of Comprehensive Income for the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, as well as the statements of changes in equity and cash flows for the period from January 1 to September 30, 2024 and 2023, and the notes to the Financial Statements (Including a summary of significant accounting policies), have been reviewed by our accountants. According to regulations governing the preparation of financial reports by securities issuers. And the financial supervisory commission recognized and issued effective International Accounting Standards No. 34 "Interim Financial Reporting" preparation fair, the financial reports expressed are the responsibility of management, and our responsibility as accountants is to form a conclusion on the financial reports based on the review results.

Range

The accountant conducted the review in accordance with Standard 2410 "Review of Financial Statements." The procedures performed during the review of financial reports include inquiries (primarily directed at personnel responsible for financial and accounting matters), analytical procedures, and other review procedures. The scope of a review is significantly less than that of an audit, therefore, the accountant may not be able to identify all significant matters that could be detected through an audit, and thus cannot express an audit opinion.

Conclusion

Based on our accountant's review results, no significant aspects were found where the aforementioned financial reports were not prepared in accordance with the regulations governing the preparation of financial reports by securities issuers. And the the financial supervisory commission recognized and issued effective International Accounting Standards No. 34 "Interim Financial Reporting", resulting in an inability to fairly express the financial position of M-Power Information Co., Ltd. as of September 30, 2024 and 2023, and the financial performance from July 1 to September 30, 2024 and July 1 to September 30, 2023, as well as the cash flows from January 1 to September 30, 2024 and 2023.

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 6, 2024

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 Originally Issued in Chinese)

M-Power Information Co., Ltd.

Balance Sheet

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Asset	2024.9.30		2023.12.31		2023.9.30			Liabilities and Equity	2024.9.30		2023.12.31		2023.9.30	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11xx Current Assets:							21xx Current Liabilities:							
1100 Cash and cash equivalents (Note 6(1))	\$ 116,971	10	209,790	17	150,678	14	2100 Short-term borrowings (Note 6(1), (6), 7 and 8)	\$ 400,000	33	95,000	8	272,137	25	
1136 Financial assets measured at amortized cost - current (Note 6(1), (6) and 8)	-	-	-	-	200	-	2130 Contract Liabilities - Current (Note 6(13))	62,012	5	91,288	7	102,962	10	
1150 Net Amount of Notes Receivable (Note 6(2) and (13))	126	-	126	-	252	-	2170 Accounts Payable	183,320	15	475,504	37	121,938	11	
1170 Net Accounts Receivable (Note 6(2) and (13))	874,288	72	555,256	44	708,779	67	2200 Other Payables (Note 6(14))	50,907	4	57,054	5	41,776	4	
1200 Other Receivables	-	-	47	-	-	-	2230 Current tax liabilities	7,166	1	11,391	1	6,341	1	
130X Inventories (Note 6(3))	53,220	4	353,871	28	85,215	8	2280 Lease Liabilities - Current (Note 6(8))	6,296	1	6,735	1	6,491	1	
1410 Prepayments	4,340	-	6,565	-	8,116	1	2322 Long-term borrowings due within one year or one operating cycle (Notes 6(7) and 7)	12,177	1	11,948	1	11,873	1	
1470 Other Current Assets	20	-	160	-	-	-	2399 Other Current Liabilities	5,381	-	5,229	-	1,417	-	
Current assets total	<u>1,048,965</u>	<u>86</u>	<u>1,125,815</u>	<u>89</u>	<u>953,240</u>	<u>90</u>	Current liabilities total	<u>727,259</u>	<u>60</u>	<u>754,149</u>	<u>60</u>	<u>564,935</u>	<u>53</u>	
15xx Non-current assets:							2xxx Non-current Liabilities:							
1600 Property, Plant, and Equipment (Note 6(4))	427	-	1,148	-	1,418	-	2540 Long-term borrowings (Notes 6(7) and 7)	2,059	-	11,221	1	14,236	1	
1755 Right-of-use assets (Note 6(5) and (8))	16,576	1	21,556	2	22,221	2	2580 Lease Liabilities - Non-current (Note 6(8))	11,044	1	15,644	1	16,564	2	
1780 Intangible Assets	463	-	784	-	808	-	2640 Net Defined Benefit Liability - Non-current	3,427	-	3,427	-	3,534	-	
1840 Deferred tax assets	1,525	-	1,525	-	1,547	-	Non-current liabilities total	<u>16,530</u>	<u>1</u>	<u>30,292</u>	<u>2</u>	<u>34,334</u>	<u>3</u>	
1920 Guarantee deposits	28,792	3	23,376	2	20,369	2	2xxx Total Liabilities	<u>743,789</u>	<u>61</u>	<u>784,441</u>	<u>62</u>	<u>599,269</u>	<u>56</u>	
1930 Long-term Receivables (Note 6(2) and (13))	123,193	10	96,620	7	65,395	6	31xx Equity (Note 6(11)):							
Non-current assets total	<u>170,976</u>	<u>14</u>	<u>145,009</u>	<u>11</u>	<u>111,758</u>	<u>10</u>	3110 Share capital:	<u>220,000</u>	<u>18</u>	<u>220,000</u>	<u>17</u>	<u>220,000</u>	<u>21</u>	
							3200 Capital surplus	<u>133,284</u>	<u>11</u>	<u>133,284</u>	<u>10</u>	<u>133,284</u>	<u>13</u>	
							3300 Retained Earnings:							
							3310 Legal reserve	44,172	4	35,239	3	35,239	3	
							3350 Undistributed Earnings	78,696	6	97,860	8	77,206	7	
							Total retained earnings	<u>122,868</u>	<u>10</u>	<u>133,099</u>	<u>11</u>	<u>112,445</u>	<u>10</u>	
							3xxx Total Equity	<u>476,152</u>	<u>39</u>	<u>486,383</u>	<u>38</u>	<u>465,729</u>	<u>44</u>	
1xxx Total Assets	<u>\$ 1,219,941</u>	<u>100</u>	<u>1,270,824</u>	<u>100</u>	<u>1,064,998</u>	<u>100</u>	23xx Total Liabilities and Equity	<u>\$ 1,219,941</u>	<u>100</u>	<u>1,270,824</u>	<u>100</u>	<u>1,064,998</u>	<u>100</u>	

(Please refer to the attached notes to the financial statements)

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

M-Power Information Co., Ltd.

Statements of Comprehensive Income

For the three months and Nine Months Ended September 30, 2024 and 2023

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

	July to September 2024		July to September, 2023		January to September 2024		January to September, 2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Revenue (Note 6(13) and 7):								
4110	Sales Revenue	\$ 298,397	101	239,236	101	1,553,103	100	1,311,254	100
4190	Less: Sales Allowance	1,487	1	2,566	1	1,487	-	5,566	-
	Net Operating Revenue	296,910	100	236,670	100	1,551,616	100	1,305,688	100
5000	Operating costs (Notes 6(3), (4), (5), (8) and (9))								
		244,314	82	189,982	80	1,364,464	88	1,134,416	87
5900	Gross Profit	52,596	18	46,688	20	187,152	12	171,272	13
6000	Operating Expenses (Note 6(2), (4), (5), (8), (9), (14) and 7):								
6100	Selling and Marketing expenses	13,876	5	13,586	6	43,999	3	40,487	3
6200	Administrative expenses	8,945	3	8,573	4	29,221	2	26,425	2
6300	Research and Development Expenses	6,726	2	4,579	2	19,065	1	14,418	1
6450	Expected credit loss (gain)	-	-	-	-	-	-	(25)	-
	Operating expenses total	29,547	10	26,738	12	92,285	6	81,305	6
6900	Net Operating Profit	23,049	8	19,950	8	94,867	6	89,967	7
7000	Non-operating Income and Expenses (Notes 6(8) and (15)):								
7100	Interest income	42	-	20	-	717	-	467	-
7020	Other Gains and Losses	331	-	200	-	2,672	-	1,049	-
7050	Financial Cost	(2,313)	(1)	(2,368)	-	(6,501)	-	(5,346)	-
	Non-operating income and expenses total	(1,940)	(1)	(2,148)	-	(3,112)	-	(3,830)	-
7900	Net income before tax	21,109	7	17,802	8	91,755	6	86,137	7
7950	Less: Income tax expenses (Note 6(10))	4,240	1	3,563	2	18,386	1	17,461	1
8200	Net income	16,869	6	14,239	6	73,369	5	68,676	6
8300	Other comprehensive income for the period	-	-	-	-	-	-	-	-
8500	Total comprehensive income for the year	\$ 16,869	6	14,239	6	73,369	5	68,676	6
	Earnings per share (Unit: New Taiwan Dollar, Note 6 (12))								
9750	Basic earnings per share	<u>\$ 0.77</u>		<u>0.65</u>		<u>3.33</u>		<u>3.12</u>	
9850	Diluted Earnings Per Share	<u>\$ 0.76</u>		<u>0.64</u>		<u>3.31</u>		<u>3.10</u>	

(Please refer to the attached notes to the financial statements)

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

M-Power Information Co., Ltd.

Statement of Changes in Equity

For the Nine Months Ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary Share Capital	Capital Reserve	Retained Earnings		Total	Total Equity
			Statutory Surplus Reserve	Unallocated Surplus		
January 1, 2023 Balance	\$ 220,000	133,284	25,963	101,406	127,369	480,653
Surplus allocation and distribution:						
Appropriation of statutory surplus reserve	-	-	9,276	(9,276)	-	-
Ordinary share cash dividend	-	-	-	(83,600)	(83,600)	(83,600)
Net profit for the period	-	-	-	68,676	68,676	68,676
Other total gains and losses for the period	-	-	-	-	-	-
The total profit and loss amount for this period total	-	-	-	68,676	68,676	68,676
September 30, 2023 balance	<u>\$ 220,000</u>	<u>133,284</u>	<u>35,239</u>	<u>77,206</u>	<u>112,445</u>	<u>465,729</u>
January 1, 2024 Balance	\$ 220,000	133,284	35,239	97,860	133,099	486,383
Surplus allocation and distribution:						
Appropriation of statutory surplus reserve	-	-	8,933	(8,933)	-	-
Ordinary share cash dividend	-	-	-	(83,600)	(83,600)	(83,600)
Net profit for the period	-	-	-	73,369	73,369	73,369
Other total gains and losses for the period	-	-	-	-	-	-
The total profit and loss amount for this period total	-	-	-	73,369	73,369	73,369
September 30, 2024 Balance	<u>\$ 220,000</u>	<u>133,284</u>	<u>44,172</u>	<u>78,696</u>	<u>122,868</u>	<u>476,152</u>

(Please refer to the attached notes to the financial statements)

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

M-Power Information Co., Ltd.

Statements of Cash Flows

For the Nine Months Ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	January to September 2024	January to September, 2023
Cash flow from operating activities:		
Profit before tax	\$ 91,755	86,137
Adjustment item :		
Income and expense items		
Depreciation expense	5,701	5,631
Amortization expense	321	315
Expected credit loss reversal benefit	-	(25)
Interest expense	6,501	5,346
Interest income	(717)	(467)
Total income and expenses item	<u>11,806</u>	<u>10,800</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	-	150
Accounts receivable	(319,032)	(235,532)
Other receivables	47	220
Inventories	300,651	259,086
Prepayments	2,225	(2,055)
Other current assets	140	92
Long-term receivables	(26,573)	10,366
Total changes in operating assets	<u>(42,542)</u>	<u>32,327</u>
Changes in operating liabilities		
Contract liabilities	(29,276)	67,903
Accounts payable	(292,184)	(302,844)
Other payables	(6,434)	(18,895)
Other current liabilities	152	(840)
Total changes in operating liabilities	<u>(327,742)</u>	<u>(254,676)</u>
Total changes in operating assets and liabilities	<u>(370,284)</u>	<u>(222,349)</u>
Total adjustments	<u>(358,478)</u>	<u>(211,549)</u>
Cash outflow from operations	(266,723)	(125,412)
Interest received	717	467
Interest paid	(6,214)	(5,346)
Income taxes paid	(22,611)	(22,869)
Net cash outflow from operating activities	<u>(294,831)</u>	<u>(153,160)</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	-	3,380
Increase in refundable deposits	(5,416)	(1,439)
Acquire intangible assets	-	(282)
Net cash inflow (outflow) from investing activities	<u>(5,416)</u>	<u>1,659</u>
Cash flows from financing activities:		
Increase in short-term loans	305,000	121,572
Proceeds from long-term borrowings	-	30,000
Repayments of long-term borrowings	(8,933)	(3,891)
Repayment of lease principal	(5,039)	(4,790)
Distribution of cash dividends	(83,600)	(83,600)
Net cash inflow from financing activities	<u>207,428</u>	<u>59,291</u>
Net increase (decrease) in cash and cash equivalents	(92,819)	(92,210)
Cash and cash equivalents at beginning of period	209,790	242,888
Cash and cash equivalents at end of period	<u>\$ 116,971</u>	<u>150,678</u>

(Please refer to the attached notes to the financial statements)

M-Power Information Co., Ltd.

Financial Report Notes

September 30, 2024 and 2023

(Unless otherwise specified, all amounts are in NTD 1,000)

1. Company history

M-Power Information Co., Ltd. (hereinafter referred to as "the Company") was approved for establishment by the ministry of economic affairs on September 10, 1999. The company's stock began trading on the Taipei Exchange Emerging Market Strategic New Board on December 22, 1999, and was registered for trading on the Taipei Exchange General Board on May 3, 2022. In addition, our company will be listed on the Taipei Exchange and traded on the TPEX starting from December 14, 2022. The main business item of the company is the wholesale and retail of information software, as well as providing professional consulting, education and training, and technical services.

2. Approval date and procedures of the financial statements

This financial report was approved for release by the Board of Directors on November 6, 2024.

3. New release and revision of standards and interpretations

(1) The impact of adopting the newly issued and revised standards and interpretations recognized by the Financial Supervisory Commission (hereinafter referred to as the Financial Supervisory Commission)

The company has applied the following newly amended International Financial Reporting Standards accounting standards since January 1, 2024, and there has been no significant impact on the financial reports.

- Amendment to International Accounting Standards No. 1 "Classification of Liabilities as Current or Non-current"
- Amendment to International Accounting Standards No. 1 "Non-current Liabilities with Contractual Clauses"
- Amendments to International Accounting Standards No. 7 and International Financial Reporting Standards No. 7 "Supplier Financing Arrangements"
- Amendment to International Financial Reporting Standards No. 16 "Lease Liabilities in Sale and Leaseback Transactions"

(2) The impact of not yet adopting the Financial Supervisory Commission recognized International Financial Reporting Standards

The company assesses that the application of the newly amended International Financial Reporting Standards, effective from January 1, 2025, will not have a significant impact on the financial reports.

- Amendment to International Accounting Standards No. 21 "Lack of Exchangeability"

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

(3) The Financial Supervisory Commission Newly issued and revised standards and interpretations not yet recognized

The standards and interpretations issued and amended by the International Accounting Standards Board but not yet endorsed by the the Financial Supervisory Commission that may be relevant to the Company are as follows:

Newly issued or revised standards	Main amendments	Effective date issued by the council
International Financial Reporting Standards No. 18 "Presentation and Disclosure of Financial Statements"	<p>The new standards introduce three types of income and expense losses, two income statement subtotals, and a single note on management performance measurement. These three amendments and enhancements to the guidelines on how information is segmented in financial statements lay the foundation for providing users with better and more consistent information and will affect all companies.</p> <ul style="list-style-type: none"> • More structured income statement: According to current standards, the company uses different formats to present its operating results, making it difficult for investors to compare the financial performance between different companies. The new standards adopt a more structured income statement, introducing a new subtotal for "Operating Profit," and require that all income and expenses be classified into three new distinct categories according to the company's primary business activities. • Management Performance Measures (MPM): The new standard introduces the definition of management performance measures and requires companies to explain in a single note in the financial statements why each measure provides useful information, how it is calculated, and how the measure is reconciled with amounts recognized according to International Financial Reporting Standards accounting standards. • More detailed information: The new standards include guidance on how companies should enhance the grouping of information in financial statements. This includes guidance on whether information should be included in the main financial statements or further detailed in the notes. 	January 1, 2027

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

The company is currently continuously evaluating the impact of the aforementioned standards and interpretations on the company's financial position and operating results, and the relevant impact will be disclosed upon completion of the evaluation.

The company expects that the following newly issued and revised standards, which have not yet been recognized, will not have a significant impact on the financial statements.

- Amendments to International Financial Reporting Standards No. 10 and International Accounting Standards No. 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- International Financial Reporting Standards No. 17 "Insurance Contracts" and Amendments to International Financial Reporting Standards No. 17
- International Financial Reporting Standards No. 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to International Financial Reporting Standards No. 9 and International Financial Reporting Standards No. 7 "Amendments to Classification and Measurement of Financial Instruments"
- Annual improvements to International Financial Reporting Standards accounting standards

4. Summary of significant accounting policies

Except as described below, the significant accounting policies adopted in this financial report are the same as those in the 2023 financial report. For relevant information, please refer to Note 4 of the 2023 financial report.

(1) Follow the statement

This financial report is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers. (hereinafter referred to as "Preparation Standards") and the Financial Supervisory Commission approved and promulgated effective International Accounting Standards No. 34 "Interim Financial Reporting". This financial report does not include all the necessary information that should be disclosed in a complete annual financial report prepared in accordance with the Financial Supervisory Commission recognized and issued effective International Financial Reporting Standards, International Accounting Standards, interpretations, and Statement on Internal Control (SIC) (hereinafter referred to as "the Financial Supervisory Commission recognized International Financial Reporting Standards accounting standards").

(2) Employee Benefits

During the interim period, the defined benefit plan pension is calculated based on the pension cost rate determined actuarially as of the reporting date of the previous year,

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

from the beginning of the year to the end of the interim period, and adjusted for significant market fluctuations, major curtailments, settlements, or other significant one-time events occurring after the reporting date.

(3) Income tax

The company measures and discloses interim period income tax expenses in accordance with paragraph B12 of International Accounting Standards Bulletin No. 34 "Interim Financial Reporting."

Income tax expenses are measured by multiplying the pre-tax net profit for the interim reporting period by management's best estimate of the projected effective tax rate for the full year, and are fully recognized as current income tax expenses.

Income tax expenses directly recognized in equity Item or other total profit or loss Item are measured at the applicable tax rate expected to be realized or settled, based on the temporary differences between the carrying amount of the related assets and liabilities for financial reporting purposes and their tax bases.

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

When preparing this financial report in accordance with the preparation guidelines and the Financial Supervisory Commission recognized International Accounting Standards No. 34 "Interim Financial Reporting", management must make judgments, estimates, and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The actual results may differ from the estimates.

When preparing the consolidated financial statements, the significant judgments made by management in applying the company's accounting policies and the main sources of estimation uncertainty are consistent with Note 5 of the financial statements for the year 2023.

6. Explanation of significant accounts

Except as described below, the explanations of significant accounting items in this financial report do not differ materially from the 2023 financial report. For relevant information, please refer to Note 6 of the 2023 financial report.

(1) Cash and Cash Equivalents

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Demand Deposit	\$ 116,625	209,100	149,491
Check deposit	346	690	1,187
	<u>\$ 116,971</u>	<u>209,790</u>	<u>150,678</u>

Our company applied for a loan facility from the bank on September 30, 2023, using NTD 200 thousand demand deposits as collateral, recorded under financial assets measured at amortized cost—current, providing pledge collateral details, please refer to Note 8.

(2) Notes Receivable and Accounts Receivable

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

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Notes Receivable	\$ 126	126	252
Accounts Receivable	874,288	555,256	708,779
Long-term Receivables	128,832	100,523	67,947
Less: Unrealized Interest Income - Long-term Receivables	(5,639)	(3,903)	(2,552)
	<u>\$ 997,607</u>	<u>652,002</u>	<u>774,426</u>

The company adopts a simplified approach to estimate expected credit losses for all notes receivable and accounts receivable, namely using the lifetime expected credit loss measurement. For this measurement purpose, such notes receivable and accounts receivable are grouped according to the shared credit risk characteristics representing the customers' ability to pay all amounts due under the contractual terms. Forward-looking information, including macroeconomic and relevant industry information, has also been incorporated. According to the historical experience of credit losses of this company, there is no significant difference in the loss patterns among different customer groups, therefore the provisioning matrix does not further distinguish between customer groups.

The expected credit loss analysis of notes receivable and accounts receivable of the company as of September 30, 2024, December 31, 2023, and September 30 is as follows:

	<u>2024.9.30</u>		
	Book value of notes and accounts receivable	Weighted average expected credit loss rate (%)	Expected credit loss for the duration of the allowance
Current	\$ 984,773	-	-
1~30 days Past due	17,182	-	-
31~60 days Past due	<u>1,291</u>	-	-
	<u>\$ 1,003,246</u>		<u>-</u>
	<u>2023.12.31</u>		
	Book value of notes and accounts receivable	Weighted average expected credit loss rate (%)	Expected credit loss for the duration of the allowance
Current	\$ 648,623	-	-
31~60 days Past due	4,108	-	-
91~120 days Past due	<u>3,174</u>	-	-
	<u>\$ 655,905</u>		<u>-</u>
	<u>2023.9.30</u>		
	Book value of notes and	Weighted average	Expected credit loss for the

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

	accounts receivable	expected credit loss rate (%)	duration of the allowance
Current	\$ 772,557	-	-
1~30 days Past due	3,717	-	-
31~60 days Past due	206	-	-
61~90 days Past due	120	-	-
91~120 days Past due	189	-	-
121~180 days Past due	189	-	-
	<u>\$ 776,978</u>		<u>-</u>

The schedule of changes in allowance for doubtful accounts for notes receivable and accounts receivable of the company from January 1, 2024, to September 30, 2023, is as follows:

	January to September 2024	January to September, 2023
Beginning Balance	\$ -	25
Reversal of impairment loss	-	(25)
Ending Balance	<u>\$ -</u>	<u>-</u>

As of September 30, 2024, December 31, 2023, and September 30, the company's accounts receivable have not been discounted or pledged as collateral.

(3) Inventory

	2024.9.30	2023.12.31	2023.9.30
Merchandise inventory	\$ 58,210	358,070	89,414
Allowance for inventory valuation losses	(4,990)	(4,199)	(4,199)
	<u>\$ 53,220</u>	<u>353,871</u>	<u>85,215</u>

The details recognized as cost of goods sold for the current period by the company are as follows:

	July to September 2024	July to September , 2023	January to September 2024	January to September , 2023
Cost of Goods Sold	\$ 230,549	178,846	1,323,668	1,100,008
Inventory Write-down Loss	-	-	791	-
Service and Maintenance Costs	13,765	11,136	40,005	34,408
	<u>\$ 244,314</u>	<u>189,982</u>	<u>1,364,464</u>	<u>1,134,416</u>

As of September 30, 2024, December 31, 2023, and September 30, the company's inventory has not been pledged as collateral.

(4) Property, Plant, and Equipment

The details of changes in the cost and accumulated depreciation of the company's property, plant, and equipment from January 1 to September 30, 2024 and 2023 are as

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

follows:

	<u>Office Equipment</u>
Cost:	
January 1, 2024 balance	\$ 4,997
Disposition	<u>(2,841)</u>
September 30, 2024 balance	<u>\$ 2,156</u>
January 1, 2023 balance	\$ 5,355
Disposition	<u>(358)</u>
September 30, 2023 Balance	<u>\$ 4,997</u>
Accumulated Depreciation:	
January 1, 2024 balance	\$ 3,849
Depreciation	721
Disposition	<u>(2,841)</u>
September 30, 2024 balance	<u>\$ 1,729</u>
January 1, 2023 balance	\$ 3,119
Depreciation	818
Disposition	<u>(358)</u>
September 30, 2023 Balance	<u>\$ 3,579</u>
Book Value:	
January 1, 2024 balance	<u>\$ 1,148</u>
September 30, 2024 balance	<u>\$ 427</u>
September 30, 2023 Balance	<u>\$ 1,418</u>

As of September 30, 2024, December 31, 2023, and September 30, the company's real estate, plant, and equipment have not been pledged as collateral.

(5) Right-of-use asset

The cost and depreciation of the company's leased properties, buildings, and transportation equipment, with details of changes as follows:

	<u>Housing and Construction</u>	<u>Transportation Equipment</u>	<u>Total</u>
Cost of Right-of-Use Asset:			
September 30, 2024 balance (i.e., January 1, 2024 balance)	<u>\$ 44,381</u>	<u>2,659</u>	<u>47,040</u>
September 30, 2023 balance (i.e., January 1, 2023 balance)	<u>\$ 43,712</u>	<u>2,659</u>	<u>46,371</u>

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

	<u>Housing and Construction</u>	<u>Transportation Equipment</u>	<u>Total</u>
Depreciation and Impairment Loss of Right-of-Use Assets:			
January 1, 2024 balance	\$ 23,859	1,625	25,484
Depreciation for the period	<u>4,316</u>	<u>664</u>	<u>4,980</u>
September 30, 2024 balance	<u>\$ 28,175</u>	<u>2,289</u>	<u>30,464</u>
January 1, 2023 Balance	\$ 18,598	739	19,337
Depreciation for the period	<u>4,149</u>	<u>664</u>	<u>4,813</u>
September 30, 2023 balance	<u>\$ 22,747</u>	<u>1,403</u>	<u>24,150</u>
Book Value:			
January 1, 2024 balance	<u>\$ 20,522</u>	<u>1,034</u>	<u>21,556</u>
September 30, 2024 balance	<u>\$ 16,206</u>	<u>370</u>	<u>16,576</u>
September 30, 2023 balance	<u>\$ 20,965</u>	<u>1,256</u>	<u>22,221</u>

(6) Short-term loans

The details of the company's short-term loans are as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Unsecured Bank Loan	<u>\$ 400,000</u>	<u>95,000</u>	<u>272,137</u>
Unused credit lines	<u>\$ 320,000</u>	<u>499,000</u>	<u>349,000</u>
Interest Rate Range (%)	<u>2.02~2.51</u>	<u>0.50~2.51</u>	<u>1.60~2.54</u>

The amount of promissory notes issued by the company on September 30, 2024, December 31, 2023, and September 30 for obtaining financing limits from financial institutions is NTD 12,000 thousand.

The company's asset pledge as collateral for bank loans is detailed in Note Eight.

(7) Long-term borrowings

The details, conditions, and terms of the company's long-term loans are as follows:

	<u>2024.9.30</u>			
	<u>Currency</u>	<u>Interest Rate Range %</u>	<u>Maturity Date</u>	<u>Amount</u>
Unsecured Bank Loan	TWD	2.53	2025.11.19	\$ 14,236
Less: current portion				<u>(12,177)</u>
				<u>\$ 2,059</u>
Unused credit lines				<u>\$ -</u>
	<u>2023.12.31</u>			
	<u>Currency</u>	<u>Interest Rate Range %</u>	<u>Maturity Date</u>	<u>Amount</u>
Unsecured Bank Loan	TWD	2.53	2025.11.19	\$ 23,169
Less: current portion				<u>(11,948)</u>
				<u>\$ 11,221</u>
Unused credit lines				<u>\$ -</u>

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

	2023.9.30			
	Currency	Interest rate range %	Maturity Date	Amount
Unsecured Bank Loan	TWD	2.53	2025.11.19	\$ 26,109
Less: current portion				<u>(11,873)</u>
				<u>\$ 14,236</u>
Unused credit lines				<u>\$ -</u>

(8) Lease Liabilities

The carrying amount of the company's lease liabilities is as follows:

	2024.9.30	2023.12.31	2023.9.30
Current	\$ 6,296	6,735	6,491
Non-current	11,044	15,644	16,564
total	<u>\$ 17,340</u>	<u>22,379</u>	<u>23,055</u>

For maturity analysis, please refer to Note Six (16) Financial Instruments.

The amount of lease recognized in profit or loss is as follows:

	July to September 2024	July to September , 2023	January to September 2024	January to September , 2023
Interest on Lease Liabilities	<u>\$ 85</u>	<u>113</u>	<u>281</u>	<u>360</u>
Expenses relating to short-term leases	<u>\$ 96</u>	<u>8</u>	<u>322</u>	<u>18</u>
Expense of low-value leased assets (excluding low-value leases of short-term leases)	<u>\$ 6</u>	<u>107</u>	<u>18</u>	<u>164</u>

The amounts recognized in the cash flow statement are as follows:

	January to September 2024	January to September, 2023
Total Cash Outflow from Operating Activities	\$ 621	542
Total Cash Outflow from Fundraising Activities	<u>5,039</u>	<u>4,790</u>
Total Cash Outflow from Leasing	<u>\$ 5,660</u>	<u>5,332</u>

The company leases premises and buildings for office use and leases transportation equipment for operational use. The lease term for office premises is usually five years, while for transportation equipment it is three years.

(9) Employee Benefits

A. Defined Benefit Plan

Due to the absence of significant market fluctuations, major reductions, settlements, or other significant one-time events after the reporting date of the previous year, the company adopts the pension cost measurement and disclosure

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

for the interim period based on the actuarial determination as of December 31, 2023, and 2022.

The pension expenses under the defined benefit plan from January 1 to September 30, 2024 and 2023 are both NTD 0 thousand.

B. Defined Contribution Plan

The company's defined contribution plan is in accordance with the provisions of the Labor Pension Act, contributing at a rate of 6% of the employee's monthly salary to the individual account of the Labor Pension at the Bureau of Labor Insurance. Under such plans, the company, after allocating a fixed amount to the Labor Insurance Bureau as required, has no statutory or presumed obligation to pay additional amounts.

The company confirms that the details of pension expenses reported under the defined contribution pension scheme are as follows:

	July to September 2024	July to September , 2023	January to September 2024	January to September , 2023
Operating Costs	\$ 561	425	1,654	1,265
Operating Expenses	992	836	2,988	2,454
	<u>\$ 1,553</u>	<u>1,261</u>	<u>4,642</u>	<u>3,719</u>

(10) Income tax

The details of the company's income tax expenses are as follows:

	July to September 2024	July to September , 2023	January to September 2024	January to September , 2023
Current income tax expenses	<u>\$ 4,240</u>	<u>3,563</u>	<u>18,386</u>	<u>17,461</u>

The company's profit-making enterprise income tax settlement declaration has been approved by the tax authority up to the year 2022.

(11) Capital and Other Equity

Except as described below, there were no significant changes in the capital and other equity of the Company between January 1, 2024, and September 30, 2023. For relevant information, please refer to Note 6 (11) of the 2023 annual financial report.

The company, on May 30, 2024, through the shareholders' annual meeting Resolution the 2023 earnings distribution proposal, and on June 9, 2023, through the shareholders' annual meeting Resolution the 2022 earnings distribution proposal. The amount of dividends distributed to shareholders is as follows:

	2023		2022	
	Dividend per share (yuan)	Amount	Dividend per share (yuan)	Amount
Dividend distributed to				

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

ordinary shareholders:

Cash	\$	3.80	<u>83,600</u>	3.80	<u>83,600</u>
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The relevant information on the profit distribution of the shareholders' meeting Resolution of the company can be found on the Market Observation Post System.

The company, on August 9, 2024, passed a Resolution by the board of directors to propose the issuance of the first domestic unsecured convertible corporate bonds. The maximum number of bonds to be issued is 3,000, with a face value of NTD 100 thousand per bond. The issuance period is three years, with a coupon rate of 0%. The maximum total face value expected to be issued is NTD 300,000 thousand, to be issued at 100% to 101% of the face value, with the maximum fundraising amount expected to be NTD 303,000 thousand. The issuance has been declared effective by the Financial Supervisory Commission under letter No. 1130357406 on September 25, 2024. The issue date for these unsecured convertible bonds is November 1, 2024.

(12) Earnings Per Share

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Basic earnings per share:				
Net income	\$ <u>16,869</u>	<u>14,239</u>	<u>73,369</u>	<u>68,676</u>
Weighted average number of ordinary shares outstanding (unit: thousand shares)	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
Basic earnings per share (unit: new taiwan dollar)	\$ <u>0.77</u>	<u>0.65</u>	<u>3.33</u>	<u>3.12</u>
Diluted earnings per share:				
Net income	\$ <u>16,869</u>	<u>14,239</u>	<u>73,369</u>	<u>68,676</u>
Weighted average number of ordinary shares outstanding (unit: thousand shares)	22,000	22,000	22,000	22,000
Dilutive potential ordinary shares-employee remuneration (units: thousand shares)	125	115	154	142
Weighted average number of shares outstanding for calculating diluted earnings per share (unit: thousand shares)	<u>22,125</u>	<u>22,115</u>	<u>22,154</u>	<u>22,142</u>
Diluted earnings per share (unit: New Taiwan Dollar)	\$ <u>0.76</u>	<u>0.64</u>	<u>3.31</u>	<u>3.10</u>

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

(13) Revenue from contracts with customers

A. Details of Revenue

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Primary geographical markets:				
Taiwan	\$ 294,855	232,429	1,496,274	1,299,349
Other Countries	<u>2,055</u>	<u>4,241</u>	<u>55,342</u>	<u>6,339</u>
	<u>\$ 296,910</u>	<u>236,670</u>	<u>1,551,616</u>	<u>1,305,688</u>
Major Products/Services Line:				
Sale of computer software	\$ 272,079	204,221	1,475,532	1,219,207
Service and maintenance income	25,659	34,867	76,135	91,557
Other	659	148	1,436	490
Less: Sales Returns and Allowances	<u>(1,487)</u>	<u>(2,566)</u>	<u>(1,487)</u>	<u>(5,566)</u>
	<u>\$ 296,910</u>	<u>236,670</u>	<u>1,551,616</u>	<u>1,305,688</u>

B. Contract Balance

	2024.9.30	2023.12.31	2023.9.30
Notes and Accounts Receivable (Including Long-term Receivables)	\$ 1,003,246	655,905	776,978
Less: Unrealized Interest Income	<u>(5,639)</u>	<u>(3,903)</u>	<u>(2,552)</u>
Total	<u>\$ 997,607</u>	<u>652,002</u>	<u>774,426</u>
Contract Liabilities	<u>\$ 62,012</u>	<u>91,288</u>	<u>102,962</u>

Please refer to Note 6(2) for the disclosure of notes and accounts receivable and their impairment.

The opening balance of contract liabilities as of January 1, 2024 and 2023 was recognized as revenue from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, respectively, in the amounts of NTD 0 thousand, NTD 0 thousand, NTD 91,288 thousand, and NTD 35,059 thousand.

The change in contract liabilities primarily arises from the timing difference between when our company transfers goods or services to customers and fulfills performance obligations, and the timing of customer payments.

(14) Employee and Director Remuneration

According to the provisions of the Articles of Incorporation, if there is a profit in the annual final accounts, 10% to 15% should be allocated as employee compensation

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

and no more than 3% as director compensation. However, if the company still has accumulated losses, the amount should be reserved in advance to cover them. The aforementioned director's remuneration shall be paid in cash only.

The estimated amounts of employee remuneration for the periods from July 1 to September 30 and from January 1 to September 30 in 2024 and 2023 are NTD 2,968 thousand, NTD 2,499 thousand, NTD 12,700 thousand, and NTD 11,881 thousand, respectively. The remuneration for directors is NTD 360 thousand, NTD 360 thousand, NTD 1,080 thousand, and NTD 1,080 thousand, respectively. These are calculated based on the pre-tax net profit of the company for each respective period, before deducting employee and director remuneration, multiplied by the distribution percentages for employee and director remuneration as stipulated in the company's Articles of Incorporation, and reported as operating expenses for the respective periods. If there is a discrepancy between the actual distribution amount for the next fiscal year and the estimated figure, it will be treated as a change in accounting estimates, and the discrepancy will be recorded as profit or loss for the next fiscal year. If the board of directors Resolution adopts stock issuance for employee compensation, the number of shares for stock compensation is calculated based on the closing price of the day before the board of directors Resolution.

The amounts accrued for employee compensation in 2023 and 2022 are NTD 16,816 thousand and NTD 15,795 thousand, respectively. The amounts accrued for director compensation are NTD 1,440 thousand and NTD 1,403 thousand, respectively, with no difference from the distribution by the board resolution. Relevant information can be found on the Market Observation Post System.

(15) Non-operating Income and Expenses

A. Interest Income

	July to September 2024	July to September , 2023	January to September 2024	January to September , 2023
Interest on bank deposits	\$ 38	16	705	456
Interest Income from Deposit	4	4	12	11
	<u>\$ 42</u>	<u>20</u>	<u>717</u>	<u>467</u>

B. Other Gains and Losses

	July to September 2024	July to September , 2023	January to September 2024	January to September , 2023
Net Foreign Exchange Gain (Loss)	\$ (333)	(581)	354	(598)
Other Interests	664	781	2,318	1,647
	<u>\$ 331</u>	<u>200</u>	<u>2,672</u>	<u>1,049</u>

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C. Financial Costs

	July to September 2024	July to September , 2023	January to September 2024	January to September , 2023
Interest Expense:				
Bank loan	\$ 2,228	2,255	6,220	4,986
Lease Liability	85	113	281	360
	<u>\$ 2,313</u>	<u>2,368</u>	<u>6,501</u>	<u>5,346</u>

(16) Financial Instrument

Except as described below, there have been no significant changes in the types, fair values, and exposure to credit risk, liquidity risk, and market risk of the company's financial instruments. For relevant information, please refer to Note 6(17) of the 2023 Annual Financial Report.

A. Credit Risk

(A) The Maximum Exposure to Credit Risk Amount

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

(B) Credit Risk Concentration Situation

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

(C) Credit risk of receivables

Please refer to Note 6(2) for information on credit risk exposure of notes receivable and accounts receivable.

B. Liquidity Risk

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

	Book Value	Contract Cash Flow	Within one year	Twelve years	2-5 years	More than five years
September 30, 2024						
Non-derivative financial liabilities						
Short-term Loan	\$ 400,000	400,000	400,000	-	-	-
Accounts Payable	183,320	183,320	183,320	-	-	-
Other Payables	50,907	50,907	50,907	-	-	-
Lease Liabilities	17,340	17,340	6,296	6,029	5,015	-
Long-term Loan	14,236	14,236	12,177	2,059	-	-
	<u>\$ 665,803</u>	<u>665,803</u>	<u>652,700</u>	<u>8,088</u>	<u>5,015</u>	<u>-</u>

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

	<u>Book Value</u>	<u>Contract Cash Flow</u>	<u>Within one year</u>	<u>Twelve years</u>	<u>2-5 years</u>	<u>More than five years</u>
December 31, 2023						
Non-derivative financial liabilities						
Short-term Loan	\$ 95,000	95,000	95,000	-	-	-
Accounts Payable	475,504	475,504	475,504	-	-	-
Other Payables	57,054	57,054	57,054	-	-	-
Lease Liabilities	22,379	22,379	6,735	6,097	9,547	-
Long-term Loan	<u>23,169</u>	<u>23,169</u>	<u>11,948</u>	<u>11,221</u>	<u>-</u>	<u>-</u>
	<u>\$ 673,106</u>	<u>673,106</u>	<u>646,241</u>	<u>17,318</u>	<u>9,547</u>	<u>-</u>
September 30, 2023						
Non-derivative financial liabilities						
Short-term Loan	\$ 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 Loan	<u>26,109</u>	<u>26,109</u>	<u>11,873</u>	<u>12,176</u>	<u>2,060</u>	<u>-</u>
	<u>\$ 485,015</u>	<u>485,015</u>	<u>454,215</u>	<u>18,255</u>	<u>12,545</u>	<u>-</u>

The company does not expect the timing of cash flows from maturity analysis to occur significantly earlier, nor does it anticipate a significant difference in the actual amounts.

C. Exchange Rate Risk

(A) Exposure to Exchange Rate Risk

The financial assets and liabilities of the company exposed to foreign currency exchange rate risk are as follows:

	<u>2024.9.30</u>			<u>2023.12.31</u>			<u>2023.9.30</u>		
	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>Taiwan Dollar</u>	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>Taiwan Dollar</u>	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>Taiwan Dollar</u>
<u>Financial Assets</u>									
<u>Monetary Item</u>									
US Dollar	\$ 1,508	31.60	47,655	2	30.65	73	22	32.27	710
<u>Financial liabilities</u>									
<u>Monetary Item</u>									
US Dollar	87	31.86	2,772	74	30.76	2,261	100	32.40	3,240

(B) Sensitivity Analysis

The company's exchange rate risk primarily arises from cash and cash equivalents, receivables (payables), etc., denominated in non-functional currencies, resulting in foreign exchange gains or losses upon conversion. On September 30, 2024 and 2023, when the New Taiwan Dollar appreciates against the US Dollar by 1%, and all other factors remain unchanged, the pre-tax net profit from January 1 to September 30, 2024 and 2023 will decrease by NTD 449

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

thousand and increase by NTD 25 thousand, respectively. The two-phase analysis is based on the same foundation.

(C) Exchange gains and losses of monetary Item

The amount of exchange gain or loss on monetary Item of the company is detailed in Note 6(15).

D. Interest Rate Analysis

The company's short-term and long-term borrowings are at fixed interest rates, thus there is no significant interest rate risk.

E. Fair Value Information

(A) Types and Fair Value of Financial Instruments

The carrying amounts and fair values of various types of financial assets and financial liabilities of the company (including fair value level information, but excluding those financial instruments whose carrying amounts are reasonable approximations of fair values and lease liabilities, for which fair value information is not required to be disclosed) are listed as follows:

		2024.9.30			
		Fair Value			
	Book Value	First Level	Second Level	Third level	Total
Financial assets measured at amortized cost					
Cash and Cash Equivalents	\$ 116,971	-	-	-	-
Notes Receivable and Accounts Receivable	874,414	-	-	-	-
Guarantee deposits	28,792	-	-	-	-
Long-term Receivables	123,193	-	-	-	-
Total	\$ 1,143,370	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term Loan	\$ 400,000	-	-	-	-
Accounts Payable	183,320	-	-	-	-
Other Payables	50,907	-	-	-	-
Lease Liabilities	17,340	-	-	-	-
Long-term Loan	14,236	-	-	-	-
Total	\$ 665,803	-	-	-	-
		2023.12.31			
		Fair Value			
	Book Value	First Level	Second Level	Third level	total
Financial assets measured at amortized cost					
Cash and Cash	\$ 209,790	-	-	-	-

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Equivalents					
Notes Receivable and Accounts Receivable	555,382	-	-	-	-
Other receivables	47	-	-	-	-
Guarantee deposits	23,376	-	-	-	-
Long-term Receivables	96,620	-	-	-	-
Total	\$ 885,215	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term Loan	\$ 95,000	-	-	-	-
Accounts Payable	475,504	-	-	-	-
Other Payables	57,054	-	-	-	-
Lease Liabilities	22,379	-	-	-	-
Long-term Loan	23,169	-	-	-	-
Total	\$ 673,106	-	-	-	-

2023.9.30					
Fair Value					
	Book Value	First Level	Second level	Third level	Total
Financial assets measured at amortized cost					
Cash and Cash Equivalents	\$ 150,678	-	-	-	-
Financial Assets Measured at Amortized Cost - Current	200	-	-	-	-
Notes Receivable and Accounts Receivable	709,031	-	-	-	-
Guarantee deposits	20,369	-	-	-	-
Long-term Receivables	65,395	-	-	-	-
Total	\$ 945,673	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term Loan	\$ 272,137	-	-	-	-
Accounts Payable	121,938	-	-	-	-
Other Payables	41,776	-	-	-	-
Lease Liabilities	23,055	-	-	-	-
Long-term Loan	26,109	-	-	-	-
Total	\$ 485,015	-	-	-	-

In 2024 and from January 1 to September 30, 2023, there were no transfers of financial assets and liabilities between fair value levels.

(17) Financial Risk Management

The company's financial risk management objectives and policies have not

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

undergone significant changes compared to those disclosed in Note 6 (18) of the company's financial report for the year 2023.

(18) Capital Management

The company's capital management objectives, policies, and procedures are consistent with those disclosed in Note 6(19) of the company's 2023 annual financial report.

The debt-to-equity ratio as of September 30, 2024, December 31, 2023, and September 30 is as follows:

	<u>2024.9.30</u>	<u>2023.12.31</u>	<u>2023.9.30</u>
Total Liabilities	\$ 743,789	784,441	599,269
Less: Cash and Cash Equivalents	<u>(116,971)</u>	<u>(209,790)</u>	<u>(150,678)</u>
Net Debt	<u>\$ 626,818</u>	<u>574,651</u>	<u>448,591</u>
Total Capital	<u>\$ 476,152</u>	<u>486,383</u>	<u>465,729</u>
Debt-to-equity ratio	<u>131.64%</u>	<u>118.15%</u>	<u>96.32%</u>

The increase in the debt-to-capital ratio as of September 30, 2024, and 2023, was primarily due to the increase in liabilities arising from financing activities.

(19) Non-cash fundraising activities

The company acquired right-of-use assets through leasing from January 1 to September 30 in 2024 and 2023. Please refer to Notes 6(5) and (8).

The reconciliation of liabilities from financing activities of the company for the period from January 1 to September 30, 2024 and 2023 is as follows:

	<u>2024.1.1</u>	<u>Cash Flow</u>	<u>Repay the loan</u>	<u>Non-cash changes</u>		<u>2024.9.30</u>
				<u>Increase</u>	<u>Cancel</u>	
Short-term loan	\$ 95,000	305,000	-	-	-	400,000
Long-term loan	23,169	(8,933)	-	-	-	14,236
Lease Liabilities	<u>22,379</u>	<u>(5,039)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,340</u>
Total liabilities from financing activities	<u>\$ 140,548</u>	<u>291,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>431,576</u>

	<u>2023.1.1</u>	<u>Cash Flow</u>	<u>Non-cash changes</u>		<u>2023.9.30</u>
			<u>Increase</u>	<u>Cancel</u>	
Short-term Loan	\$ 150,565	121,572	-	-	272,137
Long-term loan	-	26,109	-	-	26,109
Lease Liabilities	<u>27,845</u>	<u>(4,790)</u>	<u>-</u>	<u>-</u>	<u>23,055</u>
Total liabilities from financing activities	<u>\$ 178,410</u>	<u>142,891</u>	<u>-</u>	<u>-</u>	<u>321,301</u>

7. Related party transaction
(1) Name and Relationship of Related Party

The related parties that had transactions with the company during the period covered by this financial report are as follows:

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Ares International Corp.	The entity with significant influence over the Company
Chin-Lung, Hsu	Key management personnel of the Corporation

(2) Significant Transactions with Related Parties
A. Revenue

The significant sales amounts to related parties of the company are as follows:

	<u>July to September 2024</u>	<u>July to September , 2023</u>	<u>January to September 2024</u>	<u>January to September , 2023</u>
The entity with significant influence over the Company	\$ 23	-	89	-

The sales prices to the aforementioned related parties are not significantly different from those to general customers, with the payment terms for general customers primarily being 30 to 60 days, while for related parties it is 30 days, and there is no material difference between the two. The accounts receivable from related parties by the company have not been secured by collateral, and after evaluation, there is no need to set aside bad debt provisions.

B. Endorsement Guarantee

The company's key management personnel Chin-Lung, Hsu act as joint guarantors for the company's loans from financial institutions from January 1 to September 30, 2024 and 2023, using credit guarantees.

(3) Key Management Personnel Remuneration

	<u>July to September 2024</u>	<u>July to September , 2023</u>	<u>January to September 2024</u>	<u>January to September , 2023</u>
Short-term Employee Benefits	\$ 5,049	7,094	15,843	17,484
Post-employment benefits	119	105	350	403
	<u>\$ 5,168</u>	<u>7,199</u>	<u>16,193</u>	<u>17,887</u>

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

8. Pledged assets

The details of the book value of assets pledged as collateral by the company are as follows:

Asset Name	Pledged collateral subject	2024.9.30	2023.12.31	2023.9.30
Financial Assets Measured at Amortized Cost - Current:				
Restricted Bank Deposits	Short-term Loan	\$ -	-	200

9. Significant contingent liabilities and unrecognized commitments: None.

10. Major disaster loss: None.

11. Major subsequent events: None.

12. Other

(1) Employee benefits, depreciation, depletion, and amortization expenses are summarized by function as follows:

Function type	July to September 2024			July to September, 2023		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Nature						
Employee welfare expenses						
Salary expenses	10,709	19,475	30,184	8,173	18,757	26,930
Labor and health insurance fees	830	1,479	2,309	680	1,349	2,029
Pension expenses	561	992	1,553	425	836	1,261
Other employee Benefit expenses	489	830	1,319	607	751	1,358
Depreciation Expense	599	1,178	1,777	505	1,370	1,875
Amortization expense	38	69	107	36	72	108

Function type	January to September 2024			January to September, 2023		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Nature						
Employee welfare expenses						
Salary expenses	30,202	64,116	94,318	26,005	57,833	83,838
Labor and health insurance fees	2,902	4,686	7,588	2,246	4,476	6,722
Pension expenses	1,654	2,988	4,642	1,265	2,454	3,719
Other employee Benefit expenses	1,479	2,760	4,239	1,389	2,273	3,662

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

Depreciation expense	1,888	3,813	5,701	1,526	4,105	5,631
Amortization expense	109	212	321	108	207	315

(2) Seasonality of Operations:

The operations of the company are not affected by seasonal or cyclical factors.

13. Note disclosures

- (1) Major transaction information: None.
- (2) Information related to investment business: None.
- (3) Mainland Investment Information: None.
- (4) Major shareholder information:

Major Shareholder Name	Shares	Number of shares held	Unit: Stock
			Shareholding Ratio
Ares International Corp.		3,843,015	17.46%
Wei Gu Co., Ltd.		2,682,381	12.19%

Note: (1) The information on major shareholders in this table is calculated by the Taiwan Depository & Clearing Corporation as of the last business day of each quarter, for shareholders holding more than five percent of the company's common and preferred shares that have completed dematerialized registration and delivery (including treasury shares) in total. As for the share capital recorded in the company's financial report and the actual number of dematerialized shares delivered by the company, there may be discrepancies due to different preparation and calculation bases.

- (2) If the aforementioned information pertains to shareholders transferring their shares to a trust, it is disclosed by the individual sub-account of the principal under the trust account opened by the trustee. As for shareholders who are required to report insider shareholdings exceeding ten percent in accordance with the Securities and Exchange Act, their holdings include personal shares plus shares entrusted and over which they have decision-making power regarding the trust assets. For details on insider shareholding reports, please refer to the Market Observation Post System.
- (3) The shareholding ratio is calculated by rounding down unconditionally to two decimal places.

14. Department information

The company's departmental profit and loss, departmental assets, and departmental liabilities information are consistent with the financial report. Please refer to the balance sheet and Statements of Comprehensive Income.