M31 Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2024 and 2023 and Independent Auditors' Review Report

DELOITTE

Independent Auditors' Review Report

The Board of Directors and Shareholders
M31 Technology Corporation

Introductions

We have reviewed the accompanying consolidated balance sheets of M31 Technology Corporation and its subsidiaries (collectively referred to as the "Group") as of March 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' review report are Mei Chen Tsai and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 7, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions. The Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023, AND MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

	MARCH 31, 2024		DECEMBER 31, 2023		MARCH 31, 2023	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 674,532	29	$ 849,121	35	$ 849,883	36
Financial assets at fair value through profit or loss – current (Note 7)	185,211	8	183,099	8	184,827	8
Financial assets at amortized cost – current (Note 8)	80,580	4	115,718	5	188,840	8
Notes and accounts receivable (Notes 9, 19 and 27)	259,900	11	373,804	16	227,823	10
Other receivables	3,117	-	4,587	-	4,074	-
Current tax assets (Note 4)	92,218	4	82,556	3	73,775	3
Prepayments (Note 14)	179,842	8	44,155	2	109,474	5
Other current assets (Notes 14)	1,304	-	1,275	-	281	-
Total current assets	1,476,704	64	1,654,315	69	1,638,977	70
NON-CURRENT ASSETS						
Financial assets at amortized cost – non-current (Note 8)	213,155	9	147,520	6	117,021	5
Property, plant and equipment (Notes 11 and 28)	582,419	25	561,779	23	563,166	24
Right-of-use Assets (Note 12)	23,351	1	11,056	1	5,114	-
Intangible assets (Note 13)	10,850	1	12,136	1	12,001	1
Deferred tax assets (Note 4)	7,121	-	6,975	-	5,031	-
Other non-current assets (Note 14)	3,288	-	3,008	-	257	-
Total non-current assets	840,184	36	742,474	31	702,590	30
TOTAL	$ 2,316,888	100	$ 2,396,789	100	$ 2,341,567	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities – current (Note 19)	$ 28,151	1	$ 28,151	1	$ 265,319	11
Accounts payable (Note 15)	934	-	4,738	-	1,843	-
Dividend payable（Note 18）	278,734	12	-	-	253,584	11
Other payables (Note 16)	80,972	4	227,519	10	67,854	3
Current tax liabilities (Note 4)	55,845	2	52,632	2	55,371	3
Lease liabilities – current（Note 12）	9,250	-	4,756	-	2,033	-
Other current liabilities（Note 16）	9,593	1	8,289	1	6,885	-
Total current liabilities	463,479	20	326,085	14	652,889	28
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 4)	8,335	-	1,138	-	2,934	-
Lease liabilities – non-current（Note 12）	14,490	1	6,547	-	3,107	-
Total non-current liabilities	22,825	1	7,685	-	6,041	-
Total liabilities	486,304	21	333,770	14	658,930	28
EQUITY（Note 18）						
Share capital						
Ordinary shares	348,478	15	348,658	15	316,980	14
Share capital pending cancellation	(60)	-	(180)	-	-	-
Share capital subtotal	348,418	15	348,478	15	316,980	14
Capital surplus	748,207	32	750,042	31	756,194	32
Retained earnings						
Legal reserve	194,211	8	194,211	8	155,904	6
Unappropriated earnings	545,468	24	781,894	33	486,803	21
Total retained earnings	739,679	32	976,105	41	642,707	27
Other equity	(5,720)	-	(11,606)	(1)	(33,244)	(1)
Total equity	1,830,584	79	2,063,019	86	1,682,637	72
TOTAL	$ 2,316,888	100	$ 2,396,789	100	$ 2,341,567	100

The accompanying notes are an integral part of the consolidated financial statement

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 19 and 27)	$ 342,065	100	$ 312,962	100
GROSS PROFIT	342,065	100	312,962	100
OPERATING EXPENSES (Notes 13 and 20)				
Selling and Marketing expenses	(36,806)	(11)	(31,611)	(10)
General and administrative expenses	(36,759)	(11)	(33,584)	(11)
Research and development expenses	(257,184)	(75)	(203,130)	(65)
Expected credit loss (Note 9)	(8,608)	(2)	-	-
Total operating expenses	(339,357)	(99)	(268,325)	(86)
OPERATING INCOME	2,708	1	44,637	14
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Interest income	7,820	2	6,258	2
Other income	900	-	154	-
Other gains and losses	42,546	13	37,071	12
Finance costs	(226)	-	(18)	-
Total non-operating income and expenses	51,040	15	43,465	14
PROFIT BEFORE INCOME TAX	53,748	16	88,102	28
INCOME TAX EXPENSE (Notes 4 and 21)	(11,440)	(4)	(18,028)	(6)
NET PROFIT FOR THE PERIOD	42,308	12	70,074	22

(Continued)

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income (Note 18)	$ -	-	$ 134	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 18)	1,761	1	(141)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 18, and 21)	(352)	-	28	-
	1,409	1	(113)	-
Other comprehensive income (loss) for the period, net of income tax	1,409	1	21	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 43,717	13	$ 70,095	22
EARNINGS PER SHARE (Note 22)				
Basic	$ 1.22		$ 2.03	
Diluted	$ 1.21		$ 2.01	

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Share Capital				Retained Earnings		Other Equity			
	Shares (In Thousands)	Amount	Share Capital Pending Cancellation	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Difference on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Total Equity
BALANCE AT JANUARY 1, 2023	31,708	$ 317,080	($ 100)	$ 756,194	$ 155,904	$ 669,512	$ 400	$ 667	($ 42,200)	$ 1,857,457
Appropriations of 2022 earnings										
Cash dividends	-	-	-	-	-	(253,584)	-	-	-	(253,584)
Net profit for the three months ended March 31, 2023	-	-	-	-	-	70,074	-	-	-	70,074
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax (Note 18)	-	-	-	-	-	-	(113)	134	-	21
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	70,074	(113)	134	-	70,095
Compensation cost of employee restricted shares (Note 18)	-	-	-	-	-	-	-	-	8,669	8,669
Employee restricted shares pending cancellation (Note 18)	(10)	(100)	100	-	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 18)	-	-	-	-	-	801	-	(801)	-	-
BALANCE AT MARCH 31, 2023	31,698	$ 316,980	$ -	$ 756,194	$ 155,904	$ 486,803	$ 287	$ -	($ 33,531)	$ 1,682,637
BALANCE AT JANUARY 1, 2024	34,866	$ 348,658	($ 180)	$ 750,042	$ 194,211	$ 781,894	$ 285	$ -	($ 11,891)	$ 2,063,019
Appropriations of 2023 earnings										
Cash dividends	-	-	-	-	-	(278,734)	-	-	-	(278,734)
Net profit for the three months ended March 31, 2024	-	-	-	-	-	42,308	-	-	-	42,308
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax (Note 18)	-	-	-	-	-	-	1,409	-	-	1,409
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	42,308	1,409	-	-	43,717
Compensation cost of employee restricted shares (Note 18)	-	-	-	-	-	-	-	-	3,182	3,182
Employee restricted shares pending cancellation (Note 18)	(18)	(180)	120	(1,835)	-	-	-	-	1,295	(600)
BALANCE AT MARCH 31, 2024	34,848	$ 348,478	($ 60)	$ 748,207	$ 194,211	$ 545,468	$ 1,694	$ -	($ 7,414)	$ 1,830,584

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 53,748	$ 88,102
Adjustments for:		
Depreciation expenses	12,102	10,152
Amortization expenses	1,648	1,806
Expected credit loss	8,608	-
Net loss on fair value changes of financial assets at fair value through profit or loss	(2,112)	(1,493)
Finance costs	226	18
Interest income	(7,820)	(6,258)
Share-based payment of compensation costs	3,182	8,669
Gain on disposal of non-current assets held for sale	-	(42,914)
Unrealized (gain) loss on foreign currency exchange	(37,977)	2,907
Changes in operating assets and liabilities		
Notes and accounts receivable	118,179	99,059
Other receivables	19	(7)
Prepayments	(135,687)	(52,585)
Other current assets	(1)	(136)
Contract liabilities	-	(871)
Accounts payable	(3,889)	(281)
Other payables	(151,096)	(112,445)
Other current liabilities	1,253	(717)
Cash generated from operations	(139,617)	(6,994)
Interest received	9,305	6,403
Interest paid	(226)	(18)
Income tax paid	(11,190)	(20,465)
Net cash used in operating activities	(141,728)	(21,074)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	-	956
Acquisition of financial assets at amortized cost	(120,716)	(30,560)

(Continued)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Disposal of financial assets at amortized cost	$ 100,000	$ 117,870
Disposal of financial assets at fair value through profit or loss	-	101,561
Disposal of non-current assets held for sale	-	141,767
Acquisition of property, plant and equipment	(26,194)	(6,742)
Increase in refundable deposits	(1,455)	(66)
Decrease in refundable deposits	-	26
Acquisition of intangible assets	(362)	(2,720)
Net cash (used in) generated from investing activities	(48,727)	322,092
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(1,518)	(501)
Payment for buy-back of employee restricted shares	(600)	-
Net cash used in financing activities	(2,118)	(501)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	17,984	2,590
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(174,589)	303,107
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	849,121	546,776
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 674,532	$ 849,883

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

M31 Technology Corporation (the “Company”) was incorporated on October 21, 2011. The Company mainly offers Silicon IP design services in the integrated circuit industry.

The Company’s shares have been listed on the Taipei Exchange (TPEx) since January 2019.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan Dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 7, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

3.1 Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the IFRSs Accounting Standards endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies.

3.2 IFRSs accounting standards recognized by the FSC applicable in 2024

New/Revised/Amended Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparison Information”	January 1, 2023
IFRS 18 ”Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 21 ”Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, comparative periods shall not be restated. The impact shall be recognized in retained earnings or equity on the date of initial application as exchange differences for foreign operations (as appropriate) and the related assets and liabilities affected.

As of the date of the consolidated financial statements were authorized for issue, the Group is still evaluating the impact of the amendments to other standards and interpretations on its financial position and financial performance. The related impact will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all required disclosures for a complete set of annual consolidated financial statements prepared under the IFRSs accounting standards.

4.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

(2) Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(3) Level 3 inputs are unobservable inputs for the asset or liability.

4.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 10, Table 3, and Table 4 for the details, the ownership percentage, and the main business of subsidiaries.

4.4 Other significant accounting policies

Except for the following, please refer to the summary of significant accounting policies in the Company's consolidated financial statements for the year ended December 31, 2023.

1. The standard for distinguishing between current and non-current assets and liabilities

   Current assets include:

   (1) Assets held primarily for trading purposes;
   (2) Assets expected to be realized within 12 months after the balance sheet date; and
   (3) Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities more than 12 months after the balance sheet date).

   Current liabilities include:

   (1) Liabilities held primarily for trading purposes；
   (2) Liabilities due for settlement within 12 months after the balance sheet date; and
   (3) Liabilities for which there is no substantive right to defer settlement beyond the balance sheet date at least 12 months after the balance sheet date.

   Assets and liabilities that are not classified as current are classified as non-current.

2. Income Tax Expense

   The income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments, estimates and key sources of estimation uncertainty used in the Consolidated Financial Statements are the same as those used in the Consolidated Financial Statements for the year ended 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	$ 43	$ 60	$ 47
Checking accounts and demand deposits	414,489	381,306	497,586
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	260,000	467,755	352,250
	$ 674,532	$ 849,121	$ 849,883

The market rates of cash in bank at balance sheet dates were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Bank deposits	0.050%~5.400%	0.050%~5.590%	0.050%~4.910%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Mandatorily measured at FVTPL			
Non-derivative financial assets			
– Fund beneficiary certificate	$ 143,033	$ 142,561	$ 141,223
– Listed shares and emerging market shares	42,178	40,538	43,604
	$ 185,211	$ 183,099	$ 184,827

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Domestic investments			
Time deposits with original maturities of more than 3 months (Note 1)	$ 80,580	$ 115,718	$ 188,840
Non-current			
Foreign investments			
Foreign Corporate Bonds (Note 2)	$ 213,155	$ 147,520	$ 117,021

Note 1: The ranges of interest rates for time deposits with original maturities of more than 3 months were 4.650%～5.300%, 1.400%～4.890%, and 1.980%～5.050% as of March 31, 2024, December 31, 2023 and March 31, 2023.

Note 2: In September and October 2021, the Company purchased APPLE INC. bonds for NT$53,664 thousand and NT$26,254 thousand, respectively, with a maturity date of August 20, 2050, and a coupon rate of 2.400%; in October 2021, the Company purchased Petróleos Mexicanos bonds for NT$28,905 thousand, with a maturity date of January 23, 2026, and a coupon rate of 4.500%; In November 2023, the Company purchased Chilean Government International Bonds for NT$4,120 thousand with a maturity date of April 15, 2053 and a coupon rate of 3.500%; In November 2023, the Company purchased Corporate Bonds issued by Electricite de France for NT$12,979 thousand and NT$13,110 thousand, respectively, with maturity date of September 21, 2048 and a coupon rate of 5.000%. In January 2024, the Company purchased Corporate Bonds issued by Saudi Arabia for NT$27,482 thousand and NT$30,295 thousand, with maturity dates on October 26, 2046 and January 16, 2054, respectively, and coupon rates of 4.500% and 5.750%, respectively.

Note 3: For information on credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 26.

9. NOTES AND ACCOUNTS RECEIVABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable			
At amortized cost			
Gross carrying amount	$ -	$ -	$ 26
Less: Allowance for impairment loss	-	-	-
	$ -	$ -	$ 26

（Continued）

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable			
At amortized cost			
Gross carrying amount	$ 278,034	$ 383,474	$ 235,954
Less: Allowance for impairment loss	(18,134)	(9,670)	(8,157)
	$ 259,900	$ 373,804	$ 227,797

Accounts receivable

As provided by contracts, payments shall be received for services rendered by the Group within 30 to 120 days from the completion of each phase. In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable since the date the credit was initially granted to the balance sheet dates.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the key management personnel annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual accounts receivable at the balance sheet dates to ensure that adequate allowance for impairment loss is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecasted direction of economic conditions at the balance sheet dates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty, and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table derails the loss allowance of accounts receivable based on the Group's provision matrix.

March 31, 2024

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected Credit Losses rate	0%~0.15%	0%~0.99%	0%~3.54%	0%~7.89%	0%~13.60%	0%~100%	
Gross carrying amount	$ 109,596	$ 64,198	$ 43,753	$ 41,450	$ 7,552	$ 11,485	$ 278,034
Loss allowance (lifetime ECL)	(165)	(638)	(1,547)	(3,272)	(1,027)	(11,485)	(18,134)
Amortized cost	$ 109,431	$ 63,560	$ 42,206	$ 38,178	$ 6,525	$ -	$ 259,900

December 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected Credit Losses rate	0%~0.17%	0%~0.93%	0%~4.56%	0%~8.53%	0%~14.43%	0%~100%	
Gross carrying amount	$ 250,130	$ 70,420	$ 39,315	$ 6,141	$ 13,080	$ 4,388	$ 383,474
Loss allowance (lifetime ECL)	(421)	(656)	(1,794)	(524)	(1,887)	(4,388)	(9,670)
Amortized cost	$ 249,709	$ 69,764	$ 37,521	$ 5,617	$ 11,193	$ -	$ 373,804

March 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected Credit Losses rate	0%~0.35%	0%~1.28%	0%~7.23%	0%~10.15%	-	0%~100%	
Gross carrying amount	$ 166,245	$ 26,043	$ 37,287	$ 2,040	$ -	$ 4,339	$ 235,954
Loss allowance (lifetime ECL)	(583)	(333)	(2,695)	(207)	-	(4,339)	(8,157)
Amortized cost	$ 165,662	$ 25,710	$ 34,592	$ 1,833	$ -	$ -	$ 227,797

The movements of the loss allowance of accounts receivable were set out as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Balance, beginning of period	$ 9,670	$ 8,129
Add: Allowance for impairment loss	8,608	-
Effect of exchange rate changes	(144)	28
Balance, end of period	$ 18,134	$ 8,157

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The subjects of the consolidated financial statements are set out as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%) March 31, 2024	December 31, 2023	March 31, 2023	Remark
The Company	M31 Technology USA, INC.	Product marketing and technical services	100%	100%	100%	(1)
	Sirius Venture Ltd.	Investment holding	100%	100%	100%	(1)
	M31 Technologies India Private Ltd.	Technical services	100%	100%	-	(2)
Sirius Venture Ltd.	M31 Technology (Shanghai) Inc.	Product marketing and technical services	100%	100%	100%	(3)

Remark:

(1) The main operational risk is the exchange rate risk.

(2) M31 Technologies India Private Ltd. was established on May 26, 2023 with the approval of the Ministry of Corporate Affairs of India. However, as of March 31, 2024, the paid-in capital of the company is INR 500,000.

(3) The main operational risks are the exchange rate risk and political risk led by changes in political policies and cross-strait relations.

11. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Land	Buildings	Office Equipment	Leasehold Improvements	Other Facilities	Total
Cost						
Balance at January 1, 2024	$ 126,440	$ 396,141	$ 89,359	$ 3,809	$ 147,111	$ 762,860
Additions	-	-	30,030	-	970	31,000
Net exchange differences	-	-	16	-	106	122
Balance at March 31, 2024	$ 126,440	$ 396,141	$ 119,405	$ 3,809	$ 148,187	$ 793,982
Accumulated depreciation						
Balance at January 1, 2024	$ -	$ 31,996	$ 66,919	$ 1,269	$ 100,897	$ 201,081
Depreciation expense	-	3,287	2,391	238	4,538	10,454
Net exchange differences	-	-	13	-	15	28
Balance at March 31, 2024	$ -	$ 35,283	$ 69,323	$ 1,507	$ 105,450	$ 211,563
Carrying amounts at March 31, 2024	$ 126,440	$ 360,858	$ 50,082	$ 2,302	$ 42,737	$ 582,419
Carrying amounts at December 31, 2023, and January 1, 2024	$ 126,440	$ 364,145	$ 22,440	$ 2,540	$ 46,214	$ 561,779
Cost						
Balance at January 1, 2023	$ 126,440	$ 391,631	$ 95,241	$ 3,809	$ 122,836	$ 739,957
Additions	-	1,576	188	-	66	1,830
Net exchange differences	-	-	(3)	-	(1)	(4)
Balance at March 31, 2023	$ 126,440	$ 393,207	$ 95,426	$ 3,809	$ 122,901	$ 741,783
Accumulated depreciation						
Balance at January 1, 2023	$ -	$ 19,047	$ 65,959	$ 317	$ 83,665	$ 168,988
Depreciation expense	-	3,184	2,153	238	4,059	9,634
Net exchange differences	-	-	(3)	-	(2)	(5)
Balance at March 31, 2023	$ -	$ 22,231	$ 68,109	$ 555	$ 87,722	$ 178,617
Carrying amounts at March 31, 2023	$ 126,440	$ 370,976	$ 27,317	$ 3,254	$ 35,179	$ 563,166

No impairments or reversal of losses were recognized for the three months ended March 31, 2024 and 2023.

The Group's property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	5-50 years
Office Equipment	3-5 years
Leasehold Improvements	3 years
Other Facilities	3-6 years

12. LEASE AGREEMENTS

12.1 Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts			
Buildings	$ 23,351	$ 11,056	$ 5,114

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Additions to the right of use assets	$ 13,425	$ 3,574
Depreciation of right-of-use assets		
Buildings	$ 1,648	$ 518

Expect for the aforementioned recognized depreciation expenses, the Group has no significant subleasing and impairment losses in right-of-use assets for the three months ended March 31, 2024 and 2023.

12.2 Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts			
Current	$ 9,250	$ 4,756	$ 2,033
Non-current	$ 14,490	$ 6,547	$ 3,107

Discount rate for lease liabilities is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.36%~9.15%	1.36%~8.00%	1.36%

12.3 Other lease information

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Expenses relating to short-term leases	$ 22,325	$ 21,906
Total cash outflow for leases	($ 24,069)	($ 22,425)

The Group has elected to apply the recognition exemption to buildings qualified as short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Lease commitments	$ 350	$ 138	$ 328

13. INTANGIBLE ASSETS

	Software
Cost	
Balance at January 1, 2024	$ 36,336
Separately acquired	362
Balance at March 31, 2024	$ 36,698
Accumulated amortization	
Balance at January 1, 2024	$ 24,200
Amortization expense	1,648
Balance at March 31, 2024	$ 25,848
Carrying amounts at March 31, 2024	$ 10,850
Carrying amounts at December 31, 2023 and January 1, 2024	$ 12,136
Cost	
Balance at January 1, 2023	$ 28,754
Separately acquired	2,720
Balance at March 31, 2023	$ 31,474
Accumulated amortization	
Balance at January 1, 2023	$ 17,667
Amortization expense	1,806
Balance at March 31, 2023	$ 19,473
Carrying amounts at March 31, 2023	$ 12,001

Intangible assets are amortized on a straight-line basis over estimated useful lives of 3 years.

An analysis of amortization expense by function:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
General and administrative expenses	$ 925	$ 696
Research and development expenses	723	1,110
	$ 1,648	$ 1,806

14. OTHER ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Prepayments	$ 179,842	$ 44,155	$ 109,474
Temporary Payments	1,216	1,188	-
Refundable deposits	80	80	69
Others	8	7	212
	$ 181,146	$ 45,430	$ 109,755
Non-current			
Refundable deposits	$ 3,288	$ 1,752	$ 257
Prepayments	-	1,256	-
	$ 3,288	$ 3,008	$ 257

15. ACCOUNTS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable			
Operating	$ 934	$ 4,738	$ 1,843

16. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Other payables			
Payables for salaries or bonuses	$ 43,294	$ 188,977	$ 39,367
Payables for annual leave	11,943	10,985	10,933
Payables for insurance	5,207	5,040	4,533
Payables for retirement benefits	5,095	5,042	4,527
Payables for purchases of equipment	5,030	1,414	838
Payables for professional service fees	3,754	2,634	2,127
Payables for taxes	91	-	-
Payables for business taxes	-	4,492	-
Others	6,558	8,935	5,529
	$ 80,972	$ 227,519	$ 67,854

	March 31, 2024	December 31, 2023	March 31, 2023
Other liabilities			
Collection	$ 8,313	$ 7,061	$ 5,547
Temporary collection	1,280	1,228	1,338
	$ 9,593	$ 8,289	$ 6,885

17. RETIREMENT BENEFIT PLANS

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. For subsidiaries located in other countries, the contributions to employees' individual pension accounts are made in accordance with local regulations.

18. EQUITY

18.1 Share capital

Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	50,000	50,000	50,000
Shares authorized	$ 500,000	$ 500,000	$ 500,000
Number of shares issued and fully paid (in thousands)	34,848	34,866	31,698
Shares issued	$ 348,478	$ 348,658	$ 316,980
Share capital pending cancellation	$ 60	$ 180	$ -

For the three months ended March 31, 2024 and 2023, the Company has recovered 6,000 and 20,000 employee restricted shares due to the termination of employment, respectively, please refer to Note 23.

18.2 Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Shares issuance premium	$ 629,753	$ 629,663	$ 617,423
Treasury Shares Trading	17,313	17,313	17,313
Employee share options (2)	4,040	4,040	4,040
Not to be used for any purpose			
Employee restricted shares	97,101	99,026	117,418
	$ 748,207	$ 750,042	$ 756,194

(1) Such capital surplus may be used to offset losses, and may also be used to distribute cash or allocate share capital when the company has no losses, provided that the allocation of share capital is limited to a certain ratio of the paid-in share capital each year.
(2) Such capital surplus refers to the amount transferred from Capital surplus－employee share options during the execution of employee share options.

18.3 Retained earnings and dividend policy

In accordance with the provisions of the Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized in the following order:

(1) Paying taxes.

(2) Offsetting deficits of previous years.

(3) Setting aside as legal reserve 10% of the remaining profit until the amount of the accumulated legal reserve equals the amount of the Company’s capital.

(4) Setting aside or reversing a special reserve in accordance with the laws or the regulations of competent authorities.

(5) The remaining balance shall be added to the accumulated undistributed earnings of the previous period and the board of directors shall prepare a proposal for the distribution of earnings. If the distribution is made by issuing new shares, a resolution shall be submitted to the shareholders' meeting for distribution. In the case of cash distribution, the board of directors is authorized to distribute all or part of the dividends and bonuses in the form of cash payment and report to the shareholders' meeting by a two-thirds of the directors attending the meeting and a resolution of a majority of the directors present.

In accordance with the Articles of Incorporation, the Company's dividend policy takes into account the Company's sustainable operation, stable growth, protection of shareholders' rights and interests, and healthy financial structure, and the Company’s board of directors prepares a proposal for the appropriation of earnings based on future capital requirements and long-term financial planning. Total dividends to shareholders shall not be less than 2% of the appropriated earnings and may be paid in cash or in stock, with cash dividends not less than 10% of the total dividends.

The Company’s Articles of Incorporation state the policies on the distribution of employees’ compensation and remuneration of directors, refer to “Employees’ compensation and remuneration of directors” in Note 20.7.

Legal reserve shall be appropriated until the remaining balance reaches the Company’s total paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of 2023 and 2022 earnings were set out as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Legal reserve	$ 43,597	$ 38,307
Cash dividends	$278,734	$253,584
Stock dividends	$ 69,684	$ 31,698
Cash dividends per share (NT$)	$ 8.0	$ 8.0
Stock dividends per share (NT$)	$ 2.0	$ 1.0

The above cash dividends were resolved by the Board of Directors on March 6, 2024 and February 23, 2023, respectively. The distribution of remaining appropriation earnings items were approved by the general shareholders' meeting on May 24, 2023. The appropriation of earnings for the year ended 2023 are pending resolution at the general shareholders' meeting to be held on May 27, 2024.

The earnings of the Company and Subsidiaries are distributed in accordance with the articles of incorporation of each company and are not subject to contractual restrictions.

18.4 Other equity items

(1) Exchange differences on translating the financial statements of foreign operations

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Balance, beginning of period	$ 285	$ 400
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	1,761	(141)
Income tax on translating the financial statements of foreign operations	(352)	28
Other comprehensive income (loss) for the period	1,409	(113)
Balance, end of period	$ 1,694	$ 287

(2) Unrealized gain (loss) on financial assets at FVTOCI

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Balance, beginning of period	$ -	$ 667
Recognized for the period		
Unrealized gain(loss)		
Equity instruments	-	134
Other comprehensive income (loss) for the period	-	134
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(801)
Balance, end of period	$ -	$ -

(3) Unearned employee benefits

In the meeting of shareholders on August 5, 2021, the Shareholders approved a restricted share plan for employees (see Note 23).

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Balance, beginning of period	($ 11,891)	($ 42,200)
Share-based payment expenses recognized	3,182	8,669
Employee restricted shares cancellation	1,295	-
Balance, end of period	($ 7,414)	($ 33,531)

19. REVENUE

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Technical service revenue	$305,436	$223,536
Royalty revenue	36,629	89,426
	$342,065	$312,962

19.1 Contract information

(1) Technical service revenue

The department of Silicon IP design service signs contracts based on which the Group offers Silicon IP design service, and the customers shall pay the transaction price when the Group satisfies the performance obligation.

(2) Royalty revenue

Royalty revenue refers to the contract-based royalties received by the Group through licensing standardized Silicon IP to customers for mass production.

19.2 Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes and accounts receivable（Note 9）	$ 259,900	$ 373,804	$ 227,823	$ 325,217
Contract liabilities - current				
Technical service revenue	$ 28,151	$ 28,151	$ 265,319	$ 266,190

The changes in the contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer’s payment. The changes for the three months ended March 31, 2024 and 2023 are as follows：

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Balance, beginning of period	$ 28,151	$266,190
Contract liabilities from the beginning of year recognized as revenue	-	(871)
New contract liabilities for the period	-	-
Balance, end of period	$ 28,151	$265,319

20. NET PROFIT FROM CONTINUING OPERATIONS

The net profit from continuing operations comprises the following items:

20.1 Interest income

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Bank deposits	$ 5,691	$ 5,382
Financial assets at amortized cost	2,128	876
Impute interest on deposits	1	-
	$ 7,820	$ 6,258

20.2 Other income

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Other income	$ 900	$ 154

20.3 Other gains and losses

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net foreign exchange gains (losses)	$ 40,436	($ 7,334)
Net gains from financial assets at fair value through profit or loss	2,112	1,493
Gain on disposal of non-current assets held for sale	-	42,914
Others	(2)	(2)
	$ 42,546	$ 37,071

20.4 Finance costs

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Interest on lease liabilities	$ 226	$ 18

20.5 Depreciation and amortization

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
An analysis of depreciation by function		
Operating expenses	$ 12,102	$ 10,152
An analysis of amortization by function		
Operating expenses	$ 1,648	$ 1,806

20.6 Employee benefits expenses

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Short-term employee benefits	$170,951	$134,876
Post-employment benefits		
Defined contribution plans	5,674	5,080
Share-based payment		
Equity-settled	3,182	8,669
Other employee benefits		
Labor and health insurance	8,826	7,906
Other employee benefits	3,265	2,975
Total employee benefits expenses	$191,898	$159,506
An analysis of employee benefits expense by function		
Operating expenses	$191,898	$159,506

20.7 Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the three months ended March 31, 2024 and 2023 are set out as follows:

Accrual rate

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Employees' compensation	1.20%	1.20%
Remuneration of directors	1.09%	1.20%

Amount

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Employees' compensation	$ 640	$ 1,080
Remuneration of directors	$ 580	$ 1,080

If there is a change in the amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 27, 2024 and February 23, 2023, respectively, were set out as follows:

Amount

	Year Ended December 31, 2023	Year Ended December 31, 2022
	Cash	Cash
Employees' compensation	$ 6,300	$ 5,450
Remuneration of directors	$ 5,600	$ 4,900

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20.8 Gains or losses on foreign currency exchange

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Foreign exchange gains	$ 88,415	$ 35,312
Foreign exchange losses	(47,979)	(42,646)
Net gains (losses)	$ 40,436	($ 7,334)

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

21.1 Income tax recognized in profit or loss

The major components of income tax expense are set out as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Current Tax		
In respect of the current period	$ 4,741	$ 18,872
Deferred Tax		
In respect of the current period	6,699	(844)
Income tax expense recognized in profit or loss	$ 11,440	$ 18,028

21.2 Income tax recognized in other comprehensive income

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Deferred Tax		
In respect of the current period		
Translation of foreign operations	$ 352	($ 28)
Income tax recognized in other comprehensive income	$ 352	($ 28)

21.3 Income tax assessments

The tax authorities have examined income tax returns of the Company through 2022. The Group has no pending tax litigation as of March 31, 2024.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Basic earnings per share		
From continuing operations	$ 1.22	$ 2.03
Diluted earnings per share		
From continuing operations	$ 1.21	$ 2.01

When calculating earnings per share, the impact of stock dividends has been retroactively adjusted. The record date for the stock dividends was set on July 19, 2023. Due to this retroactive adjustment, the changes in basic and diluted earnings per share for the three months ended March 31, 2023 are as follows:

Unit: NT$ Per Share

	Before retrospective adjustments	After retrospective adjustment
Basic earnings per share	$ 2.24	$ 2.03
Diluted earnings per share	$ 2.22	$ 2.01

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share are set out as follows:

Net Profit for the Year

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net profit used in the computation of basic and diluted earnings per share	$ 42,308	$ 70,074

Number of Shares (in thousands of shares)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	34,624	34,450
Effect of potentially dilutive ordinary shares:		
Employee restricted shares	211	333
Employees’ compensation	3	8
Weighted average number of ordinary shares used in the computation of diluted earnings per share	34,838	34,791

If the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per shares, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Restricted Shares

Information regarding the issuance of new employee restricted shares is as follows:

Date of Approval of Shareholders' Meeting	Estimated Number of Shares to be Issued (In Thousands)	Number of Shares Resolved by the Board of Directors (In Thousands)	Shares Granted Date	Capital Increase Date	Actual Number of Shares Issued (In Thousands)	Fair Value at the Date of Shares Granted
08/05/2021	400	300	08/27/2021	09/23/2021	288	$ 333.5
08/05/2021	400	112	05/06/2022	06/28/2022	110	280.5

On August 5, 2021, the shareholders' meeting of the Company resolved to issue new employee restricted shares in the amount of NT$4,000 thousand, with 400 thousand shares issued, and the issuance method is as follows:

After employees are allotted new employee restricted shares, they will receive the new shares in accordance with the following schedule and in proportion to the shares they have acquired upon the expiration of their term of office and if their performance in that year during the vesting period is up to the expectations.

Vested Period	Proportion of Vested Shares
Two years from the date of grant	50%
Three years from the date of grant	50%

In the event that employees do not meet the vesting conditions or inheritance occurs:

23.1 General termination of employment (voluntary/retirement/layoff/dismissal/retention without pay)

The Company may buy-back the new employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

23.2 Disability, death due to an occupational disaster or general death

(1) If the employee is unable to continue to work due to a physical disability caused by an occupational disaster, the employee may acquire all of the new employee restricted shares not yet vested upon termination of employment.

(2) If the employee dies as a result of an occupational disaster or dies in general, the unvested new employee restricted shares are deemed to be fully vested. The successor may apply to receive his or her shares or disposed interests after completing the necessary legal procedures and providing relevant documents.

23.3 Transfer to affiliates

(1) If the employee requests to transfer to an affiliated company, the Company may buy-back the new employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

(2) If the Company approves the transfer to an affiliate for operational reasons, the rights and obligations of the unvested new employee restricted shares shall not be affected, but shall still be in accordance with these terms and conditions provided that the performance shall be re-measured after the transfer to the affiliate; and the period of vesting shall continue to work for the affiliate or the Company, otherwise the vesting conditions shall be deemed not to be met and the Company may buy-back the new employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

23.4 Employees who have committed gross negligence such as violating labor contracts or work rules

After the employee has acquired the new employee restricted shares granted by the Company, in the event of a violation of Terms of Agreement, the Trust Deed, the Labor Contract, the Non-Disclosure Agreement, the Corporate Governance Practices Principles, the Ethical Corporate Management Practices Principles, the Code of Ethical Conduct, the Information Security Rules, the Non-competition Agreement and the Work Rules, the Company may buy-back the employee restricted shares (including their stock dividends and related equities) that have not been vested at the issue price.

The Company will proceed with the cancellation of the new employee restricted shares bought-back by the Company at the issue price.

The restrictions on the entitlement to shares before the vesting condition is satisfied after the employee has been allotted or subscribed for new shares are as follows:

(1) The employee may not sell, pledge, transfer, donate, set up, or otherwise dispose of the new employee restricted shares before the vesting condition is met.

(2) Until the vesting conditions are met, the new employee restricted shares may still participate in the allotment and dividend distribution.

(3) Upon the issuance of new employee restricted shares, employees shall immediately deliver them to the Trust and shall not request the Trustee to return the new employee restricted shares for any reason or in any manner until the vested conditions have been fulfilled.

Other contractual matters are as follows:

Restrictions on employee rights during delivery of new shares to the Trust, the Company shall act as the exclusive agent of the employees (including but not limited) in negotiating, signing, amending, extending, cancelling and terminating the Trust Deed and the delivery, use and disposal instructions of the Trust Property with the Stock Trust.

The circumstances of the grant of new employee restricted shares described above are summarized as follows:

	2021-1 Employee Restricted Shares (In Thousands)	2021-2 Employee Restricted Shares (In Thousands)
Three months ended March 31, 2024		
Shares outstanding at the beginning of the period	126	98
Shares vested for the period	(1)	-
Shares cancelled for the period	(4)	(2)
Shares outstanding at the end of the period	121	96
Employees shares vested	137	-
Weighted-average fair value of shares granted (NTD)	$ 333.5	$ 280.5
Three months ended March 31, 2023		
Shares outstanding at the beginning and end of the period	276	104
Employees shares vested	-	-
Weighted-average fair value of shares granted (NTD)	$ 333.5	$ 280.5

For the three months ended March 31, 2024, 6,000 employee restricted shares have been recovered due to employee termination, The Board of Directors has resolved the capital reduction date on May 14, 2024; however, the registration for change to the Ministry of Economic Affairs has not yet been completed, so these shares are temporarily listed under shares pending cancellation.

For the three months ended March 31, 2024 and 2023, the compensation costs recognized for the new employee restricted shares were NT$3,182 thousand and NT$8,669, respectively.

24. CASH FLOW INFORMATION

24.1 Non-cash transactions

Except as disclosed in other notes, the Group conducted the following non-cash transaction investment and financing activities for the three months ended March 31, 2024 and 2023:

On March 31, 2024, December 31, 2023, and March 31, 2023, the Group respectively acquired property, plant and equipment of $5,030 thousand, $1,414 thousand, and $838 thousand, which are recognized as payables for purchase of equipment. Please refer to Note 16.

24.2 Changes in liabilities arising from financing activities

Three Months Ended March 31, 2024

	January 1, 2024	Cash Flows	Non-cash Changes		March 31, 2024
			New Leasing	Exchange Rate Changes	
Lease liabilities	$ 11,303	($ 1,518)	$ 13,425	$ 530	$ 23,740

Three Months Ended March 31, 2023

	January 1, 2023	Cash Flow	Non-cash Changes		March 31, 2023
			New Leasing	Exchange Rate Changes	
Lease liabilities	$ 2,068	($ 501)	$ 3,574	($ 1)	$ 5,140

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of issued ordinary shares, capital surplus, retained earnings and other equity.

The Group is not subject to any externally imposed capital requirements.

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the number of new shares issued.

26. FINANCIAL INSTRUMENTS

26.1 Fair value of financial instruments not measured at fair value

March 31, 2024

	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost－Foreign Corporate Bonds	$213,155	$181,299	$ -	$ -	$181,299

December 31, 2023

	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost－					
Foreign Corporate Bonds	$147,520	$121,795	$ -	$ -	$121,795

March 31, 2023

	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost－					
Foreign Corporate Bonds	$117,021	$87,428	$ -	$ -	$87,428

26.2 Fair value of financial instruments measured at fair value on a recurring basis

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificate of funds	$143,033	$ -	$ -	$143,033
Listed shares	42,178	-	-	42,178
	$185,211	$ -	$ -	$185,211

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificate of funds	$142,561	$ -	$ -	$142,561
Listed shares	40,538	-	-	40,538
	$183,099	$ -	$ -	$183,099

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificate of funds	$141,223	$ -	$ -	$141,223
Listed shares	43,604	-	-	43,604
	$184,827	$ -	$ -	$184,827

There were no transfers between levels 1 and 2 for the three months ended March 31, 2024 and 2023.

26.3 Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets			
FVTPL			
Mandatorily classified as at FVTPL	$ 185,211	$ 183,099	$ 184,827
Amortized cost (1)	1,234,652	1,492,582	1,387,967
Financial liabilities			
Amortized cost (2)	295,010	22,213	263,921

(1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost-current, notes and accounts receivable, other receivables, and refundable deposits (recognized in other current assets and other non-current assets) , and financial assets carried at amortized cost – non-current.

(2) The balances include financial liabilities measured at amortized cost, which comprise accounts payable, dividends payable, and other payables (not including payables for salaries or bonuses, payables for annual leave, payables for retirement benefits, payables for insurance, and payables for taxes).

26.4 Financial risk management objectives and policies

The Group's major instruments include equity investments, accounts receivable, accounts payable, and lease liabilities. The Group's corporate financial management function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate financial management function reports quarterly to the board of directors, which functions to monitor risks and policies implemented to mitigate risk exposures.

(1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (1.1) below), interest rates (refer to (1.2) below), and other price risks (refer to (1.3) below).

(1.1) Foreign currency risks

The Group has foreign currency denominated service transactions, which expose the Group to foreign currency risk.

The carrying amounts of the Group's non-functional currency denominated monetary assets and monetary liabilities (including the non-functional currency monetary items that have been written off in the consolidated financial statement) at the balance sheet dates are set out in Note 29.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuation of the United States Dollar (USD).

The following table details the Group's sensitivity to a 1% increase/decrease in the New Taiwan dollar (NTD, the functional currency) against the USD. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency weakening 1% against the USD. For a 1% strengthening of the functional currency against the USD, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	Three Months Ended March 31, 2024	**Three Months Ended March 31, 2023**
Profit or loss	$ 9,084	$ 8,990

The aforementioned profit or loss mainly results from the exposure on outstanding USD denominated bank deposits and accounts receivable at the balance sheet dates.

The Group's sensitivity to foreign currency increased during the current year, mainly due to the increase in U.S. dollar-denominated financial assets at amortized cost － non-current.

(1.2) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the balance sheet dates are set out as follows:

	March 31, 2024	**December 31, 2023**	**March 31, 2023**
Fair value interest rate risk			
－Financial assets	$ 553,735	$ 730,993	$ 658,111
－Financial liabilities	23,740	11,303	5,140
Cash flow interest rate risk			
－Financial assets	411,540	378,163	492,691
－Financial liabilities	-	-	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the balance sheet dates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 100 basis points increase/decrease and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2024 and 2023 would increase by NT$1,029 thousands and NT$1,232 thousands, respectively, mainly resulting from the Group's variable-rate bank deposits.

The Group's sensitivity to interest rates decreased during the current year mainly due to the decrease in variable-rate bank deposits.

(1.3) Other price risk

The Group was exposed to equity price risk mainly through its investments in equity securities.

<u>Sensitivity analysis</u>

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet dates.

If equity prices had been 1% higher/lower, the pre-tax profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by NT$1,852 thousands and NT$1,848 thousands, respectively, resulting from the changes in fair value of financial assets at FVTPL.

(2) Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the balance sheet dates, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation (not considering collaterals or other credit enhancement instruments, and the irrevocable maximum amount of risk exposure), mainly arises from the carrying amount of the recognized financial assets as stated in the consolidated balance sheets. The Group has adopted a policy of only dealing with creditworthy counterparties.

To reduce credit risks, the Group's management personnel shall appoint a dedicated team to determine the credit limit, conduct credit examination and approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue receivables. Moreover, the Group shall review the recovery of each receivable on each balance sheet date to ensure that adequate allowances are made for unrecoverable receivables. Therefore, the Group's management believes that the Group's credit risk has been greatly reduced.

The credit risk management of investments in debt instruments with financial assets measured at amortized cost is as follows.

The Company's policy is to invest only in debt instruments with a credit rating of investment grade or higher and with low credit risk in terms of impairment assessment. Credit rating information is provided by independent rating agencies. The Company continuously tracks external rating information to monitor changes in the credit risk of the debt instruments it invests in, and also reviews other information such as bond yield curves and material information about the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

The Company measures the expected 12-month credit loss or expected credit loss over the life of the debt instruments by taking into account the historical default rate and default loss rate of various grades provided by external rating agencies, the debtor's current financial condition and the outlook of the industry in which the debtor is engaged. The Company's current credit risk rating mechanism is as follows:

Credit Rating	**Definition**	**Expected Credit Loss Recognition Basis**	**Expected Credit Loss Rate**
Good	The credit risk of the debtor is low, and the debtor has sufficient ability to settle the contractual cash flows	12-month expected credit loss	-

The Group’s concentration of credit risk was mainly attributable to the Group’s three largest customers, which accounted for 34%, 52% and 29% of total accounts receivable as of March 31, 2024, December 31, 2023 and March 31 2023, respectively.

(3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

(3.1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including both principal cash and interest) of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

March 31, 2024

	Less than 3 Months	**3 Months to 1 Year**	**1 to 5 Years**	**Over 5 Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 295,010	$ -	$ -	$ -
Lease liabilities	2,574	7,845	15,250	-
	$ 297,584	$ 7,845	$ 15,250	$ -

Additional information about the maturity analysis of the financial liabilities is as follows:

	Less than 1 Year	1 to 5 Years	Over 5 Years
Lease liabilities	$ 10,419	$ 15,250	$ -

December 31, 2023

	Less than 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 22,213	$ -	$ -	$ -
Lease liabilities	1,306	3,981	6,863	-
	$ 23,519	$ 3,981	$ 6,863	$ -

Additional information about the maturity analysis of the financial liabilities is as follows:

	Less than 1 Year	1 to 5 Years	Over 5 Years
Lease liabilities	$ 5,287	$ 6,863	$ -

March 31, 2023

	Less than 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 263,921	$ -	$ -	$ -
Lease liabilities	520	1,568	3,138	-
	$ 264,441	$ 1,568	$ 3,138	$ -

Additional information about the maturity analysis of the financial liabilities is as follows:

	Less than 1 Year	1 to 5 Years	Over 5 Years
Lease liabilities	$ 2,088	$ 3,138	$ -

27. TRANSACTIONS WITH RELATED PARTIES

The transactions, balances, gains and losses between the Company and its subsidiaries (which are related parties of the Company) have been written off in full upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

27.1 Name and relationship of related parties

Name of the related party	Relationship
MSquare (Shanghai) Ltd.	Related party

27.2 Operating Revenue

Financial Statement Accounts	Related Party Category/Name	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Service revenue	Related party		
	MSquare (Shanghai) Ltd.	$ -	$ 17,363

The price for services provided to the related party is mutually agreed upon after referencing general market rates, with a payment term of 30 days. As stipulated in the contracts, for the three months ended March 31, 2024 and 2023, payments for services rendered by the Group to non-related parties shall be received within 30 to 120 days after the completion of each phase.

27.3 Receivables from Related Parties

Financial Statement Accounts	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Notes and accounts receivable	Related party			
	MSquare (Shanghai) Ltd.	$ 16,512	$ 15,844	$ 10,231

Outstanding receivables from related parties were not secured by guarantees. For the three months ended March 31, 2024 and 2023, no loss allowance was recognized for receivables from related parties.

27.4 Compensation of key management personnel

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Short-term employee benefits	$ 11,008	$ 4,078
Post-employment benefits	162	135
Share-based payment	272	535
	$ 11,442	$ 4,748

The remuneration of directors and key management personnel, as determined by the remuneration committee, was based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment	$ 409,565	$ 411,156	$ 415,929

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

March 31, 2024

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 28,693	32.000 （USD：NTD）	$ 918,176
CNY	1,418	4.408 （CNY：NTD）	6,251
Financial liabilities			
Monetary items			
USD	306	32.000 （USD：NTD）	9,792

December 31, 2023

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 34,193	30.705 （USD：NTD）	$ 1,049,896
CNY	1,418	4.327 （CNY：NTD）	6,136
Financial liabilities			
Monetary items			
USD	398	30.705 （USD：NTD）	12,221

March 31, 2023

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 29,626	30.450 （USD：NTD）	$ 902,112
CNY	1,527	4.431 （CNY：NTD）	6,766
Financial liabilities			
Monetary items			
USD	101	30.450 （USD：NTD）	3,075

The significant unrealized foreign exchange gains (losses) were as follows:

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Gains
USD	31.155（USD：NTD）	$ 37,977	30.395（USD：NTD）	($ 2,907)

30. SEPARATELY DISCLOSED ITEMS

30.1 Significant transactions and 30.2 Information about investees:

(1) Financing provided to others: None.

(2) Endorsements/guarantees provided: None.

(3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Table 1.

(4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

(5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: None.

(6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

(7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

(8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

(9) Trading in derivative instruments: None.

(10) Others: intercompany relationships and significant intercompany transactions: Table 2.

(11) Information on investees: Table 3.

30.3 Information on investments in mainland China

(1) The name of the investee company in mainland China, the principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss, recognized investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 4.

(2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 4.

(2.1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

(2.2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

(2.3) The amount of property transactions and the amount of the resultant gains or losses.

(2.4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

(2.5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

(2.6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

30.4 Major shareholder information: The name, shares and percentage of shareholding of shareholders whose percentage of ownership is more than 5%.

Shareholder Name	**Share**	
	Shares Held (Shares)	**Percentage of Ownership (%)**
Huey-Ling Chen	7,438,762	21.34%
Chen-An Lin	1,837,662	5.27%
Jui-Chun Investment Company Ltd.	1,816,110	5.21%

31. SEGMENT INFORMATION

31.1 Industrial financial information

The Group is regarded a significant operating segment that offers services of Silicon IP design. Furthermore, the Group’s chief operating decision maker reviews the Group’s financial reports for resources allocation and performance assessment. Therefore, the operational information does not need to be disclosed by segments.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)
MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Thousands of Shares/Units)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Shares							
The Company	Fubon Financial Holding Co., Ltd. (Type C)	—	Financial assets at fair value through profit or loss－current	300	$ 16,440	-	$ 16,440	—
	China Development Financial Holding Corporation (Type B)	—	Financial assets at fair value through profit or loss－current	3,400	25,738	-	25,738	—
	Fund beneficiary certificate							
	Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss－current	4,394	61,472	-	61,472	—
	Jih Sun Money Market Fund	—	Financial assets at fair value through profit or loss－current	3,334	51,032	-	51,032	—
	FSITC Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss－current	1,933	30,529	-	30,529	—
	Corporate Bond							
	APPLE INC.	—	Financial assets at amortized cost－non-current	-	90,577	-	59,709	—
	Petróleos Mexicanos	—	Financial assets at amortized cost－non-current	-	32,355	-	29,843	—
	Saudi Arabia	—	Financial assets at amortized cost－non-current	-	59,395	-	58,870	—
	Electricite de France	—	Financial assets at amortized cost－non-current	-	26,618	-	28,229	—
	Chilean Government International Bonds	—	Financial assets at amortized cost－non-current	-	4,210	-	4,648	—

Note: For relevant information on investment in subsidiaries, please refer to Table 3 and Table 4.

TABLE 2

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENEDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
0	M31 Technology Corporation	M31 Technology USA, INC.	1	Service revenue	$ 45,104	Decided by mutual agreement based on market price	13
			1	Accounts receivable-related-party	30,278	Net 90 days from the end of the transaction month	1
1	M31 Technology USA, Inc.	M31 Technology Corporation	2	Accounts receivable-related-party	2,643	Net 30 days from the end of the transaction month	-
			2	Marketing revenue	18,179	Decided by mutual agreement based on market price	5
2	M31 Technology (Shanghai) Inc.	M31 Technology Corporation	2	Marketing revenue	5,410	Decided by mutual agreement based on market price	2
3	M31 Technologies India Private Ltd.	M31 Technology Corporation	2	Other accounts receivable-related-party	5,200	Net 30 days from the end of the transaction month	-
			2	Technical service revenue	18,684	Decided by mutual agreement based on market price	5

Note 1: Transactions between parent company and subsidiaries should be detailed on the column of No. The meaning of the numbers are as follow:

(1) Number 0 represents the parent company.

(2) Subsidiaries are numbered in sequence from Number 1.

Note 2: The transaction relationships are classified as the following three types. Just mark the number of the relationship type:

(1) Transactions from parent company to subsidiary.

(2) Transactions from subsidiary to parent company.

(3) Transactions from subsidiary to subsidiary.

Note 3: In the computation of percentage of consolidated revenue/assets, if the amount is the ending balance of assets or liabilities, the accounts percentage will be calculated by dividing the consolidated assets; if the amount is the amount of income or expense, the accounts percentage will be cumulated by dividing the consolidated revenues in the same period.

Note 4: This form is presented in New Taiwan Dollar (NTD). The amount that involves foreign currencies will be translated into NTD at the exchange rate on balance sheet dates, while the amount related to gains and losses are translated into NTD at the average exchange rate in the first quarter.

Note 5: This table only shows one-way transaction information. The above transactions have been written off when the consolidated financial statement was prepared.

TABLE 3

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENEDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Company	M31 Technology USA, Inc.	USA	Product marketing and technical service	$ 30,416	$ 30,416	1,000,000	100	$ 40,865	$ 1,129	$ 1,129	Subsidiaries accounted by USD
	Sirius Venture Ltd.	Republic of Seychelles	Investment Holdings	5,364	5,364	167,000	100	3,635	1,614	1,614	Subsidiaries accounted by USD
	M31 Technologies India Private Ltd.	India	Technical service	194	194	49,990	100	3,178	1,509	1,509	Subsidiaries accounted by INR

Note 1: The above transaction have been written off when the consolidated financial statement was prepared.

Note 2: For relevant information on investee companies in mainland China, please refer to Table 4.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES **TABLE 4**

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars or United States Dollars)

1. The name of investee companies in mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment gain or loss, carrying amount of the investment, repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 and Note 3)	Carrying Amount as of March 31, 2024 (Note 2 and Note 3)	Accumulated Repatriation of Investment Income as of March 31, 2024	Note
					Outward	Inward							
M31 Technology (Shanghai) Inc.	Product marketing and technical service	USD 100	(2)	$ 3,340	$ -	$ -	$ 3,340	$ 1,614	100%	$ 1,614	$ 3,603	$ -	—

2. Limit on the amount of investment in the mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 3,340	$ 3,340	$ 1,098,350

Note 1: Three investment methods are listed below. Just mark the method number.

(1) Direct investment in mainland China companies.

(2) Indirect investment in mainland China companies through a company in a third region (Sirius Venture Ltd.).

(3) Other methods of investing in mainland China.

Note 2: Columns for the current Investment Gain (Loss) and the Carrying Value:

Sirius Venture Ltd. had recognized the Investment Gain on the investment in the Investee Company M31 Technology (Shanghai) Inc. for the three months ended March 31, 2024 and the Carrying Value as of March 31, 2024.

Note 3: Calculated based on the reviewed quarterly financial report of the parent company in Taiwan.

Note 4: The above transactions have been written off when the consolidated financial statement was prepared.

3. Significant transaction with investee companies in mainland China, either directly or indirectly through a third party:

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

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

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

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

(5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.