AXIOMTEK CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements for the Years Ended
December 31, 2023 and 2022 and
Independent Auditors' Report

(Stock Code : 3088)

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Notice to Readers

For the convenience of readers and for information purpose only, 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. In the event of any discrepancy 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.

AXIOMTEK CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Yang, Yu-Te

Chairman of AXIOMTEK CO., LTD.

February 22, 2024

2023 Independent Auditors' Report

(Consolidated Financial Statements)

To the Board of Directors and Shareholders of AXIOMTEK CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of AXIOMTEK CO., LTD. and its subsidiaries (hereinafter referred to as "the Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended In order to comply with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China ("ROC GAAS"). Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China (hereinafter referred to as the "Code"), and we have fulfilled our other ethical responsibilities in order to comply with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the Consolidated Financial Statements for the year ended December 31, 2023 are stated as follows:

Existence and Occurrence of Operating Revenue

Description

Please refer to Note 4(32) for accounting policy on revenue recognition and Note 6(22) for details of operating revenue.

The Group's primarily engaged in the manufacturing, sales and post-sales service of industrial computer and embedded board products. Apart from long-term partner companies, due to global technological changes, industrial computer orders are susceptible to project cycles. Additionally, the Group's committed to developing new markets and undertaking new projects, resulting in some customers entering the top ten sales targets list, significantly impacting revenue. We believed that the list of the top ten new sales clients with a greater increase in the proportion to the Group's revenue had a material impact on the financial statements. We considered the existence and occurrence of sales of goods from these clients as a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Evaluated the Group's internal control procedures for recognition of sales of goods and tested the effectiveness of internal control related to sales of goods.
2. Inspected relevant background information on the top ten sales clients.
3. Obtained and randomly checked relevant receipts or invoices of the top ten new sales clients and the top ten sales clients with a greater increase in the proportion to the Group's revenue this year and confirmed the appropriateness of revenue recognition.

Allowance for Inventory Valuation Losses

Description

Please refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses and Note 6(4) for details of inventories. As at December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT$1,760,388 thousand and NT$87,262 thousand, respectively.

The Group is primarily engaged in the research and development, manufacturing and sales of industrial computers products. Due to rapid technological innovation and fluctuations in market prices, the Group recognizes inventories at the lower of cost and net realizable value, and the net realizable value is estimated based on historical experience. An allowance for inventory valuation losses is provided for those inventories aged over a certain period of time and individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realizable value for individually obsolete or damaged inventories is subject to management's judgment, we consider allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Ensured consistent application of Group's accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Evaluated the reasonableness of inventories individually identified as obsolete or damaged with supporting documents, validated the appropriateness of system logic of inventory aging report utilized by management to ensure proper classification of inventories aged over a certain period of time and reperformed the calculation.
3. Discussed with management the net realizable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents, and agreed to information obtained from physical inventory.

Other Matter – Audits of Other Independent Accountants

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$321,826 thousand constituting 5.31% of consolidated total assets as of December 31, 2022, respectively, and operating revenue of NT$563,959 constituting 8.52% of consolidated total operating revenue for the years ended December 31, 2022, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the accounts included in the financial statements relative to these subsidiaries, is based solely on the audit reports of the other independent accountants.

Other Matter – Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the Parent Company Only Financial Statements of AXIOMTEK CO., LTD. as of and for the years ended December 31, 2023 and 2022.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements In order to comply with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Po-Chuan Wu, Han-Chi

for and on behalf of PricewaterhouseCoopers, Taiwan February 22, 2024

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023		(After Adjustment) December 31, 2022		(After Adjustment) January 1, 2022	
			Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,501,089	22	$ 1,031,621	17	$ 943,871	18
1110	Financial assets at fair value through profit or loss - current	6(2)	720	-	-	-	-	-
1136	Financial assets at amortized cost – current	6(1) and 8	10,000	-	3,000	-	-	-
1150	Notes receivable	6(3)	20,924	-	17,620	-	19,898	-
1170	Accounts receivable	6(3)	809,758	12	745,252	12	745,599	14
1200	Other receivables		26,112	-	25,554	-	29,785	1
1220	Current income tax assets		22,715	-	1,922	-	401	-
130X	Inventories	6(4)	1,673,126	25	1,927,008	32	1,511,484	28
1410	Prepayments		28,578	1	31,815	1	23,221	-
1470	Other current assets		701	-	1,042	-	834	-
11XX	**Total current assets**		4,093,723	60	3,784,834	62	3,275,093	61
	Non-current assets							
1550	Investments accounted for under equity method	6(5)	16,617	-	17,023	1	20,982	1
1600	Property, plant and equipment	6(6)	2,280,458	33	1,775,555	29	1,670,465	31
1755	Right-of-use assets	6(7)	159,612	2	190,296	3	127,737	2
1760	Investment property	6(9)	37,488	1	37,983	1	38,479	1
1780	Intangible assets	6(10)(11)	111,228	2	117,218	2	114,769	2
1840	Deferred income tax assets	6(29)	149,952	2	126,654	2	107,067	2
1990	Other non-current assets		8,912	-	15,558	-	9,228	-
15XX	**Total non-current assets**		2,764,267	40	2,280,287	38	2,088,727	39
1XXX	**Total Assets**		$ 6,857,990	100	$ 6,065,121	100	$ 5,363,820	100

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		(After Adjustment) December 31, 2022		(After Adjustment) January 1, 2022	
	Liabilities and Equity	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term borrowings	6(12)	$ -	-	$ 635,300	11	$ 374,000	7
2130	Contract liabilities - current	6(22)	93,610	1	76,941	1	92,336	2
2150	Notes payables		-	-	1,350	-	675	-
2170	Accounts payable	6(13)	497,063	7	685,682	11	828,310	15
2180	Accounts payable – related parties	7	4,757	-	7,384	-	6,813	-
2200	Other payables	6(14)	578,811	9	429,955	7	419,448	8
2230	Current income tax liabilities		216,732	3	171,000	3	94,855	2
2250	Provisions for liabilities - current		1,361	-	1,539	-	1,152	-
2280	Current lease liabilities		48,573	1	47,916	1	37,570	1
2320	Current portion of long-term borrowings		-	-	-	-	1,411	-
2399	Other current liabilities		6,543	-	17,152	-	6,963	-
21XX	**Total current liabilities**		1,447,450	21	2,074,219	34	1,863,533	35
	Non-current liabilities							
2530	Corporate bonds payable	6(15)	760,924	11	-	-	-	-
2540	Long-term borrowings		-	-	-	-	53,606	1
2560	Non-current income tax liabilities		-	-	8,913	-	30,677	1
2570	Deferred income tax liabilities	6(29)	280,783	4	238,278	4	188,539	3
2580	Non-current lease liabilities		120,711	2	147,583	2	92,880	2
2640	Accrued pension liabilities	6(16)	43,985	1	41,513	1	55,549	1
2645	Guarantee deposit received		603	-	763	-	763	-
25XX	**Total non-current liabilities**		1,207,006	18	437,050	7	422,014	8
2XXX	**Total liabilities**		2,654,456	39	2,511,269	41	2,285,547	43
	Equity attributable to shareholders of the parent							
	Share capital							
3110	Ordinary shares	6(18)	1,015,374	15	910,235	15	884,829	16
3140	Advance receipts for share capital		3,370	-	13,079	-	75,094	1
	Capital surplus	6(19)						
3200	Capital surplus		685,203	10	633,715	11	533,041	10
	Retained earnings	6(20)						
3310	Legal reserve		676,932	10	615,504	10	576,846	11
3320	Special reserve		4,280	-	76,627	1	38,974	1
3350	Unappropriated retained earnings		1,816,483	26	1,308,972	22	1,046,116	19
	Other equity	6(21)						
3400	Other equity		(1,892)	-	(4,280)	-	(76,627)	(1)
31XX	**Total equity attributable to shareholders of the parent**		4,203,534	61	3,553,852	59	3,078,273	57
3XXX	**Total equity**		4,203,534	61	3,553,852	59	3,078,273	57
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant after the balance sheet date	11						
3X2X	**Total Liabilities and Equity**		$ 6,857,990	100	$ 6,065,121	100	$ 5,363,820	100

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2023		2022	
	Items	Notes	Amount	%	Amount	%
4000	**Operating revenue**	6(22)	$ 6,700,479	100	$ 6,618,827	100
5000	**Operating costs**	6(4)(27)(28) and 7	(4,297,582)	(64)	(4,388,015)	(66)
5900	**Gross profit**		2,402,897	36	2,230,812	34
5910	Unrealized gain from sale	6(5)	(58)	-	(234)	-
5920	Realized gain from sale		234	-	20	-
5950	**Net operating margin**		2,403,073	36	2,230,598	34
	Operating expenses	6(27)(28)				
6100	Selling expenses		(520,598)	(8)	(568,942)	(9)
6200	General and administrative expenses		(355,656)	(5)	(363,357)	(5)
6300	Research and development expenses		(581,329)	(9)	(570,785)	(9)
6450	Impairment loss (impairment gain and reversal of impairment loss)	12(2)	(1,352)	-	1,206	-
6000	**Total operating expenses**		(1,458,935)	(22)	(1,501,878)	(23)
6900	**Operating profit**		944,138	14	728,720	11
	Non-operating income and expenses					
7100	Interest income	6(23)	29,298	1	5,952	-
7010	Other income	6(24)	28,384	-	41,740	1
7020	Other gains and losses	6(25)	2,057	-	30,547	-
7050	Finance costs	6(26)	(18,732)	-	(10,432)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(5)	(3,588)	-	(3,745)	-
7000	**Total non-operating income and expenses**		37,419	1	64,062	1
7900	**Profit before income tax**		981,557	15	792,782	12
7950	Income tax expenses	6(29)	(253,933)	(4)	(190,145)	(3)
8200	**Net Income**		$ 727,624	11	$ 602,637	9
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plan	6(16)	($ 2,428)	-	$ 14,203	-
8349	Income tax relating to components of other comprehensive income	6(29)	470	-	(2,556)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		7,715	-	90,434	1
8399	Income tax relating to the components of other comprehensive income	6(29)	(1,543)	-	(18,087)	-
8300	**Other comprehensive income (loss) for the year**		$ 4,214	-	$ 83,994	1
8500	**Total Comprehensive Income**		$ 731,838	11	$ 686,631	10
	Profit attributable to:					
8610	Shareholders of the parent		$ 727,624	11	$ 602,637	9
	Total comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		$ 731,838	11	$ 686,631	10
9750	**Basic earnings per share**	6(30)	$	7.19	$	6.06
9850	**Diluted earnings per share**	6(30)	$	6.86	$	5.93

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to shareholders of the parent							
		Share capital			Retained Earnings				
	Notes	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total
Year 2022									
Balance at January 1, 2022		$ 884,829	$ 75,094	$ 533,041	$ 576,846	$ 38,974	$ 1,046,116	($ 76,627)	$ 3,078,273
Profit for the year		-	-	-	-	-	602,637	-	602,637
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	11,647	72,347	83,994
Total comprehensive income		-	-	-	-	-	614,284	72,347	686,631
Appropriations of 2021 earnings									
Legal reserve	6(20)	-	-	-	38,658	-	(38,658)	-	-
Special reserve	6(20)	-	-	-	-	37,653	(37,653)	-	-
Cash dividends	6(20)	-	-	-	-	-	(275,117)	-	(275,117)
Share-based payments		8,910	13,079	30,191	-	-	-	-	52,180
Compensation cost of share-based payments		-	-	11,829	-	-	-	-	11,829
Conversion of convertible bonds		16,496	(75,094)	58,598	-	-	-	-	-
Change in Capital Surplus-others		-	-	56	-	-	-	-	56
Balance at December 31, 2022		$ 910,235	$ 13,079	$ 633,715	$ 615,504	$ 76,627	$ 1,308,972	($ 4,280)	$ 3,553,852
Year 2023									
Balance at January 1, 2023		$ 910,235	$ 13,079	$ 633,715	$ 615,504	$ 76,627	$ 1,308,972	($ 4,280)	$ 3,553,852
Profit for the year		-	-	-	-	-	727,624	-	727,624
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	(1,958)	6,172	4,214
Total comprehensive income		-	-	-	-	-	725,666	6,172	731,838
Appropriations of 2022 earnings									
Legal reserve	6(20)	-	-	-	61,428	-	(61,428)	-	-
Special reserve	6(20)	-	-	-	-	(72,347)	72,347	-	-
Cash dividends	6(20)	-	-	-	-	-	(229,074)	-	(229,074)
Stock dividends from capital surplus	6(20)	91,629	-	(91,629)	-	-	-	-	-
Share-based payments		13,510	(9,815)	46,638	-	-	-	-	50,333
Compensation cost of share-based payments		-	-	5,338	-	-	-	-	5,338
Issue of convertible bonds	6(15)	-	-	87,971	-	-	-	-	87,971
Conversion of convertible bonds		-	106	(11)	-	-	-	-	95
Capital surplus, changes in equity of investment accounted for using equity method		-	-	3,006	-	-	-	-	3,006
Change in Capital Surplus-others		-	-	175	-	-	-	-	175
Balance at December 31, 2023		$ 1,015,374	$ 3,370	$ 685,203	$ 676,932	$ 4,280	$ 1,816,483	$ 1,892	$ 4,203,534

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 981,557	$ 792,782
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(27)	110,356	98,567
Depreciation from investment Property	6(9)(25)	495	496
Amortization	6(10)(27)	23,331	20,799
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	1,352	(1,206)
Gain on financial assets at fair value through profit or loss	6(2)(25)	(320)	-
Interest expense	6(26)	18,732	10,432
Interest income	6(23)	(29,298)	(5,952)
Compensation cost of share-based payments	6(17)(28)	5,338	11,829
Share of profit of associates and joint ventures accounted for under equity method	6(5)	3,588	3,745
(Gain) loss on disposal of property, plant and equipment	6(25)	(273)	25
Gain on disposal of investments	6(25)	(493)	(11)
Gain on lease modification	6(25)	(36)	-
Impairment loss on other assets	6(25)	-	2,000
Unrealized profit from sales		(176)	214
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		493	11
Notes receivable		(3,304)	2,278
Accounts receivable (including related parties)		(65,824)	1,332
Other receivables		3,469	6,012
Inventories		253,980	(416,358)
Prepayments		3,237	(8,594)
Other current assets		341	(208)
Changes in liabilities relating to operating activities			
Contract liabilities		16,669	(15,395)
Notes payables		(1,350)	675
Accounts payable (including related parties)		(191,246)	(142,057)
Other payables		(9,607)	1,149
Other current liabilities		(10,609)	10,189
Other non-current assets		44	167
Cash inflow generated from operations		1,110,446	372,921
Receipt of interest		25,270	4,170
Payment of interest		(14,240)	(10,262)
Payment of income tax		(219,637)	(126,150)
Net cash flows from operating activities		901,839	240,679

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in Financial assets at amortized cost		($ 7,000)	($ 3,000)
Acquisition of property, plant and equipment	6(31)	(403,790)	(141,556)
Proceeds from disposal of property, plant and equipment		409	55
Acquisition of intangible assets	6(10)	(15,921)	(21,406)
Decrease (Increase) in other non-current assets		3,618	(3,872)
Net cash flows used in investing activities		(422,684)	(169,779)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short -term borrowings		3,383,200	4,505,600
Redemption of short -term borrowings		(4,018,500)	(4,244,300)
Issue of convertible bonds	6(15) (32)	848,003	-
Redemption of long-term borrowings		-	(59,408)
Payment of cash dividends	6(20)	(229,074)	(275,117)
Proceeds from exercise of employee stock options		50,333	52,180
Payment of lease liabilities	6(32)	(51,905)	(42,377)
Decrease in refundable deposits		(160)	-
Proceeds from disposal of employee stock ownership trust		175	56
Net cash flows-used in financing activities		(17,928)	(63,366)
Effects due to changes in exchange rate		8,241	80,216
Increase in cash and cash equivalents		469,468	87,750
Cash and cash equivalents at beginning of year		1,031,621	943,871
Cash and cash equivalents at end of year		$ 1,501,089	$ 1,031,621

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

1. ORGANIZATION AND OPERATIONS

Axiomtek Co., Ltd. (hereinafter referred to as "the Company" or “Axiomtek”) was incorporated in the Republic of China (R.O.C) in May 1990 and the Company’s common shares were officially listed on the Taipei Exchange on April 28, 2005. The Company and its subsidiaries (collectively referred herein as “the Group”) are mainly engaged in designing, manufacturing and sales of PC-based industrial computer products and peripherals. The Group provides product lines of Industrial PCs (IPCs), Single Board Computers (SBCs), System on Modules (SoMs), Fanless and Rugged Embedded Systems (eBOX and rBOX), Intelligent Transportation Systems (tBOX and UST), Industrial IoT Gateway, Industrial EtherCAT Master solution, Touch Panel Computers (TPCs), Medical Panel Computers (MPCs), Digital Signage Solutions (DSSs), and Network Appliances (NAs) products.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The consolidated financial statements were authorized for issuance by the Board of Directors on February 22, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”).

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, “International Tax Reform—Pillar Two Model Rules”	May 23, 2023

Except for the following, the above standards and interpretations have no significant impact on the Group’s financial condition and financial performance based on the Group’s assessment.

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

The amendments require an entity to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Group recognized deferred income tax assets and liabilities for all deductible and taxable temporary differences related to the right-of-use assets and lease liabilities, along with their corresponding recognition, as of January 1, 2022. As of December 31 of the 2023 and 2022, the Group increased deferred income tax assets by$46,295, $28,129 and $53,750, respectively, and deferred income tax liabilities by $43,534, $28,129 and $53,750.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from are 2024 as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2024
Amendments to IAS 1, "Non-current liabilities with covenants"	January 1, 2024
Amendments to IAS7 and IFRS7, "Supplier finance arrangements"	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of Exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the ”Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
   (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   (B) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:
   (A) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
   (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
   (D) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. 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.
   (E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss

on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The subsidiaries included in the consolidated financial statements:

Name of investor	Name of Subsidiary	Nature of business	Percentage of Ownership (%) December 31, 2023	Percentage of Ownership (%) December 31, 2022
The Company	AXIOM TECHNOLOGY,INC. U.S.A.(AXUS)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
〃	AXIOMTEK TEKDEUTSCHLAND GMBH(AXGM)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
	AXIOMTEK ITALIA S.R.L.(AXIT)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
〃	AXIOM TECHNOLOGY(BVI) CO., LTD. (AXBVI)	Holding company	100%	100%
〃	AXIOMTEK UK LIMITED(AXUK)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
〃	AXIOMTEK JAPANCO., LTD.(AXJP)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
AXBVI	Axiomtek (Shenzhen) Co. Ltd. (AXSZ)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances
   (A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
   (B) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
   (C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
   (D) Foreign exchange gains and loss based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations
   (A) The operating results and financial position of all the Group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
      i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
      ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
      iii. All resulting exchange differences are recognized in Exchange differences on translation of foreign operations.
   (B) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interests in this foreign operation. In addition, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.
   (C) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:
   (A) Assets arising from operating activities that are expected to be realized, or are

intended to be sold or consumed within the normal operating cycle;

(B) Assets held mainly for trading purposes;

(C) Assets that are expected to be realized within twelve months from the balance sheet date;

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

All assets that do not meet the above criteria are classified as non -current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

(A) Liabilities that are expected to be paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off within twelve months from the balance sheet date;

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All liabilities that do not meet the above criteria are classified as non-current liabilities.

(6) <u>Cash equivalent</u>

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(8) <u>Financial assets measured at amortized costs</u>

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) <u>Accounts and notes receivable</u>

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) <u>Impairment of financial assets</u>

For debt instruments measured at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each end of the financial reporting period, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method - associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	10 - 50 years
Machinery	2 - 21 years
Testing equipment	2 - 11 years
Other equipment	2 - 15 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(A) Fixed payments, less any lease incentives receivable; and

(B) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(A) The amount of the initial measurement of lease liability;

(B) Any lease payments made at or before the commencement date; and

(C) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 2 to 16 years.

(18) Intangible assets

A. Trademark
Trademark is stated at cost and amortized on a straight-line basis over its estimated useful life of 10 years.

B. Computer software
Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

C. Goodwill
Goodwill arises in a business combination accounted for by applying the acquisition method.

D. Others
Other intangible assets, mainly customer list, are amortized on a straight-line basis over their estimated useful lives of 3~15 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes payable and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset or an equity instrument ('capital surplus - stock options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset and an equity instrument. Convertible corporate bonds are accounted for as follows:

A. Call provision embedded in convertible corporate bonds are recognized initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets at fair value through profit or loss'.
B. Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable/ preference share liabilities and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.
C. Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognized in 'capital surplus – stock options' at the residual amount of total issue price less amounts of 'financial assets or financial assets at fair value through profit or loss' and 'bonds payable - net' as stated above. Conversion options are not subsequently remeasured.
D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock options.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(24) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(25) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or losses. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

B. A mixed contract of financial assets embedded in derivatives, at the time of the original recognition, determines that the overall hybrid tool is classified as financial assets measured at fair value through gains and losses, financial assets measured at fair value through other consolidated gains and losses, and financial assets measured at amortized cost.

C. The non-financial asset hybrid contract embedded in the derivative instrument determines whether the embedded derivative is closely related to the economic characteristics and risk of the main contract in the original recognition according to the terms of the contract to determine whether to separate or not. When it is closely related, the overall blending tool is treated according to its nature according to appropriate criteria. When it is not closely related, the derivative is separated from the principal contract and is treated as a derivative. The principal contract is treated according to its nature on the basis of appropriate criteria; or the overall recognition at the original recognition is a financial liability measured at fair value through profit or losses.

(26) Provisions for liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the financial reporting period**,** which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(27) Employee benefits

A. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions
(A) Defined contribution plans
For defined contribution plans, the Group has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

i. Defined benefit plans are different from defined contribution plans. The amount of pension benefits for employees at retirement is often dependent upon one or more factors, such as age, length of service and salary amount. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employee will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(C) Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and nonmarket vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(29) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(30) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction from the proceeds.

(31) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Board of Directors. Cash dividends are recorded as Other payables; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(32) Revenue recognition

A. Sales of goods

(A) The Group manufactures and sells industrial computer-related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers’ acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(B) The sales revenue of industrial computer-related products is recognized according to the quantity of goods purchased by the customer and the price agreed upon after the quotation of the product item. The terms of collection for sales transactions are agreed upon in accordance with the generally accepted commercial transaction terms.

(C) The Group’s obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.

(D) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Revenue from Labor Services

Revenue from labor services comes from product development and provision of extended warranty and maintenance services. When the transaction results of labor services can be reliably estimated, revenues are recognized based on the level of labor provided.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group’s Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below.

(1) Critical judgements in applying the Company’s accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was $1,673,126.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 642	$ 799
Checking accounts and demand deposits	738,740	542,185
Time deposits	761,707	488,637
	$ 1,501,089	$ 1,031,621

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Except for the cash and cash equivalents pledged to others as shown in Note 8 that was transferred to 'financial assets at amortized cost', the Group has no cash and cash equivalents pledged to others.

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

	December 31, 2023	December 31, 2022
Current items:		
Financial assets at fair value through profit or loss		
Derivatives (Convertible bond – call provision)	$ 400	$ -
Evaluation adjustment	320	-
	$ 720	$ -

A. For the years ended December 31, 2023 and 2022, the Group's net gain were $320 and $0, respectively.

B. The Group has no Financial assets at fair value through profit or loss - current pledged to others.

(3) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable	$ 20,924	$ 17,620
Less: Loss allowance	-	-
	$ 20,924	$ 17,620
Accounts receivable (including related parties)	$ 813,965	$ 748,140
Less: Loss allowance	(4,207)	(2,888)
	$ 809,758	$ 745,252

A. Information relating to the ageing analysis of accounts receivable that were past due is provided in Note 12(2).

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $770,337.

C. The Group does not hold financial assets as security for accounts receivable.

D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	$ 573,754	($ 63,724)	$ 510,030
Work in progress	177,001	-	177,001
Semi-finished goods	32,753	(3,622)	29,131
Finished goods	442,763	(9,978)	432,785
Merchandise inventory	529,282	(9,938)	519,344
Inventories in transit	4,835	-	4,835
Total	$ 1,760,388	($ 87,262)	$ 1,673,126

	December 31, 2022		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	$ 672,892	($ 57,237)	$ 615,655
Work in progress	284,657	-	284,657
Semi-finished goods	39,091	(6,096)	32,995
Finished goods	206,949	(5,091)	201,858
Merchandise inventory	763,013	(12,394)	750,619
Inventories in transit	41,224	-	41,224
Total	$ 2,007,826	($ 80,818)	$ 1,927,008

The cost recognized as expenses for the period:

	Years ended December 31,	
	2023	2022
Cost of revenue	$ 4,260,141	$ 4,351,972
Loss on market value decline and obsolete and slow-moving inventories	37,441	36,043
Total	$ 4,297,582	$ 4,388,015

The Group has no inventories pledged to others.

(5) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Uni-Innovate Technology Co., Ltd. (UNI)	$ 16,617	$ 17,023

A. Share of loss of associates accounted for using the equity method is as follows:

	Years ended December 31,	
	2023	2022
UNI	($ 3,588)	($ 3,745)

B. For the years ended December 31, 2023 and 2022, the Group had unrealized profit from sales from downstream transactions with affiliates at $58 and $234, respectively.

(6) Property, plant and equipment

	Land	Buildings	Machinery	Testing equipment	Others	Total
At January 1, 2023						
Cost	$1,106,491	$504,845	$147,518	$ 58,120	$417,391	$2,234,365
Accumulated depreciation	-	(60,921)	(139,311)	(47,826)	(210,752)	(458,810)
	$1,106,491	$443,924	$ 8,207	$ 10,294	$206,639	$1,775,555
2023						
Opening net book amount	$1,106,491	$443,924	$ 8,207	$ 10,294	$206,639	$1,775,555
Additions	159,321	125,370	28,660	8,943	237,866	560,160
Disposals (Cost)	-	-	(8,180)	(123)	(44,082)	(52,385)
Disposals (Accumulated depreciation)	-	-	8,180	123	43,946	52,249
Reclassifications (Cost)	-	-	36,992	1,568	(39,982)	(1,422)
Depreciation	-	(14,690)	(5,491)	(4,649)	(29,141)	(53,971)
Net exchange differences	(34)	-	4	(2)	304	272
Closing net book amount	$1,265,778	$554,604	$ 68,372	$ 16,154	$375,550	$2,280,458
At December 31, 2023						
Cost	$1,265,778	$630,200	$204,959	$ 68,503	$571,632	$2,741,072
Accumulated depreciation	-	(75,596)	(136,587)	(52,349)	(196,082)	(460,614)
	$1,265,778	$554,604	$ 68,372	$ 16,154	$375,550	$2,280,458

	Land	Buildings	Machinery	Testing equipment	Others	Total
At January 1, 2022						
Cost	$1,099,055	$501,676	$147,924	$ 57,356	$273,495	$2,079,506
Accumulated depreciation	-	(45,430)	(131,287)	(42,795)	(189,529)	(409,041)
	$1,099,055	$456,246	$ 16,637	$ 14,561	$ 83,966	$1,670,465
2022						
Opening net book amount	$1,099,055	$456,246	$ 16,637	$ 14,561	$ 83,966	$1,670,465
Additions	-	-	1,511	1,407	145,756	148,674
Disposals (Cost)	-	-	(2,845)	(646)	(5,911)	(9,402)
Disposals (Accumulated depreciation)	-	-	2,814	646	5,862	9,322
Reclassifications (Cost)	-	-	-	-	(2,000)	(2,000)
Depreciation	-	(14,658)	(9,989)	(5,675)	(23,618)	(53,940)
Net exchange differences	7,436	2,336	79	1	2,584	12,436
Closing net book amount	$1,106,491	$443,924	$ 8,207	$ 10,294	$206,639	$1,775,555
At December 31, 2022						
Cost	$1,106,491	$504,845	$147,518	$ 58,120	$417,391	$2,234,365
Accumulated depreciation	-	(60,921)	(139,311)	(47,826)	(210,752)	(458,810)
	$1,106,491	$443,924	$ 8,207	$ 10,294	$206,639	$1,775,555

A. The Group has no interest capitalised to property, plant and equipment.

B. Property, plant and equipment not a significant component.

C. The Group has no property, plant and equipment pledged to others.

(7) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, machinery and equipment, office equipment, and other equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	$ 154,706	$ 188,011
Vehicles	4,906	2,285
	$ 159,612	$ 190,296

	Years ended December 31, 2023	Years ended December 31, 2022
	Depreciation charge	Depreciation charge
Buildings	$ 54,667	$ 43,478
Vehicles	1,718	1,149
	$ 56,385	$ 44,627

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $23,092 and $98,073.

D. The information on profit and loss accounts relating to lease contracts is as follows:

Items affecting profit or loss	Years ended December 31, 2023	Years ended December 31, 2022
Interest expense on lease liabilities	($ 6,895)	($ 3,078)
Expense on short-term lease contracts	(10,806)	(3,750)
Gains on lease modification	36	-

E. For the 2023 and 2022, the Group's total cash outflow for leases was $69,606and $49,205.

(8) Leasing arrangements-lessor

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2023 and 2022, the Group recognized rent income in the amounts of $3,452 and $3,448, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023	December 31, 2022
2023	$ -	$ 1,764
2024	3,444	1,764
	$ 3,444	$ 3,528

(9) Investment property

	Land	Buildings	Total
At January 1, 2023			
Cost	$ 33,273	$ 15,850	$ 49,123
Accumulated depreciation	-	(11,140)	(11,140)
	$ 33,273	$ 4,710	$ 37,983
2023			
Opening net book amount	$ 33,273	$ 4,710	$ 37,983
Depreciation	-	(495)	(495)
Closing net book amount	$ 33,273	$ 4,215	$ 37,488
At December 31, 2023			
Cost	$ 33,273	$ 15,850	$ 49,123
Accumulated depreciation	-	(11,635)	(11,635)
	$ 33,273	$ 4,215	$ 37,488

	Land		Buildings		Total	
At January 1, 2022						
Cost	$	33,273	$	15,850	$	49,123
Accumulated depreciation		-	(	10,644)	(	10,644)
	$	33,273	$	5,206	$	38,479
2022						
Opening net book amount	$	33,273	$	5,206	$	38,479
Depreciation		-	(	496)	(	496)
Closing net book amount	$	33,273	$	4,710	$	37,983
At December 31, 2022						
Cost	$	33,273	$	15,850	$	49,123
Accumulated depreciation		-	(	11,140)	(	11,140)
	$	33,273	$	4,710	$	37,983

A. Rental income and direct operating expenses of investment property:

	Years ended December 31,			
	2023		2022	
Rental income from investment property	$	3,452	$	3,488
Direct operating expenses arising from investment property that generated rental income	$	620	$	626
Direct operating expenses arising from investment property that did not generate rental income	$	4	$	29

B. The fair value of the investment property held by the Group was $110,322 and $119,352 as of December 31, 2023 and 2022, respectively, which was based on the transaction prices of similar properties in the same area.

C. No investment property was pledged to others.

(10) Intangible assets

	Trademark	Computer software	Goodwill	Others	Total
At January 1, 2023					
Cost	$ 1,051	$ 118,808	$ 77,920	$ 60,166	$ 257,945
Accumulated Amortization	(381)	(90,688)	(9,596)	(40,062)	(140,727)
	$ 670	$ 28,120	$ 68,324	$ 20,104	$ 117,218
2023					
Opening net book amount	$ 670	$ 28,120	$ 68,324	$ 20,104	$ 117,218
Additions	1,934	10,873	-	3,114	15,921
Disposals (Cost)	-	(23,731)	-	-	(23,731)
Disposals (Accumulated depreciation)	-	23,731	-	-	23,731
Reclassifications (Cost)	-	1,422	-	-	1,422
Amortization	(172)	(17,241)	-	(5,918)	(23,331)
Net exchange differences	-	-	-	(2)	(2)
Closing net book amount	$ 2,432	$ 23,174	$ 68,324	$ 17,298	$ 111,228
At December 31, 2023					
Cost	$ 2,985	$ 107,354	$ 77,920	$ 63,213	$ 251,472
Accumulated Amortization and impairment	(553)	(84,180)	(9,596)	(45,915)	(140,244)
	$ 2,432	$ 23,174	$ 68,324	$ 17,298	$ 111,228

	Trademark	Computer software	Goodwill	Others	Total
At January 1, 2022					
Cost	$ 771	$ 96,973	$ 77,920	$ 55,463	$ 231,127
Accumulated Amortization	(326)	(74,549)	(9,596)	(31,887)	(116,358)
	$ 445	$ 22,424	$ 68,324	$ 23,576	$ 114,769
2022					
Opening net book amount	$ 445	$ 22,424	$ 68,324	$ 23,576	$ 114,769
Additions	280	20,989	-	137	21,406
Amortization	(55)	(15,392)	-	(5,352)	(20,799)
Net exchange differences	-	99	-	1,743	1,842
Closing net book amount	$ 670	$ 28,120	$ 68,324	$ 20,104	$ 117,218
At December 31, 2022					
Cost	$ 1,051	$118,808	$ 77,920	$ 60,166	$ 257,945
Accumulated Amortization	(381)	(90,688)	(9,596)	(40,062)	(140,727)
	$ 670	$ 28,120	$ 68,324	$ 20,104	$ 117,218

A. For the 2023 and 2022, the Group has no interest capitalised to intangible assets.

B. Goodwill is allocated to the Group's cash-generating units identified by the operations department:

	December 31, 2023	December 31, 2022
America	$ 52,425	$ 52,425
Europe	10,000	10,000
Taiwan	5,899	5,899
	$ 68,324	$ 68,324

C. The details of the amortization charges of intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Operating costs	$ 303	$ 372
Selling expenses	1,729	1,469
General and administrative expenses	10,396	14,143
Research and development expenses	10,903	4,815
	$ 23,331	$ 20,799

D. Information about the impairment of intangible assets is provided in Note 6(11).

(11) Impairment on non-financial assets

The recoverable amount is assessed on the basis of the use value, and the use value is calculated on the basis of the pre-tax cash flow forecast of the Group's five-year financial budget. The main assumptions used to calculate the use vale are as follows:

	America	
	December 31, 2023	December 31, 2022
Gross margin	16.71%	17.91%
Growth rate	10.00%	10.00%
Discount rate	3.95%	4.00%

	Europe	
	December 31, 2023	December 31, 2022
Gross margin	27.37%	27.93%
Growth rate	20.20%	17.12%
Discount rate	3.95%	4.00%

The Group determines the budgetary gross margin based on previous year's performance and expectations for market development. The weighted average growth rate used is consistent with the industry forecast. The discount rate used is the pre-tax ratio and reflects the specific risks of the relevant operating departments.

(12) Short-term borrowings (December 31, 2023: None.)

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 635,300	1.17%~1.725%	None

Interest expense recognized in profit or loss amounted to $7,089 and $5,489 for the years ended December 31, 2023 and 2022, respectively.

(13) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	$ 496,794	$ 685,080
Estimated accounts payable	269	602
	$ 497,063	$ 685,682

(14) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus payable	$ 217,245	$ 251,374
Payable to land and building	144,750	-
Accrued employees' compensation and directors' remuneration	70,332	59,089
Payable to equipment suppliers	27,130	18,538
Others	119,354	100,954
	$ 578,811	$ 429,955

(15) Corporate bonds payable

	December 31, 2023	December 31, 2022
Corporate bonds payable	$ 799,900	$ -
Less: Discount on bonds payable	(38,976)	-
	$ 760,924	$ -

A. Domestic unsecured conversion of corporate bonds issued by the Company

(A) Issuance conditions for the Second Domestic Unsecured Convertible Corporate Bonds Conversion in the Company are as follows:

i. The Company is approved by the relevant authorities to raise and issue the Second Domestic Unsecured Convertible Corporate Bonds Conversion (referred to as " Convertible Corporate Bonds "), the total face value of the issuance is $800,000, and the actual total issuance is $848,003, at the coupon rate of 0%, for an issuance period of 3 years, circulation period from August 28, 2023 to August 28, 2026. When this conversion company debt expires, it will be repaid in cash in the denomination of the bond. Convertible Corporate Bonds has been listed for trading at the Securities Counter Trading Center as of August 28, 2023.

ii. Unless (1) the period for suspension of transfer registration of common stock required by laws, (2) 15 business days prior to the date for suspension of transfer registration of allocated dividends requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, and (3) from the date of capital decrease until the day prior to the trading of stock swapped upon capital decrease, the bond holders may apply to the Taiwan Depository & Clearing Corporation (TDCC) (hereinafter referred to as the "Depository Corporation") who would then notify the Company's stock agent to convert the Bond into the Company's common shares pursuant to the Regulations at any time one month after the issuance (November 29 2023) and throughout the duration (until August 28, 2026) of the bond.

iii. The conversion price of this conversion company debt shall be determined according to the pricing model stipulated in the conversion method, and the conversion price shall be adjusted in the event of the anti-dilution clause of the company in accordance with the pricing model stipulated in the conversion method.

iv. From the day following the 3rd month of issuance (November 29 2023) of the bonds until 40 days(July 20, 2026) prior to expiration of the duration, if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may send the "Notice of Call" to be matured in 30 days (the time limit shall commence from the Company's service date, and the record date of the call shall be the date when the time limit expires, and the conversion suspension period for the corporate bonds should not fall in the time limit) to the bond holders (those referred to the roster of creditors within five business days prior to the service date of the Notice of Call, while the investors who acquire the bonds through exchange or due to other causes subsequently, if any, shall be notified by public notice) via registered mail within 30 business days. Meanwhile, the Company shall ask Taipei Exchange in writing to post a public announcement, and shall call the corporate bonds held by the bond holders at the face value in cash within five (5) business days upon the record date.

v. In accordance with the conversion scheme, all debts of the Company recovered (including by the Securities Counter Trading Centre), repaid or converted will be cancelled, and all rights and obligations that are still attached to this conversion company's debt will also be eliminated and no longer issued.

(B) As of December 31, 2023, the face value of this convertible corporate bond of $100 has been converted to 1,000 shares of common stock, completed on December 25, 2023.

(C) As of December 31, 2023, the Company has not bought back the bonds from the securities counter trading center.

(D) Since September 5, 2023, the Company's ex-rights and dividend, the conversion price has been recalculated according to the provisions of this bond issuance and conversion, from $109.5 to $97.2.

B. When issuing convertible corporate bonds, the equity conversion options amounting to $87,971 were separated from the liability component and were recognized in 'capital surplus-stock warrants' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets at fair value through profit or loss' in net amount $400 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 0.156%.

(16) Pensions

A. (A)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(B) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 89,598)	($ 93,732)
Fair value of plan assets	45,613	52,219
Net defined benefit liability	($ 43,985)	($ 41,513)

(C) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	($ 93,732)	$ 52,219	($ 41,513)
Current service cost	(416)	-	(416)
Interest (expense) income	(1,630)	840	(790)
	(95,778)	53,059	(42,719)
Remeasurements:			
Change in demographic assumptions	561	-	561
Change in financial assumptions	(2,855)	-	(2,855)
Experience adjustments	(271)	137	(134)
	(2,565)	137	(2,428)
Pension fund contribution	-	1,519	1,519
Paid pension	9,102	(9,102)	-
Net exchange differences	(357)	-	(357)
Balance at December 31	($ 89,598)	$ 45,613	($ 43,985)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	($ 111,132)	$ 55,583	($ 55,549)
Current service cost	(998)	-	(998)
Interest (expense) income	(652)	317	(335)
	(112,782)	55,900	(56,882)
Remeasurements:			
Change in financial assumptions	13,306	-	13,306
Experience adjustments	(3,440)	4,337	897
	9,866	4,337	14,203
Pension fund contribution	-	1,560	1,560
Paid pension	9,578	(9,578)	-
Net exchange differences	(394)	-	(394)
Balance at December 31	($ 93,732)	$ 52,219	($ 41,513)

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(E) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.30%	1.61%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 4,511)	$ 4,848	$ 4,741	($ 4,460)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 4,874)	$ 5,252	$ 5,153	($ 4,833)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2023 and 2022 are the same.

(F) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amounts to $1,519.

(G) As of December 31, 2023, the weighted average duration of the defined benefit retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 56,759
1 - 2 Years	3,920
3 - 4 Years	7,025
More than 5 years	1,879
	$ 69,583

B. (A)Effective July 1, 2005, the Company have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) AXIT has chosen to adopt a defined benefit plan in accordance with local legal regulations and has provisioned relevant retirement benefit expenses based on the expected unit payment law.

(C) The Company’s subsidiaries in Mainland China have a defined contribution plan in accordance with the pension regulations in the People’s Republic of China (PRC). The appropriation rate was 14% for the years ended December 31, 2023 and 2022. Except for the monthly contribution, these companies have no other obligation.

(D) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $35,401 and $33,413, respectively.

(17) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	April 12, 2018	1,600	5 Years	2 to 4 years of service
Employee stock options	October 29, 2020	4,300	6 Years	2 to 5 years' service

The share-based payment arrangements above are all settled by equity.

B. Details of the share-based payment arrangements are as follows:

	Years ended December 31,			
	2023		2022	
	No. of options (in thousands)	Weighted average exercise price (in dollars)	No. of options (in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of the year, (2018 Issuing)	355	$ 41.70	977	$ 43.80
Stock options waived in the current period	(67)	-	-	-
Options exercised	(288)	41.70	(622)	42.61
Options outstanding at end of the year	-	-	355	41.70
Options exercisable at end of the year	-	-	355	41.70

	Years ended December 31,			
	2023		2022	
	No. of options (in thousands)	Weighted average exercise price (in dollars)	No. of options (in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of the year, (2020 Issuing)	3,563	$ 46.10	4,300	$ 48.40
Stock options waived in the current period	(72)	-	(180)	-
Options exercised	(855)	44.82	(557)	46.10
Options outstanding at end of the year	2,636	40.80	3,563	46.10
Options exercisable at end of the year	1,036	40.80	1,091	46.10

C. Average price of Stock options exercised in 2023 and 2022 were $77.98 and $56.89 respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2023		December 31, 2022	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
April 12, 2018	April 11, 2023	-	$ -	355	41.70
October 29, 2020	October 28, 2026	2,636	40.80	3,563	46.10

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	April 12, 2018	57.70	57.70	28.13%~ 30.83%	4 Years	0%	0.63%~ 0.69%	12.49~ 15.46
Employee stock options	October 29, 2020	50.80	50.80	20.19%~ 23.7%	5 Years	0%	0.22%~ 0.24%	8.32~11.39

F. Expenses incurred on share-based payment transactions Relevant information is as follows:

	Years ended December 31,	
	2023	2022
Equity Settled	$ 5,338	$ 11,829

G. As of ex-dividend date August 20, 2022 the Company re-computed the strike prices for employee stock warrants issued in 2018 and 2020 accordingly using the regulated method and adjusted the strike prices respectively, from \$43.8 and \$48.4 to \$41.7 and \$46.1. The employee stock warrants issued in 2018 have expired on April 11, 2023.

H. As of ex-rights and dividend date August 9, 2023 the Company re-computed the strike prices for employee stock warrants issued in 2020 accordingly using the regulated method and adjusted the strike prices respectively, from \$46.1 to \$40.8.

(18) <u>Share capital</u>

A. As of December 31, 2023, the Company's authorized capital was \$1,600,000, consisting of 160,000 thousand ordinary shares, and the paid-in capital was \$1,015,374. with a par value of \$10 (in dollars) per share, consisting of 101,618 thousand ordinary shares. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	Years ended December 31,	
	2023 (in thousands)	2022 (in thousands)
At January 1	91,311	90,132
Exercise of employee stock options	1,143	1,179
Conversion of convertible bonds	1	-
Stock dividends from capital surplus	9,163	-
At December 31	101,618	91,311

	December 31, 2023		December 31, 2022	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount
Exercise of employee stock options (Advance receipts for share capital)	80	$3,264	288	$ 13,079
Conversion of convertible bonds (Advance receipts for share capital)	1	106	-	-

Information about the Conversion of convertible bonds and Exercise of employee stock options is provided in Note 6(17) and 6(15).

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	Year ended December 31, 2023									
	Share premium	Convertible bond conversion premium	Treasury stock trading	Diff between book value & actual equity change from acquisition or disposal of subsidiary	Capital surplus from gain on disposal of assets	Changes in equity of associates and joint ventures accounted for using equity method	Employee stock options	Stock options	Other	Total
At January 1	$181,643	$342,834	$1,026	$ 176	$ 2	$ -	$107,900	$ -	$ 134	$633,715
Stock dividends from capital surplus	-	(91,629)	-	-	-	-	-	-	-	(91,629)
Exercise of employee stock options	46,638	-	-	-	-	-	-	-	-	46,638
Compensation cost of employee stock options	-	-	-	-	-	-	5,338	-	-	5,338
Issue of convertible bonds	-	-	-	-	-	-	-	87,971	-	87,971
Conversion of convertible bonds	-	-	-	-	-	-	-	(11)	-	(11)
Change in Capital Surplus-others	-	-	-	-	-	3,006	-	-	-	3,006
Changes in equity of associates and joint ventures accounted for using equity method	175	-	-	-	-	-	-	-	-	175
At December 31	$228,456	$251,205	$1,026	$ 176	$ 2	$ 3,006	$113,238	$87,960	$ 134	$685,203

	Year ended December 31, 2022							
	Share premium	Convertible bond conversion premium	Treasury stock trading	Diff between book value & actual equity change from acquisition or disposal of subsidiary	Capital surplus from gain on disposal of assets	Employee stock options	Other	Total
At January 1	$151,396	$ 284,236	$1,026	$ 176	$ 2	$ 96,071	$ 134	$533,041
Exercise of employee stock options	30,191	-	-	-	-	-	-	30,191
Compensation cost of employee stock options	-	-	-	-	-	11,829	-	11,829
Conversion of convertible bonds	-	58,598	-	-	-	-	-	58,598
Change in Capital Surplus-others	56	-	-	-	-	-	-	56
At December 31	$181,643	$ 342,834	$1,026	$ 176	$ 2	$107,900	$ 134	$633,715

(20) Retained earnings

A. When allocating the net income for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Company would set aside or fund another sum as special reserve in accordance with the regulations of the Law or the rules of the Authorities, plus the rest of the and Accumulated Retained Earnings of preceding fiscal year (including the adjustment of undistributed earnings), and the meeting of Board of Directors would draft the Proposal for Distribution, and to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the preceding paragraphs shall follow the provisions of Article 240 of the Company Law of the Republic of China with a resolution adopted at a meeting of shareholders.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. Details of 2022 earnings appropriation resolved by the Board of Directors on February 23, 2023 and by the shareholders on May 30, 2023. 2021 earnings appropriation resolved by the Board of Directors on February 25, 2022 and by the shareholders on May 24, 2022, respectively are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 61,428		$ 38,658	
Special reserve	(72,347)		37,653	
Cash dividends	229,074	$ 2.50	275,117	$ 3.05
Total	$ 218,155		$351,428	

Details of 2023 earnings appropriation resolved by the Board of Directors on February 22, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 72,567	
Reversal of Special reserve	(4,280)	
Cash dividends	438,232	$ 4.30
Total	$ 506,519	

E. The company, on May 30, 2023, passed a resolution during the shareholder's meeting to increase capital by issuing 9,163 thousand new shares from the capital surplus, with a par value of $10 per share. This increase in capital was duly reported and approved by the regulatory authorities on July 18, 2023, and the Board of Directors further decided that September 5, 2023 will be the record date for the capital increase.

(21) Other equity interest

	Year ended December 31,	
	2023	2022
Financial statements translation differences of foreign operations		
At January 1	($ 4,280)	($ 76,627)
Increase (decrease) in current period	6,172	72,347
At December 31	$ 1,892	($ 4,280)

(22) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Years ended December 31, 2023					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Originating from transfer at a point in time:						
IOT Products	$2,078,965	$ 979,799	$158,570	$ 86,943	($ 627,059)	$2,677,218
Intelligent Design-in Service Products	1,515,765	813,180	616,950	52,971	(1,155,599)	1,843,267
Gaming Products	743,281	757,035	124,273	51	(601,497)	1,023,143
Others	232,630	704,127	248,204	35,958	(89,099)	1,131,820
Net sales revenue	4,570,641	3,254,141	1,147,997	175,923	(2,473,254)	6,675,448
Originating from the transfer of labor services over time:						
Other Operating revenue	38,211	6,497	12,476	469	(32,622)	25,031
Total	$4,608,852	$3,260,638	$1,160,473	$176,392	($2,505,876)	$6,700,479

	Years ended December 31, 2022					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Originating from transfer at a point in time:						
IOT Products	$ 2,305,326	$ 974,557	$ 139,742	$ 113,470	($ 743,531)	$ 2,789,564
Intelligent Design-in Service Products	1,403,503	1,099,363	311,495	55,681	(1,085,157)	1,784,885
Gaming Products	1,022,826	808,024	66,181	2	(898,798)	998,235
Others	300,343	647,106	131,333	25,701	(85,313)	1,019,170
Net sales revenue	5,031,998	3,529,050	648,751	194,854	(2,812,799)	6,591,854
Originating from the transfer of labor services over time:						
Other Operating revenue	50,227	10,973	10,087	286	(44,600)	26,973
Total	$ 5,082,225	$ 3,540,023	$ 658,838	$ 195,140	($ 2,857,399)	$ 6,618,827

B. Contract liabilities

The Group has recognized the following contract assets and liabilities in relation to revenue from contracts with customers:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
Contract liabilities-Advance payments	$ 93,610	$ 76,941	$ 92,336

The revenue recognized from the beginning balance of contract liability:

	Year ended December 31,	
	2023	2022
The revenue recognized from the beginning balance of contract liability.	$ 71,202	$ 90,459

(23) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest on Bank deposit:	$ 27,664	$ 5,500
Other interest income	1,634	452
Total	$ 29,298	$ 5,952

(24) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Government grants revenue	$ 3,452	$ 3,448
Rental revenue	-	2,858
Other income	24,932	35,434
Total	$ 28,384	$ 41,740

The subsidiary AXGM in Germany was applicable to get financial support under the SMEs assistance project of Corona-Überbrückungshilfe für kleine und mittelständische Unternehmen (Ü berbrückungshilfe III). The subsidiary AXGM recognized the subsidy $ 2,858 as other income in 2022.

(25) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Foreign exchange gains	$ 1,607	$ 33,261
Gains on disposal of investments	493	11
Gain on financial assets at fair value through profit or loss	320	-
Gains on disposal of equipment	273	(25)
Gain on lease modification	36	-
Impairment loss	-	(2,000)
Depreciation expense from investment property	(495)	(496)
Other gains and losses	(177)	(204)
Total	$ 2,057	$ 30,547

(26) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense		
Bank borrowings	$ 7,089	$ 7,349
Lease liabilities	6,895	3,078
Convertible bonds payable	4,737	-
Other	11	5
Total	$ 18,732	$ 10,432

(27) Expenses by nature

	Years ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 298,946	$ 1,033,863	$ 1,332,809
Depreciation- property, plant and equipment	14,769	39,202	53,971
Depreciation-right of use assets	15,828	40,557	56,385
Amortization	303	23,028	23,331
Total	$ 329,846	$ 1,136,650	$ 1,466,496

	Years ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 165,645	$ 1,129,296	$ 1,294,941
Depreciation- property, plant and equipment	17,142	36,798	53,940
Depreciation-right of use assets	10,088	34,539	44,627
Amortization	373	20,426	20,799
Total	$ 193,248	$ 1,221,059	$ 1,414,307

(28) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	$ 1,152,939	$ 1,127,076
Labor and health insurance fees	104,060	92,338
Pension costs	36,607	34,746
Compensation cost of employee stock options	5,338	11,829
Other employee benefit expense	33,865	28,952
Total	$ 1,332,809	$ 1,294,941

A. According to the Company's articles of association, if the Company is profitable in the year (ie after deducting the employee's remuneration and the director's remuneration from the net profit before tax), employee payout should be between 1% and 20% while directors' payout should be no more than 2%. However, if the Company has accumulated losses (including adjustments to unallocated surplus) these losses should first be offset.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $60,000 and $50,000, respectively; while directors' remuneration was accrued at $9,286 and $8,070, respectively. The aforementioned amounts were recognized in salary expenses. In 2023, the pre-tax net profit for the year was deducted from the employee's compensation and the benefits before the director's remuneration were estimated at 6.1% and 0.94% respectively.

   Employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements, and the employees' compensation will be distributed in the form of cash.

C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(A) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax		
Current tax on profits for the year	$ 233,847	$ 186,322
Tax on undistributed earnings	3,898	1,758
Adjustments in respect of prior years	(1,946)	(7,444)
Total current tax	$ 235,799	$ 180,636
Deferred tax		
Origination and reversal of temporary differences	18,134	9,509
Total deferred tax	18,134	9,509
Income tax expense	$ 253,933	$ 190,145

(B) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2023	2022
Remeasurements of defined benefit obligations	$ 470	($ 2,556)
Currency translation differences of foreign operations	(1,543)	(18,087)
Total	($ 1,073)	($ 20,643)

(C) Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Effect of items disallowed by tax regulation	$ 249,475	$ 193,650
Effect from changes in tax regulation	2,506	2,181
Adjustments in respect of prior years	(1,946)	(7,444)
Tax on undistributed earnings	3,898	1,758
Income tax expense	$ 253,933	$ 190,145

B. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Retrospective adjustment - lease liabilities	$ 53,750	($ 7,455)	$ -	$ 46,295
Loss allowance	460	(5)	-	455
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	16,375	(53)	-	16,322
Loss allowance on Other receivables	400	-	-	400
Unrealized gross margin	24,244	6,734	-	30,978
Unrealized exchange loss	126	8,039	-	8,165
Unrealized warranty cost	306	(36)	-	270
Unrealized impairment loss	1,919	-	-	1,919
State tax, paid annual leave etc.	16,792	1,302	-	18,094
Defined benefit obligation	6,477	(200)	470	6,747
Unused compensated absences payable	4,196	300	-	4,496
Exchange differences on translation	1,069	-	(1,069)	-
Amortization of convertible bond issuance costs	-	923	-	923
capitalizing development expenditures	-	14,888	-	14,888
Unrealized Depreciation and interest expense	540	(540)	-	-
Subtotal	$126,654	$ 23,897	($ 599)	$149,952
Deferred tax liabilities				
Retrospective adjustment - right-of-use assets	($ 53,750)	$ 10,216	$ -	($ 43,534)
Net gain on investments accounted for using equity	(180,713)	(50,856)	-	(231,569)
Convertible debt loss evaluation	-	(63)	-	(63)
Depreciation	(2,635)	(1,318)	-	(3,953)
Exchange differences on translation	-	-	(474)	(474)
Unrealized exchange Gain	-	(10)	-	(10)
Unamortized goodwill	(1,180)	-	-	(1,180)
Subtotal	($238,278)	($ 42,031)	($ 474)	($280,783)
Total	($111,624)	($ 18,134)	($ 1,073)	($130,831)

	Year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Retrospective adjustment - lease liabilities	$ 28,129	$ 25,621	$ -	$ 53,750
Loss allowance	414	46	-	460
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	11,940	4,435	-	16,375
Loss allowance on Other receivables	-	400	-	400
Unrealized gross margin	16,320	7,924	-	24,244
Unrealized exchange loss	160	(34)	-	126
Unrealized warranty cost	230	76	-	306
Unrealized impairment loss	1,919	-	-	1,919
State tax, paid annual leave etc.	15,130	1,662	-	16,792
Defined benefit obligation	9,292	(259)	(2,556)	6,477
Unused compensated absences payable	3,955	241	-	4,196
Exchange differences on translation	19,156	-	(18,087)	1,069
Unrealized Depreciation and interest expense	422	118	-	540
Subtotal	$ 78,938	$ 40,230	($ 20,643)	$126,654
Deferred tax liabilities				
Retrospective adjustment - right-of-use assets	($ 28,129)	($ 25,621)	$ -	($ 53,750)
Net gain on investments accounted for using equity	(156,856)	(23,857)	-	(180,713)
Depreciation	(2,374)	(261)	-	(2,635)
Unamortized goodwill	(1,180)	-	-	(1,180)
Subtotal	($188,539)	($ 49,739)	$ -	($238,278)
Total	($109,601)	($ 9,509)	($ 20,643)	($111,624)

C. The Company’s income tax return through 2020 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 727,624	101,174	$ 7.19
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	864	
Employee stock option	-	1,680	
Convertible bonds payable	3,790	2,841	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 731,414	106,559	$ 6.86

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 602,637	99,427	$ 6.06
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	1,049	
Employee stock option	-	1,162	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 602,637	101,638	$ 5.93

(31) Supplemental cash flow information

A. Partial cash paid for investing activities

	Years ended December 31, 2023	Years ended December 31, 2022
Purchase of property, plant and equipment	$ 560,160	$ 148,674
Add: Beginning balance of payable on equipment	18,538	8,962
Add: Ending balance of Prepayments for business facilities	652	3,680
Less: Ending balance of payable on land and buildings	(144,750)	-
Less: Ending balance of payable on equipment	(27,130)	(18,538)
Less: Beginning balance of Prepayments for business facilities	(3,680)	(1,222)
Cash paid during the year	$ 403,790	$ 141,556

B. Financing activities not affecting cash flow:

	Years ended December 31, 2023	Years ended December 31, 2022
Conversion of corporate bond conversion into capital stock	$ 95	$ -

(32) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Convertible bonds payable	Liabilities from financing activities-gross
At January 1, 2023	$ 635,300	$ 195,499	$ -	$ 830,799
Changes in cash flow from financing activities	(635,300)	(51,905)	848,003	160,798
Payment of interest (Note)	-	(6,895)	-	(6,895)
Impact of changes in foreign exchange rate	-	1,950	-	1,950
Other changes in non-cash items	-	30,635	(87,079)	(56,444)
At December 31, 2023	$ -	$ 169,284	$ 760,924	$ 930,208

	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2022	$ 374,000	$ 55,017	$ 130,450	$ 559,467
Changes in cash flow from financing activities	261,300	(59,408)	(42,377)	159,515
Payment of interest (Note)	-	-	(3,078)	(3,078)
Impact of changes in foreign exchange rate	-	4,391	9,908	14,299
Other changes in non-cash items	-	-	100,596	100,596
At December 31, 2022	$ 635,300	$ -	$ 195,499	$ 830,799

Note: Operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name of related parties	Relationship with the Group
Advantech Co., Ltd.	Entity with Significant Influence on the Group
Advanixs Corporation.	"
UNI	Associate

(2) Significant related party transactions and balances

A. Sale

	Years ended December 31,	
	2023	2022
Sales of goods		
Associate	$ -	$ 752

The sales prices and the trading terms to related parties above were not significantly different from those of sales to third parties.

B. Purchase

	Years ended December 31,	
	2023	2022
Purchase of goods		
Entity with Significant Influence on the Group	$ 34,436	$ 40,329

For purchase transactions, no material difference in the transaction price and payment terms with non-related parties

C. Account payables-related parties

	December 31, 2023	December 31, 2022
Payables to related parties		
Advantech Co., Ltd.	$ 4,018	$ 4,450
Advanixs Corporation.	739	2,934
Total	$ 4,757	$ 7,384

The payables are mainly from incoming transactions, with no significant difference between the transaction price and the terms of payment and the non-affiliates, and are non-interest bearing.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	$ 132,579	$ 114,416
Post-employment compensation	2,664	5,994
Share-based payment	1,159	1,413
Total	$ 136,402	$ 121,823

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

	Book value		
Asset type	December 31, 2023	December 31, 2022	Use of pledge
Time deposits (recorded as‘financial assets at amortized cost – current ’)	$ -	$ 3,000	Performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingency

None.

(2) Commitments:

A. Capital expenditures contracted but not yet incurred:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 14,538	$ 121,224
Intangible assets	2,025	1,036
Total	$ 16,563	$ 122,260

B. The board of directors of our company resolved on December 14, 2023 to approve the proposed purchase of 2,170 thousand shares of Parktron Technology Co., Ltd. (Parktron Technology) from its existing shareholders and participants in the cash capital increase, at a price of NT$30 per share. The total investment amount is expected to be NT$65,100, and upon completion of this investment, our company will hold a 59.94% stake in Parktron Technology. The investment agreement is currently being drafted, and we anticipate finalizing the contract by the end of February.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of 2023 earnings appropriation proposed, refer to Note 6(20).

12. OTHERS

(1) Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023		December 31, 2022	
Financial assets				
Financial assets at fair value through profit or loss	$	720	$	-
Financial assets at amortized cost		2,376,143		1,834,925
	$	2,376,863	$	1,834,925

	December 31, 2023		December 31, 2022	
Financial liabilities				
Financial Liabilities at amortized cost	$	1,842,158	$	1,760,434
Lease liabilities		169,284		195,499
	$	2,011,442	$	1,955,933

Note: Financial assets at amortized cost includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, guarantee deposits paid and financial assets at amortized cost; financial liabilities at amortized cost includes short-term borrowings, notes and accounts payable (including related parties), other payables (including related parties), corporate bonds payable, long-term borrowings (including current portion) and guarantee deposits received.

B. Risk management policy

(A) The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risk management policies of the Group focus on unpredictable factors in financial market, and aim to reduce unfavorable impact on financial position and financial performance.

(B) Risk management is carried out by a finance department under policies approved by the Board of Directors. Group finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR, GBP, JPY and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RUR, GBP, JPY and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
				Sensitivity analysis	
(Foreign Currency: Functional currency)	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD : NTD	$ 34,813	30.71	$1,069,107	1%	$ 8,553
USD : EUR	7,483	0.90	228,912	1%	1,831
RMB : NTD	3,716	4.32	16,053	1%	128
EUR : NTD	506	33.99	17,199	1%	138
Financial liabilities					
Monetary items					
USD : NTD	$ 6,932	30.71	$212,882	1%	$ 1,703

	December 31, 2022				
				Sensitivity analysis	
(Foreign Currency: Functional currency)	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD : NTD	$ 28,670	30.73	$ 881,029	1%	$ 7,048
RMB : NTD	4,775	4.41	21,058	1%	169
USD : EUR	1,621	0.94	49,872	1%	399
EUR : NTD	115	32.73	3,764	1%	30
JPY:NTD	46,165	0.23	10,618	1%	85
Financial liabilities					
Monetary items					
USD : NTD	$ 11,823	30.73	$ 363,321	1%	$ 2,906

iv. The total exchange gain or loss, including realized and unrealized gains or losses arising from significant foreign exchange variations on monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to gains of $,1607 and loss of $33,261, respectively.

Price risk

i. The Group's equity instruments, which are exposed to price risk, are the financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies.

(B) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, debt instruments classified as at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments are past due over 90 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.

(ii) A bond investment traded at the counter buying center, which has any external rating agency rated as the investment grade on the balance sheet date, and the financial asset is considered to have a low credit risk.

iv. The Group adopts the following assumptions under IFRS 9: If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 270 days.

v. The Group classifies customer's notes and accounts receivable in accordance with product types and customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Group has written-off financial assets amounted to $0 and $0 that are still under recourse procedures.

viii. The Group uses the forecast ability of National Development Council Business Cycle Indicator and Conference Board LEADING ECONOMIC INDEX to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

December 31, 2023	Not overdue	Overdue 1 ~ 90 days	Overdue 91 ~ 180 days	Overdue 181 ~ 270 days
Expected loss rate	0%-0.40%	0.05%-1.17%	0.05%-52.01%	0.05%-100%
Total book value	$ 649,071	$ 182,405	$ 1,243	$ 778
Loss allowance	$ 790	$ 1,108	$ 313	$ 634

December 31, 2023	Overdue 271 ~ 360 days	Overdue More than 360 days	Total
Expected loss rate	0.05%-100%	100%	
Total book value	$ 518	$ 874	$ 834,889
Loss allowance	$ 488	$ 874	$ 4,207

December 31, 2022	Not overdue	Overdue 1 ~ 90 days	Overdue 91 ~ 180 days	Overdue 181 ~ 270 days
Expected loss rate	0%-0.33%	0.06%-0.91%	10.80%-24.71%	49.41%-87.49%
Total book value	$ 674,934	$ 87,081	$ 2,463	$ 446
Loss allowance	$ 661	$ 634	$ 535	$ 222

December 31, 2022	Overdue 271 ~ 360 days	Overdue More than 360 days	Total
Expected loss rate	100%	100%	
Total book value	$ 122	$ 714	$ 765,760
Loss allowance	$ 122	$ 714	$ 2,888

ix. Ageing analysis of notes and accounts receivable as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	$ 628,147	$ 20,924	$ 657,314	$ 17,620
within 90 days	182,405	-	87,081	-
91 ~ 180 days	1,243	-	2,463	-
More than 181 days	2,170	-	1,282	-
	$ 813,965	$ 20,924	$ 748,140	$ 17,620

The above is an age analysis based on the number of overdue days.

x. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	Years ended December 31,	
	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 2,888	$ 4,840
Reversal of impairment loss	1,352	(1,206)
Write-offs	-	(966)
Impact of foreign exchange rate	(33)	220
At December 31	$ 4,207	$ 2,888

(C) Liquidity risk

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

December 31, 2023 Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	$ 54,116	$50,302	$70,503	$ 6,848	$181,769
Corporate bonds payable	$ -	$ -	799,900	$ -	$799,900

December 31, 2022 Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	$ 52,123	$ 43,840	$ 99,629	$ 11,470	$ 207,062

In addition to the above, the Group's non-derivative financial liabilities are due within the next year. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: The input value for this level is the open quote (unadjusted) of the same asset or liability in the active market. An active market is a market that meets all of the following conditions: the goods traded in the market are homogeneous; the buyers and sellers with the willingness can be found in the market at any time and the price information can be obtained by the public. The fair value of the beneficiary certificate the Group's investment belongs to.

Level 2: The input value of this level, except for the observable price included in the first level public offer, including the observable input value obtained from the active market either directly (such as price) or indirectly (such as derived from price).

Level 3: Inputs for the asset or liability that are not based on observable market data.

B. Information about the fair value of investment property is provided in Note 6(9).

C. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables(including related parties) and guarantee deposits received are approximate to their fair values.

	December 31, 2023			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Corporate bonds payable	$ 760,924	$ -	$ 762,962	$ -

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(A) The related information about the nature of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bond – call provision	$ -	$ -	$ 720	$ 720

(B) The evaluation of derivative financial instruments is based on the option pricing model accepted by market users.

E. In 2023 and 2022, there was no evaluation of the transfer between levels.

F. The following chart is the movement of Level 3 for the Years ended December 31, 2023

	2023 Convertible bond – call provision
At January 1	$ -
Recognition in profit (loss)	
Other gains and losses	320
Issued in this issue	400
At December 31	$ 720

G. Outside appraiser is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bond – call provision	$ 720	Binomial tree pricing model	Volatility	39.68%	The higher the stock price volatility, the higher the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates, and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Please refer to table 2.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 3.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: For the major transactions between the Company and the Mainland China invested companies in 2023, please refer to table 6.

(4) Information on investees

Basic information: Please refer to table 9.

14. OPERATIONS SEGMENT INFORMATION

(1) General information

The Group's management has identified the reporting Department based on the reporting information needs of the Board of Directors and the main operating decision makers for decision making.

The Group's main operating decision makers operate their business from a regional perspective; in the region, the Group currently focuses on production and sales in Taiwan, the Americas and Europe.

The operations departments disclosed by the Group are considered the main source of revenue for the Group - manufacture and sale of product applications such as industrial computers and Ethernet networks.

(2) Segment information

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

Segment profit and loss, assets and liabilities information

	Years ended December 31, 2023					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Income from external customers	$ 2,123,837	$ 3,260,601	$ 1,148,933	$ 167,108	$ -	$ 6,700,479
Interest income	29,131	-	-	167	-	29,298
Other income	24,373	134	2,526	1,444	(93)	28,384
Inter-departmental income	2,485,015	37	11,553	9,284	(2,505,889)	-
Total income	$ 4,662,356	$ 3,260,772	$ 1,163,012	$ 178,003	($ 2,505,982)	$ 6,758,161
Interest expense	11,908	4,571	1,915	338	-	18,732
Depreciation & Amortization	70,832	40,623	13,673	6,749	2,305	134,182
Income tax expenses	187,478	18,524	48,594	52	(715)	253,933
Department Income	727,624	132,453	135,466	(8,588)	(259,331)	727,624
Assets						
Non-current assets capital expenditure	403,609	13,632	2,200	270	-	419,711
Department's Assets	6,331,398	1,532,687	626,823	146,103	(1,779,021)	6,857,990
Department's Liabilities	2,127,864	538,539	193,770	47,613	(253,330)	2,654,456

Adjustments & Sales balance

(1) Total sales from the departments should be net of inter-departmental revenue was $2,505,889 and Other income $93.

(2) Amortization $2,305 and Income tax expenses $715 arising from intangible assets transactions should be reported and adjustment in the preparation of the consolidated financial statements.

(3) Inter-departmental income should be net of inter-departmental transactions $259,331

(4) Department assets of $1,779,021 and liabilities of $253,330 arising from inter-departmental transactions should be reported and eliminated in the preparation of the consolidated financial statements.

	Years ended December 31, 2022					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Income from external customers	$ 2,255,191	$ 3,537,154	$ 649,178	$ 177,304	$ -	$ 6,618,827
Interest income	5,442	-	333	177	-	5,952
Other income	33,569	2,098	4,734	1,339	-	41,740
Inter-departmental income	2,827,033	2,870	9,733	17,836	(2,857,472)	-
Total income	$ 5,121,235	$ 3,542,122	$ 663,978	$ 196,656	($ 2,857,472)	$ 6,666,519
Interest expense	5,637	3,465	913	417	-	10,432
Depreciation & Amortization	77,229	23,273	10,160	6,895	2,305	119,862
Income tax expenses	146,278	39,435	4,951	196	(715)	190,145
Department Income	602,637	112,271	18,056	(5,932)	(124,395)	602,637
Assets						
Non-current assets capital expenditure	153,386	8,498	617	461	-	162,962
Department’s Assets	5,585,000	1,628,216	400,975	167,497	(1,716,567)	6,065,121
Department’s Liabilities	2,031,148	764,293	115,662	58,012	(457,846)	2,511,269

Adjustments & Sales balance

(1) Total sales from the departments should be net of inter-departmental revenue was $2,857,472.

(2) Amortization $2,305 and Income tax expenses $715 arising from intangible assets transactions should be reported and adjustment in the preparation of the consolidated financial statements.

(3) Inter-departmental income should be net of inter-departmental transactions $124,395

(4) Department assets of $1,716,567 and liabilities of $457,846 arising from inter-departmental transactions should be reported and eliminated in the preparation of the consolidated financial statements.

(3) Reconciliation for segment income (loss)

The external income reported by the Group to the chief operating decision maker is consistent with the income from the comprehensive income statement. The difference between the (departmental revenue and corporate income) and the (inter-departmental profit and loss and the pre-tax profit and loss of the continuing business sector) is small. Hence, there is no need for adjustment.

(4) Information on products and services

Please refer Note 6 (23)

The Group's external customer operating income mainly comes from Internet of Things Products and Intelligent Design-in Service Products and Gaming Products.

The breakdown of the income balance is as follows:

	Years ended December 31,	
	2023	2022
Revenue from Sale of products:	$ 6,675,448	$ 6,591,854
Revenue from Labor Services	25,031	26,973
Total	$ 6,700,479	$ 6,618,827

(5) Geographical information

Sales information by geographical area for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
U.S.A.	$ 2,694,328	$ 244,958	$ 2,766,149	$ 274,276
other parts of America	247,329	-	136,343	-
Sub-total America	2,941,657	244,958	2,902,492	274,276
Taiwan	307,748	2,216,240	475,216	1,727,518
China	323,262	11,483	296,644	12,922
other parts of Asia	1,059,837	-	1,358,892	-
Sub-total Asia	1,690,847	2,227,723	2,130,752	1,740,440
Germany	854,638	55,541	375,936	49,067
United Kingdom	272,447	212	197,629	43
Italy	77,587	69,264	77,462	72,784
other parts of Europe	819,732	-	851,510	-
Sub-total Europe	2,024,404	125,017	1,502,537	121,894
Pacific region	42,412	-	82,924	-
Others	1,159	-	122	-
Total	$ 6,700,479	$ 2,597,698	$ 6,618,827	$ 2,136,610

(6) Information about major customers

Information about major customers for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Department	Revenue	Department
A	$ 270,423	USA	$ 285,189	USA
B	480,722	USA	696,322	USA
C	453,037	Europe	26,007	Europe

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company Name	Relationship (Note 2)											
0	AXIOMTEK CO., LTD.	AXUS	2	$ 420,353	USD 2,000	-	-	-	-	$ 2,101,767	Y	-	-	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) the subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Joint guarantee of the performance guarantee for pre-sold home sales contracts as required under the Consumer Protection Act.

Note 3: According to the Company's fund loan and endorsement guarantee procedures, the Company's endorsement guarantee for a single enterprise is limited to 10% of the equity of the Company's owners in the most recent consolidated financial statements.

Note 4: According to the Company's fund loan and endorsement guarantee procedures, the total amount of endorsement guarantees of the Company and its subsidiaries as a whole is not more than 50% of the equity of the owners of the parent company in the most recent consolidated financial statements.

And the amount of the endorsement of the single company by the Company and its subsidiaries is limited to 10% of the equity of the owner of the parent company in the most recent consolidated financial statements.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual number of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023	
					Unit	Amount	Unit	Amount	Unit	Selling price	Book value	Gain on disposal	Unit	Amount
AXIOMTEK CO., LTD.	Taishin DaZhong Investment Trust	Financial assets mandatorily measured at fair value through profit or loss-current	-	-	-	-	25,503,528	371,000	25,503,528	371,306	371,000	306	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.
Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach $300 million or 20% of paid-in capital or more.
Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than $10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.
Note 5: The amount of the change table does not include the evaluation profit and loss.

AXIOMTEK CO., LTD.
Acquisition of real estate reaching $300 million or 20% of paid-in capital or more
For the year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser	Name of the underlying asset	Date of the occurrence of the event	Transaction amount	Payment amount	Trading counterparty	Relationship to the Company	Where the trading counterparty is a related party				The manner of deciding on this transaction	Concrete purpose or use of the acquisition	Other terms and conditions
							The identity of the previous owner	Its relationship with the Company	The previous date	Monetary value of transfer			
AXIOMTEK CO., LTD.	Land and buildings in Haotian Section, Xizhi District, New Taipei City	2023/12/14	$ 289,500	$144,750	Fu Cheng Investment Corporation.	None	NA	NA	NA	NA	The manner of deciding on this transaction: Price negotiation and the Board resolution. The reference basis for the decision on price: Refer to the professional appraisal reports and nearby market conditions.	Operational use	-

Note 1:If the acquired assets should be appraised according to regulations, the appraisal result shall be indicated in the column "Reference Basis for Price Determination".

Note 2:For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.In the case of a company whose shares have no par value or a par value other than NT$10-for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

Note 3:Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchase (sale)	Amount	Percentage of total purchase (sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
AXIOMTEK CO., LTD.	AXUS	The Company's subsidiaries are stated as follows:	Sale	$ 1,435,194	21.42%	Monthly 45 ~ 90 days	-	-	$ 203,463	24.49%	
AXIOMTEK CO., LTD.	AXGM	The Company's subsidiaries are stated as follows:	Sale	$ 738,757	11.03%	Monthly 45 days	-	-	$ 14,491	1.74%	

Note 1: If terms of related party transactions are different from third party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.
Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.
Note 3: Paid-in capital referred to herein is the paid-in capital of parent company.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Balance as at December 31, 2023 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
AXIOMTEK CO., LTD.	AXUS	The Company's grandson	$ 203,463	4.69	-	-	$ 131,370	-

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties.
Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	AXIOMTEK CO., LTD.	AXGM	1	Sales revenue	$ 1,435,194	same as that applicable to the general customer receivables collection as per for the average customer, 45 - 90 days	21.42%
0	AXIOMTEK CO., LTD.	AXUS	1	Sales revenue	738,757	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	11.03%
0	AXIOMTEK CO., LTD.	AXSZ	1	Sales revenue	71,102	same as that applicable to the general customer receivables collection for the general customer 75 days; 45 - 75 days with slight delay	1.06%
0	AXIOMTEK CO., LTD.	AXIT	1	Sales revenue	62,717	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	0.94%
0	AXIOMTEK CO., LTD.	AXSZ	1	Accounts receivable	203,463		2.97%
0	AXIOMTEK CO., LTD.	AXUS	1	Accounts receivable	14,491		0.21%
0	AXIOMTEK CO., LTD.	AXSZ	1	Accounts receivable	25,516		0.37%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: No other transactions of the same type are available for comparison, and the terms of the transaction are handled in accordance with the terms of the agreement between the parties.

Note 5: The disclosure standard is those with a transaction amount of $10 million or more.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2(3))	Remark
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership	Book value			
AXIOMTEK CO., LTD.	AXUS	U.S.A.	Industrial computer and Embedded Board manufacturing, trading, post-sales service	$208,240	$208,240	23,418	100.00	$953,678	$ 132,454	$ 132,454	
〃	AXGM	Germany	Industrial computer and Embedded Board manufacturing, trading, post-sales service	19,941	19,941	(註 3)	100.00	337,800	126,506	126,506	
〃	AXBVI	British Virgin Islands	Holding company	156,650	156,650	5,000	100.00	84,163	(8,547)	(8,435)	
〃	AXUK	United Kingdom	Industrial computer and Embedded Board manufacturing, trading, post-sales service	8,615	8,615	180,000	100.00	11,825	2,856	2,856	
〃	AXJP	Japan	Industrial computer and Embedded Board manufacturing, trading, post-sales service	8,235	8,235	600	100.00	7,370	(41)	(41)	
	AXIT	Italy	Industrial computer and Embedded Board manufacturing, trading, post-sales service	56,068	56,068	(註 3)	100.00	39,873	6,104	4,513	
〃	UNI	Taiwan	Automation equipment system set-up and development	29,000	29,000	1,450,000	24.05	16,617	(7,055)	(3,588)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.

(3) The 'Investment income (loss) recognized by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Note 3: Department Ltd.

AXIOMTEK CO., LTD. & SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD and foreign currencies

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 （Note 2）	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
AXSZ	Industrial computer and Embedded Board manufacturing, trading, post-sales service	NT$ 129,214 (USD 4,207)	註 1(2)	NT$ 129,214 (USD 4,207)	$ -	$ -	NT$ 129,214 (USD 4,207)	($ 8,498)	100.00	($ 8,498)	$ 90,756	$ -	

Note 1: Investment methods are classified into the following three categories:

(1) Investment in Mainland China companies by remittance through a third region.

(2) Investment in Mainland China companies through a company invested and established in a third region.

(3) Investment in Mainland China companies through an existing company established in a third region.

Note 2: The investment income is calculated based on the financial statements of the Company that have not been audited by the accountant during the same period.

Note 3: In pursuance of Shen-Zi Letter No.09704604680 from the Ministry of Economic Affairs dated August 29, 2008. The amended "Regulations for examination of investments and technical cooperation in Mainland Area" sets the limitation for investments in Mainland China to be higher of net book value or 60% of consolidated net book value.

Note 4: The amount listed in this table is converted into NTD according to the exchange rate of US$1=30.714 on December 31, 2023.

Note 5: In the preparation of the consolidated financial report, the relevant transactions have been fully written off.

Expressed in thousands of NTD and foreign currencies

Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
AXSZ	$ 129,214 USD 4,207	USD 4,223	$ 2,522,120

Table 9

AXIOMTEK CO., LTD.
Major shareholders information
For the year ended December 31, 2023

Shares / Name of major shareholders	Name of shares held	Ownership (%)
Advantech	28,080,142	27.63%

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.