AXIOMTEK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH-INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Stock Code : 3088)

Address: 8F., No.55, Nanxing Road, Xizhi District, New Taipei City, Taiwan

Telephone: +886-2-86462111

<u>*Notice to Readers*</u>

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.

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of AXIOMTEK CO., LTD. and its subsidiaries (hereinafter referred to as "the Group") as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(5), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets (including investments accounted for using equity method) of NT$843,213 thousand and NT$630,113 thousand, constituting 12.59% and 10.77% of the consolidated total assets, and total liabilities of NT$193,326 thousand and NT$ 147,287 thousand, constituting 7.39% and 5.83% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively, and total comprehensive income of NT$ 49,032 thousand, NT$ 1,102 thousand, NT$ 100,889 thousand and NT$ 5,864 thousand, constituting 19.00 %, 0.46 %, 16.30 % and 1.19 % of the consolidated total comprehensive income for the three months and nine months then ended, respectively. These amounts were based solely on the unreviewed financial statements of these companies as of these companies as of September 30, 2023 and 2022.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the “Regulations Governing the Preparation of Financial Reporting by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Lin, Po-Chuan Wu, Han-Chi

for and on behalf of PricewaterhouseCoopers, Taiwan October 26, 2023

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022, SEPTEMBER 30, 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

			September 30, 2023		(After Adjustment) December 31, 2022		(After Adjustment) September 30, 2022		(After Adjustment) January 1, 2022	
	Assets	Notes	Amount	%	Amount	%	Amount	%	Amount	%
	Current assets									
1100	Cash and cash equivalents	6(1)	$ 1,431,023	21	$ 1,031,621	17	$ 810,307	14	$ 943,871	18
1110	Financial assets at fair value through profit or loss - current	6(2)	640	-	-	-	-	-	-	-
1136	Financial assets at amortized cost – current	8	10,000	-	3,000	-	-	-	-	-
1150	Notes receivable	6(3)	24,180	-	17,620	-	25,373	-	19,898	-
1170	Accounts receivable	6(3)	779,282	12	745,252	12	730,270	13	745,599	14
1200	Other receivables		34,559	1	25,554	-	37,950	1	29,785	1
1220	Current income tax assets		2,726	-	1,922	-	9,824	-	401	-
130X	Inventories	6(4)	1,969,767	30	1,927,008	32	2,125,191	36	1,511,484	28
1410	Prepayments		24,546	-	31,815	1	30,867	1	23,221	-
1470	Other current assets		5,056	-	1,042	-	10,187	-	834	-
11XX	**Total current assets**		4,281,779	64	3,784,834	62	3,779,969	65	3,275,093	61
	Non-current assets									
1550	Investments accounted for under equity method	6(5)	13,834	-	17,023	1	18,095	-	20,982	1
1600	Property, plant and equipment	6(6) and 8	1,923,575	29	1,775,555	29	1,689,635	29	1,670,465	31
1755	Right-of-use assets	6(7)	174,779	3	190,296	3	111,129	2	127,737	2
1760	Investment property	6(9)	37,612	-	37,983	1	38,107	1	38,479	1
1780	Intangible assets	6(10)(11)	109,881	2	117,218	2	112,351	2	114,769	2
1840	Deferred income tax assets		124,372	2	126,654	2	88,399	1	107,067	2
1990	Other non-current assets		29,572	-	15,558	-	10,978	-	9,228	-
15XX	**Total non-current assets**		2,413,625	36	2,280,287	38	2,068,694	35	2,088,727	39
1XXX	**Total Assets**		$ 6,695,404	100	$ 6,065,121	100	$ 5,848,663	100	$ 5,363,820	100
	Liabilities and Equity									
	Current liabilities									
2100	Short-term borrowings	6(12)	$ -	-	$ 635,300	11	$ 707,000	12	$ 374,000	7
2130	Contract liabilities - current	6(23)	82,581	1	76,941	1	144,058	2	92,336	2
2150	Notes payables		828	-	1,350	-	-	-	675	-
2170	Accounts payable	6(13)	669,203	10	685,682	11	753,419	13	828,310	15
2180	Accounts payable – related parties	7	3,494	-	7,384	-	5,989	-	6,813	-
2200	Other payables	6(14)	389,784	6	429,955	7	330,986	6	419,448	8
2230	Current income tax liabilities		207,461	3	171,000	3	141,131	2	94,855	2
2250	Provisions for liabilities - current		1,539	-	1,539	-	1,152	-	1,152	-
2280	Current lease liabilities		49,227	1	47,916	1	35,235	1	37,570	1
2320	Current portion of long-term borrowings	6(16)	-	-	-	-	1,619	-	1,411	-
2399	Other current liabilities		31,455	-	17,152	-	9,878	-	6,963	-
21XX	**Total current liabilities**		1,435,572	21	2,074,219	34	2,130,467	36	1,863,533	35

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022, SEPTEMBER 30, 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

			September 30, 2023		(After Adjustment) December 31, 2022		(After Adjustment) September 30, 2022		(After Adjustment) January 1, 2022	
	Liabilities and Equity	Notes	Amount	%	Amount	%	Amount	%	Amount	%
	Non-current liabilities									
2530	Corporate bonds payable	6(15)	$ 757,463	11	$ -	-	$ -	-	$ -	-
2540	Long-term borrowings	6(16) and 8	-	-	-	-	60,302	1	53,606	1
2560	Non-current income tax liabilities		-	-	8,913	-	12,733	-	30,677	1
2570	Deferred income tax liabilities		246,748	4	238,278	4	188,353	3	188,539	3
2580	Non-current lease liabilities		134,903	2	147,583	2	79,794	2	92,880	2
2600	Other non-current liabilities		42,102	1	42,276	1	55,895	1	56,312	1
25XX	**Total non-current liabilities**		1,181,216	18	437,050	7	397,077	7	422,014	8
2XXX	**Total liabilities**		2,616,788	39	2,511,269	41	2,527,544	43	2,285,547	43
	Equity attributable to shareholders of the parent									
	Share capital	6(19)								
3110	Ordinary shares		1,014,234	15	910,235	15	904,015	15	884,829	16
3140	Advance receipts for share capital		-	-	13,079	-	3,169	-	75,094	1
	Capital surplus	6(20)								
3200	Capital surplus		677,504	10	633,715	11	610,446	11	533,041	10
	Retained earnings	6(21)								
3310	Legal reserve		676,932	10	615,504	10	615,504	11	576,846	11
3320	Special reserve		4,280	-	76,627	1	76,627	1	38,974	1
3350	Unappropriated retained earnings		1,662,871	25	1,308,972	22	1,101,634	19	1,046,116	19
	Other equity	6(22)								
3400	Other equity		42,795	1	(4,280)	-	9,724	-	(76,627)	(1)
31XX	**Total equity attributable to shareholders of the parent**		4,078,616	61	3,553,852	59	3,321,119	57	3,078,273	57
3XXX	**Total equity**		4,078,616	61	3,553,852	59	3,321,119	57	3,078,273	57
	Significant contingent liabilities and unrecognized contract commitments	9								
3X2X	**Total Liabilities and Equity**		$ 6,695,404	100	$ 6,065,121	100	$ 5,848,663	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 THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			For the Three months ended September 30,				For the Nine months ended September 30,			
			2023		2022		2023		2022	
	Items	Notes	Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue**	6(23)	$ 1,650,369	100	$ 1,723,050	100	$ 5,078,746	100	$ 4,803,394	100
5000	**Operating costs**	6(4)(28)(29) and 7	(1,025,485)	(62)	(1,135,054)	(66)	(3,269,338)	(64)	(3,241,050)	(67)
5900	**Gross profit**		624,884	38	587,996	34	1,809,408	36	1,562,344	33
5910	Unrealized gain from sale		-	-	(21)	-	(240)	-	(232)	-
5920	Realized gain from sale		-	-	-	-	234	-	20	-
5950	**Net operating margin**		624,884	38	587,975	34	1,809,402	36	1,562,132	33
	Operating expenses	6(28)(29)								
6100	Selling expenses		(115,608)	(7)	(145,380)	(9)	(361,716)	(7)	(410,707)	(9)
6200	General and administrative expenses		(96,572)	(6)	(91,727)	(5)	(285,602)	(6)	(264,006)	(5)
6300	Research and development expenses		(159,660)	(10)	(142,729)	(8)	(454,413)	(9)	(423,012)	(9)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(588)	-	1,933	-	(681)	-	1,372	-
6000	**Total operating expenses**		(372,428)	(23)	(377,903)	(22)	(1,102,412)	(22)	(1,096,353)	(23)
6900	**Operating profit**		252,456	15	210,072	12	706,990	14	465,779	10
	Non-operating income and expenses									
7100	Interest income	6(24)	7,656	1	1,446	-	18,143	-	2,174	-
7010	Other income	6(25)	3,928	-	10,556	-	9,360	-	20,584	-
7020	Other gains and losses	6(26)	50,587	3	31,924	2	64,433	1	58,925	1
7050	Finance costs	6(27)	(4,830)	-	(2,594)	-	(13,329)	-	(6,310)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(5)	(560)	-	(1,010)	-	(3,183)	-	(2,675)	-
7000	**Total non-operating income and expenses**		56,781	4	40,322	2	75,424	1	72,698	1
7900	**Profit before income tax**		309,237	19	250,394	14	782,414	15	538,477	11
7950	Income tax expenses	6(30)	(82,148)	(5)	(57,421)	(3)	(210,360)	(4)	(131,531)	(3)
8200	**Net Income**		$ 227,089	14	$ 192,973	11	$ 572,054	11	$ 406,946	8
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		$ 38,643	2	$ 57,391	4	$ 58,844	1	$ 107,939	2
8399	Income tax relating to the components of other comprehensive income	6(30)	(7,729)	-	(11,478)	(1)	(11,769)	-	(21,588)	-
8300	**Other comprehensive income (loss) for the year**		$ 30,914	2	$ 45,913	3	$ 47,075	1	$ 86,351	2
8500	**Total Comprehensive Income**		$ 258,003	16	$ 238,886	14	$ 619,129	12	$ 493,297	10
	Profit attributable to:									
8610	Shareholders of the parent		$ 227,089	14	$ 192,973	11	$ 572,054	11	$ 406,946	8
	Total comprehensive income (loss) attributable to:									
8710	Shareholders of the parent		$ 258,003	16	$ 238,886	14	$ 619,129	12	$ 493,297	10
9750	**Basic earnings per share**	6(31)	$	2.24	$	1.94	$	5.66	$	4.10
9850	**Diluted earnings per share**	6(31)	$	2.14	$	1.90	$	5.48	$	4.01

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		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		-	-	-	-	-	406,946	-	406,946
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	-	-	86,351	86,351
Total comprehensive income		-	-	-	-	-	406,946	86,351	493,297
Appropriations of 2021 earnings	6(21)								
Legal reserve		-	-	-	38,658	-	(38,658)	-	-
Special reserve		-	-	-	-	37,653	(37,653)	-	-
Cash dividends		-	-	-	-	-	(275,117)	-	(275,117)
Share-based payments	6(19)	2,690	3,169	9,092	-	-	-	-	14,951
Compensation cost of share-based payments	6(18)	-	-	9,667	-	-	-	-	9,667
Conversion of convertible bonds	6(20)	16,496	(75,094)	58,598	-	-	-	-	-
Change in Capital Surplus-others	6(20)	-	-	48	-	-	-	-	48
Balance at September 30, 2022		$ 904,015	$3,169	$ 610,446	$ 615,504	$ 76,627	$ 1,101,634	$ 9,724	$ 3,321,119
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		-	-	-	-	-	572,054	-	572,054
Other comprehensive income (loss) for the year	6(22)	-	-	-	-	-	-	47,075	47,075
Total comprehensive income		-	-	-	-	-	572,054	47,075	619,129
Appropriations of 2022 earnings	6(21)								
Legal reserve		-	-	-	61,428	-	(61,428)	-	-
Reversal of special reserve		-	-	-	-	(72,347)	72,347	-	-
Cash dividends		-	-	-	-	-	(229,074)	-	(229,074)
Stock dividends from capital surplus	6(21)	91,629	-	(91,629)	-	-	-	-	-
Share-based payments	6(19)	12,370	(13,079)	43,127	-	-	-	-	42,418
Compensation cost of share-based payments	6(18)	-	-	4,190	-	-	-	-	4,190
Issue of convertible bonds	6(15) (20)	-	-	87,971	-	-	-	-	87,971
Change in Capital Surplus-others	6(20)	-	-	130	-	-	-	-	130
Balance at September 30, 2023		$ 1,014,234	$-	$ 677,504	$ 676,932	$ 4,280	$ 1,662,871	$ 42,795	$ 4,078,616

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 782,414	$ 538,477
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment losses	12(2)	681	(1,372)
Depreciation	6(6)(7)(28)	81,062	70,771
Depreciation from investment Property	6(9)(26)	371	372
Amortization	6(10)(28)	16,920	15,275
Interest income	6(24)	(18,143)	(2,174)
Share of profit of associates and joint ventures accounted for under equity method	6(5)	3,183	2,675
(Gain) loss on disposal of property, plant and equipment	6(26)	(211)	25
Gain on disposal of investments	6(26)	(228)	(11)
Gain on financial assets at fair value through profit or loss	6(2)(26)	(240)	-
Gain on lease modification	6(7)(26)	(36)	-
Interest expense	6(27)	13,329	6,310
Compensation cost of share-based payments	6(18)(29)	4,190	9,667
Unrealized profit from sales		6	212
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		228	11
Notes receivable		(6,560)	(5,475)
Accounts receivable (including related parties)		(34,923)	16,405
Other receivables		(6,157)	(7,728)
Inventories		(43,127)	(614,919)
Prepayments		7,269	(7,646)
Other current assets		(4,014)	(9,353)
Changes in liabilities relating to operating activities			
Contract liabilities		5,640	51,722
Notes payables		(522)	(675)
Accounts payable (including related parties)		(20,369)	(75,715)
Other payables		(53,537)	(82,586)
Other current liabilities		14,303	2,915
Other non-current liabilities		(14)	(417)
Cash inflow (outflow) generated from operations		741,515	(93,234)
Receipt of interest		15,295	1,736
Payment of interest		(12,392)	(6,196)
Payment of income tax		(183,125)	(112,861)
Net cash flows from (used in) operating activities		561,293	(210,555)

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		For the Nine months ended September 30,	
	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in Financial assets at amortized cost		($ 7,000)	$ -
Acquisition of property, plant and equipment	6(32)	(186,992)	(49,986)
Proceeds from disposal of property, plant and equipment		338	38
Acquisition of intangible assets	6(10)	(8,737)	(10,433)
Decrease (Increase) in other non-current assets		2,489	(799)
Net cash flows used in investing activities		(199,902)	(61,180)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short -term borrowings		3,363,200	3,237,000
Redemption of short -term borrowings		(3,998,500)	(2,904,000)
Issue of convertible bonds	6(33)	848,003	-
Payment of cash dividends		-	(1,125)
Redemption of long-term borrowings	6(21)	(229,074)	(275,117)
Proceeds from exercise of employee stock options		42,418	14,951
Decrease in refundable deposits		(160)	-
Payment of lease liabilities	6(33)	(39,648)	(30,161)
Proceeds from disposal of employee stock ownership trust		130	48
Net cash flows (used in) provided by financing activities		(13,631)	41,596
Effects due to changes in exchange rate		51,642	96,575
Decrease in cash and cash equivalents		399,402	(133,564)
Cash and cash equivalents at beginning of year		1,031,621	943,871
Cash and cash equivalents at end of year		$ 1,431,023	$ 810,307

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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 October 26, 2023.

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 recognise 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 September 30, 2023, and January 1, September 30 , and December 31 of the 2022, the Group increased deferred income tax assets by $53,750, $28,129, $28,129, and $53,750, respectively, and deferred income tax liabilities by $53,750, $28,129, $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

(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” and IAS 34, ‘Interim Financial Reporting’ as endorsed by the FSC.

(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 (%) September 30, 2023	December 31, 2022	September 30, 2022
The Company	AXIOM TECHNOLOGY, INC. U.S.A.(AXUS)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%	100%
〃	AXIOMTEK TEKDEUTSCHLAND GMBH(AXGM)	Industrial computer and Embedded Board assemble, trading, post-sales service	100% (Note)	100%	100% (Note)
	AXIOMTEK ITALIA S.R.L.(AXIT)	Industrial computer and Embedded Board trading, post-sales service	100% (Note)	100%	100% (Note)
〃	AXIOM TECHNOLOGY(BVI) CO., LTD. (AXBVI)	Holding company	100% (Note)	100%	100% (Note)
〃	AXIOMTEK UK LIMITED(AXUK)	Industrial computer and Embedded Board trading, post-sales service	100% (Note)	100%	100% (Note)
〃	AXIOMTEK JAPANCO., LTD.(AXJP)	Industrial computer and Embedded Board trading, post-sales service	100% (Note)	100%	100% (Note)
AXBVI	Axiomtek (Shenzhen) Co. Ltd. (AXSZ)	Industrial computer and Embedded Board manufacturing, trading, post-sales service	100% (Note)	100%	100% (Note)

Note：The financial statements of the entity as of and for the nine months ended September 30, 2023 and 2022 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

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) <u>Classification of current and non-current items</u>

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) Cash equivalent

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) Financial assets at fair value through profit or loss

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) Financial assets measured at amortized costs

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) Accounts and notes receivable

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) Impairment of financial assets

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	3 ~50 years
Machinery	3 ~20 years
Tools	2 ~5 years
Testing equipment	2 ~8 years
Office Equipment	2 ~10 years
Leasehold improvements	2 ~10 years
Other equipment	3 ~10 years

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

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 ~ 23 years.

(18) Intangible assets

A. Trademark
Trademark is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 ~ 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 ~ 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) <u>Provisions for liabilities</u>

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) <u>Employee benefits</u>

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.

iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(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.

G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

H. If a change in tax rate is enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(30) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares 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) <u>Operating segments</u>

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) <u>Critical judgements in applying the Company's accounting policies</u>

None.

(2) <u>Critical accounting estimates and assumptions</u>

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 September 30, 2023, the carrying amount of inventories was $ 1,969,767.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	$ 699	$ 799	$ 889
Checking accounts and demand deposits	860,000	542,185	580,181
Time deposits	505,756	488,637	229,237
Cash equivalents	64,568	-	-
	$ 1,431,023	$ 1,031,621	$ 810,307

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Financial assets at fair value through profit or loss			
Derivatives (Convertible bond – call provision)	$ 400	$ -	$ -
Evaluation adjustment	240	-	-
	$ 640	$ -	$ -

A. For the three months and nine months ended September 30, 2023 and 2022, the Group's net gain were $240, $0, $240 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)

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	$ 24,180	$ 17,620	$ 25,373
Less: Loss allowance	-	-	-
	$ 24,180	$ 17,620	$ 25,373
Accounts receivable (including related parties)	$ 783,063	$ 748,140	$ 734,031
Less: Loss allowance	(3,781)	(2,888)	(3,761)
	$ 779,282	$ 745,252	$ 730,270

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

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, notes and accounts receivable were all from contracts with customers. 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

	September 30, 2023		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	$ 584,012	($ 62,864)	$ 521,148
Work in progress	203,486	-	203,486
Semi-finished goods	28,216	(1,346)	26,870
Finished goods	441,007	(8,018)	432,989
Merchandise inventory	791,965	(11,011)	780,954
Inventories in transit	4,320	-	4,320
Total	$ 2,053,006	($ 83,239)	$ 1,969,767

	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

	September 30, 2022					
		Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories			Book value
Raw materials	$	788,519	($	47,371)	$	741,148
Work in progress		322,631		-		322,631
Semi-finished goods		45,523	(	4,308)		41,215
Finished goods		219,579	(	4,077)		215,502
Merchandise inventory		788,299	(	15,107)		773,192
Inventories in transit		31,503		-		31,503
Total	$	2,196,054	($	70,863)	$	2,125,191

The cost recognized as expenses for the period:

	For the Three months ended September 30,			
	2023		2022	
Cost of revenue	$	1,012,815	$	1,121,394
Loss on market value decline and obsolete and slow-moving inventories		12,670		13,660
Total	$	1,025,485	$	1,135,054

	For the Nine months ended September 30,			
	2023		2022	
Cost of revenue	$	3,236,770	$	3,215,713
Loss on market value decline and obsolete and slow-moving inventories		32,568		25,337
Total	$	3,269,338	$	3,241,050

The Group has no inventories pledged to others.

(5) Investments accounted for using equity method

	September 30, 2023		December 31, 2022		September 30, 2022	
Uni-Innovate Technology Co., Ltd. (UNI)	$	13,834	$	17,023	$	18,095

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

	For the Three months ended September 30,			
	2023		2022	
UNI	($	560)	($	1,010)

	For the Nine months ended September 30,			
	2023		2022	
UNI	($	3,183)	($	2,675)

B. The investment accounted for using equity method for the nine months ended September 30, 2023 and 2022 were evaluated based on the financial statements of the entity which were not reviewed by independent auditors.

(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	-	-	7,376	7,315	164,219	178,910
Disposals (Cost)	-	-	(4,765)	(123)	(26,183)	(31,071)
Disposals (Accumulated depreciation)	-	-	4,765	123	26,056	30,944
Reclassifications (Cost)	-	-	1,773	1,218	(2,991)	-
Depreciation	-	(11,016)	(2,418)	(3,247)	(20,905)	(37,586)
Net exchange differences	3,802	1,141	59	-	1,821	6,823
Closing net book amount	$1,110,293	$434,049	$ 14,997	$ 15,580	$348,656	$1,923,575
At September 30, 2023						
Cost	$1,110,293	$506,466	$152,413	$ 66,529	$556,323	$2,392,024
Accumulated depreciation	-	(72,417)	(137,416)	(50,949)	(207,667)	(468,449)
	$1,110,293	$434,049	$ 14,997	$ 15,580	$348,656	$1,923,575

	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	-	-	196	683	42,165	43,044
Disposals (Cost)	-	-	(2,830)	-	(695)	(3,525)
Disposals (Accumulated depreciation)	-	-	2,799	-	663	3,462
Depreciation	-	(10,984)	(7,510)	(4,218)	(16,951)	(39,663)
Net exchange differences	9,982	3,119	58	2	2,691	15,852
Closing net book amount	$1,109,037	$448,381	$ 9,350	$ 11,028	$111,839	$1,689,635

	Land	Buildings	Machinery	Testing equipment	Others	Total
At September 30, 2022						
Cost	$1,109,037	$505,931	$146,506	$ 58,044	$321,965	$2,141,483
Accumulated depreciation	-	(57,550)	(137,156)	(47,016)	(210,126)	(451,848)
	$1,109,037	$448,381	$ 9,350	$ 11,028	$111,839	$1,689,635

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

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

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(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 ~ 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:

	September 30, 2023	December 31, 2022	September 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Buildings	$ 172,066	$ 188,011	$ 110,056
Vehicles	2,713	2,285	1,073
	$ 174,779	$ 190,296	$ 111,129

	For the Three months ended September 30,	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings	$ 12,777	$ 10,186
Vehicles	476	263
	$ 13,253	$ 10,449

	For the Nine months ended September 30,	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings	$ 42,287	$ 30,220
Vehicles	1,189	888
	$ 43,476	$ 31,108

C. For the three months and nine months ended September 30, 2023 and 2022, the additions (including net exchange differences) to right-of-use assets were $2,860, ($38), $19,994 and $7,781.

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

Items affecting profit or loss	For the Three months ended September 30, 2023	2022
Interest expense on lease liabilities	($ 1,846)	($ 655)
Expense on short-term lease contracts	(3,930)	(1,056)
Gains on lease modification	58	-

Items affecting profit or loss	For the Nine months ended September 30, 2023	2022
Interest expense on lease liabilities	($ 5,165)	($ 2,045)
Expense on short-term lease contracts	(8,482)	(2,717)
Gains on lease modification	36	-

E. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases was $53,295 and $34,923.

(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 three months and nine months ended September 30, 2023 and 2022, the Group recognized rent income in the amounts of $863, $862, $2,589 and $2,586, 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:

	September 30, 2023	December 31, 2022	September 30, 2022
2022	$ -	$ -	$ 861
2023	861	1,764	1,764
2024	3,444	1,764	1,764
Total	$ 4,305	$ 3,528	$ 4,389

(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	-	(371)	(371)
Closing net book amount	$ 33,273	$ 4,339	$ 37,612
At September 30, 2023			
Cost	$ 33,273	$ 15,850	$ 49,123
Accumulated depreciation	-	(11,511)	(11,511)
	$ 33,273	$ 4,339	$ 37,612

	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		-	(	372)	(	372)
Closing net book amount	$	33,273	$	4,834	$	38,107
At September 30, 2022						
Cost	$	33,273	$	15,850	$	49,123
Accumulated depreciation		-	(	11,016)	(	11,016)
	$	33,273	$	4,834	$	38,107

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

	For the Three months ended September 30,			
	2023		2022	
Rental income from investment property	$	863	$	862
Direct operating expenses arising from investment property that generated rental income	($	123)	($	124)
Direct operating expenses arising from investment property that did not generate rental income	$	-	$	-

	For the Nine months ended September 30,			
	2023		2022	
Rental income from investment property	$	2,589	$	2,586
Direct operating expenses arising from investment property that generated rental income	($	453)	($	455)
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 $104,236, $119,352 and $120,706 as of September 30, 2023, December 31, 2022 and September 30, 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	1,354	4,279	-	3,104	8,737
Amortization	(118)	(12,519)	-	(4,283)	(16,920)
Net exchange differences	-	44	-	802	846
Closing net book amount	$ 1,906	$ 19,924	$ 68,324	$ 19,727	$ 109,881
At September 30, 2023					
Cost	$ 2,405	$ 123,537	$ 77,920	$ 65,729	$ 269,591
Accumulated Amortization and impairment	(499)	(103,613)	(9,596)	(46,002)	(159,710)
	$ 1,906	$ 19,924	$ 68,324	$ 19,727	$ 109,881

	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	10,015	-	138	10,433
Amortization	(36)	(11,265)	-	(3,974)	(15,275)
Net exchange differences	-	147	-	2,277	2,424
Closing net book amount	$ 689	$ 21,321	$ 68,324	$ 22,017	$ 112,351

	Trademark	Computer software	Goodwill	Others	Total
At September 30, 2022					
Cost	$ 1,051	$ 108,146	$ 77,920	$ 61,732	$ 248,849
Accumulated Amortization	(362)	(86,825)	(9,596)	(39,715)	(136,498)
	$ 689	$ 21,321	$ 68,324	$ 22,017	$ 112,351

A. For the nine months ended September 30, 2023 and 2022, the Group has no interest capitalized to intangible assets.

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

	September 30, 2023	December 31, 2022	September 30, 2022
America	$ 52,425	$ 52,425	$ 52,425
Europe	10,000	10,000	10,000
Taiwan	5,899	5,899	5,899
	$ 68,324	$ 68,324	$ 68,324

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

	For the Three months ended September 30,	
	2023	2022
Operating costs	$ 88	$ 93
Selling expenses	417	364
General and administrative expenses	2,580	3,773
Research and development expenses	2,356	1,218
	$ 5,441	$ 5,448

	For the Nine months ended September 30,	
	2023	2022
Operating costs	$ 274	$ 279
Selling expenses	1,291	1,073
General and administrative expenses	7,619	10,344
Research and development expenses	7,736	3,579
	$ 16,920	$ 15,275

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		
	September 30, 2023	December 31, 2022	September 30, 2022
Gross margin	16.81%	17.91%	17.61%
Growth rate	10.00%	10.00%	10.00%
Discount rate	3.74%	4.00%	3.55%

	Europe		
	September 30, 2023	December 31, 2022	September 30, 2022
Gross margin	27.93%	27.93%	28.67%
Growth rate	17.12%	17.12%	15.45%
Discount rate	3.74%	4.00%	3.55%

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 (September 30, 2023: None.)

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

Type of borrowings	September 30, 2022	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 707,000	1.15%~1.50%	None

Interest expense recognized in profit or loss amounted to $1,800, $1,411, $6,975 and $3,020 for the three months and nine months ended September 30, 2023 and 2022, respectively.

(13) Accounts payable

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	$ 668,789	$ 685,080	$ 752,617
Accrued accounts payable	414	602	802
	$ 669,203	$ 685,682	$ 753,419

(14) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Salaries and bonus payable	$ 193,608	$ 251,374	$ 194,655
Accrued employees' compensation and directors' remuneration	61,123	59,089	47,741
Equipment payable	26,960	18,538	2,972
Others	108,093	100,954	85,618
	$ 389,784	$ 429,955	$ 330,986

(15) Corporate bonds payable

	September 30, 2023	December 31, 2022	September 30, 2022
Corporate bonds payable	$ 800,000	$ -	$ -
Less: Discount on bonds payable	(42,537)	-	-
	$ 757,463	$ -	$ -

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

(A) Issuance conditions for the second unsecured conversion of corporate bonds in the Company are as follows:

i. The Company is approved by the relevant authorities to raise and issue the second unsecured conversion company debt (referred to as "This conversion company debt"), 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. This conversion company debt 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 September 30, 2023, the Company's debt denomination of has not been converted to shares of common stock.

(C) As of September 30, 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) Long-term borrowings (September 30, 2023 and December 31, 2022: None.)

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2022
Long-term bank borrowings				
Bank secured loan	Borrowing period is from September 1, 2021 to September 1, 2026; Principal and interest paid on a monthly basis	2.84%	Land, House and building	$ 61,921
Less: Long-term liabilities, current portion				(1,619)
				$ 60,302

The long-term borrowings of the Group, which was originally due on September 1, 2026, has been prepaid on December 30, 2022, due to financial planning considerations.

(17) 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) For the aforementioned pension plan, the Group recognized pension costs of $130, $66, $391 and $199 for the three months and nine months ended September 30, 2023 and 2022,respectively.

(C) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $2,735.

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) 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 nine months ended September 30, 2023 and 2022. Except for the monthly contribution, these companies have no other obligation.

(C) The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2023 and 2022 were $8,935, $8,403, $27,025 and $25,610, respectively.

(18) Share-based payment

A. For the nine months ended September 30, 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 of service

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

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

	For the Nine months ended September 30,			
	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
Options expired	(67)	-	-	-
Options exercised	(288)	41.70	(345)	43.34
Options outstanding at end of the year	-	-	632	41.70
Options exercisable at end of the year	-	-	632	41.70

	For the Nine months ended September 30,			
	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
Options forfeited	(72)	-	(180)	-
Options exercised	(661)	46.00	-	-
Options outstanding at end of the year	2,818	40.80	4,120	46.10
Options exercisable at end of the year	430	40.80	-	-

C. Average price of Stock options exercised for the nine months ended September 30, 2023 and 2022 were $76.24 and $59.44, respectively.

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

		September 30, 2023		December 31, 2022		September 30, 2022	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	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	632	41.70
October 29, 2020	October 28, 2026	2,830	40.80	3,563	46.10	4,120	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:

	For the Three months ended September 30, 2023	2022
Equity Settled	$ 1,279	$ 2,663

	For the Nine months ended September 30, 2023	2022
Equity Settled	$ 4,190	$ 9,667

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.

H. As of ex-rights and dividend date September 5, 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.

(19) Share capital

A. As of September 30, 2023, the Company's authorized capital was $1,600,000, consisting of 160,000 thousand ordinary shares, and the paid-in capital was $1,014,234. with a par value of $10 (in dollars) per share, consisting of 101,423 thousand ordinary shares. As of September 30, 2023 and September 30, 2022, the total number of ordinary shares issued by the company was 101,423 thousand shares and 90,477 thousand shares, respectively. All proceeds from shares issued have been collected.

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

	For the Nine months ended September 30, 2023 (in thousands)	2022 (in thousands)
At January 1	91,311	90,132
Exercise of employee stock options	949	345
Stock dividends from capital surplus	9,163	-
At September 30	101,423	90,477

B. The company's employee stock option certificates have been exercised. As of September 30, 2023, December 31, 2022, and September 30, 2022, the relevant information about the unregistered change registration is as follows:

	September 30, 2023		December 31, 2022		September 30, 2022	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount
Exercise of employee stock options (Advance receipts for share capital)	-	$ -	288	$13,079	76	$ 3,169

Information about the Exercise of employee stock options is provided in Note 6(18).

(20) 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.

	For the Nine months ended September 30, 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	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	43,127	-	-	-	-	-	-	-	43,127
Compensation cost of employee stock options	-	-	-	-	-	4,190	-	-	4,190
Issue of convertible bonds	-	-	-	-	-	-	87,971	-	87,971
Change in Capital Surplus-others	130	-	-	-	-	-	-	-	130
At September 30	$ 224,900	$ 251,205	$1,026	$ 176	$ 2	$ 112,090	$87,971	$ 134	$677,504

	For the Nine months ended September 30, 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	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	9,092	-	-	-	-	-	-	-	9,092
Compensation cost of employee stock options	-	-	-	-	-	9,667	-	-	9,667
Conversion of convertible bonds	-	58,598	-	-	-	-	-	-	58,598
Change in Capital Surplus-others	48	-	-	-	-	-	-	-	48
At September 30	$ 160,536	$ 342,834	$ 1,026	$ 176	$ 2	$ 105,738	$ -	$ 134	$610,446

(21) 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 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 shareholder's meeting on May 30, 2023. 2021 earnings appropriation resolved by the shareholder's meeting 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	

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.

(22) Other equity interest

	For the Nine months ended September 30,	
	2023	2022
Financial statements translation differences of foreign operations		
At January 1	($ 4,280)	($ 76,627)
Increase in current period	47,075	86,351
At September 30	$ 42,795	$ 9,724

(23) 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:

	For the Three months ended September 30, 2023					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Originating from transfer at a point in time:						
IOT Products	$ 545,143	$ 202,837	$ 41,953	$ 23,779	($ 152,107)	$ 661,605
Intelligent Design-in Service Products	376,220	192,655	191,421	22,149	(259,772)	522,673
Gaming Products	174,238	131,072	25,094	-	(154,682)	175,722
Others	71,393	166,874	75,029	7,113	(37,727)	282,682
Net sales revenue	1,166,994	693,438	333,497	53,041	(604,288)	1,642,682
Originating from the transfer of labor services over time:						
Other Operating revenue	11,200	1,614	3,440	74	(8,641)	7,687
Total	$1,178,194	$ 695,052	$ 336,937	$ 53,115	($ 612,929)	$1,650,369

	For the Three months ended September 30, 2022					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Originating from transfer at a point in time:						
IOT Products	$ 642,287	$ 287,133	$ 32,196	$ 29,263	($ 196,684)	$ 794,195
Intelligent Design-in Service Products	356,622	261,588	74,289	12,685	(277,463)	427,721
Gaming Products	250,770	200,792	19,208	-	(213,560)	257,210
Others	91,967	145,084	29,682	(4,749)	(24,797)	237,187
Net sales revenue	1,341,646	894,597	155,375	37,199	(712,504)	1,716,313
Originating from the transfer of labor services over time:						
Other Operating revenue	11,478	2,598	2,205	94	(9,638)	6,737
Total	$1,353,124	$ 897,195	$ 157,580	$ 37,293	($ 722,142)	$1,723,050

	For the Nine months ended September 30, 2023					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Originating from transfer at a point in time:						
IOT Products	$1,606,414	$ 680,064	$ 112,888	$ 64,107	($ 479,191)	$1,984,282
Intelligent Design-in Service Products	1,266,497	666,032	484,560	41,861	(968,656)	1,490,294
Gaming Products	618,643	526,237	91,436	51	(494,387)	741,980
Others	182,835	523,638	188,204	27,022	(76,392)	845,307
Net sales revenue	3,674,389	2,395,971	877,088	133,041	(2,018,626)	5,061,863
Originating from the transfer of labor services over time:						
Other Operating revenue	24,712	4,071	8,551	366	(20,817)	16,883
Total	$3,699,101	$2,400,042	$ 885,639	$ 133,407	($2,039,443)	$5,078,746

	For the Nine months ended September 30, 2022					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Originating from transfer at a point in time:						
IOT Products	$1,582,422	$ 711,252	$ 97,730	$ 89,847	($ 494,601)	$1,986,650
Intelligent Design-in Service Products	1,064,239	846,215	189,399	36,656	(821,658)	1,314,851
Gaming Products	723,978	593,392	40,949	2	(637,978)	720,343
Others	222,099	485,777	88,579	17,676	(51,241)	762,890
Net sales revenue	3,592,738	2,636,636	416,657	144,181	(2,005,478)	4,784,734
Originating from the transfer of labor services over time:						
Other Operating revenue	40,816	7,770	7,549	184	(37,659)	18,660
Total	$3,633,554	$2,644,406	$ 424,206	$ 144,365	($2,043,137)	$4,803,394

B. Contract liabilities

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

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract liabilities				
Contract liabilities-Advance sales receipt	$ 82,581	$ 76,941	$ 144,058	$ 92,336

The revenue recognized from the beginning balance of contract liability:

	For the Nine months ended September 30,	
	2023	2022
The revenue recognized from the beginning balance of contract liability.	$ 57,626	$ 79,577

(24) Interest income

	For the Three months ended September 30, 2023	2022
Interest on Bank deposit:	$ 6,710	$ 1,124
Other interest income	946	322
Total	$ 7,656	$ 1,446

	For the Nine months ended September 30, 2023	2022
Interest on Bank deposit:	$ 17,169	$ 1,752
Other interest income	974	422
Total	$ 18,143	$ 2,174

(25) Other income

	For the Three months ended September 30, 2023	2022
Rental revenue	$ 863	$ 862
Other income	3,065	9,694
Total	$ 3,928	$ 10,556

	For the Nine months ended September 30, 2023	2022
Rental revenue	$ 2,589	$ 2,586
Government grants revenue	-	2,833
Other income	6,771	15,165
Total	$ 9,360	$ 20,584

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 $2,833 as other income in the nine months ended September 30, 2022.

(26) Other gains and losses

	For the Three months ended September 30, 2023	For the Three months ended September 30, 2022
Foreign exchange gains	$ 50,060	$ 32,068
Gain on financial assets at fair value through profit or loss	240	-
Gains on disposal of investments	214	7
Gains(losses) on disposal of property, plant and equipment	144	(25)
Gains on lease modification	58	-
Depreciation expense from investment property	(123)	(124)
Other losses	(6)	(2)
Total	$ 50,587	$ 31,924

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2022
Foreign exchange gains	$ 64,225	$ 59,468
Gain on financial assets at fair value through profit or loss	240	-
Gains on disposal of investments	228	11
Gains(losses) on disposal of property, plant and equipment	211	(25)
Gains on lease modification	36	-
Direct operating expenses arising from investment property	(86)	(112)
Depreciation expense from investment property	(371)	(372)
Other losses	(50)	(45)
Total	$ 64,433	$ 58,925

(27) Finance costs

	For the Three months ended September 30, 2023	For the Three months ended September 30, 2022
Interest expense		
Bank borrowings	$ 1,846	$ 1,938
Lease liabilities	1,800	655
Convertible bonds payable	1,182	-
Other	2	1
Total	$ 4,830	$ 2,594

	For the Nine months ended September 30,			
	2023		2022	
Interest expense				
Bank borrowings	$	6,975	$	4,262
Lease liabilities		5,165		2,045
Convertible bonds payable		1,182		-
Other		7		3
Total	$	13,329	$	6,310

(28) Expenses by nature

	For the Three months ended September 30, 2023					
	Operating costs		Operating expenses		Total	
Employee benefit expense	$	80,667	$	269,234	$	349,901
Depreciation- property, plant and equipment		3,091		9,925		13,016
Depreciation-right of use assets		3,089		10,164		13,253
Amortization		88		5,353		5,441
Total	$	86,935	$	294,676	$	381,611

	For the Three months ended September 30, 2022					
	Operating costs		Operating expenses		Total	
Employee benefit expense	$	40,252	$	289,988	$	330,240
Depreciation- property, plant and equipment		4,266		9,220		13,486
Depreciation-right of use assets		2,524		7,925		10,449
Amortization		93		5,355		5,448
Total	$	47,135	$	312,488	$	359,623

	For the Nine months ended September 30, 2023				
	Operating costs		Operating expenses		Total
Employee benefit expense	$	218,283	$	793,967	$ 1,012,250
Depreciation- property, plant and equipment		8,743		28,843	37,586
Depreciation-right of use assets		12,752		30,724	43,476
Amortization		274		16,646	16,920
Total	$	240,052	$	870,180	$ 1,110,232

	For the Nine months ended September 30, 2022					
	Operating costs		Operating expenses		Total	
Employee benefit expense	$	122,337	$	830,774	$	953,111
Depreciation- property, plant and equipment		13,076		26,587		39,663
Depreciation-right of use assets		7,569		23,539		31,108
Amortization		279		14,996		15,275
Total	$	143,261	$	895,896		$ 1,039,157

(29) Employee benefit expense

	For the Three months ended September 30,	
	2023	2022
Wages and salaries	$ 307,195	$ 288,490
Labor and health insurance fees	24,812	23,172
Pension costs	9,065	8,469
Compensation cost of employee stock options	1,279	2,663
Other employee benefit expense	7,550	7,446
Total	$ 349,901	$ 330,240

	For the Nine months ended September 30,	
	2023	2022
Wages and salaries	$ 883,008	$ 828,485
Labor and health insurance fees	74,847	68,112
Pension costs	27,416	25,809
Compensation cost of employee stock options	4,190	9,667
Other employee benefit expense	22,789	21,038
Total	$ 1,012,250	$ 953,111

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 three months and nine months ended September 30, 2023 and 2022, employees' compensation was accrued at $18,375, $14,246, $52,375 and $41,977, respectively; while directors' remuneration was accrued at $2,872, $1,804, $7,702 and $4,725, respectively. The aforementioned amounts were recognized in salary expenses.
In 2023, the pre-tax net profit for the nine months was deducted from the employee's compensation and the benefits before the director's remuneration were estimated at 6.73% and 0.99% 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.

(30) Income tax

A. Income tax expense

(A) Components of income tax expense:

	For the Three months ended September 30, 2023	For the Three months ended September 30, 2022
Current tax		
Current tax on profits for the year	$ 82,148	$ 57,421
Total current tax	$ 82,148	$ 57,421

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2022
Current tax		
Current tax on profits for the year	$ 208,408	$ 136,675
Tax on undistributed earnings	3,898	1,758
Adjustments in respect of prior years	(1,946)	(6,902)
Total current tax	$ 210,360	$ 131,531

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

	For the Three months ended September 30, 2023	For the Three months ended September 30, 2022
Currency translation differences of foreign operations	($ 7,729)	($ 11,478)

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2022
Currency translation differences of foreign operations	($ 11,769)	($ 21,588)

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

(31) Earnings per share

	For the Three months ended September 30, 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	$ 227,089	101,337	$ 2.24
Diluted earnings per share Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	638	
Employee stock option	-	1,587	
Convertible bonds payable	945	3,042	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 228,034	106,604	$ 2.14

	For the Three months ended September 30, 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	$ 192,973	99,376	$ 1.94
Diluted earnings per share Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	888	
Employee stock option	-	1,251	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 192,973	101,515	$ 1.90

	For the Nine months ended September 30, 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	$ 572,054	101,059	$ 5.66
Diluted earnings per share Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	790	
Employee stock option	-	1,711	
Convertible bonds payable	945	1,025	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 572,999	104,585	$ 5.48

	For the Nine months ended September 30, 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	$ 406,946	99,260	$ 4.10
Diluted earnings per share Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,045	
Employee stock option	-	1,282	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 406,946	101,587	$ 4.01

(32) Supplemental cash flow information

Partial cash paid for investing activities

	For the Nine months ended September 30,	
	2023	2022
Purchase of property, plant and equipment	$ 178,910	$ 43,044
Add: Beginning balance of payable on equipment	18,538	8,962
Add: Ending balance of Prepayments for business facilities	20,184	2,174
Less: Ending balance of payable on equipment	(26,960)	(2,972)
Less: Beginning balance of Prepayments for business facilities	(3,680)	(1,222)
Cash paid during the year	$ 186,992	$ 49,986

(33) 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)	(39,648)	848,003	113,694
Payment of interest (Note)	-	(5,165)	(3,319)	(3,319)
Impact of changes in foreign exchange rate	-	7,628	-	7,628
Other changes in non-cash items	-	25,816	(90,540)	(64,724)
At September 30, 2023	$ 0	$ 184,130	$ 757,463	$ 941,593

	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	333,000	(1,125)	(30,161)	301,714
Payment of interest (Note)	-	-	(2,045)	(2,045)
Impact of changes in foreign exchange rate	-	8,029	7,215	15,244
Other changes in non-cash items	-	-	9,570	9,570
At September 30, 2022	$ 707,000	$ 61,921	$ 115,029	$ 883,950

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 Corp oration.	"
UNI	Associate

(2) Significant related party transactions and balances

A. Purchase

	For the Three months ended September 30,	
	2023	2022
Purchase of goods		
Entity with Significant Influence on the Group	$ 3,853	$ 8,646

	For the Nine months ended September 30,	
	2023	2022
Purchase of goods		
Entity with Significant Influence on the Group	$ 28,504	$ 28,825

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

B. Account payables-related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Payables to related parties			
Advantech Co., Ltd.	$ 3,015	$ 4,450	$ 4,362
Advanixs Corporation.	479	2,934	1,627
Total	$ 3,494	$ 7,384	$ 5,989

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

	For the Three months ended September 30,	
	2023	2022
Short-term employee benefits	$ 48,261	$ 38,430
Post-employment compensation	705	1,565
Share-based payment	291	364
Total	$ 49,257	$ 40,359

	For the Nine months ended September 30,	
	2023	2022
Short-term employee benefits	$ 112,658	$ 99,655
Post-employment compensation	2,147	4,972
Share-based payment	870	1,087
Total	$ 115,675	$ 105,714

8. PLEDGED ASSETS

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

	Book value			
Asset type	September 30, 2023	December 31, 2022	September 30, 2022	Use of pledge
Time deposits (recorded as'financial assets at amortized cost')	$ -	$ 3,000	$ -	Performance guarantee
Land	-	-	77,630	Long-term borrowings
Building	-	-	23,989	〃
	$ -	$ 3,000	$ 101,619	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingency

None.

(2) Commitments:

Capital expenditures contracted but not yet incurred:

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	$ 39,838	$ 121,224	$ 11,436
Intangible assets	4,317	1,036	9,352
Total	$ 44,155	$ 122,260	$ 20,788

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets			
Financial assets at fair value through profit or loss	$ 640	$ -	$ -
Financial assets at amortized cost	2,288,433	1,834,925	1,612,381
	$ 2,289,073	$ 1,834,925	$ 1,612,381

	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities			
Financial Liabilities at amortized cost	$ 1,821,375	$ 1,760,434	$ 1,860,078
Lease liabilities	184,130	195,499	115,029
	$ 2,005,505	$ 1,955,933	$ 1,975,107

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, EUR, 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:

	September 30, 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	$ 32,553	32.28	$1,050,811	1%	$ 8,406
USD : EUR	7,693	0.95	248,045	1%	1,984
RMB : NTD	3,991	4.41	17,600	1%	141
EUR : NTD	466	33.94	15,816	1%	127
Financial liabilities					
Monetary items					
USD : NTD	$ 9,891	32.28	$ 319,281	1%	$ 2,554

	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

	September 30, 2022				
				Sensitivity analysis	
	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign Currency: Functional currency)					
Financial assets					
Monetary items					
USD : NTD	$ 15,181	31.77	$ 482,300	1%	$ 3,858
RMB : NTD	7,383	4.47	33,002	1%	264
USD : EUR	1,588	1.02	50,618	1%	405
Financial liabilities					
Monetary items					
USD : NTD	$ 10,863	31.77	$ 345,118	1%	$ 2,761

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 three months and nine months ended September 30, 2023 and 2022, amounted to gains of $50,060, $32,068, $64,225 and $59,468, 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 September 30, 2023, December 31, 2022 and September 30, 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 September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix is as follows:

September 30, 2023	Not overdue	Overdue 1 ~ 90 days	Overdue 91 ~ 180 days	Overdue 181 ~ 270 days
Expected loss rate	0.06%-0.42%	0.06%-1.16%	0.06%-49.38%	0.06%-100%
Total book value	$ 715,074	$ 83,793	$ 6,510	$ 903
Loss allowance	$ 795	$ 647	$ 644	$ 734

September 30, 2023	Overdue 271 ~ 360 days	Overdue More than 360 days	Total
Expected loss rate	97.32%-100%	100%	
Total book value	$ 69	$ 894	$ 807,243
Loss allowance	$ 67	$ 894	$ 3,781

December 31, 2022	Not overdue	Overdue 1 ~ 90 days	Overdue 91 ~ 180 days	Overdue 181 ~ 270 days
Expected loss rate	0.06%-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

September 30, 2022	Not overdue	Overdue 1 ~ 90 days	Overdue 91 ~ 180 days	Overdue 181 ~ 270 days
Expected loss rate	0.05%-0.27%	0.05%-0.99%	0.05%-36.85%	48.23%-71.61%
Total book value	$ 639,158	$ 116,701	$ 1,445	$ 181
Loss allowance	$ 603	$ 873	$ 272	$ 95

September 30, 2022	Overdue 271 ~ 360 days	Overdue More than 360 days	Total
Expected loss rate	100%	100%	
Total book value	$ 155	$ 1,764	$ 759,404
Loss allowance	$ 155	$ 1,763	$ 3,761

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

	September 30, 2023		December 31, 2022		September 30, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	$ 690,894	$ 24,180	$ 657,314	$ 17,620	$ 613,785	$ 25,373
within 90 days	83,793	-	87,081	-	116,701	-
91 ~ 180 days	6,510	-	2,463	-	1,445	-
More than 181 days	1,866	-	1,282	-	2,100	-
	$ 783,063	$ 24,180	$ 748,140	$ 17,620	$ 734,031	$ 25,373

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:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 2,888	$ 4,840
Recognition in impairment loss	681	(1,372)
Reversal of impairment loss	-	(3)
Impact of foreign exchange rate	212	296
At September 30	$ 3,781	$ 3,761

(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.

September 30, 2023 Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	$ 55,326	$ 51,810	$ 82,850	$ 8,547	$ 198,533
Corporate bonds payable	$ -	$ -	$800,000	$ -	$ 800,000

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

September 30, 2022 Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Long-term borrowings (including current portion)	$ 3,441	$ 3,456	$ 61,915	$ -	$ 68,812
Lease liabilities	$ 37,298	$ 25,212	$ 45,934	$ 12,317	$ 120,761

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.

	September 30, 2023			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:		0.05%-100%	100%	
Corporate bonds payable	$ 757,463	$ -	$ 760,491	$ -

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:

September 30, 2022	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	$ -	$ -	$ 640	$ 640

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

E. For the nine months ended September 30, 2023 and 2022, there was no evaluation of the transfer between levels.

F. The following chart is the movement of Level 3 for the nine months ended September 30, 2023

	2023
	Accounts receivable
At January 1	$ -
Recognition in profit (loss)	
Other gains and losses	240
Issued in this issue	400
At September 30	$ 640

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 September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bond – call provision	$ 640	Binomial tree pricing model	Volatility	37.26%	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: table 2.
E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
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 3.
H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.
I. Trading in derivative instruments undertaken during the reporting periods: None.
J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.
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 5.

(4) Information on investees

Basic information: Please refer to table 8.

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

	For the Nine months ended September 30, 2023					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Income from external customers	$ 1,675,757	$ 2,400,005	$ 877,495	$ 125,489	$ -	$ 5,078,746
Interest income	18,022	-	-	121	-	18,143
Other income	6,351	35	1,529	1,445	-	9,360
Inter-departmental income	2,023,344	37	8,157	7,919	(2,039,457)	-
Total income	$ 3,723,474	$ 2,400,077	$ 887,181	$ 134,974	($ 2,039,457)	$ 5,106,249
Interest expense	8,217	3,453	1,410	249	-	13,329
Depreciation & Amortization	51,425	30,170	9,924	5,105	1,729	98,353
Income tax expenses	146,250	25,501	39,135	10	(536)	210,360
Department Income	572,054	88,818	110,782	(6,711)	(192,889)	572,054
Assets						
Non-current assets capital expenditure	181,427	13,073	1,012	217	-	195,729
Department's Assets	6,151,824	1,615,739	683,872	148,938	(1,904,969)	6,695,404
Department's Liabilities	2,073,208	615,680	275,591	46,825	(394,516)	2,616,788

Adjustments & Sales balance

(1) Total sales from the departments should be net of inter-departmental revenue was $2,039,457.

(2) Amortization $1,729 and Income tax expenses $536 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 $192,889

(4) Department assets of $1,904,969 and liabilities of $394,516 arising from inter-departmental transactions should be reported and eliminated in the preparation of the consolidated financial statements.

	For the Nine months ended September 30, 2022					
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Income from external customers	$ 1,612,530	$ 2,644,327	$ 416,956	$ 129,581	$ -	$ 4,803,394
Interest income	1,721	-	313	140	-	2,174
Other income	13,238	1,978	4,047	1,321	-	20,584
Inter-departmental income	2,021,024	79	7,304	14,782	(2,043,189)	-
Total income	$ 3,648,513	$ 2,646,384	$ 428,620	$ 145,824	($ 2,043,189)	$ 4,826,152
Interest expense	3,144	2,149	682	335	-	6,310
Depreciation & Amortization	57,397	14,563	7,557	5,172	1,729	86,418
Income tax expenses	95,976	32,191	3,773	127	(536)	131,531
Department Income	406,946	86,356	12,567	(4,028)	(94,895)	406,946
Assets						
Non-current assets capital expenditure	57,070	2,446	490	413	-	60,419
Department's Assets	5,325,925	1,616,842	454,749	170,615	(1,719,468)	5,848,663
Department's Liabilities	2,004,805	749,719	189,108	58,079	(474,167)	2,527,544

Adjustments & Sales balance

(1) Total sales from the departments should be net of inter-departmental revenue was $2,043,189.

(2) Amortization $1,729 and Income tax expenses $536 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 $94,895

(4) Department assets of $1,719,468 and liabilities of $474,167 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.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the nine months ended September 30, 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 September 30, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 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	$ 407,862	USD 2,000	-	-	-	-	2,039,308	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 nine months ended September 30, 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 September 30, 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	-	-	-	-	20,218,742	294,000	20,218,742	294,228	294,000	228	-	-

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. 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 nine months ended September 30, 2023

Table 3

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	$ 1,256,639	24.74%	Monthly 45 ~ 90 days	-	-	$ 262,589	32.68%	
AXIOMTEK CO., LTD.	AXGM	The Company's subsidiaries are stated as follows:	Sale	661,903	13.03%	Monthly 45 days	-	-	98,343	12.24%	

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

September 30, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Balance as at September 30, 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	$ 262,589	4.99	-	-	$ 89,864	-

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 nine months ended September 30, 2023

Table 5

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.	AXUS	1	Sales revenue	$ 1,256,639	same as that applicable to the general customer receivables collection as per for the average customer, 45 - 90 days	24.74%
0	AXIOMTEK CO., LTD.	AXGM	1	Sales revenue	661,903	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	13.03%
0	AXIOMTEK CO., LTD.	AXSZ	1	Sales revenue	53,322	same as that applicable to the general customer receivables collection for the general customer 75 days; 45 - 75 days with slight delay	1.05%
0	AXIOMTEK CO., LTD.	AXIT	1	Sales revenue	51,479	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	1.01%
	AXIOMTEK CO., LTD.	AXUS	1	Accounts receivable	262,589		3.92%
0	AXIOMTEK CO., LTD.	AXGM	1	Accounts receivable	98,343		1.47%
	AXIOMTEK CO., LTD.	AXSZ	1	Accounts receivable	21,036		0.31%

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.

Note 6: Accounts payable for purchasing goods through an agent.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Information on investees

For the nine months ended September 30, 2023

Table 6

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 September 30, 2023			Net profit (loss) of the investee for the year ended September 30, 2023 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended September 30, 2023 (Note 2(3))	Remark
				Balance as at September 30, 2023	Balance as at September 30, 2022	Number of shares	Ownership	Book value			
AXIOMTEK CO., LTD.	AXUS	U.S.A.	Industrial computer and Embedded Board assemble, trading, post-sales service	$ 208,240	$ 208,240	23,418	100.00	$ 916,780	$ 88,818	$ 88,818	
〃	AXGM	Germany	Industrial computer and Embedded Board assemble, trading, post-sales service	19,941	19,941	(註 3)	100.00	307,583	105,884	105,884	
〃	AXBVI	British Virgin Islands	Holding company	156,650	156,650	5,000	100.00	86,835	(6,730)	(6,643)	
〃	AXUK	United Kingdom	Industrial computer and Embedded Board trading, post-sales service	8,615	8,615	180,000	100.00	11,409	2,394	2,394	
〃	AXJP	Japan	Industrial computer and Embedded Board trading, post-sales service	8,235	8,235	600	100.00	7,398	19	19	
	AXIT	Italy	Industrial computer and Embedded Board trading, post-sales service	56,068	56,068	(註 3)	100.00	34,458	2,505	1,312	
〃	UNI	Taiwan	Automation equipment system set-up and development	29,000	29,000	1,450,000	26.70	13,834	(5,414)	(3,183)	

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 September 30, 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 nine months ended September 30, 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 nine months ended September 30’ 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 nine months ended September 30, 2023

Table 7

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 nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2023 (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
AXSZ	Industrial computer and Embedded Board manufacturing, trading, post-sales service	NT$131,819 (USD4,207)	Note 1(2)	NT$ 131, 819 (USD 4,207)	$ -	$ -	NT$ 135,819 (USD 4,207)	($ 6,696)	100.00	($ 6,696)	$ 94,336	$ -	

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=32.284 on September 30, 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 September 30, 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	$ 135,819 USD 4,207	USD 4,223	$ 2,447,170

Table 8

AXIOMTEK CO., LTD.
Major shareholders information
September 30, 2023

Name of major shareholders \ Shares	Name of shares held	Ownership (%)
Advantech	25,542,984	27.68%

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.