AXIOMTEK CO., LTD.

Parent Company Only Financial Statements for the Years ended December, 2023 and 2022 and Independent Auditors’ Report

(Stock Code:3088)

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<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.

2023 Independent Auditors' Report

(Parent Company Only Financial Statements)

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

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in order to comply with the Regulations Governing the Preparations of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Existence and Occurrence of Sales of Goods

Description

Please refer to Note 4(31) for accounting policy on revenue recognition and Note 6(20) for details of operating revenue.

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

How our audit addressed the matter

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

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

Allowance for Inventory Valuation Losses

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses and Note 6(4) for details of inventories. As at December 31, 2023, the Company's inventories and allowance for inventory valuation losses amounted to NT$1,169,566 thousand and NT$75,000 thousand, respectively.

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

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

How our audit addressed the matter

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

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

Other Matter- Audit by the Other Independent Accountants

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under the equity method amounted to NT $231,507 thousand constituting 4.15% of total assets as of December 31, 2022, respectively, and other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to NT$22,384 thousand constituting 3.26% of total comprehensive income for the years ended December 31, 2022, respectively. The financial statements of these investments accounted for under the equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in order to comply with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the Parent Company Only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Po-Chuan   Wu, Han-Chi

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	Assets	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,084,067	17	$ 774,147	14
1110	Financial assets at fair value through profit or loss - current	6(2)	720	-	-	-
1136	Financial assets at amortized cost – current	6(1) and 8	10,000	-	3,000	-
1150	Notes receivable	6(3)	2,961	-	5,583	-
1170	Accounts receivable	6(3)	114,084	2	185,940	3
1180	Accounts receivable – related parties	6(3) and 7	249,168	4	449,061	8
1200	Other receivables		25,985	1	25,551	1
1210	Other receivables – related parties	7	-	-	104	-
1220	Current income tax assets		541	-	541	-
130X	Inventories	6(4)	1,094,566	17	1,123,561	20
1410	Prepayments		14,001	-	16,800	-
1470	Other current assets		244	-	434	-
11XX	Total current assets		2,596,337	41	2,584,722	46
	Non-current assets					
1550	Investments accounted for under equity method	6(5)	1,451,326	23	1,220,085	22
1600	Property, plant and equipment	6(6)	2,141,516	34	1,639,967	29
1755	Use rights assets	6(7)	4,882	-	7,936	-
1760	Investment property	6(9)	37,488	1	37,983	1
1780	Intangible assets	6(10)	30,381	-	33,560	1
1840	Deferred income tax assets	6(27)	67,495	1	52,675	1
1920	Refundable deposits		1,973	-	8,072	-
15XX	Total non-current assets		3,735,061	59	3,000,278	54
1XXX	Total Assets		$ 6,331,398	100	$ 5,585,000	100

(Continued)

The accompanying notes are an integral part of the parent company only financial statements.

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	Liabilities and Equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ -	-	$ 635,300	11
2130	Contract liabilities - current	6(20)	58,460	1	66,657	1
2150	Notes payables		-	-	1,350	-
2170	Accounts payable		410,116	7	596,615	11
2180	Accounts payable – related parties	7	9,634	-	17,495	-
2200	Other payables	6(12)	439,967	7	308,537	6
2230	Current income tax liabilities		172,590	3	170,401	3
2250	Provisions for liabilities - current		1,361	-	1,539	-
2280	Lease liabilities-current portion		2,178	-	7,302	-
2399	Other current liabilities		2,851	-	3,198	-
21XX	**Total current liabilities**		1,097,157	18	1,808,394	32
	Non-current liabilit					
2530	Corporate bonds payable	6(13)	760,924	12	-	-
2560	Income tax liabilities- non current		-	-	8,913	-
2570	Deferred income tax liabilities	6(27)	232,571	4	180,464	3
2580	Lease liabilities-non current		2,869	-	229	-
2640	Accrued pension liabilities	6(14)	33,740	-	32,385	1
2645	Guarantee deposit received		603	-	763	-
25XX	**Total non-current liabilities**		1,030,707	16	222,754	4
2XXX	**Total liabilities**		2,127,864	34	2,031,148	36
	Equity attributable to shareholders of the parent					
	Share capital					
3110	Ordinary shares	6(16)	1,015,374	16	910,235	16
3140	Advance receipts for share capital		3,370	-	13,079	-
	Capital surplus	6(17)				
3200	Capital surplus		685,203	10	633,715	12
	Retained earnings	6(18)				
3310	Legal reserve		676,932	11	615,504	11
3320	Special reserve		4,280	-	76,627	1
3350	Unappropriated retained earnings		1,816,483	29	1,308,972	24
	Other equity	6(19)				
3400	Other equity		(1,892	-	(4,280)	-
3XXX	**Total equity**		4,203,534	66	3,553,852	64
	Significant commitment and contingent item	9				
	Significant events after the balance sheet date	11				
3X2X	**Total Liabilities and Equity**		$ 6,331,398	100	$ 5,585,000	100

The accompanying notes are an integral part of the parent company only financial statements.

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Items	Notes	Year ended December 31			
			2023		2022	
			Amount	%	Amount	%
4000	**Operating revenue**	6(20) and 7	$ 4,608,852	100	$ 5,082,224	100
5000	**Operating costs**	6(4), (25) , (26) and 7	(3,062,447)	(67)	(3,586,613)	(71)
5900	**Gross profit**		1,546,405	33	1,495,611	29
5910	Unrealized gain from sale	6(5)	(154,885)	(3)	(121,217)	(2)
5920	Realized gain from sale		121,217	3	81,600	2
5950	**Net gross profit**		1,512,737	33	1,455,994	29
	Operating expenses	6(25) and (26)				
6100	Selling expenses		(130,478)	(3)	(123,108)	(3)
6200	General and administrative expenses		(189,365)	(4)	(193,426)	(4)
6300	Research and development expenses		(577,856)	(13)	(567,638)	(11)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	51	-	(75)	-
6000	**Total operating expenses**		(897,648)	(20)	(884,247)	(18)
6900	**Operating profit**		615,089	13	571,747	11
	Non-operating income and expenses					
7100	Interest income	6(21)	29,131	1	5,442	-
7010	Other income	6(22)	24,441	1	33,571	1
7020	Other gains and losses	6(23)	4,084	-	24,680	1
7050	Finance costs	6(24)	(11,908)	-	(5,637)	-
7070	Share of profit of associates and joint ventures accounted for under equity method	6(5)	254,265	5	119,112	2
7000	**Total non-operating income and expenses**		300,013	7	177,168	4
7900	**Profit before income tax**		915,102	20	748,915	15
7950	Income tax expenses	6(27)	(187,478)	(4)	(146,278)	(3)
8200	**Net Income**		$ 727,624	16	$ 602,637	12
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plan	6(14)	($ 2,352)	-	$ 12,778	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(5)	(76)	-	1,425	-
8349	Income tax relating to components of other comprehensive income	6(27)	470	-	(2,556)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		7,715	-	90,434	2
8399	Income tax relating to the components of other comprehensive income	6(27)	(1,543)	-	(18,087)	-
8300	**Other comprehensive income (loss) for the year**		$ 4,214	-	$ 83,994	2
8500	**Total Comprehensive Income**		$ 731,838	16	$ 686,631	14
9750	**Basic earnings per share**	6(28)	$	7.19	$	6.06
9850	**Diluted earnings per share**	6(28)	$	6.86	$	5.93

The accompanying notes are an integral part of the parent company only financial statements.

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Share capital		Capital surplus	Retained earnings			Other equity	Total equity
		Ordinary share	Advance receipts for share capital		Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	
Year 2022									
Balance at January 1, 2022		$ 884,829	$ 75,094	$ 533,041	$ 576,846	$ 38,974	$ 1,046,116	($ 76,627)	$ 3,078,273
Profit for the year		-	-	-	-	-	602,637	-	602,637
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	-	11,647	72,347	83,994)
Total comprehensive income		-	-	-	-	-	614,284	72,347	686,631
Appropriations of 2021 earnings									
Legal reserve	6(18)	-	-	-	38,658	-	(38,658)	-	-
Reversal of special reserve	6(18)	-	-	-	-	37,653	(37,653)	-	-
Cash dividends	6(18)	-	-	-	-	-	(275,117)	-	(275,117)
Share-based payments		8,910	13,079	30,191	-	-	-	-	52,180
Compensation cost of share-based payments		-	-	11,829	-	-	-	-	11,829
Conversion of convertible bonds		16,496	(75,094)	58,598	-	-	-	-	-
Change in Capital Surplus-others		-	-	56	-	-	-	-	56
Balance at December 31, 2022		$ 910,235	$ 13,079	$ 633,715	$ 615,504	$ 76,627	$ 1,308,972	($ 4,280)	$ 3,553,852
Year 2023									
Balance at January 1, 2023		$ 910,235	$ 13,079	$ 633,715	$ 615,504	$ 76,627	$ 1,308,972	($ 4,280)	$ 3,553,852
Profit for the year		-	-	-	-	-	727,624	-	727,624
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	-	(1,958)	6,172	4,214
Total comprehensive income		-	-	-	-	-	725,666	6,172	731,838
Appropriations of 2022 earnings									
Legal reserve	6(18)	-	-	-	61,428	-	(61,428)	-	-
Special reserve	6(18)	-	-	-	-	(72,347)	72,347	-	-
Cash dividends	6(18)	-	-	-	-	-	(229,074)	-	(229,074)
Stock dividends from capital surplus	6(18)	91,629	-	(91,629)	-	-	-	-	-
Share-based payments		13,510	(9,815)	46,638	-	-	-	-	50,333
Compensation cost of share-based payments		-	-	5,338	-	-	-	-	5,338
Issue of convertible bonds	6(13)	-	-	87,971	-	-	-	-	87,971
Conversion of convertible bonds		-	106	(11)	-	-	-	-	95
Capital surplus, changes in equity of investment accounted for using equity method		-	-	3,006	-	-	-	-	3,006
Change in Capital Surplus-others		-	-	175	-	-	-	-	175
Balance at December 31, 2023		$1,015,374	$ 3,370	$ 685,203	$ 676,932	$ 4,280	$ 1,816,483	$ 1,892	$ 4,203,534

The accompanying notes are an integral part of the parent company only financial statements.

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 915,102	$ 748,915
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6), (7) and (25)	53,442	61,666
Depreciation from investment Property	6(9) and (23)	495	496
Amortization	6(10) and (25)	16,894	15,067
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	(51)	75
Gain on financial assets at fair value through profit or loss	6(23)	(320)	-
Interest expense	6(24)	11,908	5,637
Interest income	6(21)	(29,131)	(5,442)
Compensation cost of share-based payments	6(15) and (26)	4,215	9,380
Share of profit of associates and joint ventures accounted for under equity method	6(5)	(254,265)	(119,112)
Gain on disposal of property, plant and equipment	6(23)	(273)	-
Gain on disposal of investments	6(23)	(493)	(11)
Gain on lease modification	6(23)	(2)	-
Impairment loss on other assets	6(23)	-	2,000
Unrealized profit from sales		33,668	39,617
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		493	11
Notes receivable		2,622	(17)
Accounts receivable (including related parties)		271,800	(124,730)
Other receivables (including related parties)		4,821	8,351
Inventories		28,995	(181,178)
Prepayments		2,799	(2,905)
Other current assets		190	162
Changes in liabilities relating to operating activities			
Contract liabilities		(8,197)	(9,505)
Notes payables		(1,350)	675
Accounts payable (including related parties)		(194,360)	(78,718)
Other payables		(27,032)	12,124
Other current assets		(347)	906
Accrued pension liabilities		(997)	(1,295)
Cash inflow (outflow) generated from operations		830,626	382,169
Receipt of interest		25,103	3,660
Payment of interest		(7,416)	(5,468)
Payment of income tax		(156,950)	(79,444)
Net cash flows from operating activities		691,363	300,917

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AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in Financial assets at amortized cost		($ 7,000)	($ 3,000)
Acquisition of property, plant and equipment	6(29)	(391,316)	(132,650)
Proceeds from disposal of equipment		401	34
Acquisition of intangible assets	6(10)	(12,293)	(20,736)
Increase in refundable deposits		3,071	(40)
Net cash flows used in investing activities		(407,137)	(156,392)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short -term borrowings		3,383,200	4,505,600
Redemption of short -term borrowings		(4,018,500)	(4,244,300)
Issue of convertible bonds		848,003	-
Payment of cash dividends	6(13) (30)	(229,074)	(275,117)
Proceeds from exercise of employee stock options	6(18)	50,333	52,180
Decrease in refundable deposits		(160)	-
Payment of lease liabilities	6 (30)	(8,283)	(16,029)
Proceeds from disposal of employee stock ownership trust		175	56
Net cash flows provided by financing activities		25,694	22,390
Increase in cash and cash equivalents		309,920	166,915
Cash and cash equivalents at beginning of year		774,147	607,232
Cash and cash equivalents at end of year		$ 1,084,067	$ 774,147

The accompanying notes are an integral part of the parent company only financial statements.

AXIOMTEK CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

1. ORGANIZATION AND OPERATIONS

Axiomtek Co., Ltd. (hereinafter referred to as "the Company" or "Axiomtek") was incorporated in the Republic of China (R.O.C) in May 1990 and the Company's common shares were officially listed on the Taipei Exchange on April 28, 2005. The Company is mainly engaged in designing, manufacturing and sales of PC-based industrial computer products and peripherals. The Company 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 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of Exchangeability’	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

These separate financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only 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 Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:
   (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (B) Assets held mainly for trading purposes;
   (C) Assets that are expected to be realized within twelve months from the balance sheet date;
   (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:
   (A) Liabilities that are expected to be paid off within the normal operating cycle;
   (B) Liabilities arising mainly from trading activities;
   (C) Liabilities that are to be paid off within twelve months from the balance sheet date;
   (D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(5) 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.

(6) 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.

(7) Financial assets measured at amortized costs

The Company’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.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company 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.

(9) 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 Company 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 Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) 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.

(12) 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.

(13) Investments accounted for under equity method

A. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company 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.

B. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.

D. When the Company loses control of a subsidiary, the Company 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 all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified to profit or loss.

E. Associates are all entities over which the Company 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% 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.

F. The Company'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 Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.

H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.

I. When the Company 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.

J. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the parent company only financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the parent company only financial statements.

(14) 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

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

Buildings	10 - 50 years
Machinery	2 - 21 years
Tools	2 - 6 years
Testing equipment	2 - 11 years
Office Equipment	3 - 15 Years
Leasehold improvements	2 - 10 Years
Other equipment	2 - 10 Years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. 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 Company 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.

(16) Investment property

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

(17) Intangible assets

A. Trademark

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

B. Computer software
Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 5 years.

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

(18) Impairment of non-financial assets

A. The Company 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 group 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.

(19) 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.

(20) 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.

(21) 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.

(22) 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.

(23) 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.

(24) 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.

(25) Provisions for liabilities

Provisions are recognized when the Company 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.

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the Company 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 Company 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 Company uses interest rates of government bonds (at the balance sheet date) instead.

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

(C) Employees’ compensation and directors’ remuneration

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

(27) 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.

(28) 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 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 Company 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.

(29) Share Capital

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

(30) 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.

(31) Revenue recognition

A. Sales of goods

(A) The Company 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 Company 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 Company'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. Acquisition of customer contract costs

Although the incremental costs incurred by the Company to obtain a customer contract are expected to be recoverable, the relevant contract period is less than leap year, so these costs are recognized as expenses when incurred.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2023, the carrying amount of inventories was $1,094,566.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 511	$ 539
Checking accounts and demand deposits	321,849	284,971
Time deposits	761,707	488,637
	$ 1,084,067	$ 774,147

A. The Company 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. 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 Company has no cash and cash equivalents pledged to others.

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

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

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

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

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

	December 31, 2023	December 31, 2022
Notes receivable	$ 2,961	$ 5,583
Less: Loss allowance	-	-
	$ 2,961	$ 5,583
Accounts receivable	$ 114,146	$ 186,053
Accounts receivable - related parties	249,168	449,061
Less: Loss allowance	(62)	(113)
	$ 363,252	$ 635,001

A. Information relating to the ageing analysis of accounts receivable that were past due is provided in Note 12(2).
B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $515,950.
C. The Company does not hold financial assets as security for accounts receivable.
D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	$ 561,945	($ 61,320)	$ 500,625
Work in progress	116,513	-	116,513
Semi-finished goods	32,654	(3,606)	29,048
Finished goods	458,454	(10,074)	448,380
Total	$ 1,169,566	($ 75,000)	$ 1,094,566

	December 31, 2022		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	$ 672,893	($ 57,237)	$ 615,656
Work in progress	205,874	-	205,874
Semi-finished goods	39,091	(6,097)	32,994
Finished goods	275,703	(6,666)	269,037
Total	$ 1,193,561	($ 70,000)	$ 1,123,561

Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 are as follows:

	Years ended December 31	
	2023	2022
Cost of revenue	$ 3,027,793	$ 3,553,838
Loss on market value decline and obsolete and slow-moving inventories	34,654	32,775
Total	$ 3,062,447	$ 3,586,613

The Company has no inventories pledged to others.

(5) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
AXIOM TECHNOLOGY, INC. U.S.A.(AXUS)	$ 953,678	$ 828,361
AXIOMTEK DEUTSCHLAND GMBH(AXGM)	337,800	231,507
AXIOM TECHNOLOGY (BVI) CO., LTD.(AXBVI)	84,163	90,994
AXIOMTEK ITALIA S.R.L.(AXIT)	39,873	35,782
AXIOMTEK UK LIMITED (AXUK)	11,825	8,461
AXIOMTEK JAPAN CO., LTD.(AXJP)	7,370	7,957
Investments in associates		
UNIT-INNOVATE TECHNOLOGY CO., LTD. (UNI)	16,617	17,023
Total	$ 1,451,326	$ 1,220,085

A. Details of the Company’s subsidiaries are provided in Note 4(3) of the Company’s 2023 financial statements.

B. Equity methods used in 2023 and 2022 to recognize Share of profit (loss) of associates and joint ventures accounted for using equity method:

	Years ended December 31	
	2023	2022
AXUS	$ 132,454	$ 112,271
AXGM	126,506	11,545
AXIT	4,513	(41)
AXUK	2,856	4,962
AXJP	(41)	337
UNI	(3,588)	(3,745)
AXBVI	(8,435)	(6,217)
Total	$ 254,265	$ 119,112

C. Equity methods used in 2023 and 2022 to recognize Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss:

	Years ended December 31	
	2023	2022
AXIT	($ 76)	$ 1,425

D. Details of Unrealized profit from sales of the subsidiaries and their subsidiaries at the end of the period are as follows:

	Years ended December 31	
	2023	2022
AXUS	$ 92,894	$ 87,987
AXGM	51,607	20,558
Axiomtek (Shenzhen) Co. Ltd. (AXSZ)	6,788	10,252
AXIT	3,538	2,186
UNI	58	234
Total	$ 154,885	$ 121,217

(6) Property, plant and equipment

	Land	Buildings	Machinery	Tools	Testing equipment	Office Equipment	Leasehold improvements	Others	Construction in progress	Total
At January 1, 2023										
Cost	$1,031,406	$ 472,842	$ 135,356	$ 83,041	$ 57,915	$ 77,927	$ 22,228	$ 26,487	$ 121,039	$2,028,241
Accumulated depreciation	-	(51,920)	(128,689)	(67,690)	(47,694)	(50,799)	(22,146)	(19,336)	-	(388,274)
	$1,031,406	$ 420,922	$ 6,667	$ 15,351	$ 10,221	$ 27,128	$ 82	$ 7,151	$ 121,039	$1,639,967
2023										
Opening net book amount	$1,031,406	$ 420,922	$ 6,667	$ 15,351	$ 10,221	$ 27,128	$ 82	$ 7,151	$ 121,039	$1,639,967
Additions	159,321	125,370	28,660	7,148	8,943	4,552	-	3,625	210,067	547,686
Disposals (Cost)	-	-	(7,431)	(9,422)	(123)	(4,588)	(22,228)	(2,209)	-	(46,001)
Disposals (Accumulated depreciation)	-	-	7,431	9,422	123	4,460	22,228	2,209	-	45,873
Reclassifications (Cost)	-	-	36,992	96	1,568	177,856	-	72,476	(290,410)	(1,422)
Depreciation	-	(13,880)	(5,053)	(6,467)	(4,629)	(9,753)	(82)	(4,723)	-	(44,587)
Closing net book amount	$1,190,727	$ 532,412	$ 67,266	$ 16,128	$ 16,103	$199,655	$ -	$ 78,529	$ 40,696	$2,141,516
At December 31, 2023										
Cost	$1,190,727	$ 598,212	$ 193,577	$ 80,863	$ 68,303	$255,747	$ -	$100,379	$ 40,696	$2,528,504
Accumulated depreciation	-	(65,800)	(126,311)	(64,735)	(52,200)	(56,092)	-	(21,850)	-	(386,988)
	$1,190,727	$ 532,412	$ 67,266	$ 16,128	$ 16,103	$199,655	$ -	$ 78,529	$ 40,696	$2,141,516

	Land	Buildings	Machinery	Tools	Testing equipment	Office Equipment	Leasehold improvements	Others	Construction in progress	Total
At January 1, 2022										
Cost	$ 1,031,406	$ 472,842	$138,073	$76,349	$57,154	$73,759	$24,673	$ 23,292	$ 2,143	$1,899,691
Accumulated depreciation	-	(38,041)	(122,100)	(64,421)	(42,685)	(43,792)	(23,872)	(16,418)	-	(351,329)
	$ 1,031,406	$ 434,801	$ 15,973	$11,928	$14,469	$29,967	$ 801	$ 6,874	$ 2,143	$1,548,362
2022										
Opening net book amount	$ 1,031,406	$ 434,801	$ 15,973	$11,928	$14,469	$29,967	$ 801	$ 6,874	$ 2,143	$1,548,362
Additions	-	-	128	6,102	1,407	2,519	-	4,788	124,824	139,768
Disposals (Cost)	-	-	(2,845)	-	(646)	(1,689)	(2,445)	(1,593)	-	(9,218)
Disposals (Accumulated depreciation)	-	-	2,814	-	646	1,689	2,445	1,590	-	9,184
Reclassifications (Cost)	-	-	-	590	-	3,338	-	-	(5,928)	(2,000)
Depreciation	-	(13,879)	(9,403)	(3,269)	(5,655)	(8,696)	(719)	(4,508)	-	(46,129)
Closing net book amount	$ 1,031,406	$ 420,922	$ 6,667	$15,351	$10,221	$27,128	$ 82	$ 7,151	$121,039	$1,639,967
At December 31, 2022										
Cost	1,031,406	$ 472,842	$135,356	$83,041	$57,915	$77,927	$22,228	$ 26,487	$121,039	$2,028,241
Accumulated depreciation	-	(51,920)	(128,689)	(67,690)	(47,694)	(50,799)	(22,146)	(19,336)	-	(388,274)
	$ 1,031,406	$ 420,922	$ 6,667	$15,351	$10,221	$27,128	$ 82	$ 7,151	$121,039	$1,639,967

A. The Company has no interest capitalized to property, plant and equipment.
B. Property, plant and equipment not a significant component.
C. The Company has no property, plant and equipment pledged to others.

(7) Leasing arrangements－lessee

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

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	$ 4,882	$ 7,936

	Years ended December 31, 2023	Years ended December 31, 2022
	Depreciation charge	Depreciation charge
Buildings	$ 8,855	$ 15,537

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $ $793 and $9,074.

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

Items affecting profit or loss	Years ended December 31, 2023	Years ended December 31, 2022
Interest expense on lease liabilities	($ 72)	($ 143)
Expense on short-term lease contracts	(5,637)	(1,444)
Gains on lease modification	2	-

E. For the 2023 and 2022, the Group's total cash outflow for leases was $13,992 and $17,616.

(8) Leasing arrangements－lessor

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

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

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

(9) Investment property

	Land	Buildings	Total
At January 1, 2023			
Cost	$ 33,273	$ 15,850	$ 49,123
Accumulated depreciation	-	(11,140)	(11,140)
	$ 33,273	$ 4,710	$ 37,983

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

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

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

	Years ended December 31	
	2023	2022
Rental income from investment property	$ 3,452	$ 3,448
Direct operating expenses arising from investment property that generated rental income	$ 620	$ 626
Direct operating expenses arising from investment property that did not generate rental income	$ 4	$ 29

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

C. No investment property was pledged to others.

(10) Intangible assets

	Trademark	Computer software	Goodwill	Total
At January 1, 2023				
Cost	$ 1,051	$ 109,454	$ 5,898	$ 116,403
Accumulated Amortization	(381)	(82,462)	-	(82,843)
	$ 670	$ 26,992	$ 5,898	$ 33,560
2023				
Opening net book amount	$ 670	$ 26,992	$ 5,898	$ 33,560
Additions	1,934	10,359	-	12,293
Disposals (Cost)	-	(23,731)	-	(23,731)
Disposals (Accumulated amortization)	-	23,731	-	23,731
Reclassifications	-	1,422	-	1,422
Amortization	(172)	(16,722)	-	(16,894)
Closing net book amount	$ 2,432	$ 22,051	$ 5,898	$ 30,381
At December 31, 2023				
Cost	$ 2,985	$ 97,504	$ 5,898	$ 106,387
Accumulated Amortization	(553)	(75,453)	-	(76,006)
	$ 2,432	$ 22,051	$ 5,898	$ 30,381

	Trademark	Computer software	Goodwill	Total
At January 1, 2022				
Cost	$ 771	$ 88,998	$ 5,898	$ 95,667
Accumulated Amortization	(326)	(67,450)	-	(67,776)
	$ 445	$ 21,548	$ 5,898	$ 27,891
2022				
Opening net book amount	$ 445	$ 21,548	$ 5,898	$ 27,891
Additions	280	20,456	-	20,736
Amortization	(55)	(15,012)	-	(15,067)
Closing net book amount	$ 670	$ 26,992	$ 5,898	$ 33,560
At December 31, 2022				
Cost	$ 1,051	$ 109,454	$ 5,898	$ 116,403
Accumulated Amortization	(381)	(82,462)	-	(82,843)
	$ 670	$ 26,992	$ 5,898	$ 33,560

A. The Company has no interest capitalized to intangible assets.

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

	Years ended December 31	
	2023	2022
Operating costs	$ 303	$ 372
Selling expenses	1,729	1,463
General and administrative expenses	4,031	8,492
Research and development expenses	10,831	4,740
	$ 16,894	$ 15,067

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

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

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

(12) Other payables

	December 31, 2023	December 31, 2022
Payable to land and buildings	$ 144,750	$ -
Salaries and bonus payable	131,291	165,500
Accrued employees' compensation and directors' remuneration	70,332	59,089
Payable to equipment suppliers	27,130	18,538
Others	66,464	65,410
	$ 439,967	$ 308,537

(13) Corporate bonds payable

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

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

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

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

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

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

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

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

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

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

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

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

(14) Pensions

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

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 79,353)	($ 84,604)
Fair value of plan assets	45,613	52,219
Net defined benefit liability	($ 33,740)	($ 32,385)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	($ 84,604)	$ 52,219	($ 32,385)
Interest (expense) income	(1,362)	840	(522)
	(85,966)	53,059	(32,907)
Remeasurements:			
Change in demographic assumptions	561	-	561
Change in financial assumptions	(2,855)	-	(2,855)
Experience adjustments	(195)	137	(58)
	(2,489)	137	(2,352)
Pension fund contribution	-	1,519	1,519
Paid pension	9,102	(9,102)	-
Balance at December 31	($ 79,353)	$ 45,613	($ 33,740)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	($ 102,041)	$ 55,583	($ 46,458)
Interest (expense) income	(582)	317	(265)
	(102,623)	55,900	(46,723)
Remeasurements:			
Change in demographic assumptions	-	-	-
Change in financial assumptions	11,386	-	11,386
Experience adjustments	(2,945)	4,337	1,392
	8,441	4,337	12,778
Pension fund contribution	-	1,560	1,560
Paid pension	9,578	(9,578)	-
Balance at December 31	($ 84,604)	$ 52,219	($ 32,385)

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

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

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

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

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

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

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

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

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

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

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

B. (A)Effective July 1, 2005, the Company and its domestic subsidiaries 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 pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $27,919 and $26,094, respectively.

(15) Share-based payment

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

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

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

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

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

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

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

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

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

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

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

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

	Years ended December 31	
	2023	2022
Equity Settled	$ 4,215	$ 9,380

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

H. As of ex- rights and dividend date August 9, 2022 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.

(16) Share capital

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

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

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

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

Information about the Conversion of convertible bonds and Exercise of employee stock options is provided in Note 6(15) and 6(13).

(17) Capital surplus

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

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

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

(18) Retained earnings

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

Meeting. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the preceding paragraphs shall follow the provisions of Article 240 of the Company Law of the Republic of China with a resolution adopted at a meeting of shareholders.

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

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

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

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

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

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

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

(19) Other equity interest

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

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31	
	2023	2022
Originating from transfer at a point in time:		
IOT Products	$ 2,065,985	$ 2,281,066
Intelligent Design-in Service Products	1,507,505	1,389,807
Gaming Products	732,479	1,015,337
Others	264,672	345,787
Net sales revenue	4,570,641	5,031,997
Originating from the transfer of labor services over time:		
Other Operating revenue	38,211	50,227
Total	$ 4,608,852	$ 5,082,224

B. Contract liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
Contract liabilities-Advance payments	$ 58,460	$ 66,657	$ 76,162

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The revenue recognized from the beginning balance of contract liability:

	Year ended December 31	
	2023	2022
The revenue recognized from the beginning balance of contract liability.	$ 60,969	$ 75,890

(21) Interest income

	Year ended December 31,	
	2023	2022
Interest on Bank deposit:	$ 27,498	$ 5,323
Other interest income	1,633	119
Total	$ 29,131	$ 5,442

(22) Other income

	Year ended December 31	
	2023	2022
Rental revenue	$ 3,452	$ 3,448
Other income	20,989	30,123
Total	$ 24,441	$ 33,571

(23) Other gains and losses

	Year ended December 31	
	2023	2022
Foreign exchange gains	$ 3,620	$ 27,323
Gain on disposal of investments	493	11
Gain on financial assets at fair value through profit or loss	320	-
Gain on disposal of property, plant and equipment	273	-
Gain on lease modification	2	-
Impairment loss	-	(2,000)
Depreciation expense from investment property	(495)	(496)
Miscellaneous Expenditure	(129)	(158)
Total	$ 4,084	$ 24,680

(24) Finance costs

	Year ended December 31	
	2023	2022
Interest expense		
Bank borrowings	$ 7,089	$ 5,489
Convertible bonds payable	4,737	-
Lease liabilities	72	143
Other	10	5
Total	$ 11,908	$ 5,637

(25) Expenses by nature

	Years ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 181,966	$ 656,279	$ 838,245
Depreciation- property, plant and equipment	12,044	32,543	44,587
Depreciation-right of use assets	5,643	3,212	8,855
Amortization	303	16,591	16,894
Total	$ 199,956	$ 708,625	$ 908,581

	Years ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 160,186	$ 666,459	$ 826,645
Depreciation- property, plant and equipment	16,234	29,895	46,129
Depreciation-right of use assets	8,757	6,780	15,537
Amortization	372	14,695	15,067
Total	$ 185,549	$ 717,829	$ 903,378

(26) Employee benefit expense

	Years ended December 31	
	2023	2022
Wages and salaries	$ 718,036	$ 711,938
Labor and health insurance fees	58,114	52,871
Pension costs	28,441	26,359
Compensation cost of employee stock options	4,215	9,380
Other employee benefit expense	29,439	26,097
Total	$ 838,245	$ 826,645

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

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

Employees' compensation and directors' remuneration for 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 and 2022 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.

(27) Income tax

A. Income tax expense

(A) Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax		
Current tax on profits for the year	$ 149,312	$ 139,919
Tax on undistributed earnings	3,898	1,758
Adjustments in respect of prior years	(1,946)	(7,444)
Total current tax	151,264	134,233
Deferred tax		
Origination and reversal of temporary differences	36,214	12,045
Income tax expense	$ 187,478	$ 146,278

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

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

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 183,020	$ 149,783
Effect of items disallowed by tax regulation	2,506	2,181
Adjustments in respect of prior years	(1,946)	(7,444)
Tax on undistributed earnings	3,898	1,758
Income tax expense	$ 187,478	$ 146,278

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

	Year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	$ 14,000	$ 1,000	$ -	$ 15,000
Unrealized gross margin	400	-	-	400
Unrealized exchange loss	24,244	6,734	-	30,978
Unused compensated absences payable	126	6,685	-	6,811
Unrealized warranty cost	4,132	313	-	4,445
Unrealized impairment loss	308	(36)	-	272
Unrealized depreciation and interest	1,919	-	-	1,919
Defined benefit obligation	6,477	(200)	470	6,747
Amortization of convertible bond issuance costs	-	923	-	923
Exchange differences on translation	1,069	-	(1,069)	-
Subtotal	$ 52,675	$ 15,419	($ 599)	$ 67,495
Deferred tax liabilities				
Net gain on investments accounted for using equity	($ 179,284)	($ 51,570)	$ -	($ 230,854)
Convertible debt loss evaluation	-	(63)	-	(63)
Exchange differences on translation	-	-	(474)	(474)
Unamortized goodwill	(1,180)	-	-	(1,180)
Subtotal	($ 180,464)	($ 51,633)	($ 474)	($ 232,571)
Total	($ 127,789)	($ 36,214)	($ 1,073)	($ 165,076)

	Year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	$ 9,800	$ 4,200	$ -	$ 14,000
Unrealized gross margin	-	400	-	400
Unrealized exchange loss	16,320	7,924	-	24,244
Unused compensated absences payable	160	(34)	-	126
Unrealized warranty cost	3,912	220	-	4,132
Unrealized impairment loss	232	76	-	308
Unrealized depreciation and interest	1,919	-	-	1,919
Defined benefit obligation	9,292	(259)	(2,556)	6,477
Exchange differences on translation	19,156	-	(18,087)	1,069
Subtotal	$ 60,791	$ 12,527	($ 20,643)	$ 52,675
Deferred tax liabilities				
Net gain on investments accounted for using equity	($154,712)	($ 24,572)	$ -	($179,284)
Unamortized goodwill	(1,180)	-	-	(1,180)
Subtotal	($155,892)	($ 24,572)	$ -	($180,464)
Total	($ 95,101)	($ 12,045)	($ 20,643)	($127,789)

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

(28) Earnings per share

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

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

(29) Supplemental cash flow information

A. Partial cash paid for investing activities

	Years ended December 31	
	2023	2022
Purchase of property, plant and equipment	$ 547,686	$ 139,768
Add: Beginning balance of payable on equipment	18,538	8,962
Add: Ending balance of Prepayments for business facilities	652	3,680
Less: Ending balance of payable on land and buildings	(144,750)	-
Less: Ending balance of payable on equipment	(27,130)	(18,538)
Less: Beginning balance of Prepayments for business facilities	(3,680)	(1,222)
Cash paid during the year	$ 391,316	$ 132,650

B. Financing activities not affecting cash flow:

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

(30) 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	$ 7,531	$ -	$ 642,831
Changes in cash flow from financing activities	(635,300)	(8,283)	848,003	204,420
Interest expense payments (Note)	-	(72)	-	(72)
Other changes in non-cash items	-	5,871	(87,079)	(81,208)
At December 31, 2023	$ -	$ 5,047	$ 760,924	$ 765,971

	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2022	$ 374,000	$ 22,767	$ 396,767
Changes in cash flow from financing activities	261,300	(16,172)	245,128
Interest expense payments (Note)	-	(143)	(143)
Other changes in non-cash items	-	936	936
At December 31, 2022	$ 635,300	$ 7,531	$ 642,831

Note: Operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name of related parties	Relationship with the Company
Advantech Co., Ltd. (Advantech)	Individuals with joint control or entities with significant influence
Advanixs Corporation.	〃
AXUS	Subsidiary
AXGM	〃
AXUK	〃
AXJP	〃
AXIT	〃
AXSZ	A subsidiary which is wholly owned by AXBVI
UNI	Associate

(2) Significant related party transactions and balances

A. Sale

	Years ended December 31	
	2023	2022
Sales of goods		
Individuals with joint control or significant influence on the Company	$ 155	$ 98
Subsidiary		
AXUS	1,435,194	2,271,408
AXGM	738,757	404,679
Others	62,717	47,093
Second-tier subsidiary	71,102	103,853
Associate	-	752
Total	$ 2,307,925	$ 2,827,883

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

B. Purchase

	Years ended December 31	
	2023	2022
Purchase of goods		
Individuals with joint control or entities with significant influence	$ 34,436	$ 40,329
Second-tier subsidiary	8,956	16,891
Total	$ 43,392	$ 57,220

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

C. Account receivable -related parties

	December 31, 2023	December 31, 2022
Receivables from related parties		
Subsidiary		
AXUS	$ 203,463	$ 408,695
Others	20,189	15,660
Second-tier subsidiary		
AXSZ	25,516	24,706
Total	$ 249,168	$ 449,061

The receivables from related parties arise mainly from sales transactions. The receivables are due 45~90 days after the date of sale. The receivables are unsecured in nature and bear no interest.

D. Account payable -related parties

	December 31, 2023	December 31, 2022
Payables to related parties		
Individuals with joint control or entities with significant influence		
Advantech	$ 4,018	$ 4,450
Advanixs Corporation.	739	2,934
Subsidiary		
AXUS	19	5,164
AXUK	3,382	2,370
Other	9	293
Second-tier subsidiary		
AXSZ	1,467	2,284
Total	$ 9,634	$ 17,495

The payables from related parties arise mainly from purchase transactions. The payables are due 45~75 days after the date of sale. The payables are bear no interest.

E. Endorsements and guarantees
On December 31, 2022, the Company acted as guarantor of subsidiary AXUS for loans from Citibank and the guarantee amount was USD 200,000. Until the day of December 31, 2022, AXUS did not make any loan from Citibank.

(3) Key management compensation

	Years ended December 31	
	2023	2022
Short-term employee benefits	$ 77,027	$ 69,472
Share-based payment	2,414	5,408
Post-employment compensation	1,159	1,413
Total	$ 80,600	$ 76,293

8. PLEDGED ASSETS

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingency

None.

(2) Commitments:

A. Please refer to Note 7 (2)5 for the Endorsements and guarantees.
B. Capital expenditures contracted but not yet incurred:

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

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of 2023 earnings appropriation proposed, refer to Note 6(18).

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss	$ 720	$ -
Financial assets at amortized cost	1,487,586	1,447,778
	$ 1,488,306	$ 1,447,778

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial Liabilities at amortized cost	$ 1,621,244	$ 1,560,060
Lease liabilities	5,047	7,531
	$ 1,626,291	$ 1,567,591

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

B. Risk management policy

(A) The Company'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.

(B) Risk management is carried out by a finance department under policies approved by the Board of Directors. Company finance department identifies, evaluates and hedges financial risks in close cooperation with the Company'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 Company 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 Company companies to manage their foreign exchange risk against their functional currency.

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

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency 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	$ 41,897	30.71	$ 1,286,657	1%	$10,293
EUR : NTD	673	33.99	22,875	1%	183
RMB : NTD	9,620	4.32	41,558	1%	332
Non-monetary items					
USD : NTD	$ 32,368	30.71	$ 994,021	1%	$ 7,952
EUR : NTD	12,393	33.99	421,238	1%	3,370
JPY : NTD	33,977	0.22	7,475	1%	60
GBP : NTD	302	39.14	11,820	1%	95
Financial liabilities					
Monetary items					
USD : NTD	$ 6,933	30.71	$ 212,912	1%	$ 1,703

	December 31, 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	$ 42,239	30.73	$ 1,298,004	1%	$10,384
EUR : NTD	332	32.73	10,866	1%	87
JPY : NTD	46,165	0.23	10,618	1%	85
RMB : NTD	10,383	4.41	45,789	1%	366
Non-monetary items					
USD : NTD	$ 28,115	30.73	$ 863,974	1%	$6,912
EUR : NTD	8,458	32.73	276,830	1%	2,214
JPY : NTD	34,166	0.23	7,858	1%	63
GBP : NTD	228	37.03	8,443	1%	67
Financial liabilities					
Monetary items					
USD : NTD	$ 11,991	30.73	$ 368,483	1%	$2,948

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 Company for the years ended December 31, 2023 and 2022, amounted to profit of $3,620 and loss of $27,323, respectively.

Price risk

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

ii. The Company'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 Company 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 Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing 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 Company 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 Company adopts the assumptions under IFRS 9 and the default is deemed to have occurred when the contract payments are past due over 90 days.

v. The Company classifies customer's notes and accounts receivable in accordance with product types and customer types. The Company 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 Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Company has written-off financial assets amounted to $0 and $0 that are still under recourse procedures.

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

December 31, 2023	Not overdue	Overdue 1 ~ 90 days	Overdue 91 ~ 180 days	Overdue 181 ~ 270 days
Expected loss rate	0%-0.05%	0.05%	0.05%	0.05%
Total book value	$ 355,250	$ 10,994	$ -	$ -
Loss allowance	$ 56	$ 6	$ -	$ -

December 31, 2023	Overdue 271 ~ 360 days	Overdue More than 361 days	Total
Expected loss rate	0.05%	100%	
Total book value	$ 31	$ -	$ 366,275
Loss allowance	$ -	$ -	$ 62

December 31, 2022	Not overdue	Overdue 1 ~ 90 days	Overdue 91 ~ 180 days	Overdue 181 ~ 270 days
Expected loss rate	0%-0.06%	0.06%	0.06%	0.06%
Total book value	$ 627,512	$ 13,185	$ -	$ -
Loss allowance	$ 105	$ 8	$ -	$ -

December 31, 2022	Overdue 271 ~ 360 days	Overdue More than 361 days	Total
Expected loss rate	0.06%	100.00%	
Total book value	$ -	$ -	$ 640,697
Loss allowance	$ -	$ -	$ 113

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

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not overdue	$ 2,961	$ 352,289	$ 5,583	$ 621,929
within 30 days	-	10,994	-	13,185
31 ~ 90 days	-	-	-	-
91 ~ 180 days	-	-	-	-
More than 181 days	-	31	-	-
	$ 2,961	$ 363,314	$ 5,583	$ 635,114

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

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

	Years ended December 31	
	2023	2022
	Accounts receivable	Accounts receivable
January 1	$ 113	$ 38
Impairment loss	(51)	75
December 31	$ 62	$ 113

xi. The Company uses the forecast ability of National Development Council Business Cycle Indicator to adjust historical and timely information to assess the default possibility of investment of debt instrument on December 31, 2023 and 2022.

(C) Liquidity risk

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

December 31, 2023

Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	$ 2,234	$ 2,171	$ 724	$ -	$ 5,129
Corporate bonds payable	$ -	$ -	$799,900	$ -	$799,900

December 31, 2022

Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	$7,321	$ 230	$ -	$ -	$7,551

(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 Company'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 to this level are not based on observable market data.

B. Information about the fair value of investment property is provided in Note 6(8)

C. Financial instruments not measured at fair value

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

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

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

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

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

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

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

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

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

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

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

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

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

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

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

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.
B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: For the major transactions between the Company and the Mainland China invested companies in 2023, please refer to table 6.

(4) Information on investees

A. Basic information: Please refer to table 9.

AXIOMTEK CO., LTD.

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

AXIOMTEK CO., LTD.

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

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

AXIOMTEK CO., LTD.
Acquisition of real estate reaching $300 million or 20% of paid-in capital or more
For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

AXIOMTEK CO., LTD.

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

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

AXIOMTEK CO., LTD.

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

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

AXIOMTEK CO., LTD.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

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

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

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

AXIOMTEK CO., LTD.

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

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

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

Note 3: Department Ltd.

AXIOMTEK CO., LTD.

Information on investments in Mainland China

For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD and foreign currencies

(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

Expressed in thousands of NTD and foreign currencies

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

Table 9

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

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

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

AXIOMTEK CO., LTD.
CASH AND CASH EQUIVALENTS
December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Remark
Cash on hand and petty cash			
NTD		$ 511	
Bank deposit:			
Checking accounts and demand deposits			
NTD		90,608	
USD	USD 6,446 exchange rate 30.71(Note)	197,992	
EUR	EUR 498 exchange rate 33.99(Note)	16,916	
CNY	CNY 3,708 exchange rate 4.32(Note)	16,022	
GBP	GBP 5 exchange rate 39.14(Note)	198	
JPY	JPY 521 exchange rate 0.22(Note)	113	
Time deposits			
USD	USD 24,800 exchange rate 30.71(Note)	761,707	
		$1,084,067	

Note: Foreign currency amount expressed in thousands.

AXIOMTEK CO., LTD.
ACCOUNTS RECEIVABLE
December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Customer name	Amount	Remark
Customer A	$ 29,166	
Customer B	8,539	
Customer C	6,102	
Customer D	5,788	
Others	64,551	None of the individual customer exceeds 5% of this account
	114,146	
Less: Allowance for doubtful accounts	(62)	
	$ 114,084	

AXIOMTEK CO., LTD.
INVENTORIES
December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount: Cost	Amount: Net realizable value	Remark
Raw materials	$ 561,945	$ 513,749	Use replacement cost as net realizable value
Work in process	116,513	116,513	Use market price as net realizable value
Semi-finished goods	32,654	31,114	Use market price as net realizable value
Finished goods	458,454	587,385	Use market price as net realizable value
	1,169,566	$ 1,248,761	
Less: Allowance for inventory valuation losses	(75,000)		
	$ 1,094,566		

Note: Slow-moving inventory, if any, calculated separately.

AXIOMTEK CO., LTD.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

		Balance at January 1, 2022		Additions (Note 1)		Deductions (Note 2)		Balance at December 31, 2023			Market value or net equity value			
Investee	Investment type	Shares (Note 3)	Amount	Shares (Note 3)	Amount	Shares (Note 3)	Amount	Shares (Note 3)	Ownership	Amount	Unit price (NT$)	Total price	Valuation basis	Collateral
AXUS	Stock	23	$ 916,348	-	$132,454	-	($ 2,230)	23	100%	$1,046,572	$ -	$994,148	Equity method	None
AXGM	Stock	-	252,065	-	137,342	-	-	-	100%	389,407	-	389,407	Equity method	None
AXBV1	Stock	5	101,246	-	-	-	(10,295)	5	100%	90,951	-	91,120	Equity method	None
AXIT	Stock	-	37,968	-	5,519	-	(76)	-	100%	43,411	-	31,821	Equity method	None
UNI	Stock	1,450	17,257	-	3,006	-	(3,588)	1,450	24.05%	16,675	-	7,064	Equity method	None
AXUK	Stock	180	8,461	-	3,364	-	-	180	100%	11,825	-	11,825	Equity method	None
AXJP	Stock	0.6	7,957	-	-		(587)	0.6	100%	7,370	-	7,370	Equity method	None
			1,341,302		281,685		(16,776)			1,606,211				
Less: Ending unrealized gain from sale			(121,217)		-		(33,668)			(154,885)				
			$1,220,085		$281,685		($ 50,444)			$1,451,326				

Note 1: Increase in the current period includes the share of the interests of the subsidiaries recognized by the equity method, the newly added investment using the equity method, the accumulated conversion of the financial statements of foreign operating institutions and capital surplus, changes in equity of investment accounted for using equity method.

Note 2: Current reduction includes the share of losses of subsidiaries recognized by the equity method and financial statements of foreign operating institutions.

Note 3: The number of shares is in thousands of shares. Not holding shares - limited company.

AXIOMTEK CO., LTD.
CHANGES IN THE COST OF PROPERTY, PLANT AND EQUIPMENT
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Balance at January 1, 2023	Additions	Disposals	Transfers	Balance at December 31, 2023	Collateral	Remark
Land	$ 1,031,406	$ 159,321	$ -	$ -	$ 1,190,727	None	
Buildings	472,842	125,370	-	-	598,212	-	
Machinery	135,356	28,660	(7,431)	36,992	193,577	-	
Tools	83,041	7,148	(9,422)	96	80,863	-	
Testing equipment	57,915	8,943	(123)	1,568	68,303	-	
Office equipment	77,927	4,552	(4,588)	177,856	255,747	-	
Leasehold improvements	22,228	-	(22,228)	-	-	-	
Other equipment	26,487	3,625	(2,209)	72,476	100,379	-	
	1,907,202	337,619	(46,001)	288,988	2,487,808		
Construction in progress	121,039	210,067	-	(290,410)	40,696	-	
	$ 2,028,241	$ 547,686	($ 46,001)	($ 1,422)	$ 2,528,504		

AXIOMTEK CO., LTD.
CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT, AND EQUIPMENT
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023	Remark
Buildings	$ 51,920	$ 13,880	$ -	$ 65,800	
Machinery	128,689	5,053	(7,431)	126,311	
Tools	67,690	6,467	(9,422)	64,735	
Testing equipment	47,694	4,629	(123)	52,200	
Office equipment	50,799	9,753	(4,460)	56,092	
Leasehold improvements	22,146	82	(22,228)	-	
Other equipment	19,336	4,723	(2,209)	21,850	
	$ 388,274	$ 44,587	($ 45,873)	$ 386,988	

AXIOMTEK CO., LTD.
ACCOUNTS PAYABLE
December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Vendor name	Amount	Remark
Vendor A	$ 46,265	
Vendor B	24,563	
Others	339,288	None of the individual vendor exceeds 5% of this account
	$ 410,116	

AXIOMTEK CO., LTD.
OTHER PAYABLE
December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Remark
Payable to land and building	$ 144,750	
Salaries & bonuses payable	131,291	
Employees & directors compensation payable	70,332	
Payable on equipment	27,130	
Other expenses payable	66,464	None of the individual item exceeds 5% of this account
	$ 439,967	

AXIOMTEK CO., LTD.
Corporate bonds payable
December 31, 2023
(Expressed in thousands of New Taiwan dollars)

					Amount							
Name	Trustees	Issuance date	Interest payment date	Coupon rate	Total amount issued	convert	Amount	Discount on bonds payable	Amount	Repayment method	collaterals	Remark
The Second Domestic Unsecured Convertible Corporate Bonds	E.SUN COMMERCIAL BANK, LTD. Trust Division	2023/8/28	NA	0%	$800,000	($ 100)	$799,900	($ 38,976)	$760,924	When this conversion company debt expires, it will be repaid in cash in the denomination of the bond.	NA	The Company's debt denomination of $100 has been converted to 1,000 shares of common stock

AXIOMTEK CO., LTD.
OPERATING REVENUE
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Quantity	Amount	Remark
Sales revenue			
IOT Products	Note:	$ 2,067,143	
Intelligent Design-in Service Products		1,510,189	
Gaming Products		733,965	
Others	-	271,314	
		4,582,611	
Less: Sales return	Note:	(8,439)	
Sales Discount	Note:	(3,531)	
		4,570,641	
Other operating revenue	Note:	38,211	
		$ 4,608,852	

Note: Due to the variety of products, it is difficult to classify and classify.

AXIOMTEK CO., LTD.
OPERATING COSTS
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Beginning raw materials & semi-finished goods	$ 711,984
Add: Purchased during the year	1,840,491
Less: Ending raw materials & semi-finished goods	(594,599)
Sale of raw materials & semi-finished goods	(52,770)
Scrap of raw materials & semi-finished goods	(20,515)
Transfer to manufacturing expenses	2,077
Consumption of raw materials & semi-finished goods for the year	1,886,668
Direct labor	83,834
Manufacturing expenses	274,482
Adjustment of discrepancy in production	42,873
Manufacturing Costs	2,287,857
Add: Beginning work in process	205,874
Less: Ending work in process	(116,513)
Cost of finished goods	2,377,218
Add: Beginning finished goods	275,703
Acquisition of finished goods	789,696
Less: Ending finished goods	(458,454)
Scrap of finished goods	(9,140)
Cost of goods manufactured	2,975,023
Cost of sale of raw materials & semi-finished goods	52,770
provision for inventory valuation loss	34,654
	$ 3,062,447

AXIOMTEK CO., LTD.
MANUFACTURING EXPENSES
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Summary
Processing fees	$ 103,808	
Indirect labor	75,878	
Depreciation	17,687	
Insurance	16,194	
Other expenditure	60,915	None of the individual item exceeds 5% of this account
	$ 274,482	

AXIOMTEK CO., LTD.
SELLING EXPENSES
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Remark
Wages and salaries	$ 75,804	
Commission expenses	12,028	
Advertisement expense	11,142	
Travel expenses	10,133	
Other expenditure	21,371	None of the individual item exceeds 5% of this account
	$ 130,478	

AXIOMTEK CO., LTD.
ADMINISTRATIVE EXPENSES
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Remark
Wages and salaries	$ 144,395	
Insurance	9,765	
Other expenses	35,205	None of the individual item exceeds 5% of this account
	$ 189,365	

AXIOMTEK CO., LTD.
RESEARCH AND DEVELOPMENT EXPENSES
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Remark
Wages and salaries	$ 370,781	
Miscellaneous purchases	58,995	
Insurance	29,450	
Other expenses	118,630	None of the individual item exceeds 5% of this account
	$ 577,856	

AXIOMTEK CO., LTD.
LABOUR, DEPRECIATION AND AMORTIZATION BY FUNCTION
For the year ended December 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Function	Year ended December 31, 2023			Year ended December 31, 2022		
Nature	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salaries	$ 153,964	$ 554,576	$ 708,540	$ 135,013	$ 568,680	$ 703,693
Compensation cost of employee stock options	289	3,926	4,215	457	8,923	9,380
Labour and health insurance fees	14,613	43,501	58,114	12,808	40,063	52,871
Pension costs	5,459	22,982	28,441	4,977	21,382	26,359
Directors' remuneration	-	9,496	9,496	-	8,245	8,245
Others	7,641	21,798	29,439	6,931	19,166	26,097
Depreciation	17,687	35,755	53,442	24,991	36,675	61,666
Amortization	303	16,591	16,894	372	14,695	15,067

Note:

1. As at December 31, 2023 and 2022, the Company had average 670 and 618 employees. Both are including 5 non-employee directors.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：
   (1) Average employee benefit expense in current year was $1,246.
   Average employee benefit expense in previous year was $1,335.
   (2) Average employees salaries in current year was $1,065.
   Average employees salaries in previous year was $1,148.
   (3) Adjustments of average employees salaries was 7.23%.
3. The company's overall salary and remuneration policy takes external competitiveness and internal fairness as important considerations, and in order to attract and maintain talents the company has been committed to provide employees comprehensive compensation and benefits program above the industry average level. The compensation program includes a monthly salary, business performance bonuses based on quarterly/ half a year business results, and a profit sharing bonus based on annual profits. The Company's shall set aside 1%-20% as employees' remuneration and the percentage lower than 2% as directors' remuneration if the Corporation has the profit (means the pre-tax income before deduction of the employees' and directors' remuneration) in the current year. However, the Company's accumulated deficit shall have been covered, if any (including the adjustment of unappropriated retained earnings). Individual rewards are based on his/her job responsibility, contribution, the time spent on work and individual performance.
   (1) Directors：Performance assessments of directors are decided by considering the extent and value of the services provided for the management of the Company. Remuneration proposal proposed by the chairman of the Board is reviewed by the Remuneration Committee and the amount of the bonus and profit sharing are recommended by the Committee to the Board of Directors for approval.
   (2) Managerial officers：Performance assessments of managerial officers are decided based on their job responsibility, contribution, company's/ unit's operating performance, and the general pay levels in the industry. Remuneration proposal proposed by the president is review by the Remuneration Committee and the amount of the bonus and profit sharing are recommended by the Compensation Committee to the Board of Directors for approval.
   (3) Employees：Performance assessments of employees are decided based on their job responsibility, contribution , company's/ unit's operating performance, and the extent of goal achievement. Remuneration is proposed by the top supervisor of the unit and approved by the president.