

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2024 AND 2023

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of NEXCOM International Co., Ltd.

PWCR24000385

Opinion

We have audited the accompanying parent company only balance sheets of NEXCOM International Co., Ltd. (the “Company”) as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, 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 Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only 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 Company's 2024 parent company only financial statements are stated as follows:

Adequacy of allowance for inventory valuation loss**Description**

Refer to Note 4(11) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(3) for details of inventories. As of December 31, 2024, the Company's inventories and allowance for inventory valuation loss amounted to NT\$1,494,832 thousand and NT\$221,143 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of industrial personal computers and there is a higher risk of inventory losing value or becoming obsolete due to the rapid technology innovation and stiff competition in the market. The Company's inventories are stated at the lower of cost and net realisable value, and the Company recognises loss on decline in value of obsolete or damaged inventories based on specific identification.

Since the amounts of inventories are material, types of inventories are various, and the determination of the net realisable value for individually identified obsolete or scrap inventories involves subjective judgement, we identified the adequacy of allowance for inventory valuation loss as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of and assessed the reasonableness of accounting policies on provision of allowance for inventory valuation losses and confirmed whether they were adopted consistently in the comparative period.
- B. Inspected the annual plan of the physical inventory count and performed observation on inventory count, and evaluated the effectiveness of procedures in determining obsolete inventories.
- C. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed whether it is consistent with the accounting policy.
- D. For the net realisable value of inventories that are over a certain age and individually identified obsolete and damaged inventories, discussed with the management, obtained supporting documents and reviewed the calculation of the net realisable value.
- E. Tested the market price used to estimate the net realisable value of individual inventories, and selected samples to verify the calculation of net realisable value.

Existence and occurrence of sales revenue

Description

Refer to Note 4(26) for description of accounting policy on revenue recognition and Note 6(21) for the details of operating revenue.

The Group's sales are mainly arising from the manufacturing and sale of industrial personal computers. As the market of industrial personal computers is competitive and the revenue is affected by the changes in the global technological environment as well as the industrial computer orders are fluctuated by the project life cycles, resulting in the changes of top 10 trading counterparties, which may have significant effects on the operating revenue, we considered the existence and occurrence of sales revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding of the internal control relating to sales revenue and tested the effectiveness of the internal control.
- B. Checked the related industry background in respect of the newly top 10 trading counterparties.
- C. Obtained and selected samples to verify related vouchers of sales revenue from the newly top 10 trading counterparties.

Other matter - Reference to the audits of other auditors

The financial statements of certain investees accounted for using equity method for the years ended December 31, 2024 and 2023 were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements in respect of these companies, is based solely on the reports of the other auditors. The aforementioned investments accounted for using equity method (accounts with credit balance were shown as ‘other non-current liabilities, others’) amounted to NT\$219,511 thousand and NT\$407,897 thousand, constituting 4% and 7% of the Company’s total assets as at December 31, 2024 and 2023, respectively, and the comprehensive income recognised from the aforementioned investees amounted to (NT\$137,745) thousand and NT\$50,420 thousand, constituting (108%) and 27% of the Company’s total comprehensive income for the years then ended, respectively.

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 accordance with the Regulations Governing the Preparation 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 the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 the Standards on Auditing of the Republic of China 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit.

We also:

- A. 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.

- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. 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.
- F. 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 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 auditors' 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.

For and on Behalf of PricewaterhouseCoopers, Taiwan
February 26, 2025

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	530,646	9	\$	504,868	8
1136	Current financial assets at amortised cost	6(5)		-	-		5,000	-
1150	Notes receivable, net	6(2)		3	-		13	-
1170	Accounts receivable, net	6(2)		835,694	14		393,759	6
1180	Accounts receivable - related parties	7		545,790	9		640,223	10
1200	Other receivables			41,380	1		23,515	1
1210	Other receivables - related parties	7		28,043	-		16,461	-
130X	Inventory	6(3)		1,273,689	21		1,331,870	22
1410	Prepayments			19,255	-		16,728	-
11XX	Total current assets			3,274,500	54		2,932,437	47
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(4)		39,348	-		48,657	1
1535	Non-current financial assets at amortised cost	6(5)		12,372	-		12,337	-
1550	Investments accounted for under equity method	6(6)		831,450	14		1,220,632	19
1600	Property, plant and equipment	6(7) and 8		1,315,284	21		1,362,614	22
1755	Right-of-use assets	6(8)		287,012	5		331,483	5
1760	Investment property - net	6(10) and 8		169,515	3		171,035	3
1780	Intangible assets	6(11)		44,199	1		40,241	1
1840	Deferred income tax assets	6(27)		62,599	1		68,849	1
1900	Other non-current assets	6(12)		40,889	1		38,921	1
15XX	Total non-current assets			2,802,668	46		3,294,769	53
1XXX	Total assets		\$	6,077,168	100	\$	6,227,206	100

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NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13) and 8	\$ 1,315,065	22	\$ 1,652,820	27
2110	Short-term notes and bills payable	6(14)	50,000	1	30,000	-
2130	Current contract liabilities	6(21)	23,496	-	21,097	-
2150	Notes payable		2	-	43	-
2170	Accounts payable	7	777,778	13	366,474	6
2200	Other payables	6(15) and 7	266,788	4	332,374	5
2230	Current income tax liabilities		67,278	1	108,477	2
2250	Provisions for liabilities - current	6(16)	29,845	1	32,166	1
2280	Current lease liabilities		59,473	1	54,692	1
2300	Other current liabilities		7,757	-	7,596	-
21XX	Total current liabilities		2,597,482	43	2,605,739	42
Non-current liabilities						
2550	Provisions for liabilities - non-current	6(16)	9,170	-	8,076	-
2570	Deferred income tax liabilities	6(27)	25,621	-	120,560	2
2580	Non-current lease liabilities		237,710	4	286,227	5
2600	Other non-current liabilities	6(6)	35,898	1	2,222	-
25XX	Total non-current liabilities		308,399	5	417,085	7
2XXX	Total liabilities		2,905,881	48	3,022,824	49
Equity						
	Share capital	6(18)				
3110	Common stock		1,412,265	23	1,412,265	23
	Capital surplus	6(19)				
3200	Capital surplus		375,545	6	366,535	6
	Retained earnings	6(20)				
3310	Legal reserve		446,207	7	428,308	7
3320	Special reserve		20,828	-	30,188	-
3350	Unappropriated retained earnings		896,809	15	987,913	16
	Other equity interest					
3400	Other equity interest		19,633	1	(20,827)	(1)
3XXX	Total equity		3,171,287	52	3,204,382	51
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 6,077,168	100	\$ 6,227,206	100

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

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items		Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7	\$ 3,967,420	100	\$ 4,120,632	100
5000	Operating costs	6(3)(25)(26) and 7	(3,172,964)	(80)	(3,270,408)	(79)
5900	Net operating margin		794,456	20	850,224	21
5910	Unrealised profit from sales		(26,249)	(1)	(32,438)	(1)
5920	Realized profit from sales		32,438	1	36,346	1
5950	Net operating margin		800,645	20	854,132	21
	Operating expenses	6(25)(26)				
6100	Selling expenses		(296,836)	(7)	(274,506)	(7)
6200	General and administrative expenses		(107,780)	(3)	(108,939)	(3)
6300	Research and development expenses		(387,251)	(10)	(389,018)	(9)
6450	Expected credit impairment (loss) gain	12(2)	(2,837)	-	1,171	-
6000	Total operating expenses		(794,704)	(20)	(771,292)	(19)
6900	Operating profit		5,941	-	82,840	2
	Non-operating income and expenses					
7100	Interest income	6(22)	1,791	-	1,948	-
7010	Other income	6(23)	138,715	4	92,959	2
7020	Other gains and losses	6(24)	39,866	1	3,351	-
7050	Finance costs		(40,118)	(1)	(42,032)	(1)
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method, net	6(6)	(118,723)	(3)	62,789	2
7000	Total non-operating income and expenses		21,531	1	119,015	3
7900	Profit before income tax		27,472	1	201,855	5
7950	Income tax benefit (expense)	6(27)	57,418	1	(23,064)	-
8200	Profit for the year		<u>\$ 84,890</u>	<u>2</u>	<u>\$ 178,791</u>	<u>5</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plan	6(17)	\$ 2,521	-	\$ 248	-
8316	Unrealised (loss) gain from investments in equity instruments measured at fair value through other comprehensive income	6(4)	(5,409)	-	9,813	-
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(152)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(504)	-	(50)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(3,544)	-	10,011	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		46,021	1	(453)	-
8300	Other comprehensive income for the year		<u>\$ 42,477</u>	<u>1</u>	<u>\$ 9,558</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 127,367</u>	<u>3</u>	<u>\$ 188,349</u>	<u>5</u>
	Earnings per share (in dollars)	6(28)				
9750	Basic earnings per share		\$ 0.60		\$ 1.27	
9850	Diluted earnings per share		\$ 0.60		\$ 1.27	

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

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Total equity
<u>Year ended December 31, 2023</u>									
Balance at January 1, 2023		\$ 1,412,265	\$ 367,987	\$ 336,749	\$ 66,125	\$ 1,288,225	\$ 2,047	(\$ 32,234)	\$ 3,441,164
Profit for the year		-	-	-	-	178,791	-	-	178,791
Other comprehensive income (loss) for the year	6(4)	-	-	-	-	198	(453)	9,813	9,558
Total comprehensive income (loss)		-	-	-	-	178,989	(453)	9,813	188,349
Distribution of 2022 earnings	6(20)								
Legal reserve		-	-	91,559	-	(91,559)	-	-	-
Reversal of special reserve		-	-	-	(35,937)	35,937	-	-	-
Cash dividends		-	-	-	-	(423,679)	-	-	(423,679)
Changes in ownership interests in subsidiaries	6(19)	-	(1,452)	-	-	-	-	-	(1,452)
Balance at December 31, 2023		\$ 1,412,265	\$ 366,535	\$ 428,308	\$ 30,188	\$ 987,913	\$ 1,594	(\$ 22,421)	\$ 3,204,382
<u>Year ended December 31, 2024</u>									
Balance at January 1, 2024		\$ 1,412,265	\$ 366,535	\$ 428,308	\$ 30,188	\$ 987,913	\$ 1,594	(\$ 22,421)	\$ 3,204,382
Profit for the year		-	-	-	-	84,890	-	-	84,890
Other comprehensive income (loss)	6(4)	-	-	-	-	2,017	46,021	(5,561)	42,477
Total comprehensive income (loss)		-	-	-	-	86,907	46,021	(5,561)	127,367
Distribution of 2023 earnings	6(20)								
Legal reserve		-	-	17,899	-	(17,899)	-	-	-
Reversal of special reserve		-	-	-	(9,360)	9,360	-	-	-
Cash dividends		-	-	-	-	(169,472)	-	-	(169,472)
Changes in ownership interests in subsidiaries	6(19)	-	9,010	-	-	-	-	-	9,010
Balance at December 31, 2024		\$ 1,412,265	\$ 375,545	\$ 446,207	\$ 20,828	\$ 896,809	\$ 47,615	(\$ 27,982)	\$ 3,171,287

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

NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 27,472	\$ 201,855
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(7)(10)(25)	69,963	82,090
Depreciation (Right-of-use assets)	6(8)(25)	58,331	54,832
Amortization	6(11)(25)	28,042	29,307
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	12(2)	2,837	(1,171)
Interest expense		36,829	38,396
Interest expense (lease liability)	6(8)	3,289	3,636
Interest income	6(23)	(1,791)	(1,948)
Dividend income	6(23)	(8,015)	(1,356)
Overdue other payables transferred to other income		(45,941)	-
Share of loss (profit) of subsidiaries accounted for under the equity method	6(6)	118,723	(62,789)
Gain on disposal and scrap of property, plant and equipment	6(24)	(410)	(1,445)
Loss on disposal of investment	6(24)	-	837
Unrealised gross profit		26,249	32,438
Realized gross profit		(32,438)	(36,346)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		10	(10)
Accounts receivable		(444,552)	760,370
Accounts receivable - related parties		94,213	183,871
Other receivables		(17,840)	6,378
Other receivables - related parties		(11,582)	4,292
Inventories		58,181	630,443
Prepayments		(2,527)	(5,796)
Changes in operating liabilities			
Current contract liabilities		2,399	(16,903)
Notes payable		(41)	43
Accounts payable (including related parties)		411,304	(707,708)
Other payables		(16,319)	(63,882)
Provision		(1,227)	(2,307)
Other current liabilities		161	(3,768)
Cash inflow generated from operations		355,320	1,123,359
Interest received		1,766	1,928
Dividends received		387,824	355,238
Interest paid		(40,140)	(41,615)
Income tax paid		(72,975)	(59,679)
Net cash flows from operating activities		631,795	1,379,231

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NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6(4)	\$ 3,900	\$ 5,500
Decrease (increase) in current financial assets at amortised cost		5,000	(5,000)
Increase in non-current financial assets at amortised cost		(35)	(32)
Acquisition of investments accounted for using equity method	6(6)	(14,600)	-
Return of capital from liquidation of subsidiary		-	18,745
Acquisition of property, plant and equipment	6(29)	(19,736)	(42,053)
Proceeds from disposal of property, plant and equipment		410	1,445
Acquisition of intangible assets	6(11)	(32,000)	(23,745)
Increase in refundable deposits		(839)	(36)
Increase in other non-current assets		-	(1,392)
Net cash flows used in investing activities		(57,900)	(46,568)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		(337,755)	(752,180)
Decrease in short-term notes and bills payable		20,000	(70,000)
Decrease in guarantee deposits received		(5)	-
Payment of lease liabilities		(60,885)	(56,519)
Cash dividends paid	6(20)	(169,472)	(423,679)
Net cash flows used in financing activities		(548,117)	(1,302,378)
Net increase in cash and cash equivalents		25,778	30,285
Cash and cash equivalents at beginning of year	6(1)	504,868	474,583
Cash and cash equivalents at end of year	6(1)	\$ 530,646	\$ 504,868

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

NEXCOM INTERNATIONAL CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Nexcom International Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) in November 1992. The Company is engaged in the manufacture and sales of industrial personal computers and peripherals, agent of distribution, design of computer programs and computer software applications, etc. The shares of the Company have been traded on the Taipei Exchange since June 7, 2007.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 26, 2025.

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[®]") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are 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 non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'

The IASB issued the amendments to:

Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

B. IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports 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 at fair value through other comprehensive income.
- (b) Defined benefit asset recognised 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 International Financial Reporting Standards, International Accounting Standards, IFRS[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "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 the Company 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, which is the Company’s functional and 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 recognised 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 re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised 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 recognised 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 recognised in other comprehensive income. However, non-monetary 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) All foreign exchange gains and losses 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 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 recognised in other comprehensive income.
- (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 interest in this foreign operation. In addition, even when the Group retains partial interest 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 the foreign operation.

(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 that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
 - (b) Assets that are held primarily for the purpose of trading;
 - (c) Assets that are expected to be realised within twelve months after the reporting period;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.
- 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 settled in the normal operating cycle;
 - (b) Liabilities that are held primarily for the purpose of trading;
 - (c) Liabilities that are due to be settled within twelve months after the reporting period;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

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

(7) 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.

(8) Impairment of financial assets

For debt instruments measured at financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

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

(10) Leasing arrangements (lessor) — operating leases

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, 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 realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method - subsidiaries and associates

A. Subsidiaries are all entities 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. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. The accounting policies of the 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 recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate 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 recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- 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 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred statutory/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 and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests of the associate in 'capital surplus' in proportion to its ownership.
- H. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

- I. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised 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 still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- J. In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. 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 and structures	5 ~ 50 years
Machinery and equipment	1 ~ 10 years
Office equipment	1 ~ 10 years
Leasehold improvements	1 ~ 10 years
Transportation equipment	2 ~ 5 years

(14) 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 Company's incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. 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 amount of the initial measurement of lease liability. 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.

(15) 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 20 to 50 years.

(16) Intangible assets

Intangible assets are computer software and patent stated at historical cost and amortised over their estimated useful lives of 1 to 10 years.

(17) Impairment of non-financial assets

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 recognised 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. When the circumstances or reasons for recognising 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 amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred.

(19) Notes 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.

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

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

(22) Provisions

Provisions (including warranties) are recognised 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 on the balance sheet date.

(23) 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 recognised as expense in that period when the employees render service.

B. Pension

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan 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 government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, 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.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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 recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. 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 income tax asset is realised or the deferred income tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised 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 recognised amounts and there is an intention to settle on a net basis or realise 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 realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

A. Sales of goods

- (a.) The Company research and develops, manufactures and sells industrial personal computers. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's 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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b.) Sales revenue arising from industrial personal computers is recognised based on the price that is made from negotiating with customers based on purchased volume and items. No element of financing is deemed present as the sales are made with a credit terms that are the same with the general commercial transactions, which is consistent with market practice.
- (c.) The Company's obligation to provide a maintenance service for faulty products under the standard warranty terms is recognised as a provision.
- (d.) A receivable is recognised 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. Service revenue

Service revenue arises from extended warranty and maintenance service. Revenue from delivering services is recognised based on the progress of the services to be provided when the outcome of services provided can be estimated reliably.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

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

The preparation of these 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 realisable value, the Company must determine the net realisable 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 at balance sheet date, and writes down the cost of inventories to the net realisable value. Such 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, 2024, the carrying amount of inventories is provided in Note 6(3).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and petty cash	\$ 653	\$ 738
Checking accounts and demand deposits	529,993	504,130
	<u>\$ 530,646</u>	<u>\$ 504,868</u>

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. The Company's cash pledged to others as collateral for the bank's borrowing facility and customs guarantee deposit was shown under 'current financial assets at amortised cost' and 'non-current financial assets at amortised cost'. Details are provided in Notes 6(5) and 8.

(2) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 3	\$ 13
	December 31, 2024	December 31, 2023
Accounts receivable	\$ 864,934	\$ 420,381
Less: Allowance for uncollectible accounts	(29,240)	(26,622)
	<u>\$ 835,694</u>	<u>\$ 393,759</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2024	December 31, 2023
Not past due	\$ 762,110	\$ 355,090
1 to 90 days	72,543	38,928
91 to 180 days	1,768	315
Over 180 days	28,513	26,048
	<u>\$ 864,934</u>	<u>\$ 420,381</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$1,180,755.

C. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$3 and \$13, and accounts receivable were \$835,694 and \$393,759, respectively.

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

(3) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 905,821	(\$ 172,235)	\$ 733,586
Work in progress	239,311	(1,467)	237,844
Semi-finished goods	153,810	(28,440)	125,370
Finished goods	195,890	(19,001)	176,889
	<u>\$ 1,494,832</u>	<u>(\$ 221,143)</u>	<u>\$ 1,273,689</u>

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 971,064	(\$ 164,583)	\$ 806,481
Work in progress	184,422	(819)	183,603
Semi-finished goods	195,313	(30,933)	164,380
Finished goods	198,716	(21,310)	177,406
	<u>\$ 1,549,515</u>	<u>(\$ 217,645)</u>	<u>\$ 1,331,870</u>

The cost of inventories recognised as expense for the year:

	2024	2023
Cost of goods sold	\$ 3,044,955	\$ 3,197,103
Loss (gain) on inventory valuation (Note 1)	3,498	(8,080)
Loss on scrap inventory	65,722	34,710
Others (Note 2)	58,789	46,675
	<u>\$ 3,172,964</u>	<u>\$ 3,270,408</u>

Note 1: The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as certain inventory items which were previously provided with allowance were subsequently sold and scrapped in 2023.

Note 2: Includes low capacity utilisation, gain or loss on physical inventory and revenue from scrap.

(4) Financial assets at fair value through other comprehensive income

Items	December 31, 2024	December 31, 2023
Unlisted stocks	\$ 54,600	\$ 58,500
Valuation adjustment	(15,252)	(9,843)
	<u>\$ 39,348</u>	<u>\$ 48,657</u>

A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2024	2023
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value change recognised in the other comprehensive income	(\$ 5,409)	\$ 9,813

B. The Company has elected to classify financial assets at cost that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$39,348 and \$48,657 as at December 31, 2024 and 2023, respectively.

C. Certain companies whose equity instruments are held by the Group reduced its capital in August 2024 and June 2023, respectively, and returned shares in the amount of \$3,900 and \$5,500, respectively.

D. As of December 31, 2024 and 2023, no financial assets at fair value through other comprehensive income held by the Company were pledged to others.

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

(5) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Pledged demand deposits	\$ -	\$ 5,000
Non-current items:		
Pledged time deposits	\$ 12,372	\$ 12,337

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	2024	2023
Interest income	\$ 112	\$ 111

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method is as follows:

	December 31, 2024	December 31, 2023
Nexcom International Co., Ltd. (SAMOA)(Note 1)	\$ 372,369	\$ 626,867
Greenbase Technology Corp.	253,193	265,717
Nex Computers, Inc.	143,984	124,814
Nexcom Japan Co., Ltd.	45,918	53,840
TMR Technologies Co., Ltd. (Note 2)	12,991	4,274
All IoTCloud Corp.	2,986	2,932
NEXCOBOT INC.	9	8
EMBUX Technology Co., Ltd.	(662)	(2,700)
NexAIoT Co., Ltd.	(33,019)	144,880
	797,769	1,220,632
Credit balance transferred to other non-current liabilities	33,681	-
	<u>\$ 831,450</u>	<u>\$ 1,220,632</u>

Note 1: The earnings of the Company's subsidiary, Nexcom International Co., Ltd., amounting to \$324,700 and \$312,550 were remitted back in December, 2024 and 2023, respectively.

Note 2: In June 2024, the Company's subsidiary, TMR Technologies Co., Ltd., increased its cash capital. The investment amount was \$20,000. The Company acquired the shares in the amount of \$14,600. The Company did not acquire new shares proportionately to its ownership percentage.

B. The Company's gains (losses) on investments accounted for using equity method were evaluated based on the audited financial statements of the investees for the same period. Details of the gains (losses) on investments are as follows:

	2024	2023
Greenbase Technology Corp.	\$ 42,938	\$ 87,149
Nexcom International Co., Ltd. (SAMOA)	30,280 (	1,258)
Nex Computers, Inc.	4,572	16,046
EMBUX Technology Co., Ltd.	1,933	624
All IoTCloud Corp.	54 (	1,001)
NEXCOBOT Inc.	-	-
Nexcom Europe Ltd. (Note)	- (	6,484)
TMR Technologies Co., Ltd.	(7,745) (	9,989)
Nexcom Japan Co., Ltd.	(9,642)	15,571
NexAIoT Co., Ltd.	(181,113) (	37,869)
	<u>(\$ 118,723)</u>	<u>\$ 62,789</u>

Note: The Company's subsidiary, Nexcom Europe Ltd., has completed its liquidation in October 2023.

C. Refer to Note 4(3) in the consolidated financial statements as at and for the year ended December 31, 2024 for the information regarding the Company's subsidiaries.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2024</u>						
Cost	\$ 839,249	\$ 567,495	\$ 672,663	\$ 48,737	\$ 130,434	\$ 2,258,578
Accumulated depreciation	-	(193,381)	(555,205)	(43,430)	(103,948)	(895,964)
	<u>\$ 839,249</u>	<u>\$ 374,114</u>	<u>\$ 117,458</u>	<u>\$ 5,307</u>	<u>\$ 26,486</u>	<u>\$ 1,362,614</u>
<u>2024</u>						
At January 1	\$ 839,249	\$ 374,114	\$ 117,458	\$ 5,307	\$ 26,486	\$ 1,362,614
Additions	-	-	9,677	3,394	6,650	19,721
Reclassifications	-	-	1,392	-	-	1,392
Depreciation	-	(9,257)	(44,937)	(2,712)	(11,537)	(68,443)
At December 31	<u>\$ 839,249</u>	<u>\$ 364,857</u>	<u>\$ 83,590</u>	<u>\$ 5,989</u>	<u>\$ 21,599</u>	<u>\$ 1,315,284</u>
<u>At December 31, 2024</u>						
Cost	\$ 839,249	\$ 567,495	\$ 673,905	\$ 52,113	\$ 135,884	\$ 2,268,646
Accumulated depreciation	-	(202,638)	(590,315)	(46,124)	(114,285)	(953,362)
	<u>\$ 839,249</u>	<u>\$ 364,857</u>	<u>\$ 83,590</u>	<u>\$ 5,989</u>	<u>\$ 21,599</u>	<u>\$ 1,315,284</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2023</u>						
Cost	\$ 839,249	\$ 567,495	\$ 652,713	\$ 48,938	\$ 119,392	\$ 2,227,787
Accumulated depreciation	-	(183,951)	(506,613)	(45,380)	(97,908)	(833,852)
	<u>\$ 839,249</u>	<u>\$ 383,544</u>	<u>\$ 146,100</u>	<u>\$ 3,558</u>	<u>\$ 21,484</u>	<u>\$ 1,393,935</u>
<u>2023</u>						
At January 1	\$ 839,249	\$ 383,544	\$ 146,100	\$ 3,558	\$ 21,484	\$ 1,393,935
Additions	-	-	16,607	4,040	17,659	38,306
Reclassifications	-	-	10,767	-	176	10,943
Depreciation	-	(9,430)	(56,016)	(2,291)	(12,833)	(80,570)
At December 31	<u>\$ 839,249</u>	<u>\$ 374,114</u>	<u>\$ 117,458</u>	<u>\$ 5,307</u>	<u>\$ 26,486</u>	<u>\$ 1,362,614</u>
<u>At December 31, 2023</u>						
Cost	\$ 839,249	\$ 567,495	\$ 672,663	\$ 48,737	\$ 130,434	\$ 2,258,578
Accumulated depreciation	-	(193,381)	(555,205)	(43,430)	(103,948)	(895,964)
	<u>\$ 839,249</u>	<u>\$ 374,114</u>	<u>\$ 117,458</u>	<u>\$ 5,307</u>	<u>\$ 26,486</u>	<u>\$ 1,362,614</u>

Refer to Note 8 for the pledged property, plant and equipment.

(8) Leasing arrangements - lessee

- A. The Company leases various assets including buildings. Rental contracts are typically made for periods from 2017 to 2031. 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. Short-term leases with a lease term of 12 months or less comprise logistics warehouses. Low-value assets comprise parking lots.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 287,012</u>	<u>\$ 331,483</u>
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 58,331</u>	<u>\$ 54,832</u>

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

	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,289	\$ 3,636
Expense on short-term lease contracts	8,458	8,261
	<u>\$ 11,747</u>	<u>\$ 11,897</u>

- E. For the years ended December 31, 2024 and 2023, additions to right-of-use assets were \$13,860 and \$850, respectively.
- F. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$72,632 and \$68,416, respectively.

(9) Leasing arrangements - lessor

- A. The Company leases various assets including buildings and structures. Rental contracts are typically made for periods from 3 to 10 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, 2024 and 2023, the Company recognised rent income in the amounts of \$18,921 and \$17,251, 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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
2024	\$ -	\$ 15,490
2025	21,358	9,027
2026	8,549	8,549
2027	3,829	3,829
2028~	8,366	8,366
	<u>\$ 42,102</u>	<u>\$ 45,261</u>

(10) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2024</u>			
Cost	\$ 128,902	\$ 97,512	\$ 226,414
Accumulated depreciation	-	(55,379)	(55,379)
	<u>\$ 128,902</u>	<u>\$ 42,133</u>	<u>\$ 171,035</u>
<u>2024</u>			
At January 1	\$ 128,902	\$ 42,133	\$ 171,035
Depreciation	-	(1,520)	(1,520)
At December 31	<u>\$ 128,902</u>	<u>\$ 40,613</u>	<u>\$ 169,515</u>
<u>At December 31, 2024</u>			
Cost	\$ 128,902	\$ 97,512	\$ 226,414
Accumulated depreciation	-	(56,899)	(56,899)
	<u>\$ 128,902</u>	<u>\$ 40,613</u>	<u>\$ 169,515</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2023</u>			
Cost	\$ 128,902	\$ 97,512	\$ 226,414
Accumulated depreciation	-	(53,859)	(53,859)
	<u>\$ 128,902</u>	<u>\$ 43,653</u>	<u>\$ 172,555</u>
<u>2023</u>			
At January 1	\$ 128,902	\$ 43,653	\$ 172,555
Depreciation	-	(1,520)	(1,520)
At December 31	<u>\$ 128,902</u>	<u>\$ 42,133</u>	<u>\$ 171,035</u>
<u>At December 31, 2023</u>			
Cost	\$ 128,902	\$ 97,512	\$ 226,414
Accumulated depreciation	-	(55,379)	(55,379)
	<u>\$ 128,902</u>	<u>\$ 42,133</u>	<u>\$ 171,035</u>

- A. The Company leased land and buildings at Sanchong Dist. and Zhonghe Dist., New Taipei City to other companies as factories or offices until February 2030. The Company received the rental payment monthly.
- B. Refer to Note 8 for the pledged investment property.
- C. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	2024	2023
Rental income from investment property	\$ 10,748	\$ 10,782
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 2,198	\$ 2,200

- D. The fair value of the investment property held by the Company as at December 31, 2024 and 2023 was \$451,714 and \$389,582, respectively, which was revalued based on market trading prices of similar property in the neighbouring areas. Valuations were categorised within Level 3 in the fair value hierarchy.

(11) Intangible assets

	Software	Others	Total
<u>At January 1, 2024</u>			
Cost	\$ 115,413	\$ 7,320	\$ 122,733
Accumulated amortisation	(76,574)	(5,918)	(82,492)
	<u>\$ 38,839</u>	<u>\$ 1,402</u>	<u>\$ 40,241</u>
<u>2024</u>			
At January 1	\$ 38,839	\$ 1,402	\$ 40,241
Additions	29,880	2,120	32,000
Amortisation charge	(25,825)	(2,217)	(28,042)
At December 31	<u>\$ 42,894</u>	<u>\$ 1,305</u>	<u>\$ 44,199</u>
<u>At December 31, 2024</u>			
Cost	\$ 117,950	\$ 6,889	\$ 124,839
Accumulated amortisation	(75,056)	(5,584)	(80,640)
	<u>\$ 42,894</u>	<u>\$ 1,305</u>	<u>\$ 44,199</u>

	Software	Others	Total
<u>At January 1, 2023</u>			
Cost	\$ 128,047	\$ 6,822	\$ 134,869
Accumulated amortisation	(83,531)	(5,535)	(89,066)
	<u>\$ 44,516</u>	<u>\$ 1,287</u>	<u>\$ 45,803</u>
<u>2023</u>			
At January 1	\$ 44,516	\$ 1,287	\$ 45,803
Additions	21,438	2,307	23,745
Amortisation charge	(27,115)	(2,192)	(29,307)
At December 31	<u>\$ 38,839</u>	<u>\$ 1,402</u>	<u>\$ 40,241</u>
<u>At December 31, 2023</u>			
Cost	\$ 115,413	\$ 7,320	\$ 122,733
Accumulated amortisation	(76,574)	(5,918)	(82,492)
	<u>\$ 38,839</u>	<u>\$ 1,402</u>	<u>\$ 40,241</u>

	2024	2023
Operating expenses	\$ 8,794	\$ 7,800
Selling expenses	3,890	3,473
General and administrative expenses	6,430	10,280
Research and development expenses	8,928	7,754
	<u>\$ 28,042</u>	<u>\$ 29,307</u>

(12) Other non-current assets

	December 31, 2024	December 31, 2023
Refundable deposits	\$ 13,252	\$ 12,413
Net defined benefit assets	27,637	25,116
Prepayments for equipment	-	1,392
	<u>\$ 40,889</u>	<u>\$ 38,921</u>

(13) Short-term borrowings

Type of borrowings	December 31, 2024	Interest rate range
Bank borrowings		
Unsecured borrowings	\$ 899,495	1.90% ~ 6.00%
Secured borrowings	415,570	1.83% ~ 5.80%
	<u>\$ 1,315,065</u>	
Type of borrowings	December 31, 2023	Interest rate range
Bank borrowings		
Unsecured borrowings	\$ 1,152,820	1.73% ~ 6.84%
Secured borrowings	500,000	1.68% ~ 1.90%
	<u>\$ 1,652,820</u>	

Details of collateral for short-term borrowings are provided in Note 8.

(14) Short-term notes and bills payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Commercial paper	\$ 50,000	\$ 30,000
Annual interest rate	<u>2.02%</u>	<u>1.90%~1.938%</u>

(15) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accrued salaries and bonus	\$ 156,760	\$ 193,420
Labour and health insurance payable	16,138	16,383
Pension cost payable	7,743	7,821
Payable on machinery and equipment	1,198	1,213
Processing fees payable	1,416	707
Others	83,533	112,830
	<u>\$ 266,788</u>	<u>\$ 332,374</u>

(16) Provisions

	<u>2024</u>	<u>2023</u>
At January 1	\$ 40,242	\$ 42,549
Additional provisions	38,167	25,983
Unused amounts reversed	(39,394)	(28,290)
At December 31	<u>\$ 39,015</u>	<u>\$ 40,242</u>

Analysis of total provisions:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current	\$ 29,845	\$ 32,166
Non-current	<u>\$ 9,170</u>	<u>\$ 8,076</u>

The Company's warranty provisions were associated with the sales of industrial personal computer products and were estimated in accordance with the historical warranty data of products.

(17) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Act. 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 4% 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 December 31, every year. If the account balance is not enough 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 contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ -	\$ -
Fair value of plan assets	<u>27,637</u>	<u>25,116</u>
Net defined benefit asset (shown as other non-current assets)	<u>\$ 27,637</u>	<u>\$ 25,116</u>

(c) Movements in net defined benefit assets are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit assets</u>
<u>2024</u>			
Balance at January 1	<u>\$ -</u>	<u>\$ 25,116</u>	<u>\$ 25,116</u>
<u>Remeasurements:</u>			
Return on plan assets (excluding amounts included in interest income or expense)	<u>-</u>	<u>2,521</u>	<u>2,521</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 27,637</u>	<u>\$ 27,637</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
<u>2023</u>			
Balance at January 1	\$ -	\$ 24,868	\$ 24,868
<u>Remeasurements:</u>			
Return on plan assets (excluding amounts included in interest income or expense)	-	248	248
Balance at December 31	\$ -	\$ 25,116	\$ 25,116

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 utilisation 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 assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value percentage of total assets or the fund for the years ended December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The actuarial report showed that the Company had contributed sufficient pension funds. Thus, the Company discontinued contributing to the labor pension reserve funds temporarily from June 2021 to May 2022 in accordance with Labor Affairs Department, New Taipei City Government Letter No.1101223971.
- B.(a)Effective July 1, 2005, the Company has 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 plan of the Company for the years ended December 31, 2024 and 2023 were \$31,148 and \$30,885, respectively.

(18) Share capital

As of December 31, 2024, the Company's authorised capital was \$1,800,000 (including 15,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,412,265, consisting of 141,226 thousand shares with a par value of \$10 (in NT dollars) per share. All proceeds from shares issued have been collected.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law 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.

	2024		
	Share premium	Treasury share transactions	Changes in subsidiaries accounted for using equity method
At January 1	\$ 360,755	\$ 2,880	\$ 2,900
Recognition of change in equity of subsidiaries in proportion to the ownership	-	-	9,010
At December 31	\$ 360,755	\$ 2,880	\$ 11,910

	2023		
	Share premium	Treasury share transactions	Changes in subsidiaries accounted for using equity method
At January 1	\$ 360,755	\$ 2,880	\$ 4,352
Recognition of change in equity of subsidiaries in proportion to the ownership	-	-	(1,452)
At December 31	\$ 360,755	\$ 2,880	\$ 2,900

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings (after appropriation of no less than 1% as employees' compensation and no more than 1% as directors' remuneration), if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless the legal reserve equals the total authorised capital. In addition, special reserve that has been appropriated or reversed in accordance with related regulations along with the beginning unappropriated retained earnings can be distributed as dividend provided that the appropriation is proposed by the Board of Directors and approved by shareholders during their meeting.
- B. In order to meet future capital requirements and long-term financial plan, the Company takes into account the Company's business environment and growth stage. Every year, total distributed shareholders' dividends shall not be higher than 90% of the total earnings distributable, and cash dividends shall not be lower than 5% of total dividends. If the total dividends distributable are lower than \$0.5 (in dollars) per share, the above restriction on ratio shall not apply.
- C. 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.
- D. In accordance with the regulations, the Company shall set aside special reserve for 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.
- E. On June 19, 2024 and June 27, 2023, the stockholders resolved the distribution of earnings for the years ended December 31, 2023 and 2022 as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 17,899		\$ 91,559	
Reversal of special reserve	(9,360)		(35,937)	
Cash dividends	169,472	\$ 1.20	423,679	\$ 3.00

The information on distribution of earnings of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- F. For the information relating to employees' compensation and directors' remuneration, refer to Note 6(26).

(21) Operating revenue

A. The Company derives revenue from the transfer of goods and services at a point in time, as follows:

	2024	2023
Network and communication solutions	\$ 2,335,390	\$ 2,061,785
Industrial computers	705,647	1,199,973
Mobile computing solutions	583,800	510,430
Intelligent platforms	338,236	337,531
Others	4,347	10,913
	<u>\$ 3,967,420</u>	<u>\$ 4,120,632</u>

B. Contract liabilities

The contract liabilities recognised by the Company were mainly advance sales receipts.

	December 31, 2024	December 31, 2023	January 1, 2023
Advance sales receipts	<u>\$ 23,496</u>	<u>\$ 21,097</u>	<u>\$ 38,000</u>

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance sales receipts	<u>\$ 14,647</u>	<u>\$ 30,063</u>

(22) Interest income

	2024	2023
Interest income from bank deposits	\$ 1,679	\$ 1,837
Interest income from financial assets measured at amortised cost	112	111
	<u>\$ 1,791</u>	<u>\$ 1,948</u>

(23) Other income

	2024	2023
Overdue other payables transferred to other income	\$ 45,941	\$ -
Management and technical services revenue	38,786	39,425
Rental revenue	18,921	17,251
Government grants revenue	17,387	10,832
Dividend income	8,015	1,356
Marketing allowance revenue	5,703	8,094
Others	3,962	16,001
	<u>\$ 138,715</u>	<u>\$ 92,959</u>

(24) Other gains and losses

	2024	2023
Net gain on foreign exchange	\$ 41,015	\$ 4,335
Gain on disposal of property, plant and equipment	410	1,445
Loss on disposals of investments	- (	837)
Investment property depreciation expense	(1,520)	(1,520)
Others	(40)	(72)
	<u>\$ 39,865</u>	<u>\$ 3,351</u>

(25) Expenses by nature

	2024		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expense	\$ 267,178	\$ 511,419	\$ 778,597
Depreciation charges on property, plant and equipment	34,269	34,174	68,443
Depreciation charges on right-of-use assets	52,782	5,549	58,331
Amortisation charges on intangible assets	8,794	19,248	28,042
	<u>\$ 363,023</u>	<u>\$ 570,390</u>	<u>\$ 933,413</u>
	2023		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expense	\$ 259,215	\$ 518,880	\$ 778,095
Depreciation charges on property, plant and equipment	46,175	34,395	80,570
Depreciation charges on right-of-use assets	52,262	2,570	54,832
Amortisation charges on intangible assets	7,800	21,507	29,307
	<u>\$ 365,452</u>	<u>\$ 577,352</u>	<u>\$ 942,804</u>

(26) Employee benefit expense

2024			
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	\$ 223,762	\$ 431,377	\$ 655,139
Labour and health insurance fees	23,022	40,184	63,206
Pension costs	8,401	22,747	31,148
Other personnel expenses	11,993	17,111	29,104
	<u>\$ 267,178</u>	<u>\$ 511,419</u>	<u>\$ 778,597</u>
2023			
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	\$ 215,145	\$ 439,043	\$ 654,188
Labour and health insurance fees	23,632	40,554	64,186
Pension costs	8,545	22,340	30,885
Other personnel expenses	11,893	16,943	28,836
	<u>\$ 259,215</u>	<u>\$ 518,880</u>	<u>\$ 778,095</u>

- A. As at December 31, 2024 and 2023, the Company had 849 and 865 employees, respectively.
- B. According to the Articles of Incorporation of the Company, a ratio of the current year's profit (profit before tax without provision for employees' compensation and directors' remuneration), if any, shall be accrued as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 1% for directors' remuneration. However, if the Company has accumulated deficit, earnings shall first be reserved to cover the deficit.
- C. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at \$468 and \$3,276, respectively; while directors' remuneration was accrued at \$234 and \$1,609, respectively. The aforementioned amounts were recognised in salary expenses.
- For the year ended December 31, 2024, employees' compensation and directors' and supervisors' remuneration were accrued at the ratio of 1.66% and 0.83%, respectively, based on pre-tax profit of the year before deducting employees' compensation and directors' remuneration. The amount of employees' compensation, which will be distributed in the form of cash, is the same with the amount resolved by the Board of Directors.
- Employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements.
- Information about employees' compensation and directors' remuneration of the Company as resolved by the 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:

	2024	2023
Current tax:		
Current tax on profits for the year	\$ 66,590	\$ 88,929
Tax on undistributed earnings	-	18,876
Prior year income tax overestimation	(34,815)	(20,453)
Total current tax	31,775	87,352
Deferred tax:		
Origination and reversal of temporary differences	(89,193)	(64,288)
Income tax (benefit) expense	(\$ 57,418)	\$ 23,064

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

	2024	2023
Remeasurement of defined benefit assets	\$ 504	\$ 50

B. Reconciliation between income tax expense and accounting profit:

	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 5,494	\$ 40,371
Expenses disallowed by tax regulation	12	-
Tax exempt income by tax regulation	266	(8,054)
Prior year income tax overestimation	(34,815)	(20,453)
Change in assessment of realisation of deferred tax assets	(5,120)	(7,676)
Effect from investment tax credits	(23,255)	-
Tax on undistributed earnings	-	18,876
Income tax (benefit) expense	(\$ 57,418)	\$ 23,064

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

	2024			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
Temporary differences:				
Loss on inventory valuation	\$ 43,529	\$ 699	\$ -	\$ 44,228
Unrealised product warranty cost	8,048	(245)	-	7,803
Unrealised transaction gain from affiliates	6,487	(1,237)	-	5,250
Unrealised exchange loss	5,352	(5,352)	-	-
Compensated absences	2,187	(115)	-	2,072
Amount of allowance for bad debts that exceed the limit for tax purpose	<u>3,246</u>	<u>-</u>	<u>-</u>	<u>3,246</u>
	<u>\$ 68,849</u>	<u>(\$ 6,250)</u>	<u>\$ -</u>	<u>\$ 62,599</u>
Deferred tax liabilities:				
Net defined benefit assets	(\$ 2,094)	\$ -	(\$ 504)	(\$ 2,598)
Unrealised exchange gain	-	(2,470)	-	(\$ 2,470)
Income tax accrued on remittance of proceeds from disposal of subsidiaries	<u>(118,466)</u>	<u>97,913</u>	<u>-</u>	<u>(\$ 20,553)</u>
	<u>(\$ 120,560)</u>	<u>\$ 95,443</u>	<u>(\$ 504)</u>	<u>(\$ 25,621)</u>
	<u>(\$ 51,711)</u>	<u>\$ 89,193</u>	<u>(\$ 504)</u>	<u>\$ 36,978</u>

2023				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Loss on inventory valuation	\$ 45,145	(\$ 1,616)	\$ -	\$ 43,529
Unrealised transaction gain from affiliates	7,269	(782)	-	6,487
Unrealised product warranty cost	8,510	(462)	-	8,048
Unrealised exchange loss	2,146	3,206	-	5,352
Compensated absences	2,255	(68)	-	2,187
Amount of allowance for bad debts that exceed the limit for tax purpose	1,746	1,500	-	3,246
	<u>\$ 67,071</u>	<u>\$ 1,778</u>	<u>\$ -</u>	<u>\$ 68,849</u>
Deferred tax liabilities:				
Net defined benefit assets	(\$ 2,044)	\$ -	(\$ 50)	(\$ 2,094)
Income tax accrued on remittance of proceeds from disposal of subsidiaries	(180,976)	62,510	-	(\$ 118,466)
	<u>(\$ 183,020)</u>	<u>\$ 62,510</u>	<u>(\$ 50)</u>	<u>(\$ 120,560)</u>
	<u>(\$ 115,949)</u>	<u>\$ 64,288</u>	<u>(\$ 50)</u>	<u>(\$ 51,711)</u>

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(28) Earnings per share

2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 84,890	141,226	<u>\$ 0.60</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	7	
Profit plus effect of potential ordinary shares	<u>\$ 84,890</u>	<u>141,233</u>	<u>\$ 0.60</u>

	2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 178,791	141,226	\$ 1.27
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	68	
Profit plus effect of potential ordinary shares	\$ 178,791	141,294	\$ 1.27

(29) Supplemental cash flow information

Investing activities with partial cash payments:

	2024	2023
Purchase of property, plant and equipment	\$ 19,721	\$ 38,306
Add: Opening balance of payable on equipment	1,213	4,960
Less: Ending balance of payable on equipment	(1,198)	(1,213)
Cash paid during the year	\$ 19,736	\$ 42,053

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Nex Computers, Inc.	The Company's consolidated subsidiary
Nexcom Japan Co., Ltd.	The Company's consolidated subsidiary
Nexcom International Co., Ltd.	The Company's consolidated subsidiary
Nexcom Europe Ltd.	The Company's consolidated subsidiary (Note 1)
Greenbase Technology Corp.	The Company's consolidated subsidiary
NexAIoT Co., Ltd.	The Company's consolidated subsidiary
All IoTCloud Corp.	The Company's consolidated subsidiary
Nexcom Shanghai Co., Ltd.	The Company's consolidated subsidiary
Nexcom Surveillance Technology Co., Ltd.	The Company's consolidated subsidiary
Nexcom United System Service Co., Ltd.	The Company's consolidated subsidiary
TMR Technologies Co., Ltd.	The Company's consolidated subsidiary
EMBOX Technology Co., Ltd.	The Company's consolidated subsidiary
NEXGOL Co., Ltd.	The Company's consolidated subsidiary
NexCOBOT Taiwan Co., Ltd.	The Company's consolidated subsidiary
NEXCOBOT Inc.	The Company's consolidated subsidiary
Beijing NexGemo Technology Co., Ltd.	Associate
GuangZhou NexCOBOT China Co., Ltd.	The Company's consolidated subsidiary (Note 2)
Chongqing NEXRAY Technplpgy Co., Ltd.	The Company's consolidated subsidiary
DIVIOTEC INC.	The Company's consolidated subsidiary

Note 1: The Company's subsidiary, Nexcom Europe Ltd., has completed its liquidation in October 2023.

Note 2: The Company's subsidiary, GuangZhou NexCOBOT China Co., Ltd., has completed its liquidation in June 2024.

(2) Significant transactions with related parties

A. Operating revenue:

	2024	2023
Sales of goods:		
Subsidiary-		
NexAIoT Co., Ltd.	\$ 322,191	\$ 561,034
Nex Computers, Inc.	301,744	324,908
Nexcom Japan Co., Ltd.	122,011	205,557
Greenbase Technology Corp.	118,713	300,004
NexCOBOT Taiwan Co., Ltd.	118,543	113,944
Others	14,518	53,139
Associate	440	390
	<u>\$ 998,160</u>	<u>\$ 1,558,976</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	2024	2023
Subsidiary	<u>\$ 20,042</u>	<u>\$ 27,133</u>

Raw materials and finished goods are purchased based on the purchase price and payment terms that would be available to third parties.

C. Accounts receivable:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable:		
Subsidiary-		
NexAIoT Co., Ltd.	\$ 183,226	\$ 100,780
NexCOBOT Taiwan Co., Ltd.	95,990	68,508
Nexcom Shanghai Co., Ltd.	77,111	73,471
Chongqing NEXRAY Technplpgy Co., Ltd.	55,750	64,655
Nex Computers, Inc.	45,966	74,657
Greenbase Technology Corp.	46,949	51,915
Nexcom Japan Co., Ltd.	29,016	185,591
Others	11,233	20,257
Associate	984	604
Less: Allowance for uncollectible accounts	(435)	(215)
	<u>\$ 545,790</u>	<u>\$ 640,223</u>
Other receivables:		
NexAIoT Co., Ltd.	20,891	9,841
Others	7,152	6,620
	<u>\$ 28,043</u>	<u>\$ 16,461</u>

- (a) The receivables due from related parties had no collateral, were not pledged and do not bear interest.
- (b) Other receivables are the payment of operating activities made by the Company on behalf of related parties and the income from providing management and technical services to related parties. The receivables do not bear interest.

D. Rental income

	<u>2024</u>	<u>2023</u>
Subsidiary	\$ 7,420	\$ 5,646

The Company leased office and parking lots to related parties.

E. Other income

	<u>2024</u>	<u>2023</u>
Subsidiaries-		
NexAIoT Co., Ltd.	\$ 28,385	\$ 26,445
Greenbase Technology Corp.	4,907	7,270
Others	5,494	5,658
	<u>\$ 38,786</u>	<u>\$ 39,373</u>

The Company provided management and technical services to related parties, and the term is 120 days after monthly billings in accordance with mutual agreement.

F. Accounts payable

	December 31, 2024	December 31, 2023
Accounts payable:		
Subsidiaries	\$ 850	\$ 830
Other payables:		
Subsidiaries	19,820	21,456
	<u>\$ 20,670</u>	<u>\$ 22,286</u>

Accounts payable to related parties mainly arise from purchases of goods, and the payables do not bear interest.

G. For endorsements and guarantees provided to related parties, refer to Note 9(2)B for details.

(3) Key management compensation

	2024	2023
Salaries and other short-term employee benefits	\$ 22,294	\$ 29,788
Post-employment benefits	862	944
	<u>\$ 23,156</u>	<u>\$ 30,732</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2024	December 31, 2023	
Current financial assets at amortised cost-demand deposits	\$ -	\$ 5,000	Guarantee for secured borrowings
Non-current financial assets at amortised cost-time deposits	12,372	12,337	Performance guarantee and guarantee for import duty
			Guarantee for secured borrowings
Property, plant and equipment -land and buildings and structures	1,204,107	1,213,363	Guarantee for long-term secured borrowings
Investment property -land and buildings and structures			Guarantee for short-term secured borrowings
	<u>169,515</u>	<u>171,035</u>	
	<u>\$ 1,385,994</u>	<u>\$ 1,401,735</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

- A. The Company had issued and deposited certified checks amounting to \$2,600,000 and USD 17,000 thousand for the Company's short and long-term credit facilities and forward exchange contracts.
- B. The amount of endorsements and guarantees provided by the Company in order to assist its subsidiaries for the lease of warehouses, offices and enter into cooperative contracts are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Nexcom Japan Co., Ltd.	\$ 5,251 (JPY 25,018 thousand)	\$ 5,434 (JPY 25,018 thousand)
EMBOX Technology Co., Ltd.	25,000 (NTD 25,000 thousand)	25,000 (NTD 25,000 thousand)
NexCOBOT Taiwan Co., Ltd.	60,000 (NTD 60,000 thousand)	60,000 (NTD 60,000 thousand)
NexAIoT Co., Ltd.		136,763 (USD 2,500 thousand) (NTD 60,000 thousand)

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital 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 or issue new shares to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income	\$ 39,348	\$ 48,657
Financial assets at amortised cost	\$ 2,007,180	\$ 1,608,589
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ 2,411,850	\$ 2,383,933
Lease liability	\$ 297,183	\$ 340,919

Note: For financial assets at amortised cost, including cash and cash equivalents, current financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties) and guarantee deposits paid, and financial liabilities at amortised cost, including short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, and guarantee deposits received, refer to the balance sheet for details.

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury 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 and 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 used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2024									
	Foreign Currency Amount (In thousands)	Exchange Rate	Book Value (NTD)	Sensitivity Analysis						
				Degree of variation	Effect on profit (loss)	Effect on other comprehensive income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD : NTD	\$	38,431	32.79	\$	1,259,950	1%	\$	12,600	\$	-
RMB : NTD		43,868	4.48		196,442	1%		1,964		-
EUR : NTD		612	34.14		20,894	1%		209		-
GBP:NTD		194	41.19		7,991	1%		80		-
<u>Non-monetary items</u>										
USD : NTD	\$	15,750	32.79	\$	516,364	1%	\$	-	\$	5,164
JYP : NTD		218,763	0.21		45,918	1%		-		459
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD : NTD	\$	22,081	32.79	\$	723,918	1%	\$	7,239	\$	-
EUR : NTD		39	34.14		1,327	1%		13		-
RMB : NTD		4,010	4.48		17,955	1%		180		-
December 31, 2023										
(Foreign currency: functional currency)	Foreign Currency Amount (In thousands)	Exchange Rate	Book Value (NTD)	Sensitivity Analysis						
				Degree of variation	Effect on profit (loss)	Effect on other comprehensive income				
	<u>Financial assets</u>									
<u>Monetary items</u>										
USD : NTD	\$	25,740	30.71	\$	790,347	1%	\$	7,903	\$	-
RMB : NTD		87,139	4.33		377,050	1%		3,771		-
EUR : NTD		1,232	33.98		41,863	1%		419		-
<u>Non-monetary items</u>										
USD : NTD	\$	24,481	30.71	\$	751,689	1%	\$	-	\$	7,517
JYP : NTD		247,882	0.22		53,840	1%		-		538
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD : NTD	\$	11,065	30.71	\$	339,751	1%	\$	3,398	\$	-
RMB : NTD		4,006	4.33		17,334	1%		173		-
EUR : NTD		77	33.98		2,616	1%		26		-

Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023 amounted to \$41,015 and \$4,335, respectively.

Price risk

The Company invests in equity securities primarily shares issued by foreign and domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2024 would have increased/decreased by \$546 as a result of other comprehensive income on equity investment classified as at fair value through other comprehensive income. If the prices of these equity securities had increased/decreased by 4% with all other variables held constant, post-tax profit for the year ended December 31, 2023 would have increased/decreased by \$2,340 as a result of other comprehensive income on equity investment classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term and short-term borrowings and short-term notes and bills payable. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.
- ii. At December 31, 2024 and 2023, if interest rates on borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2024 and 2023 would have been \$3,412 and \$4,207 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(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, and the contract cash flows of debt instruments stated at amortised cost and at fair value through other comprehensive income.
- ii. The Company manages its credit risk taking into consideration the entire company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the 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. Individual risk limits are set based on internal or external ratings in accordance with the limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Company adopts the following assumptions 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 were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) The actual or expected significant changes of customer operating results.
 - (iii) The existing or estimated adverse changes in operations, finance or economic circumstances that were expected to cause significant changes in the customer's ability to fulfil its debt obligation.
- iv. The Company considers that the default occurs when the contract payments are past due over 180 days.
- v. 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.
- vi. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer's characteristics. The Group applies the simplified approach using the provision matrix to estimate expected credit loss.
- vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2024 and 2023, the provision matrix is as follows:

	Individual	Group				
		Not past due	Up to 90 days past due	91 ~ 180 days past due	Over 180 days past due	Total
<u>At December 31, 2024</u>						
Expected loss rate		0.03%	0.03%	0.03%~50%	100%	
Total book value	\$ 548,202	\$ 762,038	\$ 70,638	\$ 1,768	\$ 28,513	\$ 1,411,159
Loss allowance	\$ 435	\$ 231	\$ 21	\$ 475	\$ 28,513	\$ 29,675
	Individual	Group				
		Not past due	Up to 90 days past due	91 ~ 180 days past due	Over 180 days past due	Total
<u>At December 31, 2023</u>						
Expected loss rate		0.03%	0.78%	50.00%	100%	
Total book value	\$ 640,438	\$ 355,090	\$ 38,928	\$ 315	\$ 26,048	\$ 1,060,819
Loss allowance	\$ 215	\$ 113	\$ 304	\$ 157	\$ 26,048	\$ 26,837

Individual: Subsidiaries and accounts receivable which are individually material that have defaulted were individually assessed for estimated expected credit losses.

Group: Other customers.

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

	2024	2023
At January 1	\$ 26,838	\$ 28,009
Provision for impairment	2,837	-
Reversal of impairment loss	-	(1,171)
At December 31	<u>\$ 29,675</u>	<u>\$ 26,838</u>

(c)Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are used and invested properly. Instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom are determined by the abovementioned forecasts.
- iii. The Company's non-derivative financial liabilities classified into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Except for the following, the maturity dates of non-derivative financial liabilities comprising short-term borrowings, short-term notes and bills payable, notes payable, accounts payable and other payables are all less than 360 days as of December 31, 2024 and 2023.

<u>Non-derivative financial liabilities:</u>		Between 1	Between 2	Over
December 31, 2024	<u>Less than 1 year</u>	<u>and 2 years</u>	<u>and 5 years</u>	<u>5 years</u>
Lease liability	\$ 62,191	\$ 61,524	\$ 142,785	\$ 38,646
<u>Non-derivative financial liabilities:</u>		Between 1	Between 2	Over
December 31, 2023	<u>Less than 1 year</u>	<u>and 2 years</u>	<u>and 5 years</u>	<u>5 years</u>
Lease liability	\$ 57,802	\$ 57,708	\$ 161,911	\$ 74,320

- iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2024 and 2023 is as follows:

On December 31, 2024 and 2023, financial assets at fair value through other comprehensive income categorised within Level 3 amounted to \$39,348 and \$48,657, respectively.

D. The methods and assumptions the Company used to measure fair value are as follows:

The valuation of financial assets at fair value through other comprehensive income uses market comparable companies and the net assets value as their fair values (that is, Level 3).

E. For the years ended December 31, 2024 and 2023, there was no transfer between each valuation level.

F. The following chart is the movements of Level 3 for the years ended December 31, 2024 and 2023:

	2024	2023
	Equity instrument	Equity instrument
At January 1	\$ 48,657	\$ 44,344
Gains and losses recognised in other comprehensive income	(5,409)	9,813
Capital reduction	(3,900)	(5,500)
At December 31	<u>\$ 39,348</u>	<u>\$ 48,657</u>

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

	<u>Fair value at December 31, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:				
Venture capital shares				
Private equity fund investment	\$ 39,348	Net asset value	N/A	N/A
	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:				
Venture capital shares				
Private equity fund investment	\$ 48,657	Net asset value	N/A	N/A

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		<u>December 31, 2024</u>				
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instrument	N/A	±	\$ -	\$ -	\$ 393	\$ (393)
		<u>December 31, 2023</u>				
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instrument	N/A	±	\$ -	\$ -	\$ 487	\$ (487)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

In accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the Company’s significant transactions for the year ended December 31, 2024 are as follows. The inter-company transactions were eliminated when preparing the consolidated statements.

A. Loans to others: None.

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

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

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 4.

I. Derivative financial instruments: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information:

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

Not applicable.

NEXCOM INTERNATIONAL CO., LTD.
Provision of endorsements and guarantees to others
Year ended December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (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, 2024 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2024 (Notes 5, 6)	Actual amount drawn down (Note 7)	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 3)	Provision of endorsements/guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/guarantees to the party in Mainland China (Note 8)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	The Company	Nexcom Japan Co., Ltd.	2	\$ 951,386	\$ 5,561	\$ 5,251	\$ 5,251	\$ -	0.17	\$ 1,585,644	Y	N	N	-
0	The Company	EMBUX Technology Co., Ltd.	2	951,386	25,000	25,000	10,000	10,000	0.79	1,585,644	Y	N	N	-
0	The Company	NexCOBOT Taiwan Co., Ltd.	2	951,386	60,000	60,000	40,000	-	1.89	1,585,644	Y	N	N	-

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:

- (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, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: The guarantee ceiling is calculated as follows:

- (1) The Company's total guarantees and endorsements to others should not exceed 50% of the Company's net worth. Net worth is determined based on the latest audited financial statements.
- (2) The guarantees and endorsements for a single party should not exceed 20% of the Company's net worth, except that the guarantees and endorsements for any single foreign subsidiary should not exceed 30% of the Company's net worth. If the guarantees and endorsements were made upon business relationships, the guarantees and endorsements should not exceed the total transaction amount (higher of the purchase or the sales between the two parties) for the most recent year ended.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: The amount guaranteed by the Company to Nexcom Japan Co., Ltd., EMBUX Technology Co., Ltd., and NexCOBOT Taiwan Co., Ltd. was JPY 25,018 thousand, NTD 25,000 and NTD 60,000 thousand, respectively.

Note 6: Fill in the amount approved by the Board of Directors of the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: 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 Chain.

NEXCOM INTERNATIONAL CO., LTD.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2024			
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value	Ownership (%)	Fair value (Note)
The Company	Lionic Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	190	\$ -	0.74	\$ -
The Company	WK Technology Fund Co., Ltd.	"	Financial assets at fair value through other comprehensive income-non-current	1,560	39,348	2.50	39,348
The Company	Datacom Technology Corp.	"	Financial assets at fair value through other comprehensive income-non-current	700	-	6.54	-
Greenbase Technology Corp.	Iryx Corporation	"	Financial assets at fair value through other comprehensive income-non-current	550	-	4.35	-
DIVIOTEC INC.	DIVIOTEC COMPANY LIMITED	"	Financial assets at fair value through other comprehensive income-non-current	5	256	19.00	256

NEXCOM INTERNATIONAL CO., LTD.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
The Company	NeAIoT Co., Ltd.	The Company's consolidated subsidiary	Sales	\$ 332,191	8	90 days after monthly billing	The Company's sales price to related parties was approximately the same as third parties.	The credit term to related parties was approximately the same as third parties.	\$ 183,226	13
The Company	Nex Computer, Inc.	The Company's consolidated subsidiary	Sales	301,744	8	90 days after monthly billing	The Company's sales price to related parties was approximately the same as third parties.	The credit term to related parties was approximately the same as third parties.	45,966	3
The Company	Nexcom Japan Co., Ltd.	The Company's consolidated subsidiary	Sales	122,011	3	90 days after monthly billing	The Company's sales price to related parties was approximately the same as third parties.	The credit term to related parties was approximately the same as third parties.	29,016	2
The Company	Greenbase Technology Corp.	The Company's consolidated subsidiary	Sales	118,713	3	90 days after monthly billing	The Company's sales price to related parties was approximately the same as third parties.	The credit term to related parties was approximately the same as third parties.	46,949	3
The Company	NexCOBOT Taiwan Co., Ltd.	The Company's consolidated subsidiary	Sales	118,544	3	90 days after monthly billing	The Company's sales price to related parties was approximately the same as third parties.	The credit term to related parties was approximately the same as third parties.	95,990	7

NEXCOM INTERNATIONAL CO., LTD.
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note)	Allowance for doubtful accounts
					Amount	Action taken		
The Company	NexAIoT Co., Ltd.	The Company's consolidated subsidiary	\$ 183,226	2.27	\$ 52,623	Taking prompt action in collecting the overdue receivables.	\$ 69,823	\$ -

Note: Represents amounts collected up to February 26, 2025.

NEXCOM INTERNATIONAL CO., LTD.
Significant inter-company transactions during the reporting period
December 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship (Note 1)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 2)
				General ledger account	Amount		
0	The Company	NexAIoT Co., Ltd.	1	Sales	\$ 322,191	Note 3	6
0	The Company	NexAIoT Co., Ltd.	1	Accounts receivable	183,226	Note 3	3
0	The Company	Nexcom Computer, Inc.	1	Sales	301,744	Note 3	5
0	The Company	Nexcom Computer, Inc.	1	Accounts receivable	45,966	Note 3	1
0	The Company	Nexcom Janpan Co. ,Ltd.	1	Sales	122,011	Note 3	2
0	The Company	Nexcom Janpan Co. ,Ltd.	1	Accounts receivable	29,016	Note 3	-
0	The Company	Greenbase Technology Corp.	1	Sales	118,713	Note 3	2
0	The Company	Greenbase Technology Corp.	1	Accounts receivable	46,949	Note 3	1
0	The Company	NexCOBOT Taiwan Co., Ltd.	1	Sales	118,544	Note 3	2
0	The Company	NexCOBOT Taiwan Co., Ltd.	1	Accounts receivable	95,990	Note 3	2

Note 1: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 2: 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 3: Sales and collection terms of sales to related parties are approximately the same as with third parties.

NEXCOM INTERNATIONAL CO., LTD.
Information on investees
December 31, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024		Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares (shares in thousands)	Ownership (%)	Book value				
The Company	Nex Computers, Inc.	United States of America	Sales of PCs and peripherals	\$ 56,977	\$ 56,977	5,000	100	\$ 143,984	\$ 4,572		\$ 4,572	
The Company	Nexcom Japan Co., Ltd.	Japan	Sales of PCs and peripherals	16,780	16,780	1	100	45,918 (	9,642) (		9,642)	
The Company	Nexcom International Co., Ltd. (SAMOA)	Samoa	General investment	195,893	195,893	6,386	100	372,369	30,280		30,280	
The Company	Greenbase Technology Corp.	Taiwan	Sales of PCs and peripherals	82,834	82,834	15,155	75.73	253,193	56,699		42,938	Note
The Company	NexAIoT Co., Ltd.	Taiwan	Sales of PCs and peripherals	97,063	97,063	18,995	82.73	(33,019) (	218,920) (		181,113)	Note
The Company	All IoTCloud Corp.	Taiwan	Sales of PCs and peripherals	34,415	34,415	1,000	100	2,986	54		54	
The Company	EMBUX Technology Co., Ltd.	Taiwan	Sales of PCs and peripherals	12,100	12,100	7,290	100	(662)	1,933		1,933	Note
The Company	TMR Technologies Co., Ltd.	Taiwan	Sales of PCs and peripherals	37,818	23,218	3,782	82.08	12,991 (	8,972) (		7,745)	
The Company	NEXCOBOT INC.	United States of America	Sales of PCs and peripherals	5,921	5,921	200	100	9	-		-	
Greenbase Technology Corp.	DIVIOTED INC.	Taiwan	Sales of PCs and peripherals	12,579	12,579	2,000	100	51,046	26,219		26,219	Note
NexAIoT Co., Ltd.	NexCOBOT Taiwan Co., Ltd.	Taiwan	Sales of PCs and peripherals	67,549	67,549	7,980	100	68,544 (	2,538) (		2,538)	Note

Note: The Company's gains (losses) on investments for the year were evaluated by other independent auditors.

NEXCOM INTERNATIONAL CO., LTD.
Information on investments in Mainland China
December 31, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
Nexcom Shanghai Co., Ltd.	Sales of PCs and peripherals	\$ 104,234	Through investing in an existing company (NexAIOT Co., Ltd.) in the third area, which then invested in the investee in Mainland China.	\$ 104,234	\$ -	\$ -	\$ 104,234	(\$ 55,772)	\$ 82.73	(\$ 46,140)	(\$ 121,120)	\$ -	Note 1
Nexcom Surveillance Technology Co., Ltd.	Sales of PCs and peripherals	30,321	Through investing in an investee company (Greenbase Technology Corp.) in Mainland China, which then invested in the investee in Mainland China.	30,321	-	-	30,321	662	75.73	501	39,474	-	Note 1
Nexcom United System Service Co., Ltd.	Sales of PCs and peripherals	33,998	Through investing in an existing company (Nexcom International Co., Ltd. (SAMOA)) in the third area, which then invested in the investee in Mainland China.	28,691	-	-	28,691	(86)	100	(86)	859	-	
NEXGOL Co., Ltd.	Sales of PCs and peripherals	44,650	Through investing in an investee (Nexcom Shanghai Co., Ltd.) in Mainland China, which then invested in the investee in Mainland China.	-	-	-	-	(43,213)	66.18	(28,598)	(62,229)	-	Note 1
Beijing NexGemo Technology Co., Ltd.	Sales of PCs and peripherals	45,770	Through investing in an investee (Nexcom Shanghai Co., Ltd.) in Mainland China, which then invested in the investee in Mainland China.	-	-	-	-	(5,889)	37.23	(2,192)	849	-	Note 1
GuangZhou NexCOBOT China CO., Ltd.	Sales of PCs and peripherals	15,777	Through investing in investees, which then invested in the investee in Mainland China (investment of NexCOBOT Taiwan Co., Ltd.).	15,777	-	-	15,777	1,706	-	1,411	-	-	Note 1、2
Chongqing Keli Ruixing Technology Co., Ltd.	Sales of PCs and peripherals	25,314	Through investing in an investee (Nexcom Shanghai Co., Ltd.) in Mainland China, which then invested in the investee in Mainland China.	-	-	-	-	(10,056)	44.05	(4,430)	(5,878)	-	Note 1

Note 1: The Company's gains (losses) on investments for the year were evaluated by other independent auditors.
Note 2: The liquidation of the Company's subsidiary, GuangZhou NexCOBOT China Co., Ltd., was completed in June 2024.

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
The Company	\$ 179,023	\$ 180,424	\$ 1,902,772

NEXCOM INTERNATIONAL CO., LTD.

Major shareholders information

December 31, 2024

Table 8

Expressed in thousands of shares
(Except as otherwise indicated)

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Tai Ying Investment Co., Ltd.	9,687	6.85%
Mao-Chang, Lin	7,458	5.28%

Description: If company applies Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

- (a) The major shareholders' information was derived from the data using 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.
- (b) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash on hand and petty cash		\$ 653
Checking accounts		6,457
Demand deposits – NTD		90,939
– USD	USD 11,329 thousand dollars	Exchange rate 32.79 371,405
– RMB	RMB 8,873 thousand dollars	Exchange rate 4.48 39,732
– EUR	EUR 394 thousand dollars	Exchange rate 34.14 13,461
– GBP	GBP 194 thousand dollars	Exchange rate 41.19 <u>7,999</u>
		<u>\$ 530,646</u>

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

<u>Client Name</u>	<u>Amount</u>	<u>Note</u>
Client S	\$ 487,071	
Client J	80,767	
Client A	72,330	
Others	224,766	The balance of each client has not exceeded 5% of the total accounts receivable.
	864,934	
Less: Allowance for uncollectible accounts	(29,240)	
	<u>\$ 835,694</u>	

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Amount		Note
	Cost	Market Value	
Raw materials	\$ 905,821	\$ 917,086	Measured at net realisable value
Work in progress	239,311	237,844	"
Semi-finished goods	153,810	169,029	"
Finished goods	195,890	249,036	"
	1,494,832	\$ 1,572,995	"
Less: Allowance for loss on inventory decline in market value	(221,143)		
	<u>\$ 1,273,689</u>		

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

	<u>Balance at January 1, 2024</u>		<u>Addition</u>		<u>Decrease</u>		<u>Balance at December 31, 2024</u>					
<u>Name</u>	<u>Number of shares</u> <u>(in thousands)</u>	<u>Amount</u>	<u>Number of shares</u> <u>(in thousands)</u>	<u>Amount</u>	<u>Number of shares</u> <u>(in thousands)</u>	<u>Amount</u>	<u>Number of shares</u> <u>(in thousands)</u>	<u>Ownership</u>	<u>Amount</u>	<u>Net Assets Value</u>	<u>Collateral</u>	<u>Note</u>
Investment using the equity method												
Nexcom International Co., Ltd. (SAMOA)	6,386	\$ 626,867	-	\$ 70,202	-	(\$324,700)	6,386	100%	\$ 372,369	\$ 372,369	None	Note 1
Nex Computers, Inc.	5,000	124,814	-	19,170	-	-	5,000	100%	143,984	151,383	"	Note 1
Nexcom Japan Co., Ltd.	1	53,840	-	-	-	(7,922)	1	100%	45,918	49,467	"	Note 1
NexAIoT Co., Ltd.	18,995	144,880	-	-	-	(177,899)	18,995	82.73%	(33,019)	(20,124)	"	Note 1
Greenbase Technology Corp.	13,777	265,717	1,378	-	-	(12,524)	15,155	75.73%	253,193	254,974	"	Note 1、2
All IoTCloud Corp.	1,000	2,932	-	54	-	-	1,000	100%	2,986	2,986	"	Note 1
EMBUX Technology Co., Ltd.	7,290	(2,700)	-	2,038	-	-	7,290	100%	(662)	(607)	"	Note 1
TMR Technologies Co., Ltd.	2,322	4,274	1,460	14,600	-	(5,883)	3,782	82.08%	12,991	12,991	"	Note 1、3
NEXCOBOT Inc.	200	8	-	1	-	-	200	100%	9	9	"	Note 1
Credit balance of investments accounted for using equity method transferred to other liabilities	-	-	-	33,681	-	-	-	-	33,681	-	"	
		<u>\$ 1,220,632</u>		<u>\$ 139,746</u>		<u>(\$528,928)</u>			<u>\$ 831,450</u>			

Note 1: The addition (decrease) amounts pertained to receiving cash dividends, proceeds from capital reduction and changes in investments accounted for using equity method.

Note 2: The addition in the number of shares pertained to the receipt of stock dividends through capitalisation of earnings.

Note 3: The addition in the number of shares pertained to the subscription of shares through cash capital increase.

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

<u>Type of borrowings</u>	<u>Credit loan</u>	<u>Ending balance</u>	<u>Period of Contract</u>	<u>Interest rate</u>	<u>Credit facilities</u>	<u>Collateral</u>
Short-term guarantee	E.SUN COMMERCIAL BANK, LTD.	\$ 150,000	2024/10/24-2025/1/14	1.83%	\$ 350,000	Property, plant and equipment
Short-term guarantee	CTBC Bank Co., Ltd.	150,000	2024/12/19-2025/3/19	1.95%	300,000	Property, plant and equipment 、 Investment property
Short-term guarantee	CTBC Bank Co., Ltd.	65,570	2024/9/24-2025/1/22	5.80%	300,000	Property, plant and equipment 、 Investment property
Short-term guarantee	Yuanta Commercial Bank Co., Ltd.	50,000	2024/12/25-2025/3/25	2.06%	350,000	Property, plant and equipment
Credit loan	E.SUN COMMERCIAL BANK, LTD.	229,495	2024/12/30-2025/2/27	6.00%	250,000	None
Credit loan	Fubon Bank	200,000	2024/12/24-2025/12/24	1.90%	200,000	None
Credit loan	HSBC Bank	150,000	2024/9/18-2025/1/16	1.98%	163,925	None
Credit loan	CHANG HWA COMMERCIAL BANK, LTD.	140,000	2024/10/21-2025/10/21	2.08%	290,000	None
Credit loan	The Export-Import Bank of the Republic of China	100,000	2024/12/12-2025/12/12	1.98%	300,000	None
Credit loan	BANK SINOPAC COMPANY LIMITED	80,000	2024/10/28-2025/1/24	2.03%	100,000	None
		<u>\$ 1,315,065</u>				

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Suppliers Name	Amount	Note
L Company	\$ 136,367	
J Company	49,335	
W Company	40,549	
Others	551,527	The balance of each supplier has not exceeded 5% of the total accounts payable.
	\$ 777,778	

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Item	Volume	Amount	Note
Network and communication solutions	175,127	\$ 2,335,390	
Industrial computers	125,323	705,647	
Mobile computing solutions	35,383	583,800	
Intelligent platforms	22,263	338,236	
Others	17,918	4,347	
Net operating revenue		<u>\$ 3,967,420</u>	

Note: The above revenue is net of \$3,102 thousand after deducting sales returns and discounts.

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Amount
Beginning raw materials	\$ 971,064
Add: Raw materials purchased	2,677,813
Less: Ending raw materials	(905,821)
Cost of raw materials sold	(64,551)
Loss on physical inventory for raw materials	(1,793)
Disposal of raw materials	(23,379)
Transferred to operating expenses	(37,790)
Consumption materials	2,615,543
Direct labor	150,053
Manufacturing expense	252,670
Manufacturing cost	3,018,266
Add: Beginning work in progress	184,422
Beginning semi-finished goods	195,313
Less: Ending work in progress	(239,311)
Ending Semi-finished goods	(153,810)
Scrapped semi-finished goods	(35,685)
Cost of semi-finished goods sold	(4,132)
Transferred to operating expenses	(43,178)
Cost of finished goods	2,921,885
Add: Beginning finished goods	198,716
Less: Ending finished goods	(195,890)
Scrapped finished goods	(6,658)
Transferred to operating expenses	(17,741)
Manufacturing and selling costs	2,900,312
Cost of raw materials sold	64,551
Cost of semi-finished goods sold	4,132
Loss on inventory valuation	3,498
Loss on scrapping inventory	65,722
Revenue from scrap	(202)
Loss on physical inventory	1,793
Spare capacity	57,198
Other operating costs	75,960
Total operating cost	\$ 3,172,964

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Amount	Note
Depreciation expenses	\$ 79,753	
Wages and salaries	79,685	
Utilities expenses	29,236	
Other expenses		The balance of each item has not exceeded 5% of the total manufacturing expenses.
	63,996	
	<u>\$ 252,670</u>	

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Selling expenses	Administrative expenses	Research and development expenses	Total
Wages and salaries	\$ 127,851	\$ 54,899	\$ 248,627	\$ 431,377
Advertisement expenses	63,808	-	-	63,808
Expendable materials for research and development	-	-	24,168	24,168
Depreciation expenses	11,780	7,193	20,750	39,723
Export expenses	18,921	-	-	18,921
Amortisation expenses	3,890	6,430	8,928	19,248
Insurance expense	13,003	5,932	23,706	42,641
Service fees	3,816	11,487	1,706	17,009
Other expenses (Note)	53,767	21,839	59,366	134,972
Total	<u>\$ 296,836</u>	<u>\$ 107,780</u>	<u>\$ 387,251</u>	<u>\$ 791,867</u>

Note: The balance of each item has not exceeded 5% of the total operating expenses.

NEXCOM INTERNATIONAL CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND
AMORTISATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

	2024			2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	\$ 223,762	\$ 431,143	\$ 654,905	\$ 215,145	\$ 437,434	\$ 652,579
Labour and health insurance	23,022	40,184	63,206	23,632	40,554	64,186
Pension costs	8,401	22,747	31,148	8,545	22,340	30,885
Directors' remuneration	-	234	234	-	1,609	1,609
Other personnel expenses	11,993	17,111	29,104	11,893	16,943	28,836
Depreciation expenses	34,269	34,174	68,443	46,175	34,395	80,570
Depreciation expenses (right-of-use assets)	52,782	5,549	58,331	52,262	2,570	54,832
Amortisation expenses	8,794	19,248	28,042	7,800	21,507	29,307

Note:

A. As at December 31, 2024 and 2023, the Company had 841 and 873 employees, both including 7 non-employee directors, respectively.

B. 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 \$933 ('total employee benefit expense in current year – total directors' remuneration in current year' / 'the number of employees in current year – the number of non-employee directors in current year').

Average employee benefit expense in previous year was \$897 ('total employee benefit expense in previous year – total directors' remuneration in previous year' / 'the number of employees in previous year – the number of non-employee directors in previous year')

(2) Average employees salaries in current year was \$785 (total salaries and wages in current year / 'the number of employees in current year – the number of non-employee directors in current year').

Average employees salaries in previous year was \$754 (total salaries and wages in previous year / 'the number of employees in previous year – the number of non-employee directors in previous year')

(3) Adjustments of average employees salaries was 4% ('the average employee salaries and wages in current year - the average employee salaries and wages in previous year' / the average employee salaries and wages in previous year)

(4) The supervisors remuneration in current year was \$0, and the supervisors' remuneration in previous year was \$0.

(5) The Company's remuneration policy:

The Company's remuneration payment policies, standards, composition and procedures for the remuneration establishment are based on the Company's staff regulations and the organizational procedure of the remuneration committee. The distribution ratios for the directors' remuneration and employees' compensation are under the Company's Articles of Incorporation (please refer to Note 6(25)), which are resolved by the remuneration committee and submitted to the Board of Directors for approval before being reported to the shareholders. Remunerations of directors and managers are based on the general pay level in the same industry, taking into account the individual's performance. Also the Company evaluates the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure; the employees' compensation is allocated based on the review of the same industry level and understanding the competitive position of the Company's talented employees in the industry, as well as the Company's overall operating performance and profitability, budget planning and performance review of each unit, and the assessment of future operating risks, which are all considered important in the allocation process.

Description:

A. The number of employees described in Note of this statement should be calculated the same as the employee benefits and employee's compensation, and should be calculated using the average number of employees.

B. According to IAS19, employees may provide services in a full-time, part-time, permanent, irregular or temporary manner, including directors and other management personnel. Therefore, "employees" in this statement includes directors, managers, general employees and contract employees, etc., but not including supervisors, dispatched manpower, labor contracting or business outsourcing personnel.

C. "Director's remuneration" refers to the remuneration received by all directors, retirement pension, director's remuneration and business execution expenses, etc., but does not include salary, labor and health insurance, pension, and other benefit expense received by employee directors.

D. "Supervisor's remuneration" refers to the remuneration, compensations and business execution expenses received by all supervisors.