NEXCOM INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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.

PWCR23000301

Opinion

We have audited the accompanying parent company only balance sheets of NEXCOM International Co., Ltd. (the "Company") as at December 31, 2023 and 2022, 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 significant 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, 2023 and 2022, 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 2023 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 2023 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, 2023, the Company's inventories and allowance for inventory valuation loss amounted to NT$1,549,515 thousand and NT$217,645 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 identification 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 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.

Cutoff of sales revenue

Description

Refer to Note 4(27) for description of accounting policy on revenue recognition and Note 6(22) for the details of operating revenue.

The Company's sales mainly arise from manufacturing and sales of industrial personal computers and is mainly for export. The Company recognises export revenue in accordance with the terms of the transaction with the customer. Since the Company has many sales targets, sales regions and transaction conditions, we considered the cutoff 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 transaction terms of sales revenue and tested the internal control relating to revenue recognition.

B. Selected samples to check the supporting documents for revenue recognition. The procedures performed include checking relevant documents such as orders and delivery orders to evaluate the appropriateness of cutoff of revenue.

C. Performed sales transaction cut-off test for a certain period before and after balance sheet date to assess the appropriateness of cutoff on sales revenue.

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, 2023 and 2022 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 amounted to NT$407,897 thousand and NT$396,742 thousand, constituting 7% and 5% of the Company's total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from the aforementioned investees amounted to NT$50,420 thousand and NT$82,866 thousand, constituting 27% and 8% 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.

Wu, Han-Chi	Tsai, Yi-Tai

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 504,868	8	$ 474,583	6
1136	Current financial assets at amortised cost	6(5)	5,000	-	-	-
1150	Notes receivable, net	6(2)	13	-	3	-
1170	Accounts receivable, net	6(2)	393,759	6	1,154,346	14
1180	Accounts receivable - related parties	7	640,223	10	822,706	10
1200	Other receivables		23,515	1	34,035	1
1210	Other receivables - related parties	7	16,461	-	20,753	-
130X	Inventory	6(3)	1,331,870	22	1,962,313	24
1410	Prepayments		16,728	-	10,932	-
11XX	**Total current assets**		2,932,437	47	4,479,671	55
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	48,657	1	44,344	-
1535	Non-current financial assets at amortised cost	6(5)	12,337	-	12,305	-
1550	Investments accounted for under equity method	6(6)	1,220,632	19	1,525,140	19
1600	Property, plant and equipment	6(7) and 8	1,362,614	22	1,393,935	17
1755	Right-of-use assets	6(8)	331,483	5	385,465	5
1760	Investment property - net	6(10) and 8	171,035	3	172,555	2
1780	Intangible assets	6(11)	40,241	1	45,803	-
1840	Deferred income tax assets	6(27)	68,849	1	67,071	1
1900	Other non-current assets	6(12) and 8	38,921	1	48,188	1
15XX	**Total non-current assets**		3,294,769	53	3,694,806	45
1XXX	**Total assets**		$ 6,227,206	100	$ 8,174,477	100

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NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(13) and 8	$ 1,652,820	27	$ 2,405,000	29
2110	Short-term notes and bills payable	6(14)	30,000	-	100,000	1
2130	Current contract liabilities	6(22)	21,097	-	38,000	1
2150	Notes payable		43	-	-	-
2170	Accounts payable	7	366,474	6	1,074,182	13
2200	Other payables	6(15) and 7	332,374	5	403,222	5
2230	Current income tax liabilities		108,477	2	80,802	1
2250	Provisions for liabilities - current	6(16)	32,166	1	31,059	-
2280	Current lease liabilities		54,692	1	52,800	1
2300	Other current liabilities		7,596	-	11,364	-
21XX	**Total current liabilities**		2,605,739	42	4,196,429	51
	Non-current liabilities					
2550	Provisions for liabilities - non-current	6(16)	8,076	-	11,490	-
2570	Deferred income tax liabilities	6(27)	120,560	2	183,020	3
2580	Non-current lease liabilities		286,227	5	340,152	4
2600	Other non-current liabilities		2,222	-	2,222	-
25XX	**Total non-current liabilities**		417,085	7	536,884	7
2XXX	**Total liabilities**		3,022,824	49	4,733,313	58
	Equity					
	Share capital	6(19)				
3110	Common stock		1,412,265	23	1,412,265	17
	Capital surplus	6(20)				
3200	Capital surplus		366,535	6	367,987	4
	Retained earnings	6(21)				
3310	Legal reserve		428,308	7	336,749	4
3320	Special reserve		30,188	-	66,125	1
3350	Unappropriated retained earnings		987,913	16	1,288,225	16
	Other equity interest					
3400	Other equity interest		(20,827)	(1)	(30,187)	-
3XXX	**Total equity**		3,204,382	51	3,441,164	42
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 6,227,206	100	$ 8,174,477	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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	$ 4,120,632	100	$ 5,576,554	100
5000	Operating costs	6(3)(25)(26) and 7	(3,270,408)	(79)	(4,481,287)	(80)
5900	Net operating margin		850,224	21	1,095,267	20
5910	Unrealised profit from sales		(32,438)	(1)	(36,346)	(1)
5920	Realized profit from sales		36,346	1	32,464	-
5950	Net operating margin		854,132	21	1,091,385	19
	Operating expenses	6(25)(26)				
6100	Selling expenses		(274,506)	(7)	(352,756)	(6)
6200	General and administrative expenses		(108,939)	(3)	(129,678)	(2)
6300	Research and development expenses		(389,018)	(9)	(355,108)	(7)
6450	Impairment gain (expected credit impairment loss determined in accordance with IFRS 9	12(2)	1,171	-	(4,840)	-
6000	Total operating expenses		(771,292)	(19)	(842,382)	(15)
6900	Operating profit		82,840	2	249,003	4
	Non-operating income and expenses					
7010	Other income	6(23) and 7	94,907	2	110,884	2
7020	Other gains and losses	6(24)	3,351	-	39,728	1
7050	Finance costs		(42,032)	(1)	(37,458)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	62,789	2	814,013	15
7000	Total non-operating income and expenses		119,015	3	927,167	17
7900	**Profit before income tax**		201,855	5	1,176,170	21
7950	Income tax expense	6(27)	(23,064)	-	(273,982)	(5)
8200	**Profit for the year**		$ 178,791	5	$ 902,188	16
	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)	$ 248	-	$ 2,650	-
8316	Unrealised gain from investments in equity instruments measured at fair value through other comprehensive income	6(4)	9,813	-	5,112	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(50)	-	(530)	-
8310	Other comprehensive income that will not be reclassified to profit or loss		10,011	-	7,232	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		(453)	-	42,109	1
8300	**Other comprehensive income for the year**		$ 9,558	-	$ 49,341	1
8500	**Total comprehensive income for the year**		$ 188,349	5	$ 951,529	17
	Earnings per share (in dollars)	6(28)				
9750	Basic earnings per share		$	1.27	$	6.39
9850	Diluted earnings per share		$	1.27	$	6.38

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
	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	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2022									
Balance at January 1, 2022		$ 1,412,265	$ 367,763	$ 322,108	$ 45,978	$ 548,648	($ 40,062)	($ 26,063)	$ 2,630,637
Profit for the year		-	-	-	-	902,188	-	-	902,188
Other comprehensive income for the year		-	-	-	-	2,120	42,109	5,112	49,341
Total comprehensive income		-	-	-	-	904,308	42,109	5,112	951,529
Distribution of 2021 earnings	6(21)								
Legal reserve		-	-	14,641	-	(14,641)	-	-	-
Special reserve		-	-	-	20,147	(20,147)	-	-	-
Cash dividends		-	-	-	-	(141,226)	-	-	(141,226)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	11,283	-	(11,283)	-
Changes in ownership interests in subsidiaries		-	224	-	-	-	-	-	224
Balance at December 31, 2022		$ 1,412,265	$ 367,987	$ 336,749	$ 66,125	$ 1,288,225	$ 2,047	($ 32,234)	$ 3,441,164
Year ended December 31, 2023									
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 for the year		-	-	-	-	198	(453)	9,813	9,558
Total comprehensive income		-	-	-	-	178,989	(453)	9,813	188,349
Distribution of 2022 earnings	6(21)								
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		-	(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

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 201,855	$ 1,176,170
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(7)(10)(25)	82,090	74,717
Depreciation (Right-of-use assets)	6(8)(25)	54,832	54,400
Amortization	6(11)(25)	29,307	34,098
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9		(1,171)	4,840
Interest expense	6(8)	38,396	33,319
Interest expense (lease liability)		3,636	4,139
Interest income	6(23)	(1,948)	(603)
Dividend income	6(23)	(1,356)	(5,200)
Share-based payment transactions	6(18)	-	413
Share of profit of subsidiaries accounted for under the equity method	6(6)	(62,789)	(814,013)
Gain on disposal and scrap of property, plant and equipment	6(24)	(1,445)	(6)
Loss on disposal of investment	6(24)	837	-
Unrealised gross profit		32,438	36,346
Realized gross profit		(36,346)	(32,464)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(10)	4
Accounts receivble		760,370	(387,093)
Accounts receivable - related parties		183,871	69,886
Other receivables		6,378	3,661
Other receivables - related parties		4,292	9,662
Inventories		630,443	(156,050)
Prepayments		(5,796)	9,750
Changes in operating liabilities			
Current contract liabilities		(16,903)	19,230
Notes payable		43	-
Accounts payable (including related parties)		(707,708)	82,099
Other payables		(63,882)	126,616
Provision		(2,307)	4,893
Other current liabilities		(3,768)	5,643
Cash inflow generated from operations		1,123,359	354,457
Interest received		1,928	585
Dividends received		355,238	190,138
Interest paid		(41,615)	(36,684)
Income tax paid		(59,679)	(6,710)
Net cash flows from operating activities		1,379,231	501,786

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NEXCOM INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6(4)	$ 5,500	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	77,975
Current financial assets at amortised cost		(5,000)	-
Non-current financial assets at amortised cost		(32)	(21)
Increase in investments accounted for using equity method		-	(18,360)
Return of capital from liquidation of subsidiary		18,745	-
Acquisition of property, plant and equipment	6(29)	(42,053)	(44,662)
Proceeds from disposal of property, plant and equipment		1,445	380
Acquisition of intangible assets	6(29)	(23,745)	(29,707)
(Increase) decrease in refundable deposits		(36)	10,506
Increase in other non-current assets		(1,392)	(14,835)
Net cash flows used in investing activities		(46,568)	(18,724)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease (increase) in short-term borrowings		(752,180)	77,320
Decrease in short-term notes and bills payable		(70,000)	-
Decrease in guarantee deposits received		-	171
Payment of lease liabilities		(56,519)	(56,099)
Cash dividends paid	6(21)	(423,679)	(141,226)
Net cash flows used in financing activities		(1,302,378)	(119,834)
Net increase in cash and cash equivalents		30,285	363,228
Cash and cash equivalents at beginning of year	6(1)	474,583	111,355
Cash and cash equivalents at end of year	6(1)	$ 504,868	$ 474,583

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, 2023 AND 2022

(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, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS®”) 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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact 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	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.

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

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

4. SUMMARY OF 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 arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

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

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

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 within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(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 and 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 long-term and 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) Employee share-based payment

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

(25) 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.

(26) 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.

(27) 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 recognized based on the progress of the services to be provided when the outcome of services provided can be estimated reliably.

(28) 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, 2023, the carrying amount of inventories is provided in Note 6(3)

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 738	$ 413
Checking accounts and demand deposits	504,130	474,170
	$ 504,868	$ 474,583

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, 2023	December 31, 2022
Notes receivable	$ 13	$ 3

	December 31, 2023	December 31, 2022
Accounts receivable	$ 420,381	$ 1,180,752
Less: Allowance for uncollectible accounts	(26,622)	(26,406)
	$ 393,759	$ 1,154,346

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

	December 31, 2023	December 31, 2022
Not past due	$ 355,090	$ 1,126,646
1 to 90 days	38,928	30,856
91 to 180 days	315	2,262
Over 180 days	26,048	20,988
	$ 420,381	$ 1,180,752

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $793,666.

C. As at December 31, 2023 and 2022, 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 $13 and $3, and accounts receivable were $393,759 and $1,154,346, respectively.

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

(3) Inventories

	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
	$ 1,549,515	($ 217,645)	$ 1,331,870

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,450,553	($ 158,829)	$ 1,291,724
Work in progress	340,353	(1,570)	338,783
Semi-finished goods	235,996	(41,258)	194,738
Finished goods	161,136	(24,068)	137,068
	$ 2,188,038	($ 225,725)	$ 1,962,313

The cost of inventories recognised as expense for the year:

	2023	2022
Cost of goods sold	$ 3,197,103	$ 4,495,519
Gain on reversal of inventory valuation (Note 1)	(8,080)	(29,640)
Loss on scrap inventory	34,710	13,172
Others (Note 2)	46,675	2,236
	$ 3,270,408	$ 4,481,287

Note 1: The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the related inventory items were sold and scrapped.

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, 2023	December 31, 2022
Unlisted stocks	$ 58,500	$ 64,000
Valuation adjustment	(9,843)	(19,656)
	$ 48,657	$ 44,344

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:

	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in the other comprehensive income	$ 9,813	$ 5,112
Cumulative gains reclassified to retained earnings due to derecognition	$ -	$ 11,283

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 $48,657 and $44,344 as at December 31, 2023 and 2022, respectively.

C. Certain companies whose equity instruments are held by the Company reduced their capital in June 2023, and returned shares in the amount of $5,500.

D. In 2022, the Company sold investments in equity instruments whose fair value amounted to $77,975 due to the consideration of the Company's operating plans.

E. As of December 31, 2023 and 2022, no financial assets at fair value through other comprehensive income held by the Company were pledged to others.

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

(5) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Pledged demand deposits	$ 5,000	$ -
Non-current items:		
Pledged time certificate of deposit	$ 12,337	$ 12,305

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

	2023	2022
Interest income	$ 111	$ 66

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, 2023	December 31, 2022
Nexcom International Co., Ltd. (SAMOA)(Note 1)	$ 626,867	$ 935,260
Greenbase Technology Corp.	265,717	221,056
NexAIoT Co., Ltd.	144,880	179,028
Nex Computers, Inc.	124,814	111,029
Nexcom Japan Co., Ltd.	53,840	40,004
TMR Technologies Co., Ltd.	4,274	14,264
All IoTCloud Corp.	2,932	3,932
NEXCOBOT INC.	8	8
Nexcom Europe Ltd. (Note 2)	-	23,901
EMBUX Technology Co., Ltd.	(2,700)	(3,342)
	$ 1,220,632	$ 1,525,140

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

Note 2: The Company's subsidiary, Nexcom Europe Ltd., has completed its liquidation in October 2023.

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:

	2023	2022
Greenbase Technology Corp.	$ 87,149	$ 64,011
Nex Computers, Inc.	16,046	6,224
Nexcom Japan Co., Ltd.	15,571	126
EMBUX Technology Co., Ltd.	624	(2,482)
NEXCOBOT Inc.	-	(24)
Nexcom France	-	(665)
All IoTCloud Corp.	(1,001)	(643)
Nexcom International Co., Ltd. (SAMOA)	(1,258)	738,882
Nexcom Europe Ltd.	(6,484)	(3,790)
TMR Technologies Co., Ltd.	(9,989)	(8,231)
NexAIoT Co., Ltd.	(37,869)	20,605
	$ 62,789	$ 814,013

C. On July 27, 2022, the Board of Directors of the Company resolved to dispose all the shares of the subsidiary, NEXSEC Incorporated, of Nexcom International Co., Ltd. (SAMOA), the subsidiaries of NEXSEC Incorporated and the Company's subsidiary, Zhuhai Xinxin Management Consulting Partnership, with the effective date set on August 1, 2022. Consequently, the Company lost control over the abovementioned subsidiaries in the third quarter of 2022. The details of the consideration from the transaction are provided in Note 6(30) of consolidated financial statements for the year ended December 31, 2023.

D. Refer to Note 4(3) in the consolidated financial statements as at and for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Total
At January 1, 2023						
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)
	$ 839,249	$ 383,544	$ 146,100	$ 3,558	$ 21,484	$ 1,393,935
2023						
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	$ 839,249	$ 374,114	$ 117,458	$ 5,307	$ 26,486	$ 1,362,614
At December 31, 2023						
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)
	$ 839,249	$ 374,114	$ 117,458	$ 5,307	$ 26,486	$ 1,362,614

	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Total
At January 1, 2022						
Cost	$ 839,249	$ 567,495	$ 629,504	$ 51,964	$ 114,658	$ 2,202,870
Accumulated depreciation	-	(174,522)	(479,563)	(46,687)	(87,171)	(787,943)
	$ 839,249	$ 392,973	$ 149,941	$ 5,277	$ 27,487	$ 1,414,927
2022						
At January 1	$ 839,249	$ 392,973	$ 149,941	$ 5,277	$ 27,487	$ 1,414,927
Additions	-	-	42,456	1,225	4,734	48,415
Disposals	-	-	(374)	-	-	(374)
Reclassifications	-	-	4,164	-	-	4,164
Depreciation	-	(9,429)	(50,087)	(2,944)	(10,737)	(73,197)
At December 31	$ 839,249	$ 383,544	$ 146,100	$ 3,558	$ 21,484	$ 1,393,935
At December 31, 2022						
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)
	$ 839,249	$ 383,544	$ 146,100	$ 3,558	$ 21,484	$ 1,393,935

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 2019 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. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	$ 331,483	$ 385,465

	2023	2022
	Depreciation charge	Depreciation charge
Buildings	$ 54,832	$ 54,400

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

	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3,636	$ 4,139
Expense on short-term lease contracts	8,261	9,299
	$ 11,897	$ 13,438

D. For the years ended December 31, 2023 and 2022, additions to right-of-use assets were $850 and $1,174, respectively.

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $68,416 and $69,537, 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, 2023 and 2022, the Company recognised rent income in the amounts of $17,251 and $17,189, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2023	December 31, 2022
2023	$ -	$ 17,149
2024	15,490	-
2025	9,027	-
2026	8,549	-
2027~	12,195	-
	$ 45,261	$ 17,149

(10) Investment property

	Land		Buildings and structures		Total
At January 1, 2023					
Cost	$	128,902	$	97,512	$ 226,414
Accumulated depreciation		-	(	53,859)	(53,859)
	$	128,902	$	43,653	$ 172,555
2023					
At January 1	$	128,902	$	43,653	$ 172,555
Depreciation		-	(	1,520)	(1,520)
At December 31	$	128,902	$	42,133	$ 171,035
At December 31, 2023					
Cost	$	128,902	$	97,512	$ 226,414
Accumulated depreciation		-	(	55,379)	(55,379)
	$	128,902	$	42,133	$ 171,035

	Land		Buildings and structures		Total
At January 1, 2022					
Cost	$	128,902	$	97,512	$ 226,414
Accumulated depreciation		-	(	52,339)	(52,339)
	$	128,902	$	45,173	$ 174,075
2022					
At January 1	$	128,902	$	45,173	$ 174,075
Depreciation		-	(	1,520)	(1,520)
At December 31	$	128,902	$	43,653	$ 172,555
At December 31, 2022					
Cost	$	128,902	$	97,512	$ 226,414
Accumulated depreciation		-	(	53,859)	(53,859)
	$	128,902	$	43,653	$ 172,555

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:

	2023	2022
Rental income from investment property	$ 10,782	$ 10,571
Direct operating expenses arising from the investment property that generated rental income during the year	$ 2,200	$ 2,206

D. The fair value of the investment property held by the Company as at December 31, 2023 and 2022 was $389,582 and $376,330, 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
At January 1, 2023			
Cost	$ 128,047	$ 6,822	$ 134,869
Accumulated amortisation	(83,531)	(5,535)	(89,066)
	$ 44,516	$ 1,287	$ 45,803
2023			
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	$ 38,839	$ 1,402	$ 40,241
At December 31, 2023			
Cost	$ 115,413	$ 7,320	$ 122,733
Accumulated amortisation	(76,574)	(5,918)	(82,492)
	$ 38,839	$ 1,402	$ 40,241

	Software	Others	Total
At January 1, 2022			
Cost	$ 143,399	$ 5,316	$ 148,715
Accumulated amortisation	(86,042)	(3,037)	(89,079)
	$ 57,357	$ 2,279	$ 59,636
2022			
At January 1	$ 57,357	$ 2,279	$ 59,636
Additions	18,759	1,506	20,265
Amortisation charge	(31,600)	(2,498)	(34,098)
At December 31	$ 44,516	$ 1,287	$ 45,803
At December 31, 2022			
Cost	$ 128,047	$ 6,822	$ 134,869
Accumulated amortisation	(83,531)	(5,535)	(89,066)
	$ 44,516	$ 1,287	$ 45,803

	December 31, 2023	December 31, 2022
Operating expenses	$ 7,800	$ 9,953
Selling expenses	3,473	3,802
General and administrative expenses	10,280	12,159
Research and development expenses	7,754	8,184
	$ 29,307	$ 34,098

(12) Other non-current assets

	December 31, 2023	December 31, 2022
Refundable deposits	$ 12,413	$ 12,377
Net defined benefit assets	25,116	24,868
Prepayments for equipment	1,392	10,943
	$ 38,921	$ 48,188

(13) Short-term borrowings

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%
	$ 1,652,820	

Type of borrowings	December 31, 2022	Interest rate range
Bank borrowings		
Unsecured borrowings	$ 1,335,000	1.43%～2.14%
Secured borrowings	1,070,000	1.43%～1.98%
	$ 2,405,000	

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

(14) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Commercial paper	$ 30,000	$ 100,000
Annual interest rate	1.90%~1.938%	1.92%~1.938%

(15) Other payables

	December 31, 2023	December 31, 2022
Accrued salaries and bonus	$ 193,420	$ 233,698
Labour and health insurance payable	16,383	17,592
Pension cost payable	7,821	7,364
Payable on machinery and equipment	1,213	4,960
Processing fees payable	707	23,598
Others	112,830	116,010
	$ 332,374	$ 403,222

(16) Provisions

	2023	2022
At January 1	$ 42,549	$ 37,656
Additional provisions	25,983	34,846
Unused amounts reversed	(28,290)	(29,953)
At December 31	$ 40,242	$ 42,549

Analysis of total provisions:

	December 31, 2023	December 31, 2022
Current	$ 32,166	$ 31,059
Non-current	$ 8,076	$ 11,490

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:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ -	$ -
Fair value of plan assets	25,116	24,868
Net defined benefit asset (shown as other non-current assets)	$ 25,116	$ 24,868

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

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2022			
Balance at January 1	$ -	$ 22,218	$ 22,218
Remeasurements:			
Return on plan assets			
(excluding amounts included in interest income or expense)	-	2,650	2,650
Balance at December 31	$ -	$ 24,868	$ 24,868

(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, 2023 and 2022 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, 2023 and 2022 were $30,885 and $27,951, respectively.

(18) Share-based payment

A. The Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock option certificates	2017.4.25	400 units	5 years	Note 1

Note 1: Employee stock options grant period and exercise conditions are as follows:

Vesting period	Accumulated maximum exercisable employee stock options
After 2 years	40%
After 3 years	80%
After 4 years	100%

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

	2022	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	400	$ 30.51
Options forfeited	(400)	29.42
Options outstanding at end of the year	-	-
Options exercisable at end of the year	-	-

C. As of December 31, 2023 and 2022, the range of exercise prices of stock options outstanding was $29.42 (in dollars), respectively; while the weighted-average remaining contractual period was 0 years.

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Exercise price volatility	Expected vesting period	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock option certificates	2017.4.25	31.6	35	38.64%	3.9 years	0%	0.80%	8.5859

Note: The calculation of expected price volatility was based on the historical closing price of the target stock within the approximate length of expected duration.

E. Expenses incurred on share-based payment transactions are shown below:

	2023	2022
Equity-settled	$ -	$ 413

(19) Share capital

As of December 31, 2023, 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.

(20) Capital surplus

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

	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

	2022			
	Share premium	Treasury share transactions	Employee restricted shares	Changes in subsidiaries accounted for using equity method
At January 1	$ 351,234	$ 2,880	$ 9,521	$ 4,128
Share-based payment transactions	9,521	-	(9,521)	-
Recognition of change in equity of subsidiaries in proportion to the ownership	-	-	-	224
At December 31	$ 360,755	$ 2,880	$ -	$ 4,352

(21) 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 27, 2023 and June 29, 2022, the stockholders resolved the distribution of earnings for the years ended December 31, 2022 and 2021 as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 91,559		$ 14,641	
Special reserve	(35,937)		20,147	
Cash dividends	423,679	$ 3.00	141,226	$ 1.00

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).

(22) Operating revenue

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

	2023	2022
Network and communication solutions	$ 2,061,785	$ 2,844,188
Industrial computers	1,199,973	1,551,485
Mobile computing solutions	510,430	749,622
Intellgent platforms	337,531	405,450
Others	10,913	25,809
	$ 4,120,632	$ 5,576,554

B. Contract liabilities

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

	December 31, 2023	December 31, 2022	January 1, 2022
Advance sales receipts	$ 21,097	$ 38,000	$ 18,770

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

	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance sales receipts	$ 30,063	$ 11,927

(23) Other income

	2023	2022
Management and technical services and revenue	$ 39,425	$ 59,325
Rental revenue	17,251	17,189
Government grants revenue	10,832	17,523
Marketing allowance revenue	8,094	8,489
Interest income from bank deposits	1,948	603
Dividend income	1,356	5,200
Others	16,001	2,555
	$ 94,907	$ 110,884

(24) Other gains and losses

	2023	2022
Net gain on foreign exchange	$ 4,335	$ 48,369
Gain on disposal of property, plant and equipment	1,445	6
Loss on disposals of investments	(837)	-
Investment property depreciation expense	(1,520)	(1,520)
Others	(72)	(7,127)
	$ 3,351	$ 39,728

(25) Expenses by nature

	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
	$ 365,452	$ 577,352	$ 942,804

	2022		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expense	$ 304,017	$ 561,276	$ 865,293
Depreciation charges on property, plant and equipment	39,437	33,760	73,197
Depreciation charges on right-of-use assets	52,263	2,137	54,400
Amortisation charges on intangible assets	9,953	24,145	34,098
	$ 405,670	$ 621,318	$ 1,026,988

(26) Employee benefit expense

	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
	$ 259,215	$ 518,880	$ 778,095

	2022		
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	$ 258,204	$ 487,085	$ 745,289
Labour and health insurance fees	23,085	36,852	59,937
Pension costs	8,649	19,302	27,951
Other personnel expenses	14,079	18,037	32,116
	$ 304,017	$ 561,276	$ 865,293

A. As at December 31, 2023 and 2022, the Company had 865 and 877 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, 2023 and 2022, employees' compensation was accrued at $3,276 and $11,924, respectively; while directors' remuneration was accrued at $1,609 and $4,307, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2023, employees' compensation and directors' and supervisors' remuneration were accrued at the ratio of 1.58% and 0.78%, respectively, based on pre-tax profit of the year before deducting employees' compensation and diretors' 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 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 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:

	2023	2022
Current tax:		
Current tax on profits for the year	$ 88,929	$ 86,831
Tax on undistrbuted earnings	18,876	-
Prior year income tax overestimation	(20,453)	(12,775)
Total current tax	87,352	74,056
Deferred tax:		
Origination and reversal of temporary differences	(64,288)	199,926
Income tax expense	$ 23,064	$ 273,982

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

	2023	2022
Remeasurement of defined benefit assets	$ 50	$ 530

B. Reconciliation between income tax expense and accounting profit:

	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 40,371	$ 235,234
Expenses disallowed by tax regulation	-	868
Tax exempt income by tax regulation	(8,054)	(18,871)
Prior year income tax overestimation	(20,453)	(12,775)
Change in assessment of realisation of deferred tax assets	(7,676)	69,526
Tax on undistributed earnings	18,876	-
Income tax expense	$ 23,064	$ 273,982

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

	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
	$ 67,071	$ 1,778	$ -	$ 68,849
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)
	($ 183,020)	$ 62,510	($ 50)	($ 120,560)
	($ 115,949)	$ 64,288	($ 50)	($ 51,711)

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Loss on inventory valuation	$ 51,073	($ 5,928)	$ -	$ 45,145
Unrealised transaction gain from affiliates	6,493	776	-	7,269
Unrealised product warranty cost	7,531	979	-	8,510
Time difference of sales revenue recognition	718	(718)	-	-
Unrealised exchange loss	3,318	(1,172)	-	2,146
Compensated absences	2,013	242	-	2,255
Amount of allowance for bad debts that exceed the limit for tax purpose	1,258	488	-	1,746
Loss carryforward	13,617	(13,617)	-	-
	$ 86,021	($ 18,950)	$ -	$ 67,071
Deferred tax liabilities:				
Net defined benefit assets	($ 1,514)	$ -	($ 530)	($ 2,044)
Income tax accrued on remittance of proceeds from disposal of subsidiaries	-	(180,976)	-	(180,976)
	($ 1,514)	($ 180,976)	($ 530)	($ 183,020)
	$ 84,507	($ 199,926)	($ 530)	($ 115,949)

D. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(28) Earnings per share

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

	2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 902,188	141,226	$ 6.39
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	194	
Profit plus effect of potential ordinary shares	$ 902,188	141,420	$ 6.38

(29) Supplemental cash flow information

Investing activities with partial cash payments:

	2023	2022
Purchase of property, plant and equipment	$ 38,306	$ 48,415
Add: Opening balance of payable on equipment	4,960	1,207
Less: Ending balance of payable on equipment	(1,213)	(4,960)
Cash paid during the year	$ 42,053	$ 44,662

	2023	2022
Purchase of software	$ 23,745	$ 20,265
Add: Opening balance of payable on software	-	9,442
Cash paid during the year	$ 23,745	$ 29,707

(30) Changes in liabilities from financing activities

Changes in liabilities from financing activities of the Company for the years ended December 31, 2023 and 2022 all arose from changes in cash flow from financing activities, and there was no change in non-cash items. Refer to statements of cash flows for the details.

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. (SAMOA)	The Company's consolidated subsidiary
Nexcom Europe Ltd.	The Company's consolidated subsidiary (Note 4)
Nexcom Italia S.R.L.	Subsidiary of associate (Note 1)
Greenbase Technology Corp.	The Company's consolidated subsidiary
Nexcom France	The Company's consolidated subsidiary (Note 3)
NexAIoT Co., Ltd.	The Company's consolidated subsidiary
All IoTCloud Corp.	The Company's consolidated subsidiary
NEXSEC Incorporated	The Company's consolidated subsidiary (Note 2)
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
EMBUX Technology Co., Ltd.	The Company's consolidated subsidiary
NEXGOL Co., Ltd.	The Company's consolidated subsidiary
Zhuhai Xinxin Management Consulting Partnership	The Company's consolidated subsidiary (Note 2)
EXOR International S.P.A	Associate (Note 1)
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
Dongguan Xing Han Yun Zhi Electronics 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: On June 24, 2022, the Company sold the equity interest of EXOR, thus it became a non-related party since June 24, 2022.

Note 2: On July 27, 2022, the Board of Directors of the Company resolved to dispose all the shares of the subsidiary, NEXSEC Incorporated, of Nexcom International Co., Ltd. (SAMOA), the which subsidiary of NEXSEC Incorporated and the Company's subsidiary, Zhuhai Xinxin Management Consulting Partnership, with the effective date set on August 1, 2022. Consequently, the Company lost control over the abovementioned subsidiaries in the third quarter of 2022, thus it became a non-related party since August 1, 2022.

Note 3: The Company's subsidiary, Nexcom France., has completed its liquidation in December 2022.

Note 4: The Company's subsidiary, Nexcom Europe Ltd., has completed its liquidation in October 2023.

(2) Significant transactions with related parties

A. Operating revenue:

	2023	2022
Sales of goods:		
Subsidiary-		
NexAIoT Co., Ltd.	$ 561,034	$ 542,290
Nex Computers, Inc.	324,908	389,147
Greenbase Technology Corp.	300,004	454,476
Others	372,640	446,792
Associate	390	6,653
	$ 1,558,976	$ 1,839,358

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

B. Purchases

	2023	2022
Associates	$ 27,133	$ 81,361

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:

	December 31, 2023	December 31, 2022
Accounts receivable:		
Subsidiary-		
Nexcom Japan Co., Ltd.	$ 185,591	$ 49,119
NexAIoT Co., Ltd.	100,780	195,509
Nex Computers, Inc.	74,657	161,377
NexCOBOT Taiwan Co., Ltd.	68,508	138,473
Greenbase Technology Corp.	51,915	113,395
Others	158,383	164,697
Associate	604	1,739
Less: Allowance for uncollectible accounts	(215)	(1,603)
	$ 640,223	$ 822,706
Other receivables:		
NexAIoT Co., Ltd.	9,841	11,257
Others	6,620	9,496
	$ 16,461	$ 20,753

(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

	2023	2022
Subsidiary	$ 5,646	$ 5,670

The Company leased office and parking lots to related parties.

E. Other income

	2023	2022
Subsidiaries-		
NexAIoT Co., Ltd.	$ 26,445	$ 30,876
Greenbase Technology Corp.	7,270	22,068
Others	5,658	6,381
	$ 39,373	$ 59,325

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, 2023	December 31, 2022
Accounts payable:		
Subsidiaries	$ 830	$ 8,837
Other payables:		
Subsidiaries	21,456	18,876
	$ 22,286	$ 27,713

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

	2023	2022
Salaries and other short-term employee benefits	$ 29,788	$ 35,299
Post-employment benefits	944	793
	$ 30,732	$ 36,092

8. PLEDGED ASSETS

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

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Current financial assets at amortised cost-demand deposits	$ 5,000	$ -	Guarantee for secured borrowings
Non-current financial assets at amortised cost-time deposits	12,337	12,305	Performance guarantee and guarantee for import duty
Property, plant and equipment -land and buildings and structures	1,213,363	1,222,620	Guarantee for long-term secured borrowings
Investment property -land and buildings and structures	171,035	138,108	Guarantee for short-term secured borrowings
	$ 1,401,735	$ 1,373,033	

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 33,000 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:

	December 31, 2023	December 31, 2022
Nexcom Japan Co., Ltd.	$ 5,434	$ 5,814
	(JPY25,018 thousand)	(JPY 25,018 thousand)
NexAIoT Co., Ltd.	136,763	206,775
	(USD 2,500 thousand)	(USD 25,000 thousand)
	(NTD60,000 thousand)	(NTD 130,000 thousand)
EMBUX Technology Co., Ltd.	25,000	25,000
	(NTD 25,000 thousand)	(NTD 25,000 thousand)
NexCOBOT Taiwan Co., Ltd.	60,000	90,000
	(NTD 60,000 thousand)	(NTD 90,000 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

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through other comprehensive income	$ 48,657	$ 44,344
Financial assets at amortised cost	$ 1,608,589	$ 2,528,108
Financial liabilities		
Financial liabilities at amortised cost	$ 2,383,933	$ 3,984,626
Lease liability	$ 340,919	$ 392,952

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:

	December 31, 2023					
				Sensitivity Analysis		
	Foreign Currency Amount (In thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit (loss)	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
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	-
Non-monetary items						
USD : NTD	$ 24,481	30.71	$ 751,689	1%	$ -	$ 7,517
JYP : NTD	247,882	0.22	53,840	1%	-	538
Financial liabilities						
Monetary items						
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	-

	December 31, 2022					
				Sensitivity Analysis		
	Foreign Currency Amount (In thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit (loss)	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 39,810	30.71	$ 1,222,565	1%	$ 12,226	$ -
RMB：NTD	144,434	4.41	636,954	1%	6,370	-
EUR：NTD	1,234	30.72	37,908	1%	379	-
Non-monetary items						
USD : NTD	$ 34,070	30.71	1,046,297	1%	$ -	$ 10,463
JYP : NTD	172,133	0.23	40,004	1%	-	400
GBP : NTD	644	37.09	23,901	1%	-	239
Financial liabilities						
Monetary items						
USD：NTD	$ 22,408	30.71	$ 688,150	1%	$ 6,882	$ -
RMB：NTD	4,003	4.41	17,653	1%	177	-
EUR：NTD	49	30.72	1,505	1%	15	-

Total exchange (loss) 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, 2023 and 2022 amounted to $4,335 and $48,369, 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 4% with all other variables held constant, post-tax profit for the years ended December 31, 2023 would have increased/decreased $2,340 as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.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, 2022 would have increased/decreased $640 as a result of other comprehensive income classified as equity investment 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, 2023 and 2022, 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, 2023 and 2022 would have been $4,207 and $6,263 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, 2023 and 2022, 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
At December 31, 2023						
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

		Not past due	Up to 90 days past due	91 ~ 180 days past due	Over 180 days past due	Total
At December 31, 2022						
Expected loss rate		0.03%	0.03%	50%	100%	
Total book value	$ 1,059,751	$ 891,204	$ 30,856	$ 2,262	$ 20,988	$ 2,005,061
Loss allowance	$ 5,614	$ 267	$ 9	$ 1,131	$ 20,988	$ 28,009

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:

	2023	2022
At January 1	$ 28,009	$ 23,169
Provision for impairment	-	4,840
Reversal of impairment loss	(1,171)	-
At December 31	$ 26,838	$ 28,009

(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, 2023 and 2022.

Non-derivative financial liabilities:		Between 1	Between 2	Over
December 31, 2023	Less than 1 year	and 2 years	and 5 years	5 years
Lease liability	$ 57,802	$ 57,708	$ 161,911	$ 74,320

Non-derivative financial liabilities:		Between 1	Between 2	Over
December 31, 2022	Less than 1 year	and 2 years	and 5 years	5 years
Lease liability	$ 56,432	$ 57,357	$ 172,408	$121,197

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, 2023 and 2022 is as follows:

On December 31, 2023 and 2022, financial assets at fair value through other comprehensive income categorised within Level 3 amounted to $48,657 and $44,344, 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, 2023 and 2022, there was no transfer among each valuation level.

F. The following chart is the movements of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Equity instrument	Equity instrument
At January 1	$ 44,344	$ 117,207
Gains and losses recognised in other comprehensive income	9,813	5,112
Capital reduction	(5,500)	-
Disposal of equity instruments at fair value through other comprehensive income	-	(77,975)
At December 31	$ 48,657	$ 44,344

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:

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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Venture capital shares				
Private equity fund investment	44,344	Net asset value	N/A	N/A

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, 2023 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, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 （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
0	The Company	Nexcom Japan Co., Ltd.	2	$ 961,315	$ 5,777	$ 5,434	$ 5,434	$ -	0.17	$ 1,602,191	Y	N	N	-
0	The Company	NexAIoT Co., Ltd.	2	961,315	209,650	136,763	83,918	-	4.27	1,602,191	Y	N	N	-
0	The Company	EMBUX Technology Co., Ltd.	2	961,315	25,000	25,000	15,000	15,000	0.78	1,602,191	Y	N	N	-
0	The Company	NexCOBOT Taiwan Co., Ltd.	2	961,315	90,000	60,000	40,000	-	1.87	1,602,191	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., NexAIoT Co., Ltd., and NexCOBOT Taiwan Co., Ltd. was JPY 25,018 thousand, NTD 25,000, USD2,500 and NTD 60,000 thousand 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 ammount of endorsements/guarantees used by the ensorsed/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, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 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	-	0.86	-
The Company	WK Technology Fund Co., Ltd.	"	Financial assets at fair value through other comprehensive income-non-current	1,950	48,657	2.50	48,657
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	457	19.00	457

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, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable	
Purchaser/seller	Counterparty	Relationship with the counterparty	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	$ 561,034	14	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.	$ 100,780	10
The Company	Greenbase Technology Corp.	The Company's consolidated subsidiary	Sales	300,004	7	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.	51,915	5
The Company	Nex Computer, Inc.	The Company's consolidated subsidiary	Sales	324,908	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.	74,657	7
The Company	Nexcom Janpan Co. ,Ltd.	The Company's consolidated subsidiary	Sales	205,557	5	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.	185,591	18
The Company	NexCOBOT Taiwan Co., Ltd.	The Company's consolidated subsidiary	Sales	113,944	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.	68,508	7

NEXCOM INTERNATIONAL CO., LTD.
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	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	$ 100,780	3.79	$ 238	Taking prompt action in collecting the overdue receivables.	$ 63,859	$ -
The Company	Nexcom Janpan Co. ,Ltd.	The Company's consolidated subsidiary	185,591	1.75	24,811	Taking prompt action in collecting the overdue receivables.	-	-

Note: Represents amounts collected up to February 26, 2024.

NEXCOM INTERNATIONAL CO., LTD.
Significant inter-company transactions during the reporting period
December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number	Company name	Counterparty	Relationship (Note 1)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 2)
0	The Company	NexAIoT Co., Ltd.	1	Sales	$ 561,034	Note 3	10
0	The Company	NexAIoT Co., Ltd.	1	Accounts receivable	100,780	Note 3	1
0	The Company	NexCOBOT Taiwan Co., Ltd.	1	Sales	113,944	Note 3	2
0	The Company	NexCOBOT Taiwan Co., Ltd.	1	Accounts receivable	68,508	Note 3	1
0	The Company	Greenbase Technology Corp.	1	Sales	300,004	Note 3	5
0	The Company	Greenbase Technology Corp.	1	Accounts receivable	51,915	Note 3	1
0	The Company	Nexcom Computer, Inc.	1	Sales	324,908	Note 3	6
0	The Company	Nexcom Computer, Inc.	1	Accounts receivable	74,657	Note 3	1
0	The Company	Nexcom Janpan Co. ,Ltd.	1	Sales	205,557	Note 3	4
0	The Company	Nexcom Janpan Co. ,Ltd.	1	Accounts receivable	185,591	Note 3	3

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, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares (shares in thousands)	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
The Company	Nex Computers, Inc.	United States of America	Sales of PCs and peripherals	$ 56,977	$ 56,977	5,000	100	$ 124,814	$ 16,046	$ 16,046	
The Company	Nexcom Japan Co., Ltd.	Japan	Sales of PCs and peripherals	16,780	16,780	1	100	53,840	15,571	15,571	
The Company	Nexcom International Co., Ltd. (SAMOA)	Samoa	General investment	195,893	195,893	6,386	100	626,867	(1,258)	(1,258)	
The Company	Nexcom Europe Ltd.	United Kingdom	Sales of PCs and peripherals	-	73,215	-	0	-	(6,484)	(6,484)	1
The Company	Greenbase Technology Corp.	Taiwan	Sales of PCs and peripherals	82,834	82,834	13,777	75.73	265,717	113,289	87,149	2
The Company	NexAIoT Co., Ltd.	Taiwan	Sales of PCs and peripherals	97,063	97,063	18,995	82.73	144,880	(45,775)	(37,869)	2
The Company	All IoTCloud Corp.	Taiwan	Sales of PCs and peripherals	34,415	34,415	1,000	100	2,932	(1,001)	(1,001)	
The Company	EMBUX Technology Co., Ltd.	Taiwan	Sales of PCs and peripherals	12,100	12,100	7,290	100	(2,700)	624	624	2
The Company	TMR Technologies Co., Ltd.	Taiwan	Sales of PCs and peripherals	23,218	23,218	2,322	89.05	4,274	(11,218)	(9,989)	
The Company	NEXCOBOT INC.	United States of America	Sales of PCs and peripherals	5,921	5,921	200	100	8	-	-	
Greenbase Technology Corp.	DIVIOTED INC.	Taiwan	Sales of PCs and peripherals	12,579	12,579	1,000	100	28,678	15,141	15,141	2
NexAIoT Co., Ltd.	NexCOBOT Taiwan Co., Ltd.	Taiwan	Sales of PCs and peripherals	67,549	67,549	7,980	100	71,013	(19,122)	(19,122)	2

Note 1: The liquidation of the Company’s subsidiary, Nexcom Europe Ltd., was completed in October 2023.

Note 2: The Company’s gains (losses) on investments for the year were evaluated by other independent auditors.

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Nexcom Shanghai Co., Ltd.	Sales of PCs and peripherals	$ 104,234	Through investing in an existing company (Nexcom International Co., Ltd. (SAMOA)) in the third area, which then invested in the investee in Mainland China.	$ 104,234	$ -	$ -	$ 104,234	$ (37,643)	$ 82.73	$ (31,142)	$ (71,083)	$ -	Note
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	1,815	75.73	1,374	37,500	-	Note
Nexcom United System Service Co., Ltd.	Sales of PCs and peripherals	33,998	Through investing in an existing company (Nexcom Interrational Co., Ltd. (SAMOA)) in the third area, which then invested in the investee in Mainland China.	28,691	-	-	28,691	(93)	100	(93)	913	-	
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.	-	-	-	-	(12,200)	66.18	(8,074)	(26,549)	-	Note
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.	-	-	-	-	(23,163)	37.23	(8,624)	3,394	-	Note
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	(68)	82.73	(56)	(1,561)	-	Note
Chongqing Keli Ruixing Technology Co., Ltd.	Sales of PCs and peripherals	17,888	Through investing in an investee (Nexcom Shanghai Co., Ltd.) in Mainland China, which then invested in the investee in Mainland China.	-	-	-	-	(11,708)	62.05	(7,265)	(7,165)	-	Note

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

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	$ 1,922,629

NEXCOM INTERNATIONAL CO., LTD.

Major shareholders information

December 31, 2023

Table 8

Expressed in thousands of shares
(Except as otherwise indicated)

	Shares	
Name of major shareholders	Number of shares held	Ownership (%)
Tai Ying Investment Co., Ltd.	9,687	6.85%
Meng-Ying, Lin	8,976	6.35%
Mao-Chang, Lin	7,458	5.28%

Description: If company applies Taiwan Depository & Clearing Corporation for the information of the table, the followings 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, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description			Amount
Cash on hand and petty cash				$ 738
Checking accounts				5,557
Demand deposits – NTD				136,872
– USD	USD	3,016 thousand dollars	Exchange rate 30.71	92,596
– EUR	EUR	804 thousand dollars	Exchange rate 33.98	27,303
– GBP	GBP	498 thousand dollars	Exchange rate 39.15	19,502
– RMB	RMB	51,375 thousand dollars	Exchange rate 4.33	222,300
				$ 504,868

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Client Name	Amount	Note
Client S	$ 183,250	
Client J	27,635	
Client N	24,259	
Others	185,237	The balance of each client has not exceeded 5% of the accounts receivable.
	420,381	
Less: Allowance for uncollectible accounts	(26,622)	
	$ 393,759	

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Amount		Note
	Cost	Market Value	
Raw materials	$ 971,064	$ 829,590	Measured at net realisable value
Work in progress	184,422	183,603	〃
Semi-finished goods	195,313	179,798	〃
Finished goods	198,716	235,460	〃
	1,549,515	$ 1,428,451	〃
Less: Allowance for loss on inventory decline in market value	(217,645)		
	$ 1,331,870		

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

	Balance at January 1, 2023		Addition		Decrease		Balance at December 31, 2023					
Name	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Ownership	Amount	Net Assets Value	Collateral	Note
Investment using the equity method												
Nexcom International Co., Ltd. (SAMOA)	6,386	$ 935,260	-	$ 4,157	-	($312,550)	6,386	100%	$ 626,867	$ 626,867	None	Note 1
Nex Computers, Inc.	5,000	111,029	-	13,785	-	-	5,000	100%	124,814	137,407	〃	Note 1
Nexcom Japan Co., Ltd.	1	40,004	-	13,836	-	-	1	100%	53,840	61,061	〃	Note 1
NexAIoT Co., Ltd.	17,268	179,028	1,727	-	-	(34,148)	18,995	82.73%	144,880	156,187	〃	Note 1、2
Greenbase Technology Corp.	13,777	221,056	-	85,993	-	(41,332)	13,777	75.73%	265,717	266,305	〃	Note 1
All IoTCloud Corp.	1,000	3,932	-		-	(1,000)	1,000	100%	2,932	2,932	〃	Note 1
EMBUX Technology Co., Ltd.	7,290	(3,342)	-	642	-	-	7,290	100%	(2,700)	(2,541)	〃	Note 1
Nexcom Europe Ltd.	580	23,901	-	-	(580)	(23,901)	-	0%	-	-	〃	Note 1、2、3
TMR Technologies Co., Ltd.	2,322	14,264	-	-	-	(9,990)	2,322	89.05%	4,274	4,274	〃	Note 1
NEXCOBOT Inc.	200	8	-	-	-	-	200	100%	8	8	〃	Note 1
		$ 1,525,140		$ 118,413		($422,921)			$ 1,220,632			

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; the decrease in the number of shares pertained to the liquidation.
Note 3: The liquidation of the Company’s subsidiary, Nexcom Europe Ltd., was completed in October 2023.

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Type of borrowings	Credit loan	Ending balance	Period of Contract	Interest rate	Credit facilities	Collateral
Short-term guarantee	E.SUN COMMERCIAL BANK, LTD.	$ 350,000	2023/11/15-2024/1/15	1.68%	$ 350,000	Property, plant and equipment
Short-term guarantee	Yuanta Commercial Bank Co., Ltd.	50,000	2023/12/12-2024/3/11	1.90%	150,000	Property, plant and equipment
Short-term guarantee	First Commercial Bank	100,000	2023/12/27-2024/1/26	1.88%	250,000	Property, plant and equipment
Credit loan	The Export-Import Bank of the Republic of China	300,000	2023/9/19-2024/9/19	1.88%	300,000	None
Credit loan	CHANG HWA COMMERCIAL BANK, LTD.	400,000	2023/10/16-2024/10/16	1.95%	550,000	None
Credit loan	E.SUN COMMERCIAL BANK, LTD.	80,000	2023/11/5-2024/1/15	1.73%	80,000	None
Credit loan	DBS Bank Limited	150,000	2023/11/15-2024/2/15	1.83%	307,050	None
Credit loan	Yuanta Commercial Bank Co., Ltd.	100,000	2023/11/15-2024/2/5	1.90%	200,000	None
Credit loan	E.SUN COMMERCIAL BANK, LTD.	122,820	2023/12/5-2024/3/1	6.84%	170,000	None
		$ 1,652,820				

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Suppliers Name	Amount	Note
L Company	$ 39,015	
W Company	19,515	
J Company	19,040	
Others	288,904	The balance of each supplier has not exceeded 5% of the accounts payable.
	$ 366,474	

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Item	Volume	Amount	Summary
Network and communication solutions	135,212	$ 2,061,785	
Industrial computers	227,824	1,199,973	
Mobile computing solutions	33,781	510,430	
Intellgent platforms	24,066	337,531	
Others	1,021,050	10,913	
Net operating revenue		$ 4,120,632	

Note: The above revenue is net of $5,086 thousand after deducting sales returns and discounts.

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Amount
Beginning raw materials	$ 1,450,553
Add: Raw materials purchased	2,240,124
Less: Ending raw materials	(971,064)
Cost of raw materials sold	(78,492)
Loss on physical inventory for raw materials	(1,839)
Disposal of raw materials	(5,905)
Transferred to operating expenses	(43,188)
Consumption materials	2,590,189
Direct labor	146,827
Manufacturing expense	275,362
Manufacturing cost	3,012,378
Add: Beginning work in progress	340,353
Beginning semi-finished goods	235,996
Less: Ending work in progress	(184,422)
Ending Semi-finished goods	(195,313)
Scrapped semi-finished goods	(25,739)
Loss on physical semi-finished goods	(16)
Cost of semi-finished goods sold	(5,043)
Transferred to operating expenses	(50,004)
Cost of finished goods	3,128,190
Add: Beginning finished goods	161,136
Less: Ending finished goods	(198,716)
Scrapped finished goods	(3,066)
Transferred to operating expenses	(20,445)
Manufacturing and selling costs	3,067,099
Cost of raw materials sold	78,492
Cost of semi-finished goods sold	5,043
Loss on decline in market value	(8,080)
Loss on scrapping inventory	34,710
Revenue from sales of scraps	(247)
Loss on physical inventory	1,855
Spare capacity	45,067
Other operating costs	46,469
Total operating cost	$ 3,270,408

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Amount	Note
Depreciation expenses	$ 98,437	
Wages and salaries	79,979	
Utilities expenses	23,701	
Processing fees	21,414	
Other expenses	51,831	The balance of each item has not exceeded 5% of the manufacturing expenses.
	$ 275,362	

NEXCOM INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	$ 132,520	$ 56,119	$ 250,404	$ 439,043
Advertisement expenses	50,533	-	-	50,533
Expendable materials for research and development	-	-	38,902	38,902
Depreciation expenses	9,937	7,455	19,573	36,965
Export expenses	15,530	-	-	15,530
Amortisation expenses	3,473	10,280	7,754	21,507
Insurance expense	13,855	6,094	23,783	43,732
Other expenses (Note)	48,658	28,991	48,602	126,251
Total	$ 274,506	$ 108,939	$ 389,018	$ 772,463

Note: The balance of each item has not exceeded 5% of the 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, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	$ 215,145	$ 437,434	$ 652,579	$ 258,204	$ 482,778	$ 740,982
Labour and health insurance	23,632	40,554	64,186	23,085	36,852	59,937
Pension costs	8,545	22,340	30,885	8,649	19,302	27,951
Directors' remuneration	-	1,609	1,609	-	4,307	4,307
Other personnel expenses	11,893	16,943	28,836	14,079	18,037	32,116
Depreciation expenses	46,175	34,395	80,570	39,437	33,760	73,197
Depreciation expenses (right-of-use assets)	52,262	2,570	54,832	52,263	2,137	54,400
Amortisation expenses	7,800	21,507	29,307	9,953	24,145	34,098

Note:

A. As at December 31, 2023 and 2022, the Company had 873 and 863 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 $897 ('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 $1,006 ('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 $754 (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 were $866 (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 -0.13% ('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(27)), 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 emploee 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.