NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED 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.

NEXCOM INTERNATIONAL CO., LTD.

DECEMBER 31, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

PWCR23000291

Opinion

We have audited the accompanying consolidated balance sheets of NEXCOM International Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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 consolidated financial statements section of our report. We are independent of the Group 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 Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Adequacy of allowance for inventory valuation loss

Description

Refer to Note 4(13) 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(4) for details of inventories. As of December 31, 2023, the Group's inventories and allowance for inventory valuation loss amounted to NT$2,066,015 thousand and NT$385,050 thousand, respectively.

The Group 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 Group's inventories are stated at the lower of cost and net realisable value, and the Group 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 of 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(29) for description of accounting policy on revenue recognition and Note 6(23) 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 over 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 subsidiaries and investments accounted for under the equity method as at and 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 consolidated financial statements in respect of these subsidiaries and investees, is based solely on the reports of the other auditors. Total assets of these subsidiaries including investments accounted for using equity method amounted to NT$1,421,596 thousand and NT$1,562,997 thousand, constituting 20% and 18% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the operating revenue amounted to NT$2,350,282 thousand and NT$2,752,109 thousand, constituting 41% and 35% of the consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of NEXCOM International Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 consolidated 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 consolidated 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,697,599	25	$ 1,464,475	17
1136	Current financial assets at amortised cost	6(6)	5,000	-	-	-
1150	Notes receivable, net	6(2)	2,565	-	2,919	-
1170	Accounts receivable, net	6(2)	931,951	13	1,896,736	21
1180	Accounts receivable - related parties	7	8,697	-	23,107	-
1200	Other receivables	6(3)	268,633	4	421,861	5
130X	Inventory	6(4)	1,680,965	24	2,413,265	27
1410	Prepayments		113,701	2	75,019	1
11XX	**Total current assets**		4,709,111	68	6,297,382	71
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	49,114	1	44,801	1
1535	Non-current financial assets at amortised cost	6(6)	15,391	-	14,656	-
1550	Investments accounted for under equity method	6(7)	3,394	-	13,911	-
1600	Property, plant and equipment	6(8) and 8	1,400,869	20	1,436,124	16
1755	Right-of-use assets	6(9)	388,451	6	435,946	5
1760	Investment property - net	6(11) and 8	171,035	2	172,555	2
1780	Intangible assets	6(12)	51,130	1	55,462	1
1840	Deferred income tax assets	6(28)	105,536	1	91,192	1
1900	Other non-current assets	6(1)(13) and 8	62,388	1	281,567	3
15XX	**Total non-current assets**		2,247,308	32	2,546,214	29
1XXX	**Total assets**		$ 6,956,419	100	$ 8,843,596	100

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NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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(14) and 8	$ 1,707,820	25	$ 2,470,000	28
2110	Short-term notes and bills payable	6(15)	30,000	-	100,000	1
2130	Current contract liabilities	6(23)	152,768	2	179,685	2
2150	Notes payable		67	-	382	-
2170	Accounts payable	7	560,558	8	1,232,124	14
2200	Other payables	6(16)	457,928	7	527,649	6
2230	Current income tax liabilities		148,077	2	108,336	1
2250	Provisions for liabilities - current	6(17)	32,166	1	31,059	-
2280	Current lease liabilities		77,779	1	66,524	1
2300	Other current liabilities	6(18)	17,223	-	10,591	-
21XX	**Total current liabilities**		3,184,386	46	4,726,350	53
	Non-current liabilities					
2550	Provisions for liabilities - non-current	6(17)	8,076	-	11,490	-
2570	Deferred income tax liabilities	6(28)	121,551	2	184,376	2
2580	Non-current lease liabilities		326,352	4	382,451	5
2600	Other non-current liabilities		2,222	-	2,482	-
25XX	**Total non-current liabilities**		458,201	6	580,799	7
2XXX	**Total liabilities**		3,642,587	52	5,307,149	60
	Equity attributable to owners of parent					
	Share capital	6(20)				
3110	Common stock		1,412,265	20	1,412,265	16
	Capital surplus	6(21)				
3200	Capital surplus		366,535	5	367,987	4
	Retained earnings	6(22)				
3310	Legal reserve		428,308	6	336,749	4
3320	Special reserve		30,188	1	66,125	1
3350	Unappropriated retained earnings		987,913	14	1,288,225	14
	Other equity interest					
3400	Other equity interest		(20,827)	-	(30,187)	-
31XX	**Equity attributable to owners of parent**		3,204,382	46	3,441,164	39
36XX	Non-controlling interest		109,450	2	95,283	1
3XXX	**Total equity**		3,313,832	48	3,536,447	40
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 6,956,419	100	$ 8,843,596	100

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

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

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(23) and 7	$ 5,765,509	100	$ 7,916,697	100
5000	Operating costs	6(4)(26)(27) and 7	(4,154,828)	(72)	(5,906,015)	(75)
5900	Gross profit from operations		1,610,681	28	2,010,682	25
	Operating expenses	6(26)(27)				
6100	Selling expenses		(682,307)	(12)	(783,349)	(10)
6200	Administrative expenses		(134,576)	(2)	(189,558)	(2)
6300	Research and development expense		(585,037)	(10)	(551,492)	(7)
6450	Impairment gain (expected credit impairment loss) determined in accordance with IFRS 9	12(2)	13,558	-	(76,338)	(1)
6000	Total operating expenses		(1,388,362)	(24)	(1,600,737)	(20)
6900	Operating profit		222,319	4	409,945	5
	Non-operating income and expenses					
7010	Other income	6(24)	106,645	2	71,773	1
7020	Other gains and losses	6(25)	(27,321)	(1)	921,523	12
7050	Finance costs		(46,336)	(1)	(45,521)	(1)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	(10,423)	-	(4,229)	-
7000	Total non-operating income and expenses		22,565	-	943,546	12
7900	**Profit before income tax**		244,884	4	1,353,491	17
7950	Income tax expense	6(28)	(54,453)	(1)	(423,016)	(5)
8200	**Profit for the year**		$ 190,431	3	$ 930,475	12

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

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plans	6(18)	$ 248	-	$ 2,650	-
8316	Unrealised gain on financial assets measured at fair value through other comprehensive income	6(5)	9,813	-	5,112	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	(50)	-	(530)	-
8310	Other comprehensive income that will not be reclassified to profit or loss		10,011	-	7,232	-
	Other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(81)	-	45,491	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(81)	-	45,491	-
8300	**Total other comprehensive income for the year**		$ 9,930	-	$ 52,723	-
8500	**Total comprehensive income for the year**		$ 200,361	3	$ 983,198	12
	Profit attributable to:					
8610	Owners of the parent		$ 178,791	3	$ 902,188	12
8620	Non-controlling interest		11,640	-	28,287	-
			$ 190,431	3	$ 930,475	12
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 188,349	3	$ 951,529	12
8720	Non-controlling interest		12,012	-	31,669	-
			$ 200,361	3	$ 983,198	12
	Earnings per share (in dollars)	6(29)				
9750	Basic earnings per share		$ 1.27		$ 6.39	
9850	Diluted earnings per share	6(29)	$ 1.27		$ 6.38	

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

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				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	Non-controlling interest	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	$ 206,989	$2,837,626
Profit for the year		-	-	-	-	902,188	-	-	902,188	28,287	930,475
Other comprehensive income for the year	6(5)	-	-	-	-	2,120	42,109	5,112	49,341	3,382	52,723
Total comprehensive income		-	-	-	-	904,308	42,109	5,112	951,529	31,669	983,198
Distribution of 2021 earnings	6(22)										
Legal reserve		-	-	14,641	-	(14,641)	-	-	-	-	-
Special reserve		-	-	-	20,147	(20,147)	-	-	-	-	-
Cash dividends		-	-	-	-	(141,226)	-	-	(141,226)	-	(141,226)
Disposal of equity instruments at fair value through other comprehensive income	6(5)	-	-	-	-	11,283	-	(11,283)	-	-	-
Disposal of subsidiaries		-	-	-	-	-	-	-	-	(150,137)	(150,137)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	5,872	5,872
Changes in owership interests in subsidiaries		-	224	-	-	-	-	-	224	890	1,114
Balance at December 31, 2022		$1,412,265	$ 367,987	$ 336,749	$ 66,125	$1,288,225	$ 2,047	($ 32,234)	$3,441,164	$ 95,283	$3,536,447
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	$ 95,283	$3,536,447
Profit for the year		-	-	-	-	178,791	-	-	178,791	11,640	190,431
Other comprehensive income (loss) for the year	6(5)	-	-	-	-	198	(453)	9,813	9,558	372	9,930
Total comprehensive income (loss)		-	-	-	-	178,989	(453)	9,813	188,349	12,012	200,361
Appropriations of 2022 earnings	6(22)										
Legal reserve		-	-	91,559	-	(91,559)	-	-	-	-	-
Reversal of special reserve		-	-	-	(35,937)	35,937	-	-	-	-	-
Cash dividends		-	-	-	-	(423,679)	-	-	(423,679)	-	(423,679)
Changes in owership interests in subsidiaries	6(21)	-	(1,452)	-	-	-	-	-	(1,452)	15,402	13,950
Change in non-controlling interests		-	-	-	-	-	-	-	-	(13,247)	(13,247)
Balance at December 31, 2023		$1,412,265	$ 366,535	$ 428,308	$ 30,188	$ 987,913	$ 1,594	($ 22,421)	$3,204,382	$ 109,450	$3,313,832

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

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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		$ 244,884	$ 1,353,491
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(25)(26)	100,918	99,318
Depreciation (Right-of-use assets)	6(9)(26)	77,112	84,987
Amortization	6(12)(26)	32,141	36,309
Expected Impairment (reversal) loss	12(2)	(13,558)	76,338
Interest expense		39,497	36,886
Interest expense (lease liability)	6(9)	6,839	8,635
Interest income	6(24)	(40,187)	(7,713)
Dividend income	6(24)	(1,356)	(5,200)
Share-based payments	6(19)	1,369	-
Share of loss of associates accounted for under the equity method	6(7)	10,423	4,229
Gain on disposal and scrap of property, plant and equipment	6(25)	(1,295)	(522)
Gain on disposal of subsidiaries	6(25)	837	(846,367)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		354	5,594
Accounts receivable		960,707	(521,621)
Accounts receivable - related parties		32,046	(27,797)
Other receivables		26,582	(39,442)
Inventories		732,300	(337,221)
Prepayments		(38,682)	19,999
Other non-current assets		(667)	(9,200)
Changes in operating liabilities			
Contract liabilities		(26,917)	83,725
Notes payable		(315)	201
Accounts payable		(671,566)	426,476
Other payables		(63,750)	164,451
Provision		(2,307)	4,893
Other current liabilities		6,632	2,210
Other liabilities		(260)	260
Cash inflow generated from operations		1,411,781	612,919
Interest received		25,071	1,663
Dividends received		1,356	5,200
Interest paid		(45,919)	(44,748)
Income tax paid		(90,314)	(146,950)
Net cash flows from operating activities		1,301,975	428,084

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NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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 disposal of financial assets at fair value through other comprehensive income	6(5)	$ -	$ 77,975
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6(5)	5,500	-
Increase in financial assets at amortised cost, net-current		(5,000)	-
(Increase) decrease in financial assets at amortised cost, net-non-current		(735)	6,319
Acquisition of property, plant and equipment	6(30)	(52,859)	(84,130)
Proceeds from disposal of property, plant and equipment		1,295	1,480
Acquisition of intangible assets	6(30)	(27,809)	(34,010)
(Increase) decrease in refundable deposits		(4,951)	10,671
Cash outflow from disposal of subsidiaries	6(30)	-	(64,040)
Proceeds from disposal of subsidiaries	6(30)	357,372	587,204
Increase in long-tern receivables		-	(6,013)
Increase in other non-current assets		(3,504)	(16,400)
Net cash flows from investing activities		269,309	479,056
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans		(762,180)	25,931
Decrease in short-term notes and bills payable		(70,000)	-
Payment of long-term debt		-	(5,245)
Increase in guarantee deposits received		-	170
Payment of lease liabilities		(81,703)	(89,837)
Cash dividends paid	6(22)	(423,679)	(141,226)
Change in non-controlling interest		(1,690)	10,298
Net cash flows used in financing activities		(1,339,252)	(199,909)
Effect of foreign exchange translations		1,092	47,808
Net increase in cash and cash equivalents		233,124	755,039
Cash and cash equivalents at beginning of year	6(1)	1,464,475	709,436
Cash and cash equivalents at end of year	6(1)	$ 1,697,599	$ 1,464,475

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

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED 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 and its subsidiaries (collectively referred herein as the "Group") are 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 AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized 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 Group's financial condition and financial performance based on the Group'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 Group

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit asset recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2023	December 31, 2022	Footnote
Nexcom International Co., Ltd.	Nex Computers, Inc.	Sales of PCs and peripherals	100	100	
Nexcom International Co., Ltd.	Nexcom International Co., Ltd. (SAMOA)	General investment	100	100	
Nexcom International Co., Ltd.	Nexcom Japan Co., Ltd.	Sales of PCs and peripherals	100	100	
Nexcom International Co., Ltd.	Nexcom Europe Ltd.	Sales of PCs and peripherals	-	100	Note 2
Nexcom International Co., Ltd.	Greenbase Technology Corp.	Sales of PCs and peripherals	75.73	79.62	Note 1
Nexcom International Co., Ltd.	NexAIoT Co., Ltd.	Sales of PCs and peripherals	82.73	82.73	
Nexcom International Co., Ltd.	All IoTCloud Corp.	Sales of PCs and peripherals	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Footnote
Nexcom International Co., Ltd.	EMBUX Technology Co., Ltd.	Sales of PCs and peripherals	100	100	
Nexcom International Co., Ltd.	TMR Technologies Co., Ltd.	Sales of PCs and peripherals	89.05	89.05	
Nexcom International Co., Ltd.	NexCOBOT Inc.	Sales of PCs and peripherals	100	100	
NexAIoT Co., Ltd.	NexCOBOT Taiwan Co., Ltd.	Sales of PCs and peripherals	100	100	
NexAIoT Co., Ltd.	Nexcom Shanghai Co., Ltd.	Sales of PCs and peripherals	100	100	
Nexcom International Co., Ltd. (SAMOA)	Nexcom United System Service Co., Ltd.	Sales of PCs and peripherals	100	100	
Nexcom Shanghai Co., Ltd.	NEXGOL Co., Ltd.	Sales of PCs and peripherals	80	80	
Nexcom Shanghai Co., Ltd.	Chongqing NEXRAY Techology Co., Ltd.	Sales of PCs and peripherals	75	75	
NexCOBOT Taiwan Co., Ltd.	GuangZhou NexCOBOT China Co., Ltd.	Sales of PCs and peripherals	100	100	
Greenbase Technology Corp.	Nexcom Surveillance Technology Co., Ltd.	Sales of PCs and peripherals	100	100	
Greenbase Technology Corp.	DIVIOTEC INC.	Sales of PCs and peripherals	100	100	

Note 1: In March 2023, the Company's subsidiary, Greenbase Technology Corp., exercised employee stock options for capitalization. There were 889,000 shares issued with an exercisable price of NT$11,557 thousand, and the Company's ownership decreased to 75.73%.

Note 2: The liquidation of the Company's subsidiary, Nexcom Europe, was completed in October 2023.

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

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

E. Significant restrictions: None.

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

(4)Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, 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 group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in 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.

(5)Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be 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.

(6)Cash equivalents

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

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

A. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

B. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized 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 recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8)Financial assets at amortized cost

A. Financial assets at amortized 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 amortized cost are recognized and derecognized 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 recognized in profit or loss when the asset is derecognized 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.

(9)Accounts and notes receivable

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

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

(10)Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11)Derecognition of financial assets

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

(12)Leasing arrangements (lessor)－operating leases

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

(13)Inventories

Inventories are stated at the lower of cost and net 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 cost necessary to make the sale.

(14)Investments accounted for using equity method

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

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

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15)Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

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

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

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

Buildings 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

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized 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 Group's incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 recognized as an adjustment to the right-of-use asset.

(17)Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 to 50 years.

(18)Intangible assets

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

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

(19)Impairment of non-financial assets

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

(20)Borrowings

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

(21)Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(22)Derecognition of financial liabilities

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

(23)Offsetting financial 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(24)Provisions

Provisions (including warranties) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date.

(25)Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. 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 Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of 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 plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

C. Employees’ compensation and directors’ remuneration

Employees’ compensation and directors’ remuneration are recognized as expense and liability, provided that such recognition is required under legal 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.

(26)Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and 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 recognized is based on the number of equity instruments that eventually vest.

(27)Income tax

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

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

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or 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 recognized 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 utilized.

(28)Dividends

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

(29)Revenue recognition

A. Sales of goods

(a.) The Group researches and develops, manufactures and sells industrial personal computers. Sales are recognized 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 Group has objective evidence that all criteria for acceptance have been satisfied.

(b.) Sales revenue arising from industrial personal computers is recognized 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 Group's obligation to provide a maintenance service for faulty products under the standard warranty terms is recognized as a provision.

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

B. 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.

C. Construction contract revenue

The Group provides intelligent manufacturing solution engineering business, and the contract includes equipment sales and installation services. The equipment and the installation services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since equipment the installation services provided by Group involve significant customization and modification. The Group recognizes revenue on the basis of costs incurred relative to the total expected costs of that performance obligation or recognizes revenue on the basis of measurement on the value of the goods or services transferred to the customers so far. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to accounts receivable when the entitlement to payment becomes unconditional. If the payments exceed the services rendered, a contract liability is recognized.

The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(30)Government grants

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

(31)Operating segments

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

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

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

(1)Critical judgements in applying the Group'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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value 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 described in Note 6(4).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 1,348	$ 835
Checking accounts and demand deposits	1,297,086	1,463,640
Time deposits	399,165	-
	$ 1,697,599	$ 1,464,475

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

B. Details of the Company's cash pledged to others as collateral for the purpose of guarantee for bank's borrowing facility, customs guarantee deposits and performance guarantees, shown as 'current financial assets at amortised cost' and 'non-current financial assets at amortised cost', are provided in Notes 6(6) and 8.

(2) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 2,565	$ 2,919

	December 31, 2023	December 31, 2022
Accounts receivable	$ 983,520	$ 1,947,417
Less: Allowance for uncollectible accounts	(51,569)	(50,681)
	$ 931,951	$ 1,896,736

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	$ 729,531	$ 1,643,387
1 to 90 days	156,605	176,354
91 to 180 days	42,988	81,406
Over 181 days	54,396	46,270
	$ 983,520	$ 1,947,417

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 $1,645,548.

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 Group's notes receivable were $2,565 and $2,919, and accounts receivable were $931,951 and $1,896,736, respectively.

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

(3) Other receivables

	December 31, 2023	December 31, 2022
Receivables from disposal of subsidiaries (Note)	$ 230,292	$ 356,958
Tax refund receivable	23,429	51,918
Others	14,912	12,985
	$ 268,633	$ 421,861

Note: On July 27, 2022, the Board of Directors of the Group resolved to dispose all the shares of its subsidiary, NEXSEC Incorporated, the subsidiaries of NEXSEC Incorporated and the Group's subsidiary, Zhuhai Xinxin Management Consulting Partnership, with the effective date set on August 1, 2022. Consequently, the Group lost control over the abovementioned subsidiaries during the third quarter of 2022. Refer to 6(30) B for more details.

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,077,869	($ 190,179)	$ 887,690
Work in progress	337,099	(44,820)	292,279
Semi-finished goods	197,626	(31,915)	165,711
Finished goods	453,421	(118,136)	335,285
	$ 2,066,015	($ 385,050)	$ 1,680,965

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,589,503	($ 174,221)	$ 1,415,282
Work in progress	438,251	(1,682)	436,569
Semi-finished goods	238,658	(41,824)	196,834
Finished goods	477,665	(113,085)	364,580
	$ 2,744,077	($ 330,812)	$ 2,413,265

The cost of inventories recognized as expense for the year:

	2023	2022
Cost of goods sold	$ 3,984,342	$ 5,846,567
Loss on inventory valuation	39,974	13,439
Gain from scrap inventory	55,057	13,506
Others (Note 1)	75,455	32,503
	$ 4,154,828	$ 5,906,015

Note 1: Others include gain or loss on physical inventory, revenue from scrap and low capacity utilisation.

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

Items	December 31, 2023	December 31, 2022
Unlisted stocks	$ 74,757	$ 80,257
Valuation adjustment	(25,643)	(35,456)
	$ 49,114	$ 44,801

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 other comprehensive income	$ 9,813	$ 5,112
Cumulative gains reclassified to retained earnings due to derecognition	$ -	$ 11,283

B. The Group has elected to classify financial assets 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 $49,114 and $44,801 as at December 31, 2023 and 2022, respectively.

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

D. In the first half of 2022, the fair value of the equity investments sold was $77,975 taking into consideration the Group’s operations.

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

(6) Financial assets at amortised cost

	December 31, 2023	December 31, 2022
Current items:		
Pledged demand deposits	$ 5,000	$ -
Non-current items:		
Time deposits with original maturity over twelve months	-	307
Pledged time deposits	15,391	14,349
	$ 15,391	$ 14,656

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

	2023	2022
Interest income	$ 136	$ 84

B. Information relating to financial assets at amortised cost pledged as collateral is provided in Note 8.

C. 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.

(7) Investments accounted for using equity method

A. Details are as follows:

	December 31, 2023	
	Percentage of ownership	Carrying amount
Beijing NexGemo Technology Co., Ltd.	45%	$ 3,394

	December 31, 2022	
	Percentage of ownership	Carrying amount
Beijing NexGemo Technology Co., Ltd.	45%	$ 13,911

B. Amount recognized in loss of associates and joint ventures accounted for using equity method for the years ended December 31, 2023 and 2022 were ($10,423) and ($4,229), respectively.

C. The carrying amount of the Group’s interests in all individually immaterial associates and the Group’s share of the operating results are summarized below:

As of December 31, 2023 and 2022, the carrying amount of the Group’s individually immaterial associates amounted to $3,394 and $13,911, respectively.

	2023	2022
Loss from continuing operations	($ 10,423)	($ 9,397)
Total comprehensive loss	($ 10,423)	($ 9,397)

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Total
At January 1, 2023						
Cost	$ 839,249	$ 567,495	$ 694,477	$ 80,279	$ 147,104	$ 2,328,604
Accumulated depreciation	-	(183,951)	(527,489)	(68,845)	(112,195)	(892,480)
	$ 839,249	$ 383,544	$ 166,988	$ 11,434	$ 34,909	$ 1,436,124
2023						
At January 1	$ 839,249	$ 383,544	$ 166,988	$ 11,434	$ 34,909	$ 1,436,124
Additions	-	-	22,610	4,239	26,461	53,310
Transfers	-	-	10,767	-	176	10,943
Depreciation	-	(9,430)	(64,142)	(5,058)	(20,768)	(99,398)
Net exchange differences	-	-	(73)	1	(38)	(110)
At December 31	$ 839,249	$ 374,114	$ 136,150	$ 10,616	$ 40,740	$ 1,400,869
At December 31, 2023						
Cost	$ 839,249	$ 567,495	$ 720,138	$ 71,581	$ 162,967	$ 2,361,430
Accumulated depreciation	-	(193,381)	(583,988)	(60,965)	(122,227)	(960,561)
	$ 839,249	$ 374,114	$ 136,150	$ 10,616	$ 40,740	$ 1,400,869

	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Total
At January 1, 2022						
Cost	$ 839,249	$ 567,495	$ 706,798	$ 91,990	$ 159,478	$ 2,365,010
Accumulated depreciation	-	(174,522)	(511,225)	(75,630)	(108,572)	(869,949)
	$ 839,249	$ 392,973	$ 195,573	$ 16,360	$ 50,906	$ 1,495,061
2022						
At January 1	$ 839,249	$ 392,973	$ 195,573	$ 16,360	$ 50,906	$ 1,495,061
Additions	-	-	67,259	4,428	13,207	84,894
Disposals	-	-	(649)	(30)	(279)	(958)
Disposal of subsidiaries	-	-	(40,605)	(3,578)	(6,885)	(51,068)
Transfers	-	-	4,164	-	-	4,164
Depreciation	-	(9,429)	(59,727)	(6,389)	(22,253)	(97,798)
Net exchange differences	-	-	973	643	213	1,829
At December 31	$ 839,249	$ 383,544	$ 166,988	$ 11,434	$ 34,909	$ 1,436,124
At December 31, 2022						
Cost	$ 839,249	$ 567,495	$ 694,477	$ 80,279	$ 147,104	$ 2,328,604
Accumulated depreciation	-	(183,951)	(527,489)	(68,845)	(112,195)	(892,480)
	$ 839,249	$ 383,544	$ 166,988	$ 11,434	$ 34,909	$ 1,436,124

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

(9) Leasing arrangements - lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods from 2017 to 2031. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. 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	$ 388,451	$ 435,946

	2023	2022
	Depreciation charge	Depreciation charge
Buildings	$ 77,112	$ 84,987

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $24,423 and $37,184, respectively.

D. 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	$ 6,839	$ 8,635
Expense on short-term lease contracts	$ 18,759	$ 25,178

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $107,301 and $123,650, respectively.

(10) Leasing arrangements - lessor

A. The Group 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 the years ended December 31, 2023 and 2022, the Group recognized rent income in the amounts of $12,233, and $11,602, 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	$ -	$ 11,562
2024	9,845	-
2025	9,027	-
2026	8,549	-
2027~	12,195	-
	$ 39,616	$ 11,562

(11) 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 Group leased land and buildings at Sanchong Dist. and Zhonghe Dist., New Taipei City to other companies as factories or offices until February 2030. The Group 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 Group 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 categorized within Level 3 in the fair value hierarchy.

(12) Intangible assets

	Goodwill		Software		Others		Total
At January 1, 2023							
Cost	$ 2,167	$	175,499	$	11,262	$	188,928
Accumulated amortisation	-	(	123,724)	(	9,742)	(	133,466)
	$ 2,167	$	51,775	$	1,520	$	55,462
2023							
At January 1	$ 2,167	$	51,775	$	1,520	$	55,462
Additions	-		25,501		2,308		27,809
Amortisation charge	-	(	29,879)	(	2,262)	(	32,141)
At December 31	$ 2,167	$	47,397	$	1,566	$	51,130
At December 31, 2023							
Cost	$ 2,167	$	201,000	$	13,570	$	216,737
Accumulated amortisation	-	(	153,603)	(	12,004)	(	165,607)
	$ 2,167	$	47,397	$	1,566	$	51,130

	Goodwill		Software		Others		Total
At January 1, 2022							
Cost	$ 2,167	$	193,629	$	9,503	$	205,299
Accumulated amortisation	-	(	125,613)	(	6,705)	(	132,318)
	$ 2,167	$	68,016	$	2,798	$	72,981
2022							
At January 1	$ 2,167	$	68,016	$	2,798	$	72,981
Additions	-		23,062		1,506		24,568
Disposal of subsidiaries	-	(	6,032)		-	(	6,032)
Amortisation charge	-	(	33,513)	(	2,796)	(	36,309)
Exchange differences	-		242		12		254
At December 31	$ 2,167	$	51,775	$	1,520	$	55,462
At December 31, 2022							
Cost	$ 2,167	$	175,499	$	11,262	$	188,928
Accumulated amortisation	-	(	123,724)	(	9,742)	(	133,466)
	$ 2,167	$	51,775	$	1,520	$	55,462

Details of amortization on intangible assets are as follows:

	2023	2022
Operating costs	$ 7,800	$ 9,969
Selling expenses	5,454	5,133
Administrative expenses	10,280	12,159
Research and development expenses	8,607	9,048
	$ 32,141	$ 36,309

(13) Other non-current assets

	December 31, 2023	December 31, 2022
Long-term receivables from disposal of subsidiaries (Note)	$ -	$ 217,606
Refundable deposits	30,875	25,924
Net defined benefit assets	25,116	24,868
Prepayments for equipment	5,327	12,766
Others	1,070	403
	$ 62,388	$ 281,567

Note: On July 27, 2022, the Board of Directors of the Group resolved to dispose all the shares of its subsidiary, NEXSEC Incorporated, the subsidiaries of NEXSEC Incorporated and the Group's subsidiary, Zhuhai Xinxin Management Consulting Partnership, with the effective date set on August 1, 2022. Consequently, the Group lost control over the abovementioned subsidiaries during the third quarter of 2023. Refer to 6(30) B for more details.

(14) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range
Bank borrowings		
Unsecured borrowings	$ 1,207,820	1.73% ~ 6.84%
Secured borrowings	500,000	1.68% ~ 1.90%
	$ 1,707,820	

Type of borrowings	December 31, 2022	Interest rate range
Bank borrowings		
Unsecured borrowings	$ 1,400,000	1.43%～2.14%
Secured borrowings	1,070,000	1.43%～1.98%
	$ 2,470,000	

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

(15) Short-term notes and bills payable

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

(16) Other payables

	December 31, 2023	December 31, 2022
Accrued salaries and bonus	$ 268,192	$ 308,530
Labour and health insurance payable	22,400	23,480
Pension cost payable	11,766	8,853
Payable on machinery and equipment	3,104	2,653
Processing fees payable	817	24,131
Others	151,649	160,002
	$ 457,928	$ 527,649

(17) Provisions

	2023	2022
At January 1	$ 42,549	$ 37,656
Additional provisions	25,983	34,846
Used during the year	(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 Group'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.

(18) Pensions

A.(a) The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries 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 and its domestic subsidiaries 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 and domestic subsidiaries' 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 and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value percentage of plan assets 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 Group had contributed sufficient pension funds. Thus, the Group 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 and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute 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 Group's overseas subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the local pension regulations are based on a certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c)The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $54,373 and $46,196, respectively.

(19) 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 exercise prices of stock options outstanding was $29.42 (in dollars) for both periods; while the weighted-average remaining contractual period was 0 year for both periods.

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. As of December 31, 2023, the share-based payment reward plan of the subsidiary, Greenbase Technology Corp., was as follows:

Type of arrangement	Grant date	No. of shares granted	Vesting conditions/ restrictions
Employee stock options	2022.11.21	901,000	Stock options can be exercised during the period from February 21, 2023 to March 20, 2023 and unexercised stock option certificates will expire on March 31, 2023.

The aforementioned total fair value of stock options using Black-Scholes model was $3,397, and for the year ended December 31, 2023, the stock options recognized as expense amounted to $1,369.

(20) Share capital

As of December 31, 2023, the Company's authorized 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 dollars) per share. All proceeds from shares issued have been collected.

(21) 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
Share-based payment transactions	-	-	(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 Group's ownership	-	-	-	224
At December 31	$ 360,755	$ 2,880	$ -	$ 4,352

(22) 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 authorized 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 is 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. The appropriations of 2023 and 2022 earnings as resolved by the shareholders on June 27, 2023 and the appropriations of 2022 earnings as resolved by the shareholders on June 29, 2022 are as follows:

	2023		2022	
	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(27).

(23) Operating revenue

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

Year ended December 31, 2023	Network and Communication Solutions	IoT Automation Solutions	Intelligent video Surveillance	Mibile computing Solutions	Intelligent Platform	Others	Total
Timing of revenue recognition							
At a point in time	$ 2,164,183	$ 1,866,588	$ 653,491	$ 509,583	$ 385,487	$ 26,532	$5,605,864
Over time	-	103,824	55,821	-	-	-	159,645
	$ 2,164,183	$1,970,412	$709,312	$509,583	$ 385,487	$ 26,532	$5,765,509

Year ended December 31, 2022	Network and Communication Solutions	IoT Automation Solutions	Intelligent video Surveillance	Mibile computing Solutions	Intelligent Platform	Others	Total
Timing of revenue recognition							
At a point in time	$ 3,513,653	$ 2,123,051	$ 711,296	$ 752,447	$ 482,526	$ 39,469	$7,622,442
Over time	-	294,255	-	-	-	-	294,255
	$ 3,513,653	$ 2,417,306	$ 711,296	$ 752,447	$ 482,526	$ 39,469	$7,916,697

B. Contract liabilities

(a) The Group has recognized the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities -Advance sales receipts	$ 152,768	$ 179,685	$ 103,003

(b) Revenue recognized 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	$ 111,728	$ 75,589

(24) Other income

	2023	2022
Interest income from bank deposits	$ 40,187	$ 7,713
Government grants revenue	27,818	34,780
Rental revenue	12,233	11,602
Marketing allowance revenue	8,094	8,489
Dividend income	1,356	5,200
Others	16,957	3,989
	$ 106,645	$ 71,773

(25) Other gains and losses

	2023	2022
(loss) Gain on disposals of investments (Note)	($ 837)	$ 846,367
Net (loss) gain on foreign exchange	(22,895)	84,333
Gain on disposal of property, plant and equipment	1,295	522
Investment property depreciation expense	(1,520)	(1,520)
Other losses	(3,364)	(8,179)
	($ 27,321)	$ 921,523

Note: On July 27, 2022, the Board of Directors of the Group resolved to dispose all the shares of its subsidiary, NEXSEC Incorporated, the subsidiaries of NEXSEC Incorporated and the Group's subsidiary, Zhuhai Xinxin Management Consulting Partnership, with the effective date set on August 1, 2022. Consequently, the Group lost control over the abovementioned subsidiaries during the third quarter of 2022. Refer to 6(30) B for more details.

(26) Expenses by nature

	2023		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expense	$ 294,866	$ 1,176,725	$ 1,471,591
Depreciation charges on right-of-use assets	52,906	24,206	77,112
Depreciation charges on property, plant and equipment	48,400	50,998	99,398
Amortisation charges on intangible assets	7,800	24,341	32,141
	$ 403,972	$ 1,276,270	$ 1,680,242

	2022		
	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expense	$ 389,047	$ 1,038,945	$ 1,427,992
Depreciation charges on right-of-use assets	68,148	16,839	84,987
Depreciation charges on property, plant and equipment	46,291	51,507	97,798
Amortisation charges on intangible assets	9,935	26,374	36,309
	$ 513,421	$ 1,133,665	$ 1,647,086

(27) Employee benefit expense

	2023		
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	$ 243,297	$ 995,415	$ 1,238,712
Labour and health insurance fees	29,460	97,882	127,342
Pension costs	8,545	45,828	54,373
Other personnel expenses	13,564	37,600	51,164
	$ 294,866	$ 1,176,725	$ 1,471,591

	2022		
	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	$ 323,150	$ 911,009	$ 1,234,159
Labour and health insurance fees	35,598	66,763	102,361
Pension costs	14,094	32,102	46,196
Other personnel expenses	16,205	29,071	45,276
	$ 389,047	$ 1,038,945	$ 1,427,992

A. 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.

B. For the years ended December 31, 2023 and 2022, employees’ compensation was accrued at $3,276 and $11,924, respectively; directors’ remuneration was accrued at $1,609 and $4,307, respectively. The aforementioned amounts were recognized in salary expenses.

For the year ended December 31, 2023, the employees’ compensation and directors’ remuneration were estimated and accrued based on 1.58% and 0.78% of current profit before income tax, net of employees’ compensation and directors’ remunerations, respectively. The employees’ compensation and directors’ remuneration resolved by the Board of Directors were in agreement with those amounts estimated and accrued, and the employees’ compensation will be distributed in the form of cash.

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

(28) Income tax

A. Income tax expense

Components of income tax expense:

	2023	2022
Current tax:		
Current tax on profits for the year	$ 135,054	$ 241,189
Tax on undistrbuted earnings	19,865	17
Prior year income tax overestimation	(23,247)	(17,612)
Total current tax	131,672	223,594
Deferred tax:		
Origination and reversal of temporary differences	(77,219)	199,422
Income tax expense	$ 54,453	$ 423,016

(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	$ 49,454	$ 389,523
Expenses disallowed by tax regulation	1,711	940
Tax exempt income by tax regulation	(3,314)	(16,657)
Prior year income tax overestimation	(23,247)	(17,612)
Taxable loss not recognised as deferred tax assets	15,211	2,389
Change in assessment of realisation of deferred tax assets	(5,227)	64,416
Tax on undistributed earnings	19,865	17
Income tax expense	$ 54,453	$ 423,016

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	$ 59,860	$ 9,326	$ -	$ 69,186
Unrealised transaction gain from affiliates	7,269	(782)	-	6,487
Unrealised product warranty cost	8,510	910	-	9,420
Unrealised exchange loss	3,951	4,615	-	8,566
Time difference of sales revenue recognition	244	(244)	-	-
Compensated absences	4,703	(519)	-	4,184
Amount of allowance for bad debts that exceed the limit for tax purpose	2,361	1,873	-	4,234
Others	3,292	167	-	3,459
Loss carryforward	1,002	(1,002)	-	-
	$ 91,192	$ 14,344	$ -	$ 105,536
Deferred tax liabilities:				
Temporary differences				
Net defined benefit assets	($ 2,044)	$ -	($ 50)	($ 2,094)
Unrealised exchange gain	(1,356)	365	-	(991)
Calculation for tax on			-	
remittance of overseas earnings	(180,976)	62,510	-	(118,466)
	($ 184,376)	$ 62,875	($ 50)	($ 121,551)
	($ 93,184)	$ 77,219	($ 50)	($ 16,015)

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Loss on inventory valuation	$ 64,690	($ 4,830)	$ -	$ 59,860
Unrealised transaction gain from affiliates	6,493	776	-	7,269
Unrealised product warranty cost	7,531	979	-	8,510
Unrealised exchange loss	6,108	(2,157)	-	3,951
Time difference of sales revenue recognition	961	(717)	-	244
Compensated absences	4,369	334	-	4,703
Amount of allowance for bad debts that exceed the limit for tax purpose	2,028	333	-	2,361
Others	1,483	1,809	-	3,292
Loss carryforward	14,619	(13,617)	-	1,002
	$ 108,282	($ 17,090)	$ -	$ 91,192
Deferred tax liabilities:				
Temporary differences				
Net defined benefit assets	($ 1,514)	$ -	($ 530)	($ 2,044)
Unrealised exchange gain	-	(1,356)	-	(1,356)
Calculation for tax on remittance of overseas earnings	$ -	($ 180,976)	$ -	($ 180,976)
	($ 1,514)	($ 182,332)	($ 530)	($ 184,376)
	$ 106,768	($ 199,422)	($ 530)	($ 93,184)

D. The Company and domestic subsidiaries' income tax returns through 2021 have been assessed and approved by the Tax Authority.

(29) 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

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	2023	2022
Purchase of property, plant and equipment	$ 53,310	$ 84,894
Add: Opening balance of payable on equipment	2,653	1,889
Less: Ending balance of payable on equipment	(3,104)	(2,653)
Cash paid during the year	$ 52,859	$ 84,130

	2023	2022
Purchase of software	$ 27,809	$ 24,568
Add: Opening balance of payable on software	-	9,442
Cash paid during the year	$ 27,809	$ 34,010

B. On July 27, 2022, the Board of Directors of the Group resolved to dispose all the shares of its subsidiary, NEXSEC Incorporated (NEXSEC), the subsidiaries of NEXSEC and the Group's subsidiary, Zhuhai Xinxin Management Consulting Partnership (Zhuhai Xinxin), with the effective date set on August 1, 2022. Consequently, the Group lost control over the abovementioned subsidiaries during the third quarter of 2022. The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiaries are as follows:

	July 27, 2022
Total consideration	$ 1,207,710
Present value of long-term other receivables	(26,809)
Ending balance of other receivables	1,180,901
Carrying amount of the assets and liabilities of NEXSEC, the subsidiaries of NEXSEC and Zhuhai Xinxin	
Cash	64,040
Notes receivable	200
Accounts receivable (including related parties)	259,050
Other receivables	25,613
Inventories	706,270
Prepayments	13,071
Other current assets	4,638
Property, plant and equipment	51,068
Right-of-use assets	65,712
Intangible assets	6,032
Other non-current assets	10,219
Bank borrowings (including current portion)	(98,633)
Contract liabilities	(7,043)
Accounts payable	(534,531)
Other payables	(42,782)
Current tax liabilities	(5,401)
Other current liabilities	(27)
Lease liabilities	(70,738)
Other non-current liabilities	(13)
Carrying amount of subsidiaries disposed	446,745
Non-controlling interest	(150,137)
Effect of exchange rate changes	37,926
Gain on disposal of subsidiaries	$ 846,367

		Year ended December 31, 2022
Proceeds from disposal of subsidiaries	$	1,180,901
Less: Ending balance of other receivables	(	574,564)
Effect of exchange rate changes and discount	(	19,133)
Cash inflows from disposal of subsidiaries		587,204
Less: Cash held by subsidiaries	(	64,040)
Net cash inflows from disposal of subsidiaries	$	523,164

The above equity interest disposal can be divided into two parts, including the disposals of equity interests in NEXSEC and Zhuhai Xinxin by Nexcom Interational Co., Ltd. (SAMOA). For the disposal of equity interest in NEXSEC, SAMOA agreed with the buyer to divide the payment into three installments. The first installment amounting to $571,886 (RMB 131,525 thousand) was collected by November 21, 2022.

In addition, the second instalment of $357,372 (RMB 81,000 thousand) was collected by May 2, 2023; while, the third instalment of $230,292 (RMB 54,000 thousand) is expected to be collected by April 30, 2024. Under the agreement, Industrial and Commercial Bank of China and China Merchants Bank will issue irrevocable guarantees for the above payments. However, since the guarantees have not yet been issued, the buyer has deposited the second and third installments in a joint account opened in the name of the buyer.

As for the disposal of equity interest in Zhuhai Xinxin, based on the agreement, SAMOA will withdraw from the partnership with Zhuhai Xinxin after Zhuhai Xinxin disposes its equity interest in NEXSEC. The proceeds from the disposal of equity interest in NEXSEC by Zhuhai Xinxin amounted to $15,318 (RMB 3,475 thousand). Based on the agreement, the buyer will make the payment (net of tax) to Zhuhai Xinxin and Zhuhai Xinxin will carry out the partnership withdrawal process after the legal documents of Zhuhai Xinxin's disposal of equity interest in NEXSEC and SAMOA's withdrawal from the partnership with Zhuhai Xinxin are signed. As of December 30, 2022, the buyer has made the aforesaid payment.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
EXOR International S.P.A	Associate (Note)
Nexcom Italia S.R.L.	Subsidiary of associate (Note)
Beijing NexGemo Technology Co., Ltd.	Associate

Note: The Group sold its equity interest in EXOR on June 24, 2022, thus, the Group is no longer a related party of the company starting from June 24, 2022.

(2) Significant transactions with related parties

A. Operating revenue

	2023	2022
Sales of goods:		
Associate	$ 13,884	$ 92,043

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

B. Purchases

	2023	2022
Purchases of goods:		
Associate	$ 5,106	$ 12,756

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

C. Accounts receivable:

	December 31, 2023	December 31, 2022
Accounts receivable:		
Associate	$ 47,291	$ 79,337
Less : Allowance for uncollectible accounts	(38,594)	(56,230)
	$ 8,697	$ 23,107

The receivables due from related parties had no collateral, were not pledged and do not bear interest.

D. Accounts payable:

	December 31, 2023	December 31, 2022
Accounts payable:		
Associate	$ 2,605	$ 11,677

(3) Key management compensation

	2023	2022
Salaries and other short-term employee benefits	$ 43,324	$ 48,073
Post-employment benefits	1,472	1,321
	$ 44,796	$ 49,394

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Current financial assets at amortised cost	$ 5,000	$ -	Performance guarantee
Non-current financial assets at amortised cost assets-time deposits	15,391	14,349	Guarantee for import duty and performance guarantee
Property, plant and equipment -land and buildings and structures	1,213,363	1,222,620	Guarantee for secured borrowings
Investment property -land and buildings and structures	171,035	138,108	Guarantee for secured borrowings
	$ 1,404,789	$ 1,375,077	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. The Group had issued and deposited certified checks amounting to $2,600,000 and US$33,000 thousand for the Group's short and long-term credit facilities and forward exchange contracts.

B. The amount of endorsements and guarantees provided by the Group in order to assist its subsidiaries for the lease of warehouses, offices, enter into cooperative contracts, purchases of raw materials and financing loan are as follows:

	December 31, 2023	December 31, 2022
Nexcom Japan Co., Ltd.	$ 5,434	$ 5,814
	(JPY 25,018thousand)	(JPY 25,018 thousand)
NexAIoT Co., Ltd.	136,763	206,775
	(USD 2,500 thousand)	(USD 2,500 thousand)
	(NTD 60,000thousand)	(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 Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders 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	$ 49,114	$ 44,801
Financial assets at amortised cost (Note)	$ 2,960,711	$ 3,849,678

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost (Note)	$ 2,758,595	$ 4,332,377
Lease liability	$ 404,131	$ 448,975

Note: For financial assets at amortised cost, including cash and cash equivalents, 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, long-term borrowings (including current portion) and guarantee deposits received, refer to the balance sheet for details.

B. Financial risk management policies

(a) The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's each 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 Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD; subsidiaries' functional currency: USD, EUR, RMB and JPY). 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	$ 35,393	30.71	$ 1,086,919	1%	$ 10,869	$ -
EUR：NTD	3,375	33.98	114,683	1%	1,147	-
RMB：NTD	118,458	4.33	512,568	1%	5,126	-
RMB：USD	52,806	0.14	7,446	1%	74	-
USD：RMB	1,128	7.10	8,009	1%	80	-
Financial liabilities						
Monetary items						
USD：NTD	$ 15,173	30.71	$ 465,887	1%	$ 4,659	$ -
EUR：NTD	1,014	33.98	34,456	1%	345	-
USD：JPY	6,469	141.37	914,523	1%	9,145	-
RMB：NTD	8,963	4.33	38,783	1%	388	-

	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	$ 57,716	30.71	$ 1,772,458	1%	$ 17,725	$ -
EUR：NTD	4,013	32.72	131,305	1%	1,313	-
RMB：NTD	183,572	4.41	809,553	1%	8,096	-
RMB：USD	216,380	0.41	954,236	1%	9,542	
USD：RMB	803	6.97	24,660	1%	247	-
USD：JPY	699	132.14	21,466	1%	215	
Financial liabilities						
Monetary items						
USD：NTD	$ 29,238	30.71	$ 897,899	1%	$ 8,979	$ -
USD：JPY	2,468	132.14	326,122	1%	3,261	-
RMB：NTD	7,488	4.41	33,022	1%	330	-

Total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to ($22,895) and $84,333, respectively.

Price risk

The Group 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 $2,990 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 $803 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 Group’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 Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group 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 \$4,345 and \$6,425 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 Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

iii. The Group 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 Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 180 days.

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

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

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

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

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

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

vii. The Group 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%~0.05%	0.03%~0.78%	0.03%-50%	60.29%-100%	
Total book value	$ 47,291	$ 729,531	$ 156,605	$ 42,988	$ 54,396	$ 1,030,811
Loss allowance	$ 38,594	$ 230	$ 27	$ 8,276	$ 43,036	$ 90,163

	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, 2022						
Expected loss rate		0.03%	0.03%	0.03%-50%	85.21%-100%	
Total book value	$ 314,778	$ 1,407,946	$ 176,354	$ 81,406	$ 46,270	$ 2,026,754
Loss allowance	$ 60,240	$ 365	$ 36	$ 415	$ 45,855	$ 106,911

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

Group: Other customers.

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

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 106,911	$ 38,792
Provision for impairment	-	76,338
Reversal of provision for impairment	(13,558)	-
Disposal of subsidiaries	-	(8,299)
Effect of foreign exchange	(3,190)	80
At December 31	$ 90,163	$ 106,911

(c) Liquidity risk

i. Surplus cash held by the operating entities over and above balance required for working capital management are used and invested properly. The Group chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom.

ii. The Group'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, other payables and long-term borrowings expiring within one year are all less than 360 days as of December 31, 2023 and 2022.

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease liability	$ 74,398	$ 71,272	$ 166,452	$ 74,320

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease liability	$ 72,864	$ 72,542	$ 194,609	$130,114

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

(3) Fair value information

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

Level 1: 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(11).

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 $49,114 and $44,801, respectively.

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

The valuation of financial assets at fair value through other comprehensive income uses the most recent non-active market price, 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 instruments	Equity instruments
At January 1	$ 44,801	$ 117,664
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	$ 49,114	$ 44,801

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 instruments:				
Unlisted shares	$ 457	Market comparable companies	Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
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 instruments:				
Unlisted shares	$ 457	Market comparable companies	Discount for lack of marketability	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares				
Private equity fund investment	44,344	Net asset value	N/A	N/A

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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 period: 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) Shareholders information:

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this year.

(2) Segment information

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

Year ended December 31, 2023	Taiwan	Asia	America	Europe	Adjustments and elimination	Total
Revenue from external customers	$ 4,745,352	$ 401,065	$ 619,092	$ -	$ -	$ 5,765,509
Inter-segment revenue	653,894	75,625	7,071	-	(736,590)	-
Total segment revenue	$ 5,399,246	$ 476,690	$ 626,163	$ -	($ 736,590)	$ 5,765,509
Segment profit - profit (loss) before tax	$ 315,305	($ 21,739)	$ 20,591	($ 6,484)	($ 62,789)	$ 244,884
Segment profit - profit before tax include:						
Depreciation and amortisation	($ 185,168)	($ 10,928)	($ 12,555)	$ -	$ -	($ 208,651)
Interest income	$ 6,719	$ 33,468	$ -	$ -	$ -	$ 40,187
Interest expense	($ 43,326)	$ (126)	($ 2,884)	$ -	$ -	($ 46,336)
Segment asset	$ 7,655,741	$ 1,210,151	$ 280,712	$ -	($ 2,190,185)	$ 6,956,419

Year ended December 31, 2022	Taiwan	Asia	America	Europe	Adjustments and elimination	Total
Revenue from external customers	$ 6,106,972	$ 1,102,611	$ 694,941	$ 12,173	$ -	$ 7,916,697
Inter-segment revenue	698,089	121,877	7,562	5,954	(833,482)	-
Total segment revenue	$ 6,805,061	$ 1,224,488	$ 702,503	$ 18,127	($ 833,482)	$ 7,916,697
Segment profit - profit (loss) before tax	$ 1,311,676	$ 851,413	$ 8,871	($ 4,455)	($ 814,014)	$ 1,353,491
Segment profit - profit before tax include:						
Depreciation and amortisation	($ 172,263)	($ 34,353)	($ 12,475)	($ 3)	$ -	($ 219,094)
Interest income	$ 1,347	$ 6,366	$ -	$ -	$ -	$ 7,713
Interest expense	($ 37,978)	($ 4,704)	($ 3,330)	$ -	$ 491	($ 45,521)
Segment asset	$ 9,747,380	$ 1,462,911	$ 379,187	$ 24,930	($ 2,770,812)	$ 8,843,596

Note : Segment information is based on geographic location of each segment.

(3) Reconciliation for segment income (loss)

The revenue from external customers and gains or losses reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(4) Information on product and service

Refer to Note 6(23).

(5) Revenue information by geographic area

Information by geographic area of the Group is as follows:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
United States of America	$ 1,391,354	$ 37,501	$ 1,568,512	$ 49,883
Taiwan	648,385	1,965,805	910,361	2,048,417
Sweden	395,509	-	435,649	-
South Korea	387,831	-	530,350	-
Japan	380,342	3,508	286,303	217
Netherlands	380,183	-	549,541	-
Israel	319,784	-	349,427	-
Norway	285,239	-	264,213	-
China	210,988	10,588	1,156,781	12,232
United Kingdom	187,966	-	482,021	-
Germany	179,282	-	107,038	-
Ireland	136,733	-	159,170	-
Others	861,913	306	1,117,331	217,606
	$ 5,765,509	$ 2,017,708	$ 7,916,697	$ 2,328,355

(6) Information on major customers

	2023		2022	
	Revenue	Segment	Revenue	Segment
Customer S	$ 610,298	Taiwan	$ 1,320,776	Taiwan
Customer D	525,587	Taiwan	503,069	Taiwan

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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, USD 2,500 and NTD60,000 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. AND SUBSIDIARIES
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. AND SUBSIDIARIES
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	NexAIoT 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 Japan 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. AND SUBSIDIARIES
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
Year ended 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	Taking prompt action in demanding the 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 demanding the overdue receivables.	$ 63,859	$ -
The Company	Nexcom Japan Co.,Ltd.	The Company's consolidated subsidiary	185,591	1.75	24,811	Taking prompt action in demanding the overdue receivables.	-	-

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

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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 Japan Co.,Ltd.	1	Sales	205,557	Note 3	4
0	The Company	Nexcom Japan 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. AND SUBSIDIARIES
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	-	-	-	(6,484)	(6,484)	Note 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	Note 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)	Note 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	Note 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	Note 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)	Note 2

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

Note 2: Investment income (loss) for the year ended December 31, 2023 was based on the investee's financial statements audited by other independent accountants appointed by the Company.

NEXCOM INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
December 31,2023

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 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) 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
					Remitted to Mainland China	Remitted back to Taiwan							
Nexcom Shanghai Co., Ltd.	Sales of PCs and peripherals	$ 104,234	Through investing in an investee company (NexAIoT Co., Ltd.) in Mainland China, which then invested in the investee in Mainland China.	$ 104,234	$ -	$ -	$ 104,234	(37,643)	82.73	(31,142)	(71,083)	-	Notes
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	-	Notes
Nexcom United System Service Co., Ltd.	Sales of PCs and peripherals	33,998	Through investing in an existing company (Nexcom International Co., Ltd. (SAMOA)) in the third area, which then invested in the investee in Mainland China.	28,691	-	-	28,691	(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)	-	Notes
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	-	Notes
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)	-	Notes
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)	-	Notes

Note : Since the consolidated subsidiary was an insignificant subsidiary, the investment income or loss was recognised based on the financial statements which were not reviewed by the 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. AND SUBSIDIARIES

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%

Note: (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.