

AXIOMTEK CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
WITH-INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(Stock Code : 3088)

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Notice to Readers

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

# **Independent Auditors' Review Report**

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

## **Introduction**

We have reviewed the accompanying consolidated balance sheets of AXIOMTEK CO., LTD. and its subsidiaries (hereinafter referred to as “the Group”) as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

## **Scope of review**

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

## **Basis for qualified conclusion**

As explained in Notes 4(3) and 6(6), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets (including investments accounted for using equity method) of NT\$1,159,371 thousand and NT\$817,769 thousand, constituting 15.87% and 12.75% of the consolidated total assets, and total liabilities of NT\$357,371 thousand and NT\$ 190,134 thousand, constituting 11.49% and 7.06% of the consolidated total liabilities as of June 30, 2024 and 2023, respectively, and total comprehensive income of NT\$29,833 thousand, NT\$49,846 thousand, NT\$84,765 thousand and NT\$51,857 thousand, constituting 16.91%, 20.78%, 23.23% and 14.36% of the consolidated total comprehensive income for the three months and six months periods then ended, respectively. These amounts were based solely on the unreviewed financial statements of these companies as of these companies as of June 30, 2024 and 2023.

## **Qualified conclusion**

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months periods then ended and its consolidated cash flows for the six months then ended in accordance with the “Regulations Governing the Preparation of Financial Reporting by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Lin, Po-Chuan

Wang, Song-Tse

for and on behalf of PricewaterhouseCoopers, Taiwan July 25, 2024

**AXIOMTEK CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2024, DECEMBER 31, AND JUNE 30, 2023**  
(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of June 30, 2024 and 2023 are reviewed, not audited)

Assets	Notes	June 30, 2024		December 31, 2023		June 30, 2023		
		Amount	%	Amount	%	Amount	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,470,809	20	\$ 1,501,089	22	\$ 996,498	16
1110	Financial assets at fair value through profit or loss - current	6(2)	78,833	1	720	-	-	-
1136	Financial assets at amortized cost - current	6(1) and 8	128,012	2	10,000	-	3,000	-
1140	Contract assets - current		2,304	-	-	-	-	-
1150	Notes receivable	6(4) and 7	29,894	1	20,924	-	9,517	-
1170	Accounts receivable	6(4) and 7	878,327	12	809,758	12	874,257	14
1200	Other receivables		27,273	-	26,112	-	27,662	-
1220	Current income tax assets		8,720	-	22,715	-	1,818	-
130X	Inventories	6(5)	1,745,620	24	1,673,126	25	2,076,224	32
1410	Prepayments		55,114	1	28,578	1	32,922	1
1470	Other current assets		3,764	-	701	-	4,124	-
11XX	<b>Total current assets</b>		<u>4,428,670</u>	<u>61</u>	<u>4,093,723</u>	<u>60</u>	<u>4,026,022</u>	<u>63</u>
<b>Non-current assets</b>								
1550	Investments accounted for under equity method	6(6)	16,568	-	16,617	-	14,394	-
1600	Property, plant and equipment	6(7) and 8	2,385,082	33	2,280,458	33	1,890,824	29
1755	Right-of-use assets	6(8)	150,617	2	159,612	2	180,599	3
1760	Investment property	6(10)	37,240	-	37,488	1	37,735	1
1780	Intangible assets	6(11)	113,601	2	111,228	2	108,019	2
1840	Deferred income tax assets		160,079	2	149,952	2	123,767	2
1990	Other non-current assets	8	11,949	-	8,912	-	33,937	-
15XX	<b>Total non-current assets</b>		<u>2,875,136</u>	<u>39</u>	<u>2,764,267</u>	<u>40</u>	<u>2,389,275</u>	<u>37</u>
1XXX	<b>Total Assets</b>		<u>\$ 7,303,806</u>	<u>100</u>	<u>\$ 6,857,990</u>	<u>100</u>	<u>\$ 6,415,297</u>	<u>100</u>

(Continued)

**AXIOMTEK CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2024, DECEMBER 31, AND JUNE 30, 2023**  
(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of June 30, 2024 and 2023 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>								
2100	Short-term borrowings	6(13)	\$ -	-	\$ -	-	\$ 776,300	12
2130	Contract liabilities - current	6(24)	64,212	1	93,610	1	83,658	1
2150	Notes payable		1,231	-	-	-	387	-
2170	Accounts payable	6(15)	654,132	9	497,063	7	600,627	9
2180	Accounts payable – related parties	7	5,988	-	4,757	-	12,635	-
2200	Other payables	6(16)&7	847,167	12	578,811	9	581,901	9
2230	Current income tax liabilities		196,029	3	216,732	3	137,768	2
2250	Current provisions		1,361	-	1,361	-	1,539	-
2280	Current lease liabilities		54,446	1	48,573	1	47,089	1
2320	Current portion of long- term liabilities	6(14)	6,973	-	-	-	-	-
2399	Other current liabilities		16,165	-	6,543	-	26,558	1
21XX	<b>Total current liabilities</b>		<u>1,847,704</u>	<u>26</u>	<u>1,447,450</u>	<u>21</u>	<u>2,268,462</u>	<u>35</u>
<b>Non-current liabilities</b>								
2530	Corporate bonds payable	6(17)	768,084	10	760,924	11	-	-
2540	Long-term borrowings	6(14)	51,805	1	-	-	-	-
2550	Non-current provision		1,081	-	-	-	-	-
2560	Non-current income tax liabilities		-	-	-	-	1,273	-
2570	Deferred income tax liabilities		291,674	4	280,783	4	239,281	4
2580	Non-current lease liabilities		105,950	1	120,711	2	141,786	2
2640	Accrued pension liabilities		43,869	1	43,985	1	41,539	1
2645	Guarantee deposit received		603	-	603	-	603	-
25XX	<b>Total non-current liabilities</b>		<u>1,263,066</u>	<u>17</u>	<u>1,207,006</u>	<u>18</u>	<u>424,482</u>	<u>7</u>
2XXX	<b>Total liabilities</b>		<u>3,110,770</u>	<u>43</u>	<u>2,654,456</u>	<u>39</u>	<u>2,692,944</u>	<u>42</u>
<b>Equity attributable to shareholders of the parent</b>								
<b>Share capital</b>								
		6(20)						
3110	Ordinary shares		1,020,205	14	1,015,374	15	919,605	14
3140	Advance receipts for share capital		1,020	-	3,370	-	4,794	-
3150	Stock dividend to be distributed	6(21)	-	-	-	-	91,629	2
<b>Capital surplus</b>								
		6(21)						
3200	Capital surplus		702,068	10	685,203	10	577,450	9
<b>Retained earnings</b>								
		6(22)						
3310	Legal reserve		749,499	10	676,932	10	676,932	11
3320	Special reserve		-	-	4,280	-	4,280	-
3350	Unappropriated retained earnings		1,624,095	22	1,816,483	26	1,435,782	22
<b>Other equity</b>								
		6(23)						
3400	Other equity		56,577	1	1,892	-	11,881	-
31XX	<b>Total equity attributable to shareholders of the parent</b>		<u>4,153,464</u>	<u>57</u>	<u>4,203,534</u>	<u>61</u>	<u>3,722,353</u>	<u>58</u>
			<u>39,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>4,193,036</u>	<u>57</u>	<u>4,203,534</u>	<u>61</u>	<u>3,722,353</u>	<u>58</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>								
		9						
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 7,303,806</u>	<u>100</u>	<u>\$ 6,857,990</u>	<u>100</u>	<u>\$ 6,415,297</u>	<u>100</u>

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

**AXIOMTEK CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	For the three months ended June 30,				For the six months ended June 30,			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 <b>Operating revenue</b>	6(24) and 7	\$ 1,619,771	100	\$ 1,850,852	100	\$ 3,028,877	100	\$ 3,428,377	100
5000 <b>Operating costs</b>	6(5)(29) (30) and 7	( 1,020,432 )	( 63 )	( 1,181,911 )	( 64 )	( 1,888,936 )	( 63 )	( 2,243,853 )	( 66 )
5900 <b>Gross profit</b>		599,339	37	668,941	36	1,139,941	37	1,184,524	34
5910 Unrealized gain from sale	6(6)	( 7 )	-	-	-	( 65 )	-	( 240 )	-
5920 Realized gain from sale		-	-	-	-	58	-	234	-
5950 <b>Net operating margin</b>		599,332	37	668,941	36	1,139,934	37	1,184,518	34
<b>Operating expenses</b>	6(29)(30)								
6100 Selling expenses		( 134,479 )	( 8 )	( 124,903 )	( 7 )	( 264,404 )	( 9 )	( 246,108 )	( 7 )
6200 General and administrative expenses		( 97,666 )	( 6 )	( 99,933 )	( 5 )	( 194,608 )	( 6 )	( 189,030 )	( 5 )
6300 Research and development expenses		( 160,996 )	( 10 )	( 156,998 )	( 8 )	( 309,281 )	( 10 )	( 294,753 )	( 9 )
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	908	-	( 489 )	-	485	-	( 93 )	-
6000 <b>Total operating expenses</b>		( 392,233 )	( 24 )	( 382,323 )	( 20 )	( 767,808 )	( 25 )	( 729,984 )	( 21 )
6900 <b>Operating profit</b>		207,099	13	286,618	16	372,126	12	454,534	13
<b>Non-operating income and expenses</b>									
7100 Interest income	6(25)	9,664	-	5,492	-	19,101	1	10,487	-
7010 Other income	6(26)	6,297	-	2,930	-	9,262	-	5,432	-
7020 Other gains and losses	6(27)	14,884	1	22,680	1	66,581	2	13,846	1
7050 Finance costs	6(28)	( 5,606 )	-	( 4,635 )	-	( 10,862 )	-	( 8,499 )	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(6)	169	-	( 740 )	-	( 108 )	-	( 2,623 )	-
7000 <b>Total non-operating income and expenses</b>		25,408	1	25,727	1	83,974	3	18,643	1
7900 <b>Profit before income tax</b>		232,507	14	312,345	17	456,100	15	473,177	14
7950 Income tax expenses	6(31)	( 70,007 )	( 4 )	( 91,200 )	( 5 )	( 145,696 )	( 5 )	( 128,212 )	( 4 )
8200 <b>Net Income</b>		\$ 162,500	10	\$ 221,145	12	\$ 310,404	10	\$ 344,965	10
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361 Financial statements translation differences of foreign operations		\$ 17,705	1	\$ 23,402	1	\$ 68,356	2	\$ 20,201	1
8367 Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	6(3)	( 118 )	-	-	-	( 118 )	-	-	-
8399 Income tax relating to the components of other comprehensive income	6(31)	( 3,624 )	-	( 4,680 )	-	( 13,754 )	-	( 4,040 )	-
8300 <b>Other comprehensive income (loss) for the year</b>		\$ 13,963	1	\$ 18,722	1	\$ 54,484	2	\$ 16,161	1
8500 <b>Total Comprehensive Income</b>		\$ 176,463	11	\$ 239,867	13	\$ 364,888	12	\$ 361,126	11
<b>Profit attributable to:</b>									
8610 Shareholders of the parent		\$ 166,348	10	\$ 221,145	12	\$ 314,252	10	\$ 344,965	10
8620 Non-controlling interests		( \$ 3,848 )	-	\$ -	-	( \$ 3,848 )	-	\$ -	-
<b>Total comprehensive income (loss) attributable to:</b>									
8710 Shareholders of the parent		\$ 180,391	11	\$ 239,867	13	\$ 368,816	12	\$ 361,126	11
8720 Non-controlling interests		( \$ 3,928 )	-	\$ -	-	( \$ 3,928 )	-	\$ -	-
9750 <b>Basic earnings per share</b>	6(32)	\$ 1.63		\$ 2.19		\$ 3.08		\$ 3.42	
9850 <b>Diluted earnings per share</b>	6(32)	\$ 1.51		\$ 2.15		\$ 2.86		\$ 3.35	

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

**AXIOMTEK CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Equity attributable to shareholders of the parent												
	Share capital				Retained Earnings				Other equity			
Notes	Ordinary shares	Advance receipts for share capital	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	Total	Non-controlling interests	Total
<b>Year 2023</b>												
Balance at January 1, 2023	\$ 910,235	\$ 13,079	\$ -	\$ 633,715	\$ 615,504	\$ 76,627	\$ 1,308,972	(\$ 4,280)	\$ -	\$ 3,553,852	\$ -	\$ 3,553,852
Profit for the year	-	-	-	-	-	-	344,965	-	-	344,965	-	344,965
Other comprehensive income (loss) for the year	6(23) -	-	-	-	-	-	-	16,161	-	16,161	-	16,161
Total comprehensive income	-	-	-	-	-	-	344,965	16,161	-	361,126	-	361,126
Appropriations of 2022 earnings	6(22)											
Legal reserve	-	-	-	-	61,428	-	( 61,428)	-	-	-	-	-
Special reserve	-	-	-	-	-	( 72,347)	72,347	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	( 229,074)	-	-	( 229,074)	-	( 229,074)
Stock dividends from capital surplus	6(22)	-	91,629	( 91,629)	-	-	-	-	-	-	-	-
Share-based payments	-	9,370	( 8,285)	-	32,361	-	-	-	-	33,446	-	33,446
Compensation cost of share-based payments	6(19)	-	-	2,911	-	-	-	-	-	2,911	-	2,911
Change in Capital Surplus-others	-	-	-	92	-	-	-	-	-	92	-	92
Balance at June 30, 2023	<u>\$ 919,605</u>	<u>\$ 4,794</u>	<u>\$ 91,629</u>	<u>\$ 577,450</u>	<u>\$ 676,932</u>	<u>\$ 4,280</u>	<u>\$ 1,435,782</u>	<u>\$ 11,881</u>	<u>\$ -</u>	<u>\$ 3,722,353</u>	<u>\$ -</u>	<u>\$ 3,722,353</u>
<b>Year 2024</b>												
Balance at January 1, 2024	<u>\$ 1,015,374</u>	<u>\$ 3,370</u>	<u>\$ -</u>	<u>\$ 685,203</u>	<u>\$ 676,932</u>	<u>\$ 4,280</u>	<u>\$ 1,816,483</u>	<u>\$ 1,892</u>	<u>\$ -</u>	<u>\$ 4,203,534</u>	<u>\$ -</u>	<u>\$ 4,203,534</u>
Profit for the year	-	-	-	-	-	-	314,252	-	-	314,252	( 3,848)	310,404
Other comprehensive income (loss) for the year	6(23) -	-	-	-	-	-	-	54,685	( 121)	54,564	( 80)	54,484
Total comprehensive income	-	-	-	-	-	-	314,252	54,685	( 121)	368,816	( 3,928)	364,888
Appropriations of 2023 earnings	6(22)											
Legal reserve	-	-	-	-	72,567	-	( 72,567)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	( 4,280)	4,280	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	( 438,232)	-	-	( 438,232)	-	( 438,232)
Share-based payments	-	4,820	( 2,244)	-	14,846	-	-	-	-	17,422	-	17,422
Compensation cost of share-based payments	6(19)	-	-	1,512	-	-	-	-	-	1,512	-	1,512
Conversion of convertible bonds	-	11	( 106)	-	95	-	-	-	-	-	-	-
Disposal of debt instrument investments measured at fair value through other comprehensive income	6(3)	-	-	-	-	-	( 121)	-	121	-	-	-
Change in Capital Surplus-others	-	-	-	412	-	-	-	-	-	412	-	412
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	43,500	43,500
Balance at June 30, 2024	<u>\$ 1,020,205</u>	<u>\$ 1,020</u>	<u>\$ -</u>	<u>\$ 702,068</u>	<u>\$ 749,499</u>	<u>\$ -</u>	<u>\$ 1,624,095</u>	<u>\$ 56,577</u>	<u>\$ -</u>	<u>\$ 4,153,464</u>	<u>\$ 39,572</u>	<u>\$ 4,193,036</u>

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the six months ended June 30,	
		2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 456,100	\$ 473,177
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8) (29)	83,499	54,793
Depreciation from investment Property	6(10)(27)	248	248
Amortization	6(11)(29)	12,683	11,479
Expected credit impairment loss (gain)	12(2)	( 485 )	93
Net profit from financial assets at fair value through profit or loss	6(2)(27)	( 627 )	( 14 )
Interest expense	6(28)	10,862	8,499
Interest income	6(25)	( 19,101 )	( 10,487 )
Compensation cost of share-based payments	6(19)(30)	1,512	2,911
Share of profit of associates and joint ventures accounted for under equity method	6(6)	108	2,623
Gain on disposal of property, plant and equipment	6(27)	-	( 67 )
Loss on lease modification	6(27)	-	22
Unrealized profit from sales		7	6
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		( 77,486 )	14
Contract assets		15,073	-
Notes receivable		12,687	8,103
Accounts receivable (including related parties)		( 17,449 )	( 129,093 )
Other receivables		2,001	( 1,169 )
Inventories		( 18,083 )	( 149,151 )
Prepayments		( 21,971 )	( 1,107 )
Other current assets		( 3,063 )	( 3,082 )
Changes in liabilities relating to operating activities			
Contract liabilities		( 94,462 )	6,717
Notes payables		( 194 )	( 963 )
Accounts payable (including related parties)		132,866	( 79,804 )
Other payables		( 40,348 )	( 64,075 )
Other current liabilities		8,907	9,406
Other non-current liabilities		557	25
Cash inflow generated from operations		443,841	139,104
Receipt of interest		21,110	9,548
Payment of interest		( 3,702 )	( 8,374 )
Payment of income tax		( 163,602 )	( 169,267 )
Net cash flows provided by (used in) operating activities		297,647	( 28,989 )

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AXIOMTEK CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the six months ended June 30,	
		2024	2023
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in financial assets at amortized cost		(\$ 118,012 )	\$ -
Disposal of financial assets measured at fair value through other comprehensive income	6(3)	1,036	-
Acquisition of property, plant and equipment	6(34)	( 201,762 )	( 170,478 )
Proceeds from disposal of property, plant and equipment		2	67
Acquisition of intangible assets	6(11)	( 6,718 )	( 2,085 )
Decrease (Increase) in other non-current assets		( 143 )	1,174
Net cash flow from acquisition of subsidiaries	6(33)	4,829	-
Net cash flows used in investing activities		( 320,768 )	( 171,322 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Proceeds from short -term borrowings		108,000	2,695,900
Redemption of short -term borrowings		( 157,740 )	( 2,554,900 )
Proceeds from long-term borrowings		10,000	-
Redemption of long-term borrowings		( 17,067 )	-
Proceeds from exercise of employee stock options		17,422	33,446
Payment of lease liabilities	6(35)	( 27,354 )	( 27,306 )
Decrease in refundable deposits		-	( 160 )
Proceeds from disposal of employee stock ownership trust		412	92
Net cash flows (used in) provided by financing activities		( 66,327 )	147,072
Effects due to changes in exchange rate		59,168	18,116
Decrease in cash and cash equivalents		( 30,280 )	( 35,123 )
Cash and cash equivalents at beginning of year		1,501,089	1,031,621
Cash and cash equivalents at end of year		\$ 1,470,809	\$ 996,498

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

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

1. ORGANIZATION AND OPERATIONS

Axiomtek Co., Ltd. (hereinafter referred to as "the Company" or "Axiomtek") was incorporated in the Republic of China (R.O.C) in May 1990 and the Company's common shares were officially listed on the Taipei Exchange on April 28, 2005. The Company and its subsidiaries (collectively referred herein as "the Group") are mainly engaged in designing, manufacturing and sales of PC-based industrial computer products and peripherals. The Group provides product lines of Industrial PCs (IPCs), Single Board Computers (SBCs), System on Modules (SoMs), Fanless and Rugged Embedded Systems (eBOX and rBOX), Intelligent Transportation Systems (tBOX and UST), Industrial IoT Gateway, Industrial EtherCAT Master solution, Touch Panel Computers (TPCs), Medical Panel Computers (MPCs), Digital Signage Solutions (DSSs), and Network Appliances (NAs) products.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The consolidated financial statements were authorized for issuance by the Board of Directors on July 25, 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 effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liabilities under sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Current or non-current classification of liabilities'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with contractual terms'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier financing arrangements'	January 1, 2024

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

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

None.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7, 'Revision of classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure of financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries not subject to public accountability: disclosure'	January 1, 2027
Amendments to IAS 21, "lack of convertibility"	January 1, 2025

Except for those described below, the Group has assessed that the above criteria and interpretations have no significant impact on the Group's financial position and financial performance. The related impact amounts will be disclosed upon completion of the assessment.

IFRS 18, 'Presentation and disclosure of financial statements'

IFRS 18, 'Presentation and disclosure of financial statements' replaces IAS 1 and updates the structure of the statement of comprehensive income. It also introduces disclosure requirements for management performance measures and strengthens the principles of aggregation and disaggregation used in the primary financial statements and notes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.

(2) Basis of preparation

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

- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (B) Financial assets measured at fair value through other comprehensive profit or loss.
- (C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
  - (D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
  - (E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The subsidiaries included in the consolidated financial statements:

Name of investor	Name of Subsidiary	Nature of business	Percentage of Ownership (%)		
			June 30, 2024	December 31, 2023	June 30, 2023
The Company	AXIOM TECHNOLOGY, INC. U.S.A.(AXUS)	Industrial computer and Embedded Board manufacturing, trading, post-sales service	100%	100%	100%
"	AXIOMTEK DEUTSCHLAND GMBH(AXGM)	Industrial computer and Embedded Board manufacturing, trading, post-sales service	100% (Note 1)	100%	100% (Note 1)
"	AXIOMTEK ITALIA S.R.L.(AXIT)	Industrial computer and Embedded Board trading, post-sales service	100% (Note 1)	100%	100% (Note 1)
"	AXIOM TECHNOLOGY(BVI) CO., LTD. (AXBVI)	Holding company	- (Note 2)	100%	100% (Note 1)
"	AXIOMTEK UK LIMITED(AXUK)	Industrial computer and Embedded Board trading, post-sales service	100% (Note 1)	100%	100% (Note 1)
"	AXIOMTEK JAPAN CO., LTD.(AXJP)	Industrial computer and Embedded Board trading, post-sales service	100% (Note 1)	100%	100% (Note 1)
"	AXIOMTEK (SHENZHEN) CO. LTD.(AXSZ)	Industrial computer and Embedded Board manufacturing, trading, post-sales service	100% (Note 1)	100%	100% (Note 1)
"	PAYTRONEX CO., LTD. (PAYTRONEX)	Development, manufacturing, and sales of data storage and processing equipment, fee management systems, automated coin dispensers, and ticket vending machines.	59.95% (Note 3, 4)	-	-

Note 1 : The financial statements of the entity as of and for the six months ended June 30, 2024 and 2023 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 2 : AXBVI was liquidated in June 2024. AXSZ has adjusted its investment structure, which is now 100% owned by the Company.

Note 3 : On April 8, 2024, the Company purchased 2,170,000 shares of PAYTRONEX from existing shareholders and through a cash capital increase at a price of \$30 per share, for a total investment amount of \$65,100,000. The Company now holds a 59.95% equity in PAYTRONEX. The transaction was completed and the transfer was finalized on April 8, 2024, so PAYTRONEX has been included as a consolidated entity from that date (the acquisition date).

Note 4 : The financial statement of the entity as of and for the six months ended June 30, 2024 was not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

(C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(D) Foreign exchange gains and loss based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

(A) The operating results and financial position of all the Group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

iii. All resulting exchange differences are recognized in Exchange differences on translation of foreign operations.

- (B) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interests in this foreign operation. In addition, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (C) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

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

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

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

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

(6) Cash equivalent

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

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

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

- A. Refers to an irrevocable election made at initial recognition to present changes in the fair value of equity instruments that are not held for trading in other comprehensive income; or to debt instrument investments that meet both of the following conditions:
  - (A) The financial asset is held under a business model whose objective is to collect contractual cash flows and sell the asset.
  - (B) The contractual terms of the financial asset give rise to cash flows on specific dates that are solely payments of principal and interest on the outstanding principal amount.
- B. The Group applies trade date accounting for financial assets measured at fair value through other comprehensive income in accordance with trading practices.
- C. The Group measures at initial recognition at its fair value plus transaction costs, and subsequently measures at fair value as follows  
For debt instruments, changes in fair value are recognized in other comprehensive income. Before derecognition, impairment losses, interest income, and foreign exchange gains or losses are recognized in profit or loss. Upon derecognition, any previously recognized cumulative gains or losses in other comprehensive income are reclassified from equity to profit or loss.

(9) Financial assets measured at amortized costs

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

(10) 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.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each end of the financial reporting period, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Lease transactions for lessors – Lease payments receivable / Operating leases

- A. According to the terms of the lease agreement, when almost all of the risks and rewards of ownership of the leased asset are transferred to the lessee, the lease is classified as a finance lease.
  - (A) At the commencement of the lease, recognize the lease investment net amount (including initial direct costs) as 'Lease payments receivable'. The difference between



the total amount of receivables from leases and their present value is recognized as 'Unearned finance income from finance leases' (a reduction from receivables)

- (B) Subsequently, systematically and rationally allocate the finance income over the lease term to reflect a constant rate of return on the net investment in the lease.
  - (C) Lease payments related to the period (excluding service costs) reduce the total lease investment amount to decrease both the principal and the unearned finance income.
- B. 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.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate

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

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

Buildings	10 ~ 50 years
Machinery	2 ~ 21 years
Testing equipment	2 ~ 11 years
Lease assets	5 years
Others	2 ~ 15 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
  - (A) Fixed payments, less any lease incentives receivable; and
  - (B) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (A) The amount of the initial measurement of lease liability;
  - (B) Any lease payments made at or before the commencement date; and
  - (C) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(18) Investment property

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

(19) Intangible assets

- A. Trademark  
Trademark is stated at cost and amortized on a straight-line basis over its estimated useful life of 10 years.
- B. Computer software  
Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 ~ 5 years.
- C. Goodwill  
Goodwill arises in a business combination accounted for by applying the acquisition method.
- D. Others  
Other intangible assets, mainly customer list, are amortized on a straight-line basis over their estimated useful lives of 3 ~15 years.

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

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

(22) Notes payable and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset or an equity instrument ('capital surplus - stock options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset and an equity instrument. Convertible corporate bonds are accounted for as follows:

- A. Call provision embedded in convertible corporate bonds are recognized initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets at fair value through profit or loss'.
- B. Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable/preference share liabilities and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.
- C. Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognized in 'capital surplus – stock options' at the residual amount of total issue price less amounts of 'financial assets or financial assets at fair value through profit or loss' and 'bonds payable - net' as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock options.

(24) 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.

(25) Offsetting financial assets and financial liabilities

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

(26) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or losses. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.
- B. A mixed contract of financial assets embedded in derivatives, at the time of the original recognition, determines that the overall hybrid tool is classified as financial assets measured at fair value through gains and losses, financial assets measured at fair value through other consolidated gains and losses, and financial assets measured at amortized cost.
- C. The non-financial asset hybrid contract embedded in the derivative instrument determines whether the embedded derivative is closely related to the economic characteristics and risk of the main contract in the original recognition according to the terms of the contract to determine whether to separate or not. When it is closely related, the overall blending tool is treated according to its nature according to appropriate criteria. When it is not closely related, the derivative is separated from the principal contract and is treated as a derivative. The principal contract is treated according to its nature on the basis of appropriate criteria; or the overall recognition at the original recognition is a financial liability measured at fair value through profit or losses.

(27) Provisions for liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the financial reporting period, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(28) Employee benefits

- A. Short-term employee benefits  
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.
- B. Pensions
  - (A) Defined contribution plans  
For defined contribution plans, the Group has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.
  - (B) Defined benefit plans
    - i. Defined benefit plans are different from defined contribution plans. The amount of pension benefits for employees at retirement is often dependent upon one or more factors, such as age, length of service and salary amount. Net obligation under a defined benefit plan is defined as the present value of an amount of

pension benefits that employee will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
  - iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.
- (C) Employees' compensation and directors' remuneration

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

(29) Employee share-based payment

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

(30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained

earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

#### (31) Share Capital

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

#### (32) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Board of Directors and reported to the Shareholders' Meeting. Cash dividends are recorded as other payables; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(33) Revenue recognition

A. Sales of goods

- (A) The Group manufactures and sells industrial computer-related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (B) The sales revenue of industrial computer-related products is recognized according to the quantity of goods purchased by the customer and the price agreed upon after the quotation of the product item. The terms of collection for sales transactions are agreed upon in accordance with the generally accepted commercial transaction terms.
- (C) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.
- (D) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- (E) Sales allowances given to customers are estimated based on the contract terms. The estimated sales-related allowances payable to customers up to the end of the financial reporting period are classified as refund liabilities (recorded as other current liabilities – others)

B. Revenue from Labor Services

Revenue from labor services comes from product development and provision of extended warranty and maintenance services. When the transaction results of labor services can be reliably estimated, revenues are recognized based on the level of labor provided.

C. Revenue from Construction Contracts

- (A) The Group provides services such as parking lot planning and design, product development, and installation testing. Revenue from construction contracts is recognized as income within the financial reporting period in which the services are provided to the customer. For fixed-price contracts, revenue is recognized based on the proportion of services actually provided up to the balance sheet date relative to the total services to be provided. The degree of completion is determined based on actual costs incurred compared to the estimated total costs. Customers pay the contract price according to the agreed payment schedule. When the services provided by the Group exceed the amounts due from the customer, it is recognized as a contract asset. Conversely, if the amounts due from the customer exceed the services provided by the Group, it is recognized as a contract liability.
- (B) The Group adjusts estimates of revenue, costs, and progress as circumstances change. Any increases or decreases in estimated revenue or costs due to changes in estimates are reflected in profit or loss during the period in which the conditions leading to the adjustment become known to management.

D. Revenue from Maintenance

The Group provides services such as parking lot maintenance, servicing, and repairs. Maintenance income is recognized on a straight-line basis over the contract period during which the services are provided to the customer.



- E. Revenue from Leases  
The Group provides leasing services for parking lot equipment. Lease income is classified and handled as either finance leases or operating leases based on lease terms, the collectability of lease receivables, and the future costs to be borne by the lessor. Accordingly, related finance lease interest income and operating lease income are recognized.
- F. Incremental costs of obtaining a contract  
Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(34) Business merger

- A. The Company uses the acquisition method for business combinations. The consideration transferred in a business combination is measured at the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued. This consideration includes the fair value of any assets and liabilities resulting from contingent consideration arrangements. Costs related to the acquisition are recognized as expenses when incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values as of the acquisition date. For each individual acquisition, the components of non-controlling interests are measured either at fair value as of the acquisition date or at the proportionate share of the acquiree's identifiable net assets. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the fair value as of the acquisition date. All other components of non-controlling interests are measured at fair value as of the acquisition date.
- B. If the total of the consideration transferred, the fair value of non-controlling interests in the acquiree, and the fair value of any previously held equity interests in the acquiree exceeds the fair value of the identifiable assets acquired and the liabilities assumed, the excess is recognized as goodwill on the acquisition date. Conversely, if the fair value of the identifiable assets acquired and the liabilities assumed exceeds the total of the consideration transferred, the fair value of non-controlling interests, and the fair value of any previously held equity interests in the acquiree, the excess is recognized as a gain in profit or loss on the acquisition date.

(35) 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 Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of June 30, 2024, the carrying amount of inventories was \$1,745,620.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and petty cash	\$ 772	\$ 642	\$ 814
Checking accounts and demand deposits	804,751	738,740	618,733
Time deposits	793,298	771,707	379,951
	<u>1,598,821</u>	<u>1,511,089</u>	<u>999,498</u>
Transfer to Financial assets at amortized cost – current	( 128,012)	( 10,000)	( 3,000)
	<u>\$ 1,470,809</u>	<u>\$ 1,501,089</u>	<u>\$ 996,498</u>

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

B. Except for term deposits with a maturity of more than three months and cash and cash equivalents provided as collateral, which are classified as financial assets measured at amortized cost as detailed in Note 8, the Group does not have any other instances of cash and cash equivalents being pledged.

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Benefit voucher	\$ 78,000	\$ -	\$ -
Derivatives - convertible bonds redemption rights	400	400	-
	<u>78,400</u>	<u>400</u>	<u>-</u>
Evaluate adjustment	433	320	-
Total	<u>\$ 78,833</u>	<u>\$ 720</u>	<u>\$ -</u>

- A. For the three months and six months ended June 30, 2024 and 2023, The net gains recognized of the Group held financial assets measured at fair value through profit or loss were \$622, \$14, \$627 and \$14, respectively.
- B. The Group has not pledged any financial assets classified as fair value through profit or loss - current as collateral.

(3) Financial assets measured at fair value through other comprehensive income

- A. In 2024, the Group sold a debt instrument investment measured at fair value through other comprehensive income with a fair value of \$1,036.
- B. Details of financial assets measured at fair value through other comprehensive income recognized in other comprehensive income are as follows:

	<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Debt instrument investments measured at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive profit or loss	(\$ 118)	\$ -
Accumulated profits or losses due to delisting and transfer to retained earnings	(\$ 121)	\$ -

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable (including related parties)	\$ 29,895	\$ 20,924	\$ 9,517
Less: Loss allowance	( 1)	-	-
	<u>\$ 29,894</u>	<u>\$ 20,924</u>	<u>\$ 9,517</u>
Accounts receivable (including related parties)	\$ 878,817	\$ 813,965	\$ 877,330
Operating lease receivable	728	-	-
Finance lease receivable (including related parties)	3,336	-	-
Less: Unearned financing income from finance leases	( 124)	-	-
Less: Loss allowance	( 4,430)	( 4,207)	( 3,073)
	<u>\$ 878,327</u>	<u>\$ 809,758</u>	<u>\$ 874,257</u>

- A. Information relating to the ageing analysis of accounts receivable that were past due is provided in Note 12(2).
- B. As of June 30, 2024, December 31, 2023 and June 30, 2023, notes and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$765,760.
- C. The Group does not hold financial assets as security for accounts receivable.
- D. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	June 30, 2024		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	\$ 598,889	(\$ 45,396)	\$ 553,493
Work in progress	248,810	-	248,810
Semi-finished goods	31,831	( 2,637)	29,194
Finished goods	320,148	( 12,822)	307,326
Merchandise inventory	612,940	( 13,344)	599,596
Inventories in transit	7,201	-	7,201
Total	<u>\$ 1,819,819</u>	<u>(\$ 74,199)</u>	<u>\$ 1,745,620</u>

	December 31, 2023		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	\$ 573,754	(\$ 63,724)	\$ 510,030
Work in progress	177,001	-	177,001
Semi-finished goods	32,753	( 3,622)	29,131
Finished goods	442,763	( 9,978)	432,785
Merchandise inventory	529,282	( 9,938)	519,344
Inventories in transit	4,835	-	4,835
Total	<u>\$ 1,760,388</u>	<u>(\$ 87,262)</u>	<u>\$ 1,673,126</u>

	June 30, 2023		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	\$ 634,728	(\$ 69,614)	\$ 565,114
Work in progress	405,420	-	405,420
Semi-finished goods	32,157	( 5,847)	26,310
Finished goods	382,259	( 15,431)	366,828
Merchandise inventory	715,949	( 9,204)	706,745
Inventories in transit	5,807	-	5,807
Total	<u>\$ 2,176,320</u>	<u>(\$ 100,096)</u>	<u>\$ 2,076,224</u>

Relevant expenses of inventories recognized as operating costs for the three months and six months ended June 30, 2024 and 2023 are as follows:

	For the three months ended June 30,	
	2024	2023
Cost of revenue	\$ 997,244	\$ 1,169,563
Project cost	11,825	-
Lease cost	3,312	-
Maintenance cost	2,732	-
Loss on market value decline and obsolete and slow-moving inventories	5,319	12,348
Total	<u>\$ 1,020,432</u>	<u>\$ 1,181,911</u>

	For the Six months ended June 30,	
	2024	2023
Cost of revenue	\$ 1,858,756	\$ 2,223,955
Project cost	11,825	-
Lease cost	3,312	-
Maintenance cost	2,732	-
Loss on market value decline and obsolete and slow-moving inventories	12,311	19,898
Total	<u>\$ 1,888,936</u>	<u>\$ 2,243,853</u>

The Group has no inventories pledged to others.

(6) Investments accounted for using equity method

	June 30, 2024	December 31, 2023	June 30, 2023
Uni-Innovate Technology Co., Ltd. (UNI)	\$ 16,502	\$ 16,617	\$ 14,394
Paytronex (Thailand) Co., Ltd.	66	-	-
	<u>\$ 16,568</u>	<u>\$ 16,617</u>	<u>\$ 14,394</u>

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

	For the three months ended June 30,	
	2024	2023
UNI	<u>(\$ 169)</u>	<u>(\$ 740)</u>

	For the Six months ended June 30,	
	2024	2023
UNI	<u>(\$ 108)</u>	<u>(\$ 2,623)</u>

B. For the three months and six months ended June 30, 2024 and 2023, the Group had unrealized profit from sales from downstream transactions with affiliates at \$7, \$0, \$65 and \$240 respectively.

(7) Property, plant and equipment

	Land	Buildings	Machinery	Testing equipment	Lease assets	Others	Total
At January 1, 2024							
Cost	\$1,265,778	\$630,200	\$204,959	\$ 68,503	\$ -	\$571,632	\$2,741,072
Accumulated depreciation	-	( 75,596)	( 136,587)	( 52,349)	-	( 196,082)	( 460,614)
	<u>\$1,265,778</u>	<u>\$554,604</u>	<u>\$ 68,372</u>	<u>\$ 16,154</u>	<u>\$ -</u>	<u>\$375,550</u>	<u>\$2,280,458</u>
2024							
Opening net book amount	\$1,265,778	\$554,604	\$ 68,372	\$ 16,154	\$ -	\$375,550	\$2,280,458
Additions	-	-	689	10,315	-	45,661	56,665
Acquired in business combination	47,417	20,360	-	-	28,262	1,641	97,680
Disposals (Cost)	-	-	( 3,249)	-	-	( 16)	( 3,265)
Disposals (Accumulated depreciation)	-	-	3,249	-	-	14	3,263
Reclassifications (Cost)	-	-	( 1,685)	-	1,580	( 790)	( 895)
Reclassifications (Accumulated depreciation)	-	-	2,899	-	213	( 2,899)	213
Depreciation	-	( 8,779)	( 8,465)	( 3,245)	( 2,221)	( 33,789)	( 56,499)
Net exchange differences	4,249	1,252	57	2	-	1,902	7,462
Closing net book amount	<u>\$1,317,444</u>	<u>\$567,437</u>	<u>\$ 61,867</u>	<u>\$ 23,226</u>	<u>\$ 27,834</u>	<u>\$387,274</u>	<u>\$2,385,082</u>
At June 30, 2024							
Cost	\$1,317,444	\$654,488	\$201,245	\$ 78,824	\$ 48,088	\$626,290	\$2,926,379
Accumulated depreciation	-	( 87,051)	( 139,378)	( 55,598)	( 20,254)	( 239,016)	( 541,297)
	<u>\$1,317,444</u>	<u>\$567,437</u>	<u>\$ 61,867</u>	<u>\$ 23,226</u>	<u>\$ 27,834</u>	<u>\$387,274</u>	<u>\$2,385,082</u>
	Land	Buildings	Machinery	Testing equipment	Others	Total	
At January 1, 2023							
Cost	\$1,106,491	\$504,845	\$147,518	\$ 58,120	\$417,391	\$2,234,365	
Accumulated depreciation	-	( 60,921)	( 139,311)	( 47,826)	( 210,752)	( 458,810)	
	<u>\$1,106,491</u>	<u>\$443,924</u>	<u>\$ 8,207</u>	<u>\$ 10,294</u>	<u>\$206,639</u>	<u>\$1,775,555</u>	
2023							
Opening net book amount	\$1,106,491	\$443,924	\$ 8,207	\$ 10,294	\$206,639	\$1,775,555	
Additions	-	-	969	2,695	134,084	137,748	
Disposals (Cost)	-	-	( 1,590)	-	( 1,868)	( 3,458)	
Disposals (Accumulated depreciation)	-	-	1,590	-	1,868	3,458	
Reclassifications (Cost)	-	-	1,143	-	( 1,143)	-	
Depreciation	-	( 7,338)	( 1,483)	( 2,114)	( 13,635)	( 24,570)	
Net exchange differences	1,039	311	13	( 1)	729	2,091	
Closing net book amount	<u>\$1,107,530</u>	<u>\$436,897</u>	<u>\$ 8,849</u>	<u>\$ 10,874</u>	<u>\$326,674</u>	<u>\$1,890,824</u>	
At June 30, 2023							
Cost	\$1,107,530	\$505,288	\$148,122	\$ 60,809	\$549,647	\$2,371,396	
Accumulated depreciation	-	( 68,391)	( 139,273)	( 49,935)	( 222,973)	( 480,572)	
	<u>\$1,107,530</u>	<u>\$436,897</u>	<u>\$ 8,849</u>	<u>\$ 10,874</u>	<u>\$326,674</u>	<u>\$1,890,824</u>	

- A. The Group has no interest capitalised to property, plant and equipment.
- B. Property, plant and equipment not a significant component.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements – lessee

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

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

	June 30, 2024	December 31, 2023	June 30, 2023
	Carrying amount	Carrying amount	Carrying amount
Buildings	\$ 143,656	\$ 154,706	\$ 178,970
Vehicles	6,961	4,906	1,629
	<u>\$ 150,617</u>	<u>\$ 159,612</u>	<u>\$ 180,599</u>

	For the three months ended June 30,	
	2024	2023
	Depreciation charge	Depreciation charge
Buildings	\$ 13,019	\$ 14,608
Vehicles	904	361
	<u>\$ 13,923</u>	<u>\$ 14,969</u>

	For the six months ended June 30,	
	2024	2023
	Depreciation charge	Depreciation charge
Buildings	\$ 25,460	\$ 29,510
Vehicles	1,540	713
	<u>\$ 27,000</u>	<u>\$ 30,223</u>

- C. For the three months and six months ended June 30, 2024 and 2023, the additions (including net exchange differences) to right-of-use assets were \$7,277, \$15,957, \$11,424 and \$17,134.

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

Items affecting profit or loss	For the three months ended June 30,	
	2024	2023
Interest expense on lease liabilities	\$ 1,592	\$ 1,836
Expense on short-term lease contracts	1,813	2,874
Losses (Gains) on lease modification	-	( 2)

Items affecting profit or loss	For the six months ended June 30,	
	2024	2023
Interest expense on lease liabilities	\$ 3,236	\$ 3,319
Expense on short-term lease contracts	4,099	4,552
Losses (Gains) on lease modification	-	22

E. For the six months ended June 30, 2024 and 2023, the Group's total cash outflow for leases was \$34,689 and \$35,177.

(9) Leasing arrangements-lessor

A. The Group leases various assets including buildings (investment property) and machineries. Rental contracts are typically made for periods of 1~8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

(A) The Group's operating leases:

a. For the three months and six months ended June 30, 2024 and 2023, the Group recognized rent income in the amounts of \$864, \$863, \$1,727 and \$1,726, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Within one year	\$ 15,835	\$ 3,444	\$ 3,444
More than one year	66,645	-	-
	<u>\$ 82,480</u>	<u>\$ 3,444</u>	<u>\$ 3,444</u>

(B) The Group's finance leases: (June 30, 2023 and December 31, 2023: None)

The Group leases machinery and equipment through financial leasing, and according to the terms of the lease agreement, the ownership of the leased asset will be transferred to the lessee upon maturity.

a. Information on profit and loss items related to the lease contract is as follows:

	June 30, 2024
Financing income from net lease investment (Stated interest income)	<u>\$ 29</u>

b. The maturity date analysis of the undiscounted lease payments of the Company under finance leases is as follows:

	June 30, 2024
Within one year	\$ 1,464
More than one year	1,872
	<u>\$ 3,336</u>

c. The reconciliation information between the undiscounted lease payments and the net lease investment of the Company under finance leases is as follows:

	June 30, 2024
Undiscounted lease payments	\$ 3,336
Unearned financing income	( 124)
Net rental investment	<u>\$ 3,212</u>



(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2024			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	( 11,635)	( 11,635)
	<u>\$ 33,273</u>	<u>\$ 4,215</u>	<u>\$ 37,488</u>
2024			
Opening net book amount	\$ 33,273	\$ 4,215	\$ 37,488
Depreciation	-	( 248)	( 248)
Closing net book amount	<u>\$ 33,273</u>	<u>\$ 3,967</u>	<u>\$ 37,240</u>
At June 30, 2024			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	( 11,883)	( 11,883)
	<u>\$ 33,273</u>	<u>\$ 3,967</u>	<u>\$ 37,240</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2023			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	( 11,140)	( 11,140)
	<u>\$ 33,273</u>	<u>\$ 4,710</u>	<u>\$ 37,983</u>
2023			
Opening net book amount	\$ 33,273	\$ 4,710	\$ 37,983
Depreciation	-	( 248)	( 248)
Closing net book amount	<u>\$ 33,273</u>	<u>\$ 4,462</u>	<u>\$ 37,735</u>
At June 30, 2023			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	( 11,388)	( 11,388)
	<u>\$ 33,273</u>	<u>\$ 4,462</u>	<u>\$ 37,735</u>

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

	<u>For the three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	<u>\$ 864</u>	<u>\$ 863</u>
Direct operating expenses arising from investment property that generated rental income	<u>(\$ 205)</u>	<u>(\$ 206)</u>
Direct operating expenses arising from investment property that did not generate rental income	<u>(\$ 4)</u>	<u>(\$ 4)</u>

	For the Six months ended June 30,	
	2024	2023
Rental income from investment property	\$ 1,727	\$ 1,726
Direct operating expenses arising from investment property that generated rental income	(\$ 329)	(\$ 330)
Direct operating expenses arising from investment property that did not generate rental income	(\$ 4)	(\$ 4)

- B. The fair value of the investment property held by the Group was \$114,347, \$110,322 and \$106,684 as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, which was based on the transaction prices of similar properties in the same area.
- C. No investment property was pledged to others.

(11) Intangible assets

	Trademark	Computer software	Goodwill	Others	Total
At January 1, 2024					
Cost	\$ 2,985	\$ 107,354	\$ 77,920	\$ 63,213	\$ 251,472
Accumulated Amortization	( 553)	( 84,180)	( 9,596)	( 45,915)	( 140,244)
	\$ 2,432	\$ 23,174	\$ 68,324	\$ 17,298	\$ 111,228
2024					
Opening net book amount	\$ 2,432	\$ 23,174	\$ 68,324	\$ 17,298	\$ 111,228
Additions- separately	312	6,406	-	-	6,718
Additions- in business combination	-	1,188	-	3,794	4,982
Reclassifications	-	2,475	-	-	2,475
Amortization	( 140)	( 8,915)	-	( 3,628)	( 12,683)
Net exchange differences	-	60	-	821	881
Closing net book amount	\$ 2,604	\$ 24,388	\$ 68,324	\$ 18,285	\$ 113,601
At June 30, 2024					
Cost	\$ 3,297	\$ 118,600	\$ 77,920	\$ 69,796	\$ 269,613
Accumulated Amortization and impairment	( 693)	( 94,212)	( 9,596)	( 51,511)	( 156,012)
	\$ 2,604	\$ 24,388	\$ 68,324	\$ 18,285	\$ 113,601

	Trademark	Computer software	Goodwill	Others	Total
At January 1, 2023					
Cost	\$ 1,051	\$ 118,808	\$ 77,920	\$ 60,166	\$ 257,945
Accumulated Amortization	( 381)	( 90,688)	( 9,596)	( 40,062)	( 140,727)
	<u>\$ 670</u>	<u>\$ 28,120</u>	<u>\$ 68,324</u>	<u>\$ 20,104</u>	<u>\$ 117,218</u>
2023					
Opening net book amount	\$ 670	\$ 28,120	\$ 68,324	\$ 20,104	\$ 117,218
Additions- separately	1,354	731	-	-	2,085
Amortization	( 64)	( 8,694)	-	( 2,721)	( 11,479)
Net exchange differences	-	12	-	183	195
Closing net book amount	<u>\$ 1,960</u>	<u>\$ 20,169</u>	<u>\$ 68,324</u>	<u>\$ 17,566</u>	<u>\$ 108,019</u>

At June 30, 2023

Cost	\$ 2,405	\$ 119,649	\$ 77,920	\$ 60,798	\$ 260,772
Accumulated Amortization	( 445)	( 99,480)	( 9,596)	( 43,232)	( 152,753)
	<u>\$ 1,960</u>	<u>\$ 20,169</u>	<u>\$ 68,324</u>	<u>\$ 17,566</u>	<u>\$ 108,019</u>

- A. For the six months ended June 30, 2024 and 2023, the Group has no interest capitalized to intangible assets.
- B. Goodwill is allocated to the Group's cash-generating units identified by the operations department:

	June 30, 2024	December 31, 2023	June 30, 2023
America	\$ 52,425	\$ 52,425	\$ 52,425
Europe	10,000	10,000	10,000
Taiwan	5,899	5,899	5,899
	<u>\$ 68,324</u>	<u>\$ 68,324</u>	<u>\$ 68,324</u>

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

	For the three months ended June 30,	
	2024	2023
Operating costs	\$ 13	\$ 93
Selling expenses	456	437
General and administrative expenses	2,952	2,512
Research and development expenses	3,210	2,673
	<u>\$ 6,631</u>	<u>\$ 5,715</u>

  

	For the Six months ended June 30,	
	2024	2023
Operating costs	\$ 15	\$ 186
Selling expenses	913	874
General and administrative expenses	5,565	5,039
Research and development expenses	6,190	5,380
	<u>\$ 12,683</u>	<u>\$ 11,479</u>

D. Information about the impairment of intangible assets is provided in Note 6(12).

(12) Impairment on non-financial assets

The recoverable amount is assessed on the basis of the use value, and the use value is calculated on the basis of the pre-tax cash flow forecast of the Group's five-year financial budget. The main assumptions used to calculate the use value are as follows:

	America		
	June 30, 2024	December 31, 2023	June 30, 2023
Gross margin	17.81%	16.71%	16.60%
Growth rate	10.00%	10.00%	10.00%
Discount rate	6.01%	3.95%	3.87%

  

	Europe		
	June 30, 2024	December 31, 2023	June 30, 2023
Gross margin	27.37%	27.37%	27.93%
Growth rate	20.20%	20.20%	17.12%
Discount rate	5.43%	3.95%	3.87%

The Group determines the budgetary gross margin based on previous year's performance and expectations for market development. The weighted average growth rate used is consistent with the industry forecast. The discount rate used is the pre-tax ratio and reflects the specific risks of the relevant operating departments.

(13) Short-term borrowings (June 30, 2024 and December 31, 2023: None.)

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	\$ <u>776,300</u>	1.53%~1.78%	None

Interest expense recognized in profit or loss amounted to \$134, \$2,796, \$172 and \$5,175 for the three months and six months ended June 30, 2024 and 2023, respectively.

(14) Long-term borrowings (December 31, 2023 and June 30, 2023: None.)

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2024
Bank borrowings				
Secured borrowings	Borrowing period is from March 20, 2018 to March 20, 2038. The principal and interest are repaid evenly every month.	1.98%~ 2.10%	Land, house and building	\$ 30,872
Credit borrowings	Borrowing period is from March 20, 2018 to March 20, 2038. The principal and interest are repaid evenly every month.	2.03%~ 2.15%	-	6,480
Credit borrowings	Borrowing period is from April 10, 2024 to April 10, 2029. The principal and interest are repaid evenly every month.	0.50%	-	9,671
Credit borrowings	Borrowing period is from November 1, 2023 to December 1, 2028. The principal and interest are repaid evenly every month.	2.095% ~2.22%	-	2,230
Secured borrowings	Borrowing period is from November 1, 2023 to December 1, 2028. The principal and interest are repaid evenly every month.	2.095% ~2.22%	Fund guarantee of credit insurance	9,525
				<u>\$ 58,778</u>
Less: Long-term liabilities, current portion				<u>( 6,973)</u>
				<u>\$ 51,805</u>

(15) Accounts payable

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts payable	\$ 653,668	\$ 496,794	\$ 599,461
Accrued accounts payable	464	269	1,166
	<u>\$ 654,132</u>	<u>\$ 497,063</u>	<u>\$ 600,627</u>

(16) Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Dividend payable	\$ 438,232	\$ -	\$ 229,074
Salaries and bonus payable	203,005	217,245	195,044
Land and housing payable	-	144,750	-
Accrued employees' compensation and directors' remuneration	71,872	70,332	72,547
Equipment payable	26,869	27,130	5,361
Others	107,189	119,354	79,875
	<u>\$ 847,167</u>	<u>\$ 578,811</u>	<u>\$ 581,901</u>

(17) Corporate bonds payable

	June 30, 2024	December 31, 2023	June 30, 2023
Corporate bonds payable	\$ 799,900	\$ 799,900	\$ -
Less: Discount on bonds payable	( 31,816)	( 38,976)	-
	<u>\$ 768,084</u>	<u>\$ 760,924</u>	<u>\$ -</u>

- A. Domestic unsecured conversion of corporate bonds issued by the Company
- (A) Issuance conditions for the Second Domestic Unsecured Convertible Corporate Bonds Conversion in the Company are as follows:
- i. The Company is approved by the relevant authorities to raise and issue the Second Domestic Unsecured Convertible Corporate Bonds Conversion (referred to as "Convertible Corporate Bonds"), the total face value of the issuance is \$800,000, and the actual total issuance is \$848,003, at the coupon rate of 0%, for an issuance period of 3 years, circulation period from August 28, 2023 to August 28, 2026. When this conversion company debt expires, it will be repaid in cash in the denomination of the bond. Convertible Corporate Bonds has been listed for trading at the Securities Counter Trading Center as of August 28, 2023.
  - ii. Unless (1) the period for suspension of transfer registration of common stock required by laws, (2) 15 business days prior to the date for suspension of transfer registration of allocated dividends requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, and (3) from the date of capital decrease until the day prior to the trading of stock swapped upon capital decrease, the bond holders may apply to the Taiwan Depository & Clearing Corporation (TDCC) (hereinafter referred to as

- the “Depository Corporation”) who would then notify the Company’s stock agent to convert the Bond into the Company’s common shares pursuant to the Regulations at any time one month after the issuance (November 29 2023) and throughout the duration (until August 28, 2026) of the bond.
- iii. The conversion price of this conversion company debt shall be determined according to the pricing model stipulated in the conversion method, and the conversion price shall be adjusted in the event of the anti-dilution clause of the company in accordance with the pricing model stipulated in the conversion method.
  - iv. From the day following the 3rd month of issuance (November 29 2023) of the bonds until 40 days(July 20, 2026) prior to expiration of the duration, if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may send the “Notice of Call” to be matured in 30 days (the time limit shall commence from the Company's service date, and the record date of the call shall be the date when the time limit expires, and the conversion suspension period for the corporate bonds should not fall in the time limit) to the bond holders (those referred to the roster of creditors within five business days prior to the service date of the Notice of Call, while the investors who acquire the bonds through exchange or due to other causes subsequently, if any, shall be notified by public notice) via registered mail within 30 business days. Meanwhile, the Company shall ask Taipei Exchange in writing to post a public announcement, and shall call the corporate bonds held by the bond holders at the face value in cash within five (5) business days upon the record date.
  - v. In accordance with the conversion scheme, all debts of the Company recovered (including by the Securities Counter Trading Centre), repaid or converted will be cancelled, and all rights and obligations that are still attached to this conversion company's debt will also be eliminated and no longer issued.
- (B) As of June 30, 2024, the face value of this convertible corporate bond of \$100 has been converted to 1,000 shares of common stock, completed on December 25, 2023.
  - (C) As of June 30, 2024, the Company has not bought back the bonds from the securities counter trading center.
  - (D) According to the regulations governing issuance and conversion, after the issuance of the convertible bonds, the conversion price must be adjusted on the ex-dividend date in the event of changes to the Company’s common shares or cash dividends. On August 7, 2024, the ex-dividend date, and on September 5, 2023, the ex-rights and ex-dividend date, the conversion prices were recalculated. The conversion price per share was adjusted from \$97.2 to \$93 and from \$109.5 to \$97.2, respectively.
- B. When issuing convertible corporate bonds, the equity conversion options amounting to \$87,971 were separated from the liability component and were recognized in ‘capital surplus-stock warrants’ in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in ‘financial assets at fair value through profit or loss’ in net amount \$400 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 0.156%.

(18) Pensions

- A. (A)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.
- (B) For the aforementioned pension plan, the Group recognized pension costs of \$109, \$131, \$219 and \$261 for the three months and six months ended June 30, 2024 and 2023, respectively.
- (C) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2025 amount to \$1,519.
- B. (A)Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (B) AXIT has chosen to adopt a defined benefit plan in accordance with local legal regulations and has provisioned relevant retirement benefit expenses based on the expected unit payment law.
- (C) The Company's subsidiaries in Mainland China have a defined contribution plan in accordance with the pension regulations in the People's Republic of China (PRC). The appropriation rate was 14% for the six months ended June 30, 2024 and 2023. Except for the monthly contribution, these companies have no other obligation.
- (D) The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2024 and 2023 were \$10,414, \$8,769, \$20,513 and \$18,090, respectively.

(19) Share-based payment

- A. For the six months ended June 30, 2024 and 2023, the Company's share-based payment arrangements were as follows:

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

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



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

	For the six months ended June 30,	
	2023	
	No. of options (in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of the year, (2018 Issuing)	355	\$ 41.70
Options expired	( 67)	-
Options exercised	( 288)	41.70
Options outstanding at end of the year	-	-
Options exercisable at end of the year	-	-

	For the six months ended June 30,			
	2024		2023	
	No. of options (in thousands)	Weighted average exercise price (in dollars)	No. of options (in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of the year, (2020 Issuing)	2,636	\$ 40.80	3,563	\$ 46.10
Options forfeited	( 48)	-	( 36)	-
Options exercised	( 427)	40.80	( 465)	46.10
Options outstanding at end of the year	<u>2,161</u>	40.80	<u>3,062</u>	46.10
Options exercisable at end of the year	<u>609</u>	40.80	<u>626</u>	46.10

C. Average price of Stock options exercised for the six months ended June 30, 2024 and 2023 were \$86.89 and \$69.14, respectively.

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

Issue date approved	Expiry date	June 30, 2024		December 31, 2023		June 30, 2023	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
October 29, 2020	October 28, 2026	2,161	40.80	3,636	40.80	3,062	46.10

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

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

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

	For the three months ended June 30,	
	2024	2023
Equity Settled	\$ 550	\$ 1,320

  

	For the Six months ended June 30,	
	2024	2023
Equity Settled	\$ 1,512	\$ 2,911

G. The employee stock warrants issued in 2018 have expired on April 11, 2023.

H. On August 7, 2024, the ex-dividend date, and on September 5, 2023, the ex-rights and ex-dividend date, the exercise prices were recalculated in accordance with the regulations for the issuance and exercise of the employee stock option certificates issued in 2020. The exercise price per share was adjusted from \$40.8 to \$39 and from \$46.1 to \$40.8, respectively.

(20) Share capital

A. As of June 30, 2024, the Company's authorized capital was \$1,600,000, consisting of 160,000 thousand ordinary shares, and the paid-in capital was \$1,020,205. with a par value of \$10 (in dollars) per share. As of June 30, 2024, and June 30, 2023, the total number of ordinary shares issued by the company was 102,020 thousand shares and 92,064 thousand shares, respectively. All proceeds from shares issued have been collected.

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

	For the Six months ended June 30,	
	2024 (in thousands)	2023 (in thousands)
At January 1	101,618	91,311
Exercise of employee stock options	402	753
At June 30	102,020	92,064

B. The company's employee stock option certificates have been exercised. As of June 30, 2024, December 31, 2023, and June 30, 2023, the relevant information about the unregistered change registration is as follows:

	June 30, 2024		December 31, 2023		June 30, 2023	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount
Advance receipts for share capital						
Exercise of employee stock options	25	\$1,020	80	\$3,264	104	\$4,794
Conversion of convertible bonds	-	-	1	106	-	-

Information of the exercise of employee stock options by the Company is provided in Note 6(19); information of the conversion of convertible bonds into shares by the Company is provided in Note 6(17).

(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 Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

For the six months ended June 30, 2024										
	Share premium	Convertible bond conversion premium	Treasury stock trading	Diff between book value & actual equity change from acquisition or disposal of subsidiary	Capital surplus from gain on disposal of assets	Changes in equity of associates and joint ventures accounted for using equity method	Employee stock options	Stock options	Other	Total
At January 1	\$228,456	\$251,205	\$1,026	\$ 76	\$ 2	\$ 3,006	\$113,238	\$87,960	\$ 134	\$685,203
Exercise of employee stock options	32,074	-	-	-	-	-	( 17,228)	-	-	14,846
Compensation cost of employee stock options	-	-	-	-	-	-	1,512	-	-	1,512
Convertible corporate bonds conversion	-	95	-	-	-	-	-	-	-	95
Change in Capital Surplus-others	412	-	-	-	-	-	-	-	-	412
At June 30	<u>\$260,942</u>	<u>\$251,300</u>	<u>\$1,026</u>	<u>\$ 176</u>	<u>\$ 2</u>	<u>\$ 3,006</u>	<u>\$ 97,522</u>	<u>\$87,960</u>	<u>\$ 134</u>	<u>\$702,068</u>

For the six months ended June 30, 2023									
	Share premium	Convertible bond conversion premium	Treasury stock trading	Diff between book value & actual equity change from acquisition or disposal of subsidiary	Capital surplus from gain on disposal of assets	Employee stock options	Other	Total	
At January 1	\$181,643	\$ 342,834	\$1,026	\$ 176	\$ 2	\$107,900	\$ 134	\$633,715	
Exercise of employee stock options	32,361	-	-	-	-	-	-	32,361	
Compensation cost of employee stock options	-	-	-	-	-	2,911	-	2,911	
Stock dividends from capital surplus	-	( 91,629)	-	-	-	-	-	( 91,629)	
Change in Capital Surplus-others	92	-	-	-	-	-	-	92	
At June 30	<u>\$214,096</u>	<u>\$ 251,205</u>	<u>\$1,026</u>	<u>\$ 176</u>	<u>\$ 2</u>	<u>\$110,811</u>	<u>\$ 134</u>	<u>\$577,450</u>	

(22) Retained earnings

- A. When allocating the net income for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Company would set aside or fund another sum as special reserve in accordance with the regulations of the Law or the rules of the Authorities, plus the rest of the and Accumulated Retained Earnings of preceding fiscal year (including the adjustment of undistributed earnings), and the meeting of Board of Directors would draft the Proposal for Distribution, and to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the preceding paragraphs shall follow the provisions of the Company Law of the Republic of China with a resolution adopted at a meeting of shareholders.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the

reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Details of 2023 earnings appropriation resolved by the Board of Directors on February 22, 2024 and by the shareholder's meeting on May 24, 2024 and details of 2022 earnings appropriation resolved by the Board of Directors on February 23, 2023 and by the shareholder's meeting on May 30, 2023, respectively are as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 72,567		\$ 61,428	
Special reserve	( 4,280)		( 72,347)	
Cash dividends	438,232	\$ 4.30	229,074	\$ 2.50
Total	\$ 506,519		\$ 218,155	

- E. On May 30, 2023, the Company's shareholders' meeting resolved to capitalize \$91,629 of the capital reserve and issue 9,163 thousand new shares with a par value of \$10 per share. The record date for the capital increase was set as September 5, 2023, and the registration for the capital increase was completed.

(23) Other equity interest

	2024	
	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations
At January 1	\$ -	\$ 1,892
Increase in current period	-	54,685
Valuation adjustments	121	-
Valuation adjustments transferred to retained earnings	( 121)	-
At June 30	\$ -	\$ 56,577
		2023
		Financial statements translation differences of foreign operations
At January 1		(\$ 4,280)
Increase in current period		16,161
At June 30		\$ 11,881

(24) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

	For the three months ended June 30, 2024				
	Taiwan	USA	Europe	Others Department	Total
Originating from transfer at a point in time:					
IOT Products	\$ 310,088	\$ 272,622	\$ 41,976	\$ 21,686	\$ 646,372
Intelligent Design-in Service Products	248,085	85,683	255,260	15,062	604,090
Gaming Products	28,564	164,726	11,282	-	204,572
Others	8,864	142,940	6,099	198	158,101
Net sales revenue	595,601	665,971	314,617	36,946	1,613,135
Originating from the transfer of labor services over time:					
Other Operating revenue	3,840	1,925	775	96	6,636
Total	\$ 599,441	\$ 667,896	\$ 315,392	\$ 37,042	\$1,619,771
For the three months ended June 30, 2023					
	Taiwan	USA	Europe	Others Department	Total
Originating from transfer at a point in time:					
IOT Products	\$ 387,587	\$ 233,758	\$ 40,121	\$ 18,282	\$ 679,748
Intelligent Design-in Service Products	111,805	278,524	281,331	18,669	690,329
Gaming Products	61,368	178,292	29,902	51	269,613
Others	12,991	182,850	7,712	2,330	205,883
Net sales revenue	573,751	873,424	359,066	39,332	1,845,573
Originating from the transfer of labor services over time:					
Other Operating revenue	3,427	1,579	103	170	5,279
Total	\$ 577,178	\$ 875,003	\$ 359,169	\$ 39,502	\$1,850,852

	For the six months ended June 30, 2024				Total
	Taiwan	USA	Europe	Others Department	
Originating from transfer at a point in time:					
IOT Products	\$ 548,358	\$ 487,924	\$ 92,546	\$ 44,243	\$1,173,071
Intelligent Design-in Service Products	316,139	254,777	518,878	31,595	1,121,389
Gaming Products	36,581	283,924	17,594	-	338,099
Others	23,797	344,463	13,810	1,324	383,394
Net sales revenue	924,875	1,371,088	642,828	77,162	3,015,953
Originating from the transfer of labor services over time:					
Other Operating revenue	7,991	3,726	961	246	12,924
Total	\$ 932,866	\$1,374,814	\$ 643,789	\$ 77,408	\$3,028,877

	For the six months ended June 30, 2023				Total
	Taiwan	USA	Europe	Others Department	
Originating from transfer at a point in time:					
IOT Products	\$ 739,928	\$ 477,227	\$ 71,097	\$ 34,588	\$1,322,840
Intelligent Design-in Service Products	233,627	514,417	382,593	32,822	1,163,459
Gaming Products	104,700	395,165	70,755	51	570,671
Others	20,777	315,724	19,146	6,565	362,212
Net sales revenue	1,099,032	1,702,533	543,591	74,026	3,419,182
Originating from the transfer of labor services over time:					
Other Operating revenue	6,150	2,457	296	292	9,195
Total	\$1,105,182	\$1,704,990	\$ 543,887	\$ 74,318	\$3,428,377

#### B. Contract liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract liabilities				
Contract liabilities- Advance sales receipt	\$ 64,212	\$ 93,610	\$ 83,658	\$ 76,941

The revenue recognized from the beginning balance of contract liability:

	For the six months ended June 30,	
	2024	2023
The revenue recognized from the beginning balance of contract liability.	\$ 79,037	\$ 53,820

(25) Interest income

	For the three months ended June 30,	
	2024	2023
Interest on Bank deposit:	\$ 9,628	\$ 5,479
Other interest income	36	13
Total	<u>\$ 9,664</u>	<u>\$ 5,492</u>

	For the six months ended June 30,	
	2024	2023
Interest on Bank deposit:	\$ 19,061	\$ 10,459
Other interest income	40	28
Total	<u>\$ 19,101</u>	<u>\$ 10,487</u>

(26) Other income

	For the three months ended June 30,	
	2024	2023
Rental revenue	\$ 864	\$ 863
Other income	5,433	2,067
Total	<u>\$ 6,297</u>	<u>\$ 2,930</u>

	For the six months ended June 30,	
	2024	2023
Rental revenue	\$ 1,727	\$ 1,726
Other income	7,535	3,706
Total	<u>\$ 9,262</u>	<u>\$ 5,432</u>

(27) Other gains and losses

	For the three months ended June 30,	
	2024	2023
Foreign exchange gains	\$ 14,475	\$ 22,875
Net profit from financial assets at fair value through profit or loss	622	14
Gains on lease modification	-	2
Direct operating expenses arising from investment property	( 85)	( 86)
Depreciation expense from investment property	( 124)	( 124)
Other losses	( 4)	( 1)
Total	<u>\$ 14,884</u>	<u>\$ 22,680</u>

	For the six months ended June 30,	
	2024	2023
Foreign exchange gains	\$ 66,336	\$ 14,165
Net profit from financial assets at fair value through profit or loss	627	14
Gains on disposal of property, plant and equipment	-	67
Gains on lease modification	-	( 22)
Direct operating expenses arising from investment property	( 85)	( 86)
Depreciation expense from investment property	( 248)	( 248)
Other losses	( 49)	( 44)
Total	\$ 66,581	\$ 13,846

(28) Finance costs

	For the three months ended June 30,	
	2024	2023
Interest expense:		
Corporate bonds payable - discount amortization	\$ 3,589	\$ -
Lease liabilities - discount amortization	1,592	1,836
Bank borrowings	423	2,796
Other	2	3
Total	\$ 5,606	\$ 4,635

	For the six months ended June 30,	
	2024	2023
Interest expense:		
Corporate bonds payable - discount amortization	\$ 7,161	\$ -
Lease liabilities - discount amortization	3,236	3,319
Bank borrowings	461	5,175
Other	4	5
Total	\$ 10,862	\$ 8,499

(29) Expenses by nature

	For the three months ended June 30, 2024		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 82,546	\$ 272,660	\$ 355,206
Depreciation- property, plant and equipment	17,660	12,336	29,996
Depreciation-right of use assets	3,629	10,294	13,923
Amortization	13	6,618	6,631
Total	\$ 103,848	\$ 301,908	\$ 405,756



	For the three months ended June 30, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 69,897	\$ 275,627	\$ 345,524
Depreciation- property, plant and equipment	2,911	9,579	12,490
Depreciation-right of use assets	4,551	10,418	14,969
Amortization	93	5,622	5,715
Total	\$ 77,452	\$ 301,246	\$ 378,698

	For the six months ended June 30, 2024		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 152,156	\$ 541,894	\$ 694,050
Depreciation- property, plant and equipment	32,591	23,908	56,499
Depreciation-right of use assets	6,716	20,284	27,000
Amortization	15	12,668	12,683
Total	\$ 191,478	\$ 598,754	\$ 790,232

	For the six months ended June 30, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 137,616	\$ 524,733	\$ 662,349
Depreciation- property, plant and equipment	5,652	18,918	24,570
Depreciation-right of use assets	9,663	20,560	30,223
Amortization	186	11,293	11,479
Total	\$ 153,117	\$ 575,504	\$ 728,621

(30) Employee benefit expense

	For the three months ended June 30,	
	2024	2023
Wages and salaries	\$ 306,882	\$ 301,619
Labor and health insurance fees	28,658	26,183
Pension costs	10,523	8,900
Compensation cost of employee stock options	550	1,320
Other employee benefit expense	8,593	7,502
Total	\$ 355,206	\$ 345,524

	For the Six months ended June 30,	
	2024	2023
Wages and salaries	\$ 599,390	\$ 575,813
Labor and health insurance fees	54,744	50,035
Pension costs	20,732	18,351
Compensation cost of employee stock options	1,512	2,911
Other employee benefit expense	17,672	15,239
Total	<u>\$ 694,050</u>	<u>\$ 662,349</u>

- A. According to the Company's articles of association, if the Company is profitable in the year (ie after deducting the employee's remuneration and the director's remuneration from the net profit before tax), employee payout should be between 1% and 20% while directors' payout should be no more than 2%. However, if the Company has accumulated losses (including adjustments to unallocated surplus) these losses should first be offset.
- B. For the three months and six months ended June 30, 2024 and 2023, employees' compensation was accrued at \$16,822, \$21,500, \$28,149 and \$34,000, respectively; while directors' remuneration was accrued at \$2,588, \$3,187, \$4,330 and \$4,830, respectively. The aforementioned amounts were recognized in salary expenses. In 2024, the pre-tax net profit for the six months was deducted from the employee's compensation and the benefits before the director's remuneration were estimated at 6.49% and 1% respectively. Employees' compensation and directors' remuneration for 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 and 2022 financial statements, and the employees' compensation will be distributed in the form of cash.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(A) Components of income tax expense:

	For the three months ended June 30,	
	2024	2023
Current tax		
Current tax on profits for the year	\$ 64,588	\$ 89,248
Tax on undistributed earnings	5,419	3,898
Adjustments in respect of prior years	-	( 1,946)
Total current tax	<u>\$ 70,007</u>	<u>\$ 91,200</u>

  

	For the six months ended June 30,	
	2024	2023
Current tax		
Current tax on profits for the year	\$ 140,277	\$ 126,260
Tax on undistributed earnings	5,419	3,898
Adjustments in respect of prior years	-	( 1,946)
Total current tax	<u>\$ 145,696</u>	<u>\$ 128,212</u>

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

	For the three months ended June 30,	
	2024	2023
Change in fair value from financial assets measured at fair value through other comprehensive income	(\$ 83)	\$ -
Currency translation differences of foreign operations	( 3,541)	( 4,680)
	<u>(\$ 3,624)</u>	<u>(\$ 4,680)</u>

  

	For the six months ended June 30,	
	2024	2023
Change in fair value from financial assets measured at fair value through other comprehensive income	(\$ 83)	\$ -
Currency translation differences of foreign operations	( 13,671)	( 4,040)
	<u>(\$ 13,754)</u>	<u>(\$ 4,040)</u>

B. The Company's income tax return through 2022 have been assessed and approved by the Tax Authority except 2021.

(32) Earnings per share

<u>For the three months ended June 30, 2024</u>		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the parent		
<u>\$ 166,348</u>	<u>102,027</u>	<u>\$ 1.63</u>
Diluted earnings per share		
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation	280	
Employee stock option	1,188	
Convertible corporate bonds	8,229	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares		
<u>\$ 169,219</u>	<u>111,724</u>	<u>\$ 1.51</u>

<u>For the three months ended June 30, 2023</u>		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the parent		
<u>\$ 221,145</u>	<u>101,126</u>	<u>\$ 2.19</u>
Diluted earnings per share		
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation	465	
Employee stock option	1,283	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares		
<u>\$ 221,145</u>	<u>102,874</u>	<u>\$ 2.15</u>

	For the six months ended June 30, 2024		
	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	\$ 314,252	101,972	\$ 3.08
Diluted earnings per share Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	483	
Employee stock option	-	1,217	
Convertible corporate bonds	5,728	8,229	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 319,980	111,901	\$ 2.86

	For the six months ended June 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share Profit attributable to ordinary shareholders of the parent	\$ 344,965	100,917	\$ 3.42
Diluted earnings per share Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	695	
Employee stock option	-	1,366	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 344,965	102,978	\$ 3.35

(33) Business merger

- A. On April 8, 2024, the Group acquired a 59.95% equity in PAYTRONEX by paying \$65,100 in cash to its existing shareholders and participating in a cash capital increase, thereby gaining control over PAYTRONEX. Consequently, PAYTRONEX has been included as a consolidated entity from that date (the acquisition date). The Group expects to expand both parties' operational scale and enhance overall performance through the integration of business resources.

- B. Details of the consideration paid for the acquisition of PAYTRONEX, the fair values of the assets acquired and liabilities assumed as of the acquisition date, and the information on non-controlling interests as a proportion of the acquiree's identifiable net assets on the acquisition date are as follows:

	<u>April 8, 2024</u>
Acquisition consideration	
Cash	\$ 65,100
Non-controlling interests' share of the acquiree's identifiable net assets	<u>43,500</u>
	<u>108,600</u>
Fair value of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	\$ 69,929
Contract assets - current	17,377
Notes receivable	21,632
Accounts receivable	50,850
Other receivables - related parties	5,171
Inventories	56,757
Prepayments	4,565
Debt instrument investments measured at fair value through other comprehensive income	1,068
Investments accounted for under equity method	66
Property, plant and equipment	97,680
Right-of-use assets	1,416
Intangible assets	1,188
Intangible assets - customer relations	3,794
Deferred income tax assets	2,059
Other non-current assets	2,809
Short-term borrowings	( 55,153)
Contract liabilities - current	( 65,064)
Notes payable	( 1,426)
Accounts payable	( 23,387)
Accounts payable – related parties	( 2,047)
Other payables	( 15,483)
Current income tax liabilities	( 2,140)
Other current liabilities	( 715)
Long-term borrowings	( 60,432)
Non-current provision	( 407)
Deferred income tax liabilities	( 72)
Non-current lease liabilities	( 1,435)
Total identifiable net assets	<u>108,600</u>
Goodwill	<u>\$ -</u>

- C. From April 8, 2024, PAYTRONEX contributed \$38,515 in revenue and a pre-tax loss of (\$10,449). If PAYTRONEX had been included in the consolidation from January 1, 2024, the Group's revenue and pre-tax profit would have been \$3,046,766 and \$454,524, respectively.

(34) Supplemental cash flow information

Partial cash paid for investing activities

	For the six months ended June 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 56,665	\$ 137,748
Add: Beginning balance of payable on land and buildings	144,750	-
Add: Beginning balance of payable on equipment	27,130	18,538
Add: Ending balance of Prepayments for business facilities	738	23,233
Less: Ending balance of payable on equipment	( 26,869)	( 5,361)
Less: Beginning balance of Prepayments for business facilities	( 652)	( 3,680)
Cash paid during the year	<u>\$ 201,762</u>	<u>\$ 170,478</u>

(35) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Corporate bonds payable	Liabilities from financing activities-gross
At January 1, 2024	\$ -	\$ -	\$169,284	\$760,924	\$ 930,208
Additions from business combination	55,153	60,432	1,435	-	117,020
Changes in cash flow from financing activities	( 49,740)	( 7,067)	( 27,354)	-	( 84,161)
Payment of interest (Note)	-	-	( 3,236)	-	( 3,236)
Impact of changes in foreign exchange rate	-	-	7,052	-	7,052
Other changes in non-cash items	( 5,413)	5,413	13,215	7,160	20,375
At June 30, 2024	<u>\$ -</u>	<u>\$58,778</u>	<u>\$160,396</u>	<u>\$768,084</u>	<u>\$ 987,258</u>

	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2023	\$ 635,300	\$ 195,499	\$ 830,799
Changes in cash flow from financing activities	141,000	( 27,306)	113,694
Payment of interest (Note)	-	( 3,319)	( 3,319)
Impact of changes in foreign exchange rate	-	2,819	2,819
Other changes in non-cash items	-	21,182	21,182
At June 30, 2023	<u>\$ 776,300</u>	<u>\$ 188,875</u>	<u>\$ 965,175</u>

Note: Operating activities.

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Advantech Co., Ltd.	Entity with significant influence on the group
Advanixs Corporation.	"
Uni-innovate Technology Co., Ltd.	Associate
Superfly Technology Co., Ltd.	Other related parties
Houng Yu Machinery Sheet-metal Co., Ltd.	"

### (2) Significant related party transactions and balances

#### A. Operating revenue

	<u>For the three months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Merchandise sales:		
Associate	\$ 79	\$ -
Other related parties	129	77
Entity with significant influence on the group	40	-
	<u>\$ 248</u>	<u>\$ 77</u>
Project revenue:		
Other related parties	<u>\$ 3,316</u>	<u>\$ -</u>
	<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Merchandise sales:		
Associate	\$ 79	\$ -
Other related parties	129	\$ 139
Entity with significant influence on the group	40	-
	<u>\$ 248</u>	<u>\$ 139</u>
Project revenue:		
Other related parties	<u>\$ 3,316</u>	<u>\$ -</u>

(A) The above sales transactions are handled in accordance with normal commercial terms and conditions.

(B) The project price for contracted parties is determined based on estimated project input costs plus reasonable management fees and profit. It is decided after negotiation and bargaining between both parties and is collected according to the payment terms specified in the contract.

(C) As of June 30, 2024, and June 30, 2023, the status of unfinished project contracts and valuation for contracted parties is as follows: (June 30, 2023: None)



	June 30, 2024	
	Total contract price (excluding tax)	Calculated price
Other related parties	\$ 41,217	\$ 35,800

(D) Contract assets (June 30, 2023: None)

	June 30, 2024
Other related parties	\$ 709

B. Purchase

	For the three months ended June 30,	
	2024	2023
Purchase of goods:		
Other related parties	\$ 1,809	\$ -
Entity with significant influence on the group	5,894	13,616
	<u>\$ 7,703</u>	<u>\$ 13,616</u>

	For the six months ended June 30,	
	2024	2023
Purchase of goods:		
Other related parties	\$ 1,809	\$ -
Entity with significant influence on the group	12,996	24,651
	<u>\$ 14,805</u>	<u>\$ 24,651</u>

The above purchase transactions are handled in accordance with normal commercial terms and conditions.

C. Account receivable -related parties

	June 30, 2024	December 31, 2023	June 30, 2023
Account receivable:			
Associate	\$ 83	\$ -	\$ -
Other related parties	9,049	-	-
Subtotal	<u>\$ 9,132</u>	<u>\$ -</u>	<u>\$ -</u>
Notes receivable:			
Other related parties	378	-	-
Total	<u>\$ 9,510</u>	<u>\$ -</u>	<u>\$ -</u>

D. Account payables-related parties

	June 30, 2024	December 31, 2023	June 30, 2023
Account payable:			
Entity with significant influence on the group			
Advantech	\$ 4,078	\$ 4,018	\$ 4,300
Advanixs	-	739	8,335
Houng Yu	1,910	-	-
Subtotal	<u>\$ 5,988</u>	<u>\$ 4,757</u>	<u>\$ 12,635</u>
Other account payable:			
Entity with significant influence on the group	42	-	-
Total	<u>\$ 6,030</u>	<u>\$ 4,757</u>	<u>\$ 12,635</u>

(3) Key management compensation

	For the three months ended June 30,	
	2024	2023
Short-term employee benefits	\$ 21,270	\$ 16,310
Post-employment compensation	436	720
Share-based payment	290	290
Total	<u>\$ 21,996</u>	<u>\$ 17,320</u>
	For the six months ended June 30,	
	2024	2023
Short-term employee benefits	\$ 61,597	\$ 64,397
Post-employment compensation	870	1,442
Share-based payment	581	579
Total	<u>\$ 63,048</u>	<u>\$ 66,418</u>

8. PLEDGED ASSETS

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

Asset type	Book value			Use of pledge
	June 30, 2024	December 31, 2023	June 30, 2023	
Time deposits (recorded as financial assets at amortized cost)	\$ -	\$ -	\$ 3,000	Performance guarantee
Refundable deposits (recorded as other non-current assets)	2,758	-	-	Lease deposit and performance bond
Property, plant and equipment	54,122	-	-	Long-term borrowings
	<u>\$ 56,880</u>	<u>\$ -</u>	<u>\$ 3,000</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingency

None.

(2) Commitments:

A. Capital expenditures contracted but not yet incurred:

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	\$ 4,409	\$ 14,538	\$ 59,481
Intangible assets	-	2,025	4,861
Total	<u>\$ 4,409</u>	<u>\$ 16,563</u>	<u>\$ 64,342</u>

B. As of June 30, 2024, the amounts of the guarantee notes issued by the Group for performance guarantees in engineering projects: \$10,700.

C. As of June 30, 2024, the amounts of the guarantee notes issued by the Group for lease and maintenance guarantees: \$7,590.

D. As of June 30, 2024, the amounts of the guarantee notes issued by the Group for export foreign exchange guarantees: USD \$500.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets			
Financial assets at fair value through profit or loss	\$ 78,833	\$ 720	\$ -
Financial assets at amortized cost	2,545,527	2,376,143	1,921,638
	<u>\$ 2,624,360</u>	<u>\$ 2,376,863</u>	<u>\$ 1,921,638</u>

	June 30, 2024	December 31, 2023	June 30, 2023
Financial liabilities			
Financial Liabilities at amortized cost	\$ 2,335,983	\$ 1,842,158	\$ 1,972,453
Lease liabilities	160,396	169,284	188,875
	<u>\$ 2,496,379</u>	<u>\$ 2,011,442</u>	<u>\$ 2,161,328</u>

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

B. Risk management policy

(A) The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risk management policies of the Group focus on unpredictable factors in financial market, and aim to reduce unfavorable impact on financial position and financial performance.

(B) Risk management is carried out by a finance department under policies approved by the Board of Directors. Group finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR, GBP, JPY and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require companies of the Group to manage their foreign exchange risk against their functional currency. All units within the Group should hedge their overall exchange rate risk through the finance department. Exchange rate risk is measured by the expected transaction of highly probable USD and RMB spending, using forward foreign exchange contracts to reduce the impact of exchange rate fluctuations on the expected purchase cost of inventory.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, EUR, GBP, JPY and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2024					
			Sensitivity analysis		
(Foreign Currency: Functional currency)	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 31,747	32.45	\$1,030,190	1%	\$ 8,242
RMB : NTD	2,175	4.44	9,657	1%	77
USD : EUR	14,180	0.94	460,141	1%	3,681
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 10,969	32.45	\$355,944	1%	\$ 2,847
December 31, 2023					
			Sensitivity analysis		
(Foreign Currency: Functional currency)	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 34,813	30.71	\$1,069,107	1%	\$ 8,553
USD : EUR	7,483	0.90	228,912	1%	1,831
RMB : NTD	3,716	4.32	16,053	1%	128
EUR : NTD	506	33.99	17,199	1%	138
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 6,932	30.71	\$212,882	1%	\$ 1,703
June 30, 2023					
			Sensitivity analysis		
(Foreign Currency: Functional currency)	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 22,949	31.15	\$714,861	1%	\$ 5,719
RMB : NTD	5,563	4.28	23,810	1%	190
USD : EUR	4,898	0.92	152,128	1%	1,217
EUR : NTD	336	33.76	11,343	1%	90
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 9,096	31.15	\$283,340	1%	\$ 2,266
USD : EUR	209	0.92	6,491	1%	52

- iv. The total exchange gain or loss, including realized and unrealized gains or losses arising from significant foreign exchange variations on monetary items held by the Group for the three months and six months ended June 30, 2024 and 2023, amounted to gains(loss) of \$14,475, \$22,875, \$66,336 and \$14,165, respectively.

Price risk

- i. The Group's equity instruments, which are exposed to price risk, are the financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies.

(B) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, debt instruments classified as at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments are past due over 90 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
  - (ii) A bond investment traded at the counter buying center, which has any external rating agency rated as the investment grade on the balance sheet date, and the financial asset is considered to have a low credit risk.
- iv. The Group adopts the following assumptions under IFRS 9: If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 270 days.
- v. The Group classifies customer's notes and accounts receivable in accordance with product types and customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;

- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On June 30, 2024, December 31, 2023 and June 30, 2023, the Group has written-off financial assets amounted to \$0 and \$0 that are still under recourse procedures.
- viii. The Group uses the forecast ability of National Development Council Business Cycle Indicator and Conference Board LEADING ECONOMIC INDEX to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On June 30, 2024, December 31, 2023 and June 30, 2023, the provision matrix is as follows:

June 30, 2024	Not overdue	Overdue	Overdue	Overdue
		1 ~ 90 days	91 ~ 180 days	181 ~ 270 days
Expected loss rate	0.04%-0.4%	0.04%-1.33%	0.04%-57.92%	0.04%-100%
Total book value	\$698,977	\$209,242	\$ 1,762	\$ 661
Loss allowance	\$ 520	\$ 594	\$ 767	\$ 540

June 30, 2024	Overdue	Overdue	Total
	271 ~ 360 days	More than 360 days	
Expected loss rate	100%	100%	
Total book value	\$ 136	\$ 1,874	\$ 912,652
Loss allowance	\$ 136	\$ 1,874	\$ 4,431

December 31, 2023	Not overdue	Overdue	Overdue	Overdue
		1 ~ 90 days	91 ~ 180 days	181 ~ 270 days
Expected loss rate	0%-0.40%	0.05%-1.17%	0.05%-52.01%	0.05%-100%
Total book value	\$649,071	\$182,405	\$ 1,243	\$ 778
Loss allowance	\$ 790	\$ 1,108	\$ 313	\$ 634

December 31, 2023	Overdue	Overdue	Total
	271 ~ 360 days	More than 360 days	
Expected loss rate	0.05%-100%	100%	
Total book value	\$ 518	\$ 874	\$ 834,889
Loss allowance	\$ 488	\$ 874	\$ 4,207

June 30, 2023	Not overdue	Overdue	Overdue	Overdue
		1 ~ 90 days	91 ~ 180 days	181 ~ 270 days
Expected loss rate	0.06%-0.33%	0.06%-0.95%	10.5%-29.26%	61.82%-87.85%
Total book value	\$ 774,833	\$ 107,326	\$ 3,551	\$ 66
Loss allowance	\$ 716	\$ 752	\$ 492	\$ 42

June 30, 2023	Overdue 271 ~ 360 days	Overdue More than 360 days	Total
Expected loss rate	100%	100%	
Total book value	\$ 316	\$ 755	\$ 886,847
Loss allowance	\$ 316	\$ 755	\$ 3,073

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

	June 30, 2024		December 31, 2023		June 30, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	\$ 669,082	\$ 29,895	\$ 628,147	\$ 20,924	\$ 765,316	\$ 9,517
within 90 days	209,242	-	182,405	-	107,326	-
91 ~ 180 days	1,762	-	1,243	-	3,551	-
More than 181 days	2,671	-	2,170	-	1,137	-
	\$ 882,757	\$ 29,895	\$ 813,965	\$ 20,924	\$ 877,330	\$ 9,517

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

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

	2024	2023
At January 1	\$ 4,207	\$ 2,888
Additions from business combination	524	-
(Reversal) Provision for impairment loss	( 485)	93
Amounts written off due to irrecoverability	( 4)	-
Impact of foreign exchange rate	189	92
At June 30	\$ 4,431	\$ 3,073

(C) Liquidity risk

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

June 30, 2024 Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	\$ 59,490	\$54,213	\$52,773	\$ 3,496	\$169,972
Corporate bonds payable	\$ -	\$ -	\$799,900	\$ -	\$799,900
Long-term borrowings (including current portion)	\$ 8,038	\$10,137	\$19,893	\$27,402	\$ 65,470



December 31, 2023					
Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	\$ 54,116	\$50,302	\$70,503	\$ 6,848	\$181,769
Corporate bonds payable	\$ -	\$ -	\$799,900	\$ -	\$799,900

June 30, 2023					
Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	\$ 53,417	\$50,381	\$90,550	\$10,202	\$204,550

In addition to the above, the Group's non-derivative financial liabilities are due within the next year. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

Level 1: The input value for this level is the open quote (unadjusted) of the same asset or liability in the active market. An active market is a market that meets all of the following conditions: the goods traded in the market are homogeneous; the buyers and sellers with the willingness can be found in the market at any time and the price information can be obtained by the public. The fair value of the beneficiary certificate the Group's investment belongs to.

Level 2: The input value of this level, except for the observable price included in the first level public offer, including the observable input value obtained from the active market either directly (such as price) or indirectly (such as derived from price).

Level 3: Inputs for the asset or liability that are not based on observable market data.

- B. Information about the fair value of investment property is provided in Note 6(10).

- C. Financial instruments not measured at fair value

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

June 30, 2024				
Book value	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Corporate bonds payable	\$ 768,084	\$ -	\$ 765,302	\$ -
December 31, 2023				
Book value	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Corporate bonds payable	\$ 760,924	\$ -	\$ 762,962	\$ -

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

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

June 30, 2024	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bond – call provision	\$ -	\$ -	\$ 800	\$ 800
December 31, 2023				
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bond – call provision	\$ -	\$ -	\$ 720	\$ 720

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

E. For the six months ended June 30, 2024 and 2023, there was no evaluation of the transfer between levels.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2024

	2024
	<u>Convertible bond – call provision</u>
At January 1	\$ 720
Recognition in profit (loss)	
Other gains and losses	80
At June 30	<u>\$ 800</u>

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

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

	Fair value at June 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bond – call provision	<u>\$ 800</u>	Binomial tree pricing model	Volatility	40.55%	The higher the stock price volatility, the higher the fair value
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bond – call provision	<u>\$ 720</u>	Binomial tree pricing model	Volatility	39.68%	The higher the stock price volatility, the higher the fair value

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more:

Please refer to table 3.

I. Trading in derivative instruments undertaken during the reporting periods: Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: For the major transactions between the Company and the Mainland China invested companies in 2024, please refer to table 4.

(4) Information on investees

A. Basic information: Please refer to table 7.

14. OPERATIONS SEGMENT INFORMATION

(1) General information

The Group's management has identified the reporting Department based on the reporting information needs of the Board of Directors and the main operating decision makers for decision making.

The Group's main operating decision makers operate their business from a regional perspective; in the region, the Group currently focuses on production and sales in Taiwan, the Americas and Europe.

The operations departments disclosed by the Group are considered the main source of revenue for the Group - manufacture and sale of product applications such as industrial computers and Ethernet networks.

(2) Segment information

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

Segment profit and loss, assets and liabilities information

For the six months ended June 30, 2024

	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Income from external customers	\$ 932,866	\$ 1,374,814	\$ 643,790	\$ 77,407	\$ -	\$ 3,028,877
Interest income	19,015	-	3	83	-	19,101
Other income	8,384	87	786	5	-	9,262
Inter-departmental income	1,045,805	36	9,228	8,776	( 1,063,845)	-
Total income	<u>\$ 2,006,070</u>	<u>\$ 1,374,937</u>	<u>\$ 653,807</u>	<u>\$ 86,271</u>	<u>(\$ 1,063,845)</u>	<u>\$ 3,057,240</u>
Interest expense	389,080	32,068	146,914	( 8,480)	( 103,482)	456,100
Depreciation & Amortization	7,689	2,035	992	146	-	10,862
Income tax expenses	64,863	21,828	7,752	3,317	( 1,330)	96,430
Department Income	85,252	17,398	43,069	19	( 42)	145,696
Assets						
Non-current assets capital expenditure	201,903	5,853	714	10	-	208,480
Department's Assets	6,877,624	1,591,717	786,528	136,801	( 2,088,864)	7,303,806
Department's Liabilities	2,642,332	526,432	239,759	45,154	( 342,907)	3,110,770

Adjustments & Sales balance

- (1) Total sales from the departments should be net of inter-departmental revenue was \$1,063,845.
- (2) Amortization \$1,330 and Income tax expenses \$42 arising from intangible assets transactions should be reported and adjustment in the preparation of the consolidated financial statements.
- (3) Inter-departmental income should be net of inter-departmental transactions \$103,482
- (4) Department assets of \$2,088,864 and liabilities of \$342,907 arising from inter-departmental transactions should be reported and eliminated in the preparation of the consolidated financial statements.

For the six months ended June 30, 2023

	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Income from external customers	\$ 1,105,183	\$ 1,704,990	\$ 543,887	\$ 74,317	\$ -	\$ 3,428,377
Interest income	10,411	-	-	76	-	10,487
Other income	2,955	21	1,012	1,444	-	5,432
Inter-departmental income	1,415,725	-	4,827	5,975	( 1,426,527)	-
Total income	<u>\$ 2,534,274</u>	<u>\$ 1,705,011</u>	<u>\$ 549,726</u>	<u>\$ 81,812</u>	<u>(\$ 1,426,527)</u>	<u>\$ 3,444,296</u>
Interest expense	5,212	2,245	890	152	-	8,499
Depreciation & Amortization	35,978	19,754	6,197	3,439	1,152	66,520
Income tax expenses	89,337	17,777	21,435	20	( 357)	128,212
Department Income	344,965	68,548	60,624	( 6,144)	( 123,028)	344,965
Assets						
Non-current assets capital expenditure	162,209	9,640	549	164	-	172,562
Department's Assets	5,913,413	1,684,835	673,132	138,202	( 1,994,285)	6,415,297
Department's Liabilities	2,191,060	739,221	316,651	38,348	( 592,336)	2,692,944

Adjustments & Sales balance

- (1) Total sales from the departments should be net of inter-departmental revenue was \$1,426,527.
- (2) Amortization \$1,152 and Income tax expenses \$357 arising from intangible assets transactions should be reported and adjustment in the preparation of the consolidated financial statements.
- (3) Inter-departmental income should be net of inter-departmental transactions \$123,028
- (4) Department assets of \$1,994,285 and liabilities of \$592,336 arising from inter-departmental transactions should be reported and eliminated in the preparation of the consolidated financial statements.

(3) Reconciliation for segment income (loss)

The external income reported by the Group to the chief operating decision maker is consistent with the income from the comprehensive income statement. The difference between the (departmental revenue and corporate income) and the (inter-departmental profit and loss and the pre-tax profit and loss of the continuing business sector) is small. Hence, there is no need for adjustment.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Securities held at the end of the period (Excludes investment subsidiaries, affiliated enterprises and joint venture control parts)

For the six months ended June 30, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Company	Marketable securities (Note 1)	Marketable securities name	Relationship with issuer of securities (Note 2)	General ledger account	End of period				Footnote (Note 4)
					Unit	Book value (Note 3)	Shareholding ratio (%)	Fair value	
AXIOMTEK CO. LTD.	Benefit voucher	Qunyi Stable Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,276,910	\$ 38,015	-	\$ 38,015	None
AXIOMTEK CO. LTD.	Benefit voucher	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,850,632	\$ 40,017	-	\$ 40,017	None

Note 1: Securities referred to in this table are stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of International Financial Reporting Standard No. 9 "Financial Instruments".

Note 2: If the securities issuer is not a related party, this column is not required to be filled in.

Note 3: According to fair value measurement, please fill in the book balance in column B after adjusting for fair value evaluation and deducting cumulative losses; For items not measured at fair value, please fill in the book balance in column B of the original acquisition cost or amortized cost minus cumulative impairment.

Note 4: If the listed securities are subject to restrictions on use due to providing guarantees, pledging loans or other agreements, the number of shares provided as guarantee or pledge, the amount of guarantee or pledge, and the restrictions on use should be indicated in the remarks column.



AXIOMTEK CO., LTD. AND SUBSIDIARIES

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

For the six months ended June 30, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchase (sale)	Amount	Percentage of total purchase (sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
AXIOMTEK CO., LTD.	AXUS	The Company's subsidiaries are stated as follows:	Sale	\$ 709,272	23.42%	Monthly 45 days	-	-	\$ 246,419	27.13%	
AXIOMTEK CO., LTD.	AXGM	The Company's subsidiaries are stated as follows:	Sale	\$ 261,610	8.64%	Monthly 45 days	-	-	\$ 41,073	4.52%	

Note 1: If terms of related party transactions are different from third party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

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

June 30, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Balance as at June 30, 2024 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
AXIOMTEK CO., LTD.	AXUS	Subsidiaries of the Company	\$ 246,419	6.31	-	-	\$ 153,991	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the six months ended June 30, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	AXIOMTEK CO., LTD.	AXUS	1	Sales revenue	\$ 709,272	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	23.42%
0	AXIOMTEK CO., LTD.	AXGM	1	Sales revenue	261,610	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	8.64%
0	AXIOMTEK CO., LTD.	Axiomtek Shenzhen	1	Sales revenue	35,581	same as that applicable to the general customer receivables collection for the general customer 75 days; 45 - 75 days with slight delay	1.17%
0	AXIOMTEK CO., LTD.	AXIT	1	Sales revenue	39,133	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	1.29%
0	AXIOMTEK CO., LTD.	AXUS	1	Accounts receivable	246,419		3.39%
0	AXIOMTEK CO., LTD.	AXGM	1	Accounts receivable	41,073		0.56%
0	AXIOMTEK CO., LTD.	Axiomtek Shenzhen	1	Accounts receivable	17,784		0.24%
0	AXIOMTEK CO., LTD.	AXIT	1	Accounts receivable	17,758		0.24%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

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

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

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

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Information on investees

For the six months ended June 30, 2024

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net profit (loss) of the investee for the year ended June 30, 2024 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended June 30, 2024 (Note 2(3))	Remark
				Balance as at June 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership	Book value			
AXIOMTEK CO., LTD.	AXUS	U.S.A.	Industrial computer and Embedded Board manufacturing, trading, post-sales service	\$208,240	\$208,240	23,418	100.00	\$1,030,444	\$ 14,670	\$ 14,670	
"	AXGM	Germany	Industrial computer and Embedded Board manufacturing, trading, post-sales service	19,941	19,941	(Note 3)	100.00	474,973	100,897	100,887	
"	AXBVI	British Virgin Islands	Holding company	-	156,650	-	-	-	-	-	(Note 4)
"	AXUK	United Kingdom	Industrial computer and Embedded Board manufacturing, trading, post-sales service	8,615	8,615	180,000	100.00	12,862	465	465	
"	AXJP	Japan	Industrial computer and Embedded Board manufacturing, trading, post-sales service	8,235	8,235	600	100.00	6,702	( 153)	( 153)	
"	AXIT	Italy	Industrial computer and Embedded Board manufacturing, trading, post-sales service	56,068	56,068	(Note 3)	100.00	41,527	2,482	1,687	
"	UNI	Taiwan	Automation equipment system set-up and development	29,000	29,000	1,450,000	24.05	16,502	787	( 108)	
"	PAYTRONEX	Taiwan	Automation equipment system set-up and development	65,100	-	2,170,000	59.95	59,221	( 10,474)	( 5,758)	

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

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

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at June 30, 2024' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the six months ended June 30, 2024' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognized by the Company for the six months ended June 30' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Note 3: Department Ltd.

Note 4: The liquidation has been completed in June 2024.

AXIOMTEK CO., LTD. & SUBSIDIARIES

Information on investments in Mainland China

For the six months ended June 30, 2024

Table 6

Expressed in thousands of NTD and foreign currencies

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Net income of investee for the six months ended June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the six months ended June 30, 2024 (Note 2)	Book value of investments in Mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2024	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Axiomtek Shenzhen	Industrial computer and Embedded Board manufacturing, trading, post-sales service	NT \$136,530 (USD 4,207)	Note 1(1)	NT \$136,530 (USD 4,207)	\$ -	\$ -	NT \$136,530 (USD 4,207)	(\$ 8,345)	100.00	(\$ 8,452)	\$ 79,196	\$ -	

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

- (1) Investment in Mainland China companies by remittance through a third region.
- (2) Investment in Mainland China companies through a company invested and established in a third region.
- (3) Investment in Mainland China companies through an existing company established in a third region.

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

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

Note 4: The amount listed in this table is converted into NTD according to the exchange rate of US\$1=32.453 on June 30, 2024.

Expressed in thousands of NTD and foreign currencies

Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	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
Axiomtek Shenzhen	\$ 136,530	USD 4,223	\$ 2,515,822
	USD 4,207		

Table 7

AXIOMTEK CO., LTD.  
Major shareholders information  
June 30, 2024

Name of major shareholders	Shares	Name of shares held	Ownership (%)
Advantech	28,080,142		27.51%

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