

Wendell Industrial Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31,
2023 and 2022 and
Independent Auditors' Review Report
(Stock Code: 6761)

Address: 6F.-1, No. 188, Baoqiao Rd., Xindian Dist., New Taipei City
Tel: (02)2917-5770

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

Wendell Industrial Co., Ltd.
Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022
and Independent Auditors' Review Report

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Independent Auditors' Report

(113) Cai-Sheng-Bao-Tzu No. 23004342

Wendell Industrial Co., Ltd.:

Opinions

We have audited the Parent Company Only Balance Sheet of Wendell Industrial Co., Ltd. as of December 31, 2023 and 2022, Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual periods from January 1 to December 31, 2023 and 2022.

In our opinion, the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the financial position of Wendell Industrial Co., Ltd. as of December 31, 2023 and 2022, and its financial performance and cash flows for the annual periods ended December 31, 2022, and 2011, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the Group and its subsidiaries for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the individual financial statements of Wendell Group in the year 2023 are as follows:

Loss allowance for accounts receivable

Instruction for the matter

For the accounting policy regarding accounts receivable, accounting estimates and assumptions of impairment evaluation, and instructions related to impairment, please see Note 4 (8) and (9), Note 5 (2) and Note 6 (4) of the parent company only financial statements.

Wendell Group evaluates the impairment of accounts receivable and calculate expected loss ratio

with reference to historical experience and in consideration of the customers' previous default records and current financial position, etc., to recognize loss allowance. Additionally, if the accounts receivable from individual customers are individually identified with a trace of impairment, or actual credit impairment, the Company will draw loss allowance. During the process of impairment evaluation of accounts receivable, the management applies judgment and estimates to determine the future recoverability, while its future recoverability is affected by various factors like the management's assumptions of credit risks of customers. Therefore, the CPA will include the estimates of impairment of accounts receivable as a key audit matter.

Responsive audit procedures

The audit procedures already executed by this CPA are summarized as follows:

1. Learn about and evaluate credit risk management as well as policies related to impairment evaluation of accounts receivable and internal control.
2. Learn about the computational logic of the aging statement of ending accounts receivable provided by the management, review relevant supporting documents, and check the book records to confirm the correctness of the classification of aging periods.
3. Recheck the supporting documents provided by the management for evaluation regarding the major impairment of accounts receivable as individually recognized by the management, to evaluate the reasonableness of the possibility of recovery.
4. Verify the subsequent collections of overdue accounts receivable with a significant sampling amount.

Inventory valuation

Instruction for the matter

For the accounting policy, accounting estimates and assumptions related to inventory valuation, please refer to Note 4 (11), Note 5 (2) and Note 6 (5) of the parent company only financial statements for details.

Wendell Group is mainly engaged in the sales of various kinds of electronic components. The ending inventories are measured at the cost or net realizable value, whichever is lower. At the same time, the falling price loss is drawn based on the useful status of outdated and obsolete inventories that have been individually identified. Such inventories feature short life cycle and fierce market competition, and the allowance for reduction of inventory individually identified as outdated and obsolete involves the management's subjective judgment. Therefore, the CPA includes the estimates of such inventory evaluation losses as a key audit matter.

Responsive audit procedures

The audit procedures already executed by this CPA are summarized as follows:

1. Learn about the operation of the Group and the nature of the industry, and evaluate the reasonableness of the internal control procedure and withdrawal policy adopted by the Company to address the loss on the allowance for reduction of inventory.
2. Test the basis of market price of net realizable value of individual inventories and conduct spot check to confirm whether the net realizable value is correctly calculated.

3. Learn about the warehousing management process of the Group, review its annual inventory plan, and participate in the evaluation of its annual inventory checking on the site, to evaluate the effectiveness of the inventory control of the management.
4. Acquire the details of outdated inventories individually identified by the management, review relevant documents, and check them with the book records.

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

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Group.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Group's audits.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters of the Parent Company Only Financial Statements for the year ended December 31, 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

CPA: CHEN, CHIN-CHANG
TU, PEI-LING

Financial Supervisory Commission
Auditing and Attestation No.: FSC (Sheng) No.
1060025060
Former Securities & Exchange Commission,
Ministry of Finance
Auditing and Attestation No.: (84) Tai-Cai-Cheng (6)
No.13377
March 7, 2024

Wendell Industrial Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 359,693	19	\$ 281,753	15
1110	Current financial assets at fair value through profit or loss	6(2)	77,471	4	-	-
1136	Financial assets at amortized cost	6(3), 8	2,000	-	48,874	3
1150	Notes receivable	6(4)	7,787	-	11,813	1
1170	Accounts receivable	6(4)	390,770	21	346,567	18
1180	Accounts receivable from related parties, net	7	133,702	7	184,658	10
130X	Inventories	6(5)	286,099	15	433,485	23
1470	Other current assets		8,794	1	14,335	1
11XX	Total current assets		1,266,316	67	1,321,485	71
Non-current assets						
1550	Investments accounted for using the equity method	6(6), 7	245,050	13	200,825	11
1600	Property, plant and equipment	6(6)	313,920	16	273,135	15
1755	Right-of-use assets	6(7)	36,630	2	51,883	3
1840	Deferred tax assets	6(19)	16,455	1	9,783	-
1900	Other non-current assets		13,413	1	6,827	-
15XX	Total non-current assets		625,468	33	542,453	29
1XXX	Total assets		\$ 1,891,784	100	\$ 1,863,938	100

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Wendell Industrial Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	6(9)	\$ 217,191	11	\$ 114,306	6
2120	Financial liabilities at fair value through profit or loss	6(2)	840	-	1,200	-
2130	Current contract liabilities	6(16)	474	-	595	-
2150	Notes payable		1,004	-	907	-
2170	Accounts payable		123,830	7	187,769	10
2180	Accounts payable from related parties	7	9,171	-	5,404	1
2200	Other accounts payable	6(10)	62,343	3	49,877	3
2220	Other accounts payable from related parties	7	396	-	721	-
2230	Current tax liabilities		35,061	2	29,874	2
2280	Current lease liabilities (Note 13)	6(8)	21,235	1	23,461	1
2320	Long-term liabilities - current portion	6(11)	389,078	21	-	-
2399	Other current liabilities - other		2,011	-	2,618	-
21XX	Total current liabilities		<u>862,634</u>	<u>45</u>	<u>416,732</u>	<u>23</u>
Non-current liabilities						
2530	Bonds payable	6(11)	-	-	381,825	20
2570	Deferred tax liabilities	6(20)	13,508	1	12,788	1
2580	Non-current lease liabilities	6(8)	16,526	1	30,235	2
2600	Other non-current liabilities	6(12)	5,437	-	7,108	-
25XX	Total non-current liabilities		<u>35,471</u>	<u>2</u>	<u>431,956</u>	<u>23</u>
2XXX	Total liabilities		<u>898,105</u>	<u>47</u>	<u>848,688</u>	<u>46</u>
Equity						
Share						
3110	Ordinary share	6(13)	251,049	13	239,085	13
Capital surplus						
3200	Capital surplus	6(14)	326,681	17	326,595	17
Retained earnings						
3310	Legal reserve	6(15)	83,425	5	63,986	4
3320	Special reserve		-	-	4,196	-
3350	Unappropriated retained earnings		334,846	18	380,383	20
Other equity						
3400	Other equity		(2,322)	-	1,005	-
3XXX	Total equity		<u>993,679</u>	<u>53</u>	<u>1,015,250</u>	<u>54</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant subsequent events						
3X2X	Total liabilities and equity		<u>\$ 1,891,784</u>	<u>100</u>	<u>\$ 1,863,938</u>	<u>100</u>

The accompanying notes constitute part of the parent company only financial statements.

Wendell Industrial Co., Ltd.
Parent Company Only Statements of Comprehensive Income
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars,
except for EPS in New Taiwan Dollars

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(16), 7	\$ 1,483,623	100	\$ 1,690,873	100
5000 Operating costs	6(5), (19) & 7	(1,086,542)	(73)	(1,233,305)	(73)
5900 Gross profit		397,081	27	457,568	27
5910 Unrealized gross profit		9,438	(1)	(11,019)	(1)
5920 Realized gross profit		11,019	1	6,783	1
5950 Gross profit, net		398,662	27	453,332	27
Operating expenses	6(19), 7				
6100 Selling expenses		(100,954)	(7)	(97,592)	(6)
6200 Administrative expenses		(149,462)	(10)	(146,264)	(8)
6300 Research and development expenses		(14,561)	(1)	(13,164)	(1)
6450 Impairment loss determined in accordance with IFRS 9	6(4)	(469)	-	426	-
6000 Total operating expenses		(265,446)	(18)	(256,594)	(15)
6900 Net operating income		133,216	9	196,738	12
Non-operating income and expenses					
7100 Interest income		6,473	-	1,950	-
7010 Other income		2,078	-	934	-
7020 Other gains and losses	6(17)	(2,930)	-	30,683	2
7050 Finance costs	6(18)	(17,030)	(1)	(10,262)	-
7070 Profit (loss) share of subsidiaries, affiliated enterprises and joint ventures recognized using the equity method	6(6)	6,444	-	20,765	1
7000 Total non-operating income and expenses		(4,965)	-	44,070	3
7900 Profit from continuing operations before tax		128,251	9	240,808	15
7950 Tax expense	6(20)	(26,922)	(2)	(47,420)	(3)
8200 Profit (loss)		<u>\$ 101,329</u>	<u>7</u>	<u>\$ 193,388</u>	<u>12</u>
Other comprehensive income (net) Items that will not be reclassified subsequently to profit or loss:					
8311 Gains (losses) on remeasurements of defined benefit plans	6(12)	\$ 1,534	-	\$ 454	-
8330 Share of the other comprehensive income of associates accounted for using the equity method	6(6)	731	-	547	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of overseas operations	6(6)	(3,327)	-	5,201	-
8300 Other comprehensive income (net)		<u>(\$ 1,062)</u>	<u>-</u>	<u>\$ 6,202</u>	<u>-</u>
8500 Total comprehensive income		<u>\$ 100,267</u>	<u>7</u>	<u>\$ 199,590</u>	<u>12</u>
Earnings per share	6(21)				
9750 Total basic earnings per share		\$	4.04	\$	7.70
9850 Total diluted earnings per share		\$	3.58	\$	7.18

The accompanying notes constitute part of the parent company only financial statements.

Wendell Industrial Co., Ltd.
Parent Company Only Statements of Changes in Equity
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Note	Equity attributed to owners of parent					Exchange differences on translation of financial statements of overseas operations	Total
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
2022								
Balance at January 1		\$ 239,085	\$ 305,468	\$ 45,186	\$ 550	\$ 347,109	(\$ 4,196)	\$ 933,202
Net profit in the current period		-	-	-	-	193,388	-	193,388
Other comprehensive income in the current period		-	-	-	-	1,001	5,201	6,202
Total comprehensive income in the current period		-	-	-	-	194,389	5,201	199,590
Earnings Assignment and Distribution in 2021	6(15)							
Legal reserve		-	-	18,800	-	(18,800)	-	-
Special reserve		-	-	-	3,646	(3,646)	-	-
Cash dividends		-	-	-	-	(138,669)	-	(138,669)
Issuance of corporate bonds	6(11)(14)	-	21,127	-	-	-	-	21,127
Balance at December 31		\$ 239,085	\$ 326,595	\$ 63,986	\$ 4,196	\$ 380,383	\$ 1,005	\$ 1,015,250
2023								
Balance at January 1		\$ 239,085	\$ 326,595	\$ 63,986	\$ 4,196	\$ 380,383	\$ 1,005	\$ 1,015,250
Net profit in the current period		-	-	-	-	101,329	-	101,329
Other comprehensive income in the current period		-	-	-	-	2,265	(3,327)	(1,062)
Total comprehensive income in the current period		-	-	-	-	103,594	(3,327)	100,267
Earnings Assignment and Distribution in 2022	6(15)							
Legal reserve		-	-	19,439	-	(19,439)	-	-
Special reserve		-	-	-	(4,196)	4,196	-	-
Cash dividends		-	-	-	-	(121,934)	-	(121,934)
Stock dividends		11,954	-	-	-	(11,954)	-	-
Conversion of convertible corporate bonds	6(11)(14)	10	86	-	-	-	-	96
Balance at December 31		\$ 251,049	\$ 326,681	\$ 83,425	\$ -	\$ 334,846	(\$ 2,322)	\$ 993,679

The accompanying notes constitute part of the parent company only financial statements.

Wendell Industrial Co., Ltd.
Parent Company Only Statements of Cash Flows
December 31, 2023 and 2022

	Note	Unit: In Thousands of New Taiwan Dollars	
		2023	2022
<u>Cash flows from operating activities, indirect method</u>			
Profit before tax		\$ 128,251	\$ 248,808
Adjustment items			
Adjustments to reconcile profit (loss)			
Unrealized gross profit		9,438	11,019
Realized gross profit		(11,019)	(6,783)
Depreciation expense	6(19)	36,606	39,083
Amortization expense	6(19)	1,203	626
Expected credit loss	6(4)	469	(426)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(17)	(1,956)	1,240
Interest	6(18)	17,030	10,262
Interest income		(6,473)	(1,950)
Profit and loss share of subsidiaries, affiliated enterprises and joint ventures recognized using the equity method	6(6)	(6,444)	(20,765)
Loss (gain) on disposal of property, plant and equipment		-	132
Profit from lease modification		(58)	(72)
Unrealized foreign currency exchange loss		801	-
Changes in operating assets and liabilities			
Total changes in operating assets			
Financial assets measured at fair value through profit or loss		(76,676)	-
Notes receivable		4,027	4,143
Accounts receivable		(44,673)	19,880
Accounts receivable - related parties		50,956	(37,507)
Inventories		147,386	(19,222)
Other current assets		7,288	1,161
Total changes in operating liabilities			
Contract liabilities - current		(121)	595
Notes payable		97	(23,335)
Accounts payable		(63,939)	4,660
Accounts payable - related parties		3,767	(6,391)
Other accounts payable		2,659	3,500
Other accounts payable - related parties		(325)	204
Other current liabilities - other		(607)	(261)
Net defined benefit liability		3	(1)
Cash generated from operations		197,690	220,600
Interest collected		4,726	1,950
Interest paid		(10,653)	(6,199)
Income tax paid		(27,687)	(47,169)
Net cash generated from operating activities		<u>164,076</u>	<u>169,182</u>

(Continue on next page)

Wendell Industrial Co., Ltd.
Parent Company Only Statements of Cash Flows
December 31, 2023 and 2022

	Note	Unit: In Thousands of New Taiwan Dollars	
		2023	2022
<u>Cash flows from investing activities</u>			
Financial assets measured at amortized cost - Decrease in current assets		\$ 46,874	\$ 14,996
Investments using the equity method	7	(40,000)	-
Cash dividends distributed from investments using the equity method		1,204	2,408
Acquisition of property, plant and equipment	6(22)	(42,420)	(245,501)
Acquisition of intangible assets		(2,669)	(888)
Decrease (increase) in refundable deposits		(5,121)	1,305
Net cash used in investing activities		(42,132)	(227,680)
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans	6(23)	102,885	(85,232)
Issuance of corporate bonds payable	6(23)	-	398,849
(Decrease) increase in Guarantee deposits paid	6(23)	(140)	140
Payments of lease liabilities	6(23)	(24,815)	(23,499)
Cash dividends paid	6(15)	(121,934)	(138,669)
Net cash generated from (used in) financing activities		(44,004)	151,589
Net increase in cash and cash equivalents		77,940	93,091
Cash and cash equivalents at beginning of period		281,753	188,662
Cash and cash equivalents at end of period		\$ 359,693	\$ 281,753

The accompanying notes constitute part of the parent company only financial statements.

Wendell Industrial Co., Ltd.
Notes to Parent Company Only Financial Statements
December 31, 2023 and 2022

Amount in Thousands of New Taiwan Dollars
(Unless Otherwise Specified)

1. Company History

Wendell Industrial Co., Ltd. (hereinafter referred to as the “Company”) was incorporated on June 1979. The stock of the Company was approved for public offering in September 2019, and initially traded at Taipei Exchange since November 8, 2021. The Company is mainly engaged in the import and export trade business, sales of electronic and electromechanical materials like capacitors, resistors and inductors, and relevant services and certification regarding electromagnetic compatibility.

2. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 7, 2024.

3. Application of New and Amended Standards and Interpretations

(1) Impact of the adoption of new and amended International Financial Reporting Standards (IFRSs) recognized, released and enforced by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”	May 23, 2023

The Company confirmed through evaluation that the aforesaid standards and interpretations didn’t have a significant impact on its financial position and financial performance.

(2) Standards or interpretations issued, revised or amended, by IASB which are endorsed by FSC, but not yet adopted by the Group

The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

The Company confirmed through evaluation that the aforesaid standards and interpretations didn't have a significant impact on its financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC are listed below:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 7 "First-time Adoption of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendments to IAS "Lack of Exchangeability"	January 1, 2025

The Company confirmed through evaluation that the aforesaid standards and interpretations didn't have a significant impact on its financial position and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies adopted for the preparation of the parent company only financial statements are described as follows. Unless otherwise specified, such policies should be consistently applied in all reporting periods.

(1) Statement of Compliance

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

A. The consolidated financial statements were prepared at historical cost except the following important items:

- (1) Financial assets and liabilities measured at fair value through profit or loss
- (2) Defined benefit liabilities recognized at the net present value of retirement fund assets after deduction of defined benefit obligations.

B. Some significant accounting estimates shall be used to prepare financial statements that comply with IFRSs. In the application of the Group's accounting

policies, the management is required to apply its judgment. For highly judgmental or complicated items, or items involving the significant assumptions and estimates of the consolidated financial statements, please see Note V for details.

(3) Foreign currency transactions

Each entity in the Group determines its functional currency, and items included in the financial statements of each entity are measured using that functional currency. The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency.

A. Foreign currency transactions and balance

- (A) Foreign currency transactions are translated to functional currency at the spot rate on the trading date or measurement date. The translation difference resulting from the translation of such transactions is recognized as current profit or loss.
- (B) The balance of foreign currency monetary assets and liabilities is evaluated and adjusted at the spot rate on the balance sheet date. The translation difference resulting from such adjustment is recognized as current profit or loss.
- (C) The balance of foreign currency non-monetary assets and liabilities, if measured at fair value through profit or loss, is evaluated and adjusted at the spot rate on the balance sheet date. The translation difference resulting from such adjustment is recognized as current profit or loss.

B. Translation of foreign operating institutions

The operating results and financial position of all individuals of the Group with different functional currency and presentation currency are translated to the presentation currency using the following methods:

- (A) Assets and liabilities presented in each balance sheet are translated at the closing rate on this balance sheet date;
- (B) Income and expenses presented in each statement of comprehensive income are translated at the average exchange rate in the current period; and
- (C) All exchange differences resulting from translation are recognized as other comprehensive income.

(4) Classification of Current and Non-current Assets and Liabilities

A. An asset is classified as current when one of the following criteria is met:

- (A) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle.
- (B) It is held primarily for the purpose of trading.
- (C) It is expected to be realized within twelve months after the reporting period.
- (D) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all assets that do not comply with the aforesaid

conditions as non-current assets.

- B. A liability is classified as current when one of the following criteria is met:
 - (A) It is expected to be settled in the normal operating cycle.
 - (B) It is held primarily for the purpose of trading.
 - (C) It is due to be settled within twelve months after the reporting period.

The Company classifies all liabilities that do not comply with the aforesaid conditions as non-current liabilities.

(5) Cash Equivalents

A cash equivalent refers to a short-term investment with high liquidity. This investment can be converted to fixed-amount cash at any time with a very small risk of change in its value. Time deposits that comply with the preceding definition with the purpose of holding to satisfy the short-term cash commitment in terms of operation are classified as cash equivalents.

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

- A. Refer to financial assets measured at amortized cost, or fair value through other comprehensive income.
- B. The Company implements accounting of financial assets measured at fair value through profit or loss that comply with the trading practice on the trading date.
- C. The Company measures these financial assets at fair value upon original recognition, and recognizes relevant transaction cost as profit or loss. It will subsequently measure the assets at fair value, and recognize their interests or losses as profit or loss.

(7) Financial assets measured at amortized cost

- A. Refer to a financial asset that complies with the following conditions at the same time:
 - (A) This financial asset is held under a business model intended to collect contract cash flow.
 - (B) The cash flow from the covenant of this financial asset on a specific day is entirely for the payment of principal and interest on the outstanding principal amount.
- B. The Company implements accounting of financial assets measured at amortized cost that comply with the trading practice on the trading date.
- C. The Company measures these financial assets at fair value plus transaction cost upon original recognition, and subsequently takes effective interest method to recognize interest revenue and impairment loss within the circulation period per the amortization procedures. Besides, their interests or losses are recognized as profit or loss upon derecognition.

- D. The time deposits held by the Company that do not comply with the standards of cash equivalents are measured at investment amount in consideration of short holding period and insignificant impact of discount.

(8) Accounts and notes receivable

- A. Refer to accounts and notes already with an unconditional right to collect the amount of consideration exchanged for the transfer of products or labor services according to contract agreements.
- B. Short-term accounts and notes receivable with interest not yet paid are measured by the Company at the original invoice amount due to insignificant impact of discount.

(9) Impairments of Financial Assets

On each balance sheet, the Company considers all reasonable and verifiable information (including forward-looking information) and then measures loss allowance for financial assets measures at amortized cost with credit risk not significantly increased after original recognition per the amount of 12-month expected credit loss; the Group measures loss allowance for those with credit risk already significantly increased after original recognition per the amount of lifetime expected credit loss; the Company measures loss allowance for accounts and notes receivable and not containing significant financial constituents per the amount of lifetime expected credit loss.

(10) Derecognition of financial assets

When the contract right of the Company to collect cash flows from financial assets becomes invalid, these financial assets will be derecognized.

(11) Inventory

Inventories are measured at cost or net realizable value, whichever is lower, while the cost is determined using the method of weighted mean. When the cost and the net realizable value are compared, item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal business process after deduction of estimated cost needed for the completion of the sale.

(12) Investments Accounted for Using the Equity Method - Subsidiaries

- A. A subsidiary refers to an individual (including a structured individual) controlled by the Company. When the Company is exposed to variable compensation from its participation in this individual, or enjoys rights over the variable compensation, and the Company has the ability to impact such compensation through its power over this individual, the Company controls this individual.

- B. The unrealized profit or loss resulting from the transactions between the Company and its subsidiaries has already been written off. The accounting policies of the subsidiaries have already been adjusted necessarily, to align with the policies adopted by the Company.
- C. The Company recognizes the share of profit and loss as current profit or loss, and the share of other comprehensive income as other comprehensive income after acquisition of subsidiaries. If the share of the Company in the losses recognized by a subsidiary is equal to or exceeds the Company's interests in this subsidiary, the Company will continue to recognize losses per its shareholding ratio in this subsidiary.
- D. In accordance with the provisions of "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current profit or loss and other comprehensive income indicated in the individual financial report shall be same as the apportioned amount of the current profit and other comprehensive income indicated in the financial report prepared on a consolidated basis as attributable to the owners of the parent company. The owners' interests in the individual financial report shall be same as the interests indicated in the financial report prepared on a consolidated basis as attributable to the owners of the parent company.

(13) Property, plant, and equipment

- A. The acquisition cost of property, plant, and equipment is adopted as the bookkeeping basis, and relevant interest incurred in the acquisition period is capitalized.
- B. The subsequent cost is included in the carrying amount of assets, or recognized as an individual asset only when the future economic benefits related to this item are likely to flow into the Group, and the cost of this item can be reliably measured. The carrying amount of the replaced part shall be derecognized. All other repair expenses are recognized as current profit or loss upon incurrence.
- C. Cost model is adopted for the subsequent measurement of property, plant, and equipment. The property, plant, and equipment are depreciated using the straight-line method according to durable years except land that is not depreciated. If each component of property, plant, and equipment is significant, they shall be depreciated individually.
- D. The Company reviews the residual value, durable years and depreciation method of each asset at the end of each fiscal year. If the expected values of residual value and durable years are different from the previous estimates, or a significant change is already present in the expected consumption type of the future economic benefits included in the assets, the provisions of IFS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the changes in accounting estimates shall be followed since the date when the change occurs. The durable years of each asset are as follows:

Machinery	3-10 years
Office Equipment	3-7 years
Leasehold improvements	5-10 years
Other Equipment	3 years

(14) Lessee's lease transactions - Right-of-use assets/lease liabilities

- A. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Company. When the lease contract is short-term lease or lease of a low-valued target asset, the lease payment is recognized as expense using the straight-line method during the lease term.
- B. Lease liabilities are recognized as present value of the lease payment not yet paid after discounting per the incremental loan interest rate of the Company on the lease inception. The lease payment is fixed payment, and any lease incentive that can be collected shall be deducted.
Interest method is subsequently adopted for measurement per the amortized cost, and interest expenses is drawn in the lease term. When the lease term or lease payment is changed not due to modification of the contract, the lease liabilities will be reevaluated, and then the right-of-use assets will be adjusted using the gains (losses) on remeasurements.
- C. The right-of-use assets are recognized at cost on the lease inception. The cost is the originally measured amount of the lease liabilities.
Cost model is used for subsequent measurement. Depreciation expenses are drawn upon the expiry of the durable years of the right-of-use assets, or expiry of the lease term, whichever is earlier.
- D. For lease modification intended to reduce the lease scope, the lessee will reduce the carrying amount of the right-of-use assets to reflect the partial or comprehensive termination of the lease, and recognize the difference between this carrying amount and the gains (losses) on remeasurements of the lease liabilities in the profit or loss.

(15) Intangible assets

Computer software costs are amortized on a straight-line basis over its estimated useful life (1-5 years).

(16) Impairment of non-financial assets

The Company estimates the recoverable amount of an asset with a sign of impairment on the balance sheet date. When the recoverable amount is lower than this asset's carrying amount, impairment loss is recognized. The recoverable amount refers to the amount obtained by deduction of disposal cost from the fair value of an asset or its use value, whichever is higher. When the asset impairment already recognized in the previous year no longer exists or decreases, the impairment loss will be reversed. However, the carrying amount of the asset increased due to the reversal of the impairment loss shall not exceed the carrying amount of this asset deducted with

depreciation or amortization given that the impairment loss is not recognized.

(17) Borrowing

It refers to the short-term amount borrowed from the bank. The Company measures the borrowings at fair value deducted with transaction cost upon original recognition. For any subsequent difference between the price after deduction of transaction cost and the redeemed value, effective interest method is adopted to recognize interest expenses in the profit or loss in the circulation period per the amortization procedures.

(18) Accounts and notes payable

- A. Refer to debts generated from the purchasing of raw materials, products or labor services on credit as well as notes payable incurred not due to business operations.
- B. Short-term accounts and notes receivable with interest not yet paid are measured by the Group at the original invoice amount due to insignificant impact of discount.

(19) Convertible corporate bonds payable

The convertible corporate bonds payable as issued by the Company are embedded with conversion right (i.e., the right of the holder to convert the corporate bonds to common shares of the Group with fixed-amount conversion and fixed number of shares converted), recall right, and right of redemption. During initial issue, the issue prices are distinguished as financial assets, financial liabilities or equity per the issue conditions. They are handled as follows:

- A. Embedded call right and right of redemption: The net amount of fair value of these rights are entered at “Financial assets or liabilities measured at fair value through profit or loss” upon original recognition; these rights are evaluated per the fair value then upon the balance sheet, and the difference is recognized as “Interests or losses of financial assets (liabilities) measured at fair value through profit or loss”.
- B. Master contract of corporate bond: It is measured at fair value upon original recognition. The difference between the fair value and the redeemed value is recognized as premium/discount price of corporate bond payable; effective interest method is subsequently adopted to recognize it as profit or loss within the circulation period per the amortization procedures. It will be used as an adjustment item of “Financial cost”.
- C. Embedded conversion right (complying with the definition of equity): The remaining value obtained after deduction of the aforesaid “Financial assets or liabilities measured at fair value through profit or loss” and “Corporate bonds payable” from the issued amount is entered into “Capital surplus - Subscription right” upon original recognition. It will not be remeasured subsequently.

- D. Any directly attributed transaction cost issued is distributed to the constituents of each liability and equity per the original carrying amount of each of the aforesaid portfolios.
- E. When the holder is converted, the constituents of the liabilities entered into the accounts (including “Corporate bonds payable” and “Financial assets or liabilities measured at fair value through profit or loss” are treated using the classified subsequent measurement method, and then the sum of the carrying amount of the constituents of liabilities and the carrying amount of “Capital surplus - Subscription right” is adopted as issue cost for converted common shares.

(20) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the obligations expressly determined in the contract are performed, canceled, or expired.

(21) Employee Benefits

A. Short-term employee benefits

Short-term employee benefits are measured at undiscounted amount of expected payments, and recognized as expenses upon provision of related services.

B. Retirement benefits

(A) Defined contribution plan

For the defined contribution plan, the amount of retirement fund that shall be appropriated is recognized as current pension cost on an accrual basis. The prepaid appropriation fund is recognized as an asset within a scope of refundable cash or reduced future payment.

(B) Defined benefit plan

- I. Net obligations under the defined benefit plan are calculated through the discounting of future benefit amount earned by employees in the current period or from previous services, and the present value of determined benefit obligations on the balance sheet date is deducted with fair value of planned assets. The defined net benefit obligations are calculated annually by actuaries using projected unit benefit method. The discount rate is determined with reference to the market dividend yield of the high-quality corporate bonds that are consistent with the currency and period of the defined benefit plan on the balance sheet date; in countries without deep market for high-quality corporate bonds, the market dividend yield of government bonds is used (on the balance sheet date).
- II. The gains (losses) on remeasurements generated from the defined benefit plan is recognized as other comprehensive income in the current period, and presented in retained earnings.

III. Relevant expenses of early service cost are immediately recognized as profit or loss.

- C. Remunerations of employee and remunerations of the Directors
Remunerations of employee and remunerations of the Directors are recognized as expenses and liabilities when there are legal or presumed obligations with amount reasonably estimable. When the actual allotment amount subsequently resolved is different from the estimated amount, it shall be handled as change in accounting estimates.

(22) Income Tax

- A. Income tax expenses include current and deferred income taxes. Income taxes are recognized as profit or loss except income taxes related to items included into other comprehensive income or directly included into equity which are recognized as other comprehensive income or directly recognized as equity.
- B. The Company calculates current income tax according to its business operation as well as tax rate already legislated or substantially legislated by the country where the taxable income occurs on the balance sheet date. The management shall regularly evaluate the declaration status of income tax according to relevant provisions applicable to the income tax, and estimate income tax liabilities as applicable according to the taxes payable to the tax authority. If a profit distribution proposal is passed at the Shareholders' Meeting in the year following the year when the undistributed profit is generated according to the income tax collected per the income tax law, the income tax expenses of undistributed profit may be recognized based on the actual profit distribution.
- C. The deferred income taxes are recognized using the balance sheet method according to the tax base of assets and liabilities and the temporary differences generated from the carrying amount of the deferred income taxes in the consolidated balance sheet. The deferred income taxes are not recognized if they are sourced from the original recognition of assets or liabilities in the transactions (not including business combination), and the accounting profits or taxable income (taxable loss) haven't been affected, or equivalent taxable and deductible temporary differences haven't been generated upon the transactions. If the Group is able to control the time point of reversal of temporary differences generated from investments in subsidiaries, and the temporary differences are very likely not to be reversed in a foreseeable future, such temporary differences will not be recognized. The deferred income taxes shall be calculated according to the tax rate (and tax law) already legislated or substantially legislated and expected as applicable upon realization of relevant deferred income tax assets or repayment of deferred income tax liabilities.
- D. The deferred income tax assets are recognized within a scope where the temporary differences are very likely to deduct the future taxable income. Also, the deferred income tax assets unrecognized and recognized shall be reevaluated on each balance sheet date.

(23) Share capital

Ordinary shares are classified as equity. The net amount obtained by deducting income tax from the incremental cost directly attributable to issuance of new shares or subscription right is listed as price deduction in the equity.

(24) Dividends distribution

The dividends distributed to the shareholders of the Company are recognized in the financial statements when the Shareholders' Meeting of the Company makes a resolution to distribute dividends. The distributed cash dividends are recognized as liabilities, and the distributed stock dividends are recognized as stock dividends to be distributed and transferred to ordinary shares on the base date of the issuance of new shares.

(25) Revenue recognition

A. Sale of goods

- (A) The Company mainly operates import and export business and sales of sales of electronic and electromechanical materials like capacitors, resistors and inductors. The revenue from sale of goods is recognized when the control of the products is transferred to the customers, i.e., when the products are delivered to the customers, the customers have discretionary power over the sales channels and prices of the products, and the Company does not have any unperformed obligations that may affect the customers' acceptance of such products. A product is deemed as delivered when it is transported to the designated place, the risks of outdatedness and loss have already been transferred to the customer, the customer accepts the product according to the sales contract, or objective evidence indicates that all acceptance criteria have been satisfied.
- (B) The revenue from sale of goods of the Company is recognized as the net amount of the contract price obtained after deduction of estimated sales allowance or price reduction. The sales allowance or priced reduction provided to the customer is usually calculated on the basis of the sales volume in the current period. The Company estimates the sales allowance or price reduction based on its historical experience. The recognized amount of revenue is limited to the part which is highly likely not to be significantly reversed in the future, and the estimate is updated on each balance sheet date. The estimated sales allowance or price reduction payable to customers as related to the sale of goods is recognized as refund liability as of the balance sheet date. The collection condition of sales transaction is usually due 90-150 days after the shipment date. Since the time interval between the transfer of the promised products or services to the customer and the payment made by the customer does not exceed one year, the Company hasn't adjusted the transaction prices to reflect the time value of money.
- (C) Accounts receivable shall be recognized when the products are delivered to the customers. Since the Company has an unconditional right over the contract price from this time point, relevant consideration may be collected

from the customers only with the time passing by.

- B. Revenue from rendering of labor services
 - (A) The Company provides electronic material testing and certification services. Revenue from rendering of labor services is recognized when the control of the transaction result of rendering of labor service is transferred to the customer, i.e., when the transaction result is delivered to the customer, and the Company does not have any unperformed obligations that may affect the customer's acceptance of this result.
 - (B) Accounts receivable shall be recognized when the transaction result of rendering of labor services is delivered to the customer. Since the Company has an unconditional right over the contract price from this time point, relevant consideration may be collected from the customers only with the time passing by.
 - (C) When the services already provided by the Company have exceeded the amount payable by the customers, they shall be recognized as contract assets. If the amount payable by customers has exceeded the services already provided by the Company, they shall be recognized as contract liabilities.

(26) Government grant

A government grant is recognized at fair value when it may be reasonably assured that the enterprise will follow the conditions attached with the government grant, and this government grant can be received. If the nature of the government grant is to compensate for the expenses incurred to the Company, the government grant shall be recognized as current profit or loss during the period when relevant expenses are incurred on a systematic basis.

5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Company prepares these parent company only financial statements, the management has already applied its judgment to determine the accounting policies to adopt, and make accounting judgments and assumptions according to the reasonable expectations of the future events based on the situation on the balance date sheet. There may be discrepancies between the material accounting estimates and assumptions adopted and the actual results, and continual evaluation and adjustment will be implemented in consideration of the historical experience and other factors. These estimates and assumptions present a risk of significant adjustment of the carrying amount of assets and liabilities in the next fiscal year. Please see the instructions below for details regarding the uncertainties in material accounting judgments, estimates and assumptions:

(1) Material judgments adopted in the accounting policies

None.

(2) Material accounting estimates and assumptions

A. Evaluation of loss allowance of accounts receivable

When evaluating the impairment of accounts receivable, the Company shall apply judgments and estimates to determine the future recoverability of accounts receivable, while the future recoverability is under the impact of multiple factors like the customer's financial position, the internal credit rating of the Group, historical transaction records, current economic status and other factors that may affect the customer's paying ability. When there is a doubt about the recoverability of accounts receivable, the Group may evaluate the possibility of recovery of these accounts receivable and draw appropriate allowances. This allowance is evaluated according to the reasonable expectations of the future events based on the situation on the balance sheet date. A significant change may arise if there are discrepancies between the actual results and the estimates.

The book balance of the accounts receivable of the Company was NT\$390,770 on December 31, 2023.

B. Evaluation of inventories

Since inventories are valued at cost or net realizable value, whichever is lower, the Company must apply judgments and estimates to determine the net realizable value of inventories on the balance sheet date. Due to the rapid change of science and technology, the Company evaluates the amount of inventories on the balance sheet date as corresponding to normal loss, outdatedness or absence of market sales value, and charges against the inventory cost to the net realizable value. A significant change may arise since the product demand within a specific period in the future is mainly adopted as the estimation basis of this inventory evaluation.

The book balance of inventories of the Company was NT\$286,099 on December 31, 2023.

6. Explanations of Significant Accounting Items

(1) Cash and cash equivalents

	<u>2023.12.31</u>	<u>2022.12.31</u>
Cash on hand and working capital	\$ 219	\$ 351
Cheque and demand deposits	285,693	269,116
Time deposits	73,781	12,286
Total	<u>\$ 359,693</u>	<u>\$ 281,753</u>

A. The demand deposits mentioned above are highly liquid investments that are due within three months.

B. The Company establishes business relations with multiple financial institutions of good credit quality to spread credit risks. Therefore, the possibility of default is very low as expected.

- C. The Company has already classified the guaranteed cash and cash equivalents as financial assets measured at amortized cost. Please see Note 6 (3) and Note 8 for details.

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

Item	2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss		
Hybrid instruments - financial bonds	\$ 76,676	\$ -
Derivative instruments - forward exchange contracts	450	-
Evaluation and adjustment	345	-
Total	\$ 77,471	\$ -
Financial liabilities at fair value through profit or loss		
Derivative instruments - Right of redemption over convertible corporate bonds	800	800
Derivative instruments - Right of redemption over convertible corporate bonds	(760)	(760)
Evaluation and adjustment	(880)	(1,240)
Total	(\$ 840)	(\$ 1,200)

- A. Details regarding the recognition of financial assets and liabilities at fair value through profit or loss as profit or loss are as follows:

	2023	2022
Non-derivative instruments	\$ 1,186	\$ -
Derivative instruments	770	(1,240)
Total	\$ 1,956	(\$ 1,240)

- B. Information regarding the transactions and contracts of derivative financial assets undertaken by the Company without the application of hedge accounting is described as follows:

Derivative financial assets	December 31, 2023	
	Contract amount (Nominal principal) (Thousands of NTD)	Contract period
Current Item:		
Forward exchange contracts –Sale of US dollar and purchasing of NTD	USD 920	2023/11/22- 2024/2/27

This situation didn't exist on December 31, 2022.

The forward foreign exchange contracts signed by the Company are to avoid the risk of exchange rate resulting from the export prices. However, hedge accounting hasn't been applied.

- C. The Company hasn't provided financial assets measured at fair value through profit or loss for pledge.
- D. For information regarding the credit risks of relevant financial assets measured at fair value through profit or loss, please refer to Note 12 (2) for details.

(3) Financial assets at amortized cost

Item	2023.12.31	2022.12.31
Current Item:		
Time deposits with original expiry date exceeding three months	\$ 2,000	\$ 36,858
Demand deposits of special compensation account	-	8,016
Time deposits restricted for the purpose of providing pledge	-	4,000
Total	\$ 2,000	\$ 48,874

- A. The amount exposed to the maximum credit risk on December 31, 2023 and December 31, 2022 regarding the most representative financial assets measured at amortized cost as held by the Company is the carrying amount of the financial assets recognized given that the collateral held or other credit enhancement is not taken into account.
- B. For the provision of financial assets measured at amortized cost by the Company for pledge guarantee, please refer to Note 8 for details.
- C. For information regarding the credit risks of relevant financial assets measured at amortized cost, please refer to Note 12 (2) for details.

(4) Notes and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	\$ 7,789	\$ 11,816
Less: Loss allowances	(2)	(3)
	\$ 7,787	\$ 11,813
Accounts receivable	\$ 391,773	\$ 347,100
Less: Loss allowances	(1,003)	(533)
	\$ 390,770	\$ 346,567

- A. The average credit extension period offered by the Company to the customers lasts for 90~150 days in principle through monthly settlement. Except drawing of impairment loss for credit impairment actually occurring to individual customers, the Company calculates expected loss ratio to recognize loss allowance with reference to the historical experience and inconsideration of the customers' previous default records and current financial position as well as the future economic situation of the industry.

B. The aging analysis of accounts and notes receivable is as follows:

	2023.12.31		2022.12.31	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	\$ 380,499	\$ 7,789	\$ 341,008	\$ 11,816
in 30 days	6,381	-	3,344	-
31-90 days	4,786	-	2,565	-
above 91 days	107	-	183	-
	<u>\$ 391,773</u>	<u>\$ 7,789</u>	<u>\$ 347,100</u>	<u>\$ 11,816</u>

The aging analysis above is carried out based on the number of overdue days.

- C. The balance of receivables (including notes receivable) contracted by the Company with customers reached NT\$399,562, NT\$358,916, and NT\$382,939 respectively on December 31, 2023, December 31, 2022, and January 1, 2022 respectively. Given that the collateral held or other credit enhancement is not taken into account, the maximum credit risk of the Company possibly resulting from the financial losses caused by the counterparties' failure to perform their obligations is the carrying amount of the financial assets recognized as of the ending date of the reporting period.
- D. The Company adopts a simplified practice to estimate the expected credit loss on the basis of preparation matrix and in consideration of characteristics such as geographical region, product type and customer rating.
- E. The Company charges against the amount of financial assets that appear not recoverable based on reasonable expectations after the recourse procedure. However, the Company will continually implement the legal recourse procedures to preserve its right over creditors' rights.
- F. The Company includes the loss ratios established based on the historical and current information in specific periods with future forward-looking considerations and adjustments, to estimate the loss allowance for accounts and notes receivable. The loss ratios on December 31, 2023 and December 31, 2022 are as follows:

	Not overdue	Overdue for 30 days	Overdue for 31-90 days	Overdue for more than 91 days	Total
<u>2023.12.31</u>					
Expected loss ratio	0.03%	0.16%	7.92%-42.94%	100.00%	
Total Notes receivable	<u>\$ 7,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,789</u>
Total accounts receivable	<u>\$ 380,499</u>	<u>\$ 6,381</u>	<u>\$ 4,786</u>	<u>\$ 107</u>	<u>\$ 391,773</u>

	Not overdue	Overdue for 30 days	Overdue for 31-90 days	Overdue for more than 91 days	Total
<u>2022.12.31</u>					
Expected loss ratio	0.03%	0.26%	7.46%-35.91%	100.00%	
Total Notes receivable	\$ 11,816	\$ -	\$ -	\$ -	\$ 11,816
Total accounts receivable	\$ 341,008	\$ 3,344	\$ 2,565	\$ 183	\$ 347,100

G. Table of changes in loss allowance for accounts and notes receivable by the Company through the use of the simplified practice is as follows:

	2023		2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Jan. 1	\$ 533	\$ 3	\$ 957	\$ 5
Impairment losses drawn (reversed)	470	(1)	(424)	(2)
Dec. 31	\$ 1,003	\$ 2	\$ 533	\$ 3

In the losses drawn in 2023 and 2022, the impairment (loss) interests recognized from the receivables (including notes receivable) generated from contracts with customers were (\$469) and \$426 respectively.

H. For information regarding the credit risks of relevant accounts receivable and notes receivable, please see Note 12 (2) for details.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for falling price loss	Carrying amount
Commodities	\$ 329,129	(\$ 58,062)	\$ 271,067
Work in process	4,605	-	4,605
Finished goods	9,984	(152)	9,832
Inventory in transit	595	-	595
Total	\$ 344,313	(\$ 58,214)	\$ 286,099

	December 31, 2022		
	Cost	Allowance for falling price loss	Carrying amount
Commodities	\$ 453,720	(\$ 37,668)	\$ 416,052
Work in process	3,559	-	3,559
Finished goods	7,318	(226)	7,092
Inventory in transit	6,782	-	6,782
Total	\$ 471,379	(\$ 37,894)	\$ 433,485

Inventory cost recognized by the Company as expenses and losses in the current period:

	2023	2022
Cost of inventories sold	\$ 1,034,641	\$ 1,182,619
Falling price loss	20,320	15,276
	<u>\$ 1,054,961</u>	<u>\$ 1,197,895</u>

(6) Investments accounted for using the equity method

A. Subsidiaries invested using the equity method

	December 31, 2023	December 31, 2022
Nichtek Industrial Co., Limited	\$ 43,923	\$ 51,529
Wendell Electrical Testing Co., Ltd.	110,177	68,128
Wendell Industrial Co., Ltd.	3,678	2,366
Wendell Korea Co., Ltd.	76,964	69,547
Wendell Pte. Ltd.	10,308	9,255
	<u>\$ 245,050</u>	<u>\$ 200,825</u>

For information regarding the subsidiaries of the Company, please refer to Note 4 (3) to the Consolidated Financial Statements of the Company in 2023.

B. Share of profit or loss of subsidiaries invested using the equity method

	2023	
	Investment profit (loss)	Other comprehensive income (loss)
Nichtek Industrial Co., Limited	(\$ 8,766)	(\$ 931)
Wendell Electrical Testing Co., Ltd.	3,253	-
Wendell Industrial Co., Ltd.	1,472	(180)
Wendell Korea Co., Ltd.	9,416	(1,469)
Wendell Pte. Ltd.	1,069	(16)
	<u>\$ 6,444</u>	<u>(\$ 2,596)</u>
	2022	
	Investment profit (loss)	Other comprehensive income (loss)
Nichtek Industrial Co., Limited	(\$ 13,581)	\$ 1,071
Wendell Electrical Testing Co., Ltd.	1,309	-
Wendell Industrial Co., Ltd.	619	(47)
Wendell Korea Co., Ltd.	28,972	4,064
Wendell Pte. Ltd.	3,446	660
	<u>\$ 20,765</u>	<u>\$ 5,748</u>

(7) Property, plant, and equipment

		2023						
		Land	Machinery	Office Equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Jan. 1	Cost	\$ 240,928	\$ 63,190	\$ 4,323	\$ 49,423	\$ 116	\$ 2,055	\$ 360,035
	Depreciation	-	(53,971)	(2,545)	(30,365)	(19)	-	(86,900)
		<u>\$ 240,928</u>	<u>\$ 9,219</u>	<u>\$ 1,778</u>	<u>\$ 19,058</u>	<u>\$ 97</u>	<u>\$ 2,055</u>	<u>\$273,135</u>
Jan. 1	Cost	\$ 240,928	\$ 9,219	\$ 1,778	\$ 19,058	\$ 97	\$ 2,055	\$273,135
	Addition	-	2,342	1,148	-	-	49,709	53,199
	Transfer	-	3,288	-	-	-	(3,288)	-
	Depreciation fee	-	(5,098)	(1,071)	(6,206)	(39)	-	(12,414)
Dec. 31		<u>240,928</u>	<u>\$ 9,751</u>	<u>\$ 1,855</u>	<u>\$ 12,852</u>	<u>\$ 58</u>	<u>\$ 48,476</u>	<u>\$313,920</u>
Dec. 31	Cost	\$ 240,928	\$ 37,751	\$ 3,509	\$ 37,953	\$ 116	\$ 48,476	\$368,733
	Depreciation	-	(28,000)	(1,654)	(25,101)	(58)	-	(54,813)
		<u>\$ 240,928</u>	<u>\$ 9,751</u>	<u>\$ 1,855</u>	<u>\$ 12,852</u>	<u>\$ 58</u>	<u>\$ 48,476</u>	<u>\$313,920</u>
		2022						
		Land	Machinery	Office Equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Jan. 1	Cost	\$ -	\$ 62,671	\$ 4,047	\$ 59,443	\$ -	\$ -	\$126,161
	Depreciation	-	(47,845)	(2,339)	(32,360)	-	-	(82,544)
		<u>\$ -</u>	<u>\$ 14,826</u>	<u>\$ 1,708</u>	<u>\$ 27,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,617</u>
Jan. 1	Cost	\$ -	\$ 14,826	\$ 1,708	\$ 27,083	\$ -	\$ -	\$ 43,617
	Addition	240,928	910	1,298	-	116	2,112	245,364
	Disposal and obsolescence	-	(44)	(88)	-	-	-	(132)
	Transfer	-	57	-	-	-	(57)	-
	Depreciation fee	-	(6,530)	(1,140)	(8,025)	(19)	-	(15,714)
Dec. 31		<u>\$ 240,928</u>	<u>\$ 9,219</u>	<u>\$ 1,778</u>	<u>\$ 19,058</u>	<u>\$ 97</u>	<u>\$ 2,055</u>	<u>\$273,135</u>
Dec. 31	Cost	\$ 240,928	\$ 63,190	\$ 4,323	\$ 49,423	\$ 116	\$ 2,055	\$360,035
	Depreciation	-	(53,971)	(2,545)	(30,365)	(19)	-	(86,900)
		<u>\$ 240,928</u>	<u>\$ 9,219</u>	<u>\$ 1,778</u>	<u>\$ 19,058</u>	<u>\$ 97</u>	<u>\$ 2,055</u>	<u>\$273,135</u>

- A. The Company hasn't provided property, plant, and equipment for guarantee.
- B. The amount of property, plant and equipment borrowing costs capitalized and their interest rates are as follows:

	2023
Capitalized amount	\$ 972
Interval of capitalized interest rate	5.69%

This situation didn't exist in 2022.

(8) Lease transactions - Lessee

Item	2023.12.31	2022.12.31
Right-of-use assets:		
Housing	\$ 25,365	\$ 44,499
Transportation Equipment (official cars)	11,265	7,384
	\$ 36,630	\$ 51,883
Leasehold liabilities:		
Current	\$ 21,235	\$ 23,461
Non-current	16,526	30,235
	\$ 37,761	\$ 53,696

- A. The target assets leased by the Company include housing and official cars. The lease contract term usually lasts for 2-5 years. The lease contracts are individually negotiated and contain various different terms and conditions. No other restrictions have been imposed except that the leased assets shall not be used for loan guarantee.
- B. The lease term of housing, parking spaces and copying machines leased by the Company does not exceed 12 months.

- C. The information of depreciation expenses of right-of-use assets recognized is as follows:

	2023	2022
Housing	\$ 19,135	\$ 18,634
Transportation Equipment (official cars)	5,057	4,735
	\$ 24,192	\$ 23,369

- D. The right-of-use assets added by the Company in 2023 and 2022 were NT\$9,755 and NT\$9,585 respectively.
- E. The information of other profit and loss items related to lease contracts except depreciation is as follows:

	2023	2022
<u>Items that affect current profit or loss</u>		
Interest of lease liabilities	\$ 923	\$ 1,273
Expenses of short-term lease contracts	3,387	3,319
Interests from modification of lease	58	72

- F. The total amount of lease cash outflows of the Company reached NT\$29,125 and NT\$28,091 respectively in 2023 and 2022.

(9) Short-term loans

	2023.12.31	2022.12.31
Secured loans	\$ -	\$ 20,646
Credit loans	217,191	93,660
	\$ 217,191	\$ 114,306
Interest rate range	0.50%-7.30%	1.70%-6.25%

- A. The interest expenses recognized in profit or loss in 2023 and 2022 reached NT\$8,758 and NT\$4,926 respectively.
- B. For the collateral provided by the Company for short-term loans, please refer to the instructions in Note 8.

(10) Other payables

	<u>2023.12.31</u>	<u>2022.12.31</u>
Compensation and bonus payable	\$ 31,620	\$ 29,263
Remunerations of employee and remunerations of the Directors payable	5,514	7,448
Payables on equipment	9,835	28
Other	15,374	13,138
Total	<u>\$ 62,343</u>	<u>\$ 49,877</u>

(11) Bonds payable

	<u>2023.12.31</u>	<u>2022.12.31</u>
Bonds payable	\$ 399,900	\$ 400,000
Less: Discounts on bonds payable	(10,822)	(18,175)
Subtotal	<u>389,078</u>	<u>381,825</u>
Less: Bonds payable - current	<u>(389,078)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 381,825</u>

A. Domestic convertible corporate bonds issued by the Company

- (A) The issuance conditions of the first unsecured convertible corporate bond of the Company in Taiwan are as follows:
- I. The Company raised and issued the first unsecured convertible corporate bond in Taiwan with the approval from the competent authority. The total amount issued reached NT\$400,000 with nominal interest rate of 0%, and the issuance term is 3 years. The circulation period starts from June 8, 2022 and ends on June 8, 2025. Upon maturity of this convertible corporate bond, it shall be repaid by cash in a lump-sum manner per the face value of the bond. This convertible corporate bond was listed at Taipei Exchange for trading on June 8, 2022.
 - II. The holders of this convertible corporate bond may request the Group for conversion of the bond to the ordinary shares of the Company from the next day after three months following the issue date of this bond to the due date except periods stipulated by relevant measures or regulations when transfer should be suspended. The rights and obligations accompanying the converted ordinary shares are same as those of ordinary shares originally issued.
 - III. The conversion price of this convertible corporate bond was determined according to the pricing model stipulated in corresponding regulation governing issuance and conversion. The conversion price is NT\$ 105.9. Since the Company issued cash dividends of ordinary shares, the conversion price should be adjusted on the ex-dividend base date

in accordance with the provisions of Article 11 of the regulation governing issuance and conversion. Therefore, the conversion price was adjusted from NT\$ 105.9 to NT\$ 89.3.

- IV. The Company may recover all its bonds by cash per the face value of the bond at any time subsequently when the closing price of the ordinary shares of the Company exceeds 30% of the conversion price then for thirty consecutive business days, or the outstanding balance of this convertible corporate bond is lower than 10% of the original total issue amount forty days prior to the expiry of the issuance period from the next day after three months following the issuance of this convertible corporate bond,
 - V. The holders of this convertible corporate bond may require the cash redemption of the bonds they hold at the face value of the bond within forty days prior to the issuance of the bond for two years.
 - VI. In accordance with the provisions of the regulation governing conversion, all the convertible corporate bonds recovered (including those repurchased from the Taipei Exchange), repaid or converted by the Company will be canceled, and all rights and obligations still accompanying the corporate bonds will be terminated and no longer issued.
- (B) As of December 31, 2023, the face amount of this convertible corporate bond, amounting to NT\$100, was already converted to 1,000 ordinary shares, and the change registration formalities were already handled.
 - (C) As of December 31, 2023, the Company didn't repurchase this convertible corporate bond from the Taipei Exchange.
- B. When issuing the convertible corporate bond, the Company separated the conversion right with nature of equity from the constituting element of each liability and recorded it in "Capital surplus - Subscription right" in accordance with IAS 32 "Financial Instruments: Presentation". As of December 31, 2023, the balance of "Capital surplus - Subscription right" was NT\$21,122. Besides, the embedded right of redemption and put right was separated according to the provisions of IFRS 9 "Financial Instruments" and considering that the economic characteristics of master contract debt products were not closely associated with risks. Also, the net amount of these embedded rights was recorded in "Financial assets or liabilities measured at fair value through profit or loss". The effective interest rate of the master contract was 1.91% after separation.

(12) Retirement pension

- A. (A) The Company has established a defined-benefit retirement regulation in accordance with the provisions of the "Labor Standards Act". This regulation applies to service seniority of all former employees before implementation of the "Labor Pension Act" on July 1, 2005, as well as the subsequent service seniority of employees who chose the continual application of the Labor Standards Act after implementation of the "Labor Pension Act". For employees who comply with the conditions for retirement, their pension will be calculated according to the service seniority and the average salary in 6 months prior to their retirement. Two base numbers are provided for each year if the service seniority is within 15 years (including given figure).

One base number is provided for each year if the service seniority exceeds 15 years. However, it is limited to 45 base numbers. The Company appropriates 2% of the total compensation every month as retirement fund, and deposit it in a specific account opened at the Bank of Taiwan under the name of labor retirement reserve supervisory committee. Additionally, the Company estimate the balance of the special account of labor retirement reserve mentioned above before the end of each year. If this balance is not sufficient to pay the retirement pension of laborers who are expected to comply with the retirement conditions in the next year, the Company will appropriate the difference in a lump-sum way prior to the end of March next year.

(B) The amount recognized in the balance sheet is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	\$ 6,716	\$ 8,139
Fair value of plan assets	(1,279)	(1,171)
Net defined benefit liability	\$ 5,437	\$ 6,968

(C) Movement in net defined benefit liability

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Jan. 1	(\$ 8,139)	\$ 1,171	(\$ 6,968)
Interest (expense) income	(102)	15	(87)
	(8,241)	1,186	(7,055)
Remeasurement:			
Benefits paid from plan assets (Not included or contained in interest income or expenses)	-	9	9
Empirical adjustment	1,525	-	1,525
	1,525	9	1,534
Appropriation of retirement fund	-	84	84
Dec. 31	(\$ 6,716)	\$ 1,279	(\$ 5,437)

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Jan. 1	(\$ 8,309)	\$ 886	(\$ 7,423)
Interest (expense) income	(54)	7	(47)
	(8,363)	893	(7,470)
Remeasurement:			
Benefits paid from plan assets (Not including amount contained in interest income or expenses)	-	230	230
Amount affected by changes in financial assumptions	599	-	599
Empirical adjustment	(375)	-	(375)
	224	230	454
Appropriation of retirement fund	-	48	48
Dec. 31	(\$ 8,139)	\$ 1,171	(\$ 6,968)

(D) The Bank of Taiwan is responsible for handling the entrusted operation of the assets of the fund of the determined benefit retirement plan of the Company in accordance with the ratios and amount range of items entrusted for operation as determined in the annual investment utilization plan of this fund and pursuant to the items specified in Article 6 of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter or private place equity securities, investment in domestic or foreign real estate and its securization products, etc.). Relevant utilization of the fund is supervised by the labor retirement fund supervisory commission. With respect to the utilization of this fund, the minimum income distributed in the annual final accounts shall not be lower than the income calculated at the interest rate of the two-year time deposit in the local bank. In case of insufficiency, it shall be supplemented by the national treasury after relevant approval is obtained from the competent authority. Since the Company is not authorized to participate in the operation and management of this fund, it is thus unable to disclose the classification of fair value of plan assets according to provisions of Section 142 of IAS 19. The fair value of the total assets of this fund was constituted on December 31, 2023 and December 2022. Please refer to the labor retirement fund utilization report of each year as announced by the government for details.

(E) The principal assumptions of the actuarial valuation were as follows:

	2023	2022
Discount rate	<u>1.25%</u>	<u>1.25%</u>
Future salary increase rate	<u>3.50%</u>	<u>3.50%</u>

As for the assumption of future mortality, the Company conducts estimation according to the annuity insurance mortality table of Taiwan.

The present value of defined benefit obligations affected due to the change in the main actuarial assumptions adopted is analyzed as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease 0.25%	Increase by 0.25%	Decrease 0.25%
2023.12.31 Impact on the present value of defined benefit obligations	<u>(\$ 146)</u>	<u>\$ 153</u>	<u>\$ 156</u>	<u>(\$ 138)</u>
	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease 0.25%	Increase by 0.25%	Decrease 0.25%
2022.12.31 Impact on the present value of defined benefit obligations	<u>(\$ 233)</u>	<u>\$ 243</u>	<u>\$ 251</u>	<u>(\$ 218)</u>

The sensitivity analysis above refers to the analysis of the impact of change in a single assumption given that other assumptions remain unchanged. In practice, the changes of many assumptions may be linked with each other. The sensitivity analysis is consistent with the method adopted to calculate the net retirement pension liability in the balance sheet date.

The method used for the preparation of sensitivity analysis in the current period is same as that in the previous period.

- (F) The Company expects to pay appropriation amount of retirement plan as NT\$0 in 2024.
 - (G) As of December 31, 2023, the weighted average duration of the retirement plan of the Company lasts for 11.8 years.
- B. (A) The Company established defined retirement pension appropriation measures applicable to all employees in Taiwan according to “Labor Pension Act” from July 1, 2005. If the employees choose to apply the labor pension system determined in “Labor Pension Act”, the Company and its subsidiaries in Taiwan withdraw 6% of salaries as labor pension to the personal accounts opened by employees at the Bureau of Labor Insurance every month. The employees’ pension will be paid on a monthly basis or in a lump-sum manner in accordance with the amount in the special personal pension accounts of employees and the amount of accumulated income.
- (B) In 2023 and 2022, the Company recognizes retirement pension cost of NT\$6,363 and NT\$5,774 respectively in accordance with the preceding retirement pension measures.

(13) Capital stock / Subsequent events

- A. The normal capital of the Company reached NT\$600,000 on December 31, 2023, divided into 60,000,000 shares. The paid-in capital was NT\$251,049 with face value per share of NT\$ 10. The stock capital corresponding to the shares already issued by the Company were already received.

- B. The number of outstanding ordinary shares of the Company at the beginning and end of the period is adjusted as follows (Unit: 1,000 shares):

	2023	2022
January 1	23,908	23,908
Common Stock dividends	1,195	-
Convertible Bond	1	-
December 31	25,104	23,908

- C. For the requested conversion of convertible corporate bonds in 2023, please refer to the description of corporate bonds payable in Note 6 (11).
- D. The Company approved the conversion of earnings to increase capital in 2022 through a resolution made at the Shareholders’ Meeting on May 30, 2023,

involving amount of NT\$11,954 and 1,195,000 shares. The base date of capital increase was August 5, 2023. Change registration was already handled.

E. Subsequent events

The Company approved the handling of capital increase by cash to issue 5,000,000 ordinary shares with face value per share of NT\$ 10 through a resolution made at the board meeting on November 14, 2023. Each share was issued at a premium price of NT\$ 52.5. The base date of capital increase by cash was February 26, 2024. Relevant procedures are now ongoing.

(14) Capital surplus

In accordance with the provisions of the Company Act, the surplus obtained from the issuance of stock beyond the nominal amount and the capital surplus received from donations may be used to compensate for losses. When the Company does not have any accumulated losses, new shares or cash will be distributed to shareholders based on their original shareholding ratios by using the aforesaid surplus. Besides, in accordance with relevant provisions of the Securities and Exchange Act, when the preceding capital surplus is used to increase the capital, the total amount increased shall not exceed ten percent of the paid-in capital every year. If the Company still has a loss after the earned surplus is used to make up for the capital losses, it is not allowed to use the capital surplus to supplement the loss.

	2023		
	Share premium account	Subscription right	Total
Jan. 1	\$ 305,468	\$ 21,127	\$ 326,595
Convertible Bond	91	(5)	86
Dec. 31	\$ 305,559	\$ 21,122	\$ 326,681
	2022		
	Share premium account	Subscription right	Net defined benefit liability
Jan. 1	\$ 305,468	\$ -	\$ 305,468
Convertible Bond	-	21,127	21,127
Dec. 31	\$ 305,468	\$ 21,127	\$ 326,595

(15) Retained earnings / Subsequent events

A. In accordance with the provisions of the Articles of Association of the Company, if there are any earnings in the annual final accounts, they shall be used to pay taxes, and make up losses first if any. Then, 10% of the retained earnings may be drawn as statutory surplus reserve; however, when the accumulated amount of the statutory surplus reserve reaches the total capital of the Company, this provision shall not apply. Also, special surplus reserve may be appropriated or reversed according to relevant laws and regulations or the competent authority's provisions. If there are still remaining earnings, the Board of Directors may draw up a distribution proposal regarding the earnings and the accumulated unappropriated earnings and then submit to the Shareholders' Meeting for a resolution on the distribution of shareholder dividends.

- B. The dividend policy of the Company is determined in accordance with the current and future development plans, and in consideration of investment environment, capital demand, domestic and foreign competition, shareholders' interests, and other relevant factors. At least 10% of the distributable earnings in the preceding paragraph shall be appropriated to distribute dividends to shareholders either by cash or stock. The cash dividends shall not be lower than 10% of the total dividends.
- C. Except compensation for the losses of the Company and the distribution of new shares or cash per shareholders' original shareholding ratios, the statutory surplus reserve shall not be used. If it is used to distribute new shares or cash, it shall be limited to the part of this surplus reserve above 25% of the paid-in capital.
- D. When distributing earnings, the Company shall draw special surplus reserve for the debit balance of other equity items on the balance sheet date of the current year according to regulatory provisions first. Later, when the debit balance of other equity items is reversed, the reversed amount may be included in the distributable earnings.
- E. During the Shareholders' Meeting on May 30, 2023 and June 16, 2022, the appropriations and distribution of earnings for 2022 and 2021 have been separately proposed and approved with the following details:

	2022		2021	
	Amount	Dividends Per Share (NT\$)	Amount	Dividends Per Share (NT\$)
Legal capital reserve	\$ 19,439		\$ 18,800	
Special capital reserve	(4,196)		3,646	
Cash dividends	121,934	\$ 5.1	138,669	\$ 5.8
Stock dividends	11,954	0.5	-	-
	<u>\$ 149,131</u>		<u>\$ 161,115</u>	

F. Subsequent events

During the Company's Board of Directors' Meeting on March 7, 2024, the appropriations and distribution of earnings for 2023 have been separately proposed and approved with the following details:

	2023	
	Amount	Dividends Per Share (NT\$)
Legal capital reserve	\$ 10,360	
Special capital reserve	2,322	
Cash dividends	120,420	\$ 4.0
	<u>\$ 133,102</u>	

The proposal for distribution of earnings in 2023 as mentioned above hasn't been resolved by the Shareholders' Meeting yet.

G. Please see Note 6(19) for information on remunerations of employee and the Directors.

(16) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers:		
Revenue from sale of goods	\$ 1,449,376	\$ 1,647,313
Revenue from labor services	34,247	43,560
Total	<u>\$ 1,483,623</u>	<u>\$ 1,690,873</u>

A. Segmentation of revenue from contracts with customers

The source of revenue of the Company is the provision of commodities and labor services gradually transferred with the time and transferred upon a certain time point. Revenue can be segmented to the following primary geological areas:

<u>2023</u>	<u>Taiwan</u>	<u>China</u>	<u>Korea</u>	<u>Other</u>	<u>Total</u>
Revenue from sale of goods	\$ 670,159	\$ 476,286	\$ 182,790	\$ 120,141	\$ 1,449,376
Revenue from labor services	32,999	1,109	-	139	34,247
Revenue from contracts with external customers	<u>\$ 703,158</u>	<u>\$ 477,395</u>	<u>\$ 182,790</u>	<u>\$ 120,280</u>	<u>\$ 1,483,623</u>
Timing of revenue recognition:					
At a fixed point in time	\$ 670,159	\$ 476,286	\$ 182,790	\$ 120,141	\$ 1,449,376
Revenue gradually recognized with the time	32,999	1,109	-	139	34,247
	<u>\$ 703,158</u>	<u>\$ 477,395</u>	<u>\$ 182,790</u>	<u>\$ 120,280</u>	<u>\$ 1,483,623</u>
<u>2022</u>	<u>Taiwan</u>	<u>China</u>	<u>Korea</u>	<u>Other</u>	<u>Total</u>
Revenue from sale of goods	\$ 676,230	\$ 563,334	\$ 250,907	\$ 156,842	\$ 1,647,313
Revenue from labor services	41,283	2,270	-	7	43,560
Revenue from contracts with external customers	<u>\$ 717,513</u>	<u>\$ 565,604</u>	<u>\$ 250,907</u>	<u>\$ 156,849</u>	<u>\$ 1,670,873</u>
Timing of revenue recognition:					
At a fixed point in time	\$ 676,230	\$ 563,334	\$ 250,907	\$ 156,842	\$ 1,647,313
Revenue gradually recognized with the time	41,283	2,270	-	7	43,560
	<u>\$ 717,513</u>	<u>\$ 565,604</u>	<u>\$ 250,907</u>	<u>\$ 156,849</u>	<u>\$ 1,690,873</u>

Note: The revenue is disclosed per the locations of the customers.

B. Contract liabilities

The Company recognizes the contract liabilities related to revenue from contracts with customers as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current	\$ 474	\$ 595	\$ 829

The amount of beginning contract liabilities of the Company recognized as revenue in the current period for the years 2023 and 2022 reached NT\$215 and NT\$461 respectively.

(17) Other gains and losses

	2023	2022
Gains (losses) on foreign currency exchange	(\$ 4,944)	\$ 31,983
Gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	1,956	(1,240)
Other	58	(60)
	(\$ 2,930)	\$ 30,683

(18) Finance costs

	2023	2022
Convertible Bond	\$ 8,758	\$ 4,926
Interest expense	923	1,273
Interest of lease liabilities	7,349	4,063
	\$ 17,030	\$ 10,262

(19) Depreciation, amortization expenses and employee benefits

	2023		
	Categorized as operating cost	Categorized as operating expenses	Total
Employee benefits expenses			
Salaries	\$ 15,076	\$ 141,532	\$ 156,608
Labor and health insurance	1,317	11,653	12,970
Pension	626	5,824	6,450
Remunerations of the Directors	-	3,686	3,686
Other employee benefits	-	6,073	6,073
	17,019	168,768	185,787
Depreciation expenses	4,241	32,365	36,606
Amortization expenses	152	1,051	1,203
	\$ 21,412	\$ 202,184	\$ 223,596

	2022		
	Categorized as operating cost	Categorized as operating expenses	Total
Employee benefits expenses			
Salaries	\$ 13,679	\$ 133,199	\$ 146,878
Labor and health insurance	1,178	10,554	11,732
Pension	577	5,244	5,821
Remunerations of the Directors	-	3,941	3,941
Other employee benefits	-	6,044	6,044
	15,434	158,982	174,416
Depreciation expenses	5,377	33,706	39,083
Amortization expenses	64	562	626
	\$ 20,875	\$ 193,250	\$ 214,125

- A. The average number of employees reached 161 and 148 in 2023 and 2022 respectively. The number of directors who didn't concurrently serve as employees was 4 in both years.
- B. (A) The average employee welfare expenses reached \$1,160 and \$1,184 in 2023 and 2022 respectively.
 (B) The average employee compensation expenses reached \$998 and \$1,020 in 2023 and 2022 respectively.
 (C) The adjustment or change of the average employee compensation expenses was(2.16%).
- C. The Company has established an Audit Committee in replacement of supervisors according to the provisions of the Articles of Association. If the Company makes a profit in the current year (i.e., before-tax interests deducted with the remunerations of employee and remunerations of the Directors distributed), and there is still a remaining amount after the accumulated losses are deducted, the Board of Directors will appropriate at least 1.5% of the annual profit as remunerations of employee, and no more than 3% of the annual profit as remunerations of the Directors respectively.
- D. The estimated amount of remunerations of the Directors and remunerations of employee of the Company is listed as follows, and relevant amount is recorded as compensation expenses:

	2023	2022
Remunerations of the Directors	\$ 3,502	\$ 3,724
Remunerations of employee	2,012	3,724
	<u>\$ 5,514</u>	<u>\$ 7,448</u>

Remunerations of the Directors and remunerations of employee in 2023 and 2022 were estimated based on the annual profits and pursuant to the provisions of the Articles of Association.

According to the resolution made by the Board of Directors on March 7, 2024, the remunerations of the Directors and the remunerations of employee reached NT\$3,502 and NT\$2,012 respectively in 2023. The remunerations of employee will be paid in cash.

The remunerations of the Directors and the remunerations of employee resolved by the Board of Directors in 2022 are consistent with the amount recognized in the financial statements in 2022.

For information related to the remunerations of the Directors and remunerations of employee approved by the Board of Directors of the Company, please query at the MOPS.

- E. The Company has already established a Remuneration Committee. The remuneration of directors and managers shall be comprehensively considered in accordance with the degree of their participation in the corporate operation as

well as the value contributed by them and with reference to the annual objectives achieved and performance contribution. Then, such remuneration will be discussed and passed by the Remuneration Committee, and submitted to the Board of Directors for discussing and making corresponding resolutions.

- F. The remunerations of employees of the Company includes monthly salary, bonus, and remunerations of employee. Employees' remuneration standards are determined according to their positions, education, work experience and professional knowledge, as well as market value. The starting salary and reward do not differ based on gender, religious belief, political party, marital status, etc. The average budget for annual salary adjustment is 2~6% in accordance with the Company's operating status. The salary adjustment and the paying of remunerations of employee will be determined based on employees' positions, contributions, and performance, to ensure that employees' salaries comply with the market conditions and the principle of impartiality.

(20) Income tax

A. Income tax expense

	2023	2022
Current income tax expense:		
Income tax generated by income for the current period	\$ 29,682	\$ 46,156
Undistributed earnings additionally taxed	1,893	1,344
Underestimation (overestimation) of income taxes in previous years	1,299	(296)
Total current income tax expense	32,874	47,204
Deferred income tax expense:		
Relating to origination and reversal of temporary differences	(5,952)	216
Income tax expense	\$ 26,922	\$ 47,420

B. Relationship between tax expense and accounting profit

	2023	2022
Income tax of pre-tax net profit calculated per statutory tax rate	\$ 25,650	\$ 48,162
Affected amount of items that shall not be recognized according to the provisions of tax law	264	180
Affected amount of income tax from investment deduction	(2,184)	(1,970)
Underestimation (overestimation) of income taxes in previous years	1,299	(296)
Undistributed earnings additionally taxed	1,893	1,344
Income tax expense	\$ 26,922	\$ 47,420

- C. Amount of each deferred income tax asset or liability generated from temporary differences is as follows:

	2023		
	Jan. 1	Recognized in profit or loss	Dec. 31
Deferred income tax assets:			
- Temporary differences:			
Losses of falling price and obsolete and slow-moving inventories	\$ 7,579	\$ 4,064	\$ 11,643
Unrealized gains from sale of goods	2,204	(317)	1,887
Unrealized exchange losses	-	2,925	2,925
Subtotal	\$ -	\$ 6,672	\$ 16,455
- Deferred income tax liabilities:			
Unrealized exchange gains	(\$ 245)	\$ 245	\$ -
Share of gains of subsidiaries recognized using the equity method	(12,543)	(638)	(13,181)
Unrealized gains from evaluation	-	(327)	(327)
Subtotal	(\$ 12,788)	(\$ 720)	(\$ 13,508)
Total	(\$ 12,788)	\$ 5,952	\$ 2,947

	2023		
	Jan. 1	Recognized in profit or loss	Dec. 31
Deferred income tax assets:			
- Temporary differences:			
Losses of falling price and obsolete and slow-moving inventories	\$ 4,523	\$ 3,056	\$ 7,579
Unrealized gains from sale of goods	1,357	847	2,204
Subtotal	\$ 5,880	\$ 3,903	\$ 9,783
- Deferred income tax liabilities:			
Share of gains of subsidiaries recognized using the equity method	(\$ 18)	(\$ 227)	(\$ 245)
Unrealized exchange gains	(8,651)	(3,892)	(12,543)
Subtotal	(\$ 8,669)	(\$ 4,119)	(\$ 12,788)
Total	(\$ 2,789)	(\$ 216)	(\$ 3,005)

- D. The Company may enjoy the deduction of taxable business income tax incurred in the current year within the limit of 15% of its R&D expenditure according to "Regulation Governing Industrial Innovation", but shall not exceed 30% of the taxable business income tax in the current year.
- E. The business income tax of the Company was verified and approved by the tax collection authority until the year of 2021.

(22) Cash flow information

	2023	2022
Additions of property, plant and equipment		
Add: Beginning payables on equipment	\$ 53,199	\$ 245,364
Less: Beginning prepaid payment for equipment	28	230
Ending payables on equipment	-	(65)
Capitalization of loan cost	(9,835)	(28)
Cash paid in the current period	(972)	-
	<u>\$ 42,420</u>	<u>\$ 245,501</u>

(23) Reconciliation of liabilities arising from financing activities

	2023				Total liabilities arising from financing activities
	Short-term loans	Bonds payable (including current)	Lease liabilities	Guarantee deposits paid	
Jan. 1	\$ 114,306	\$ 381,825	\$ 53,696	\$ 140	\$ 549,967
Movement of Financing Cash Flow	102,885	-	(24,815)	(140)	77,930
Movement of other non-cash	-	7,253	8,880	-	16,133
Dec. 31	<u>\$ 217,191</u>	<u>\$ 389,078</u>	<u>\$ 37,761</u>	<u>\$ -</u>	<u>\$ 644,030</u>

	2022				Total liabilities arising from financing activities
	Short-term loans	Bonds payable (including current)	Lease liabilities	Guarantee deposits paid	
Jan. 1	\$ 199,538	\$ -	\$ 69,981	\$ -	\$ 269,519
Movement of Financing Cash Flow	(85,232)	398,849	(23,499)	140	290,258
Movement of other non-cash	-	(17,024)	7,214	-	(9,810)
Dec. 31	<u>\$ 114,306</u>	<u>\$ 381,825</u>	<u>\$ 53,696</u>	<u>\$ 140</u>	<u>\$ 549,967</u>

7. Related Party Transactions

(1) Names and relationship of related parties

Related Party	Relationship with the Company
Wendell Korea Co., Ltd. (Wendell Korea)	Subsidiary
Wendell Pte. Ltd. (Wendell Pte)	"
Nichtek Industrial Co., Limited (Nichtek)	"
Shenzhen Qianhong Electronic Co., Ltd. (Shenzhen Qianhong)	Subsidiary of Nichtek
Shenzhen Qianhong Electrical Testing Co., Ltd. (Qianhong Electrical Testing)	Subsidiary of Shenzhen Qianhong
Suzhou Lianhong Electronics Co., Ltd. (Suzhou Lian hong)	"
Wendell Electrical Testing Co., Ltd. (Wendell Electrical Testing)	Subsidiary
Wendell Industrial Co., Ltd.	"

(2) Material transaction matters with related parties

A. Operating income

	<u>2023</u>	<u>2022</u>
Sale of goods:		
Wendell Korea	\$ 182,790	\$ 250,852
Shenzhen Qianhong	123,730	183,417
Suzhou Lianhong	77,227	107,803
Other	25,267	44,669
Total	<u>\$ 409,014</u>	<u>\$ 586,741</u>
Sale of labor services:		
Wendell Electrical Testing	<u>\$ 1,448</u>	<u>\$ 2,200</u>

The selling prices of products sold by the Company to related parties were negotiated and determined by the two sides with reference to market conditions. The collection period determined by the Company for the related parties lasts for 30~150 days through monthly settlement. The collection period determined by the Company for the non-related parties lasts for 30~150 days through monthly settlement.

B. Purchasing:

	<u>2023</u>	<u>2022</u>
Purchasing of commodities:		
Shenzhen Qianhong	\$ 33,685	\$ 32,293
Other	3,477	336
Total	<u>\$ 37,162</u>	<u>\$ 32,629</u>
Purchasing of labor services:		
Wendell Electrical Testing	\$ 2,051	\$ 2,282
Other	49	-
Total	<u>\$ 2,100</u>	<u>\$ 2,282</u>

The prices of products purchased by the Company from its related parties were negotiated and determined by the two sides with reference to market conditions. The payment period determined by the Company for the related parties lasts for 30~60 days through monthly settlement. The payment period determined by the Company for the non-related parties lasts for 30~90 days through monthly settlement.

C. Accounts receivable from related parties

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Accounts receivable:		
Wendell Korea	\$ 9,072	\$ 31,276
Shenzhen Qianhong	89,450	111,113
Suzhou Lianhong	25,452	41,092
Other	9,728	1,177
Total	<u>\$ 133,702</u>	<u>\$ 184,658</u>

The accounts receivable from related parties mainly came from sales. No mortgage or cum dividend was involved in such accounts receivable. Loss allowance wasn't drawn for accounts receivable from related parties.

D. Accounts payable for related parties

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Accounts payable:		
Shenzhen Qianhong	\$ 9,171	\$ 5,301
Other	-	103
Total	<u>\$ 9,171</u>	<u>\$ 5,404</u>
Other accounts payable:		
Wendell Electrical Testing	<u>\$ 396</u>	<u>\$ 721</u>

Accounts payable for related parties mainly came from purchasing transactions, and other payables mainly came from commission payable. No cum dividend was involved in the payables.

E. Equity transactions

The Company participated in the capital increase by cash of Wendell Electrical Testing, involving an amount of \$40,000, on December 5, 2023.

F. Other expenses

<u>Object</u>	<u>Nature</u>	<u>2023</u>	<u>2022</u>
Wendell Korea	Commission expenditure	\$ 978	\$ 1,673

G. Others

<u>Object</u>	<u>Nature</u>	<u>2023</u>	<u>2022</u>
Wendell Pte	Advances (Note)	<u>\$ 211</u>	<u>\$ 671</u>

Note: They are payments made by the Company on behalf of others, and relevant amount is recorded as expense deduction.

(3) Bonuses for the Company's key managerial officers

	<u>2023</u>	<u>2022</u>
Remuneration and short-term employee benefits	\$ 24,161	\$ 17,213
Retirement benefits	566	307
Total	<u>\$ 24,727</u>	<u>\$ 17,520</u>

8. Pledged Assets

The Company has pledged the following assets as collateral:

<u>Item</u>	<u>Carrying amount</u>		<u>Content of the secured liabilities</u>
	<u>2023.12.31</u>	<u>2022.12.31</u>	
Time deposits (Note)	\$ -	\$ 4,000	Customs duties guarantee
Demand deposits of special compensation account (Note)	-	8,016	Loan guarantee
Total	<u>\$ -</u>	<u>\$ 12,016</u>	

Note: Financial assets measured at amortized cost are recorded in accounts.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure already contracted but not yet incurred

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ 278,110</u>	<u>\$ 3,200</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Please see Note 6(13) and 6 (15) for more information.

12. Other

(1) Capital management

The objectives of the Company for capital management are to guarantee the continual operation of the Company, sustain the best capital structure to lower capital cost, and provide remuneration for shareholders. In order to sustain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares or sell assets to adjust into the most suitable capital structure.

(2) Financial instruments

A. Category of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through loss and gain	\$ <u>77,471</u>	\$ <u>-</u>
Financial assets at amortized cost (Note 1)	\$ <u>910,801</u>	\$ <u>886,223</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through loss and gain	\$ <u>840</u>	\$ <u>1,200</u>
Financial assets at amortized cost (Note 2)	\$ <u>413,935</u>	\$ <u>359,124</u>
Bonds payable (including current)	\$ <u>389,078</u>	\$ <u>381,825</u>
Lease liabilities	\$ <u>37,761</u>	\$ <u>53,696</u>

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables (recorded in other current assets), and guaranteed deposits paid.

Note 2: Including short-term loans, accounts payable, other payables, and guarantee deposit received.

B. Policy of financial risk management

(A) The daily operation of the Company is impacted by multiple financial risks, including market risks (such as risk of exchange rate, risk of interest rate, and price risk), credit risks, and liquidity risks. The overall risk management policy of the Company is determined in accordance with the economic environment, competition status, and change in market value. The Company has established relevant market risk management objectives and strived to minimize the potential adverse impact on the financial position and performance of the Company, to achieve the best risk positions, sustain appropriate liquidity positions, and centrally manage all market risks.

(B) The risk management work is executed by the Financial Department of the Company in accordance with the policy approved by the Board of Directors. By closely cooperating with each operating unit in the Company, the Financial Department is responsible for identifying, assessing, and avoiding financial risks.

C. Nature and level of significant financial risks

(A) Market risk

Foreign exchange risk

- I. Since the Company operates business internationally, it is thus subject to the risk of exchange rate resulting from different currencies, mainly the US dollar. Relevant risk of exchange rate comes from future commercial transactions and recognized assets and liabilities.
- II. The management of the Company stipulates that the risk of exchange rate corresponding to its functional currency shall be managed internally. The Company shall hedge its overall risk of exchange rate through the Financial Department of the Group.
- III. Since the business of the Company involves several non-functional currencies, it is thus influenced by the fluctuation in exchange rate. The information of foreign currency assets and liabilities with a significant impact of fluctuation in exchange rate is as follows:

December 31, 2023					
	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Amount of variation	Profit or loss affected
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD : NTD	\$ 20,097	30.71	\$ 617,179	1%	\$ 6,172
Non-monetary items					
USD : NTD	1,430	30.71	43,923	-	-
KRW : NTD	3,220,251	0.0239	76,964	-	-
Financial liabilities					
Monetary items					
USD : NTD	\$ 7,094	30.71	\$ 217,857	1%	\$ 2,179

December 31, 2022					
	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Amount of variation	Profit or loss affected
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD : NTD	\$ 22,124	30.71	\$ 679,428	1%	\$ 6,794
Non-monetary items					
USD : NTD	1,678	30.71	51,529	-	-
KRW : NTD	2,827,114	0.0246	69,547	-	-
Financial liabilities					
Monetary items					
USD : NTD	\$ 7,838	30.71	\$ 240,705	1%	\$ 2,407

- IV. The summarized amounts of all exchange gains (losses) (both realized and unrealized) of the monetary items of the Company recognized with significant impact on the fluctuation of exchange rate in 2023 and 2022 reached (NT\$4,944) and NT\$31,983 respectively.

Price risk

The Company hasn't been exposed to the risks of product price and equity instrument investment.

Risk of interest rate in cash flows and fair value

- I. The risk of interest rate of the Company mainly comes from the short-term loans issued at the floating interest rates, making the Company exposed to the risk of interest rate in cash flows.
- II. The loans of the Company are measured at amortized cost. In accordance with the contract agreements, the interest rate is repriced annually. Therefore, the Company has been exposed to the risk of change of future market interest rate.
- III. Given that the loan interest rate (NTD) increases or decreases by 1% while all other factors remain unchanged, the before-tax net profit would be decreased or increased by NT\$2,172 and NT\$1,143 respectively in 2023 and 2022, which was mainly caused by the change of the interest expenses of the loans calculated at the floating interest rate.

(B) Credit risk

- I. The credit risk of the Company mainly refers to the risk of financial losses of the Company due to the failure of customers or counterparties of financial instruments to perform their contractual obligations. It mainly comes from accounts receivable that cannot be repaid by the counterparties according to the payment terms.
- II. The Company has established credit risk management from the perspective of a company. In accordance with the credit extension policy expressly determined in the Company, each operating individual of the Company shall conduct risk management and credit risk analysis before concluding terms and conditions for payment and delivery with each new customer. The internal risk control shall be conducted in consideration of the financial position, previous experience and other factors, to evaluate the credit quality of customers. The limits of individual risks are established by the Board of Directors according to internal or external ratings, and the Board of Directors is required to regularly monitor the use of the line of credit.
- III. The Company adopts the following assumption as the basis to judge whether the credit risk of financial instruments is significant increased or default occurs after original recognition:
 - (I) If the contract payment is overdue for more than 30 days according to the agreed payment terms, it will be deemed that the credit risk of the financial assets is already significantly increased after original recognition.
 - (II) If the contract payment is overdue for more than 90 days according to the agreed payment terms, it will be deemed that default occurs.
- IV. The indicators used by the Company to determine credit impairment of debt instrument investments are as follows:

- (I) The issuer suffers a major financial difficulty, or the possibility of bankruptcy or other financial reorganization is substantially increased;
- (II) The issuer delays or fails to pay interest or principal;
- (III) Adverse changes in the national or regional economic situation related to the issuer's default.

(C) Liquidity risk

- I. The Company is responsible for executing the forecasting of cash flows, and the Financial Department is responsible for summarization. Also, the Financial Department monitors the forecast of the demand of the Company for working capital to ensure sufficient capital is available to fulfill the operational demand.
- II. Except those listed in the table below, the non-derivative financial liabilities of the Group are due within one year. The amount of cash flows that are significant within one year as of December 31, 2023 and December 31, 2022, including notes payable, accounts payable, and other payables, refers to undiscounted amount which is consistent with the balance of each subject in the balance sheet.

December 31, 2023	Less than 1year	2-5 years	5 years or above
<u>Non-derivative financial liabilities:</u>			
Short-term loan	\$ 217,526	\$ -	\$ -
Lease liability	21,235	16,526	-
Bonds payable (including current)	399,900	-	-
December 31, 2022	Less than 1year	2-5 years	5 years or above
<u>Non-derivative financial liabilities:</u>			
Short-term loan	\$ 114,539	\$ -	\$ -
Lease liability	23,461	30,235	-
Bonds payable (including current)	-	400,000	-

(3) Information of fair value

- A. Each level of evaluation techniques adopted to measure the fair value of financial and non-financial instruments is defined as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market where transactions of assets or liabilities with adequate frequency and quantity occur and pricing information is provided on a continuous basis. The fair value of hybrid instruments invested by the Group belongs to this level.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of forward foreign exchange contracts invested by the Company belongs to this level.
- Level 3: Unobservable inputs for the asset or liabilities. The fair value of the right of redemption and put right of convertible corporate bonds of the Company belongs to this level.

B. Financial instruments not measured at fair value

- (A) Except those listed in the table below, the carrying amount of cash and cash equivalents, notes receivable, accounts receivable, other payables (recorded in other current assets), short-term loans, accounts payable, and other payables is the reasonable approximate value of fair value:

	December 31, 2023			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable				
(including current)	\$ 389,078	\$ -	\$ 390,777	\$ -
	December 31, 2022			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable				
(including current)	\$ 381,825	\$ -	\$ 384,709	\$ -

- (B) Methods and assumptions used to estimate fair value are as follows:
Corporate bonds payable: Measured at the present value discounted per the market interest rate on the balance sheet date according to the cash flows expected to be paid.

C. Financial and non-financial instruments measured at fair value

- (A) The Company classifies these financial instruments on the basis of the nature, characteristics, risks and fair value of assets and liabilities. Relevant information is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Hybrid instruments -				
Financial bonds	\$ 77,021	\$ -	\$ -	\$ 77,021
Forward exchange contracts	-	450	-	450
Right of redemption over convertible corporate bonds	-	-	-	-
Total	\$ 77,021	\$ 450	\$ -	\$ 77,471
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Put right over convertible corporate bonds	\$ -	\$ -	\$ 840	\$ 840

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Right of redemption over convertible corporate bonds	\$ -	\$ -	\$ 120	\$ 120
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Put right over convertible corporate bonds	\$ -	\$ -	\$ 1,320	\$ 1,320

(B) Methods and assumptions used by the Company to measure fair value are described as follows:

- I. Those with fair value determined by the Company as quoted market prices (i.e., Level 1) are stocks of TWSE/TPEX listed companies as well as bonds issued by them. The closing prices of these stocks and bonds are their quoted market prices.
- II. The derivative instruments held by the Company are mainly forward foreign exchange contracts. They are non-standardized and less complicated financial instruments. The Company adopts evaluation techniques widely used by the market participants, and the parameters used are market observable information.
- III. The output of the evaluation model is an estimated value, while the evaluation techniques may not reflect all factors related to the financial and non-financial instruments held by the Company. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to extra parameters, e.g., model risk or liquidity risk. In accordance with the fair value evaluation model management policy and related control procedures of the Company, the management believes that relevant evaluation and adjustment are appropriate and necessary for the fair presentation of the fair value of financial instruments and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the process of evaluation shall be prudently evaluated and appropriately adjusted according to the current conditions of the local markets.

D. No transfer between Level 1 and Level 2 occurred in 2023 and 2022.

E. The changes in Level 3 in 2023 and 2022 are presented in the following table:

	2023	
	Right of redemption over convertible corporate bonds	Put right over convertible corporate bonds
January 1	\$ 120	(\$ 1,320)
Evaluated profit or loss	(120)	480
December 31	\$ -	(\$ 840)
	2022	
	Right of redemption over convertible corporate bonds	Put right over convertible corporate bonds
January 1	\$ -	\$ -
Acquired in the current period	800	(760)
Evaluated profit or loss	(680)	(560)
December 31	\$ 120	(\$ 1,320)

F. No transfer-in and transfer-out of Level 3 occurred in 2023 and 2022.

G. As for the evaluation process adopted by the Company for fair value classified to Level 3, relevant department is responsible for conducting independent fair value verification of financial instruments, relying on data from independent sources to make the evaluation results close to the market status, confirming that the data sources are independent, reliable, consistent with other data and represent executable prices, and regularly calibrating and updating the input value and data needed for the evaluation model as well as any other necessary fair value adjustments, to ensure the reasonableness of the evaluation results.

H. The quantified information of significant unobservable input values of the evaluation model used for the evaluation of Level 3 fair value measurement items of the Company, and the sensitivity analysis of changes of these significant unobservable input values are described as follows:

	Dec 31, 2023 fair value	Evaluation technique	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Right of redemption over convertible corporate bonds	\$ -	Binary tree evaluation model	Degree of fluctuation	24.87%	The higher the degree of fluctuation, the higher the fair value
Put right over convertible corporate bonds	\$ 840				
	Dec 31, 2022 fair value	Evaluation technique	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Right of redemption over convertible corporate bonds	\$ 120	Binary tree evaluation model	Degree of fluctuation	34.60%	The higher the degree of fluctuation, the higher the fair value
Put right over convertible corporate bonds	\$ 1,320				

13. Supplementary Disclosures

(1) Information on Significant Transactions

- A. Financings provided to others: None.
- B. Endorsement / guarantee provided to others: None.
- C. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and interests in joint ventures): Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital: Please refer to Attachment 2.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties with the amount exceeding NT\$100 million or 20% of paid-in capital: Please refer to Attachment 3.
- H. Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital: Please refer to Attachment 4.
- I. Derivatives transactions: Please refer to Note 6(2).
- J. Business relationships and significant transactions between parent and subsidiary: Please refer to Attachment 5.

(2) Information on the reinvestment business

Name of Investee Company, Location...etc. (excluding Mainland China investee companies): Please refer to Attachment 6.

(3) Information on investment in Mainland China

- A. Basic information: Please refer to Attachment 7.
- B. Major transactions with investees in Mainland China directly or indirectly through business in a third region: Please refer to Attachment 3, 4 and 5.

(4) Information on major shareholders

Information on major shareholders: Please refer to Attachment 8.

14. Segment Information

N/A.

Wendell Industrial Co., Ltd. and Subsidiaries
 Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures)
 Decembre 31, 2023

Attachment 1

Unit: NT\$ thousands
 (Unless Otherwise Specified)

Securities Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	Ending Balance				Remark (Note 4)
				Number of Shares (share)	Carrying amount (Note 3)	Percentage of Ownership	Fair value	
Wendell Industrial Co., Ltd.	Bond Bank of America	-	Financial assets at fair value through loss and gain - current	-	\$ 77,021	-	\$ 77,021	

Note 1: Securities mentioned in this table refer to stocks, bonds, and beneficiary certificates within the scope of IAS 9 “Financial Instruments” as well as securities derived from the aforesaid items.

Note 2: It is not required to fill out this column of the issuer of securities is not a related party.

Note 3: For those measured at fair value, please fill out the book balance obtained after evaluation and adjustment of fair value and deduction of accumulated impairment in the column of “Carrying amount”; for those not measured at fair value, please fill out the book balance obtained after deduction of accumulated impairment from the original acquisition cost or amortized cost in the column of “Carrying amount”.

Note 4: If securities listed are subject to guarantee, pledge loan, or other agreed restrictions, the guaranteed or pledged number of shares, amount of guarantee or pledge loan, and restricted use shall be specified in the column of “Remark”.

Wendell Industrial Co., Ltd. and Subsidiaries
Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital
From January 1, 2023 to Decembre 31, 2023

Attachment 2

Unit: NT\$ thousands
(Unless Otherwise Specified)

Trading company	Type and Name of Securities (Note 1)	Financial Statement Account	Counterparty	Relationship	Beginning		Buy in		Sold out				Ending			
					Unit number (thousand)	Amount	Unit number (thousand)	Amount	Unit number (thousand)	Price	Book cost	Profit or loss from disposal	Evaluated profit or loss (Note)	Unit number (thousand)	Amount	
Wendell Industrial Co., Ltd.	Bank of America Bond	Financial assets at fair value through loss and gain - current	-	-	-	\$ -	250,000	\$76,676	-	\$ -	\$ -	\$ -	\$ -	\$ 345	250,000	\$ 77,021

Note: Including evaluated profit or loss and amount affected by exchange rate.

Wendell Industrial Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties with the amount exceeding NT\$100 million or 20% of paid-in capital
From January 1, 2023 to December 31, 2023

Attachment 3

Unit: NT\$ thousands
(Unless Otherwise Specified)

Purchases or sales Company	Counterparty	Relationship	Description of Transactions				Differences between transaction conditions and general transactions and reasons thereof		Notes and accounts receivable (payable)		Remarks
			Purchases or sales of goods	Amount	Ratio in total purchases (sales)	Credit extension period	Unit price	Credit extension period	Balance (net)	Ratio in total notes and accounts receivable (payable)	
Wendell Industrial Co., Ltd.	Wendell Korea Co., Ltd.	Subsidiaries	Sales	\$ 182,790	12%	90 days through monthly settlement	Equivalent with general transactions	\$ 9,072	2%		
Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	Subsidiaries	Sales	123,730	8%	150 days through monthly settlement	Equivalent with general transactions	89,450	17%		
Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	Subsidiaries	Sales	77,227	5%	120 days through monthly settlement	Equivalent with general transactions	25,452	5%		

Note 1: If the transaction conditions of related parties are different from general transaction conditions, the differences and reasons thereof shall be clearly indicated in the columns of "Unit price" and "Credit extension period".

Note 2: In case of advances received (prepayments), the reason, agreed contract terms, amount and differences from general transaction types shall be clearly indicated in the column of "Remark".

Wendell Industrial Co., Ltd. and Subsidiaries
 Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital
 Decembre 31, 2023

Attachment 4

Unit: NT\$ thousands
 (Unless Otherwise Specified)

Company recording receivables	Counterparty	Relationship	Overdue accounts receivable from related parties				Disposal method	Amount of accounts receivable from related parties subsequently recovered	Amount with loss allowance drawn
			Balance of accounts receivable from related parties (Note)	Turnover rate	Amount				
Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	Subsidiaries	\$ 89,450	1.23	\$ 27,651	Enhanced collection	\$ 24,378	\$ -	

Note: Please fill out relevant contents respectively according to accounts and notes receivable from related parties, other receivables, etc.

Wendell Industrial Co., Ltd. and Subsidiaries
Business relationships and significant transactions between parent and subsidiary
From January 1, 2023 to Decembre 31, 2023

Attachment 5

Unit: NT\$ thousands
(Unless Otherwise Specified)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			Percentage of Total Revenue or Total Assets (%) (Note 3)
				Account	Amount	Transaction Term	
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Sales revenue	\$ 123,730	able to General Transaction	7%
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Accounts receivable	89,450	"	5%
0	Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	1	Sales revenue	77,227	"	4%
0	Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	1	Accounts receivable	25,452	"	1%
0	Wendell Industrial Co., Ltd.	Wendell Korea Co., Ltd.	1	Sales revenue	182,790	"	10%
0	Wendell Industrial Co., Ltd.	Wendell Pte. Ltd.	1	Sales revenue	21,168	"	1%
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Purchasing of goods	33,685	"	2%
1	Shenzhen Qianhong Electronic Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	3	Sales revenue	25,594	"	1%

Note 1. The information on business dealings between the parent company and subsidiaries should be numbered according to the following method:

1. For the parent company, fill in 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2. Relationships with counterparties can be any one of the following three types (For a same transaction between parent company and a subsidiary or between subsidiaries, it is not required to disclose it repeatedly. For example, if the parent company has already disclosed a transaction with the subsidiary, the subsidiary will not be required to disclose this transaction repeatedly; if a subsidiary already discloses a transaction with another subsidiary, the latter will not be required to disclose this transaction repeatedly):

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3. The ratio of transaction amount to total revenue or total assets is calculated as the ending balance to total assets if it is an asset or liability account. For profit and loss accounts, the calculation is based on the cumulative amount to total revenue in the period.

Note 4. Individual transactions with amount not reaching 1% of the consolidated total operating revenue and the consolidated total assets will not be disclosed.

Wendell Industrial Co., Ltd. and Subsidiaries
Name of Investee Company, Location...etc. (excluding Mainland China investee companies)
From January 1, 2023 to December 31, 2023

Attachment 6

Unit: NT\$ thousands
(Unless Otherwise Specified)

Name of Investor	Name of Investee (Note 1, 2)	Location	Principal Business	Initial Investment Amount		End of the Period			Profit (Loss) of Investee for the Period (Note 2(2))	Investment Profit (Loss) Recognized for the Period (Note 2(3))	Remarks
				Ending Balance for the Current	End of Last Year	Number of	Shareholding (%)	Carrying amount			
Wendell Industrial Co., Ltd.	Wendell Co., Ltd.	Japan	Sales of electronic components	\$ 6,802	\$ 6,802	500	100%	\$ 3,678	\$ 1,472	\$ 1,472	Subsidiaries
"	Wendell Pte. Ltd.	Singapore	Sales of electronic components	2,306	2,306	100,000	100%	10,308	1,069	1,069	"
"	Wendell Korea Co., Ltd.	Korea	Sales of electronic components	7,204	7,204	10,000	100%	76,964	9,416	9,416	"
"	Nichtek Industrial Co., Limited	Hong Kong	Reinvested holding company	65,847	65,847	18,591,400	100%	43,923	(9,262)	(8,766)	"
"	Wendell Electrical Testing Co., Ltd.	Taiwan	Testing and safety certification services	100,246	60,246	10,020,000	100%	110,177	3,253	3,253	"

Note 1. If a public company has a foreign holding company and is required by local laws and regulations to use consolidated financial statements as the primary financial statements, the disclosure of information about the investee company may be limited to the relevant information of the holding company.

Note 2. For cases other than those described in Note 1, the following regulations apply:

1. The columns of "Name of investee company", "Location", "Principal business", "Initial investment amount" and "Shareholding as of the end of the period" shall be determined in accordance with the circumstances the Company's transfer of investment and each direct investment. The Company shall fill in the following information in the order of the reinvestment of the investee company or the indirectly controlled investor. The relationship between each investee company and the Company (if it is a subsidiary or sub-subsidiary) shall be indicated in the Notes column.
2. The column of "Profit or loss of investee company for the period" shall be filled in the amount of profit or loss of each investee company for the period.
3. The column of "Gains or losses recognized during the period" shall be filled in only for each subsidiary and equity-method investee recognized by the (public) company. The remainder is not required. When filled "Amount of current profit or loss of each subsidiary recognized as a direct investment", the amount of current profit or loss of each subsidiary includes the investment income or loss that shall with the regulations for its reinvestment.

Wendell Industrial Co., Ltd. and Subsidiaries
Information on investment in Mainland China – Basic information
From January 1, 2023 to December 31, 2023

Attachment 7

Unit: NT\$ thousands
(Unless Otherwise Specified)

Investee Company in Mainland China Name of Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments	Amount of Investments Remitted or Repatriated for		Accumulated Amount of Investments	Current profit or loss of investee	The Company's Direct or	Investment Profit (Loss) Recognized (Note 2)	Carrying Amount of Investments	Accumulated Investment Income	Remarks
					Remitted	Repatriated							
Shenzhen Qianhong Electronic Co., Ltd.	Sales of electronic components	\$ 69,585	2	\$ 65,660	\$ -	\$ -	\$ 65,660	(\$ 9,262)	100%	(\$ 8,766)	\$ 47,346	\$ -	
Suzhou Lianhong Electronic Co., Ltd.	Sales of electronic components	2,286	2	-	-	-	-	909	100%	909	13,489	-	
Shenzhen Qianhong Electrical Testing Co., Ltd.	Testing and certification services	2,227	2	-	-	-	-	473	100%	473	2,105	-	
Company Name		Accumulated Amount of Investments Remitted from Taiwan to		Amount of Investments Authorized by		Ceiling on Amount of Investments Stipulated							
Wendell Industrial Co., Ltd.		\$	65,660	\$	65,660	\$	596,207						

Note 1. Methods of investments are divided into the following three types:

1. Direct investment in mainland companies.
2. Investment in mainland companies through a third region remittance. (Please indicate the investment company in the third region)
 - A. Reinvestment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited
 - B. Investment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited, and then reinvestment in Suzhou Lianhong Electronic Co., Ltd.
 - C. Investment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited, and then reinvestment in Shenzhen Qianhong Electrical Testing Co., Ltd.
3. Others

Note 2. The investment profit or loss recognized in the current period is consistent with the financial statements of the parent company in Taiwan as audited by the CPAs.

Note 3. Relevant figures related to this table are presented in NTD.

Wendell Industrial Co., Ltd. and Subsidiaries
Information on Major Shareholders
Decembre 31, 2023

Attachment 8

Name of shareholders	Shareholding	
	Number of Shares Held (share) (Note)	Percentage of Ownership (%)
Po Hong Investment Co., Ltd.	4,639,996	18.48%
Wei Hong Assets Co., Ltd.	4,639,996	18.48%
China Development Advantage Venture Capital Limited Partnership	1,260,397	5.02%

Note: It refers to the number of shares disclosed on December 31, 2023.

Wendell Industrial Co., Ltd.
Cash and cash equivalents
December 31, 2023

Table 1

Unit: NT\$ thousands

Item	Summary	Amount
Cash on hand and petty cash		\$ 219
Bank deposits		
Check deposits		5
Current deposit - NTD		144,331
USD	USD 4,594,000, with exchange rate of 30.71	141,073
RMB	RMB 66,000, with exchange rate of 4.33	284
Equivalent to cash		
Time deposits – USD	USD 1,100,000, with exchange rate of 30.71 Annual interest rate: 5.20~5.70%; all due within 3 months	33,781
- NTD	NTD time deposit: 40,000,000 Annual interest rate: 1.10%~1.35%; all due within 3 months	40,000
		<u>\$ 359,693</u>

Wendell Industrial Co., Ltd.
Accounts receivable
December 31, 2023

Table 2

Unit: NT\$ thousands

Name of customer	Amount	Remarks
Customer A	\$ 76,144	
Customer B	19,139	
Other customer	296,490	The balance of each individual customer hasn't exceeded 5% of the balance of this subject.
Subtotal	391,773	
Less: Loss allowances	(1,003)	
	\$ 390,770	

Wendell Industrial Co., Ltd.
Inventories
December 31, 2023

Table 3

Unit: NT\$ thousands

Item	Amount		Remarks
	Cost	Net realizable value	
Commodities	\$ 329,129	\$ 360,522	Note
Work in process	4,605	57,888	"
Finished goods	9,984	29,656	"
Inventory in transit	595	595	"
	344,313	\$ 448,661	
Less: Provision for falling price and losses of obsolete and slow- moving inventories	(58,214)		
	\$ 286,099		

Note: Commodities, work in process, and finished products are evaluated at net realizable value, while reproduction cost of inventory in transit is adopted as net realizable value.

Wendell Industrial Co., Ltd.
Changes in Investments by Using the Equity Method
From January 1, 2023 to December 31, 2023

Table 4

Unit: NT\$ thousands

Name	Beginning balance		Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Profit and loss on investments	Realized (unrealized) interests on sales	Other comprehensive income	Accumulatively converted and adjusted amount	Ending balance			Published price or net equity value		Provision of guarantee or pledge	Remarks
	Share	Amount	Share	Amount	Share	Amount	Amount	Amount	Amount	Amount	Share	Shareholding ratio	Amount	Unit price	Total amount		
Nichtek Industrial Co., Limited	18,591,400	\$51,529	-	\$ -	-	\$ -	(\$ 8,766)	\$ 2,091	\$ -	(\$ 931)	18,591,400	100%	\$ 43,923	\$ 2.52	\$ 46,876	None	
Wendell Electrical Testing Co., Ltd.	6,020,000	68,128	4,000,000	40,000	-	(1,204)	3,253	-	-	-	10,020,000	100%	110,177	11.00	110,177	"	
Wendell Industrial Co., Ltd.	500	2,366	-	-	-	-	1,472	20	-	(180)	500	100%	3,678	7,386.00	3,693	"	
Wendell Korea Co., Ltd.	10,000	69,547	-	-	-	-	9,416	(530)	731	(2,200)	10,000	100%	76,964	8,377.20	83,772	"	
Wendell Pte. Ltd.	100,000	9,255	-	-	-	-	1,069	-	-	(16)	100,000	100%	10,308	103.08	10,308	"	
		<u>\$200,825</u>		<u>\$40,000</u>		<u>(\$1,204)</u>	<u>\$ 6,444</u>	<u>\$ 1,581</u>	<u>\$ 731</u>	<u>(\$ 3,327)</u>			<u>\$245,050</u>		<u>\$254,826</u>		

Note 1: The increase in the current period was resulted from the participation of the Company in the capital increase by cash of the investee.

Note 2: The decrease in the current period was resulted from the distribution of cash dividends by the subsidiary.

Wendell Industrial Co., Ltd.
Short-term loans
December 31, 2023

Table 5

Unit: NT\$ thousands

Creditor	Summary	Ending balance	Contract term	Interest Rate Range	Financing amount	Mortgage or guarantee	Remarks
First Commercial Bank	Credit loan	\$ 29,815	2023.08.01-2024.06.22	2.44-7.30%	\$ 80,000	None	
Taipei Fubon Commercial Bank	Credit loan	48,986	2023.07.24-2024.04.13	2.38-7.02%	120,000	"	
E.SUN Commercial Bank	Credit loan	59,819	2023.09.11-2024.12.04	0.5-5.71%	95,000	"	
Bank SinoPac	Credit loan	13,374	2023.08.28-2024.06.03	2.28%	80,000	"	
KGI Bank	Credit loan	32,250	2023.07.24-2024.06.11	2.31%-7.04%	80,000	"	
The Shanghai Commercial & Savings Bank	Credit loan	32,947	2023.08.14-2024.06.21	6.49%-6.50%	61,420	"	
		<u>\$ 217,191</u>			<u>\$ 516,420</u>		

Wendell Industrial Co., Ltd.
Accounts payable
December 31, 2023

Table 6

Unit: NT\$ thousands

Name of customer	Amount	Remarks
Customer A	\$ 41,451	
Customer B	13,103	
Customer C	8,432	
Customer D	8,028	
Customer E	7,781	
Customer F	6,564	
Other	38,471	The balance of each individual supplier does not exceed 5% of the balance of this account.
	<u>\$ 123,830</u>	

Wendell Industrial Co., Ltd.
Operating Revenue
From January 1, 2023 to December 31, 2023

Table 7

Unit: NT\$ thousands

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Electronic components products	1,054,752,000	\$ 1,449,376	
Revenue from labor services		34,247	
Operating revenue		<u>\$ 1,483,623</u>	

Wendell Industrial Co., Ltd.
Operating Cost
From January 1, 2023 to December 31, 2023

Table 8

Unit: NT\$ thousands

Item	Amount
Beginning commodities	\$ 460,502
Add: Commodities purchased in the current period	869,013
Other	142
Less: Ending commodities	(329,724)
Transferred expenses	(985)
Cost of inventories sold	<u>998,948</u>
Beginning raw materials	-
Add: Materials purchased in the current period	15,336
Less: Ending raw materials	-
Materials consumed in the current period	<u>15,336</u>
Manufacturing expenses	<u>24,069</u>
Manufacturing cost	39,405
Add: Beginning work in process	3,559
Less: Ending work in process	(4,605)
Cost of finished products	<u>38,359</u>
Add: Beginning finished products	7,318
Less: Ending finished products	(9,984)
Selling cost of finished products	35,693
Inventory falling price loss	20,320
Labor cost	<u>31,581</u>
Operating cost	<u>\$ 1,086,542</u>

Wendell Industrial Co., Ltd.
Manufacturing Expenses
From January 1, 2023 to December 31, 2023

Table 9

Unit: NT\$ thousands

<u>Name of customer</u>	<u>Amount</u>	<u>Remarks</u>
Processing fee	\$ <u>24,069</u>	

Wendell Industrial Co., Ltd.
Operating Expenses
From January 1, 2023 to December 31, 2023

Table 10

Unit: NT\$ thousands

Item	Amortization expenses	Administrative costs	R&D expenses	Total	Remarks
Salary expenses	\$ 41,288	\$ 94,610	\$ 9,320	\$ 145,218	
Depreciation expenses	14,283	15,595	2,487	32,365	
Insurance expenses	3,974	8,298	875	13,147	
Import and export expenses	7,231	-	-	7,231	
Transportation expenses	5,088	16	1	5,105	
Other	29,090	30,943	1,878	61,911	Note
	<u>\$ 100,954</u>	<u>\$ 149,462</u>	<u>\$ 14,561</u>	<u>\$ 264,977</u>	

Note: The amount of each separate item hasn't exceeded 5% of the total amount of this subject.