

**Data Image Corporation and
Subsidiaries**

**Consolidated Financial Statements and
Independent Auditor's Report**
For the years ended December 31, 2023 and 2022

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Data Image Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Data Image Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Data Image Corporation
Han-Chou Huang
Chairman

March 1, 2024

Independent Auditors' Report

The Board of Directors and Shareholders
Data Image Corporation

Opinion

We have audited the accompanying consolidated financial statements of Data Image Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Data Image Corporation and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for the Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Data Image Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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 matter identified in Data Image Corporation and its subsidiaries consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Occurrence of operating income

Data Image Corporation and its subsidiaries are engaged in the design, manufacturing, and sales of LCD touch modules and LCD modules. As LCD touch modules and LCD module manufacturing customize products and make development according to different purposes and needs of customers, the sources of operating income are concentrated on specific customers. Although the operating income in 2023 decreased from the same period of last year, the operating income from specific customers increased from the same period last year, and the occurrence of the related sales transactions has a significant impact on the presentation of the consolidated financial statements; therefore, we include the occurrence of the abovementioned operating income from customers as a key audit matter.

Corresponding audit procedures

Our audit procedures for the key audit matters above include understanding the major internal control design and the effectiveness of implementation, and sampling and implementing relevant audits to ensure that the income transactions occurred.

Other matters

We have also audited the financial statements of Data Image Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing Data Image Corporation and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Data Image Corporation and its subsidiaries 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 Data Image Corporation and its subsidiaries financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Data Image Corporation and its subsidiaries internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Data Image Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within Data Image Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chuan Yeh and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

Data Image Corporation and Its Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 947,955	29	\$ 846,465	22
1110	Financial assets at fair value through profit or loss - Current (Note 7)	8,614	-	120	-
1150	Notes receivable (Notes 9 and 24)	-	-	410	-
1170	Accounts receivable (Notes 9 and 24)	541,553	17	705,075	18
1180	Accounts receivable from related parties (Notes 24 and 30)	5,903	-	144,433	4
1200	Other receivables (Note 9)	11,278	-	17,519	-
1210	Other receivables from related parties (Note 30)	2,857	-	4,668	-
1220	Current tax assets (Note 26)	238	-	2,413	-
130X	Inventories (Note 10)	601,759	18	947,618	24
1470	Other current assets (Notes 18 and 30)	17,492	1	26,662	1
11XX	Total current assets	<u>2,137,649</u>	<u>65</u>	<u>2,695,383</u>	<u>69</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - Non-current (Note 8)	4,611	-	3,020	-
1550	Investments accounted for using the equity method (Note 12)	8,874	-	11,060	-
1600	Property, plant and equipment (Notes 13 and 30)	787,051	24	807,935	21
1755	Right-of-use assets (Notes 14 and 30)	30,137	1	29,197	1
1760	Investment property (Note 15)	-	-	15,496	1
1805	Goodwill (Note 16)	164,826	5	164,826	4
1821	Intangible assets (Note 17)	73,021	2	92,139	2
1840	Deferred tax assets (Note 26)	59,177	2	50,387	1
1975	Net defined benefit assets - Non-current (Note 22)	2,196	-	2,196	-
1990	Other non-current assets (Notes 18 and 30)	16,223	1	19,706	1
15XX	Total current assets	<u>1,146,116</u>	<u>35</u>	<u>1,195,962</u>	<u>31</u>
1XXX	Total assets	<u>\$ 3,283,765</u>	<u>100</u>	<u>\$ 3,891,345</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 19)	\$ 86,728	3	\$ 88,114	2
2120	Financial liabilities at fair value through profit or loss - Current (Note 7)	-	-	2,233	-
2130	Contract liabilities - Current (Notes 24 and 30)	90,266	3	92,288	2
2150	Notes payable (Note 20)	307	-	214	-
2170	Accounts payable (Note 20)	366,621	11	566,814	15
2180	Accounts payable from related parties (Note 30)	21,791	1	44,907	1
2200	Other payables (Note 21)	204,170	6	242,933	6
2220	Other payables from related parties (Note 30)	19,432	1	17,426	1
2230	Current tax liabilities (Note 26)	84,564	3	124,653	3
2250	Provisions - Current	12,686	-	13,099	-
2280	Lease liabilities - Current (Notes 14 and 30)	12,637	-	10,700	-
2320	Long-term borrowings due within one year (Note 19)	-	-	26,667	1
2399	Other current liabilities	13,149	-	15,245	1
21XX	Total current liabilities	<u>912,351</u>	<u>28</u>	<u>1,245,293</u>	<u>32</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 19)	-	-	193,333	5
2570	Deferred tax liabilities (Note 26)	46,066	2	50,100	1
2580	Lease liabilities - Non-current (Notes 14 and 30)	9,150	-	11,675	1
2640	Net defined benefit liabilities - Non-current (Note 22)	185	-	872	-
2645	Guarantee deposits received	464	-	471	-
2670	Other non-current liabilities (Note 12)	1,590	-	-	-
25XX	Total non-current liabilities	<u>57,455</u>	<u>2</u>	<u>256,451</u>	<u>7</u>
2XXX	Total liabilities	<u>969,806</u>	<u>30</u>	<u>1,501,744</u>	<u>39</u>
	Equity				
	Equity attributable to owners of the Company				
3110	Share capital	693,996	21	693,996	18
3200	Capital surplus	60,000	2	60,000	2
	Retained earnings				
3310	Legal reserve	137,054	4	94,830	2
3320	Special reserves	20,397	1	26,299	1
3350	Unappropriated earnings	598,919	18	703,329	18
3300	Total retained earnings	<u>756,370</u>	<u>23</u>	<u>824,458</u>	<u>21</u>
3400	Other equity	(26,854)	(1)	(20,397)	(1)
31XX	Total equity of owners of the Company	<u>1,483,512</u>	<u>45</u>	<u>1,558,057</u>	<u>40</u>
36XX	Non-controlling interests	830,447	25	831,544	21
3XXX	Total equity	<u>2,313,959</u>	<u>70</u>	<u>2,389,601</u>	<u>61</u>
	Total liabilities and equity	<u>\$ 3,283,765</u>	<u>100</u>	<u>\$ 3,891,345</u>	<u>100</u>

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

Data Image Corporation and Its Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars; Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 24 and 30)	\$ 3,916,245	100	\$ 4,921,698	100
5000	Operating cost (Notes 10, 17, 25, and 30)	<u>2,986,378</u>	<u>76</u>	<u>3,823,760</u>	<u>77</u>
5900	Gross profit	929,867	24	1,097,938	23
5910	Unrealized gain on transactions	-	-	(1,136)	-
5920	Realized gain on transactions	<u>2,476</u>	<u>-</u>	<u>-</u>	<u>-</u>
5950	Realized gross profit	<u>932,343</u>	<u>24</u>	<u>1,096,802</u>	<u>23</u>
	Operating expenses (Notes 17, 25, and 30)				
6100	Selling expenses	115,601	3	127,152	3
6200	General and administrative expenses	222,476	6	209,207	4
6300	Research and development expenses	191,557	5	194,968	4
6450	Expected credit loss(gain)	<u>6,000</u>	<u>-</u>	<u>(1,366)</u>	<u>-</u>
6000	Total operating expenses	<u>535,634</u>	<u>14</u>	<u>529,961</u>	<u>11</u>
6900	Operating income	<u>396,709</u>	<u>10</u>	<u>566,841</u>	<u>12</u>
	Non-operating income and expenses (Notes 25 and 30)				
7100	Interest income	8,388	-	1,615	-
7010	Other income	6,122	-	6,582	-
7020	Other gains and losses	(1,797)	-	2,765	-
7050	Financial cost	(5,485)	-	(10,104)	-
7060	Share of profit or loss of associates	(<u>5,889</u>)	<u>-</u>	<u>2,407</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>1,339</u>	<u>-</u>	<u>3,265</u>	<u>-</u>
7900	Income before income tax	398,048	10	570,106	12
7950	Income tax expenses (Note 26)	<u>83,547</u>	<u>2</u>	<u>124,700</u>	<u>3</u>
8200	Net profit for the year	<u>314,501</u>	<u>8</u>	<u>445,406</u>	<u>9</u>

(Continued)

Data Image Corporation and Its Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars; Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income (Notes 22, 23, and 26)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	\$ 164	-	\$ 1,328	-
8316	Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	1,591	-	(1,276)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(33)	-	(265)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	(7,055)	-	7,656	-
8300	Other comprehensive income (loss) for the year, net of income tax	(5,333)	-	7,443	-
8500	Total comprehensive income for the year	<u>\$ 309,168</u>	<u>8</u>	<u>\$ 452,849</u>	<u>9</u>
	Net profit attributable to:				
8610	Owners of the Company	\$ 278,863	7	\$ 421,865	9
8620	Non-controlling interests	<u>35,638</u>	<u>1</u>	<u>23,541</u>	-
8600		<u>\$ 314,501</u>	<u>8</u>	<u>\$ 445,406</u>	<u>9</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 272,453	7	\$ 428,145	9
8720	Non-controlling interests	<u>36,715</u>	<u>1</u>	<u>24,704</u>	-
8700		<u>\$ 309,168</u>	<u>8</u>	<u>\$ 452,849</u>	<u>9</u>
	Earnings per share (Note 27)				
9750	Basic earnings per share	<u>\$ 4.02</u>		<u>\$ 6.08</u>	
9850	Diluted earnings per share	<u>\$ 3.99</u>		<u>\$ 5.99</u>	

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

Data Image Corporation and Its Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company					Other equity items (Note 23)					
		Retained Earnings (Note 23)					Exchange Differences on Translation of Financial Statements of Foreign Operations		Unrealized Valuation Gains or Losses on Financial Assets at Fair Value through Other Comprehensive Income			
Code		Share Capital (Note 23)	Capital Surplus (Note 23)	Legal Reserve	Special Reserves	Unappropriated Earnings	Foreign Operations	Total	Non-Controlling Interests (Note 23)	Total Equity		
A1	Balance on January 1, 2022	\$ 693,996	\$ 60,000	\$ 63,533	\$ 27,809	\$ 519,072	(\$ 26,331)	\$ 32	\$ 1,338,111	\$ 820,893	\$ 2,159,004	
A3	Effect of retrospective restatement	-	-	-	-	-	-	-	-	(63)	(63)	
A5	Balance on January 1, 2022 (after retrospective restatement)	<u>693,996</u>	<u>60,000</u>	<u>63,533</u>	<u>27,809</u>	<u>519,072</u>	<u>(26,331)</u>	<u>32</u>	<u>1,338,111</u>	<u>820,830</u>	<u>2,158,941</u>	
B1	Appropriation of 2021 earnings: Legal reserve	-	-	31,297	-	(31,297)	-	-	-	-	-	
B5	Cash dividends distributed by the Company	-	-	-	-	(208,199)	-	-	(208,199)	-	(208,199)	
		<u>-</u>	<u>-</u>	<u>31,297</u>	<u>-</u>	<u>(239,496)</u>	<u>-</u>	<u>-</u>	<u>(208,199)</u>	<u>-</u>	<u>(208,199)</u>	
B17	Reversal of special reserves	-	-	-	(1,510)	1,510	-	-	-	-	-	
T1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(13,990)	(13,990)	
D1	Net profit for the year ended December 31, 2022	-	-	-	-	421,865	-	-	421,865	23,541	445,406	
D3	Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	378	6,355	(453)	6,280	1,163	7,443	
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	<u>422,243</u>	<u>6,355</u>	<u>(453)</u>	<u>428,145</u>	<u>24,704</u>	<u>452,849</u>	
Z1	Balance on December 31, 2022	693,996	60,000	94,830	26,299	703,329	(19,976)	(421)	1,558,057	831,544	2,389,601	
B1	Appropriation of 2022 earnings: Legal reserve	-	-	42,224	-	(42,224)	-	-	-	-	-	
B5	Cash dividends distributed by the Company	-	-	-	-	(346,998)	-	-	(346,998)	-	(346,998)	
		<u>-</u>	<u>-</u>	<u>42,224</u>	<u>-</u>	<u>(389,222)</u>	<u>-</u>	<u>-</u>	<u>(346,998)</u>	<u>-</u>	<u>(346,998)</u>	
B17	Reversal of special reserves	-	-	-	(5,902)	5,902	-	-	-	-	-	
T1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(37,812)	(37,812)	
D1	Net profit for the year ended December 31, 2023	-	-	-	-	278,863	-	-	278,863	35,638	314,501	
D3	Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	47	(7,022)	565	(6,410)	1,077	(5,333)	
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	<u>278,910</u>	<u>(7,022)</u>	<u>565</u>	<u>272,453</u>	<u>36,715</u>	<u>309,168</u>	
Z1	Balance on December 31, 2023	<u>\$ 693,996</u>	<u>\$ 60,000</u>	<u>\$ 137,054</u>	<u>\$ 20,397</u>	<u>\$ 598,919</u>	<u>(\$ 26,998)</u>	<u>\$ 144</u>	<u>\$ 1,483,512</u>	<u>\$ 830,447</u>	<u>\$ 2,313,959</u>	

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

Data Image Corporation and Its Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code		2023	2022
	Cash flows from operating activities		
A10000	Income before income tax	\$ 398,048	\$ 570,106
A20010	Adjustments for:		
A20100	Depreciation expenses	63,921	62,513
A20200	Amortization expenses	21,154	23,242
A20300	Expected credit loss (reversed) recognized	6,000	(1,366)
A20400	Net loss on on fair value changes of financial assets and liabilities at fair value through profit or loss	25,258	67,268
A20900	Finance cost	5,485	10,104
A21200	Interest income	(8,388)	(1,615)
A22300	Share of profit or loss of associates	5,889	(2,407)
A22500	Loss (gain) on disposal of property, plant and equipment	467	(184)
A23700	Asset impairment loss	-	24,092
A23800	Write-down of inventories	32,595	13,384
A23900	Unrealized gain on transactions with associates	-	1,136
A24000	Realized gain on transactions with associates	(2,476)	-
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	29,787	66,389
A31130	Notes receivable	410	(410)
A31150	Accounts receivable	164,844	247,199
A31160	Accounts receivable from related parties	129,677	(18,101)
A31180	Other receivables	7,894	2,537
A31190	Other receivables from related parties	1,811	(4,766)
A31200	Inventories	313,264	31,015
A31230	Prepayments	7,815	21,996
A31240	Other current assets	1,355	3,879
A32110	Financial liabilities at fair value through profit or loss	(65,772)	(130,324)
A32125	Contract liabilities - Current	(2,022)	51,938
A32130	Notes payable	93	(21)
A32150	Accounts payable	(200,193)	(219,827)
A32160	Accounts payable from related parties	(23,116)	(17,209)
A32180	Other payables	(35,868)	20,804

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Data Image Corporation and Its Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

<u>Code</u>		<u>2023</u>	<u>2022</u>
A32190	Other payables from related parties	\$ 2,006	\$ 8,942
A32200	Provisions	(413)	2,798
A32230	Other current liabilities	(2,096)	4,814
A32240	Net defined benefit liabilities	(522)	(492)
A33000	Cash generated from operations	876,907	837,434
A33100	Interest received	8,268	1,556
A33300	Interest paid	(5,569)	(10,661)
A33500	Income tax paid	(133,863)	(89,874)
AAAA	Net cash generated from operating activities	<u>745,743</u>	<u>738,455</u>
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(117)	(7,052)
B00050	Proceeds from sale of financial assets at amortized cost	117	7,770
B02700	Payments for property, plant and equipment	(25,017)	(25,708)
B02800	Proceeds from disposal of property, plant and equipment	495	5,441
B03700	Increase in refundable deposits	(1,255)	(3,099)
B03800	Decrease in refundable deposits	2,546	951
B04500	Payments for intangible assets	(2,065)	(4,255)
B06700	Increase in other non-current assets	-	(115)
B07600	Dividend received	-	3,844
BBBB	Net cash used in investing activities	<u>(25,296)</u>	<u>(22,223)</u>
	Cash flows from financing activities		
C00200	Repayments of short-term borrowings	(240,000)	(497,359)
C01600	Proceeds from long-term borrowings	240,000	220,000
C01700	Repayment of long-term borrowings	(220,000)	(100,000)
C04020	Repayment of the principal portion of lease liabilities	(10,838)	(10,052)
C04500	Dividends paid	(346,998)	(208,199)
C05800	Dividends paid to non-controlling interests	(37,812)	(13,990)
CCCC	Net cash used in financing activities	<u>(615,648)</u>	<u>(609,600)</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(3,309)	2,904
EEEE	Net increase in cash and cash equivalents	101,490	109,536
E00100	Cash and cash equivalents at the beginning of the year	<u>846,465</u>	<u>736,929</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 947,955</u>	<u>\$ 846,465</u>

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

Data Image Corporation and Its Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. General information

Data Image Corporation (the "Company") was approved by the Ministry of Economic Affairs on November 22, 1997 for establishment. Its scope of business is the design, manufacturing, and sales of LCD touch modules and LCD modules.

The Company's shares were approved by Taipei Exchange in April 2004 to be traded on the Emerging Stock Market.

The consolidated financial statements are presented in the New Taiwan Dollar, which is the Company's functional currency.

II. Date and procedure for approving the financial statements

These consolidated financial statements were approved by the Board on March 1, 2024.

III. Application of new and amended standards and interpretations

- (I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not result in significant changes in the consolidated company's accounting policies and did not have a significant impact on the consolidated financial position and consolidated financial performance of the consolidated company.

- (II) IFRS Accounting Standards approved by the FSC applicable in 2024

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classifying Debts 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 Financing Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new/amended/revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall apply the amendments to IFRS 16 retrospectively for sale and leaseback transactions entered into after the date of the initial application of IFRS 16.

Note 3: Partial disclosure requirements are exempted upon the initial application of the amendments.

As of the publication date of the consolidated financial statements, the consolidated company has assessed that the amendments to the above standards and interpretations have not caused a significant impact on its consolidated financial position and consolidated financial performance.

(III) IFRS Accounting Standards issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Assets Sale or Contribution between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new/amended/revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the consolidated company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

As of the publication date of the consolidated financial statements, the consolidated company has continued to assess the impact of the amendments to the above standards and interpretations on its consolidated financial position and consolidated financial performance; relevant impacts will be disclosed upon the completion of the assessment.

IV. Summary of significant accounting policies

(I) Compliance statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards endorsed and issued into effect by the FSC.

(II) Basis of preparation

Except for financial instruments at fair value and net defined benefit assets and liabilities recognized at the current value of the defined benefit obligations less the fair value of plan assets, the consolidated financial statements are prepared on the basis of historical cost.

The fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

1. Level 1 inputs: Refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.
2. Level 2 inputs: Refer to inputs, other than quoted prices in Level 1, that are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices) for the asset or liability.
3. Level 3 inputs: Refer to unobservable inputs for the asset or liability.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Non-current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities for which the settlement period cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets or current liabilities that are not classified as above are classified as non-current assets or non-current liabilities.

(IV) Basis of consolidation

The consolidated financial statements include the consolidated company and the entities controlled by the consolidated company (subsidiaries). The operating profit or loss of the acquired subsidiary has been included in the consolidated statement of comprehensive income since the acquisition date. The financial statements of the subsidiaries have been appropriately adjusted to make their accounting policies

consistent with the accounting policies used by the consolidated company. Transactions, balances and any gains or losses within the consolidated company have been eliminated when preparing the consolidated financial statements. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and the non-controlling interest, even if the non-controlling interest becomes a deficit balance.

Please refer to Note 11, Table 6 and Table 7 for details of subsidiaries, shareholding ratio and scope of business.

(V) Foreign currency

When each entity prepares its financial statements, transactions denominated in currencies other than the functional currency of the entity (foreign currency) are translated into functional currency in accordance with the exchange rates prevailing on the transaction date.

Monetary items denominated in foreign currencies are translated at the rates prevailing at the end of each reporting period. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in profit or loss in the year in which they occur.

Non-monetary items in foreign currency measured at historical cost are translated at the exchange rate on the transaction date and will not be retranslated.

When preparing the consolidated financial statements, the assets and liabilities of the consolidated company's foreign operations (including subsidiaries and associates with the country of operation or currency used being different from the consolidated company's) are translated into NTD at the exchange rate prevailing on each balance sheet date. Gains and expenses are translated at the average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and attributed to the owners of the Company and non-controlling interests, respectively.

(VI) Inventories

Inventories include raw materials, merchandise, finished goods, and work-in-progress. Inventories are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same category. The net realizable value refers to the balance of the estimated selling price under normal circumstances, less the estimated cost of completion and the estimated cost of sales. The cost of inventories is calculated by using the weighted average method.

(VII) Investment in associates

An associate is an enterprise in which the consolidated company has significant influence but is not a subsidiary or a joint venture.

The consolidated company adopts the equity method to account for its investment in associates.

Under the equity method, investments in associates are initially recognized at cost; subsequent to the acquisition date, the carrying amount increases/decreases in accordance with the share of the profit or loss and other comprehensive income of associates and profit distribution that the consolidated company is entitled to. In addition, the changes in the equity in the associates that the consolidated company is entitled to are recognized based on the shareholding ratio.

The amount of the acquisition cost exceeding the consolidated company's share of the net fair value of the identifiable assets and liabilities of the associates on the acquisition date is presented as goodwill. The goodwill is included in the carrying amount of the investment and shall not be amortized. The amount by which the consolidated company's share of the net fair worth of identifiable assets and liabilities of the associates on the acquisition date exceeds the acquisition cost is presented as profit or loss of the year.

When assessing impairments, the consolidated company treats the entire carrying amount (including goodwill) of the investment as a single asset for impairment test by comparing its recoverable amount and carrying amount. The impairment losses recognized are not allocated to any asset (including goodwill) that is a component of the carrying amount of the investment. Any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The gains or losses arising from the countercurrent, downstream and side-stream transactions between the consolidated company and an associate are recognized in the consolidated financial statements only to the extent that it is irrelevant to the consolidated company's interest in the associate.

(VIII) Property, plant and equipment

Property, plant and equipment are stated at cost. Subsequently, it is measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are depreciated separately for each significant component on a straight-line basis over their useful lives. The consolidated company shall examine the estimated useful life, residual value and depreciation method at least once at the end of each year. Also, the impact of changes in the applicable accounting estimates shall be deferred.

When property, plant and equipment are derecognized, the difference between the net disposal consideration and the carrying amount of the asset is recognized in profit or loss for the year.

(IX) Investment property

An investment property refers to property that is held for earning rental, for asset appreciation or both (including compliance with the definition of an investment property and right-of-use assets). Investment property also includes land held for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction cost). Subsequently, it is measured at cost less accumulated depreciation and accumulated impairment loss.

The investment property acquired through a lease is initially measured at cost (including the initial measurement of the lease liability). Subsequently, it is measured at cost less accumulated depreciation and accumulated impairment loss, with the remeasurement of the lease liability adjusted.

Investment property is depreciated on a straight-line basis.

When investment property is derecognized, the difference between the net disposal consideration and the carrying amount of the asset is recognized in profit or loss for the year.

(X) Goodwill

The goodwill acquired via a business merger is based on the amount of goodwill recognized on the acquisition date as the cost, and the subsequent measurement is the amount of cost less accumulated impairment losses.

For the purpose of the impairment test, the goodwill acquired in a business merger is allocated to each cash-generating unit or cash-generating unit group (the “CGU”) that is expected to benefit from the synergy of the merger.

A CGU with goodwill allocated is tested for impairment annually (or when there is an indication that the unit may be impaired) by comparing the carrying amount of the unit that comprises goodwill and its recoverable amount. If the goodwill allocated to a CGU is acquired through a business merger in the current year, the unit shall be tested for impairment before the end of the current year. If the recoverable amount of the cash-generating unit with goodwill allocated is less than its carrying amount, the carrying amount of the goodwill of the CGU will be reduced first for the impairment loss, and then the carrying amount of other assets in the unit will be reduced based on the ratio of the carrying amount of the respective asset. Any impairment loss is directly recognized as loss for the period. The impairment loss of goodwill may not be reversed in the subsequent period.

When disposing of a certain operation within the CGUs to which goodwill is allocated, the amount of goodwill related to the operation disposed of is included in the carrying amount of the operation to determine the disposal gain or loss.

(XI) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the useful lives. The consolidated company shall examine the estimated useful life, residual value and depreciation method at least once at the end of each

year. Also, the impact of changes in the applicable accounting estimates shall be deferred.

2. Acquired in a business merger

The intangible assets acquired in a business merger are recognized at the fair value on the acquisition date, the goodwill is recognized separately, and the subsequent measurement is the same as the intangible assets acquired separately.

3. Derecognition

When an intangible asset is derecognized, the difference between the net disposal consideration and the carrying amount of the asset is recognized in profit or loss for the year.

(XII) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (excluding goodwill)

The consolidated company assesses at each balance sheet date whether there are any indications of possible impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (excluding goodwill). If there is any indication of impairment, it estimates the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the consolidated company estimates the recoverable amount of the CGU to which the asset belongs. Common assets are allocated to the smallest CGU group on a consistent basis.

The recoverable amount is the fair value less the cost of sales and its value in use, whichever is higher. If the recoverable amount of an individual asset or CGU is lower than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised recoverable amount. However, the increased carrying amount shall not exceed the carrying amount determined if the asset or CGU had not recognized impairment losses in prior years (less amortization or depreciation). Reversal of impairment loss is recognized in profit or loss.

(XIII) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the consolidated company becomes a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are initially recognized, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at the fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

(I) Financial assets

Conventional transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Measurement type

The types of financial assets held by the consolidated company are financial assets measured at amortized cost, financial assets at fair value through profit or loss, and investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated by the consolidated company to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, and the dividends and interest generated are recognized in other income and interest income, respectively, and gains or losses arising from remeasurement are recognized in other gains and losses. Please refer to Note 29 for the determination of fair value.

B. Financial assets at amortized cost

If the investment in financial assets of the consolidated company meets the following two conditions at the same time, it is classified as financial assets measured at amortized cost:

- a. Held within a business model where the objective is to hold financial assets in order to collect contractual cash flows; and
- b. The terms of the contract give rise to cash flows on a specific date, which are solely for the payment of the principal and interest on the principal amount outstanding.

After the initial recognition of financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost, other receivables, restricted bank deposits and refundable deposits), they are measured at the total carrying amount determined by using the effective interest method less any amortized cost of impairment losses, and any currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amounts of cash at any time with little risk of value changes within three months from the date of acquisition, and bonds with repurchase agreements, which are used to meet short-term cash commitments.

C. Investments in equity instruments measured at fair value through other comprehensive income

The consolidated company may, at initial recognition, make an irrevocable selection to designate investments in equity instruments that are not held for trading and are not contingent consideration recognized by an acquirer in a business merger to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequent changes in fair value are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the accumulated gain or loss is directly transferred to the retained earnings and will not be reclassified as profit or loss.

Dividends of investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the consolidated company's right to receive payment is established, unless such dividends clearly represent the recovery of part of the investment cost.

(2) Impairment of financial assets

The consolidated company assesses the impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss (ECL) on each balance sheet date.

The Company recognizes the loss allowance for accounts receivable based on the lifetime ECL. For other financial assets, we first assess whether there has been a significant increase in credit risk since the initial recognition. If there is no significant increase in the credit risk, the allowance for loss is recognized at an amount equal to 12-month ECLs. If there is a significant increase, it is recognized loss allowance at an amount equal to the lifetime ECL.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. The 12-month ECL represents the expected credit loss generated by the possible default of the financial instrument within 12 months after the reporting date, and the lifetime ECL represents the expected

credit loss generated by all possible defaults of the financial instrument during the expected lifetime of the financial instrument.

The impairment loss of all financial assets is based on the reduction of the carrying amount through the allowance account.

(3) Derecognition of financial assets

The consolidated company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset are expired or transferred or when nearly all risks and rewards of ownership of the asset are transferred to another enterprise.

On the derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received is recognized in profit or loss. When investments in an equity instrument at fair value through other comprehensive income are derecognized entirely, the accumulated gain or loss is directly transferred to retained earnings and will not be reclassified as profit or loss.

(II) Equity instruments

The equity instruments issued by the consolidated company are recognized at the acquisition consideration less direct issuance costs.

(III) Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss

Financial liabilities held for trading are measured at fair value, and the related gains or losses are recognized in other gains and losses.

(2) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

4. Derivatives

The consolidated company entered into derivatives, including forward exchange contracts and foreign exchange swap contracts, to manage the consolidated company's exchange rate risk.

Derivatives are initially recognized at fair value when a derivative contract is entered into and are subsequently remeasured at fair value on the balance sheet date, with the gain or loss arising from subsequent measurements recognized directly in profit or loss. When the fair value of a derivative financial instrument is positive, the derivative is classified as a financial asset; when the fair value of the derivative is negative, it is classified as a financial liability.

(XIV) Provisions

The amount recognized as provisions takes into account the risks and uncertainties of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. Provisions is measured based on the estimated cash flow to settle the present obligation.

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenditure required to settle the consolidated company's obligation and is recognized upon the income recognition of relevant products.

(XV) Revenue recognition

After the consolidated company identifies the performance obligation in the customer contract, the transaction price is allocated to each performance obligation, and revenue is recognized when each performance obligation is satisfied.

1. Sale of goods

The consolidated company recognizes revenue when the control over the product is transferred. That is, when the product arrives at the customer's designated location, the customer is entitled to set the price and use the product, bears the main responsibility for resale, and assumes the obsolescence risk; the consolidated company recognizes revenue and accounts receivable at that time point.

For processing without imported materials, the control of the ownership of the processed products has not been transferred; therefore, materials are not recognized as revenue.

2. Provision of services

Service revenue is the provision of product processing services; that is, it is recognized when the processed products arrive at the designated location of the customer.

(XVI) Leases

The consolidated company assesses whether the contract is (or contains) a lease on the date of establishment of the contract.

1. The consolidated company as the lessor

All leases are classified as operating leases.

Under operating leases, lease payments less lease incentives are recognized as gains on a straight-line basis over the relevant lease term.

2. The consolidated company as the lessee

Except for low-value asset leases and short-term leases to which a recognition exemption applies, for which lease payments are recognized as expenses on a straight-line basis over the lease terms, right-of-use assets and lease liabilities are recognized for other leases on the lease commencement date.

The right-of-use assets are initially measured at cost (including the initially measured amount of the lease liabilities) and subsequently measured at cost less accumulated depreciation and accumulated impairment loss, and adjusted for the remeasured amount of the lease liability. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the service life or the expiration of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the lease implied interest rate can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

Subsequently, the lease liabilities are measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If there is a change in future lease payments during the lease term, the consolidated company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount shall be recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XVII) Borrowing costs

All borrowing costs are recognized as profit or loss during the year of occurrence.

(XVIII) Employee benefits

1. Short-term employee benefits

The liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Retirement benefits

For the pension under the defined contribution plan, the amount of pension to be contributed is recognized as expenses during the service period of the employees.

The defined benefit cost of the defined benefit pension plan (including service cost, net interest and remeasurement) is actuated using the projected unit benefit method. Service cost and net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. Remeasurement (including actuarial gains and losses and the return on plan assets, net of interest) is recognized in other comprehensive income at the time of occurrence and included in retained earnings, and will not be reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. The net defined benefit assets shall not exceed the present value of the refundable contributions from the plan or the reduced future contributions.

(XIX) Taxation

Income tax expenses represent the sum of current tax and deferred tax.

1. Current tax

The consolidated company determines the income (loss) of the current period in accordance with the regulations of each jurisdiction for income tax filings and calculates the income taxes payable (recoverable) accordingly.

In accordance with the Income Tax Act of the R.O.C., an additional tax on unappropriated earnings is recognized in the year when a resolution is adopted at a shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in the current tax.

2. Deferred tax

Deferred tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the tax bases for calculating taxable income.

Deferred tax liabilities are generally recognized based on all taxable temporary differences. Deferred tax assets are generally recognized when it is probable that taxable income will be available to deduct the temporary differences.

The taxable temporary differences related to the investment in subsidiaries and associates are recognized as deferred tax liabilities. However, if the consolidated company can control the time point of the temporary difference

reversal, and the temporary difference is likely to be reversed in the foreseeable future, excluding those that will not be reversed. The deductible temporary difference related to such investment is recognized as deferred tax assets only when it is probable that there will be sufficient taxable income to realize the temporary difference, and it is expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date, and the carrying amount is reduced if it is no longer probable that sufficient taxable income will be available to allow all or part of the recovery of the assets. For those not recognized as deferred tax assets initially, they are also being reviewed at each balance sheet date, and the carrying amount is increased if it is probable that taxable income will be available to allow all or part of the recovery of the assets.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized based on tax rates and tax laws that have been substantially enacted on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would arise from the manner in which the consolidated company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax for the year

Current and deferred tax is recognized in profit or loss, except for the current and deferred tax related to items that are recognized in other comprehensive income or directly in equity that are recognized in other comprehensive income or directly in equity, respectively.

If the current tax or deferred tax arises from the acquisition of a subsidiary, the income tax effect is included in the accounting treatment of the investment in the subsidiary.

V. Major sources of uncertainty in major accounting judgments, estimates, and assumptions

When adopting accounting policies, the consolidated company's management shall make judgments, estimates and assumptions that are based on historical experiences and other factors that are not readily available from other sources. Actual results may differ from estimates. The management will continue to review the estimates and basic assumptions. The accounting policies, estimates and basic assumptions adopted by the consolidated company have been evaluated by the management of the consolidated company, and there are no significant accounting judgment, estimate and assumption uncertainties.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 226	\$ 118
Checking accounts and demand deposits	514,529	589,615
Cash equivalents		
Time deposits	<u>433,200</u>	<u>256,732</u>
	<u>\$ 947,955</u>	<u>\$ 846,465</u>

The interest rate ranges of time deposits on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits	0.53%~1.25%	0.09%~1.00%

VII. Financial instruments at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets - Current</u>		
Financial assets mandatorily measured as at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Foreign exchange swap contract (I)	\$ 8,614	\$ 79
Foreign currency forward contracts (II)	<u>-</u>	<u>41</u>
	<u>\$ 8,614</u>	<u>\$ 120</u>
<u>Financial liabilities - Current</u>		
Held for trading		
Derivatives instruments (not under hedge accounting)		
Foreign exchange swap contract (I)	\$ -	\$ 1,949
Foreign currency forward contracts (II)	<u>-</u>	<u>284</u>
	<u>\$ -</u>	<u>\$ 2,233</u>

- (I) The foreign exchange swap contracts not subject to hedge accounting and not yet due on the balance sheet date are as follows:

December 31, 2023

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>
Sell	USD/NTD	2024.01.03~2024.01.30	USD14,350/NTD 448,510

December 31, 2022

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>
Sell	USD/NTD	2023.01.03~2023.01.30	USD24,520/NTD750,748

The purpose of the consolidated company's forward exchange contracts is to avoid the risks of assets and liabilities denominated in foreign currencies due to exchange rate fluctuations.

- (II) The foreign currency forward contracts not subject to hedge accounting and not yet due on the balance sheet date are as follows:

December 31, 2022

	<u>Currency</u>	<u>Expiry date</u>	<u>Contract Amount (In Thousands)</u>
Sell	USD/RMB	2023.01.09~2023.01.19	USD5,500/RMB38,313

The purpose of the consolidated company's forward exchange transactions is to avoid the risks of assets and liabilities denominated in foreign currencies due to exchange rate fluctuations.

VIII. Financial assets at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Investments in equity instruments		
Domestic unlisted stocks	<u>\$ 4,611</u>	<u>\$ 3,020</u>

The ordinary shares of Insight Genomics Inc. and Renown Information Technology Corp. are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

IX. Notes receivable, accounts receivable and other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
operating	\$ <u> -</u>	\$ <u> 410</u>
 <u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 544,087	\$ 708,931
Less: Loss allowance	(<u> 2,534</u>)	(<u> 3,856</u>)
	<u>\$ 541,553</u>	<u>\$ 705,075</u>
 <u>Other receivables</u>		
Business tax refunds receivable	\$ 7,197	\$ 8,377
Others	<u> 4,081</u>	<u> 11,260</u>
	11,278	19,637
Less: Loss allowance	<u> -</u>	(<u> 2,118</u>)
	<u>\$ 11,278</u>	<u>\$ 17,519</u>

(I) Accounts receivable

The consolidated company's average credit period for sales is upon shipment or O/A 30 to 160 days. No interest is accrued on accounts receivable. The consolidated company shall consider the changes in the credit quality from the initial credit date to the balance sheet date. The consolidated company will use publicly available financial information and historical transaction records to rate new customers and major customers, respectively. The consolidated company continuously monitors the credit exposure and the credit rating of the counterparties and manages the exposure through second reviews and the approval of credit limits for counterparties.

The consolidated company recognizes the loss allowance for accounts receivable based on the lifetime ECL. The lifetime ECLs are calculated using an allowance matrix, which takes into account the customer's past default history and current financial position. As the consolidated company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further divide the customer groups and only sets the ECL rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect to recover the amount, the consolidated company will directly write off the relevant accounts receivable; however, it will continue to collect the receivables. The amount recovered through collection is recognized in profit or loss.

The consolidated company's loss allowance on accounts receivable measured based on the allowance matrix is as follows:

December 31, 2023

	Counterparty without Sign of Default		Counterparty with Sign of Default	Total
	Not Past Due	Overdue 1 to 90 Days		
Expected credit loss rate	0.0%~0.5%	0.0%~0.5%	100.0%	
Gross carrying amount	\$ 485,616	\$ 57,641	\$ 830	\$ 544,087
Loss allowance (Lifetime ECLs)	(<u>1,474</u>)	(<u>230</u>)	(<u>830</u>)	(<u>2,534</u>)
Amortized cost	<u>\$ 484,142</u>	<u>\$ 57,411</u>	<u>\$ -</u>	<u>\$ 541,553</u>

December 31, 2022

	Counterparty without Sign of Default			Counterparty with Sign of Default	Total
	Not Past Due	Overdue for 1 to 90 Days	Overdue for 90 to 180 Days		
Expected credit loss rate	0.00%~0.94%	0.00%~1.59%	0.50%~100.00%	100.00%	
Gross carrying amount	\$ 675,599	\$ 30,865	\$ 1,606	\$ 861	\$ 708,931
Loss allowance (Lifetime ECL)	(<u>2,448</u>)	(<u>171</u>)	(<u>376</u>)	(<u>861</u>)	(<u>3,856</u>)
Amortized cost	<u>\$ 673,151</u>	<u>\$ 30,694</u>	<u>\$ 1,230</u>	<u>\$ -</u>	<u>\$ 705,075</u>

Information on changes in the loss allowance for accounts receivable is as follows:

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 3,856	\$ 7,296
Add: Impairment loss recognized during the year	-	525
Less: Impairment loss reversed during the year	(1,310)	(1,891)
Less: Reclassified to impairment losses of other receivables	-	(2,162)
Foreign exchange gains and losses	(<u>12</u>)	<u>88</u>
Balance at December 31	<u>\$ 2,534</u>	<u>\$ 3,856</u>

(II) Other receivables – Others

When determining the recoverability of other receivables, the consolidated company measures the loss allowance for other receivables based on the possibility of the recovery of the accounts. After assessing the operating status and the possibility of the recovery of the accounts, it provides loss allowances for accounts not recoverable. Information on changes in the loss allowance for other receivables is as follows:

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 2,118	\$ -
Add: Impairment loss reclassified from accounts receivable	-	2,162
Less: Impairment loss reversed during the year	(1,543)	-
Less: Amounts written off during the year	(585)	-
Foreign exchange gains and losses	<u>10</u>	(<u>44</u>)
Balance at December 31	<u>\$ -</u>	<u>\$ 2,118</u>

X. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 314,472	\$ 496,794
Work in process	130,486	196,656
Finished goods	116,258	227,996
Merchandise	<u>40,543</u>	<u>26,172</u>
	<u>\$ 601,759</u>	<u>\$ 947,618</u>

The nature of cost of goods sold is as follows:

	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 2,944,613	\$ 3,794,705
Inventory write-downs	32,595	13,384
Inventory scrapping losses	<u>9,170</u>	<u>15,671</u>
	<u>\$ 2,986,378</u>	<u>\$ 3,823,760</u>

XI. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

The entities included in the consolidated financial statements are as follows, and there is no subsidiary not included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31, 2023	December 31, 2022	
The Company	Data Image (MAURITIUS) Corporation	Investment	100.00%	100.00%	
The Company	DIVA Laboratories, Ltd.	Medical equipment manufacturing and sales	35.55%	35.55%	1 and 2
DIVA Laboratories, Ltd.	DIVA Laboratories U.S., LLC.	Sales of monitor	100.00%	100.00%	
	DIVA Laboratories GmbH	Sales of monitor	100.00%	100.00%	
	Panoramic Imaging Solutions Inc.	Sales of monitor	100.00%	100.00%	3
Diva Capital Inc.	Diva Capital Inc.	Reinvestment	100.00%	100.00%	
Diva Holding Inc.	Diva Holding Inc.	Reinvestment	100.00%	100.00%	
Diva Holding Inc.	Suzhou Diva Lab. Inc.	Wholesale and import and export of medical equipment	100.00%	100.00%	
Data Image (MAURITIUS) Corporation	Data Image (Suzhou) Corporation	Manufacturing, processing, and sale of LCD touch modules and LCD modules	100.00%	100.00%	

1. The Company holds 35.55% of the equity and controls more than half of the directors of DIVA Laboratories, Ltd.. It is considered that the Company has the substantial ability to lead its relevant activities; therefore, it is included as a subsidiary.
2. A subsidiary with significant non-controlling interests.
3. On March 2, 2023, the Board resolved to dissolve DIVA Laboratories, Ltd. and liquidate the subsidiary - Panoramic Imaging Solutions Inc.; as of March 1, 2024, the liquidation has not been completed.

(II) Information on subsidiaries with material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31, 2023	December 31, 2022
DIVA Laboratories, Ltd.	New Taipei City	64.45%	64.45%

Name of Subsidiary	Profit (loss) allocated to non-controlling interests		Non-controlling interests	
	For the year ended December 31, 2023	For the year ended December 31, 2022	December 31, 2023	December 31, 2022
DIVA Laboratories, Ltd.	<u>\$ 35,638</u>	<u>\$ 23,541</u>	<u>\$ 830,447</u>	<u>\$ 831,544</u>

The aggregate financial information of the subsidiaries below is based on the amount before writing off the intercompany transactions:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 956,405	\$ 976,386
Non-current assets	747,780	758,767
Current liabilities	(203,309)	(234,591)
Non-current liabilities	(47,555)	(45,539)
Equity	<u>\$ 1,453,321</u>	<u>\$ 1,455,023</u>
Equity attributable to:		
Owners of the Company	\$ 622,874	\$ 623,479
Non-controlling interests	<u>830,447</u>	<u>831,544</u>
	<u>\$ 1,453,321</u>	<u>\$ 1,455,023</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 893,844</u>	<u>\$ 949,204</u>
Net profit for the period	\$ 55,295	\$ 36,525
Other comprehensive income	<u>1,671</u>	<u>1,806</u>
Total comprehensive income	<u>\$ 56,966</u>	<u>\$ 38,331</u>
Net profit attributable to:		
Owners of the Company	\$ 19,657	\$ 12,984
Non-controlling interests	<u>35,638</u>	<u>23,541</u>
	<u>\$ 55,295</u>	<u>\$ 36,525</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 20,251	\$ 13,627
Non-controlling interests	<u>36,715</u>	<u>24,704</u>
	<u>\$ 56,966</u>	<u>\$ 38,331</u>
Cash flow		
Operating activities	\$ 252,913	\$ 73,187
Investing activities	(3,204)	(5,046)
Financing activities	(59,127)	(22,036)
Effect of exchange rate changes on cash and cash equivalents	<u>(23)</u>	<u>986</u>
Net cash inflow	<u>\$ 190,559</u>	<u>\$ 47,091</u>
Dividends paid to non-controlling interests	<u>\$ 37,812</u>	<u>\$ 13,990</u>

XII. Investment accounted for using the equity method

Investment in associates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates that are not individually material		
DMC Components International, LLC	\$ 8,874	\$ 7,757
The Linden Group Corp.	(1,590)	3,303
Add: Credit balance of investment accounted for using the equity method transferred to other non-current liabilities	<u>1,590</u>	<u>-</u>
	<u>-</u>	<u>3,303</u>
Qubyx Limited	<u>-</u>	<u>-</u>
	<u>\$ 8,874</u>	<u>\$ 11,060</u>

Associates that are not individually material

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31, 2023	December 31, 2022
DMC Components International, LLC	Sales agency	Orlando, USA	30%	30%
The Linden Group Corp.	Sales of monitor	USA	19%	19%
Qubyx Limited	sales and Software design	United Kingdom	-	-

The recoverable amount of The Linden Group Corp. recognized by the consolidated company by using the equity method was less than its carrying amount of the investment due to the expected decrease in overall future cash inflows in 2022. The recoverable amount of The Linden Group Corp. was calculated based on the value-in-use, and the depreciation rate adopted was 12.11% to 12.35%; impairment losses of \$22,715 thousand were recognized in 2022 (presented as other gains and losses). As of December 31, 2023, the consolidated company had accumulated impairment losses of \$25,787 thousand.

The shareholding ratio of DIVA Laboratories, Ltd. in The Linden Group Corp. is less than 20%; however, DIVA Laboratories, Ltd. has material related-party transactions with the company and has material influence on the company.

Marc Leppla, the former responsible person of QUBYX Limited, has filed a bankruptcy petition for QUBYX Limited to the court. DIVA Laboratories, Ltd. received the bankruptcy liquidation notice documents on July 3, 2020, obtained the liquidation report and completed the liquidation on November 2, 2023.

Aggregate information of associates that are not individually material

	<u>2023</u>	<u>2022</u>
Share the Company is entitled to		
Net (loss) profit for the year	(\$ 5,889)	\$ 2,407
Other comprehensive income of the year	<u>92</u>	<u>1,677</u>
Total comprehensive income for the year	<u>(\$ 5,797)</u>	<u>\$ 4,084</u>

XIII. Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other Equipment</u>	<u>Total</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 280,641	\$ 621,656	\$ 347,532	\$ 120,257	\$ 1,370,086
Additions	-	-	14,427	9,965	24,392
Disposals/derecognitions	-	-	(7,373)	(8,235)	(15,608)
Reclassification	-	24,220	-	-	24,220
Effects of foreign currency exchange differences	-	(6,573)	(4,511)	(775)	(11,859)
Balance at December 31, 2023	<u>\$ 280,641</u>	<u>\$ 639,303</u>	<u>\$ 350,075</u>	<u>\$ 121,212</u>	<u>\$ 1,391,231</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 215,023	\$ 271,874	\$ 75,254	\$ 562,151
Depreciation expenses	-	20,448	14,763	17,123	52,334
Disposals/derecognitions	-	-	(6,856)	(7,790)	(14,646)
Reclassification	-	11,359	-	-	11,359
Effects of foreign currency exchange differences	-	(2,984)	(3,540)	(494)	(7,018)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 243,846</u>	<u>\$ 276,241</u>	<u>\$ 84,093</u>	<u>\$ 604,180</u>
Carrying amount at December 31, 2023	<u>\$ 280,641</u>	<u>\$ 395,457</u>	<u>\$ 73,834</u>	<u>\$ 37,119</u>	<u>\$ 787,051</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 280,641	\$ 615,936	\$ 334,105	\$ 121,304	\$ 1,351,986
Additions	-	-	18,929	8,911	27,840
Disposals/derecognitions	-	-	(9,231)	(10,563)	(19,794)
Effects of foreign currency exchange differences	-	5,720	3,729	605	10,054
Balance at December 31, 2022	<u>\$ 280,641</u>	<u>\$ 621,656</u>	<u>\$ 347,532</u>	<u>\$ 120,257</u>	<u>\$ 1,370,086</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 192,269	\$ 259,340	\$ 68,211	\$ 519,820
Depreciation expenses	-	20,512	14,105	16,798	51,415
Disposals/derecognitions	-	-	(4,473)	(10,064)	(14,537)
Effects of foreign currency exchange differences	-	2,242	2,902	309	5,453
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 215,023</u>	<u>\$ 271,874</u>	<u>\$ 75,254</u>	<u>\$ 562,151</u>
Carrying amount at December 31, 2022	<u>\$ 280,641</u>	<u>\$ 406,633</u>	<u>\$ 75,658</u>	<u>\$ 45,003</u>	<u>\$ 807,935</u>

Depreciation expenses are provided for on a straight-line basis based on the following useful lives:

Buildings	30 to 35 years
Machinery	2 to 10 years
Other equipment	2 to 10 years

XIV. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Land	\$ 9,404	\$ 8,191
Buildings	14,562	15,540
Transportation equipment	6,021	5,188
Office equipment	<u>150</u>	<u>278</u>
	<u>\$ 30,137</u>	<u>\$ 29,197</u>
	<u>2023</u>	<u>2022</u>
Additions of right-of-use assets	<u>\$ 10,250</u>	<u>\$ 3,987</u>
Depreciation expenses of right-of-use assets		
Land	\$ 270	\$ 271
Buildings	8,330	8,330
Transportation equipment	2,065	1,570
Office equipment	<u>128</u>	<u>129</u>
	<u>\$ 10,793</u>	<u>\$ 10,300</u>

Except for the additions and depreciation expenses recognized listed above, the consolidated company did not have any significant sublease or impairment of the right-of-use assets for the years ended December 31, 2023 and 2022.

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 12,637</u>	<u>\$ 10,700</u>
Non-current	<u>\$ 9,150</u>	<u>\$ 11,675</u>

The range of discount rates for lease liabilities is as follows:

	<u>2023</u>	<u>2022</u>
Buildings	1.350%~2.023%	1.350%~1.450%
Transportation equipment	1.300%~2.150%	1.300%~1.500%
Office equipment	1.090%	1.090%

(III) Other lease information

	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$ 4,880</u>	<u>\$ 6,807</u>
Expenses relating to low-value asset leases	<u>\$ 963</u>	<u>\$ 738</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 413</u>	<u>\$ 571</u>
Total cash outflow for leases	<u>(\$ 17,321)</u>	<u>(\$ 17,822)</u>

The consolidated company has elected to apply the recognition exemption for other equipment leases that qualify as short-term leases and low-value asset leases to not recognize the related right-of-use assets and lease liabilities for such leases.

XV. Investment property

	<u>Buildings</u>	<u>Right-of-Use Assets</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 24,607	\$ 1,913	\$ 26,520
Reclassification	(24,220)	(1,883)	(26,103)
Effects of foreign currency exchange differences	(387)	(30)	(417)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 10,800	\$ 224	\$ 11,024
Depreciation expenses	738	56	794
Reclassification	(11,359)	(275)	(11,634)
Effects of foreign currency exchange differences	(179)	(5)	(184)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amount at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 24,270	\$ 1,887	\$ 26,157
Effects of foreign currency exchange differences	337	26	363
Balance at December 31, 2022	<u>\$ 24,607</u>	<u>\$ 1,913</u>	<u>\$ 26,520</u>

(Continued)

	Buildings	Right-of-Use Assets	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 9,923	\$ 165	\$ 10,088
Depreciation expenses	742	56	798
Effects of foreign currency exchange differences	135	3	138
Balance at December 31, 2022	<u>\$ 10,800</u>	<u>\$ 224</u>	<u>\$ 11,024</u>
Carrying amount at December 31, 2022	<u>\$ 13,807</u>	<u>\$ 1,689</u>	<u>\$ 15,496</u>

The right-of-use assets in the investment property are the land located in China that the consolidated company subleases in the form of operating leases.

The total lease payments to be received in the future for leasing out investment properties under operating leases are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Less than 1 year	\$ -	\$ 4,503
1 to 3 years	-	1,823
	<u>\$ -</u>	<u>\$ 6,326</u>

Investment properties are provided for on a straight-line basis based on the following useful lives:

Buildings	30 years
Right-of-use assets	50 years

The fair value of the consolidated company's investment property as of December 31, 2022 was \$33,444 thousand (RMB 7,591 thousand); the fair value was based on the appraisal conducted by Savills Appraiser on those dates as the basis.

XVI. Goodwill

	<u>2023</u>	<u>2022</u>
Balance at January 1 and December 31	<u>\$ 164,826</u>	<u>\$ 164,826</u>

The consolidated company recorded a goodwill of \$164,826 thousand generated from the acquisition of DIVA Laboratories, Ltd. on October 27, 2021.

The consolidated company obtained the appraisal report in 2022. According to the report, the fair value of the intangible assets and deferred tax liabilities of subsidiary DIVA Laboratories, Ltd. was \$109,537 thousand and \$49,864 thousand on the acquisition date; the consolidated company has adjusted the provisional amount since the acquisition date and restated the comparative information.

The adjusted increase (decrease) of relevant items in the balance sheet is as follows:

	<u>Acquisition Date</u>
Intangible assets	(<u>\$ 123</u>)
Goodwill adjustment	<u>\$ 36</u>
Deferred tax liabilities	(<u>\$ 24</u>)
Non-controlling interests	(<u>\$ 63</u>)

XVII. Intangible assets

	<u>Patents</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 114,508	\$ 52,567	\$ 167,075
Additions	-	2,065	2,065
Derecognitions	-	(10,473)	(10,473)
Effects of foreign currency exchange differences	-	(75)	(75)
Balance at December 31, 2023	<u>\$ 114,508</u>	<u>\$ 44,084</u>	<u>\$ 158,592</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 30,217	\$ 44,719	\$ 74,936
Amortization expenses	17,440	3,714	21,154
Derecognitions	-	(10,473)	(10,473)
Effects of foreign currency exchange differences	-	(46)	(46)
Balance at December 31, 2023	<u>\$ 47,657</u>	<u>\$ 37,914</u>	<u>\$ 85,571</u>
Carrying amount at December 31, 2023	<u>\$ 66,851</u>	<u>\$ 6,170</u>	<u>\$ 73,021</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 114,508	\$ 48,052	\$ 162,560
Additions	-	4,255	4,255
Derecognitions	-	(85)	(85)
Effects of foreign currency exchange differences	-	345	345
Balance at December 31, 2022	<u>\$ 114,508</u>	<u>\$ 52,567</u>	<u>\$ 167,075</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 10,342	\$ 40,042	\$ 50,384
Amortization expenses	18,498	4,744	23,242
Derecognitions	-	(85)	(85)
Impairment loss recognized	1,377	-	1,377
Effects of foreign currency exchange differences	-	18	18
Balance at December 31, 2022	<u>\$ 30,217</u>	<u>\$ 44,719</u>	<u>\$ 74,936</u>
Carrying amount at December 31, 2022	<u>\$ 84,291</u>	<u>\$ 7,848</u>	<u>\$ 92,139</u>

Amortization expenses are provided for on a straight-line basis based on the following useful lives:

Patents	5 to 10 years
Computer software	3 to 5 years

Summary of amortization expenses by function:

	<u>2023</u>	<u>2022</u>
Manufacturing expenses	\$ 13,635	\$ 13,633
Selling and marketing expenses	697	697
General and administrative expenses	3,418	4,879
Research and development expenses	<u>3,404</u>	<u>4,033</u>
	<u>\$ 21,154</u>	<u>\$ 23,242</u>

XVIII. Other assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Prepayments	\$ 16,433	\$ 24,248
Others	<u>1,059</u>	<u>2,414</u>
	<u>\$ 17,492</u>	<u>\$ 26,662</u>
<u>Non-current</u>		
Refundable deposits	\$ 6,581	\$ 7,878
Prepayment for equipment	4,417	6,603
Others	<u>5,225</u>	<u>5,225</u>
	<u>\$ 16,223</u>	<u>\$ 19,706</u>

For the amount of other non-current assets pledged as collateral, please refer to Note 31.

XIX. Borrowings

(I) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit borrowings	<u>\$ 86,728</u>	<u>\$ 88,114</u>

The interest rate range is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit borrowings	3.35%~3.60%	3.55%~3.60%

(II) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit borrowings	\$ -	\$ 220,000
Less: Current portion	<u>-</u>	<u>(26,667)</u>
	<u>\$ -</u>	<u>\$ 193,333</u>

The interest rate range is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit borrowings	-	1.65%~1.87%

The Company borrowed \$100,000 thousand from Shin Kong Bank in March 2022, and it commenced to repay the principal of \$16,667 thousand on a quarterly basis for six installments in December 2023. The Company has fully settled in advance in the first quarter of 2023.

The Company borrowed \$10,000 thousand and \$70,000 thousand from Yuanta Commercial Bank in July and August 2022, and it commenced to repay the principal on a quarterly basis for four installments in October 2023; the first three installments repay \$10,000 thousand principal, and the remaining repaid in the fourth installment. The Company has fully settled in advance in the second quarter of 2023.

The Company borrowed \$40,000 thousand from E.Sun Commercial Bank in November 2022, and it commenced to repay the principal of \$2,222 thousand on a monthly basis for 18 installments in June 2024. The Company has fully settled in advance in the second quarter of 2023.

XX. Notes payable and accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes payable</u>		
Operating	<u>\$ 307</u>	<u>\$ 214</u>
<u>Accounts payable</u>		
Operating	<u>\$ 366,621</u>	<u>\$ 566,814</u>

XXI. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables for salaries or bonuses	\$ 81,764	\$ 90,629
Remunerations of employee	35,437	43,571
Payables for processing fees	12,264	20,139
Payables for annual leave	11,694	12,337
Payables for professional service fees	7,853	8,955
Remunerations of directors	3,410	4,668
Payables for taxes	2,287	6,385
Others	<u>49,461</u>	<u>56,249</u>
	<u>\$ 204,170</u>	<u>\$ 242,933</u>

XXII. Retirement benefit plan

(I) Defined contribution plan

The pension system under the "Labor Pension Act" applicable to the Company, DIVA Laboratories, Ltd., and Panoramic Imaging Solutions Inc. of the consolidated company is a state-managed defined contribution pension plan. 6% of the monthly salary of employees is appropriated to the personal account at the Bureau of Labor Insurance.

The employees of the consolidated company's subsidiaries in China are members of the pension benefit plan managed by the Chinese government. The overseas subsidiaries are subject to the local pension regulations. Such subsidiaries are required to appropriate a specific percentage of the salary cost to the pension benefit plan to provide funds for the plan. The obligation of the consolidated company for the pension plan managed by the government is only to appropriate a specific amount.

(II) Defined benefit plan

The pension system adopted by the consolidated company and DIVA Laboratories, Ltd. in accordance with the "Labor Standards Act" in Taiwan is a state-managed defined benefit pension plan. The payment of employee pension is based on the years of service and the average salary of the six months before the approved retirement date. The consolidated company appropriates 2% to 5% of the total monthly salary of employees as the pension fund, which is deposited by the Labor Pension Reserve Supervisory Committee in the name of the committee in the bank at the Bank of Taiwan. Before the end of the year, if it is estimated that the balance in the account is not sufficient to pay for employees who are expected to meet the retirement requirements in the following year, the difference will be appropriated in a lump sum before the end of March of the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. The consolidated company has no right to affect the investment management strategy.

The amount of the defined benefit plan presented in the consolidated balance sheet is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 15,691	\$ 16,482
Fair value of plan assets	(<u>17,702</u>)	(<u>17,806</u>)
Deficit (surplus)	(2,011)	(1,324)
Accounted for as net defined benefit assets	<u>2,196</u>	<u>2,196</u>
Net defined benefit liabilities	<u>\$ 185</u>	<u>\$ 872</u>

Changes in net defined benefit (assets) liabilities are as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Deficit (Surplus)
Balance at January 1, 2023	\$ 16,482	(\$ 17,806)	(\$ 1,324)
Interest expense (income)	207	(200)	7
Recognized in profit or loss	207	(200)	7
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(125)	(125)
Actuarial losses - changes in financial assumptions	86	-	86
Actuarial gains - experience adjustments Recognized in other comprehensive income	(125)	-	(125)
Contributions from the employer	(39)	(125)	(164)
Benefit paid	-	(530)	(530)
Balance at December 31, 2023	(959)	959	-
	<u>\$ 15,691</u>	<u>(\$ 17,702)</u>	<u>(\$ 2,011)</u>
Balance at January 1, 2022	\$ 16,801	(\$ 16,305)	\$ 496
Interest expense (income)	109	(93)	16
Recognized in profit or loss	109	(93)	16
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,084)	(1,084)
Actuarial gains - changes in financial assumptions	(746)	-	(746)
Actuarial losses - experience adjustments Recognized in other comprehensive income	502	-	502
Contributions from the employer	(244)	(1,084)	(1,328)
Benefit paid	-	(508)	(508)
Balance at December 31, 2022	(184)	184	-
	<u>\$ 16,482</u>	<u>(\$ 17,806)</u>	<u>(\$ 1,324)</u>

The consolidated company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor, invest labor pension funds in domestic (foreign) equity securities, debt securities, bank deposits, and other targets through self-utilization or commissioned operation; however, the distributable amount of the plan assets of the consolidated company shall not be less than the gains calculated based on the interest rate of two-year deposits with local banks.

2. Interest risk: A decrease in the interest rate of government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment of the plan assets will also increase, which will have a partially offsetting effect on the net defined benefit liability.
3. Salary risk: The calculation of the present value of the determined benefit obligation is based on the future salary of the members of the plan. Therefore, an increase in the salary of the plan members will increase the present value of the defined benefit obligation.

The present value of the consolidated company's defined benefit obligation was actuarially determined by a qualified actuary. The significant assumptions on the measurement date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.2%	1.3%
Expected rate of salary increase	2.5%	2.5%

If there are reasonable and possible changes in the major actuarial assumptions, and all other assumptions remain unchanged, the amount of increase (decrease) in the present value of the defined benefit obligation will be as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.25%	(<u>\$ 212</u>)	(<u>\$ 279</u>)
Decrease by 0.25%	<u>\$ 216</u>	<u>\$ 287</u>
Expected salary increase rate		
Increase by 1.00%	<u>\$ 883</u>	<u>\$ 1,220</u>
Decrease by 1.00%	(<u>\$ 829</u>)	(<u>\$ 1,107</u>)

As actuarial assumptions may be interrelated, the change in a single assumption is unlikely; therefore, the above sensitivity analysis may not be able to reflect the actual change in the present value of defined benefit obligations.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plans for the next year	<u>\$ 478</u>	<u>\$ 547</u>
Average duration of defined benefit obligations	7.3 years	9.5 years

XXIII. Equity

(I) Share capital

Ordinary shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	<u>69,400</u>	<u>69,400</u>
Issued capital	<u>\$ 693,996</u>	<u>\$ 693,996</u>

The ordinary shares issued have a par value of \$10 per share, and each share is entitled to one voting right and the right to receive dividends.

In order to introduce strategic investors and meet the capital needs for future operations, the Company's shareholders' meeting on June 20, 2018 resolved to carry out a capital increase in cash through the private placement of 20,000 thousand ordinary shares. On November 7, 2018, the Board approved the resolution that the intended place for the private placement of ordinary shares shall be Qisda Corporation, the base day for the capital increase shall be November 20, 2018, and the issuance shall be made in premium at \$13 per share. The capital increase in cash through the private placement raised a total of \$260,000 thousand in cash and issued 20,000 thousand shares. The paid-in capital after the capital increase was \$693,996 thousand, and the alteration registration was completed on December 18, 2018.

The rights and obligations of the aforementioned new shares under the private placement are the same as those of the Company's issued ordinary shares, except that in accordance with Article 43-8 of the Securities and Exchange Act, the ordinary shares under the private placement may not be freely transferred within three years after the delivery. The Board was authorized to apply to the competent authorities for a supplementary public offering and listing on the TPEx for the trading of the ordinary shares three years after the delivery of the ordinary shares in accordance with the relevant laws and regulations, which was approved and filed for validity by the FSC on April 26, 2022.

On December 27, 2023, the Board resolved to perform a capital increase in cash through the issuance of 8,700 new shares with a par value of \$10 per share and an issuance price of \$50 per share in premium, which was approved by the competent authority on January 9, 2024, and the base day for the capital increase was March 22, 2024.

(II) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	<u>\$ 60,000</u>	<u>\$ 60,000</u>

Note: The capital surplus can be used to make up for losses, and can be used to distribute cash or capitalize on share capital when the Company has no losses. However, it shall be limited to a certain ratio of the paid-in capital each year when capitalizing on share capital.

(III) Retained earnings and dividend policy

According to the Articles of Incorporation, the Company authorizes the Board to make a special resolution to distribute dividends and bonuses that should be distributed, in the form of cash, and report to the shareholders' meeting.

In accordance with the earning distribution policy of the Articles of Incorporation, if there is a profit in the final accounting, the Company shall pay tax and make up past losses, and then appropriate 10% as the legal reserve. However, when the legal reserve amounts to the Company's paid-in capital, the appropriation is not required. For the remaining, it shall appropriate or reverse the special reserve according to laws and regulations. If there is any remaining balance, the Board shall prepare a proposal for the distribution of the earnings, together with the accumulated unappropriated earnings, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. Regarding the distribution policies for the remuneration of employees and remuneration of Directors specified in the Articles of Incorporation, please refer to Note 25(7) Remuneration of employees and remuneration of Directors.

The Company's dividend policy complies with the current and future development plans, taking investment environments, capital requirements, and domestic/foreign competition status into account, and considers shareholders' interest and other factors. Shareholders' dividends or bonuses may be distributed in cash or stocks, in which cash dividends shall be no less than 10% of the total dividend.

The legal reserve shall be appropriated until the balance reaches the paid-in capital of the Company. Legal reserves may be used to offset losses. If the legal reserve exceeds 25% of the paid-in capital, and when the Company has no losses, it can be appropriate to capital and distributed in cash.

The proposals of the Company for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 42,224	\$ 31,297
Special reserve	(\$ 5,902)	(\$ 1,510)
Cash dividends	\$ 346,998	\$ 208,199
Cash dividends per share (NT\$)	\$ 5.0	\$ 3.0

The above cash dividends were distributed by resolutions of the Board on March 3, 2023 and March 4, 2022, respectively. The remaining earning distribution items were also resolved at the annual shareholders' meetings on June 15, 2023 and 2022, respectively.

The proposal for earning distribution for 2023 formulated by the Board on March 1, 2024 is as follows:

	<u>2023</u>
Legal reserve	<u>\$ 27,891</u>
Special reserve	<u>\$ 6,457</u>
Cash dividends	<u>\$ 277,598</u>
Cash dividends per share (NT\$)	\$ 4.0

The above cash dividends have been distributed by the resolution of the Board, and the remaining are to be resolved at the annual shareholders' meeting to be convened on May 28, 2024.

(IV) Special reserve

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 26,299	\$ 27,809
Special reserve		
Reversal of the debits to other equity items	(<u>5,902</u>)	(<u>1,510</u>)
Balance at December 31	<u>\$ 20,397</u>	<u>\$ 26,299</u>

The special reserve provided due to the exchange differences on the translation of the financial statements of foreign operations (including subsidiaries) is reversed in accordance with the Company's disposition ratio. When the Company loses its significant influence, the entire amount is reversed. When distributing earnings, a special reserve shall be provided supplementary for the difference of the special reserve provided for the net reduction to other equity accounted for at the end of the reporting period. Subsequently, if the balance of the reduction to other equity is reversed, the special reserve may be reversed regarding the reversed part for the distribution of earnings.

(V) Other equity

- Exchange differences on the translation of financial statements of foreign operations

	<u>2023</u>	<u>2022</u>
Balance at January 1	(<u>\$ 19,976</u>)	(<u>\$ 26,331</u>)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(<u>7,022</u>)	<u>6,355</u>
Other comprehensive income recognized for the year	(<u>7,022</u>)	<u>6,355</u>
Balance at December 31	<u>(\$ 26,998)</u>	<u>(\$ 19,976)</u>

2. Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income

	<u>2023</u>	<u>2022</u>
Balance at January 1	(\$ 421)	\$ 32
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	<u>565</u>	(453)
Other comprehensive income		
recognized for the year	<u>565</u>	(453)
Balance at December 31	<u>\$ 144</u>	(\$ 421)

(VI) Non-controlling interests

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 831,544	\$ 820,830
Net profit for the year	35,638	23,541
Other comprehensive income of the year		
Exchange differences on translation of financial statements of foreign operations	(33)	1,301
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	1,026	(823)
Remeasurement of defined benefit plans	84	685
Cash dividends distributed by subsidiaries	(37,812)	(13,990)
Balance at December 31	<u>\$ 830,447</u>	<u>\$ 831,544</u>

XXIV. Revenue

(I) Breakdown of revenue from contracts with customers

	<u>2023</u>	<u>2022</u>
LCD touch module	\$ 2,490,629	\$ 2,786,376
LCD module	506,311	1,165,392
Medical and industrial displays	604,781	756,526
Others	<u>314,524</u>	<u>213,404</u>
	<u>\$ 3,916,245</u>	<u>\$ 4,921,698</u>

(II) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (Note 9)	<u>\$ 541,553</u>	<u>\$ 705,485</u>	<u>\$ 950,908</u>
Accounts receivable from related parties	<u>\$ 5,903</u>	<u>\$ 144,433</u>	<u>\$ 126,332</u>
Contract liabilities - Current	<u>\$ 90,266</u>	<u>\$ 92,288</u>	<u>\$ 40,350</u>

The change in contract liabilities is mainly due to the difference between the point of time fulfilling the performance obligation and the time of payment by the customer.

The amounts recognized as income in the current year from the contract liabilities at the beginning of the year for which the performance obligations have been fulfilled are as follows:

	2023	2022
From contract liabilities at the start of the year	<u>\$ 45,026</u>	<u>\$ 20,857</u>

XXV. Net profit for the year

(I) Interest income

	2023	2022
Bank deposits	<u>\$ 8,388</u>	<u>\$ 1,615</u>

(II) Other income

	2023	2022
Rental income		
Investment property	\$ 6,916	\$ 7,380
Depreciation expenses of investment property	(794)	(798)
	<u>\$ 6,122</u>	<u>\$ 6,582</u>

(III) Other gains and losses

	<u>2023</u>	<u>2022</u>
Valuation gains (losses) on financial assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	\$ 38,281	\$ 64,605
Financial liabilities held for trading	(63,539)	(131,873)
Net foreign exchange gains	5,110	78,914
Gains (losses) on disposal of property, plant and equipment	(467)	184
Impairment loss of investment accounted for using the equity method	-	(22,715)
Impairment loss of intangible assets	-	(1,377)
Other gains	18,893	15,130
Other losses	(<u>75</u>)	(<u>103</u>)
	<u>(\$ 1,797)</u>	<u>\$ 2,765</u>

(IV) Finance cost

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 5,223	\$ 9,733
Interest on lease liabilities	<u>262</u>	<u>371</u>
	<u>\$ 5,485</u>	<u>\$ 10,104</u>

(V) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 52,334	\$ 51,415
Right-of-use assets	10,793	10,300
Investment property	794	798
Intangible assets	<u>21,154</u>	<u>23,242</u>
	<u>\$ 85,075</u>	<u>\$ 85,755</u>
Summary of depreciation expenses by function:		
Operating cost	\$ 34,655	\$ 33,973
Operating expenses	28,472	27,742
Non-operating income and expenses	<u>794</u>	<u>798</u>
	<u>\$ 63,921</u>	<u>\$ 62,513</u>

(Continued)

	<u>2023</u>	<u>2022</u>
Summary of amortization expenses by function:		
Operating cost	\$ 13,635	\$ 13,633
Operating expenses	<u>7,519</u>	<u>9,609</u>
	<u>\$ 21,154</u>	<u>\$ 23,242</u>

(VI) Employee benefit expense

	<u>2023</u>	<u>2022</u>
Short-term benefits	<u>\$ 574,838</u>	<u>\$ 650,378</u>
Post-employment benefits		
Defined contribution plan	34,232	30,494
Defined benefit plan (Note 22)	<u>8</u>	<u>16</u>
	<u>34,240</u>	<u>30,510</u>
Other employee benefits	<u>50,554</u>	<u>53,274</u>
	<u>\$ 659,632</u>	<u>\$ 734,162</u>
Summary by function:		
Operating cost	\$ 328,274	\$ 408,962
Operating expenses	<u>331,358</u>	<u>325,200</u>
	<u>\$ 659,632</u>	<u>\$ 734,162</u>

(VII) Remuneration of employees and remuneration of Directors

According to the Articles of Incorporation, if there is a profit for the year, no less than and no more than 20% shall be appropriated as the remuneration of employees, and no more than 1% shall be appropriated as the remuneration of Directors. The estimated remuneration of employees and Directors for 2023 and 2022 resolved by the Board on March 1, 2024 and March 3, 2023, respectively, is as follows:

Accrual rate

	<u>2023</u>	<u>2022</u>
Compensation of employees	8.00%	7.00%
Remuneration of Directors	0.75%	0.75%

Amount

	<u>2023</u>	<u>2022</u>
Compensation of employees	\$ 28,856	\$ 38,482
Remuneration of Directors	2,705	4,123

If there is still a change in the amount of the annual consolidated financial statements after the publication date, it will be treated as a change in the accounting estimate and will be adjusted and accounted for in the following year.

There is no difference between the actual amounts of employees' and directors' remuneration paid for 2022 and 2021 and the amounts recognized in the consolidated financial statements for 2022 and 2021.

For information on remuneration of employees and remuneration of Directors resolved by the Board, please visit the “Market Observation Post System “of the Taiwan Stock Exchange.

XXVI. Income tax

(I) Major components of income tax expenses recognized in profit or loss

	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 100,503	\$ 133,056
Income tax on unappropriated earnings	1,946	3,749
Adjustments for prior year	(<u>6,014</u>)	(<u>3,973</u>)
	<u>96,435</u>	<u>132,832</u>
Deferred tax		
In respect of the current year	(12,906)	(8,163)
Adjustments for prior year	<u>18</u>	<u>31</u>
	(<u>12,888</u>)	(<u>8,132</u>)
Income tax expenses recognized in profit or loss	<u>\$ 83,547</u>	<u>\$ 124,700</u>

The reconciliation between accounting income and income tax expense is as follows:

	<u>2023</u>	<u>2022</u>
Net profit before tax	<u>\$ 398,048</u>	<u>\$ 570,106</u>
Income tax expense calculated at the statutory rate	\$ 103,395	\$ 139,100
Nondeductible expenses in determining taxable income	2,035	1,624
Tax-exempted income	(1,123)	-
Income tax on unappropriated earnings	1,946	3,749
Unrecognized deductible temporary differences	(12,585)	(11,251)
Adjustments for prior years' tax	(6,014)	(3,973)
Adjustments for prior years' deferred tax	18	31
Foreign income tax	455	-
Consolidated deferred tax of the enterprise	(<u>4,580</u>)	(<u>4,580</u>)
Income tax expenses recognized in profit or loss	<u>\$ 83,547</u>	<u>\$ 124,700</u>

(II) Income tax recognized in other comprehensive income

	<u>2023</u>	<u>2022</u>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ 33</u>	<u>\$ 265</u>

(III) Current tax assets and liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax assets		
Tax refunds receivable	<u>\$ 238</u>	<u>\$ 2,413</u>
Current tax liabilities		
Income taxes payable	<u>\$ 84,564</u>	<u>\$ 124,653</u>

(IV) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2023

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Exchange Differences</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>					
Temporary differences					
Investment losses accounted for under the equity method	\$ 18,390	\$ 682	\$ -	\$ -	\$ 19,072
Inventory write-downs	18,273	6,401	-	(73)	24,601
Unrealized foreign exchange losses	3,882	1,433	-	-	5,315
Payables for annual leave	2,467	(128)	-	-	2,339
Defined benefit pension plan	2,447	(104)	(33)	-	2,310
Others	<u>4,928</u>	<u>618</u>	<u>-</u>	<u>(6)</u>	<u>5,540</u>
	<u>\$ 50,387</u>	<u>\$ 8,902</u>	<u>(\$ 33)</u>	<u>(\$ 79)</u>	<u>\$ 59,177</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Property, plant and equipment	\$ 27,656	(\$ 1,092)	\$ -	\$ -	\$ 26,564
Intangible assets	16,858	(3,488)	-	-	13,370
Taxation difference in depreciation expenses	3,307	(207)	-	(48)	3,052
Investment gains accounted for using the equity method	1,989	162	-	-	2,151
Others	<u>290</u>	<u>639</u>	<u>-</u>	<u>-</u>	<u>929</u>
	<u>\$ 50,100</u>	<u>(\$ 3,986)</u>	<u>\$ -</u>	<u>(\$ 48)</u>	<u>\$ 46,066</u>

2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary difference					
Investment losses accounted for under the equity method	\$ 17,599	\$ 791	\$ -	\$ -	\$ 18,390
Inventory write-downs	13,958	4,277	-	38	18,273
Unrealized foreign exchange losses	6,419	(2,537)	-	-	3,882
Defined benefit pension plan	2,811	(99)	(265)	-	2,447
Payables for annual leave	2,146	321	-	-	2,467
Others	4,145	778	-	5	4,928
	<u>\$ 47,078</u>	<u>\$ 3,531</u>	<u>(\$ 265)</u>	<u>\$ 43</u>	<u>\$ 50,387</u>
<u>Deferred tax liabilities</u>					
Temporary difference					
Property, plant and equipment	\$ 28,748	(\$ 1,092)	\$ -	\$ -	\$ 27,656
Intangible assets	20,346	(3,488)	-	-	16,858
Taxation difference in depreciation expenses	3,466	(207)	-	48	3,307
Investment gains accounted for using the equity method	2,071	(82)	-	-	1,989
Others	22	268	-	-	290
	<u>\$ 54,653</u>	<u>(\$ 4,601)</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 50,100</u>

(V) The deductible temporary difference of deferred tax assets not recognized in the consolidated balance sheet

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	<u>\$ 82,287</u>	<u>\$ 142,140</u>

(VI) Assessment of income tax

The profit-seeking enterprise income tax filings of the Company and DIVA Laboratories, Ltd. have been assessed by the tax collection authority up to 2021.

XXVII. Earnings per share

	Unit: NT\$ per share	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 4.02</u>	<u>\$ 6.08</u>
Diluted earnings per share	<u>\$ 3.99</u>	<u>\$ 5.99</u>

The earnings per share and the weighted average number of ordinary shares are as follows:

Net profit for the year

	<u>2023</u>	<u>2022</u>
Profit for the year attributable to owners of the Company	\$ 278,863	\$ 421,865
Effect of potentially dilutive ordinary shares:		
Compensation of employees	_____ -	_____ -
Earnings used in the computation of diluted earnings per share	<u>\$ 278,863</u>	<u>\$ 421,865</u>

Number of shares (In thousand shares)

	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	69,400	69,400
Effect of potentially dilutive ordinary shares:		
Compensation of employees	_____ 552	_____ 989
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>69,952</u>	<u>70,389</u>

If the consolidated company may choose to pay employees' remuneration in stock or cash, when calculating the diluted earnings per share, it is assumed that the employee's remuneration will be paid out in stock, and the potential ordinary shares are included in the weighted average number of outstanding shares when diluted to calculate diluted earnings per share. The dilutive effect of these potential ordinary shares will also be taken into account when calculating the diluted earnings per share before the number of shares to be distributed to employees in the following year.

XXVIII. Capital risk management

The consolidated company shall conduct capital management to ensure that the consolidated company can continue to operate with a capital structure that is most suitable for the consolidated company's current operation and development, and make good use of various equity and debt instruments to provide the consolidated company with capital required for operating plans so as to achieve the target of maximized shareholders' return.

The consolidated company's capital structure consists of the consolidated company's net debt and equity attributable to the owners of the Company.

The consolidated company is not subject to other external capital requirements.

XXIX. Financial instruments

(I) Fair value information - Financial instruments not measured at fair value

Regarding financial instruments not measured at fair value that have near expiry dates or have receipt/payment prices in the future approximating their carrying amount, the carrying amount on the consolidated balance sheet date is adopted for the estimation of its fair value.

(II) Fair value information - Financial instruments at measured at fair value on a repetitive basis

1. Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ -	\$ -
Derivatives	-	<u>8,614</u>	-	<u>8,614</u>
	<u>\$ -</u>	<u>\$ 8,614</u>	<u>\$ -</u>	<u>\$ 8,614</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
Domestic unlisted stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,611</u>	<u>\$ 4,611</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ -	\$ -
Derivatives	-	<u>120</u>	-	<u>120</u>
	<u>\$ -</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ 120</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
Domestic unlisted stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,020</u>	<u>\$ 3,020</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 2,233</u>	<u>\$ -</u>	<u>\$ 2,233</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements of financial instruments

2023

Financial assets	Financial Assets at Fair Value through Profit or Loss Equity instruments	Financial Assets at Fair Value through Other Comprehensive Income Equity instruments	Total
Balance at January 1	\$ -	\$ 3,020	\$ 3,020
Recognized in other comprehensive income (unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	-	1,591	1,591
Balance at December 31	<u>\$ -</u>	<u>\$ 4,611</u>	<u>\$ 4,611</u>

2022

Financial assets	Financial Assets at Fair Value through Profit or Loss Equity instruments	Financial Assets at Fair Value through Other Comprehensive Income Equity instruments	Total
Balance at January 1	\$ -	\$ 4,296	\$ 4,296
Recognized in other comprehensive income (unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	-	(1,276)	(1,276)
Balance at December 31	<u>\$ -</u>	<u>\$ 3,020</u>	<u>\$ 3,020</u>

3. Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument Category	Valuation Technique and Inputs
Derivatives - foreign currency forward contracts and foreign exchange swap contract	Discounted cash flow method: The future cash flows are estimated based on the forward exchange rates observable at the end of the year and the contractual exchange rates, and discounted at the discount rates that can reflect the credit risk of each counterparty.

4. Valuation techniques and inputs applied for Level 3 fair value measurement
For domestic unlisted stocks and suspended listed stocks held by the consolidated company, where there is no market price for reference, the valuation method is used for estimation.

(III) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 8,614	\$ 120
Financial assets at amortized cost		
Cash and cash equivalents	947,955	846,465
Notes receivable	-	410
Accounts receivable	541,553	705,075
Accounts receivable from related parties	5,903	144,433
Other receivables	4,081	9,142
Other receivables from related parties	2,857	4,668
Refundable deposits	6,581	7,878
Financial assets at fair value through other comprehensive income		
Equity instruments	4,611	3,020
<u>Financial liabilities</u>		
Measured at fair value through profit or loss		
Held for trading	-	2,233
Amortized cost		
Short-term borrowings	86,728	88,114
Notes payable	307	214
Accounts payable	366,621	566,814
Accounts payable from related parties	21,791	44,907
Other payables	69,578	85,343
Other payables from related parties	19,432	17,426
Long-term borrowings (including the part due within one year)	-	220,000
Guarantee deposits received	464	471

(IV) Financial risk management objectives and policies

The financial risks related to the operating activities of the consolidated company are mainly market risk, credit risk and liquidity risk. Except for market risk, which is mainly affected by external factors and is unpredictable, the remaining two risks can be generally controlled or eliminated through internal control or operating procedures. Therefore, in response to changes in market risks, the consolidated company uses appropriate financial instrument operations to reduce the adverse effects that market risks may have on the consolidated company's financial status and financial performance.

1. Market risk

The market risks to which the consolidated company is exposed to mainly include exchange rate risk and interest rate risk.

(1) Exchange rate risk

The consolidated company engages in foreign currency-denominated sales and purchase transactions, resulting in exchange rate risk. The consolidated company manages its exposure to exchange rate risk using forward exchange contracts to the extent permitted by the policy.

For the carrying amounts of the consolidated company's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements), please refer to Note 33.

Sensitivity analysis

The consolidated company is mainly affected by fluctuations in the exchange rate of the USD.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity analysis includes only outstanding monetary items in foreign currencies and forward exchange contracts designated as cash flow hedges, and adjusts their year-end translation by a 1% change in exchange rates. A positive number in the following table represents the amount of increase (decrease) in net profit before tax when NTD strengthens by 1% against USD; when NTD depreciates by 1% against USD, the impact on net profit before tax will be the same amount in negativity.

	Impact of USD	
	2023	2022
Profit and loss	(\$ 2,051)	(\$ 4,075)

(2) Interest rate risk

The consolidated company's risk of changes in interest rates mainly comes from short-term borrowings and long-term borrowings with fixed and floating interest rates. Changes in market interest rates will change the effective interest rate of borrowings, resulting in the risk of changes in the future fair value and cash flow.

The carrying amounts of the consolidated company's financial assets and financial liabilities that are exposed to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial assets	\$ 434,220	\$ 257,740
Financial liabilities	108,515	110,489
Cash flow interest rate risk		
Financial assets	513,215	589,365
Financial liabilities	-	220,000

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivatives on the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period.

If the interest rate increases/decreases by 1%, and all other variables remain unchanged, the consolidated company's net profit before tax for 2023 and 2022 will increase/decrease by \$5,132 thousand and \$3,694 thousand, respectively.

2. Credit risk

Credit risk refers to the risk related to defaults of counterparties on their contractual obligations that result in the risk of financial losses of the Group. As of the balance sheet date, the consolidated company's maximum credit risk exposure that may be due to a counterparty's failure to perform its obligations is mainly derived from the carrying amount of the financial assets recognized in the consolidated balance sheet.

To mitigate credit risk, the consolidated company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the consolidated company reviews the recoverable amounts of amounts receivable on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible amounts receivable. Accordingly, the

consolidated company's management considers that the consolidated company's credit risk has been significantly reduced.

Regarding the consolidated company's accounts receivable balance as of December 31, 2023 and 2022, the amounts due from Company A, Company B, and Company C were \$74,057 thousand and \$76,832 thousand, \$26,744 thousand and \$124,485 thousand, as well as \$66,295 thousand and \$5,317 thousand, respectively, and the counterparties of the remaining amounts receivable cover multiple customers who are separated in different industries and geographical areas. The consolidated company continuously evaluates the financial position of customers with amounts receivable customers.

3. Liquidity risk

The consolidated company maintains sufficient cash and cash equivalents to meet the cash requirements for operating activities through accounts and financing management and reduce the impact of cash flow fluctuations. The consolidated company's Finance Department monitors the use of bank financing limits at all times and ensures compliance with the terms of borrowing contracts.

Liquidity and interest rate risk table of non-derivative financial liabilities

The maturity analysis for the remaining contracts of non-derivative financial liabilities is based on the date on which the consolidated company may be required to make repayments and is prepared according to the undiscounted cash flow of financial liabilities (including the principal and estimated interest). Therefore, the consolidated company may be required to immediately repay the bank borrowings, which is within the earliest period in the table below, regardless of the probability that the bank may immediately exercise its right; the maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

For the interest cash flow paid at floating interest rates, the undiscounted interest amount is inferred based on the yield curve on the balance sheet date.

The maturity date of the non-interest-bearing financial liabilities accounted for in the consolidated company's current liabilities is within one year, and the Company was not required to immediately settle such financial liabilities. The deposits received in the non-current financial liabilities are mainly deposited by customers as credit guarantees with no specific maturity date.

December 31, 2023

	Within 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 12,911	\$ 9,354
Fixed interest rate instruments	88,111	-
	<u>\$ 101,022</u>	<u>\$ 9,354</u>

December 31, 2022

<u>Non-derivative financial liabilities</u>	<u>Within 1 Year</u>	<u>1 to 5 Years</u>
Lease liabilities	\$ 10,947	\$ 11,779
Variable interest rate instruments	30,546	195,866
Fixed interest rate instruments	<u>89,533</u>	<u>-</u>
	<u>\$ 131,026</u>	<u>\$ 207,645</u>

The amount of variable interest rate instruments of the abovementioned non-derivative financial liabilities will change due to the difference between the variable interest rate and the estimated interest rate on the balance sheet date.

XXX.Related party transactions

The Company's parent company is Qisda Corporation, which held 28.82% of the Company's ordinary shares as of December 31, 2023 and 2022.

Transactions, account balances, gains, and expenses between the Company and its subsidiaries (who are related parties of the Company) have been eliminated upon consolidation and are not disclosed in this Note. In addition to those disclosed in other notes, the transactions between the consolidated company and other related parties are as follows.

(I) Related party and the relationship with it

<u>Related Party</u>	<u>Relationship with the Consolidated Company</u>
Qisda Corporation	Parent company
AUO Corporation	An individual with significant influence on the parent company that is a corporate Director who values the parent company by using the equity method
Darwin Precisions Corporation	A subsidiary of AUO Corporation
AUO Display Plus Corporation	A subsidiary of AUO Corporation
DFI Inc.	Sister company
BenQ AB Dentcare Corporation	Sister company
BenQ Medical Technology Corporation	Sister company
BenQ Asia Pacific Corp.	Sister company
BenQ Healthcare Corporation	Sister company
BenQ Materials Corp.	Sister company
BenQ Technology (Shanghai) Co., Ltd.	Sister company
Qisda (Suzhou) Co., Ltd.	Sister company
Qisda Optronics (Suzhou) Co., Ltd.	Sister company

(Continued)

Related Party	Relationship with the Consolidated Company
Global Intelligence Network Co., Ltd.	Sister company
Metaage Corporation (formerly known as Sysage Technology Co., Ltd.)	Sister company
Concord Medical Co., Ltd	Sister company
Metaguru Corporation	Sister company
Action Star Technology Co., Ltd.	Sister company
BenQ Foundation	Substantial related party
Unictron Technologies Corporation	Associate
Everlasting Digital ESG Co., Ltd.	Associate
DMC Components International, LLC	Associate
The Linden Group Corp.	Associate
QUBYX Software Technologies Inc	Associate

(II) Operating revenue

Item	Related Party Category	2023	2022
Sales	Parent company	\$ 134	\$ 294
	Sister company		
	Qisda (Suzhou) Co., Ltd.	254	277,163
	Others	<u>29,968</u>	<u>111,332</u>
		<u>30,222</u>	<u>388,495</u>
	Associate	<u>30,246</u>	<u>125,098</u>
	A subsidiary of AUO Corporation	<u>427</u>	<u>124</u>
		<u>\$ 61,029</u>	<u>\$ 514,011</u>

As most of the consolidated company's transactions with the abovementioned related parties are customized products with no comparable products, the prices are negotiated by both parties; sales to related parties and non-related parties are collected after shipping or O/A 30 to 150 days and collected after shipping or O/A 30 to 160 days, respectively.

(III) Purchases

Related Party Category	2023	2022
Parent company	\$ 58	\$ 25
AUO Corporation	-	220,300
A subsidiary of AUO Corporation	86,542	95,820
Sister company	3,990	4,856
Associate	<u>195</u>	<u>559</u>
	<u>\$ 90,785</u>	<u>\$ 321,560</u>

As most of the transactions with the abovementioned related parties are raw materials required by customized products with no comparable products, the prices are negotiated by both parties; purchases from related parties and non-related parties are paid after receipt or O/A 30 to 150 days and paid after receipt or O/A 30 to 120 days, respectively.

(IV) Contract liabilities

<u>Related Party Category</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associate	<u>\$ 2,184</u>	<u>\$ -</u>

(V) Receivables from related parties

<u>Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	Parent company	<u>\$ 13</u>	<u>\$ -</u>
	Sister company	<u>3,356</u>	<u>96,047</u>
	Associate	11,387	48,386
	Less: Loss allowance	<u>(8,853)</u>	<u>-</u>
		<u>2,534</u>	<u>48,386</u>
		<u>\$ 5,903</u>	<u>\$ 144,433</u>
Other receivables	Sister company		
	Qisda Optronics (Suzhou) Co., Ltd.	\$ 2,857	\$ 3,863
	Associate	-	805
		<u>\$ 2,857</u>	<u>\$ 4,668</u>

No guarantee is received for the outstanding amounts due from related parties.

(VI) Payables to related parties

<u>Item</u>	<u>Related Party Category</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	AUO Corporation	\$ -	\$ 35,463
	A subsidiary of AUO Corporation	21,742	9,210
	Sister company	17	-
	Associate	32	234
		<u>\$ 21,791</u>	<u>\$ 44,907</u>
Other payables	Parent company	\$ 7,797	\$ 2,098
	Sister company	1,887	10,348
	Associate	9,748	4,980
		<u>\$ 19,432</u>	<u>\$ 17,426</u>

The balance of outstanding amounts due to related parties has not been provided for guarantee.

(VII) Acquisition of property, plant and equipment

<u>Related Party Category</u>	<u>Purchase price</u>	
	<u>2023</u>	<u>2022</u>
Sister company	<u>\$ -</u>	<u>\$ 131</u>

(VIII) Lease agreement

<u>Item</u>	<u>Related Party Category</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities	Parent company	<u>\$ 2,373</u>	<u>\$ 4,125</u>

<u>Item</u>	<u>Related Party Category</u>	<u>2023</u>	<u>2022</u>
Interest expenses (accounted for as finance cost)	Parent company	<u>\$ 45</u>	<u>\$ 68</u>
Depreciation expenses (accounted for as operating cost)	Parent company	<u>\$ 1,651</u>	<u>\$ 1,651</u>

The consolidated company rented the Taoyuan Office from the parent company in November 2021 and the Taoyuan Plant from the parent company in May 2020. The lease terms are 3.5 years and 5 years, respectively. The rental is based on the rental level of similar assets, and it pays a fixed lease payment on a monthly basis according to the lease contract.

(IX) Prepayments (accounted for as other current assets)

<u>Related Party Category</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
AUO Display Plus Corporation	\$ 3,075	\$ -
Associate	242	202
Sister company	177	177
	<u>\$ 3,494</u>	<u>\$ 379</u>

Prepayments to the subsidiary of AUO Corporation are for the preparation of materials.

Prepayments to associates are for inspection and testing services.

Prepayments to sister companies are for the provision of software and other services.

(X) Other related party transactions

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
<u>Operating cost</u>		
Parent company	\$ 20,773	\$ 13,023
A subsidiary of AUO Corporation	-	22
Sister company	336	516
Associate	1,304	1,559
	<u>\$ 22,413</u>	<u>\$ 15,120</u>

(Continued)

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
<u>Operating expenses</u>		
Parent company	\$ 1,646	\$ 1,972
AUO Corporation	1	-
A subsidiary of AUO Corporation	610	885
Sister company	1,451	1,621
Associate	1,100	1,008
Substantial related party	<u>1,000</u>	<u>1,500</u>
	<u>\$ 5,808</u>	<u>\$ 6,986</u>
 <u>Operating expenses - Commission expense</u>		
Associate	<u>\$ 29,879</u>	<u>\$ 20,532</u>
 <u>Other income</u>		
Sister company	\$ 76	\$ -
Associate	<u>99</u>	<u>271</u>
	<u>\$ 175</u>	<u>\$ 271</u>

As the parent company provided partial management services to the consolidated company, the management expenses recognized in 2023 and 2022 were \$22,419 thousand and \$14,995 thousand, respectively.

Commission expenses are calculated based on the rates agreed upon in contracts and are paid only after the consolidated company has received the relevant accounts receivable for sales of goods as an agent.

Other income refers to the certification service income collected from associates.

(XI) Remuneration of key management personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 43,734	\$ 39,755
Post-employment benefits	<u>324</u>	<u>270</u>
	<u>\$ 44,058</u>	<u>\$ 40,025</u>

The remuneration of Directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXXI. Pledged assets

The following assets of the consolidated company have been pledged as the collateral for the collection of business tax after the release of the imported goods by the customs:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits (accounted for as other non-current assets)	<u>\$ 1,633</u>	<u>\$ 1,508</u>

XXXII. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2022, the consolidated company had an unused letter of credit of \$671 thousand (December 31, 2023: none).

XXXIII. Information on significant assets and liabilities denominated in foreign currencies

The information below is aggregated and expressed in foreign currencies other than the functional currencies of each entity in the consolidated company. The exchange rates disclosed refer to the exchange rates at which these foreign currencies are translated into functional currency. Significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023

	Foreign Currency		Exchange Rate	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 26,273	30.7500	(USD: NTD)	\$ 807,888
USD	9,635	7.0912	(USD: CNY)	296,277
<u>Non-monetary items</u>				
Investment accounted for using the equity method				
USD	237	30.7500	(USD: NTD)	7,284
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	19,602	30.7500	(USD: NTD)	602,750
USD	1,848	7.0912	(USD: CNY)	56,827

December 31, 2022

	Foreign Currency		Exchange Rate	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 32,372	30.730	(USD: NTD)	\$ 994,788
USD	8,775	6.975	(USD: CNY)	269,652
<u>Non-monetary items</u>				
Investment accounted for using the equity method				
USD	360	30.730	(USD: NTD)	11,060
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	19,110	30.730	(USD: NTD)	587,244
USD	3,589	6.975	(USD: CNY)	110,301

The consolidated company's net currency exchange gains or losses (realized and unrealized) for 2023 and 2022 were \$5,110 thousand and \$78,914 thousand, respectively. Due to the wide variety of foreign currency transactions, it is impossible to disclose the exchange gain or loss of each significant foreign currency.

XXXIV. Supplementary disclosures

(I) Significant transactions:

1. Loans to others: None.
2. Endorsements/guarantees provided: Table 1.
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2.
4. Marketable securities acquired and disposed at costs of prices at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
9. Trading in derivative instruments: Note 7.
10. Others: Intercompany relationships and significant Intercompany transactions: Table 5.

(II) Information on investees: Table 6.

(III) Information on investments in Mainland China:

1. Information on investees in Mainland China, including the name, scope of business, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriation of investment gain or loss, and limit on the amount of investment in the Mainland China area: Table 7.
2. The following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8.

- (1) The amount and percentage of purchases and the closing balance relevant amounts payable at the end of the period and percentage.
- (2) The amount and percentage of sales and the closing balance relevant amounts receivable at the end of the period and percentage.
- (3) The amount of property transactions and the amount of gain or loss arising therefrom.
- (4) The closing balance of endorsements/guarantees or collateral provided and their purposes.
- (5) The highest balance, closing balance, interest rate range, and total interest for the current period of capital financing.
- (6) Other transactions that have a significant impact on the current profit or loss or financial position (i.e., the provision or receipt of services).

(IV) Information on major shareholders: Not applicable.

XXXV. Segment information

Information reported to the consolidated company's operating decision-maker focuses on the financial information by products for the allocation of resources and evaluation of segment performance; the chief operating decision-maker considers the Display Module Segment and the Display Segment individual operating segments.

(I) Segment revenue and operating results

The income and operating results of the consolidated company are analyzed as follows based on the reporting segments:

2023

	<u>LCD Module Segment</u>	<u>Display Module Segment</u>	<u>Total</u>
Revenue from external customers	\$ 3,023,199	\$ 893,046	\$ 3,916,245
Inter-segment income	<u>7,071</u>	<u>798</u>	<u>7,869</u>
Segment revenue	3,030,270	893,844	3,924,114
Eliminations	(<u>7,071</u>)	(<u>798</u>)	(<u>7,869</u>)
Consolidated revenue	<u>\$ 3,023,199</u>	<u>\$ 893,046</u>	<u>\$ 3,916,245</u>
Segment income	<u>\$ 327,459</u>	<u>\$ 69,250</u>	\$ 396,709
Interest income			8,388
Other income			6,122
Other gains and losses			(1,797)
Finance cost			(5,485)
Share of profit or loss of associates			(<u>5,889</u>)
Profit before tax			<u>\$ 398,048</u>

2022

	<u>LCD Module Segment</u>	<u>Display Module Segment</u>	<u>Total</u>
Revenue from external customers	\$ 3,973,318	\$ 948,380	\$ 4,921,698
Inter-segment revenue	<u>3,440</u>	<u>824</u>	<u>4,264</u>
Segment revenue	3,976,758	949,204	4,925,962
Eliminations	(3,440)	(824)	(4,264)
Consolidated revenue	<u>\$ 3,973,318</u>	<u>\$ 948,380</u>	<u>\$ 4,921,698</u>
Segment income	<u>\$ 504,910</u>	<u>\$ 61,931</u>	\$ 566,841
Interest income			1,615
Other income			6,582
Other gains and losses			2,765
Finance cost			(10,104)
Share of profit or loss of associates			<u>2,407</u>
Profit before tax			<u>\$ 570,106</u>

Inter-segment sales are calculated at market prices.

Segment profit refers to the profit earned by each segment, excluding share of profit or loss of associates, interest income, other income, net currency exchange (loss) gain, valuation gain (loss) of financial instruments, finance costs, and income tax expenses. This measured amount is provided to the chief operating decision-maker for allocating resources to segments and evaluating their performance.

(II) Segment total assets and liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Segment assets</u>		
LCD Module Segment	\$ 1,559,354	\$ 2,136,445
Display Module Segment	1,656,122	1,691,040
Unallocated assets	<u>68,289</u>	<u>63,860</u>
Consolidated total assets	<u>\$ 3,283,765</u>	<u>\$ 3,891,345</u>
<u>Segment liabilities</u>		
LCD Module Segment	\$ 652,530	\$ 1,117,854
Display Module Segment	185,056	209,137
Unallocated liabilities	<u>132,220</u>	<u>174,753</u>
Consolidated total liabilities	<u>\$ 969,806</u>	<u>\$ 1,501,744</u>

To monitor segment performance and allocate resources among various departments:

1. Assets other than investments accounted for using the equity method and current and deferred tax assets are allocated to the reporting segments. Goodwill is allocated to reporting segments. Assets used jointly by reporting segments are allocated based on the income earned by each reporting segment; and

2. Liabilities other than the credit balance of investments accounted for using the equity method and current and deferred tax liabilities are allocated to reporting segments. The liabilities borne jointly by reporting segments are allocated based on the segment asset proportion.

(III) Geographical information

The consolidated company mainly operates in two regions - Taiwan and China.

Information on the consolidated company's income from external customers by business location and non-current assets by asset location is set out as follows:

	Revenue from External Customers		Non-Current Assets	
			December 31,	December 31,
	2023	2022	2023	2022
Taiwan	\$ 3,852,728	\$ 4,832,641	\$ 742,850	\$ 778,879
China	40,943	62,992	325,464	348,365
Others	<u>22,574</u>	<u>26,065</u>	<u>12</u>	<u>21</u>
	<u>\$ 3,916,245</u>	<u>\$ 4,921,698</u>	<u>\$ 1,068,326</u>	<u>\$ 1,127,256</u>

Non-current assets exclude financial instruments, deferred tax assets, net defined benefit assets and assets arising from insurance contracts.

(IV) Information on major customers

For 2023 and 2022, the income from a single customer reaching 10% or more of the consolidated company's total income is as follows:

	<u>2023</u>	<u>2022</u>
Company B	<u>\$ 627,399</u>	<u>\$ 669,513</u>

Data Image Corporation and Its Subsidiaries
Endorsements/Guarantees Provided
For the year ended December 31, 2023
(In Thousands of New Taiwan Dollars)

Table 1

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Data Image (Suzhou) Corporation	A wholly-owned subsidiary through Data Image (MAURITIUS) Corporation	\$ 296,702	\$ 62,510	\$ 30,750	\$ 6,174	\$ -	2.07%	\$ 741,756	Yes	No	Yes

Note: The total amount of the Company's endorsements /guarantees is limited to 50% of the Company's net worth as stated in its latest financial statements. The endorsements/guarantees provided to a single enterprise are limited to 20% of its net worth, as stated in its latest financial statements.

Data Image Corporation and Its Subsidiaries
 Marketable securities held
 December 31, 2023
 (In Thousands of New Taiwan Dollars)

Table 2

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of the year				Note
				Number of shares	Carrying amount	Percentage of Ownership	Fair value	
DIVA Laboratories, Ltd.	<u>Stocks</u>							
	Insight Genomics Inc.	—	Financial assets at fair value through other comprehensive income - Non-current	600,000	\$ 2,778	6.40%	\$ 2,778	
	Renown Information Technology Corp.	—	Financial assets at fair value through other comprehensive income - Non-current	240,000	1,833	4.80%	1,833	
	Pharmally International Holding Company Limited	—	Financial assets at fair value through profit or loss - Non-current	150,000	-	-	(Note)	

Note: Pharmally International Holding Company Limited was delisted on April 1, 2021. Due to the assessment that the fair value of the marketable securities may be extremely low and a reasonable valuation price was unable to be obtained, the entire amount was recognized as a valuation loss.

Data Image Corporation and Its Subsidiaries

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Table 3

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/sales	Amount	% of Total (Note 1)	Payment Terms	Unit price	Payment Terms	Ending Balance	% of Total	
The Company	Data Image (Suzhou) Corporation	Subsidiary	Processing fees	(\$ 1,134,344)	(55)	To be determined subject to the capital status	Based on the agreed prices	To be determined subject to the capital status	(\$ 294,000)	(76)	
Data Image (Suzhou) Corporation	The Company	Parent company	Processing income	1,134,344	29	To be determined subject to the capital status	Based on the agreed prices	To be determined subject to the capital status	294,000	54	

Note 1: The processing fees are calculated as a percentage of the total manufacturing expenses.

Note 2: Transactions between consolidated companies have been fully written off when preparing the consolidated financial statements.

Data Image Corporation and Its Subsidiaries
 Receivables from Related Parties Amounting to at least NT\$100 million or 20% of the Paid-in Capital
 December 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 4

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Data Image (Suzhou) Corporation	The Company	Parent company	\$ 294,000	4.17	\$ -	—	\$ 168,960	\$ -

Note: Transactions between consolidated companies have been fully written off when preparing the consolidated financial statements.

Data Image Corporation and Its Subsidiaries
Intercompany relationships and significant Intercompany transactions
For the year ended December 31, 2023
(In Thousands of New Taiwan Dollars)

Table 5

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	Data Image (Suzhou) Corporation	1	Accounts payable from related parties	(\$ 294,000)	Note 2 and Note 3	9%
				Commissioned processing fees	1,134,344	Note 2	29%
1	Data Image (Suzhou) Corporation	The Company	2	Processing income	(1,140,704)	Note 2	29%
				Accounts receivable from related parties	294,000	Note 2 and Note 3	9%

Note 1: There are two types of relationships with the trader: 1. The Company to a subsidiary; 2. a subsidiary to the Company; 3. a subsidiary to another subsidiary.

Note 2: The Company sells raw materials and semi-finished products to Data Image (Suzhou) Corporation, and then it purchases partial finished products and semi-finished products from the company to sell to customers. As the processing is without imported materials, the related sales income is expressed as a net amount. In addition, after offsetting the relevant amounts receivable and payable, collection and payment will be made based on the capital status of Data Image (Suzhou) Corporation.

Note 3: Refer to the balance after offsetting of receivables and payables.

Note 4: Transactions between consolidated companies have been fully written off when preparing the consolidated financial statements.

Note 5: Business relationships and significant transactions that reach at least 1% of the consolidated operating income or total assets of the consolidated company shall be disclosed.

Data Image Corporation and Its Subsidiaries
Information on Investees
For the year ended December 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 6

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of shares	Ratio (%)	Carrying amount			
The Company	Data Image (MAURITIUS) Corporation	Mauritius	Investment	\$ 518,381	\$ 518,381	20,215,000	100.00	\$ 472,173	\$ 62,916	\$ 62,916	—
	DIVA Laboratories, Ltd.	Taiwan	Medical equipment manufacturing and sales	625,680	625,680	20,856,000	35.55	622,870	73,617	19,657	Note 1
	DMC Components International, LLC	Orlando, USA	Sales agency	24,304	24,304	300,000	30.00	8,874	3,163	1,267	Note 2
DIVA Laboratories, Ltd.	DIVA Laboratories GmbH	Germany	Sales of monitor	25,092	25,092	-	100.00	1,179	(220)	(220)	-
	DIVA Laboratories U.S., LLC	USA	Sales of monitor	35,858	35,858	-	100.00	14,498	2,709	2,709	-
	Panoramic Imaging Solutions Inc.	Taiwan	Sales of monitor	24,600	24,600	2,500,000	100.00	24,156	(1,510)	(1,510)	Note 3
	Diva Capital Inc.	Samoa	Reinvestment	52,908	52,908	-	100.00	9,635	1,253	1,253	Note 4
	Qubyx Limited	United Kingdom	Software design and sales	-	-	-	-	-	-	-	Note 6
	The Linden Group Corp.	USA	Sales of monitor	30,015	30,015	-	19.00	(1,590)	(37,661)	(7,156)	Notes 5 and 7
Diva Capital Inc.	Diva Holding Inc.	Samoa	Reinvestment	52,598	52,598	-	100.00	9,630	1,253	Note 8	-
Qubyx Limited	QUBYX LTD	France	Software design and sales	-	38	-	-	-	-	-	Note 6
	QUBYX Software Technologies Inc	USA	Software design and sales	-	-	-	-	-	-	-	Note 6

Note 1: The difference between the profit and loss of the investee recognized based on the shareholding ratio in the current year and the investment gain or loss recognized in the current year is the effect of the fair value of the investee's assets being higher than the book value of the amortization.

Note 2: The carrying amount deducted the unrealized gain on downstream transactions of \$1,657 thousand.

Note 3: The carrying amount deducted the unrealized gain on downstream transactions of \$85 thousand.

Note 4: The carrying amount deducted the unrealized gain on downstream transactions of \$13 thousand.

Note 5: The carrying amount deducted the unrealized gain on downstream transactions of \$1,732 thousand.

Note 6: The Company has completed the liquidation of QUBYX Limited on November 2, 2023.

Note 7: The Company had accumulated \$25,787 thousand of impairment loss on the investment in The Linden Group Corp. accounted for using the equity method.

Note 8: The profit or loss of the investee has been included in its investees. To avoid confusion, it is not expressed otherwise presented in these financial statements.

Note 9: The investment gain or loss between investees, the long-term equity investment of the investees, and the net worth of the equity of the investees were fully written off when the consolidated financial statements were prepared.

Data Image Corporation and Its Subsidiaries
Information on Investments in Mainland China
For the year ended December 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 7

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of Period	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan at the End of Period	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount at the End of Period (Note 1)	Accumulated Repatriation of Investment Income at the End of Period
					Outward	Inward						
Data Image (Suzhou) Corporation	Manufacturing, processing, and sale of LCD touch modules and LCD modules	\$ 534,081 (USD 16,300 thousand)	An investee in Mainland China through investment in the establishment of Data Image (MAURITIUS) Corporation in a third region	\$ 511,884 (USD 15,654 thousand)	\$ -	\$ -	\$ 511,884 (USD 15,654 thousand)	\$ 63,199 (RMB 14,463 thousand)	100%	\$ 63,199	\$ 470,745	\$ -
Suzhou Diva Lab. Inc.	Medical equipments wholesale, import and export business	52,643 (USD 1,725 thousand)	Diva Capital Inc., a 100% owned third region subsidiary, reinvested in a third region company Diva Holding Inc., and reinvested in a mainland China company	52,643 (USD 1,725 thousand)	-	-	52,643 (USD 1,725 thousand)	1,253 (RMB 280 thousand)	100%	1,253 (RMB 280 thousand)	9,602 (RMB 2,214 thousand)	-

Investor	Accumulated Outward Remittance for Investments in Mainland China at the end of the period	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Company	USD 15,654 thousand	USD 16,952 thousand	\$890,107 (Note 2)
DIVA Laboratories, Ltd.	USD 1,725 thousand	USD 2,000 thousand	\$619,681 (Note 3)

Note 1: It was recognized based on the financial statements audited by the parent company's CPAs in Taiwan for the same period.

Note 2: The calculation is based on the limit of 60% of the net worth, according to Tou-Shen-Zi No. 09704604680.

Note 3: The calculation is based on a limit of 60% of the consolidated net value of DIVA Laboratories, Ltd., according to Tou-Shen-Zi No. 09704604680.

Note 4: The investment gain or loss between investees, the long-term equity investment of the investees, and the net worth of the equity of the investees were fully written off when the consolidated financial statements were prepared.

Data Image Corporation and Its Subsidiaries
Significant Transactions with Investee Companies in Mainland China, Either Directly or Indirectly through a Third Party, and Their Prices, Payment Terms, and Unrealized Gains or Losses
For the year ended December 31, 2023
(In Thousands of New Taiwan Dollars,)

Table 8

Investee Company	Transaction type	Purchases/sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transaction	Ending Balance	%		
Data Image (Suzhou) Corporation	Sales	\$ 14,752	-	Processed at a price before mark-up	To be determined subject to the capital status	To be determined subject to the capital status	\$ -	-	\$ -	(Note 1)
Data Image (Suzhou) Corporation	Purchases (commissioned processing)	1,134,344	55%	Made at the general purchase price	To be determined subject to the capital status	To be determined subject to the capital status	(294,000)	76	-	(Note 1)

Note 1: The Company sells raw materials and semi-finished products to Data Image (Suzhou) Corporation, and then it purchases partial finished products and semi-finished products from the company to sell to customers. As the processing is without imported materials, the related sales income and cost are expressed at a net amount. In addition, after offsetting the relevant accounts receivable and payable, collection and payment will be made based on its capital status and the balance after offsetting accounts receivable and payable on December 31, 2023.

Note 2: Transactions between consolidated companies have been fully written off when preparing the consolidated financial statements.