

PEGATRON CORPORATION**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

Address : 5F., No.76, Ligong St., Beitou District, Taipei City 112, Taiwan
Telephone : 886-2-8143-9001

The independent auditors' report and the accompanying parent company only 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' report and parent company only financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of material accounting policies	10~26
(5) Significant accounting judgments, assumptions and major sources of estimation uncertainty	26~27
(6) Explanation of significant accounts	27~63
(7) Related-party transactions	63~67
(8) Pledged assets	67
(9) Commitments and contingencies	68
(10) Losses due to major disasters	68
(11) Subsequent events	68
(12) Other	68~69
(13) Other disclosures	
(a) Information on significant transactions	69
(b) Information on investees	69
(c) Information on investment in Mainland China	70
(d) Major shareholders	70
(14) Segment information	70
9. Appendix	71~95
10. List of major account titles	94~101



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Pegatron Corporation:

Opinion

We have audited the financial statements of Pegatron Corporation (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Based on our professional judgment, key audit matters pertain to the most important matters in the audit of financial statements for the year ended December 31, 2023 of Pegatron Corporation. Those matters have been addressed in our audit opinion on the said financial statements and during the formation of our audit opinion. However, we do not express an opinion on these matters individually. The key audit matters that, in our professional judgment, should be communicated are as follows:

1. Revenue recognition

The accounting principles on the recognition of revenues are discussed in Note 4(n) of the notes to financial statements.

(a) Key audit matters:

The timing for recognition of revenue and the transfer of control are relatively complex because the transaction terms vary with each client and the offshore hubs are established depending on the clients' needs. These factors expose the Company to a significant risk of untimely recognition of revenue.

Therefore, the test of revenue recognition was one of the key audit matters in the audit of financial reports of Pegatron Corporation.

(b) Auditing procedures performed:

- Vouching external documents with records on ledger to confirm whether the counterparty involved in the sales transaction is the same with that involved in the cash collection.
- Random sampling of material sales contracts and examining the transaction terms in order to evaluate the accuracy of the timing for recognition of revenues.
- Performing cut-off test for revenues during the periods before and after the balance sheet date.

2. Inventory valuation

Please refer to notes 4(g), 5, and 6(e) of the notes to financial statement for the accounting policies on measuring inventory, assumptions used and uncertainties considered in determining net realizable value, allowances for impairment loss and obsolescence and balances of impairment loss and obsolescence, respectively.

(a) Key audit matters:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, the cost of inventory might exceed its net realizable value because the products change fast and the industry in which the Company operates is very competitive.

(b) Auditing procedures performed:

- Analyze the amount of obsolete inventory and inventory market price decline during the year and understand reasons of the difference.
- Obtain an inventory aging analysis and randomly select items to verify the accuracy for age of inventory.
- Obtain the most recent selling price for finished goods and replacement cost for raw materials, and recalculate net realizable value with selling expense rate to check whether the net realizable value measurement adopted by the Company is reasonable.

Other Matter

We did not audit the financial statements of certain investees, which represented investments in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those investees, is based solely on the reports of other auditors. The investments in those investees accounted for using the equity method constituting 7.65% and 5.94% of total assets at December 31, 2023 and 2022, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting 25.46% and 43.97% of total profit before tax for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing Pegatron Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 the Pegatron Corporation's 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 Pegatron Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 audit resulting in this independent auditors' report are Chih, Shih-Chin and Chen, Chun-Kuang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION**Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6(a))	\$ 44,204,421	6.8	13,716,368	1.8
1110	Current financial assets at fair value through profit or loss (Note 6(b))	710,995	0.1	568,065	0.1
1170	Notes and accounts receivable, net (Notes 6(d) and (r))	134,763,234	20.6	165,851,319	21.2
1180	Accounts receivable due from related parties, net (Notes 6(d) and 7)	211,023,843	32.3	338,114,133	43.3
1200	Other receivables, net	63,985	-	77,252	-
130X	Inventories (Note 6(e))	46,651,141	7.2	49,670,316	6.4
1476	Other current financial assets (Note 8)	117,132	-	117,121	-
1479	Other current assets	231,900	-	256,694	-
		<u>437,766,651</u>	<u>67.0</u>	<u>568,371,268</u>	<u>72.8</u>
Non-current assets:					
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,205,064	0.2	937,017	0.1
1520	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	874,772	0.1	672,647	0.1
1550	Investments accounted for using equity method (Note 6(f))	202,403,812	31.0	199,733,135	25.5
1600	Property, plant and equipment (Note 6(g))	9,909,052	1.5	9,816,894	1.3
1755	Right-of-use assets (Note 6(h))	356,077	0.1	469,895	0.1
1780	Intangible assets	115,701	-	115,105	-
1840	Deferred tax assets (Note 6(n))	660,329	0.1	860,494	0.1
1980	Other non-current financial assets (Note 8)	40,224	-	37,373	-
		<u>215,565,031</u>	<u>33.0</u>	<u>212,642,560</u>	<u>27.2</u>
Total assets		\$ <u>653,331,682</u>	<u>100.0</u>	<u>781,013,828</u>	<u>100.0</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION

Balance Sheets (CONT'D)

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term loans (Note 6(i))	\$ 34,691,850	5.3	51,484,097	6.6
2130	Current contract liabilities (Note 6(r))	377,726	0.1	725,074	0.1
2150	Notes and accounts payable	164,120,650	25.1	182,173,167	23.3
2180	Accounts payable to related parties (Note 7)	194,017,916	29.7	267,478,322	34.3
2219	Other payables (Note 6(m))	22,197,047	3.4	21,344,266	2.7
2230	Current tax liabilities	2,057,637	0.3	1,633,966	0.2
2281	Current lease liabilities (Note 6(l))	128,770	-	134,186	-
2321	Bonds payable, current portion (Note 6(k))	8,000,000	1.2	4,500,000	0.6
2322	Long-term loans payable, current portion (Note 6(j))	1,954,583	0.3	1,467,983	0.2
2399	Other current liabilities (Notes 6(j) and 7)	10,881,158	1.7	33,002,523	4.2
		<u>438,427,337</u>	<u>67.1</u>	<u>563,943,584</u>	<u>72.2</u>
Non-Current liabilities:					
2530	Bonds payable (Note 6(k))	22,384,389	3.4	30,376,992	3.9
2540	Long-term loans (Note 6(j))	1,505,587	0.3	3,455,414	0.5
2570	Deferred tax liabilities (Note 6(n))	706,400	0.1	290,000	-
2580	Non-current lease liabilities (Note 6(l))	231,700	-	339,569	-
2650	Credit balance of investments accounted for using equity method (Note 6(f))	1,128,273	0.2	-	-
2670	Other non-current liabilities (Notes 6(j) and (m))	138,104	-	119,704	-
		<u>26,094,453</u>	<u>4.0</u>	<u>34,581,679</u>	<u>4.4</u>
	Total liabilities	<u>464,521,790</u>	<u>71.1</u>	<u>598,525,263</u>	<u>76.6</u>
Equity (Notes 6(o) and (p)):					
3100	Share capital	<u>26,642,241</u>	<u>4.1</u>	<u>26,676,337</u>	<u>3.4</u>
Capital surplus:					
3210	Capital surplus, premium on capital stock	79,180,607	12.1	78,703,620	10.1
3280	Capital surplus, others	<u>5,015,039</u>	<u>0.8</u>	<u>4,648,384</u>	<u>0.6</u>
		<u>84,195,646</u>	<u>12.9</u>	<u>83,352,004</u>	<u>10.7</u>
Retained earnings:					
3310	Legal reserve	19,239,612	2.9	17,721,898	2.3
3320	Special reserve	7,523,660	1.2	20,918,849	2.7
3350	Unappropriated retained earnings	<u>58,318,738</u>	<u>8.9</u>	<u>41,419,117</u>	<u>5.3</u>
		<u>85,082,010</u>	<u>13.0</u>	<u>80,059,864</u>	<u>10.3</u>
Other equity interest:					
3410	Exchange differences on translation of foreign financial statements	(7,359,989)	(1.1)	(7,603,630)	(1.0)
3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	375,255	-	79,970	-
3491	Other equity, unearned compensation	<u>(125,271)</u>	<u>-</u>	<u>(68,877)</u>	<u>-</u>
		<u>(7,110,005)</u>	<u>(1.1)</u>	<u>(7,592,537)</u>	<u>(1.0)</u>
3500	Treasury stock	-	-	(7,103)	-
	Total equity	<u>188,809,892</u>	<u>28.9</u>	<u>182,488,565</u>	<u>23.4</u>
	Total liabilities and equity	<u>\$ 653,331,682</u>	<u>100.0</u>	<u>781,013,828</u>	<u>100.0</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
PEGATRON CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the years ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(r) and 7)	\$ 1,181,970,646	100.0	1,232,386,068	100.0
5000	Cost of sales (Notes 6(e), (l), (m), (p), (s) and 7)	<u>1,155,952,476</u>	<u>97.8</u>	<u>1,203,048,944</u>	<u>97.6</u>
5900	Gross profit from operations	26,018,170	2.2	29,337,124	2.4
5910	Less: Unrealized profit from sales	<u>299,197</u>	<u>-</u>	<u>387,516</u>	<u>-</u>
5950	Gross profit from operations	<u>25,718,973</u>	<u>2.2</u>	<u>28,949,608</u>	<u>2.4</u>
6000	Operating expenses (Notes 6(d), (l), (m), (p), (s) and 7):				
6100	Selling expenses	2,136,402	0.2	2,621,605	0.2
6200	General and administrative expenses	2,950,834	0.2	2,664,612	0.2
6300	Research and development expenses	<u>8,660,819</u>	<u>0.8</u>	<u>8,428,067</u>	<u>0.8</u>
6300	Total operating expenses	<u>13,748,055</u>	<u>1.2</u>	<u>13,714,284</u>	<u>1.2</u>
	Net operating income	<u>11,970,918</u>	<u>1.0</u>	<u>15,235,324</u>	<u>1.2</u>
	Non-operating income and expenses:				
7100	Interest income (Note 6(t))	1,136,792	0.1	304,242	-
7010	Other income (Notes 6(t) and 7)	1,132,861	0.1	873,138	0.1
7020	Other gains and losses (Notes 6(t), (u) and 7)	(144,607)	-	(1,166,606)	(0.1)
7050	Finance costs (Notes 6(d), (k), (l) and (t))	(1,161,166)	(0.1)	(1,015,034)	(0.1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net (Note 6(f))	<u>7,259,834</u>	<u>0.6</u>	<u>3,680,616</u>	<u>0.3</u>
	Total non-operating income and expenses	<u>8,223,714</u>	<u>0.7</u>	<u>2,676,356</u>	<u>0.2</u>
	Profit before tax	20,194,632	1.7	17,911,680	1.4
7950	Less: Income tax expenses (Note 6(n))	<u>4,481,674</u>	<u>0.4</u>	<u>2,815,500</u>	<u>0.2</u>
	Profit for the year	<u>15,712,958</u>	<u>1.3</u>	<u>15,096,180</u>	<u>1.2</u>
8300	Other comprehensive income (Note 6(o)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	3,416	-	1,053	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	202,125	-	(342,950)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	90,333	-	2,040	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>295,874</u>	<u>-</u>	<u>(339,857)</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	243,641	-	13,759,997	1.1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>243,641</u>	<u>-</u>	<u>13,759,997</u>	<u>1.1</u>
8300	Other comprehensive income, net of tax	<u>539,515</u>	<u>-</u>	<u>13,420,140</u>	<u>1.1</u>
8500	Total comprehensive income	<u>\$ 16,252,473</u>	<u>1.3</u>	<u>28,516,320</u>	<u>2.3</u>
	Earnings per share, net of tax (Note 6(q))				
9750	Basic earnings per share	<u>\$ 5.90</u>		<u>5.66</u>	
9850	Diluted earnings per share	<u>\$ 5.85</u>		<u>5.60</u>	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Other equity interest					Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation	Total other equity interest	Treasury stock	
Balance at January 1, 2022	\$ 26,691,316	83,321,308	15,698,039	15,866,201	46,661,789	78,226,029	(21,363,627)	444,778	(712,701)	(21,631,550)	(2,558)	166,604,545
Profit for the year	-	-	-	-	15,096,180	15,096,180	-	-	-	-	-	15,096,180
Other comprehensive income (loss) for the year	-	-	-	-	24,951	24,951	13,759,997	(364,808)	-	13,395,189	-	13,420,140
Total comprehensive income (loss) for the year	-	-	-	-	15,121,131	15,121,131	13,759,997	(364,808)	-	13,395,189	-	28,516,320
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	2,023,859	-	(2,023,859)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	5,052,648	(5,052,648)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(13,343,303)	(13,343,303)	-	-	-	-	-	(13,343,303)
Changes in equity of associates and joint ventures accounted for using equity method	-	149,964	-	-	-	-	-	-	-	-	-	149,964
Changes in ownership interests in subsidiaries	-	12,950	-	-	-	-	-	-	-	-	-	12,950
Expiration of restricted shares of stock issued to employees	(14,979)	19,524	-	-	56,007	56,007	-	-	-	-	(4,545)	56,007
Compensation cost arising from restricted shares of stock	-	(151,742)	-	-	-	-	-	-	643,824	643,824	-	492,082
Balance at December 31, 2022	26,676,337	83,352,004	17,721,898	20,918,849	41,419,117	80,059,864	(7,603,630)	79,970	(68,877)	(7,592,537)	(7,103)	182,488,565
Profit for the year	-	-	-	-	15,712,958	15,712,958	-	-	-	-	-	15,712,958
Other comprehensive income for the year	-	-	-	-	589	589	243,641	295,285	-	538,926	-	539,515
Total comprehensive income for the year	-	-	-	-	15,713,547	15,713,547	243,641	295,285	-	538,926	-	16,252,473
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	1,517,714	-	(1,517,714)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(13,395,189)	13,395,189	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(10,667,426)	(10,667,426)	-	-	-	-	-	(10,667,426)
Changes in equity of associates and joint ventures accounted for using equity method	-	201,784	-	-	-	-	-	-	-	-	-	201,784
Changes in ownership interests in subsidiaries	-	171,144	-	-	-	-	-	-	-	-	-	171,144
Expiration of restricted shares of stock issued to employees	(34,096)	26,993	-	-	(23,975)	(23,975)	-	-	-	-	7,103	(23,975)
Compensation cost arising from restricted shares of stock	-	443,721	-	-	-	-	-	-	(56,394)	(56,394)	-	387,327
Balance at December 31, 2023	\$ 26,642,241	84,195,646	19,239,612	7,523,660	58,318,738	85,082,010	(7,359,989)	375,255	(125,271)	(7,110,005)	-	188,809,892

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
PEGATRON CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 20,194,632	17,911,680
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	1,155,152	1,273,319
Amortization expense	57,082	52,496
Expected credit (reversal gain) loss	(10,989)	59,020
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(225,181)	220,707
Interest expense	1,135,155	1,002,488
Interest income	(1,136,792)	(304,242)
Dividend income	(53,034)	(66,075)
Compensation cost arising from employee stock options	249,232	614,728
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(7,259,834)	(3,680,616)
Gain on disposal of property, plant and equipment	(8,460)	(6,213)
Property, plant and equipment charged to expenses	6,877	11,063
Unrealized loss from sales	299,197	387,516
Amortization of issuance costs on bonds payable	7,397	7,397
Gain on lease remeasurement	(732)	-
Government grants income	(19,851)	(18,136)
Total adjustments to reconcile profit	<u>(5,804,781)</u>	<u>(446,548)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(185,796)	(467,759)
Decrease (increase) in notes and accounts receivable	158,189,364	(25,426,944)
Decrease in other receivables	30,698	367,206
Decrease (increase) in inventories	2,924,656	(9,563,948)
Decrease in other current assets	24,794	177,697
(Increase) decrease in other financial assets	(11)	22,296,990
Total changes in operating assets	<u>160,983,705</u>	<u>(12,616,758)</u>
Changes in operating liabilities:		
Decrease in contract liabilities	(347,348)	(8,878)
Decrease in notes and accounts payable	(91,512,923)	(8,888,726)
Decrease in other payables	(1,338,981)	(652,548)
(Decrease) increase in other current liabilities	(22,118,099)	10,219,725
Decrease in other non-current liabilities	(7,339)	(695)
Total changes in operating liabilities	<u>(115,324,690)</u>	<u>668,878</u>
Total changes in operating assets and liabilities	<u>45,659,015</u>	<u>(11,947,880)</u>
Total adjustments	<u>39,854,234</u>	<u>(12,394,428)</u>
Cash inflow generated from operations	60,048,866	5,517,252
Interest received	1,119,361	319,808
Dividends received	5,790,311	66,075
Interest paid	(1,293,946)	(839,025)
Income taxes paid	(2,335,486)	(719,954)
Net cash flows from operating activities	<u>63,329,106</u>	<u>4,344,156</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION**Statements of Cash Flows (CONT'D)****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the years ended December 31	
	2023	2022
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	(3,856)	(4,678,270)
Acquisition of property, plant and equipment	(1,183,837)	(868,811)
Proceeds from disposal of property, plant and equipment	168,080	94,519
Acquisition of intangible assets	(57,678)	(59,494)
Increase in other financial assets	(2,851)	(8,098)
Net cash flows used in investing activities	<u>(1,080,142)</u>	<u>(5,520,154)</u>
Cash flows from financing activities:		
(Decrease) increase in short-term loans	(16,792,247)	3,315,677
Repayments of bonds	(4,500,000)	(2,000,000)
Proceeds from long-term loans	-	2,100,000
Repayments of long-term loans	(1,483,333)	(336,111)
Increase in other payables to related parties	1,851,820	2,707,083
Repayments of lease liabilities	(142,540)	(119,942)
Cash dividends paid	(10,667,426)	(13,343,303)
Redemption of restricted stock	(27,185)	(18,592)
Net cash flows used in financing activities	<u>(31,760,911)</u>	<u>(7,695,188)</u>
Net increase (decrease) in cash and cash equivalents	30,488,053	(8,871,186)
Cash and cash equivalents, beginning of the year	<u>13,716,368</u>	<u>22,587,554</u>
Cash and cash equivalents, end of the year	<u><u>\$ 44,204,421</u></u>	<u><u>13,716,368</u></u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Pegatron Corporation (the “Company”) was established on June 27, 2007. The Company’s registered office address is located at 5F, No.76, Ligong St., Beitou District, Taipei City 112, Taiwan. In order to enhance competitiveness and boost productivity, the Company resolved to absorb the OEM business from ASUSTek Computer Inc. on January 1, 2008 as part of the Company’s business restructuring. On April 1, 2008, ASUSALPHA Computer Inc. was merged with the Company. The main activities of the Company are to produce, design and sell OEM business. In January 2010, pursuant to the resolutions of the respective Board of Directors, the Company merged with Pegatron International Investment Co., Ltd., effective June 10, 2010. As the surviving entity from this merger, the Company applied for initial public offering (IPO) to TWSE. The Company’s shares were listed on TWSE on June 24, 2010.

In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged with its subsidiary, UNIHAN CORPORATION, pursuant to the resolutions of the Board of Directors in November, 2013.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were authorized for issue by the Board of Directors on March 14, 2024.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

In addition, the Company has adopted Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules” on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2022, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Company operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Company’s financial statements. The Company is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax, and will disclose related impacts when the assessment is completed.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

- (b) The impact of IFRSs endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (c) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The following new and amended standards and interpretations, which may be relevant to the Company, have been issued by the International Accounting Standards Board (“IASB”), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Effective date to be determined by IASB

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(4) Summary of material accounting policies

The material accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The net defined benefit liability is recognized at the present value of the defined benefit obligation less the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of each entities of the Company is determined based on the primary economic environment in which the entities operate. The parent company only financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Company's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Company's functional currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- (i) It is expected to be realized, or intended to be sold or consumed, during the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the balance sheet date; or
- (iv) It is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

A liability is classified as current under one of following criteria, and all other liabilities are classified as non-current:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the balance sheet date; or

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability not at fair value through profit or loss (“FVTPL”) is initially measured at fair value, plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (“FVOCI”) – debt investment, FVOCI – equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the ‘ accounts receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

3) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assess whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivable and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured as 12-months ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, informed credit assessment and forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized at the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in net amount in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

7) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following two conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e., the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Company will apply the applied policies on accounting for modifications to the additional changes.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The replacement cost of raw material is its net realizable value.

(h) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent company only financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries not causing losing controls, are recognized as equity transaction.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	1-50 years
Machinery equipment	4-7 years
Instrument equipment	3 years
Other facilities	1-15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) the exercise price of a purchase option if the Company is reasonably certain to exercise that option or payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- 2) there is a change in the amounts expected to be payable under a residual value guarantee;
- 3) there is a change in the assessment of an option to purchase the underlying asset;
- 4) there is a change in the assessment of the lease term resulting from a change in the assessment on whether it is reasonably certain to exercise an extension option or a termination option;
- 5) there is any modification on lease object, scope or other terms.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

When the lease liability is remeasured due to the conditions mentioned above, the amount of the remeasurement of the lease liability shall be recognized as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement shall be recognized in profit or loss.

For lease modifications that decrease the scope of the lease, the Company decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the conditions as follows are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- 4) there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(k) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software	3 – 20 years
-------------------	--------------

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of good

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company grants its main customers the right to return the product within certain period. Therefore, the Company reduces its revenue by the amount of expected returns and discounts, and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns and discounts at the time of sale. Also, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Company reassesses the estimated amount of expected returns and discounts.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Rendering of services

Revenue from providing services is recognized in the accounting period in which performance obligation is satisfied.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(o) Government grants

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

The Company is using market interest rate to calculate the fair value of the loan, and recognizes the difference between the amount received and the fair value as deferred revenues. The deferred revenues will then be amortized as other income on a systematic basis.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences; and

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

- (s) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

- (t) Operating segments

Please refer to the consolidated financial report of Pegatron Corporation for the years ended December 31, 2023 and 2022 for operating segments information.

(5) Significant accounting judgments, assumptions and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

- Please refer to the consolidated financial statement for the years ended December 31, 2023 and 2022 for judgment regarding control of subsidiaries.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

- Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for further description of the valuation of inventories.

(6) Explanation of significant accounts

- (a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 150	150
Cash in banks	28,502,646	12,216,218
Time deposits	12,290,000	-
Cash equivalents — repurchase bonds	<u>3,411,625</u>	<u>1,500,000</u>
	<u>\$ 44,204,421</u>	<u>13,716,368</u>

- (i) The above cash and cash equivalents were not pledged as collateral. Pledged time deposits were accounted for under other financial assets. Please refer to Notes 8 for details.
- (ii) Please refer to Note 6(u) for the interest rate risk and sensitivity analysis.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

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

	December 31, 2023	December 31, 2022
Current mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Shares of stock of listed companies	\$ 710,995	453,255
Shares of emerging stock of listed companies	-	114,810
Non-current mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Shares of stock of listed companies	209,650	201,250
Beneficiary certificates	995,414	735,767
Total	\$ 1,916,059	1,505,082

(i) Please refer to Note 6(t) for re-measurement at fair value recognized in profit or loss.

(ii) Please refer to Note 6(u) for credit risk and market risk.

(iii) The aforesaid financial assets were not pledged as collateral.

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

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Shares of stock of listed companies	\$ 874,772	672,647

(i) Equity instruments at fair value through other comprehensive income

The Company holds these equity instruments as long-term strategic purposes that are not held for trading purposes. Therefore, they have been designated as measured at fair value through other comprehensive income.

For the years ended December 31, 2023 and 2022, the Company has recognized the dividend income of \$14,911 thousand and \$33,135 thousand, respectively. Dividends are recognized as other income – non-operating income and expenses. Please refer to Note 6(t).

No strategic investments were disposed for the year ended December 31, 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(ii) Please refer to Note 6(u) for credit risk and market risk.

(iii) The aforesaid financial assets were not pledged as collateral.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(d) Notes and accounts receivable, net (including related parties)

(i) The components of notes and accounts receivables were as follows:

	December 31, 2023	December 31, 2022
Notes and accounts receivables-measured at amortized cost	\$ 134,789,804	165,927,738
Accounts receivables-related parties	211,023,843	338,114,133
Less: Allowance for impairment	<u>26,570</u>	<u>76,419</u>
	<u>\$ 345,787,077</u>	<u>503,965,452</u>

The Company has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such accounts receivable were measured at fair value through other comprehensive income.

(ii) Credit loss

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 328,014,226	0%~0.001%	(1,346)
Overdue 0 to 30 days	12,155,528	0%~1%	(21,128)
Overdue 31 to 120 days	3,397,242	0%~50%	(810)
Overdue 121 to 365 days	1,848,361	0%~100%	(3,286)
Over 365 days past due	<u>398,290</u>	0%~100%	<u>-</u>
	<u>\$ 345,813,647</u>		<u>(26,570)</u>
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 444,082,327	0%~0.001%	(1,670)
Overdue 0 to 30 days	53,465,857	0%~1%	(26,922)
Overdue 31 to 120 days	6,471,042	0%~50%	(34,054)
Overdue 121 to 365 days	16,954	0%~100%	(13,773)
Over 365 days past due	<u>5,691</u>	0%~100%	<u>-</u>
	<u>\$ 504,041,871</u>		<u>(76,419)</u>

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

The movement in the allowance for notes and accounts receivable was as follows:

	For the years ended December 31	
	2023	2022
Balance at January 1	\$ 76,419	17,399
Impairment losses (reversed) recognized	(10,989)	59,020
Amounts written off	(38,860)	-
Balance at December 31	\$ 26,570	76,419

The aforesaid financial assets were not pledged as collateral.

- (iii) Please refer to Note 6(u) for the Company's notes and accounts receivable exposure to credit risk and currency risk.
- (iv) Accounts receivable factoring

The Company entered into factoring agreements with financial institutions to sell its accounts receivable. The Company derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them.

As of December 31, 2023 and 2022, the relevant information on accounts receivables factored by the Company, but unsettled, was as follows:

December 31, 2023						
Purchaser	Amount Derecognized	Factoring Line (thousands)	Amount Advanced Paid (thousands)	Collateral	Range of Interest Rate	Significant Factoring Terms
ANZ	\$ -	USD 420,000	USD -	None	-%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
December 31, 2022						
Purchaser	Amount Derecognized	Factoring Line (thousands)	Amount Advanced Paid (thousands)	Collateral	Range of Interest Rate	Significant Factoring Terms
ANZ	\$ 8,293,725	USD 420,000	USD 270,000	None	4.81%~ 4.82%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(e) Inventories

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Merchandise	\$ 44,688,781	45,917,658
Finished goods	321,723	572,822
Work in process	250,005	393,242
Raw materials	<u>1,390,632</u>	<u>2,786,594</u>
Total	<u>\$ 46,651,141</u>	<u>49,670,316</u>

The components of cost of goods sold were as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 1,155,903,333	1,202,608,240
(Reversal) provision on inventory market price decline	(129,256)	105,124
Loss on disposal of inventory	<u>178,399</u>	<u>335,580</u>
	<u>\$ 1,155,952,476</u>	<u>1,203,048,944</u>

As of December 31, 2023 and 2022, the aforesaid inventories were not pledged as collateral.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Subsidiary	<u>\$ 202,403,812</u>	<u>199,733,135</u>
Credit balance of investments accounted for using equity method-subsiary	<u>\$ 1,128,273</u>	<u>-</u>

(i) Subsidiaries

Please refer to the consolidated financial statement for the years ended December 31, 2023 and 2022.

(ii) As of December 31, 2023 and 2022, the investments in aforesaid equity-accounted investees were not pledged as collateral.

(iii) On December 28, 2023, the Board of Meeting approved a resolution to increase the cash capital of PEGAGLOBE (KUNSHAN) CO., LTD., which is indirectly held 100% equity by the Company. The Company waived the preemptive right, and all of the new shares were subscribed by the strategic investor LIZHEN PRECISION MANUFACTURING (KUNSHAN) CO., LTD.

Please refer to Note 6(f) of the consolidated financial statements for the year ended December 31, 2023.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(g) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Instrument equipment</u>	<u>Other facilities</u>	<u>Construction in progress and equipment under test</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2023	\$ 5,362,414	4,042,501	407,115	493,506	2,267,942	166,596	12,740,074
Additions	509,383	278,351	39,923	132,630	137,036	78,161	1,175,484
Disposals and obsolescence	-	(246,105)	(64,395)	(208,225)	(495,441)	-	(1,014,166)
Reclassifications	-	158,778	-	973	96,407	(168,516)	87,642
Balance at December 31, 2023	<u>\$ 5,871,797</u>	<u>4,233,525</u>	<u>382,643</u>	<u>418,884</u>	<u>2,005,944</u>	<u>76,241</u>	<u>12,989,034</u>
Balance at January 1, 2022	\$ 5,362,414	4,154,145	447,942	538,832	2,416,411	74,256	12,994,000
Additions	-	25,298	3,154	158,706	198,680	104,302	490,140
Disposals and obsolescence	-	(137,035)	(43,981)	(202,012)	(398,474)	-	(781,502)
Reclassifications	-	93	-	(2,020)	51,325	(11,962)	37,436
Balance at December 31, 2022	<u>\$ 5,362,414</u>	<u>4,042,501</u>	<u>407,115</u>	<u>493,506</u>	<u>2,267,942</u>	<u>166,596</u>	<u>12,740,074</u>
Depreciation and impairment loss:							
Balance at January 1, 2023	\$ -	1,433,025	169,831	259,265	1,061,059	-	2,923,180
Depreciation for the year	-	281,903	58,771	147,576	523,098	-	1,011,348
Disposals and obsolescence	-	(246,104)	(30,470)	(197,832)	(380,140)	-	(854,546)
Reclassifications	-	3,601	-	-	(3,601)	-	-
Balance at December 31, 2023	<u>\$ -</u>	<u>1,472,425</u>	<u>198,132</u>	<u>209,009</u>	<u>1,200,416</u>	<u>-</u>	<u>3,079,982</u>
Balance at January 1, 2022	\$ -	1,279,751	128,900	278,144	778,074	-	2,464,869
Depreciation for the year	-	290,309	71,648	167,802	622,276	-	1,152,035
Disposals and obsolescence	-	(137,035)	(30,717)	(186,681)	(338,763)	-	(693,196)
Reclassifications	-	-	-	-	(528)	-	(528)
Balance at December 31, 2022	<u>\$ -</u>	<u>1,433,025</u>	<u>169,831</u>	<u>259,265</u>	<u>1,061,059</u>	<u>-</u>	<u>2,923,180</u>
Carrying value:							
Balance at December 31, 2023	<u>\$ 5,871,797</u>	<u>2,761,100</u>	<u>184,511</u>	<u>209,875</u>	<u>805,528</u>	<u>76,241</u>	<u>9,909,052</u>
Balance at January 1, 2022	<u>\$ 5,362,414</u>	<u>2,874,394</u>	<u>319,042</u>	<u>260,688</u>	<u>1,638,337</u>	<u>74,256</u>	<u>10,529,131</u>
Balance at December 31, 2022	<u>\$ 5,362,414</u>	<u>2,609,476</u>	<u>237,284</u>	<u>234,241</u>	<u>1,206,883</u>	<u>166,596</u>	<u>9,816,894</u>

(i) Please refer to Note 6(t) for gain or loss on disposal of property, plant and equipment.

(ii) As of December 31, 2023 and 2022, the property, plant and equipment were not pledged as collateral.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(h) Right-of-use assets

The movements in the cost and depreciation of the right-of-use assets of the Company were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 51,312	640,530	691,842
Additions	19,979	95,722	115,701
Reductions	<u>(6,619)</u>	<u>(176,625)</u>	<u>(183,244)</u>
Balance at December 31, 2023	<u>\$ 64,672</u>	<u>559,627</u>	<u>624,299</u>
Balance at January 1, 2022	\$ 60,692	503,321	564,013
Additions	16,804	145,567	162,371
Reductions	<u>(26,184)</u>	<u>(8,358)</u>	<u>(34,542)</u>
Balance at December 31, 2022	<u>\$ 51,312</u>	<u>640,530</u>	<u>691,842</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 16,505	205,442	221,947
Depreciation for the year	15,910	127,894	143,804
Reductions	<u>(2,491)</u>	<u>(95,038)</u>	<u>(97,529)</u>
Balance at December 31, 2023	<u>\$ 29,924</u>	<u>238,298</u>	<u>268,222</u>
Balance at January 1, 2022	\$ 28,671	106,534	135,205
Depreciation for the year	14,018	107,266	121,284
Reductions	<u>(26,184)</u>	<u>(8,358)</u>	<u>(34,542)</u>
Balance at December 31, 2022	<u>\$ 16,505</u>	<u>205,442</u>	<u>221,947</u>
Carrying value:			
Balance at December 31, 2023	<u>\$ 34,748</u>	<u>321,329</u>	<u>356,077</u>
Balance at January 1, 2022	<u>\$ 32,021</u>	<u>396,787</u>	<u>428,808</u>
Balance at December 31, 2022	<u>\$ 34,807</u>	<u>435,088</u>	<u>469,895</u>

(i) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	<u>\$ 34,691,850</u>	<u>51,484,097</u>
Range of interest rate	<u>1.2%~5.94%</u>	<u>0.38%~5.09%</u>

The Company's assets were not pledged as collateral for the Company's bank loans.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(j) Long-term loans

(i) The details were as follows:

	December 31, 2023			
	Currency	Interest rate	Expiration	Amount
Unsecured bank loans	NTD	0.975%~1.3%	2024~2027	\$ 3,460,170
Less: Current portion				(1,954,583)
Total				<u>\$ 1,505,587</u>
	December 31, 2022			
	Currency	Interest rate	Expiration	Amount
Unsecured bank loans	NTD	0.35%~1.175%	2023~2027	\$ 4,923,397
Less: Current portion				(1,467,983)
Total				<u>\$ 3,455,414</u>

(ii) Government low-interest loans

For the year ended December 31, 2020, the Company obtained government low-interest loans. The loans were measured at its fair value by applying the market interest rate. The deferred differences between the amounts paid and the fair value were classified as other current liabilities and other non-current liabilities, respectively.

(iii) The Company's assets were not pledged as collateral for the Company's bank loans.

(k) Bonds payable

The Company's unsecured ordinary corporate bonds were as follows:

	December 31, 2023	December 31, 2022
Ordinary corporate bonds issued	\$ 30,400,000	34,900,000
Unamortized discount on bonds payable	(15,611)	(23,008)
Bonds payable, end of the year	30,384,389	34,876,992
Less: current portion	(8,000,000)	(4,500,000)
	<u>\$ 22,384,389</u>	<u>30,376,992</u>
	For the years ended December 31	
	2023	2022
Interest expense	<u>\$ 227,198</u>	<u>278,960</u>

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

On May 9, 2017, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds amounting to no more than \$15,000,000 thousand, which were approved and declared effective by the Taipei Exchange (TPEX) on July 4, 2017 and December 29, 2017, respectively. The offering information and main rights and obligations were as follows:

<u>Item</u>	<u>1st unsecured ordinary corporate bonds issued in 2017</u>
1. Issuing amount	The Bonds are issued at \$7,000,000 thousand, which comprise Tranche A, Tranche B and Tranche C. The issuing amounts of Tranche A, Tranche B and Tranche C are \$3,000,000 thousand, \$2,000,000 thousand and \$2,000,000 thousand, respectively.
2. Par value	Each unit is valued at \$1,000 thousand.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	Each of Tranche A, Tranche B and Tranche C has 3-year term, 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from July 13, 2017 and matures on July 13, 2020. The issuance period of Tranche B commences from July 13, 2017 and matures on July 13, 2022. The issuance period of Tranche C commences from July 13, 2017 and matures on July 13, 2024.
5. Coupon rate	Tranche A, B and C bear annual coupon rates of 0.91%, 1.06% and 1.20%, respectively.
6. Repayment	Tranche A, Tranche B and Tranche C are repayable on maturity.
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will be no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

<u>Item</u>	<u>2nd unsecured ordinary corporate bonds issued in 2017</u>
1. Issuing amount	The Bonds are issued at \$8,000,000 thousand, which comprise Tranche A, Tranche B and Tranche C. The issuing amounts of Tranche A, Tranche B and Tranche C are \$1,000,000 thousand, \$4,500,000 thousand and \$2,500,000 thousand, respectively.
2. Par value	Each unit is valued at \$1,000 thousand.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	Each of Tranche A, Tranche B and Tranche C has 3-year term, 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from January 10, 2018 and matures on January 10, 2021. The issuance period of Tranche B commences from January 10, 2018 and matures on January 10, 2023. The issuance period of Tranche C commences from January 10, 2018 and matures on January 10, 2025.
5. Coupon rate	Tranche A, B and C bear annual coupon rates of 0.78%, 0.92% and 1.08%, respectively.
6. Repayment	Tranche A, Tranche B and Tranche C are repayable on maturity.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

<u>Item</u>	<u>2nd unsecured ordinary corporate bonds issued in 2017</u>
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will be no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

On March 14, 2019, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds, which were approved and declared effective by the Taipei Exchange (TPEX) on June 3, 2019, the offering information and main rights and obligations were as follows:

<u>Item</u>	<u>1st unsecured ordinary corporate bonds issued in 2019</u>
1. Issuing amount	The Bonds are issued at \$8,500,000 thousand, which comprise Tranche A, and Tranche B. The issuing amounts of Tranche A and Tranche B are \$6,000,000 thousand and \$2,500,000 thousand, respectively.
2. Par value	Each unit is valued at \$1,000 thousand.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	Each of Tranche A and Tranche B has 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from June 13, 2019 and matures on June 13, 2024. The issuance period of Tranche B commences from June 13, 2019 and matures on June 13, 2026.
5. Coupon rate	Tranche A, and B bear annual coupon rates of 0.85% and 0.95%, respectively.
6. Repayment	Tranche A, and Tranche B are repayable on maturity.
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will be no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

On March 26, 2020, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds with the total maximum amount of \$10,000,000 thousand, which have been approved and declared effective by the Taipei Exchange (TPEX) on October 12, 2020 and December 29, 2020, respectively. The offering information and main rights and obligations were as follows:

<u>Item</u>	<u>1st unsecured ordinary corporate bonds issued in 2020</u>
1. Issuing amount	The Bonds are issued at \$5,000,000 thousand.
2. Par value	Each unit is valued at \$1,000 thousand.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	The Bonds have 5-year term. The issuance period of the Bonds commences from October 21, 2020 and matures on October 21, 2025.
5. Coupon rate	The Bonds bear annual coupon rates of 0.65%.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Item	1st unsecured ordinary corporate bonds issued in 2020
6.Repayment	The Bonds are repayable on maturity.
7.Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will be no calculation of extra interest.
8.Guarantee	The Bonds are unsecured ordinary corporate bonds.

Item	2nd unsecured ordinary corporate bonds issued in 2020
1.Issuing amount	The Bonds are issued at \$3,500,000 thousand, which comprise Tranche A, and Tranche B. The issuing amounts of Tranche A, and Tranche B are \$2,200,000 thousand and \$1,300,000 thousand, respectively.
2.Par value	Each unit is valued at \$1,000 thousand.
3.Offering price	The Bonds are issued by par value at the issuance date.
4.Issuance period	Each of Tranche A and Tranche B has 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from January 8, 2021 and matures on January 8, 2026. The issuance period of Tranche B commences from January 8, 2021 and matures on January 8, 2028.
5.Coupon rate	Tranche A, and B bear annual coupon rates of 0.43% and 0.58%, respectively.
6.Repayment	Tranche A, and Tranche B are repayable on maturity.
7.Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will be no calculation of extra interest.
8.Guarantee	The Bonds are unsecured ordinary corporate bonds.

On September 16, 2021, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds with the total maximum amount of \$20,000,000 thousand, which have been approved and declared effective by the Taipei Exchange (TPEX) on November 23, 2021.

The offering Information and main rights and obligations was as follows:

Item	1st unsecured ordinary corporate bonds issued in 2021
1.Issuing amount	The Bonds are issued at \$8,900,000 thousand, which comprise Tranche A, and Tranche B. The issuing amounts of Tranche A, and Tranche B are \$7,500,000 thousand and \$1,400,000 thousand, respectively.
2.Par value	Each unit is valued at \$1,000 thousand.
3.Offering price	The Bonds are issued by par value at the issuance date.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

<u>Item</u>	<u>1st unsecured ordinary corporate bonds issued in 2021</u>
4. Issuance period	Each of Tranche A and Tranche B has 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from December 2, 2021 and matures on December 2, 2026. The issuance period of Tranche B commences from December 2, 2021 and matures on December 2, 2028.
5. Coupon rate	Tranche A, and B bear annual coupon rates of 0.56% and 0.65%, respectively.
6. Repayment	Tranche A, and Tranche B are repayable on maturity.
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will be no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

(l) Lease liabilities

The Company's lease liabilities were as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Current	\$ <u>128,770</u>	<u>134,186</u>
Non-current	\$ <u>231,700</u>	<u>339,569</u>

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31</u> <u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>5,503</u>	<u>4,738</u>
Expenses relating to short-term leases	\$ <u>1,470</u>	<u>3,167</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	<u>For the years ended December 31</u> <u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>149,513</u>	<u>127,847</u>

The Company leases land and buildings. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. According to the lease contracts, some leases shall not be rent, sub-leased or by any other means totally or partially transferred to third parties, unless obtain the lessor's approval. Some leases do not contain renewal option, and no restrictions were disposed in the contracts. Some leases provide for additional rent payments that are based on changes in the facts or circumstances after the lease commencement date.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

The Company leases partial offices and parking lots that are short-term leases. The Company has chosen to apply the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(m) Employee benefits

(i) Defined benefit plans

The Company's defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 44,587	43,480
Fair value of plan assets	(16,133)	(15,160)
Net defined benefit liabilities	<u>\$ 28,454</u>	<u>28,320</u>

The Company's employee benefit liabilities were as follows:

	December 31, 2023	December 31, 2022
Short-term employee benefits liabilities	\$ 278,716	262,846
Cash-settled share-based payment liabilities	65,730	207,035
Total employee benefit liabilities	<u>\$ 344,446</u>	<u>469,881</u>

The Company makes defined benefit plans contributions to the pension fund account with Bank of Taiwan that provide pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Company sets aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

As of December 31, 2023, the Company's contributions to the pension funds which amounted to \$16,133 thousand were deposited with Bank of Taiwan. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Defined benefit obligation, January 1	\$ 43,480	41,235
Current service costs and interest	4,489	2,317
Re-measurement of the net defined benefit liability		
— Actuarial loss arising from changes in demographic assumptions	(155)	3,273
— Actuarial gain arising from changes in financial assumptions	(274)	(5,682)
— Experience adjustments	(2,953)	2,337
Defined benefit obligation, December 31	<u>\$ 44,587</u>	<u>43,480</u>

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Fair value of plan assets, January 1	\$ 15,160	13,486
Interests revenue	218	109
Re-measurement of the net defined benefit liability		
— Experience adjustment	34	981
Contributions made	721	584
Fair value of plan assets, December 31	<u>\$ 16,133</u>	<u>15,160</u>

4) Expenses recognized in profit or loss

The Company's pension expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Current service cost	\$ 3,864	1,983
Net interest on net defined benefit liability	408	225
	<u>\$ 4,272</u>	<u>2,208</u>
Operating expense	<u>\$ 4,272</u>	<u>2,208</u>

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

- 5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Company's net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Cumulative amount, January 1	\$ 13,523	12,470
Recognized during the year	3,416	1,053
Cumulative amount, December 31	<u>\$ 16,939</u>	<u>13,523</u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.47 %	1.44 %
Future salary increase rate	3.00 %	3.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$721 thousand.

The weighted average lifetime of the defined benefit plans is 20 years.

- 7) Sensitivity Analysis

As of December 31, 2023 and 2022, the changes in the principal actuarial assumptions will impact on the present value of defined benefit obligation as follows:

	Impact on the present value of defined benefit obligation	
	Increase by 0.50%	Decrease by 0.50%
December 31, 2023		
Discount rate	(4,261)	4,819
Future salary increase rate	4,718	(4,221)
December 31, 2022		
Discount rate	(4,254)	4,806
Future salary increase rate	4,704	(4,212)

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The cost of the pension contributions to the Labor Insurance Bureau for the years ended December 31, 2023 and 2022 amounted to \$386,146 thousand and \$368,924 thousand, respectively.

(n) Income tax

(i) The components of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Current income tax expense		
Current period incurred	\$ 2,995,159	2,535,643
Prior years income tax adjustment	50,591	(29,276)
Tax on undistributed surplus earnings	819,359	11,433
Deferred tax expense		
The origination and reversal of temporary differences	616,565	297,700
Income tax expense	\$ 4,481,674	2,815,500

(ii) Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Profit before tax	\$ 20,194,632	17,911,680
Income tax expense at the statutory rate	4,038,926	3,582,336
Permanent differences	(992,062)	(938,394)
Changes in unrecognized temporary differences	564,860	189,401
Prior years income tax adjustment	50,591	(29,276)
Tax on undistributed surplus earnings	819,359	11,433
Income tax expense	\$ 4,481,674	2,815,500

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future. The related amounts were as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
The aggregate temporary differences associated with investments in subsidiaries	\$ <u>76,589,131</u>	<u>79,413,429</u>
Unrecognized deferred tax liabilities	\$ <u>15,317,826</u>	<u>15,882,686</u>

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	<u>Unrealized</u> <u>exchange</u> <u>gain or loss</u>	<u>Gain on</u> <u>foreign</u> <u>investments</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:				
Balance at January 1, 2023	\$ -	290,000	-	290,000
Recognized in loss (profit)	<u>100,312</u>	<u>316,088</u>	<u>-</u>	<u>416,400</u>
Balance at December 31, 2023	\$ <u>100,312</u>	<u>606,088</u>	<u>-</u>	<u>706,400</u>
Balance at January 1, 2022	\$ -	-	-	-
Recognized in loss (profit)	<u>-</u>	<u>290,000</u>	<u>-</u>	<u>290,000</u>
Balance at December 31, 2022	\$ <u>-</u>	<u>290,000</u>	<u>-</u>	<u>290,000</u>
		<u>Gain or loss</u> <u>on valuation</u> <u>of inventory</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:				
Balance at January 1, 2023		\$ 245,556	614,938	860,494
Recognized in profit (loss)		<u>(25,852)</u>	<u>(174,313)</u>	<u>(200,165)</u>
Balance at December 31, 2023		\$ <u>219,704</u>	<u>440,625</u>	<u>660,329</u>
Balance at January 1, 2022		\$ 224,531	643,663	868,194
Recognized in profit (loss)		<u>21,025</u>	<u>(28,725)</u>	<u>(7,700)</u>
Balance at December 31, 2022		\$ <u>245,556</u>	<u>614,938</u>	<u>860,494</u>

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(iv) Status of approval of income tax

The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(o) Capital and other equity

(i) Ordinary shares

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

	Ordinary Shares	
	(In thousand of shares)	
	2023	2022
Beginning balance at January 1	2,666,924	2,668,878
Expiration of restricted shares of stock	(2,700)	(1,954)
Ending balance at December 31	<u>2,664,224</u>	<u>2,666,924</u>

For the years ended December 31, 2023 and 2022, the Company had retired 3,288 thousand and 1,498 thousand shares, respectively, of restricted stock to employees. The authorized capital of the Company consisted of both 3,000,000 thousand shares, with par value of \$10 per share, and its outstanding capital were consisted of 2,664,346 thousand and 2,667,634 thousand common shares of stock, as of December 31, 2023 and 2022, respectively. All share proceeds from outstanding capital have been collected.

As of December 31, 2023 and 2022, the restricted Company shares of stock issued to employees have expired, of which 122 thousand and 710 thousand shares, respectively, have not been retired.

(ii) Global depositary receipts

ASUSTEK GDRs holders who surrendered their ASUSTEK GDRs on or after the Effective Date of Spin-off and Merger in Taiwan will receive new ASUSTEK GDRs and the Company's entitlement. The Company's entitlement represents the rights to receive 60,819,026 of the Company's common shares in Taiwan.

The Company may issue new GDRs with no more than 60,819,020 of the Company's common shares and deliver them to ASUSTEK GDR holders pursuant to the "Guidelines for Offering and Issuing by Issuer of Overseas Securities". As of December 31, 2023 and 2022, the Company has listed, in total, 225 thousand and 225 thousand units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. As each unit of these GDRs represents 5 common shares of the Company, the Company has listed Company shares totaling 1,126 thousand and 1,126 thousand shares of stock, respectively. Major terms and conditions for GDRs were as follows:

1) Voting Rights

Holders of GDRs may exercise voting rights with respect to the common shares in the manner set out in "Terms and Conditions of the Global Depositary Shares – Voting Rights," as such provisions may be amended from time to time to comply with applicable ROC law.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

2) Dividend Distributions, Pre-emptive Rights, and Other Rights

Holders of GDRs have same rights on dividend distribution and share distribution as the Company's existing common shareholders.

(iii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2023	December 31, 2022
Premium from issuance of share capital	\$ 68,106,944	67,629,957
Premium from conversion of convertible bonds	11,073,663	11,073,663
Treasury stock transactions	47,865	47,865
Difference between consideration and carrying amount of subsidiaries acquired or disposed	2,273,401	2,273,401
Changes in equity of associates accounted for using the equity method	372,610	170,826
Changes in ownership interest in subsidiaries	1,524,450	1,353,306
Employee stock options	6,094	6,094
Restricted stock to employees	380,702	386,975
Other	<u>409,917</u>	<u>409,917</u>
	<u>\$ 84,195,646</u>	<u>83,352,004</u>

According to the R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting against deficit. The aforementioned realized capital surplus includes share premiums and donation gains. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus that can be reclassified under share capital shall not exceed 10% of the total common stock outstanding.

(iv) Retained earnings

The Company's Articles of Incorporation require that after tax earnings shall first be offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid legal reserve, the Company may, under its Articles of Incorporation or as required by the government, appropriate for special reserve. The remaining balance of the earnings, if any, may be appropriated by the solution of the Board of Meeting and present for approval in the shareholder's meeting.

According to the R.O.C. Company Act, the Company should distribute dividends and bonus, or all or part of the legal reserve and capital surplus, stipulated by the Company Act, as cash dividends based on the resolution of the Board of Directors with two-thirds directors present and approved by one-half of the present directors.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

In order to bring about stability in the payment of dividends, the Company distributes dividends depending on the level of earnings of each year. The Company is facing a rapidly changing industrial environment. In consideration of the Company's long term operating plan and funding needs, the Company adopts a stable dividends policy. Therefore, dividend distributions should not be less than 10% of distributable earnings. The distribution of cash dividend is not lower than 10% of total distribution of dividend.

1) Legal reserve

The company may distribute legal reserve by paying cash by the resolution of the Board of Directors, and present for approval in the shareholder's meeting.

2) Special reserve

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings Distribution

On June 15, 2023, and June 15, 2022, the Company's shareholders' meeting resolved to appropriate the 2022 and 2021 earnings, respectively, as follows:

	For the years ended December 31	
	2022	2021
Common stock dividends per share (dollars)		
— Cash	\$ <u>4.00</u>	<u>5.00</u>

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(v) Other equity interest (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity - unearned compensation	Total
Balance at January 1, 2023	\$ (7,603,630)	79,970	(68,877)	(7,592,537)
Exchange differences on subsidiaries, associates and joint ventures accounted for using equity method	243,641	-	-	243,641
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	202,125	-	202,125
Unrealized gains from financial assets measured at fair value through other comprehensive income of subsidiaries accounted for using equity method	-	93,160	-	93,160
Unearned compensation	-	-	(56,394)	(56,394)
Balance at December 31, 2023	<u>\$ (7,359,989)</u>	<u>375,255</u>	<u>(125,271)</u>	<u>(7,110,005)</u>
Balance at January 1, 2022	\$ (21,363,627)	444,778	(712,701)	(21,631,550)
Exchange differences on subsidiaries, associates and joint ventures accounted for using equity method	13,759,997	-	-	13,759,997
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(342,950)	-	(342,950)
Unrealized losses from financial assets measured at fair value through other comprehensive income of subsidiaries accounted for using equity method	-	(21,858)	-	(21,858)
Unearned compensation	-	-	643,824	643,824
Balance at December 31, 2022	<u>\$ (7,603,630)</u>	<u>79,970</u>	<u>(68,877)</u>	<u>(7,592,537)</u>

(p) Share-based payment

Information on share-based payment transactions as of December 31, 2023 and 2022 were as follows:

	<u>Equity-settled share-based payment</u> <u>Restricted stock to employee</u> <u>Issued in 2020</u>
Thousand units granted	60,000
Contractual life	4 years
Vesting period	Note A
Actual turnover rate of employees	4.71% and 3.56%
Estimated future turnover rate of employees	6.50%~12.53%

Note A : Employees are entitled to receive 25%, 25%, 25%, and 25% of the restricted stock in the first, second, third and fourth year, respectively, of their service.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

The provisions of the “Measures for the Issuance of New Shares of Employee Restricted stocks options for 2020” were amended by a resolution of the Board of Directors on April 18, 2023 and approved by the shareholders’ meeting on June 15, 2023.

A resolution was passed during the shareholder’s meeting on June 19, 2020, for a capital increase, wherein the Company issued 60,000 thousand new restricted shares of stock to those full-time employees who meet certain requirement of the Company. The restricted stock has been declared effective by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On September 22, 2020, the Board of Directors approved to issue 53,103 thousand shares of restricted shares of stock with fair value of \$63.2 each at grant date. The record date for the capital increase through issuance of restricted shares of stock was December 8, 2020. The actual issuance number for the capital increase was 52,411 thousand shares. On January 4, 2021, the registration procedures were completed. On May 11, 2021, Board of Directors of the Company approved to issue secondary new restricted shares of stock totaling 7,589 thousand shares with fair value of \$69.3 each at grant date. The record date for the capital increase through issuance of restricted shares of stock was June 11, 2021. The actual issuance number for the capital increase was 7,574 thousand shares. On July 12, 2021, the registration procedures were completed.

Employees with restricted stock awards are entitled to purchase the Company’s shares at the price of NT\$10 per share provided that these employees continue to work for the Company. 25%, 25%, 25% and 25% of the restricted shares of stock is vested in year 1, 2, 3 and 4, respectively. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. These shares of stock are entitled to the right as the holders of common shares once issued, except for those shares kept by a trust or shares that do not meet the vesting condition. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price and cancel the shares thereafter.

(i) Determining the fair value of equity instruments granted

The Company adopted the Black-Scholes model to measure the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

	Equity-settled share-based payment	
	Restricted stock to employee	
	Issued in 2020-2	Issued in 2020-1
Grant date	05/11/2021	09/22/2020
Stock price at grant date (dollars)	\$ 69.30	63.20
Exercise price (dollars)	10.00	10.00
Expected duration	4 years	4 years
Current market price of the underlying stock (dollars)	69.30	63.20
Expected volatility	25.25%~28.65%	27.76%~31.92%
Expected dividend yield	-%	-%
Risk-free interest rate	(Note A)	(Note B)

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Note A : The risk-free interest rate is 0.1006% for the 1st year, 0.1486% for the 2nd year, 0.1865% for the 3rd year and 0.2244% for the 4th year.

Note B : The risk-free interest rate is 0.1202% for the 1st year, 0.1690% for the 2nd year, 0.2123% for the 3rd year and 0.2556% for the 4th year.

(ii) Restricted stock to employee

For the years ended December 31, 2023 and 2022, 2,699 thousand and 1,952 thousand shares of the restricted shares of stock issued to employees have expired, respectively.

As of December 31, 2023 and 2022, there are \$125,271 thousand and \$68,877 thousand in the balance of unearned compensation, respectively.

(iii) Expenses recognized in profit or loss

The Company incurred expenses of share-based arrangements for the years ended December 31, 2023 and 2022 as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses resulting from the issuance of restricted stock to employees	<u>\$ 249,232</u>	<u>614,728</u>

(q) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Profit attributable to ordinary shareholders	<u>\$ 15,712,958</u>	<u>15,096,180</u>
Weighted-average number of ordinary shares	<u>2,665,262</u>	<u>2,667,906</u>
	<u>\$ 5.90</u>	<u>5.66</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	<u>\$ 15,712,958</u>	<u>15,096,180</u>
Weighted-average number of ordinary shares	<u>2,665,262</u>	<u>2,667,906</u>
Effect of potentially dilutive ordinary shares		
Employee stock bonus	<u>21,494</u>	<u>25,900</u>
Weighted-average number of ordinary shares (diluted)	<u>2,686,756</u>	<u>2,693,806</u>
	<u>\$ 5.85</u>	<u>5.60</u>

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2023	2022
Primary geographical markets		
Europe	\$ 557,045,123	574,123,320
U.S.A.	468,926,765	469,053,074
Taiwan	75,836,960	91,600,593
China	21,562,147	24,372,502
Japan	11,854,329	12,968,428
Other countries	<u>46,745,322</u>	<u>60,268,151</u>
	<u>\$ 1,181,970,646</u>	<u>1,232,386,068</u>

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	\$ 134,789,804	165,927,738	231,805,932
Less: Allowance for impairment	<u>26,570</u>	<u>76,419</u>	<u>17,399</u>
Total	<u>\$ 134,763,234</u>	<u>165,851,319</u>	<u>231,788,533</u>
Contract liabilities	<u>\$ 377,726</u>	<u>725,074</u>	<u>733,952</u>

Please refer to Note 6(d) for the details on accounts receivable and allowance for impairment.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2023 and 2022.

(s) Remunerations to employees and directors

In accordance with the Articles of Incorporation the Company should contribute no less than 7% of the profit as employee compensation and less than 0.7% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$1,533,000 thousand and \$1,365,000 thousand, and directors' remuneration amounting to \$153,000 thousand and \$135,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. Such amounts were recognized as operating costs or operating expenses during 2023 and 2022. Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss. The numbers of shares to be distributed for 2023 and 2022 were calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. There was no difference between the amounts approved in Board of Directors meeting and recognized in the parent company only financial reports for the years ended December 31, 2023 and 2022.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2023	2022
Interest income	\$ 1,136,792	304,242

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2023	2022
Rental income	\$ 117,543	128,963
Technical service income	609,901	448,784
Government grants income	133,048	83,773
Dividend income	53,034	66,075
Other income	219,335	145,543
	\$ 1,132,861	873,138

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2023	2022
Gains on disposals of property, plant and equipment	\$ 8,460	6,213
Foreign exchange losses	(332,628)	(947,730)
Net gains (losses) profits on financial assets measured at fair value through profit or loss	225,181	(220,707)
Provisions and others	(45,620)	(4,382)
	<u>\$ (144,607)</u>	<u>(1,166,606)</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2023	2022
Interest expenses	\$ 1,135,155	1,002,488
Finance expense—bank fees and factoring fees, etc.	26,011	12,546
	<u>\$ 1,161,166</u>	<u>1,015,034</u>

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the Company's maximum credit exposure.

2) Concentration of credit risk

As of December 31, 2023 and 2022, the accounts receivable from the Company's top three customers were amounted to \$196,536,165 thousand and \$315,169,807 thousand, representing 57% and 63% of accounts receivable, respectively, which exposes the Company to credit risk.

For credit risk exposure of notes and accounts receivables, please refer to Note 6(d).

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, excluding estimated interest payment and the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
December 31, 2023					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 38,152,020	38,172,406	36,658,517	763,889	750,000
Unsecured ordinary corporate bonds	30,384,389	30,400,000	8,000,000	7,500,000	14,900,000
Non-interest bearing liabilities	380,109,236	380,109,236	380,056,898	52,338	-
Lease liabilities	<u>360,470</u>	<u>360,470</u>	<u>128,770</u>	<u>122,836</u>	<u>108,864</u>
	<u>\$ 449,006,115</u>	<u>449,042,112</u>	<u>424,844,185</u>	<u>8,439,063</u>	<u>15,758,864</u>
December 31, 2022					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 56,407,494	56,432,636	52,952,080	1,966,667	1,513,889
Unsecured ordinary corporate bonds	34,876,992	34,900,000	4,500,000	8,000,000	22,400,000
Non-interest bearing liabilities	470,796,137	470,796,137	470,732,909	63,228	-
Lease liabilities	<u>473,755</u>	<u>473,755</u>	<u>134,186</u>	<u>123,815</u>	<u>215,754</u>
	<u>\$ 562,554,378</u>	<u>562,602,528</u>	<u>528,319,175</u>	<u>10,153,710</u>	<u>24,129,643</u>

The liquidity of the aforesaid bank loans, bonds payable, and lease liabilities, does not include the interest expense on cash outflow. The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Company's significant exposures to foreign currency risk of financial assets and liabilities were as follows:

(Unit: Foreign currency / NTD in Thousands)

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 12,655,360	30.7250	388,835,936	16,681,944	30.7175	512,427,615
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	12,745,506	30.7250	391,605,672	16,486,916	30.7175	506,436,842

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans, accounts payable and other payables that are denominated in foreign currency. Assuming other variables remain the same, 1% of appreciation or depreciation of TWD against foreign currency for the years ended December 31, 2023 and 2022 would have increased or decreased the net profit after tax by \$27,697 thousand and \$59,908 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains or losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, the foreign exchange gain (loss), including both realized and unrealized, amounted to (\$332,628) thousand and (\$947,730) thousand, respectively.

4) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate on derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumed the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases/decreases by 1%, the Company's net profit after tax will decrease/increase by \$27,681 thousand and \$39,387 thousand for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constantly. This is mainly due to the Company's borrowings in floating variable rate.

5) Other market price risk

If the equity price changes, and if it is based on the same basis for both years and assumes that all variables remain the same, the impact to comprehensive income will be as follows:

<u>Equity price on reporting date</u>	For the years ended December 31			
	2023		2022	
	Other comprehensive income (Loss) (before tax)	Profit (Loss) (before tax)	Other comprehensive income (Loss) (before tax)	Profit (Loss) (before tax)
Increase by 3%	\$ 26,243	27,619	20,179	23,079
Decrease by 3%	\$ (26,243)	(27,619)	(20,179)	(23,079)

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(iv) Fair value of financial instruments

1) Fair value hierarchy

The Company measured its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on the recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,916,059	920,645	-	995,414	1,916,059
Financial assets at fair value through other comprehensive income					
Stock of listed companies	\$ 874,772	874,772	-	-	874,772
Financial assets at amortized cost					
Cash and cash equivalents	\$ 44,204,421	-	-	-	-
Notes and accounts receivable	345,787,077	-	-	-	-
Other receivables	63,985	-	-	-	-
Other financial assets	157,356	-	-	-	-
Subtotal	390,212,839	-	-	-	-
Financial liabilities at amortized cost					
Bank loans	\$ 38,152,020	-	-	-	-
Non-interest bearing liabilities	380,109,236	-	-	-	-
Lease liabilities	360,470	-	-	-	-
Unsecured ordinary corporate bonds	30,384,389	-	-	-	-
Subtotal	449,006,115	-	-	-	-

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,505,082	654,505	-	850,577	1,505,082
Financial assets at fair value through other comprehensive income					
Stock of listed companies	\$ 672,647	672,647	-	-	672,647
Financial assets at amortized cost					
Cash and cash equivalents	\$ 13,716,368	-	-	-	-
Notes and accounts receivable	503,965,452	-	-	-	-
Other receivables	77,252	-	-	-	-
Other financial assets	154,494	-	-	-	-
Subtotal	517,913,566	-	-	-	-
Financial liabilities at amortized cost					
Bank loans	\$ 56,407,494	-	-	-	-
Non-interest bearing liabilities	470,796,137	-	-	-	-
Lease liabilities	473,755	-	-	-	-
Unsecured ordinary corporate bonds	34,876,992	-	-	-	-
Subtotal	562,554,378	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value:

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value:

a) Non-derivative financial instruments

Financial instruments trade in active markets are based on quoted market prices.

Financial instruments without an active market are unquoted equity instruments whose fair values are estimated using the net asset value method. Primarily assumes that value is measured based on the net value of the investee's equity.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of foreign exchange forward contract is usually determined by the current forward exchange rate.

4) Transfers between levels of the fair value hierarchy

The Company held an investment in equity of AIROHA Technology Corp. , which is classified as financial assets at fair value through profit or loss. The fair values were \$124,055 thousand and \$114,810 thousand as of December 31, 2023 and 2022, respectively.

The fair value hierarchy of the investment was categorized as level 3 for the year ended December 31, 2022 since there was no obvious quoted market price in active market, and the Company applied significant unobservable inputs to measure the fair value. However, their shares are listed on the exchange market in October 2023 with quoted market price in active market, so the fair value hierarchy transfers from level 3 to level 1 in 2023.

There have been no transfers from each level for the year ended December 31, 2022.

5) Reconciliation of Level 3 fair values

	Non-derivative mandatorily measured at fair value through profit or loss
Opening balance, January 1, 2023	\$ 850,577
Total gains or losses recognized:	
In profit or loss	32,401
Acquired during the year	227,246
Transferred out from level 3	<u>(114,810)</u>
Ending Balance, December 31, 2023	<u>\$ 995,414</u>
Opening balance, January 1, 2022	\$ 471,075
Total gains or losses recognized:	
In profit or loss	(5,952)
Acquired during the year	<u>385,454</u>
Ending Balance, December 31, 2022	<u>\$ 850,577</u>

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

For the years ended December 31, 2023 and 2022, total gains or losses that were accounted as “other gains and losses” were as follows:

	For the years ended December 31	
	2023	2022
Total gains or losses recognized:		
In profit or loss accounted as “other gains and losses”	\$ 32,401	(5,952)

- 6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – private fund”.

Most of the fair value measurements categorized within level 3 use the single and significant unobservable input. Equity investments without an active market contain multiple significant unobservable input. The significant unobservable inputs of the equity investments are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-private fund	Net Asset Value Method	Net Asset Value	Not applicable

- (v) Offsetting of financial assets and financial liabilities

The Company has financial instruments transactions applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

December 31, 2023						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets	Gross amounts of financial liabilities offset in the balance sheet	Net amount of financial assets presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
	(a)	(b)	(c)=(a)-(b)	Financial Instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 10,747,449	8,120,157	2,627,292	-	-	2,627,292

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

December 31, 2023						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial Instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 8,120,157	8,120,157	-	-	-	-

December 31, 2022						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial Instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 73,147,743	48,289,408	24,858,335	-	-	24,858,335

December 31, 2022						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial Instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 48,289,408	48,289,408	-	-	-	-

(v) Financial risk management

(i) Overview

The Company is exposed to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying parent company only financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management team, which report to the Board of Directors, is responsible for the development and control of the Company's risk management policies.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk if a counterparty fails to meet its contractual obligations, and arises principally from cash, accounts receivables and equity securities. Also, the Company deposits cash in different financial institutions to manage the credit risk of financial institution and believes that there is no significant concentration of credit risk on cash and equity securities.

The Company transacted only with the approved third parties with good financial conditions and reputation. For those customers with poor financial situation, the Company would transfer the risk through acquiring guarantees or transacting by L/C. Therefore, the Company believes that there is no significant credit risk.

1) Accounts receivables and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances.

Under its customer credibility evaluation policies, the Company evaluates the customer's credibility and collectability of notes and account receivables regularly before doing business. Thus, management is not expecting any significant uncollectible accounts.

The major customers of the Company are concentrated in the high-tech information and communication industries. As the customers of the Company have good credits and profit records, the Company evaluates the financial conditions of these customers continually to reduce credit risk from accounts receivable. Moreover, the Company also periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. Thus, management is not expecting any significant issue on credit risk.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations, hence there is no significant credit risk arising from these counterparties.

3) Guarantee

The Company's policies were prepared in accordance with Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies. As of December 31, 2023, please refer to Note 13(a) and table 2 for the Company's endorsement and guarantees.

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has sufficient working capital to meet its commitment for operation obligation and is not expecting any significant liquidity risk.

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The functional currency of the Company is the New Taiwan Dollars (NTD). The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in foreign currency such as NTD, EUR, and USD.

The Company's purchases and sales are denominated mainly in US dollars, which exposes the Company's current and future cash flows from foreign currency assets to the risk of market exchange rate fluctuations. The company follows the principle of natural hedging, the currency held by the company is consistent with the actual foreign currency demand of the company's import and export transactions. The foreign currency positions of the Company are operated by self-leveling principle and spot foreign exchange tools are used to avoid exchange rates risk.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company's interest rate risk arises from short-term loans and accounts receivable factoring bearing floating interest rates. Future cash flow will be affected by a change in market interest rate. The Company decreases the interest rate risk through negotiating with banks aperiodically.

3) Price floating risk on equity instruments

The equity securities held by the Company are classified as financial assets measured at fair value through profit or loss and fair value through other comprehensive income. As these assets are measured at fair value, the Company is exposed to the market price fluctuation risk in the equity securities market.

The Company's investment portfolios of equity instruments are reviewed regularly by management, and significant investment decision is approved by the Board of Directors.

(w) Capital management

The Board's policy is to maintain a strong capital base as well as to control the level of common stock dividends in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, paid in capital, retained earnings and other interests of the Company.

The Company used the debt-to-equity ratio, interest bearing liability-to-equity ratio and other financial ratio to maintain an optimal capital structure and raise returns on equity.

The Company's debt to equity ratios at the balance sheet date were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 464,521,790	598,525,263
Less: cash and cash equivalents	<u>(44,204,421)</u>	<u>(13,716,368)</u>
Net debt	420,317,369	584,808,895
Total equity	<u>188,809,892</u>	<u>182,488,565</u>
Total capital (Note)	<u>\$ 609,127,261</u>	<u>767,297,460</u>
Debt to equity ratio	<u>69.00%</u>	<u>76.22%</u>

Note : Total capital includes share capital, capital surplus, retained earnings, other equity and net debt.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Management believes that there were no significant changes in the Company's approach to capital management for the years ended December 31, 2023 and 2022.

(x) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			Foreign exchange movement	Other	
Short-term loans	\$ 51,484,097	(16,792,247)	-	-	34,691,850
Other payables-related parties	8,908,075	1,851,820	-	-	10,759,895
Other payables-restricted employee stock	207,035	(27,185)	-	(114,120)	65,730
Bonds payable	34,876,992	(4,500,000)	-	7,397	30,384,389
Long-term loans	4,923,397	(1,483,333)	-	20,106	3,460,170
Lease liabilities	473,755	(142,540)	-	29,255	360,470
Total liabilities from financing activities	<u>\$100,873,351</u>	<u>(21,093,485)</u>	<u>-</u>	<u>(57,362)</u>	<u>79,722,504</u>

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Foreign exchange movement	Other	
Short-term loans	\$ 48,168,420	3,315,677	-	-	51,484,097
Other payables-related parties	6,200,992	2,707,083	-	-	8,908,075
Other payables-restricted employee stock	158,988	(18,592)	-	66,639	207,035
Bonds payable	36,869,595	(2,000,000)	-	7,397	34,876,992
Long-term loans	3,159,260	1,763,889	-	248	4,923,397
Lease liabilities	431,326	(119,942)	-	162,371	473,755
Total liabilities from financing activities	<u>\$ 94,988,581</u>	<u>5,648,115</u>	<u>-</u>	<u>236,655</u>	<u>100,873,351</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities including subsidiaries and other related parties that have had transaction with the Company during the period covered in the parent company only financial statements.

Name of related party	Relationship with the Company	Notes
CASETEK COMPUTER (SUZHOU) CO., LTD.	The Company's subsidiary	
KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	The Company's subsidiary	
KAICHUAN ELECTRONICS (CHONGQING) CO., LTD.	The Company's subsidiary	
AZUREWAVE TECHNOLOGIES, INC.	The Company's subsidiary	
AZUREWAVE TECHNOLOGIES (SHANGHAI) INC.	The Company's subsidiary	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Notes</u>
AMA PRECISION INC.	The Company's subsidiary	
POWTEK (SHANGHAI) LTD.	The Company's subsidiary	
PIOTEK COMPUTER (SUZHOU) CO., LTD.	The Company's subsidiary	
PEGAGLOBE (KUNSHAN) CO., LTD.	The Company's subsidiary	
DIGITEK (CHONGQING) LTD.	The Company's subsidiary	
CHONGQING ZUANSHUO TRADING CO., LTD.	The Company's subsidiary	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	The Company's subsidiary	
PROTEK (SHANGHAI) LTD.	The Company's subsidiary	
COTEK ELECTRONICS (SUZHOU) CO., LTD.	The Company's subsidiary	
PEGATRON VENTURE CAPITAL CO., LTD.	The Company's subsidiary	
ASROCK INCORPORATION	The Company's subsidiary	
ASROCK RACK INCORPORATION	The Company's subsidiary	
ASROCK INDUSTRIAL COMPUTER CORPORATION	The Company's subsidiary	
KINSUS INTERCONNECT TECHNOLOGY CORP.	The Company's subsidiary	
PEGAVISION CORPORATION	The Company's subsidiary	
FUYANG TECHNOLOGY CORPORATION	The Company's subsidiary	
BEAUTYTECH PLATFORM CORPORATION	The Company's subsidiary	
STARLINK ELECTRONICS CORPORATION	The Company's subsidiary	
RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	The Company's subsidiary	
RI SHAN COMPUTER ACCESSORY (JIASHAN) CO., LTD.	The Company's associate	
RI DA INTELLIGENT MANUFACTURING TECHNOLOGY CO., LTD.	The Company's associate	
RI-KUAN METAL CORPORATION	The Company's subsidiary	
AS FLY TRAVEL SERVICE LIMITED	The Company's subsidiary	
PEGA INTERNATIONAL LIMITED	The Company's subsidiary	
LUMENS DIGITAL OPTICS INC.	The Company's subsidiary	
ASJAROCK TECHNOLOGY LIMITED	The Company's subsidiary	
ASUSPOWER CORPORATION	The Company's subsidiary	
CASETEK HOLDINGS LIMITED	The Company's subsidiary	
CASETEK HOLDINGS LIMITED (CAYMAN)	The Company's subsidiary	
PEGATRON HOLDING LTD.	The Company's subsidiary	
UNIHAN HOLDING LTD.	The Company's subsidiary	
PEGATRON CZECH S.R.O.	The Company's subsidiary	
PEGATRON JAPAN INC.	The Company's subsidiary	
PEGATRON MEXICO, S.A. DE C.V.	The Company's subsidiary	
PEGATRON SERVICE AUSTRALIA PTY. LTD.	The Company's subsidiary	
PEGATRON SERVICE KOREA LLC	The Company's subsidiary	
PEGATRON SERVICE SINGAPORE PTE. LTD.	The Company's subsidiary	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Notes</u>
PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED	The Company's subsidiary	
PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	The Company's subsidiary	
PEGATRON TECHNOLOGY SERVICE INC.	The Company's subsidiary	
PEGATRON USA, INC.	The Company's subsidiary	
PEGATRON VIETNAM COMPANY LIMITED	The Company's subsidiary	
PEGATRON TECHNOLOGY TEXAS INC.	The Company's subsidiary	
PEGATRON ELECTRONICS INC.	The Company's subsidiary	
PT. PEGAUNIHAN TECHNOLOGY INDONESIA	The Company's subsidiary	
ADVANTECH CO., LTD.	Other related party	
ADVANTECH TECHNOLOGY (CHINA) CO., LTD.	Other related party	
CASETEK SINGAPORE PTE. LTD.	The Company's associate	
LUXCASE PRECISION TECHNOLOGY (KUNSHAN) CO., LTD.	The Company's associate	

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales transactions and outstanding balances between the Company and related parties were as follows:

	<u>Sales</u>	
	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 39,800,591	38,661,640
Associates	649,878	-
Other related parties	22,694	50,532
	<u>\$ 40,473,163</u>	<u>38,712,172</u>
	<u>Receivables from related parties</u>	
	<u>December 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
Subsidiaries, PROTEK (SHANGHAI) LTD.	\$ 37,035,840	143,872,147
Subsidiaries, PEGAGLOBE (KUNSHAN) CO., LTD.	83,758,057	88,285,361
Subsidiaries, MAINTEK COMPUTER (SUZHOU) CO., LTD.	18,844,313	-
Subsidiaries, DIGITEK (CHONGQING) LTD.	19,329,470	28,181,168
Subsidiaries, Other and Other related parties	52,056,163	77,775,457
	<u>\$ 211,023,843</u>	<u>338,114,133</u>

The terms and the selling price for related parties were not significantly different with other customers.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(ii) Purchases from related parties

The amounts of significant purchase transactions and outstanding balances between the Company and related parties were as follows:

	Purchases	
	For the years ended December 31	
	2023	2022
Subsidiaries	\$ 119,136,515	55,100,013
Associates	384,669	456,221
	<u>\$ 119,521,184</u>	<u>55,556,234</u>

	Payables to Related Parties	
	December 31, 2023	December 31, 2022
Subsidiaries, PEGAGLOBE (KUNSHAN) CO., LTD.	\$ 72,295,686	118,727,109
Subsidiaries, PROTEK (SHANGHAI) LTD.	50,167,974	93,962,599
Subsidiaries, MAINTEK COMPUTER (SUZHOU) CO., LTD.	21,093,763	-
Subsidiaries, DIGITEK (CHONGQING) LTD.	19,942,781	26,282,280
Subsidiaries, Other and Associates	30,517,712	28,506,334
	<u>\$ 194,017,916</u>	<u>267,478,322</u>

The terms and pricing of purchase transactions with related parties were not significantly different from other vendors.

(iii) Other income and losses from related parties

	For the years ended December 31	
	2023	2022
Subsidiaries	<u>\$ 191,403</u>	<u>14,131</u>

(iv) Rental revenue

For the years ended December 31, 2023 and 2022, the Company incurred subsidiaries transactions of \$102,025 thousand and \$102,148 thousand, respectively, which were accounted for as rental revenue. Lease terms with related parties were not significantly different from those with non-related parties.

(v) Other related party transactions recorded as expenses

For the years ended December 31, 2023 and 2022, the Company incurred subsidiaries transactions recorded as expenses such as processing fee, storage expense, after-sales service fee and professional service fee, etc., aggregating to \$120,802 thousand and \$293,156 thousand, respectively.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(vi) Transaction of property, plant and equipment and other assets

For the years ended December 31, 2023 and 2022, molds and equipment purchased from subsidiaries are amounted to \$20,536 thousand and \$1,026 thousand, respectively.

The Board of Directors approved a resolution to dispose lands and buildings to the subsidiary in September 2023, and the total transaction price was \$3,040,000 thousand. As of December 31, 2023, \$600,000 thousand had been received and accounted for under other current liabilities.

(vii) Borrowings from related parties

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Subsidiaries	<u>\$ 10,759,895</u>	<u>8,908,075</u>
Interest rate	<u>0%</u>	<u>0%</u>

(viii) As of December 31, 2023, please refer to Note 13 for endorsements and guarantees for related party.

(c) Key management personnel compensation

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 219,418	205,296
Post-employment benefits	2,592	2,499
Share-based payments	<u>54,230</u>	<u>102,183</u>
	<u>\$ 276,240</u>	<u>309,978</u>

Please refer to Note 6(p) for further information related to share-based payment transactions.

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

<u>Asset</u>	<u>Purpose of pledge</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Other financial asset-restricted deposits	Deposits for customs duties	\$ 117,132	117,121
Other financial asset-refundable deposits	Deposits for performance guarantee	<u>40,224</u>	<u>37,373</u>
		<u>\$ 157,356</u>	<u>154,494</u>

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(9) Commitments and contingencies

(a) Significant commitments and contingencies

(i) Promissory notes and certificates of deposit obtained for business purpose were as follows:

	December 31,	December 31,
	2023	2022
NTD	\$ 3,930	14,190

(10) Losses due to major disasters: None**(11) Subsequent events: None****(12) Other**

The nature of employee benefits, depreciation and amortization expenses categorized by function were as follows:

By function	For the years ended December 31					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salary	\$ 2,181,597	9,023,862	11,205,459	2,519,252	8,663,019	11,182,271
Labor and health insurance	221,438	565,667	787,105	245,246	541,076	786,322
Pension	71,379	319,039	390,418	73,276	297,856	371,132
Remuneration of directors	-	153,000	153,000	-	135,000	135,000
Others	322,907	536,236	859,143	364,670	533,146	897,816
Depreciation	660,981	494,171	1,155,152	786,742	486,577	1,273,319
Amortization	41,817	15,265	57,082	37,848	14,648	52,496

For the years ended December 31, 2023 and 2022, the information on the number of employees and employee benefit expense of the Company is as follows:

	2023	2022
Number of employees	8,381	8,853
Number of directors (non-employee)	8	8
Average employee benefit expense	\$ 1,582	1,497
Average employee salary expense	\$ 1,338	1,264
Percentage of average employee salary expense	5.85 %	
Remuneration for supervisors	\$ -	-

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

The remuneration policy (including directors, managers and employees) of the Company is as follows:

In accordance with the Company's Articles of Incorporation, the remuneration to directors should not exceed 0.7% of the profit before tax, while taking the operating performance of the Company and the participation of each director into consideration. There will be regular evaluations concerning the reasonability of compensation policies. Furthermore, the remunerations to managers and employees will be appropriated at the rate stated in the Company's Articles of Incorporation, while taking into consideration the operating performance of the Company, economic indicators and industry level.

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

No.	Item	Table
1	Loans to other parties	Table 1
2	Guarantees and endorsements for other parties	Table 2
3	Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)	Table 3
4	Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 4
5	Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 5
6	Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 6
7	Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock	Table 7
8	Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock	Table 8
9	Trading in derivative instruments	None

(b) Information on investees

Please refer to Table 9 for the information on investees for the year ended December 31, 2023.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

- (c) Information on investment in Mainland China: Please refer to Table 10.
- (d) Major shareholders

Shareholder's Name	Shareholding	Shares	Percentage
ASUSTEK COMPUTER INCORPORATION		448,506,484	16.83 %

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

PEGATRON CORPORATION
Notes to the Financial Statements

Table 1: Loans to other parties
(December 31, 2023)

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance	Ending balance	Actual amount drawn down	Interest rate	Nature of loan (Note1)	Amount of transactions with the borrower	Reasons for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party(Note 2)	Ceiling on total loans granted(Note 2)
													Item	Value		
1	MAINTEK	COTEK SUZHOU	Other Receivables	Y	1,536,250	1,536,250	1,536,250	0.59%	2	-	Financing necessities	-	-	-	32,792,754	32,792,754
2	ASUSPOWER	PEGATRON	Other Receivables	Y	5,963,723	5,656,473	5,656,473	0.00%	2	-	Business operation	-	-	-	6,628,461	6,628,461
2	ASUSPOWER	ASUS INVESTMENT	Other Receivables	Y	629,863	-	-	0.00%	2	-	Business operation	-	-	-	1,988,538	3,977,077
2	ASUSPOWER	ASUSPOWER INVESTMENT	Other Receivables	Y	522,325	307,250	307,250	0.00%	2	-	Business operation	-	-	-	1,988,538	3,977,077
2	ASUSPOWER	PVN	Other Receivables	Y	1,536,250	-	-	0.00%	2	-	Business operation	-	-	-	6,628,461	6,628,461
3	PEGA HOLDING	PEGATRON	Other Receivables	Y	660,588	660,588	660,588	0.00%	2	-	Business operation	-	-	-	96,460,112	96,460,112
4	UNIHAN	PEGATRON	Other Receivables	Y	1,843,500	1,843,500	1,843,500	0.00%	2	-	Business operation	-	-	-	6,619,523	6,619,523
5	CASETEK	PEGATRON	Other Receivables	Y	141,335	141,335	141,335	0.00%	2	-	Business operation	-	-	-	4,745,681	4,745,681
6	KTL	PEGATRON	Other Receivables	Y	476,238	-	-	0.00%	2	-	Business operation	-	-	-	509,088	509,088
6	KTL	PEL	Other Receivables	Y	460,875	460,875	460,875	5.12%	2	-	Business operation	-	-	-	509,088	509,088
7	DIGITEK CHONGQING	KAI-CHUAN	Other Receivables	Y	307,250	184,350	184,350	0.83%	2	-	Financing necessities	-	-	-	7,518,310	7,518,310
8	Pegapower Investment	ASUSPOWER INVESTMENT	Other Receivables	Y	390,000	-	-	0.85%	2	-	Business operation	-	-	-	399,044	399,044
9	Pegatron Investment	ASUSPOWER INVESTMENT	Other Receivables	Y	200,000	-	-	0.85%	2	-	Business operation	-	-	-	399,402	399,402
9	Pegatron Investment	ASUS INVESTMENT	Other Receivables	Y	190,000	-	-	0.85%	2	-	Business operation	-	-	-	399,402	399,402
10	CASETEK SUZHOU	PROTEK SHANGHAI	Other Receivables	Y	1,301,409	1,301,409	1,301,409	2.10%	2	-	Financing necessities	-	-	-	3,121,270	3,121,270
11	RI- TENG	RI-PRO	Long-Term Accounts Receivables	Y	130,141	130,141	130,141	1.00%	2	-	Business operation	-	-	-	5,950,563	5,950,563
11	RI- TENG	PROTEK SHANGHAI	Long-Term Accounts Receivables	Y	4,338,030	4,338,030	4,338,030	2.10%	2	-	Business operation	-	-	-	5,950,563	5,950,563
11	RI- TENG	PEGAGLOBE KUNSHAN	Long-Term Accounts Receivables	Y	1,735,212	-	-	2.10%	2	-	Business operation	-	-	-	5,950,563	5,950,563
12	CASETEK CAYMAN	PEGATRON	Short-Term Accounts Receivables	Y	7,066,750	2,458,000	2,458,000	0.00%	2	-	Business operation	-	-	-	46,662,870	46,662,870
13	Azwave	AIGALE	Other Receivables	Y	30,725	30,725	-	0.00%	2	-	Business operation	-	-	-	948,918	948,918

Note 1:Reference for the Nature of loan column

(1) the borrower has business contact with the creditor

(2) the borrower has short-term financing necessities

Note 2:Calculation for the ceiling on total loans granted

Ceiling on total loans granted

According to MAINTEK's policy for loans granted, the ceiling on total loans granted to all parties is 100% of net worth of MAINTEK.

While granting loans to Taiwan subsidiaries which are directly or indirectly not wholly-owned by the Company are as follows: ceiling on total loans granted to which is 40% of net worth of MAINTEK.

While granting loans to the Company and foreign subsidiaries which are directly or indirectly wholly-owned by the Company are as follows: ceiling on total loans granted to which is 100% of net worth of MAINTEK.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Table 2: Guarantees and endorsements for other parties
(December 31, 2023)

Expressed in thousands of NTD

No.	Endorser/ Guarantor	Party being endorsed / guaranteed	Relationship (Note 1)	Limit on endorsements/ guarantees provided for a single party (Note2)	Maximum outstanding balance for the period	Outstanding balance for thr period (Note3 and Note4)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Endorsements/ guarantees by parent company to subsidiary	Endorsements/ guarantees by subsidiary to parent company	Endorsements/ guarantees to the party in Mainland China
1	PEL	PMX	(4)	308,509	33,242	33,242	33,242	-	2.15 %	771,272	N	N	N
2	ASROCK	ASIAROCK	(2)	5,686,032	2,593,960	2,458,000	1,861,935	-	30.26 %	5,686,032	Y	N	N

Note 1:Relationship with the endorser / guarantor:

- (1) Having business relationship.
- (2) The endorser / guarantor parent company directly and indirectly holds more than 50% of voting shares of the endorsed / guaranteed subsidiary.
- (3) The endorser / guarantor subsidiary which directly and indirectly be held more than 50% voting shares by the endorsed / guaranteed parent company.
- (4) The endorser / guarantor company and the endorsed / guaranteed party both be held more than 90% by the parent company.
- (5) Company that is mutually protected under contractual requirements based on the needs of the contractor.
- (6) Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
- (7) Performance guarantees for pre-sale contracts under the Consumer Protection Act.

Note 2:Ceiling on total endorsements / guarantees

According to PEL's policy of endorsements and guarantees, the ceiling on total endorsements and guarantees to all parties is 50% of net worth of PEL.

According to ASROCK's policy of endorsements and guarantees, the ceiling on total endorsements and guarantees to all parties is 70% of net worth of ASROCK.

Ceiling on endorsements/ guarantees to single party

According to PEL's policy of endorsements and guarantees, the total ceiling on total endorsements and guarantees to single party is 20% of net worth of PEL.

According to ASROCK's policy of endorsements and guarantees, the total ceiling on total endorsements and guarantees to single party is 70% of net worth of ASROCK.

Note 3:If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date.

Note 4:The amount is approved by the Board of Directors.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Table 3: Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)
(December 31, 2023)

Expressed in thousands of NTD

Securities held by	Marketable securities			General ledger account	As of December 31, 2023				NOTE
	Category	Item	Relationship		Number of shares	Book value	Percentage of ownership	Fair value	
PEGATRON	Stock	ABILITY ENTERPRISE CO.,LTD.	-	Non-current financial assets at fair value through other comprehensive income	33,135,300	874,772	11.52%	874,772	
	Stock	Airoha Technology Corp.	-	Current financial assets at fair value through profit or loss	215,000	124,055	0.13%	124,055	
	Stock	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Non-current financial assets at fair value through profit or loss	3,500,000	209,650	0.53%	209,650	
	Fund	China Renewable Energy Fund, LP (CREF)	-	Non-current financial assets at fair value through profit or loss	-	995,414	N/A	995,414	
	Stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	-	Current financial assets at fair value through profit or loss	400,000	237,200	0.00%	237,200	
	Stock	DELTA ELECTRONICS, INC.	-	Current financial assets at fair value through profit or loss	290,000	90,915	0.01%	90,915	
	Stock	MEDIATEK INC.	-	Current financial assets at fair value through profit or loss	255,000	258,825	0.02%	258,825	
ASUSPOWER INVESTMENT	Stock	SPORTON INTERNATIONAL INC.	-	Current financial assets at fair value through profit or loss	700	169	0.00%	169	
	Stock	WIN SEMICONDUCTORS CORP.	-	Current financial assets at fair value through profit or loss	691,000	109,869	0.16%	109,869	
	Stock	ABILITY ENTERPRISE CO.,LTD.	-	Non-current financial assets at fair value through other comprehensive income	6,495	171	0.00%	171	
	Stock	ZOWIE Technology Corporation	-	Non-current financial assets at fair value through other comprehensive income	90,973	-	0.31%	-	
	Stock	Syntronix CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	6,778	-	0.02%	-	
	Stock	Cognito Health International Inc.	-	Non-current financial assets at fair value through other comprehensive income	1,136,363	20,949	1.20%	20,949	
	Fund	AMED	-	Non-current financial assets at fair value through profit or loss	-	261,358	N/A	261,358	
ASUS INVESTMENT	Stock	Valens Semiconductor Ltd.	-	Non-current financial assets at fair value through profit or loss	3,092,412	232,785	2.94%	232,785	
	Stock	BATOM CO., LTD.	-	Non-current financial assets at fair value through profit or loss	4,130,000	198,240	11.09%	198,240	
	Stock	SPEED TECH CORPORATION	-	Current financial assets at fair value through profit or loss	8,000,000	466,400	4.67%	466,400	
	Stock	TAIWAN UNION TECHNOLOGY CORPORATION	-	Current financial assets at fair value through profit or loss	277,000	34,902	0.10%	34,902	
	Stock	TONG HSING ELECTRONIC INDUSTRIES, LTD.	-	Current financial assets at fair value through profit or loss	52,650	8,293	0.03%	8,293	
	Stock	Lightel Technologies Inc.	-	Non-current financial assets at fair value through other comprehensive income	2,000,000	64,578	9.40%	64,578	
	Stock	PT Sat Nusapersada Tbk	-	Non-current financial assets at fair value through other comprehensive income	531,434,100	258,759	10.00%	258,759	
	Stock	LIONS Taiwan Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	5,000,000	200,000	18.22%	200,000	
	Fund	New Economy Ventures LP	-	Non-current financial assets at fair value through profit or loss	-	60,136	N/A	60,136	
	Fund	AMED	-	Non-current financial assets at fair value through profit or loss	-	228,688	N/A	228,688	
ASUS INVESTMENT	Stock	Neuroblade	-	Non-current financial assets at fair value through profit or loss	332,680	5,435	0.80%	5,435	
	Stock	Reed Semiconductor	-	Non-current financial assets at fair value through profit or loss	1,194,616	146,818	2.14%	146,818	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Securities held by	Marketable securities			General ledger account	As of December 31, 2023				NOTE
	Category	Item	Relationship		Number of shares	Book value	Percentage of ownership	Fair value	
ASUSTEK INVESTMENT	Stock	BATOM CO., LTD.	-	Non-current financial assets at fair value through profit or loss	3,076,520	147,673	8.26%	147,673	
	Stock	Cognito Health International Inc.	-	Non-current financial assets at fair value through profit or loss	3,333,333	61,450	3.52%	61,450	
PROTEK SHANGHAI	Stock	LUXSHARE ICT CO., LTD.	-	Current financial assets at fair value through profit or loss	39,845,105	5,840,136	0.56%	5,840,136	
	Bond	LUXSHARE ICT CO., LTD.(Convertible Bond)	-	Current financial assets at fair value through profit or loss	170,816	81,022	N/A	81,022	
	Stock	Contemporary Amperex Technology Co. Limited	-	Current financial assets at fair value through profit or loss	5,400	3,861	0.00%	3,861	
Pegatron Venture	Stock	Ark Semiconductor Corp. Ltd.	-	Non-current financial assets at fair value through profit or loss	-	10,598	5.42%	10,598	
	Stock	KG Invest TW Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	2,500,000	1,484	3.22%	1,484	
	Stock	Panmedia Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	2,600,010	38,058	9.89%	38,058	
	Stock	TXOne Networks Inc.	-	Current financial assets at fair value through profit or loss	236,363	41,098	0.42%	41,098	
	Stock	BSOS Holdings INC.	-	Non-current financial assets at fair value through other comprehensive income	5,639,098	22,533	7.06%	22,533	
	Stock	Fansi Me Inc.	-	Non-current financial assets at fair value through other comprehensive income	394,909	6,000	5.22%	6,000	
	Stock	All Win Fintech Company Limited	-	Non-current financial assets at fair value through other comprehensive income	2,000,000	24,000	2.00%	24,000	
	Stock	Humane Inc.	-	Current financial assets at fair value through profit or loss	64,065	46,708	0.17%	46,708	
	Stock	YunTan Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	107,984	10,714	5.00%	10,714	
	Stock	Bestmade Inc.	-	Non-current financial assets at fair value through other comprehensive income	8,434,900	8,000	7.29%	8,000	
	Stock	Wavenet Holding CO., Ltd	-	Current financial assets at fair value through profit or loss	2,379,182	50,979	2.13%	50,979	
	Stock	POMO Network INC.	-	Non-current financial assets at fair value through other comprehensive income	157,894	9,000	2.03%	9,000	
	Stock	Modernity Financial Holdings, Ltd(Cayman)	-	Non-current financial assets at fair value through other comprehensive income	143,147	15,628	0.32%	15,628	
ASUSPOWER	Stock	Tesla, Inc.	-	Current financial assets at fair value through profit or loss	300	8,812	0.00%	8,812	
	Stock	TXOne Networks Inc.	-	Current financial assets at fair value through profit or loss	1,454,545	245,800	2.61%	245,800	
	Stock	Humane Inc.	-	Current financial assets at fair value through profit or loss	149,486	107,537	0.39%	107,537	
RI-KUAN	Stock	Ethos Original Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	5,000,000	50,000	7.49%	50,000	
HUA-YUAN	Stock	Ethos Original Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	5,000,000	52,028	7.49%	52,028	
Lumens	Fund	Fuh Hwa Money Market	-	Current financial assets at fair value through profit or loss	82,955,929	1,226,785	N/A	1,226,785	
KINSUS	Fund	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	21,355,432	275,475	N/A	275,475	
	Fund	Jih Sun Money Market	-	Current financial assets at fair value through profit or loss	17,776,549	271,172	N/A	271,172	
KINSUS INVESTMENT	Fund	Taishin Ta-Chong Money Market Fund	-	Current financial assets at fair value through profit or loss	829,070	12,112	N/A	12,112	
	Stock	Ethos Original Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	5,000,000	50,000	7.49%	50,000	
	Stock	Li Chang Finery Inc.	-	Non-current financial assets at fair value through other comprehensive income	32,653	1,000	1.01%	1,000	
PEGAVISION	Fund	Yuanta Wan-Tai Money Market Fund	-	Current financial assets at fair value through profit or loss	6,400,626	99,550	N/A	99,550	
	Fund	Yuanta De-Li Money Market Fund	-	Current financial assets at fair value through profit or loss	6,475,107	108,558	N/A	108,558	
	Fund	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	88,870,417	1,146,384	N/A	1,146,384	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Securities held by	Marketable securities		Relationship	General ledger account	As of December 31, 2023				NOTE
	Category	Item			Number of shares	Book value	Percentage of ownership	Fair value	
	Fund	FSITC Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	67,078,751	1,055,719	N/A	1,055,719	
Mayin	Fund	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	392,329	5,061	N/A	5,061	
	Fund	FSITC Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	1,653,209	26,019	N/A	26,019	
FacialBeau	Fund	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	673,797	10,605	N/A	10,605	
BeautyTech	Fund	Yuanta De-Li Money Market Fund	-	Current financial assets at fair value through profit or loss	502,952	8,432	N/A	8,432	
	Fund	Yuanta Wan-Tai Money Market Fund	-	Current financial assets at fair value through profit or loss	2,221,592	34,553	N/A	34,553	
	Fund	FSITC Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	8,932,500	140,584	N/A	140,584	
AZUREWAVE	Stock	Ultimems, Inc.	-	Non-current financial assets at fair value through other comprehensive income	230	9,687	0.57%	9,687	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Table 4: Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock
(For the year ended December 31, 2023)

														Expressed in thousands of NTD		
Marketable securities						Beginning balance		Addition		Disposal			Ending balance			
Investor	Category	Item	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Book Value	Gain (loss) on disposal	Number of shares	Amount (Note 1)	
CASETEK CAYMAN	Stock	PMX	Investments accounted for using the equity method	-	-	-	1,527,436	-	1,556,547	-	-	-	-	-	3,390,253	
CASETEK CAYMAN	Stock	PVN	Investments accounted for using the equity method	-	-	-	-	-	3,113,094	-	-	-	-	-	2,978,511	
PEGAVISION	Fund	Yuanta Wan-Tai Money Market Fund	Current financial assets at fair value through profit or loss	-	-	17,190,427	264,208	40,450,950	623,500	51,240,751	790,500	787,914	2,464	6,400,626	99,550	
PEGAVISION	Fund	Yuanta De-Li Money Market Fund	Current financial assets at fair value through profit or loss	-	-	18,482,095	306,237	30,343,170	504,500	42,350,158	704,500	702,041	2,390	6,475,107	108,558	
PEGAVISION	Fund	Mega Diamond Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	192,441,379	2,475,000	103,570,962	1,332,197	1,331,384	2,197	88,870,417	1,146,384	
PEGAVISION	Fund	FSITC Taiwan Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	273,100,204	4,280,224	206,021,453	3,230,800	3,226,829	5,133	67,078,751	1,055,719	
KINSUS	Stock	PEGAVISION	Investments accounted for using the equity method	-	-	-	-	1,820,034	564,210	-	-	-	-	1,820,034	564,210	
KAEDAR	Stock	KAILEXING	Investments accounted for using the equity method	-	-	-	-	-	N/A (Note 2)	-	706,445	N/A (Note 2)	N/A (Note 2)	-	-	
Lumens	Fund	Fuh Hwa Money Market	Current financial assets at fair value through profit or loss	-	-	74,510,785	1,089,892	105,152,824	1,552,652	96,707,680	1,429,252	1,415,791	32	82,955,929	1,226,785	
Azwave	Stock	AZURE YANQZHOU	Investments accounted for using the equity method	-	-	-	198,102	-	-	-	308,170	193,584 (Note 3)	-	-	-	
Azwave	Stock	Azurewave Shanghai	Investments accounted for using the equity method	-	-	-	763,330	-	193,584 (Note 3)	-	-	-	-	-	1,281,375	

Note 1: The ending balance includes the gain/loss on equity investment and other related adjustment.

Note 2: As of the balance sheet date, the transaction has not yet been completed, and the actual amount will be determined upon completion of the transaction.

Note 3: AZUREWAVE passed the merger of Azurewave Shanghai and AZURE YANQZHOU through Board of Directors, and after the merger was completed in 2023, AZURE YANQZHOU is a dissolved company, and Azurewave Shanghai is a surviving company.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Table 5: Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock
(For the year ended December 31, 2023)

Expressed in thousands of NTD

Name of company	Type of property	Transaction date	Transaction amount	Payment term	Counter-party	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and condition	Other
							Owner	Relationship	Date of transfer	Amount			
PEGATRON	Land and buildings	112.05.22	755,000	On the basis of the contract	TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.	Non-related-party	None	None	None	None	After bargaining, the price will be approved by the chairman of the Board of Directors to determine.	For business use	None
PEL	Machinery equipments	112.01.19	307,658	On the basis of the contract	COTEK SUZHOU	Related-party	None	Group resource integration	None	None	After bargaining, the price will be approved by the chairman of the Board of Directors to determine.	For production and business use	None
PEL	Machinery equipments	112.05.08	308,224	On the basis of the contract	COTEK SUZHOU	Related-party	None	Group resource integration	None	None	After bargaining, the price will be approved by the chairman of the Board of Directors to determine.	For production use	None
PMX	Right-of-use assets- buildings	112.03.06	329,427	On the basis of the contract	American Industries	Non-related-party	None	None	None	None	After bargaining, the price will be approved by the chairman of the Board of Directors to determine.	For production and business use	None
PMX	Plant (electrical engineering)	112.03.10	612,825	N/A	TRANSDIEN MEXICO S.A. DE C.V	Non-related-party	None	None	None	None	N/A	For production and business use	None
PEGAVISION	Land and buildings	112.09.21	3,040,000	On the basis of the contract	PEGATRON	The ultimate parent of the Company	ASUSTek Computer Inc.	None	97.01	1,415,191	The transaction amount refer to professional appraisal institutions.	For business growth	None
KAILEXING	Land and buildings	112.09.08	354,774	On the basis of the contract	KAEDAR	Parent company	None	None	90.04	17,135	The transaction amount refer to professional appraisal institutions.	Group resource integration	None
PTI	Right-of-use assets- buildings	112.10.27	316,826	On the basis of the contract	M/s Chengalpattu Warehousing Parks Private Limited	Non-related-party	None	None	None	None	Appraisal report and negotiation results.	For business use	None
PVN	Plant (engineering)	112.12.28	1,188,551	N/A	Jianxing Vietnam Construction and Development Co., Ltd.	Non-related-party	None	None	None	None	N/A	For production and business use	None
PVN	Dormitory (engineering)	112.12.28	824,559	N/A	Zhongyifeng Vietnam Construction and Development Co., Ltd.	Non-related-party	None	None	None	None	N/A	For business use	None

Note :If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Table 6: Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock
(For the year ended December 31, 2023)

Expressed in thousands of NTD

<u>Name of company</u>	<u>Type of property</u>	<u>Transaction date</u>	<u>Acquisition date</u>	<u>Book value</u>	<u>Transaction amount</u>	<u>Payment term</u>	<u>Gain from disposal</u>	<u>Counter-party</u>	<u>Relationship</u>	<u>References for determining price</u>	<u>Purpose of acquisition and condition</u>	<u>Other</u>
PEGATRON	Land and buildings	112.09.21	97.01	1,078,146	3,040,000	On the basis of the contract	N/A	PEGAVISION	Related-party	The transaction amount refer to professional appraisal institutions.	Group resource integration	None
KAEDAR	Land and buildings	112.09.08	90.04	25,106	354,774	On the basis of the contract	308,310	KAI LE XING	Related-party	The transaction amount refer to professional appraisal institutions.	Group resource integration	None

Note :If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Table 7: Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock
(For the year ended December 31, 2023)

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			
			Purchases (sales)	Amount	Percentage of total	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
PEGATRON	PTSI	Subsidiary	Sale	(117,649)	(0.01)%	90 days on delivery	-	-	63,716	0.02 %	
PEGATRON	COTEK SUZHOU	Subsidiary	Sale	(2,271,832)	(0.19)%	Open Account 90 Days	-	-	761,803	0.22 %	
PEGATRON	MAINTEK	Subsidiary	Sale	(15,223,665)	(1.29)%	Open Account 90 Days	-	-	18,844,313	5.45 %	
PEGATRON	PTI	Subsidiary	Sale	(13,930,030)	(1.18)%	Open Account 60 Days	-	-	18,593,889	5.38 %	
PEGATRON	PTX	Subsidiary	Sale	(7,939,106)	(0.67)%	Open Account 90 Days	-	-	3,126,504	0.90 %	
PEGATRON	CSG	Associate	Sale	(614,630)	(0.05)%	30 days on delivery	-	-	-	-	%
PEGATRON	PROTEK SHANGHAI	Subsidiary	Purchase	1,673,858	0.15 %	Open Account 60 Days	-	-	(50,167,974)	(14.01)%	
PEGATRON	CASETEK SUZHOU	Subsidiary	Purchase	195,108	0.02 %	Open Account 60 Days	-	-	(22,626)	(0.01)%	
PEGATRON	DIGITEK CHONGQING	Subsidiary	Purchase	4,322,588	0.38 %	Open Account 60 Days	-	-	(19,942,781)	(5.57)%	
PEGATRON	COTEK SUZHOU	Subsidiary	Purchase	1,694,311	0.15 %	Open Account 60 Days	-	-	(69,071)	(0.02)%	
PEGATRON	AZUREWAVE	Subsidiary	Purchase	111,525	0.01 %	Open Account 60 Days	-	-	(27,899)	(0.01)%	
PEGATRON	PVN	Subsidiary	Purchase	105,811	0.01 %	Open Account 60 Days	-	-	(8,751,206)	(2.44)%	
PEGATRON	PEGAGLOBE KUNSHAN	Subsidiary	Purchase	60,450,107	5.26 %	Open Account 60 Days	-	-	(72,295,686)	(20.19)%	
PEGATRON	MAINTEK	Subsidiary	Purchase	34,527,302	3.01 %	Open Account 60 Days	-	-	(21,093,763)	(5.89)%	
PEGATRON	ASRock Rack	Subsidiary	Purchase	133,041	0.01 %	Open Account 60 Days	-	-	(24,177)	(0.01)%	
PEGATRON	PTB	Subsidiary	Purchase	7,654,658	0.67 %	Open Account 60 Days	-	-	(13,874,201)	(3.87)%	
PEGATRON	RI Da	Associate	Purchase	346,039	0.03 %	Open Account 60 Days	-	-	(108,520)	(0.03)%	
PEGATRON	PTI	Subsidiary	Purchase	7,626,424	0.66 %	Open Account 60 Days	-	-	(6,239,563)	(1.74)%	
PEGATRON	PHP	Subsidiary	Purchase	608,279	0.05 %	Open Account 60 Days	-	-	(710,164)	(0.20)%	
MAINTEK	PEGATRON	Parent company	Purchase	15,223,665	98.93 %	Open Account 90 Days	-	-	(18,844,313)	(96.05)%	
MAINTEK	PEGATRON	Parent company	Sale	(34,527,302)	(92.39)%	Open Account 60 Days	-	-	21,093,763	75.76 %	
MAINTEK	COTEK SUZHOU	Associate	Purchase	353,573	0.18 %	Open Account 60 Days	-	-	(67,278)	(0.34)%	
MAINTEK	COTEK SUZHOU	Associate	Sale	(17,800,752)	(7.61)%	Open Account 90 Days	-	-	6,519,049	23.41 %	
MAINTEK	CASETEK SUZHOU	Associate	Purchase	1,808,728	0.91 %	Open Account 60 Days	-	-	(131,098)	(0.67)%	
PEGAGLOBE KUNSHAN	PEGATRON	Parent company	Sale	(60,450,107)	(98.84)%	Open Account 60 Days	-	-	72,295,686	99.04 %	
PEGAGLOBE KUNSHAN	PROTEK SHANGHAI	Associate	Sale	(293,489)	(0.07)%	Open Account 60 Days	-	-	40,056	0.05 %	
PEGAGLOBE KUNSHAN	PROTEK SHANGHAI	Associate	Purchase	45,962,591	12.15 %	Open Account 60 Days	-	-	(5,608,740)	(6.15)%	
DIGITEK CHONGQING	PEGATRON	Parent company	Sale	(4,322,588)	(99.97)%	Open Account 60 Days	-	-	19,942,781	99.95 %	
DIGITEK CHONGQING	KAI-CHUAN	Associate	Purchase	254,761	0.39 %	Open Account 60 Days	-	-	(22,082)	(0.11)%	
PROTEK SHANGHAI	PEGATRON	Parent company	Sale	(1,673,858)	(85.75)%	Open Account 60 Days	-	-	50,167,974	89.67 %	
PROTEK SHANGHAI	PEGAGLOBE KUNSHAN	Associate	Purchase	293,489	0.10 %	Open Account 60 Days	-	-	(40,056)	(0.11)%	
PROTEK SHANGHAI	PEGAGLOBE KUNSHAN	Associate	Sale	(45,962,591)	(13.90)%	Open Account 60 Days	-	-	5,608,740	10.03 %	
COTEK SUZHOU	PEGATRON	Parent company	Purchase	2,271,832	13.63 %	Open Account 90 Days	-	-	(761,803)	(10.06)%	
COTEK SUZHOU	PEGATRON	Parent company	Sale	(1,694,311)	(10.00)%	Open Account 60 Days	-	-	69,071	0.75 %	
COTEK SUZHOU	MAINTEK	Associate	Sale	(353,573)	(1.52)%	Open Account 60 Days	-	-	67,278	0.73 %	
COTEK SUZHOU	MAINTEK	Associate	Purchase	17,800,752	83.37 %	Open Account 90 Days	-	-	(6,519,049)	(86.09)%	
COTEK SUZHOU	POWTEK SHANGHAI	Associate	Sale	(19,809,740)	(84.92)%	Open Account 60 Days	-	-	8,654,238	94.38 %	
POWTEK SHANGHAI	COTEK SUZHOU	Associate	Purchase	19,809,740	99.97 %	Open Account 60 Days	-	-	(8,654,238)	(99.93)%	
KAI-CHUAN	DIGITEK CHONGQING	Associate	Sale	(254,761)	(62.81)%	Open Account 60 Days	-	-	22,082	55.84 %	
CASETEK SUZHOU	PEGATRON	Parent company	Sale	(195,108)	(7.61)%	Open Account 60 Days	-	-	22,626	8.83 %	
CASETEK SUZHOU	MAINTEK	Associate	Sale	(1,808,728)	(70.59)%	Open Account 60 Days	-	-	131,098	51.14 %	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			
			Purchases (sales)	Amount	Percentage of total	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
CORE-TEK	PROTEK SHANGHAI	Associate	Sale	(153,445)	(100.00)%	Open Account 60 Days	-	-	-	-	%
PHP	PEGATRON	Parent company	Sale	(608,279)	(99.89)%	Open Account 60 Days	-	-	710,164	100.00	%
PTB	PEGATRON	Parent company	Sale	(7,654,658)	(99.96)%	Open Account 60 Days	-	-	13,874,201	100.00	%
PTI	PEGATRON	Parent company	Purchase	13,930,030	96.11 %	Open Account 60 Days	-	-	(18,593,889)	(100.00)%	
PTI	PEGATRON	Parent company	Sale	(7,626,424)	(79.81)%	Open Account 60 Days	-	-	6,239,563	79.67	%
PTSI	PEGATRON	Parent company	Purchase	117,649	8.02 %	90 days on delivery	-	-	(63,716)	(31.93)%	
PTX	PEGATRON	Parent company	Purchase	7,939,106	98.35 %	Open Account 90 Days	-	-	(3,126,504)	(91.00)%	
PVN	PEGATRON	Parent company	Sale	(105,811)	(100.00)%	Open Account 60 Days	-	-	8,751,206	99.98	%
CSG	PEGATRON	Associate	Purchase	614,630	- %	30 days on delivery	-	-	-	-	%
RI Da	PEGATRON	Associate	Sale	(346,039)	- %	Open Account 60 Days	-	-	108,520	-	%
KINSUS	KINSUS SUZHOU	Subsidiary	Purchase	1,614,862	21.60 %	Open Account 60 Days	Incomparable due to different product specification	No comparable non-related party.	(306,633)	(10.38)%	
KINSUS SUZHOU	KINSUS	Parent company	Sale	(1,614,862)	(68.87)%	Open Account 60 Days	Incomparable due to different product specification	No comparable non-related party.	306,633	71.10	%
PEGAVISION	PEGAVISION JAPAN	Subsidiary	Sale	(2,961,338)	(49.55)%	Open Account 90 Days	Same as other clients.	Telex transfer~Open Accounts 90 Days	584,894	54.70	%
PEGAVISION	BeautyTech	Subsidiary	Sale	(296,073)	(4.95)%	Open Account 120 Days	Same as other clients.	Telex transfer~Open Accounts 90 Days	114,430	10.70	%
PEGAVISION	Gemvision Zhejiang	Subsidiary	Sale	(274,483)	(4.59)%	Open Account 180 Days	Same as other clients.	Telex transfer~Open Accounts 90 Days	59,203	5.54	%
PEGAVISION JAPAN	PEGAVISION	Parent company	Purchase	2,961,338	100.00 %	Open Account 90 Days	No other comparable vendors.	No other comparable vendors.	(584,894)	(100.00)%	
BeautyTech	PEGAVISION	Parent company	Purchase	296,073	77.17 %	Open Account 120 Days	No other comparable vendors.	No other comparable vendors.	(114,430)	(94.37)%	
Gemvision Zhejiang	PEGAVISION	Parent company	Purchase	274,483	95.74 %	Open Account 180 Days	No other comparable vendors.	No other comparable vendors.	(59,203)	(97.39)%	
ASROCK	ASROCK EUROPE	Subsidiary	Sale	(4,174,702)	(29.10)%	Open Account 45 Days	Same as other clients.	Same as other clients.	258,626	10.24	%
ASROCK	ASRock America	Subsidiary	Sale	(4,174,621)	(29.10)%	Open Account 90 Days	Same as other clients.	Same as other clients.	1,681,803	66.58	%
ASROCK	ASIAROCK	Subsidiary	Purchase	12,336,665	96.54 %	Open Account 90 Days	No other comparable vendors.	No other comparable vendors.	(2,956,639)	(97.40)%	
ASRock Rack	PEGATRON	Parent company	Sale	(133,041)	(5.05)%	Open Account 60 Days	Same as other clients.	Same as other clients.	24,177	6.12	%
ASRock Rack	ASRock America	Associate	Sale	(300,497)	(10.98)%	Open Account 90 Days	Same as other clients.	Same as other clients.	109,501	27.73	%
ASRock Rack	ASROCK EUROPE	Associate	Sale	(138,239)	(5.05)%	Open Account 60 Days	Same as other clients.	Same as other clients.	12,119	3.07	%
ASRock Rack	ASIAROCK	Associate	Purchase	971,746	55.06 %	Open Account 60 Days	No other comparable vendors.	No other comparable vendors.	(232,107)	(35.23)%	
ASRock Industrial	ASROCK EUROPE	Associate	Sale	(241,413)	(17.24)%	Open Account 60 Days	Same as other clients.	Same as other clients.	-	-	%
ASRock Industrial	ASIAROCK	Associate	Purchase	395,886	62.04 %	Open Account 60 Days	No other comparable vendors.	No other comparable vendors.	(134,098)	(48.72)%	
ASRock Industrial	ASRock America	Associate	Sale	(137,432)	(9.82)%	Open Account 60 Days	Same as other clients.	Same as other clients.	8,350	6.89	%
ASIAROCK	ASROCK	Parent company	Sale	(12,336,665)	(87.51)%	Open Account 90 Days	Same as other clients.	Same as other clients.	2,956,639	85.93	%
ASIAROCK	ASRock Rack	Associate	Sale	(971,746)	(6.89)%	Open Account 60 Days	Same as other clients.	Same as other clients.	232,107	6.75	%
ASIAROCK	ASRock Industrial	Associate	Sale	(395,886)	(2.81)%	Open Account 60 Days	Same as other clients.	Same as other clients.	134,098	3.90	%
ASRock America	ASROCK	Parent company	Purchase	4,174,621	90.51 %	Open Account 90 Days	No other comparable vendors.	No other comparable vendors.	(1,681,803)	(93.45)%	
ASRock America	ASRock Rack	Associate	Purchase	300,497	6.51 %	Open Account 90 Days	No other comparable vendors.	No other comparable vendors.	(109,501)	(6.08)%	
ASRock America	ASRock Industrial	Associate	Purchase	137,432	2.98 %	Open Account 60 Days	No other comparable vendors.	No other comparable vendors.	(8,350)	(0.46)%	
ASROCK EUROPE	ASROCK	Parent company	Purchase	4,174,702	91.66 %	Open Account 45 Days	No other comparable vendors.	No other comparable vendors.	(258,626)	(95.52)%	
ASROCK EUROPE	ASRock Rack	Associate	Purchase	138,239	3.04 %	Open Account 60 Days	No other comparable vendors.	No other comparable vendors.	(12,119)	(4.48)%	
ASROCK EUROPE	ASRock Industrial	Associate	Purchase	241,413	5.30 %	Open Account 60 Days	No other comparable vendors.	No other comparable vendors.	-	-	%
AZUREWAVE	PEGATRON	Parent company	Sale	(111,525)	(1.00)%	Open Account 60 Days	Same as non-related party	Same as non-related party	27,899	2.00	%
AZUREWAVE	Azurewave Shanghai	Subsidiary	Purchase and processing fee	1,663,793	28.00 %	Open Account 30~60 Days	Same as non-related party	shorter than non-related party.	(1,167,971)	(44.00)%	
Azurewave Shanghai	AZUREWAVE	Parent company	Sale	(1,663,793)	(52.00)%	Open Account 30~60 Days	Same as non-related party	shorter than non-related party.	1,172,194	81.00	%

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Table 8: Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock
(December 31, 2023)

						Expressed in thousands of NTD			
Creditor	Counterparty	Relationship	Balance of receivables	Turnover rate	Overdue Receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	
					Amount	Action taken			
PEGATRON	COTEK SUZHOU	Subsidiary	761,803	1.43 Times	-	-	-	-	
PEGATRON	MAINTEK	Subsidiary	18,844,313	9.62 Times	-	-	-	-	
PEGATRON	PTI	Subsidiary	18,593,889	3.04 Times	-	-	-	-	
PEGATRON	PTX	Subsidiary	3,126,504	2.67 Times	-	-	-	-	
PEGATRON	PROTEK SHANGHAI	Subsidiary	37,035,840	3.12 Times	-	-	-	-	
PEGATRON	DIGITEK CHONGQING	Subsidiary	19,329,470	2.72 Times	-	-	-	-	
PEGATRON	PEGAGLOBE KUNSHAN	Subsidiary	83,758,057	3.86 Times	-	-	32,262	-	
PEGATRON	PTB	Subsidiary	17,384,760	3.04 Times	-	-	-	-	
PEGATRON	PHP	Subsidiary	946,889	2.71 Times	-	-	-	-	
PEGATRON	PVN	Subsidiary	11,035,783	2.39 Times	-	-	-	-	
PEGA HOLDING	PEGATRON	Parent company	660,588	N/A (Notes 1)	-	-	-	-	
UNIHAN	PEGATRON	Parent company	1,843,500	N/A (Notes 1)	-	-	-	-	
CASETEK	PEGATRON	Parent company	141,335	N/A (Notes 1)	-	-	-	-	
KTL	PEL	Associate	460,875	N/A (Notes 1)	-	-	-	-	
PEGAGLOBE KUNSHAN	PEGATRON	Parent company	72,295,686	4.11 Times	-	-	44,451	-	
MAINTEK	PEGATRON	Parent company	21,093,763	7.15 Times	-	-	-	-	
MAINTEK	COTEK SUZHOU	Associate	6,519,049	2.60 Times	-	-	-	-	
MAINTEK	COTEK SUZHOU	Associate	1,536,250	N/A (Notes 1)	-	-	-	-	
DIGITEK CHONGQING	PEGATRON	Parent company	19,942,781	2.98 Times	-	-	-	-	
DIGITEK CHONGQING	KAI-CHUAN	Associate	184,350	N/A (Notes 1)	-	-	-	-	
PROTEK SHANGHAI	PEGATRON	Parent company	50,167,974	3.93 Times	-	-	-	-	
PROTEK SHANGHAI	PEGAGLOBE KUNSHAN	Associate	5,608,740	2.50 Times	-	-	-	-	
COTEK SUZHOU	POWTEK SHANGHAI	Associate	8,654,238	2.24 Times	-	-	-	-	
COTEK SUZHOU	PEL	Associate	163,078	5.02 Times	112,178	Dunning	-	-	
COTEK SUZHOU	KINSUS	Associate	152,384	0.70 Times	94,815	Dunning	-	-	
CASETEK SUZHOU	PROTEK SHANGHAI	Associate	1,301,409	N/A (Notes 1)	-	-	-	-	
CASETEK SUZHOU	MAINTEK	Associate	131,098	7.49 Times	3	Dunning	-	-	
ASUSPOWER	PEGATRON	Parent company	5,656,473	N/A (Notes 1)	-	-	-	-	
ASUSPOWER	ASUSPOWER INVESTMENT	Parent company	307,250	N/A (Notes 1)	-	-	-	-	
PHP	PEGATRON	Parent company	710,164	5.45 Times	-	-	233	-	
PTB	PEGATRON	Parent company	13,874,201	4.88 Times	-	-	-	-	
PTI	PEGATRON	Parent company	6,239,563	6.45 Times	-	-	-	-	
PVN	PEGATRON	Parent company	8,751,206	3.62 Times	-	-	3,242	-	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Expressed in thousands of NTD

Creditor	Counterparty	Relationship	Balance of receivables	Turnover rate	Overdue Receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
RI Da	PEGATRON	Associate	108,520	3.78 Times	-	-	33	-
RI-TENG	RI-PRO	Associate	130,141	N/A (Notes 1)	-	-	-	-
RI-TENG	PROTEK SHANGHAI	Associate	4,338,030	N/A (Notes 1)	-	-	-	-
CASETEK CAYMAN	PEGATRON	Parent company	2,458,000	N/A (Notes 1)	-	-	-	-
KINSUS SUZHOU	KINSUS	Parent company	306,633	5.65 Times	-	-	-	-
PEGAVISION	PEGAVISION JAPAN	Subsidiary	584,894	6.44 Times	-	-	99,456	-
PEGAVISION	BeautyTech	Subsidiary	114,430	2.77 Times	-	-	300	-
ASROCK	ASROCK EUROPE	Subsidiary	258,626	26.54 Times	-	-	60,263	-
ASROCK	ASRock America	Subsidiary	1,681,803	2.26 Times	-	-	225,397	-
ASIA ROCK	ASROCK	Parent company	2,956,639	6.19 Times	-	-	-	-
ASIA ROCK	ASRock Rack	Associate	232,107	3.11 Times	-	-	-	-
ASIA ROCK	ASRock Industrial	Associate	134,098	2.08 Times	-	-	9,979	-
ASRock Rack	ASRock America	Associate	109,501	2.80 Times	-	-	-	-
Azurewave Shanghai	AZUREWAVE	Parent company	1,172,194	2.35 Times	-	-	1,172,194	-

Note 1: Since the receivables are not caused by selling and purchasing transactions, the turnover rate is not applicable.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Table 9: Information on investees
(December 31, 2023)

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Ending balance			Net profit (loss) of the investee	Investment income (loss)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
PEGATRON	ASUSPOWER INVESTMENT	Taipei	Investing activities	13,033,429	13,033,429	932,844,700	100.00 %	12,149,660	352,560	352,560	
	ASUS INVESTMENT	Taipei	Investing activities	16,184,982	16,184,982	979,254,600	100.00 %	14,058,552	596,671	596,671	
	ASUSTEK INVESTMENT	Taipei	Investing activities	14,593,543	14,593,543	951,278,300	100.00 %	9,402,127	206,621	206,621	
	PEGA HOLDING	Cayman Islands	Investing activities	34,318,691	34,318,691	991,906,463	100.00 %	96,801,153	3,397,202	3,739,325	
	PUSA	CA, USA	Sales and repair service center in North America	16,085	16,085	50,000	100.00 %	20,214	1,517	1,517	
	PHH	Wijchen, NETHERLANDS	Investing activities	1,278,287	1,278,287	-	100.00 %	3,292,393	115,410	115,410	
	AMA	Taipei	Designing and developing computer parts	408,394	408,394	33,500,000	100.00 %	443,521	5,170	5,170	
	AZUREWAVE	New Taipei City	Wireless network development and computer and business equipment, wholesale and retail sales of telecommunications equipment and information software, provision of computer peripheral hardware and mobile e-commerce services	525,750	525,750	35,750,000	23.42 %	681,420	333,439	78,054	
	UNIHAN	Cayman Islands	Investing activities	5,823,962	5,823,962	170,110,010	100.00 %	6,619,826	162,186	161,407	
	CASETEK CAYMAN	Cayman Islands	Investing activities	14,717,122	14,717,122	1	100.00 %	46,662,870	3,831,902	3,831,902	
	PAU	Australia	Sales and repair service center in Australia	139,088	139,088	6,000,000	100.00 %	296,586	46,360	46,360	
	PTB	Indonesia	Data storage and processing equipment, manufacturing wired and wireless communication equipment, installing and selling of computer equipment and electronic components	1,249,369	1,249,369	39,999	99.99 %	2,417,147	661,961	555,790	
	PVN	Vietnam	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	4,314,741	4,314,741	-	60.00 %	4,467,839	22,620	(42,864)	
	PHP	Vietnam	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	429,459	429,459	-	100.00 %	356,129	127,504	128,468	
	PTI	India	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	4,287,623	4,287,623	1,099,890,000	99.99 %	1,192,428	(1,148,393)	(1,065,944)	
	PTX	TX, USA	Sales center in North America	144,033	144,033	500	100.00 %	(1,128,273)	(1,431,500)	(1,431,500)	
	PEL	TX, USA	Sales center in North America	1,498,950	1,498,950	5,000	100.00 %	1,542,543	(9,465)	(9,465)	
	Pegapower Investment	Taipei	Investing activities	1,000,000	1,000,000	100,000,000	100.00 %	997,611	(5,061)	(5,061)	
	Pegatron Investment	Taipei	Investing activities	1,000,000	1,000,000	100,000,000	100.00 %	998,505	(4,174)	(4,174)	
	PELI	India	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	3,856	-	999,900	99.99 %	3,288	(413)	(413)	
ASUSPOWER INVESTMENT	STARLINK	New Taipei City	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	135,144	135,144	15,000,000	50.00 %	249,734	4,754	Not required to disclose	
	KINSUS	Taoyuan	Manufacturing electronic parts, whole selling and retailing of electronic components, as well as providing business management consultant service	727,473	727,473	55,556,221	12.23 %	3,858,560	47,516	Not required to disclose	
ASUSPOWER INVESTMENT	ASROCK	Taipei	Selling motherboards, related product development and design	82,626	82,626	2,791,000	2.29 %	186,437	919,041	Not required to disclose	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Ending balance			Net profit (loss) of the investee	Investment income (loss)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
	AZUREWAVE	New Taipei City	Wireless network development and computer and business equipment, wholesale and retail sales of telecommunications equipment and information software, provision of computer peripheral hardware and mobile e-commerce services	154,000	154,000	7,000,000	4.59 %	133,424	333,439	Not required to disclose	
	Lumens	Hsinchu	Developing, manufacturing and selling computer data projectors and related peripherals	508,932	508,932	10,043,490	49.38 %	1,091,394	104,369	Not required to disclose	
	PEGAVISION	Taoyuan	Medical equipment manufacturers, optical instruments, precision instruments manufacturers and sales of the preceding products	347,450	70,721	6,372,796	8.17 %	804,772	1,655,902	Not required to disclose	
	ASUSPOWER	Virgin Islands	Investing and trading activities	3,752,682	3,752,682	109,000,000	31.23 %	2,070,068	49,789	Not required to disclose	
	PTSI	Kentucky, USA	Sales and repair service center in North America	94,475	94,475	2,800	100.00 %	1,420,099	63,533	Not required to disclose	
	WISE INVESTMENT	Taipei	Investing activities	48,780	48,780	-	48.78 %	341,397	159,954	Not required to disclose	
	PEGA INTERNATIONAL	Taipei	Design service and sales	31,885	31,885	-	100.00 %	24,879	(1,004)	Not required to disclose	
	PJ	Japan	Sales and repair service center in Japan	27,287	27,287	1,632	100.00 %	442,128	141,460	Not required to disclose	
	PMX	Chihuahua, Mexico	Manufacture of electronic products, the whole-sale and retail-sale of electronic materials.	738,554	738,554	-	15.51 %	851,936	(31,850)	Not required to disclose	
	PSG	Singapore	Sales and repair service center in Singapore	23,990	23,990	1,000,000	100.00 %	224,228	32,106	Not required to disclose	
	PTB	Indonesia	Data storage and processing equipment, manufacturing wired and wireless communication equipment, installing and selling of computer equipment and electronic components	31	31	1	- %	62	661,961	Not required to disclose	
	PTI	India	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	429	429	110,000	0.01 %	175	(1,148,393)	Not required to disclose	
	PELI	India	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	-	-	100	0.01 %	-	(413)	Not required to disclose	
ASUS INVESTMENT	STARLINK	New Taipei City	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	90,000	90,000	9,000,000	30.00 %	149,840	4,754	Not required to disclose	
	KINSUS	Taoyuan	Manufacturing electronic parts, whole selling and retailing of electronic components, as well as providing business management consultant service	938,098	938,098	60,128,417	13.23 %	4,176,096	47,516	Not required to disclose	
	ASROCK	Taipei	Selling motherboards, related product development and design	155,718	155,718	57,217,754	47.04 %	3,822,038	919,041	Not required to disclose	
	Lumens	Hsinchu	Developing, manufacturing and selling computer data projectors and related peripherals	7,338	7,338	587,079	2.89 %	63,795	104,369	Not required to disclose	
	ASUSPOWER	Virgin Islands	Investing and trading activities	3,488,741	3,488,741	103,000,000	29.51 %	1,956,059	49,789	Not required to disclose	
ASUS INVESTMENT	AS FLY	Taipei	Travel agency	6,000	6,000	-	100.00 %	13,028	6,845	Not required to disclose	
	HUA-YUAN	Taipei	Investing activities	500,000	500,000	-	100.00 %	546,911	4,666	Not required to disclose	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Ending balance			Net profit (loss) of the investee	Investment income (loss)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
	PMX	Chihuahua, Mexico	Manufacture of electronic products, the whole-sale and retail-sale of electronic materials.	1,114,671	1,114,671	-	22.77 %	1,251,053	(31,850)	Not required to disclose	
	FUYANG	Hsinchu	Manufacturing and wholesaling of wires, cables, and electronic components	464,711	464,711	32,088,436	17.83 %	196,019	(34,736)	Not required to disclose	
ASUSTEK INVESTMENT	STARLINK	New Taipei City	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	60,000	60,000	6,000,000	20.00 %	99,894	4,754	Not required to disclose	
	KINSUS	Taoyuan	Manufacturing electronic parts, whole selling and retailing of electronic components, as well as providing business management consultant service	794,252	794,252	58,233,091	12.81 %	4,044,455	47,516	Not required to disclose	
	ASROCK	Taipei	Selling motherboards, related product development and design	223,939	223,939	7,453,405	6.13 %	497,869	919,041	Not required to disclose	
	AZUREWAVE	New Taipei City	Wireless network development and computer and business equipment, wholesale and retail sales of telecommunications equipment and information software, provision of computer peripheral hardware and mobile e-commerce services	98,487	98,487	6,696,930	4.39 %	127,647	333,439	Not required to disclose	
	Lumens	Hsinchu	Developing, manufacturing and selling computer data projectors and related peripherals	5,117	5,117	409,427	2.01 %	44,491	104,369	Not required to disclose	
	PEGAVISION	Taoyuan	Medical equipment manufacturers, optical instruments, precision instruments manufacturers and sales of the preceding products	64,292	64,292	4,934,434	6.33 %	623,129	1,655,902	Not required to disclose	
	ASUSPOWER	Virgin Islands	Investing and trading activities	4,652,885	4,652,885	137,000,000	39.26 %	2,602,334	49,789	Not required to disclose	
	FUYANG	Hsinchu	Manufacturing and wholesaling of wires, cables, and electronic components	929,422	929,422	64,176,872	35.65 %	391,928	(34,736)	Not required to disclose	
	Dynaflex	Cayman Islands	Investing activities	254,574	228,635	5,714	11.43 %	260,735	41,764	Not required to disclose	
PEGA HOLDING	MAGNIFICENT	Virgin Islands	Investing and trading activities	8,000,202	8,000,202	177,961,090	100.00 %	32,654,128	718,723	Not required to disclose	
	PROTEK	Virgin Islands	Investing and trading activities	9,199,020	9,199,020	308,100,000	100.00 %	32,646,732	1,075,306	Not required to disclose	
	ASLINK	Cayman Islands	Investing and trading activities	6,919,477	6,919,477	229,711,968	100.00 %	18,675,809	1,107,665	Not required to disclose	
	DIGITEK	Virgin Islands	Investing and trading activities	1,507,016	1,507,016	49,050,000	100.00 %	7,525,851	381,280	Not required to disclose	
	COTEK	Virgin Islands	Investing and trading activities	2,120,486	2,120,486	81,275,000	100.00 %	2,352,527	64,764	Not required to disclose	
	POWTEK	Virgin Islands	Investing and trading activities	403,896	403,896	8,050,000	100.00 %	1,580,913	106,090	Not required to disclose	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Ending balance			Net profit (loss) of the investee	Investment income (loss)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
PEGA HOLDING	PIOTEK CAYMAN	Cayman Islands	Investing activities	2,835,103	2,835,103	92,000,000	49.00 %	348,122	(122,380)	Not required to disclose	
	GUT	Samoa	Investing and trading activities	40,749	40,749	5,000,000	100.00 %	5,028	61	Not required to disclose	
UNIHAN	CASETEK	Virgin Islands	Investing and trading activities	5,045,342	5,045,342	115,375,668	100.00 %	4,745,681	141,401	Not required to disclose	
PHH	PCZ	Czech	Installing, repairing and selling electronic products	994,783	994,783	-	100.00 %	2,853,654	120,147	Not required to disclose	
CASETEK	SLITEK	Samoa	Investing and trading activities	37,177	37,177	1,210,000	100.00 %	(3,258)	(296)	Not required to disclose	
	KHL	HongKong	Investing and trading activities	768,125	768,125	25,000,000	100.00 %	628,037	4,722	Not required to disclose	
	KTL	Samoa	Investing and trading activities	153,625	153,625	5,000,000	100.00 %	509,088	18,437	Not required to disclose	
CASETEK CAYMAN	RIH LI	Samoa	Investing activities	23,551,821	23,551,821	581,331,000	100.00 %	36,165,606	3,813,309	Not required to disclose	
	RI-KUAN	Taipei	Selling iron and aluminum products	309,758	309,758	30,000,000	100.00 %	623,611	8,768	Not required to disclose	
	MEGA	Samoa	Trading activities	30,725	30,725	1,000,000	100.00 %	61,087	4,081	Not required to disclose	
	PMX	Chihuahua, Mexico	Manufacture of electronic products, the whole-sale and retail-sale of electronic materials.	3,072,500	1,536,250	-	61.72 %	3,390,253	(31,850)	Not required to disclose	
	PVN	Vietnam	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	3,072,500	-	-	40.00 %	2,978,511	22,620	Not required to disclose	
RI-KUAN	RITENG	CA, USA	Market survey	7,067	7,067	230,000	100.00 %	7,386	-	Not required to disclose	
PSG	PKR	Korea	Sales and repair service center in Korea	46,088	46,088	360,000	100.00 %	126,658	18,173	Not required to disclose	
PTSI	PCBR	Brasil	Maintenance service	19,971	19,971	-	100.00 %	5,345	(1,780)	Not required to disclose	
ASUSPOWER	Dynaflex	Cayman Islands	Investing activities	283,433	248,889	6,429	12.86 %	283,433	41,764	Not required to disclose	
Pegapower Investment	Pegatron Venture	Taipei	Investing activities	500,000	500,000	50,000,000	50.00 %	494,328	(14,255)	Not required to disclose	
	Zhuhe	Taipei	Investing activities	60,000	-	6,000,000	35.29 %	59,443	(1,557)	Not required to disclose	
Pegatron Investment	Pegatron Venture	Taipei	Investing activities	500,000	500,000	50,000,000	50.00 %	494,328	(14,255)	Not required to disclose	
Lumens	Lumens	CA, USA	Developing, manufacturing and selling computer data projectors and related peripherals	37,208	37,208	1,222,000	100.00 %	18,251	(18,607)	Not required to disclose	
	Lumens SAMOA	Samoa	Investing activities	7,681	7,681	250,000	100.00 %	38,254	6,952	Not required to disclose	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Ending balance			Net profit (loss) of the investee	Investment income (loss)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
KINSUS	KINSUS USA	CA, USA	Designing substracts, formulating marketing strategy analysis, developing new customers, researching and development new product technology	15,363	15,363	500,000	100.00 %	81,703	10,108	Not required to disclose	
	KINSUS SAMOA	Samoa	Investing activities	5,048	5,048	164,308,720	100.00 %	2,701,241	142,911	Not required to disclose	
	KINSUS INVESTMENT	Taoyuan	Investing activities	1,600,000	1,600,000	160,000,000	100.00 %	3,342,312	469,280	Not required to disclose	
	PEGAVISION	Taoyuan	Medical equipment manufacturers, optical instruments, precision instruments manufacturers and sales of the preceding products	564,210	-	1,820,034	2.33 %	231,184	1,655,902	Not required to disclose	
KINSUS INVESTMENT	PEGAVISION	Taoyuan	Medical equipment manufacturers, optical instruments, precision instruments manufacturers and sales of the preceding products	252,455	252,455	21,233,736	27.22 %	2,697,142	1,655,902	Not required to disclose	
	FUYANG	Hsinchu	Manufacturing and wholesaling of wires, cables, and electronic components	929,422	929,422	64,176,872	35.65 %	388,776	(34,736)	Not required to disclose	
	Zhuhe	Taipei	Investing activities	30,000	-	3,000,000	17.65 %	29,725	(1,557)	Not required to disclose	
KINSUS SAMOA	KINSUS CAYMAN	Cayman Islands	Investing activities	2,150,750	2,150,750	70,000,000	100.00 %	2,349,909	205,309	Not required to disclose	
	PIOTEK CAYMAN	Cayman Islands	Investing activities	2,897,644	2,897,644	95,755,000	51.00 %	362,340	(122,376)	Not required to disclose	
PIOTEK CAYMAN	PIOTEK	Virgin Islands	Investing activities	4,296,615	4,296,615	139,840,790	100.00 %	710,454	(122,376)	Not required to disclose	
PIOTEK	PIOTEK(H.K.)	HongKong	Trading activities	799	799	200,000	100.00 %	67,964	1,557	Not required to disclose	
PEGAVISION	PEGAVISION JAPAN	Japan	Selling medical appliances	2,151	2,151	198	100.00 %	129,255	42,034	Not required to disclose	
	Mayin	Taoyuan	Investing activities	246,003	246,003	21,000,000	100.00 %	468,615	128,085	Not required to disclose	
	Zhuhe	Taipei	Investing activities	20,000	-	2,000,000	11.76 %	19,817	(1,557)	Not required to disclose	
	PEGAVISION VIETNAM	Vietnam	Manufacturing and selling medical appliances	170,830	-	-	100.00 %	166,639	(3)	Not required to disclose	
Mayin	BeautyTech	Taoyuan	Selling medical appliances and cosmetics	107,500	107,500	8,500,000	85.00 %	311,329	156,991	Not required to disclose	
	FacialBeau	Taoyuan	Selling medical appliances and cosmetics	27,500	27,500	2,750,000	55.00 %	24,970	(922)	Not required to disclose	
BeautyTech	BEAUTYTECH SG	Singapore	Selling medical appliances and cosmetics	6,145	6,145	200,000	100.00 %	6,228	(109)	Not required to disclose	
FacialBeau	Aquamax	CA, USA	Selling medical appliances and cosmetics	33,798	33,798	11,000,000	100.00 %	6,683	(217)	Not required to disclose	
	RODNA	Korea	Selling medical appliances and cosmetics	2,370	2,370	-	100.00 %	2,224	(57)	Not required to disclose	
	IKIDO	Japan	Selling medical appliances and cosmetics	2,151	-	198	100.00 %	2,059	(93)	Not required to disclose	

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Ending balance			Net profit (loss) of the investee	Investment income (loss)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
ASROCK	ASRock Rack	Taipei	Manufacturing and selling computer and related peripherals	390,240	390,240	34,595,984	57.27 %	479,373	7,907	Not required to disclose	
	ASIAROCK	Virgin Islands	Investing and holding activities	1,320,886	1,320,886	40,000,000	100.00 %	3,802,566	16,790	Not required to disclose	
	Leader	Virgin Islands	Investing and holding activities	71,559	71,559	2,100,000	100.00 %	191,130	133,187	Not required to disclose	
	ASRock Industrial	Taipei	Manufacturing and selling computer and related peripherals	239,683	239,683	37,281,196	60.10 %	567,221	169,166	Not required to disclose	
	ASJade	Taipei	Information software service	216,563	216,563	17,325,000	82.50 %	122,430	(66,301)	Not required to disclose	
	Soaring	HongKong	Trading activities	592	592	150,000	100.00 %	595	4	Not required to disclose	
	Zhuhe	Taipei	Investing activities	20,000	-	2,000,000	11.76 %	20,000	(1,557)	Not required to disclose	
ASJade	ASJade Japan	Japan	Trading of charging piles	1,087	-	500	100.00 %	1,084	(3)	Not required to disclose	
ASIAROCK	ASROCK EUROPE	Wijchen, NETHERLANDS	Data storage and sale of electronic material and international trade	5,820	5,820	200,000	100.00 %	764,138	26,021	Not required to disclose	
	CalRock	CA, USA	Office building leasing	60,000	60,000	2,000,000	100.00 %	64,140	(865)	Not required to disclose	
	Orbweb	Virgin Islands	Installation of computer equipment and sale of computer related product	29,900	29,900	4,000,000	27.59 %	-	(2,241)	Not required to disclose	
Leader	Firstplace	Virgin Islands	Investing and holding activities	61,500	61,500	2,050,000	100.00 %	191,081	133,187	Not required to disclose	
Firstplace	ASRock America	CA, USA	Selling database service and trading electronic components	60,000	60,000	2,000,000	100.00 %	190,033	133,173	Not required to disclose	
AZUREWAVE	Azwave	Samoa	Investing activities	2,173,438	2,173,438	70,177,161	100.00 %	2,372,294	335,454	Not required to disclose	
	EZWAVE	New Taipei City	Information products service	5,015	5,015	500,000	100.00 %	(24,538)	(714)	Not required to disclose	
	AZURE	New Taipei City	Selling electronic parts	25,000	25,000	2,000,000	100.00 %	31,553	(777)	Not required to disclose	
	Azurewave USA	CA, USA	Market development activities	19,820	19,820	650,000	100.00 %	857	(194)	Not required to disclose	
AZUREWAVE	Azurewave(VN)	Vietnam	Development, design and sale of communication equipment	191,313	-	-	100.00 %	164,977	(19,628)	Not required to disclose	
	Zhuhe	Taipei	Investing activities	10,000	-	1,000,000	5.88 %	9,909	(1,557)	Not required to disclose	

Note 1: Income and expenses for each statement of comprehensive income are translated at average exchange rates of 2023, the others are translated at the spot exchange rate on the financial statement date.

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Table 10: Information on investment in Mainland China
(December 31, 2023)

Expressed in thousands of NTD /in dollars of foreign currency

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan at beginning of the period	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan		Accumulated amount of remittance from Taiwan at the end of the period	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) [Note2, (2)]	Book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan
					Remitted to Mainland China	Remitted back to Taiwan						
MAINTEK (Note 5)	Manufacture, develop and research and sale of power supplier, new electronic component, computer case, and computer system. Repair of laptop, motherboard and related product	7,023,428 USD 228,590,000	(2)	5,432,180 USD 176,800,000	-	-	5,432,180 USD 176,800,000	718,784 USD 23,089,069	100%	718,784 USD 23,089,069	32,792,754 USD 1,067,298,740	-
PROTEK SHANGHAI	Develop and research, manufacture, assemble, repair, sale and design of satellite communication equipment, satellite navigation receive equipment and essential component. Sale of cellphone, medium and large sized computer, portable computer, printing machine and electrical component, and providing after-sales service	9,463,300 USD 308,000,000	(2)	9,463,300 USD 308,000,000	-	-	9,463,300 USD 308,000,000	1,069,587 USD 34,357,685	100%	1,069,587 USD 34,357,685	32,781,224 USD 1,066,923,487	3,923,738 USD 126,039,829
PIOTEK SUZHOU (Note 7)	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	6,166,508 USD 200,700,000	(2)	1,396,337 USD 45,446,280	-	-	1,396,337 USD 45,446,280	(120,883) (USD 3,883,060)	68.52%	(82,828) (USD 2,660,627)	529,996 USD 17,249,669	-
COTEK SUZHOU	Developing, manufacturing and selling new electronic components, circuit boards and relevant products, and providing after-sales service	2,488,725 USD 81,000,000	(2)	2,120,025 USD 69,000,001	-	-	2,120,025 USD 69,000,001	60,554 USD 1,945,128	100%	60,554 USD 1,945,128	2,274,937 USD 74,041,880	-
RUNTOP (Note 8)	Manufacturing and selling computer parts and peripherals of digital automatic data processors, multimedia computer system accessories, power supply units, network switches, and modems.	215,075 USD 7,000,000	(2)	323,979 USD 10,544,482	-	-	323,979 USD 10,544,482	-	-	-	-	-
POWTEK SHANGHAI	Selling main boards, computer peripherals, notebooks, servers and software, and providing after-sales service	245,800 USD 8,000,000	(2)	403,896 USD 13,145,510	-	-	403,896 USD 13,145,510	106,196 USD 3,411,266	100%	106,196 USD 3,411,266	1,580,761 USD 51,448,698	-
DIGITEK CHONGQING	Research and development, manufacture, sale of satellite communication equipment, satellite navigation receive equipment, cellphone, internet related equipment, computer, video decoding equipment, car-used electrical equipment and component. The company also provides export, proxy, repair services	1,505,525 USD 49,000,000	(2)	1,505,525 USD 49,000,000	-	-	1,505,525 USD 49,000,000	381,298 USD 12,248,213	100%	381,298 USD 12,248,213	7,518,310 USD 244,696,839	-
ZHANSHUO (Note 14)	Sale of computer software and hardware, computer parts, electronic products, electric appliance, industrial communication device.	130,141 CNY 30,000,000	(3)	-	-	-	-	2,456 USD 78,877	100%	2,456 USD 78,877	143,782 USD 4,679,658	-
PEGAGLOBE KUNSHAN	Manufacturing satellite navigation and positioning receiving equipment and key components, mobile phones, third generation and subsequent mobile communication mobile phones, base stations, core equipment and network testity equipment, large and medium-sized electronic computers, portable microcomputers, high-ends servers, large-capacity optical, disle drives and their components, high-end server, disk drive, and other related components	5,960,650 USD 194,000,000	(2)	5,960,650 USD 194,000,000	-	-	5,960,650 USD 194,000,000	1,078,733 USD 34,651,470	100%	1,078,733 USD 34,651,470	18,204,685 USD 592,504,001	-
PEGAGLOBE JIANGSU	Investing activities with own funds: equity investment	921,750 USD 30,000,000	(2)	921,750 USD 30,000,000	-	-	921,750 USD 30,000,000	29,058 USD 933,421	100%	29,058 USD 933,421	514,056 USD 16,730,854	-

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan at beginning of the period	Amount remitted from Taiwan to Mainland China /Amount remitted back to Taiwan		Accumulated amount of remittance from Taiwan at the end of the period	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) [Note2, (2)]	Book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan
					Remitted to Mainland China	Remitted back to Taiwan						
CASETEK SUZHOU	Manufacturing, developing and selling computers, computer parts, application systems, and providing after-sales service	1,720,600 USD 56,000,000	(2)	1,720,600 USD 56,000,000	-	-	1,720,600 USD 56,000,000	217,453 USD 6,985,123	100%	217,453 USD 6,985,123	3,121,270 USD 101,587,312	1,880,496 USD 64,756,881
KAEDAR	Tooling molds of stainless-steel computer cases	537,688 USD 17,500,000	(2)	752,980 USD 24,507,092	-	-	752,980 USD 24,507,092	4,620 USD 148,392	100%	4,620 USD 148,392	612,300 USD 19,928,410	475,076 USD 16,968,508
KAILEXING (Note 14)	Manufacture of electric and electronic components; wholesale and retail of electronic components; manufacture and sale of molds; manufacture and sale of equipment for processing plastics; manufacture of transportation equipment and counting scales for production.	434 CNY 100,000	(3)	-	-	-	-	(3) (USD 101)	100%	(3) (USD 101)	431 USD 14,018	-
CORE-TEK	Researching and producing spare parts for notebook computers, designing nonmetal tooling, electronic specific equipment and related products, repairing and producing precision equipment and providing after-sales service	368,700 USD 12,000,000	(2)	368,700 USD 12,000,000	-	-	368,700 USD 12,000,000	4,873 USD 156,533	100%	4,873 USD 156,533	214,486 USD 6,980,817	-
KAI-CHUAN	Manufacturing, developing and inspecting computers and application systems, designing and manufacturing nonmetal and metal tooling, developing plastic and electronic component, selling self-manufactured products	307,250 USD 10,000,000	(2)	307,250 USD 10,000,000	-	-	307,250 USD 10,000,000	(105,659) (USD 3,394,021)	100%	(105,659) (USD 3,394,021)	129,845 USD 4,226,026	-
Zhangjiagang East High-tech	Process, sale and transportation of steel.	184,350 USD 6,000,000	(2)	36,870 USD 1,200,000	-	-	36,870 USD 1,200,000	(1,454) (USD 46,695)	20%	(291) (USD 9,339)	(4,529) (USD 147,406)	-
FUYANG SUZHOU (Note 9)	Researching, producing, inspecting, repairing and selling flexible multilayer model, computer digital signal process system and card; selling own produced products and providing related technical consulting service.	1,351,900 USD 44,000,000	(2)	1,351,900 USD 44,000,000	-	178,932 USD 5,823,656	1,172,968 USD 38,176,344	-	-	-	-	-
HONGJIE SHANGHAI (Note 8)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	153,625 USD 5,000,000	(2)	28,659 USD 932,769	-	-	28,659 USD 932,769	-	-	-	-	-
HONGJIE SUZHOU (Note 8)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	408,949 USD 13,309,984	(2)	185,142 USD 6,025,762	-	-	185,142 USD 6,025,762	-	-	-	-	-
Suzhou Eslite (Note 8)	Production and processing of plant fiber products such as mold processing, paper pulp production and processing, paper trays, and cushion packaging materials.	156,698 USD 5,100,000	(2)	35,547 USD 1,156,954	-	-	35,547 USD 1,156,954	-	-	-	-	-
HONGJIE CHONGQING (Note 8)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	15,363 USD 500,000	(2)	2,350 USD 76,500	-	-	2,350 USD 76,500	-	-	-	-	-
Hongruisheng (Note 6)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	80,192 USD 2,610,000	(2)	19,449 USD 633,000	-	-	19,449 USD 633,000	-	-	-	-	-
Heilongjiang Hongjie (Note 8)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	75,584 USD 2,460,000	(2)	13,605 USD 442,800	-	-	13,605 USD 442,800	-	-	-	-	-
Suzhou Lianshuo (Note 6)	Manufacture of plugs.	214,597 USD 6,984,441	(2)	235,237 USD 7,656,224	-	-	235,237 USD 7,656,224	-	-	-	-	-

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan at beginning of the period	Amount remitted from Taiwan to Mainland China /Amount remitted back to Taiwan		Accumulated amount of remittance from Taiwan at the end of the period	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) [Note2, (2)]	Book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan
					Remitted to Mainland China	Remitted back to Taiwan						
Shanghai Yiding (Note 8)	Research and develop, manufacture and sale of portable micro computer, laptop and related products.	952,475 USD 31,000,000	(2)	602,210 USD 19,600,000	-	-	602,210 USD 19,600,000	-	-	-	-	-
Jinhong (Note 8)	Design, process ,sale and manufacture of non-metal molds. Manufacture and sale of precision molds, standard molds, plastic and hardware.	27,653 USD 900,000	(2)	52,693 USD 1,715,000	-	-	52,693 USD 1,715,000	-	-	-	-	-
Honghua (Note 6)	Manufacture, research and develop, process non-metal molds, precision molds, standard molds, hardware components, new version of photoelectric trigger, disk driver and their components. Manufacture of number camera, essential components and providing after sale service.	196,640 USD 6,400,000	(2)	96,354 USD 3,136,000	-	-	96,354 USD 3,136,000	-	-	-	-	-
KAI HE (Note 6)	Designing, developing, manufacturing and selling electronic components, precision, nonmetal and metal tooling and surface processing for the aforementioned product	1,659,150 USD 54,000,000	(2)	520,035 USD 16,925,453	-	-	520,035 USD 16,925,453	7,046 USD 226,348	100%	7,046 USD 226,348	-	-
RI-TENG (Note 12)	Designing, developing, manufacturing and selling electronic components, precision, nonmetal and metal tooling	4,762,344 USD 154,999,000	(2)	9,483,979 USD 308,673,038	-	-	9,483,979 USD 308,673,038	(2,879) (USD 92,466)	100%	(2,879) (USD 92,466)	5,950,563 USD 193,671,685	1,461,505 USD 46,947,040
RI-PRO (Note 12)	Designing, developing, manufacturing and selling electronic components, precision, nonmetal and metal tooling	92,175 USD 3,000,000	(2)	19,378 USD 630,695	-	-	19,378 USD 630,695	(12,615) (USD 405,227)	100%	(12,615) (USD 405,227)	(23,388) (USD 761,196)	-
Luxcase (Yangcheng) (Note 12)	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipments leasing, commission agency, trading services and their relevant corresponding services.	28,720,795 USD 934,769,575	(2)	19,733,782 USD 642,271,181	-	-	19,733,782 USD 642,271,181	8,861,111 USD 284,639,999	48.17%	4,257,999 USD 136,777,081	31,059,361 USD 1,010,882,382	-

(Continued)

PEGATRON CORPORATION
Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 (Note 11 and 12)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 10, 12 and 13)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
62,151,305	67,561,432	132,970,661
USD 2,022,825,215.92	USD 2,198,907,459.35	

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

- (1) The Company directly invests in the investee in Mainland China.
- (2) Indirect investment in Mainland China through an investee company in a third region.
- (3) Other methods.

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

- (1) If the corporation is in set-up phase with no income or loss recognized, notes are required.
- (2) Recognition of investment gain or loss can be classified to three categories:
 1. Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 2. Financial statements of the investee company were audited and certified by the external accounting firm of parent company.
 3. Others: Financial statements of the significant subsidiaries were audited and certified by the accounting firm or those of non-significant subsidiaries were not.

Note 3: The chart is expressed in NTD. Investment profit or loss is converted based on average exchange rate. Book value of the investment is converted based on year-end exchange rate.

Note 4: Ceiling on investments is the higher of its net asset or 60% of the consolidated net assets.

Note 5: MAINTEK's paid-in capital includes capital increased by retained earnings of USD51,790,000.

Note 6: The liquidation process has been completed. As of December 31, 2023, the funds have not been remitted.

Note 7: PIOTEK SUZHOU's paid-in capital includes capital increased by retained earnings of USD27,000,000. The ownership percentage includes shares held by other subsidiaries.

Note 8: The investment has been disposed. As of December 31, 2023, the funds have not been remitted.

Note 9: The accumulated investment amount includes FUYANG transferred out USD26,000,000. The liquidation process of FUYANG SUZHOU has been completed. As of December 31, 2023, the funds have not been remitted.

Note 10: Due to the reinvestment of the Group's investee, China Renewable Energy Fund, LP (CREF), in Mainland China, the line of credit for the Group has been increased with the approval from the Investment Commission of MOEA.

Note 11: The difference from accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 was the China Renewable Energy Fund, LP (CREF), an investee of the Group held the investment in Mainland China as well as the investment on Ark Semiconductor Corp., Ltd.

Note 12: The merger of CASETEK CAYMAN has been approved and completed by the Investment Commission of MOEA, and is included in the investment amount and quota in Mainland China after its accounting and distribution.

Note 13: The Group has increased investment amount authorized by Investment Commission MOEA due to China Renewable Energy Fund, LP (CREF) and Ark Semiconductor Corp., Ltd., the investees of the Group.

Note 14: The investee company was wholly-owned through the investment from own funds.

(iii) Significant transactions: Direct or indirect significant transactions between the Group and the investee company in Mainland China (already offset when preparing the consolidated financial report).

(Continued)

PEGATRON CORPORATION
Statement of Cash and Cash Equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ <u>150</u>
Cash in banks		
Foreign currency deposits	USD905,111 thousand (rate 30.725)	27,809,543
	EUR44 thousand (rate 34.0003)	1,491
	CNY2,141 thousand (rate 4.3380)	9,288
	GBP3 thousand (rate 39.1625)	112
	JPY212,045 thousand (rate 0.2173)	46,071
	HKD8 thousand (rate 3.9326)	32
	SGD69 thousand (rate 23.3021)	1,614
	AUD22 thousand (rate 20.9944)	460
Demand deposits		<u>634,035</u>
		<u>28,502,646</u>
Time deposits	USD400,000 thousand (rate 30.725)	<u>12,290,000</u>
Repurchase bonds	Including NTD800,000 thousand and USD85,000 thousand (rate 30.725)	<u>3,411,625</u>
		<u>\$ 44,204,421</u>

PEGATRON CORPORATION
Statement of Accounts Receivable
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Name of client</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related party			
PEGAGLOBE (KUNSHAN) CO., LTD.	Payment	\$ 83,758,057	
PROTEK (SHANGHAI) LTD.	"	37,035,840	
DIGITEK (CHONGQING) LTD.	"	19,329,470	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	"	18,844,313	
PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	"	18,593,889	
PT. PEGAUNIHAN TECHNOLOGY INDONESIA	"	17,384,760	
Others (Note)	"	<u>16,077,514</u>	
Subtotal		<u>211,023,843</u>	
Non-related party			
A	"	75,742,268	
B	"	23,379,728	
Others (Note)	"	<u>35,641,238</u>	
Subtotal		<u>134,763,234</u>	
Total		<u>\$ 345,787,077</u>	

Note: The year-end balance of each client doesn't exceed 5% of the account balance.

PEGATRON CORPORATION

Statement of Inventory

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realizable value</u>	
Merchandise	\$ 45,199,865	44,439,555	
Finished goods	376,185	434,939	
Work in process	264,897	319,782	
Raw materials	1,908,715	1,880,138	Replacement cost has been used as the market price of usual inventory, and net realizable value has been used as the market price of obsolete inventory.
Total	<u>47,749,662</u>	<u>47,074,414</u>	
Less: Allowance for inventory market decline and obsolescence	<u>(1,098,521)</u>		
Net total	<u>\$ 46,651,141</u>		

PEGATRON CORPORATION
Statement of Changes in Investments Accounted for Using the Equity Method
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Investment income or loss	Other adjustment (Note)	Ending Balance			Market Value or Net Assets Value		Collateral
	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount			Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount	
ASUSPOWER INVESTMENT CO., LTD.	932,845	\$ 11,804,906	-	-	-	-	352,560	(7,806)	932,845	100.00%	12,149,660	13.02	12,149,660	None
ASUS INVESTMENT CO., LTD.	979,255	13,234,344	-	-	-	-	596,671	227,537	979,255	100.00%	14,058,552	14.36	14,058,552	"
ASUSTEK INVESTMENT CO., LTD.	951,278	9,047,435	-	-	-	-	206,621	148,071	951,278	100.00%	9,402,127	9.88	9,402,127	"
PEGAPOWER INVESTMENT CO., LTD.	100,000	996,108	-	-	-	-	(5,061)	6,564	100,000	100.00%	997,611	9.98	997,611	"
PEGATRON INVESTMENT CO., LTD.	100,000	996,108	-	-	-	-	(4,174)	6,571	100,000	100.00%	998,505	9.99	998,505	"
UNIHAN HOLDING LTD.	170,110	6,525,799	-	-	-	-	161,407	(67,380)	170,110	100.00%	6,619,826	38.91	6,619,523	"
AMA PRECISION INC.	33,500	438,351	-	-	-	-	5,170	-	33,500	100.00%	443,521	13.24	443,521	"
AZUREWAVE TECHNOLOGIES, INC.	35,750	607,163	-	-	-	-	78,054	(3,797)	35,750	23.42%	681,420	48.10	1,719,575	"
PEGATRON HOLDING LTD.	991,906	97,413,112	-	-	-	-	3,739,325	(4,351,284)	991,906	100.00%	96,801,153	97.25	96,460,112	"
PEGATRON USA, INC.	50	18,712	-	-	-	-	1,517	(15)	50	100.00%	20,214	404.28	20,214	"
PEGATRON HOLLAND HOLDING B.V.	-	3,339,680	-	-	-	-	115,410	(162,697)	-	100.00%	3,292,393	-	3,292,393	"
CASETEK HOLDINGS LIMITED (CAYMAN)	-	44,532,173	-	-	-	-	3,831,902	(1,701,205)	-	100.00%	46,662,870	-	46,662,870	"
PEGATRON SERVICE AUSTRALIA PTY. LTD.	6,000	247,475	-	-	-	-	46,360	2,751	6,000	100.00%	296,586	49.43	296,586	"
PT. PEGAUNIHAN TECHNOLOGY INDONESIA	40	1,869,730	-	-	-	-	555,790	(8,373)	40	99.99%	2,417,147	61,892.35	2,475,694	"
PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED	-	229,267	-	-	-	-	128,468	(1,606)	-	100.00%	356,129	-	356,093	"
PEGATRON VIETNAM COMPANY LIMITED	-	4,350,384	-	-	-	-	(42,864)	160,319	-	60.00%	4,467,839	-	4,467,766	"
PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	1,099,890	2,246,390	-	-	-	-	(1,065,944)	11,982	1,099,890	99.99%	1,192,428	1.59	1,749,369	"
PEGATRON ELECTRONICS INDIA PRIVATE LIMITED	-	-	1,000	3,856	-	-	(413)	(155)	1,000	99.99%	3,288	3.29	3,288	"
PEGATRON TECHNOLOGY TEXAS INC.	-	284,492	-	-	-	-	(1,431,500)	18,735	-	100.00%	(1,128,273)	-	(1,128,273)	"
PEGATRON ELECTRONICS INC.	5	1,551,506	-	-	-	-	(9,465)	502	5	100.00%	1,542,543	308,508.60	1,542,543	"
Subtotal		199,733,135		3,856		-	7,259,834	(5,721,286)			201,275,539			
Add: Credit balance of investments accounted for using equity method		-		-		-	-	-			1,128,273			
Total		<u>\$ 199,733,135</u>		<u>3,856</u>		<u>-</u>	<u>7,259,834</u>	<u>(5,721,286)</u>			<u>202,403,812</u>			

Note: Including capital surplus, cumulative translation adjustments, unrealized gross profit, etc.

PEGATRON CORPORATION

Statement of Short-term Loan

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Type</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>Note</u>
Unsecured bank loans	\$ <u><u>34,691,850</u></u>	2022.07.26~2024.01.29	1.2%~5.94%	None	

Statement of Accounts Payable

<u>Name of vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related party			
PEGAGLOBE (KUNSHAN) CO., LTD.	Payment	\$ 72,295,686	
PROTEK (SHANGHAI) LTD.	"	50,167,974	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	"	21,093,763	
DIGITEK (CHONGQING) LTD.	"	19,942,781	
Others (Note)	"	<u>30,517,712</u>	
Subtotal		<u>194,017,916</u>	
Non-related party			
A	"	80,229,168	
Others (Note)	"	<u>83,891,482</u>	
Subtotal		<u>164,120,650</u>	
Total		<u>\$ <u>358,138,566</u></u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

PEGATRON CORPORATION
Statement of Operating Revenue
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Sales revenue:			
3C electronic products	123,021 thousand units	\$ 1,094,805,239	Note 1
Others		<u>87,165,407</u>	Note 2
		<u>\$ 1,181,970,646</u>	

Note 1: 3C electronic products contain information technology products, consumer electronic products, and communication products.

Note 2: Others contain repair revenue, service revenue, and others.

PEGATRON CORPORATION

Statement of Operating Costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of sales from manufacturing		
Raw materials, January 1		\$ 3,286,863
Add: Purchase (Note1)		20,916,147
Transferred-in		904,043
Less: Transferred-out (including amount transferred to each expense and loss) (Note1)		(921,995)
Raw materials, December 31		(1,908,715)
Direct labor		944,844
Manufacturing expenses		<u>3,171,081</u>
Cost of manufacturing		26,392,268
Add: Work in process, January 1		419,163
Less: Transferred-out (including amount transferred to each expense and loss) (Note1)		(91,453)
Work in process, December 31		<u>(264,897)</u>
Cost of finished goods		26,455,081
Add: Finished goods, January 1		607,574
Less: Transferred-out (including amount transferred to each expense and loss) (Note1)		(238,155)
Finished goods, December 31		<u>(376,185)</u>
Cost of self-manufactured products		26,448,315
Merchandise, January 1	46,584,493	
Add: Purchase (Note1)	2,116,427,896	
Less: Transferred-out (including amount transferred to each expense and loss)(Note1)	(989,597,998)	
Merchandise, December 31	<u>(45,199,865)</u>	<u>1,128,214,526</u>
Cost of goods sold		1,154,662,841
Other business costs		1,240,492
Allowance for inventory obsolescence		(129,256)
Loss on disposal of inventory		<u>178,399</u>
Operating costs		<u><u>\$ 1,155,952,476</u></u>

Note1: The product is processed by subsidiary and sold back to the Company. The number includes the sold back price of the product.

PEGATRON CORPORATION
Statement of Operating Expenses
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Sales</u>	<u>Administration</u>	<u>Research and Development</u>	<u>Total</u>
Salary and wages expense	\$ 1,056,785	1,638,060	6,329,017	9,023,862
Freight expense	194,922	9,476	3,809	208,207
Insurance expense	68,560	90,498	406,609	565,667
Expected credit loss (reversal gain)	(11,432)	-	443	(10,989)
Depreciation expense	37,252	181,610	275,309	494,171
Amortization expense	2,832	3,738	8,695	15,265
Pension expense	37,695	51,489	229,855	319,039
Supplies	108,106	2,031	68,509	178,646
Storage expense	132,277	5,504	-	137,781
Other personnel expense	65,595	84,497	386,144	536,236
Directors' remuneration	-	153,000	-	153,000
Others (Note)	443,810	730,931	952,429	2,127,170
	<u>\$ 2,136,402</u>	<u>2,950,834</u>	<u>8,660,819</u>	<u>13,748,055</u>

Note: The year-end balance of each item doesn't exceed 5% of the account balance.