Stock Code: 3213

Mildef Crete Inc.

Parent Company Only Financial Statements and Certified Public Accountant's Audit Report

2024 and 2023

Company Address: 7F, No. 250, Section 3, Beishan Road, Shenkeng District, New Taipei City

Tel.:(02)2662-6074

Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

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Certified Public Accountant's Audit Report

To the Board of Directors of Mildef Crete Inc.,:

Opinion

We have audited balance sheets of Mildef Crete Inc. as of December 31, 2024 and 2023, as well as statements of comprehensive income, changes in equity and cash flows for 2024 and 2023 from January 1 to December 31, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the aforementioned parent company only financial statements have been prepared in all material aspects according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. They fairly present the financial position of Mildef Crete Inc. as of December 31, 2024 and 2023, its financial performance and cash flow for the periods from January 1 to December 31, 2024 and 2023.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Mildef Crete Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Mildef Crete Inc. for the year 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We judge that they key audit matters to be communicated in the audit report are as follows:

Inventory Valuation

As to detailed accounting policies related to inventory valuation refer to Note 4 (7) to the parent company only financial statements; for details on estimation and hypothesis uncertainty of inventory valuation, refer to Note 5 to the parent company only financial statements; concerning provision for inventory write-down, refer to Note 6 (4) to the parent company only financial statements.

Explanations of key audit matters:

Inventories shall be measured based on the cost or the net realizable value whichever is lower. Mildef Crete Inc. is engaged in manufacturing and selling rugged computers. Generally, the life cycle of rugged computers is long. In consideration of businesses, inventories of certain key components shall be maintained for in a relatively long term. However, future requirements might change. As a consequence, related components would not be sold as expected and their inventories would become obsolete and slow-moving. In that case, inventory costs would exceed their net realizable value. The net realizable value of inventories has to be estimated dependent upon subjective judgment of the management, so inventory valuation is one of the important matters for evaluation in our audit of the financial statements of Mildef Crete Inc.

Corresponding audit procedures:

Our audit procedures performed in respect of the above key audit matter mainly included checking the inventory aging reports provided by Mildef Crete Inc. and analyzing changes in inventory age in different phases; randomly checking correctness of the inventory aging report; performing inventory valuation and confirming implementation of existing accounting policies by Mildef Crete Inc.; and evaluating appropriateness of the past provision for obsolete and slow-moving inventories by the management.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of Mildef Crete Inc. 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 Mildef Crete Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of Mildef Crete Inc.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high degree of assurance, but audits performed in accordance with audit standards cannot guarantee that the existence of material misstatements in an audit will be detected. Misstatements might arise from fraud or error. They 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 parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. The accountant also performs the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements resulting from 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 the purpose is not to express an opinion on the effectiveness of the internal control of Mildef Crete Inc.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the verification evidence obtained, the conclusion is drawn as to whether there is a material uncertainty regarding the appropriateness of management adopting a going concern accounting basis and the event or circumstance that may raise significant doubts on the ability of Mildef Crete Inc. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Mildef Crete Inc. to cease to continue as a going concern.
5. Evaluate the overall expression, structure and content of the parent company only financial reports (including related notes) and whether the parent company only financial reports are fair presentation of related transactions and events.
6. Obtain sufficient and appropriate audit evidence on the financial information of the invested company by using the equity method to express opinions on the parent company only financial statements. We are responsible for direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion issued in respect of the parent company only financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of 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 parent company only financial statements for the year 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:	Kao Ching-Wen Tang Tzu-Chieh
Competent Securities Authority's Approval Document No. :	Jin-Guan-Zheng-Shen-Zi No. 1060005191 Jin-Guan-Zheng-Liu-Zi No. 0940100754

March 12, 2025

Mildef Crete Inc.

Balance Sheets

2024 and 2023

Unit: NT$1000

	Assets	2024.12.31 Amount	%	2023.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6 (1))	$ 431,684	10	217,417	6
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	210,499	5	-	-
1150	Notes and accounts receivable, net (Notes 6 (3) and (15))	61,619	1	119,101	4
1180	Accounts receivable - related parties, net (Notes 6 (3) & (15), 7)	167,751	4	310,481	9
1212	Other payables-related party (Note 7)	8	-	5,015	-
130X	Inventories (Note 6 (4))	1,263,811	31	1,247,797	37
1476	Other financial assets - current (Note 6 (1))	234,771	6	206,100	6
1479	Other current assets	17,730	-	16,166	-
	Total current assets	2,387,873	57	2,122,077	62
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))	1,248,678	30	865,975	25
1550	Investments accounted for using the equity method (Note 6 (5))	43,748	1	38,894	1
1600	Property, plant and equipment (Notes 6 (6) and 7)	317,412	8	227,564	7
1755	Right-of-use assets (Note 6 (7))	61,595	2	57,812	2
1780	Intangible assets (Note 6 (8))	3,880	-	3,678	-
1840	Deferred income tax assets (Note 6 (12))	77,807	2	73,317	2
1900	Other non-current assets (Notes 7 and 8)	16,686	-	41,606	1
	Total non-current assets	1,769,806	43	1,308,846	38
	Total assets	$ 4,157,679	100	3,430,923	100

	Liabilities and equity	2024.12.31 Amount	%	2023.12.31 Amount	%
	Current liabilities:				
2130	Contract liabilities - current (Notes 6 (15) and 7)	$ 162,781	4	237,639	7
2150	Notes payable	26,774	-	30,480	-
2170	Accounts payable (Note 7)	108,244	3	120,498	4
2209	Other Payables (Notes 6 (16) and 7)	147,552	4	136,928	4
2230	Current income tax liabilities	122,015	3	99,638	3
2280	Lease liabilities - current (Note 6 (9))	29,351	-	28,762	1
2399	Other current liabilities	616	-	387	-
	Total current liabilities	597,333	14	654,332	19
	Non-current liabilities:				
2552	Provisions for warranty liabilities (Note 6 (10))	21,621	1	13,152	-
2570	Deferred income tax liabilities (Note 6 (12))	237,627	6	166,833	5
2580	Lease liabilities - non-current (Note 6 (9))	32,493	1	29,127	1
2640	Net defined benefit liabilities - non-current (Note 6 (11))	11,651	-	30,301	1
	Total non-current liabilities	303,392	8	239,413	7
	Total liabilities	900,725	22	893,745	26
	Equity (Notes 6(5), (13) and 7):				
3100	Share capital	586,855	14	586,855	17
3200	Capital surplus	74,381	2	74,113	2
3300	Retained earnings	1,925,319	46	1,634,564	48
3400	Other equity	670,399	16	241,646	7
	Total equity	3,256,954	78	2,537,178	74
	Total liabilities and equity	$ 4,157,679	100	3,430,923	100

(For details, please refer to notes to the parent company only financial statements)

Chairman: Shen Yi-Tong **Manager: Shen Yi-Tong** **Accounting Manager: Liu Ya-Ping**

Mildef Crete Inc.
Statements of Comprehensive Income
January 1 to December 31, 2024 and 2023

Unit: NT$1000

		Fiscal Year 2024		Fiscal Year 2023	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6 (15) and 7)**	$ 2,839,413	100	2,984,261	100
5000	**Operating cost (Notes 6 (4), (6), (7), (8), (10), (11), (16), 7 and 12)**	1,991,116	70	2,125,367	71
	Gross operating profit	848,297	30	858,894	29
5910	Less: Unrealized gain from sales	21	-	267	-
	Realized gross operating profit	848,276	30	858,627	29
	Operating expenses (Notes 6 (3), (6), (7), (8), (9), (11), (16), 7 and 12):				
6100	Selling and marketing expenses	169,153	6	162,821	5
6200	General and administrative expenses	62,301	2	52,238	2
6300	Research and development expenses	99,472	4	85,565	3
	Total operating expenses	330,926	12	300,624	10
	Net operating profit	517,350	18	558,003	19
	Non-operating income and expenses (Notes 6(9), (17) and (18)):				
7100	Interest income	10,931	-	9,371	-
7010	Other income	65,719	2	7,580	-
7020	Other gains and losses	20,786	1	(9,330)	-
7375	Recognition of profits from subsidiary companies using the equity method	12,283	1	6,571	-
7510	Financial cost	(1,125)	-	(539)	-
	Total non-operating income and expenses	108,594	4	13,653	-
	Net profit before tax	625,944	22	571,656	19
7950	**Minus: Income tax expense (Note 6 (12))**	130,723	5	110,828	4
	Current net profit	495,221	17	460,828	15
8300	**Other comprehensive income (Notes 6 (11), (12), (13), and (18)):**				
8310	**Items not reclassified as income and loss**				
8311	Defined benefits plans remeasurement	12,270	1	(4,685)	-
8316	Unrealized gain (loss) on investments in equity instruments as at fair value through other comprehensive income	660,732	23	(153,658)	(5)
8349	Minus: Income tax related to items not reclassified	131,810	5	(31,357)	(1)
	Total amount of items not reclassified to profit or loss	541,192	19	(126,986)	(4)
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences arising from the translation of the financial statements of foreign operations	(428)	-	20	-
8367	Unrealized valuation gains on debt instrument investments measured at fair value through other comprehensive income	531	-	-	-
8399	Minus: Income tax related to potentially classifiable items	106	-	-	-
	Total amount of items that may be reclassified subsequently to profit or loss	(3)	-	20	-
8300	**Other comprehensive income**	541,189	19	(126,966)	(4)
	Total amount of other current comprehensive gains and losses	**$ 1,036,410**	**36**	**333,862**	**11**
	Earnings per share (NT$; (Note 6 (14))				
	Basic earnings per share	**$**	**8.44**		**7.85**
	Diluted earnings per share	**$**	**8.31**		**7.74**

(For details, please refer to notes to the parent company only financial statements)

Chairman: Shen Yi-Tong **Manager: Shen Yi-Tong** **Accounting Manager: Liu Ya-Ping**

Mildef Crete Inc.

Statement of Changes in Equity

January 1 to December 31, 2024 and 2023

Unit: NT$1000

			Retained earnings			Other Equity Items				
	Ordinary share capital	Capital surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Defined benefits plans remeasurement	Total	Total equity
Balance on January 1, 2023	$ 586,855	72,650	519,751	853,040	1,372,791	-	387,473	(6,648)	380,825	2,413,121
Current net profit	-	-	-	460,828	460,828	-	-	-	-	460,828
Other comprehensive income	-	-	-	-	-	20	(123,238)	(3,748)	(126,966)	(126,966)
Total amount of other current comprehensive gains and losses	-	-	-	460,828	460,828	20	(123,238)	(3,748)	(126,966)	333,862
Appropriation and distribution of earnings:										
Appropriation of legal reserve	-	-	22,827	(22,827)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(211,268)	(211,268)	-	-	-	-	(211,268)
Differences between equity price paid and book value of subsidiaries disposed of	-	1,463	-	-	-	-	-	-	-	1,463
Disposal of equity instruments designated at fair value through other comprehensive income(Note 6 (2))	-	-	-	12,213	12,213	-	(12,213)	-	(12,213)	-
Balance on December 31, 2023	586,855	74,113	542,578	1,091,986	1,634,564	20	252,022	(10,396)	241,646	2,537,178
Current net profit	-	-	-	495,221	495,221	-	-	-	-	495,221
Other comprehensive income	-	-	-	-	-	(428)	531,801	9,816	541,189	541,189
Total amount of other current comprehensive gains and losses	-	-	-	495,221	495,221	(428)	531,801	9,816	541,189	1,036,410
Appropriation and distribution of earnings:										
Appropriation of legal reserve	-	-	47,304	(47,304)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(316,902)	(316,902)	-	-	-	-	(316,902)
Differences between equity price paid and book value of subsidiaries disposed of	-	268	-	-	-	-	-	-	-	268
Disposal of equity instruments designated at fair value through other comprehensive income(Note 6 (2))	-	-	-	112,436	112,436	-	(112,436)	-	(112,436)	-
Balance on December 31, 2024	$ 586,855	74,381	589,882	1,335,437	1,925,319	(408)	671,387	(580)	670,399	3,256,954

(For details, please refer to notes to the parent company only financial statements)

Chairman: Shen Yi-Tong **Manager: Shen Yi-Tong** **Accounting Manager: Liu Ya-Ping**

Mildef Crete Inc.

Statement of Cash Flow

January 1 to December 31, 2024 and 2023

Unit: NT$1000

	Fiscal Year 2024	Fiscal Year 2023
Cash flows from operating activities:		
Net income before tax	$ 625,944	571,656
Adjustments for:		
Profit and loss		
Depreciation expense	58,068	43,368
Amortization expense	4,444	4,543
Expected credit loss	498	-
Net gain on financial assets at fair value through profit or loss	(1,509)	(339)
Interest expense	1,125	539
Interest income	(10,931)	(9,371)
Dividend income	(61,203)	(6,796)
Share of gain/loss of associates recognized under equity method	(12,283)	(6,571)
Gain or loss on the disposal of property, plant and equipment	(346)	63
Unrealized gain from sales	21	267
Lease Modification Benefits	(4)	-
Total profit/(loss)	(22,120)	25,703
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	57,133	(23,572)
Accounts receivable from related parties	142,581	(298,798)
Other accounts receivable - related parties	3	(11)
Inventories	(16,014)	(182,129)
Other current assets	4,064	9,792
Total net changes in assets related to operating activities	187,767	(494,718)
Net changes in liabilities related to operating activities		
Contract liabilities	(74,858)	(9,025)
Notes payable	(3,706)	(17,190)
Accounts payable	(12,254)	(32,168)
Provisions for warranty liabilities	8,469	6,297
Other Accounts Payable and Other Current Liabilities	10,853	38,463
Net defined benefit liabilities	(6,380)	(3,121)
Total amount of net changes in liabilities related to operating activities	(77,876)	(16,744)
Total amount of net changes in assets and liabilities related to operating activities	109,891	(511,462)
Total adjustments	87,771	(485,759)
Net cash generated from/(used in) operations	713,715	85,897
Interest received	10,913	9,371
Income tax paid	(179,567)	(61,803)
Net cash inflow from operating activities	545,061	33,465
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(18,918)	-
Disposal of financial assets at fair value through other comprehensive income	297,478	34,867
Purchase of financial assets at fair value through profit or loss	(410,000)	(40,000)
Disposal of financial assets at fair value through profit or loss	201,010	60,369
Investments accounted for using the equity method	-	(12,548)
Acquisition of property, plant and equipment (including prepayment for equipment)	(86,362)	(50,687)
Proceeds from the disposal of property, plant and equipment	346	-
Increase in other financial assets - current	(28,671)	-
Increase in refundable deposits	(1,115)	(2,389)
Acquisition of intangible assets	(3,214)	(1,075)
Increase in other non-current assets	(3,860)	(4,146)
Dividends received	72,446	6,408
Net cash inflows (outflows) from investing activities	19,140	(9,201)
Cash flows from financing activities:		
Payment of the principal portion of lease liabilities	(32,915)	(28,253)
Payments of cash dividends	(316,902)	(211,268)
Disposal of equity in subsidiaries (without control lost)	1,008	5,040
Interests paid	(1,125)	(539)
Net cash outflow from financing activities	(349,934)	(235,020)
Increase (decrease) in cash and cash equivalents	214,267	(210,756)
Beginning cash and cash equivalents balance	217,417	428,173
Ending cash and cash equivalents balance	**$ 431,684**	**217,417**

(For details, please refer to notes to the parent company only financial statements)

Chairman: Shen Yi-Tong **Manager: Shen Yi-Tong** **Accounting Manager: Liu Ya-Ping**

Mildef Crete Inc.
Notes to Parent Company Only Financial Statements
2024 and 2023
(In thousands of NT$, except otherwise specified)

I. Company History

Mildef Crete Inc. (hereinafter referred to as the “Company”) was incorporated on March 15, 1990 with the approval of the Ministry of Economic Affairs. Its registered address is 7F, No. 250, Section 3, Beishen Road, Shenkeng District, New Taipei City. The Company mainly operates in research, design, planning, manufacturing, sales, import and export trade business of various computer software and hardware and its components, manufacturing and installation of related computer software and hardware combination and consulting services thereof, and reinvestment of related businesses.

II. Date and Procedure for Approval of Financial Statements

The parent company only financial statements were approved and released by the Board of Directors on March 12, 2025.

III. Application of New and Amended Standards and Interpretations

(I) Effect of the application of new and amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) as endorsed by the Financial Supervisory Commission (FSC)

The Company has applied the following newly revised IFRS accounting standards since January 1, 2024, which has not caused any material impact on its parent company only financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Contractual Terms”
- Amendments to IAS 7 and IFRS 7 “supplier finance arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(II) Effect of the IFRSs as endorsed by the FSC, but not yet adopted

The Company has evaluated to apply the following newly revised IFRSs effective since January 1, 2025, which will not cause any significant impact on its parent company only financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

(III) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations issued and amended by the International Accounting Standards Board but not yet endorsed by FSC may be relevant to the Company as follows:

New and amended standards	Main amendments	Effective date announced by the IASB
International Financial Reporting Standard No. 18 "Presentation and Disclosure of Financial Statements"	The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies.	January 1, 2027
International Financial Reporting Standard No. 18 "Presentation and Disclosure of Financial Statements"	• A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called "operating profit" and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards accounting principles. • More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027

The Company is in the process of continuously assessing the impact of the above standards and interpretations on the financial position and results of operations of the Company. The relevant impact will be disclosed upon completion of the assessment.

The Company expects that the following other newly issued and amended standards that have not yet been endorsed, will not have a significant impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRSs
- Amendments to IFRS 9 and IFRS 7: "Contracts Relying on Renewable Energy Sources"

IV. Summary of Significant Accounting Policies

The summary of significant accounting policies used in this parent company only financial report is as follows. The following accounting policies have been applied consistently throughout the reporting period of this parent company only financial statement.

(I) Declaration of compliance

This parent company only financial statement is prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(II) Basis of preparation

1. Basis of measurement

Except for the following important items in the balance sheet, this parent company only financial statements is prepared on the basis of historical costs:

(1) Financial assets measured at fair value through profit or loss;

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

(3) Net defined benefit liabilities are measured at the present value of defined benefit obligations, and the effect of the cap referred to Note 4 (15) less the fair value of pension fund assets.

2. Functional currencies and presentation currencies

The Company uses the currency of the primary economic environment in which it operates as its functional currency. This parent company only financial statements are presented in the functional currency of the Company - NT$. Unless otherwise indicated, all financial information presented in NT$ is presented in NT$ thousand.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into functional currencies at the exchange rates of the trading day. Foreign currency monetary items at the end of each subsequent reporting period (hereinafter referred to as the "reporting date") are translated into functional currencies at the exchange rate on that date. Foreign currency non-monetary items measured at fair value are converted into functional currency at the exchange rate on the date when the fair value is measured, while foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the date of transaction. Foreign currency exchange differences resulting from conversion are normally recognized in profit and loss, except for equity instruments that are designated as being measured at fair value through other comprehensive income.

2. Foreign operating institutions

Assets and liabilities of foreign operating institutions, including goodwill and fair value adjustments arising at the time of acquisition, are translated into currencies presented in the parent company only financial statements at the exchange rate on the reporting date; income and expense items are translated into currencies presented in the parent company only financial report at the average exchange rate of the current period. Exchange differences arising therefrom are recognized in other comprehensive income.

When the disposal of a foreign operating institution results in a loss of significant influence, the accumulated exchange difference related to the foreign operating institution shall be fully reclassified to profit or loss. When partially disposing of a subsidiary that includes overseas operating entities, any related cumulative translation adjustments are proportionately reattributed to non-controlling interests. When partial disposal includes investments in associates of foreign operating institutions, the relevant accumulated exchange difference shall be classified proportionally into profit and loss.

If there is no settlement plan for monetary receivables or payables from foreign operating entities, and it is not possible to settle them in the foreseeable future, any foreign exchange gains or losses arising from them are recognized as part of the net investment in the foreign operating entity and classified as other comprehensive income.

(IV) Criteria for Classification of Assets and Liabilities as Current and Non-current

The Company classifies assets as current assets if they meet any of the following criteria, while all other assets not qualifying as current assets are classified as non-current assets:

1. The asset is expected to be realized during the entity's normal operating cycle or intended to be sold or consumed;
2. The asset is held primarily for trading purposes;
3. The asset is expected to be realized within twelve months after the reporting period; or

4. The asset constitutes cash or cash equivalents (as defined by International Accounting Standard 7), unless the exchange or use of the asset to settle liabilities is restricted for at least twelve months after the reporting period.

The Company classifies liabilities as current liabilities if they meet any of the following criteria, while all other liabilities not qualifying as current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled during the entity's normal operating cycle;
2. The liability is held primarily for trading purposes;
3. The liability is due to be settled within twelve months after the reporting period; or
4. The entity does not have the right, at the end of the reporting period, to defer settlement of the liability for at least twelve months after the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand, cheque deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed cash with minimal risk of changes in value. Time deposits that meet the above definition and are held for short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and issued debt securities are initially recognized at the time they are generated. All other financial assets and financial liabilities were initially recognized when the Company became a party to the financial instruments contract. Financial assets at fair value through profit or loss (excluding accounts receivable that do not contain a significant financial component), or financial liabilities are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include a significant financial component are initially measured at the transaction price.

1. Financial assets

Financial assets at the time of initial recognition are classified as: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. When purchasing or selling financial assets according to transaction practice, accounting treatment on the transaction date is adopted. The Company reclassified all affected financial assets from the first day of the next reporting period only when the business model of the managed financial assets was changed.

(1) Financial assets at amortization cost

Financial assets are measured at amortization cost when they meet all the following conditions, and are not designated as measured at fair value through profit or loss:

- The financial asset is held under the business model for the purpose of collecting contractual cash flows.
- The contractual terms of these financial assets give rise to cash flows at a specified date, exclusively for the payment of principal and interest on the outstanding principal amount.

After the initial recognition of these financial assets, the effective interest rate method is used to measure the amortized cost less the impairment loss. Interest income, foreign currency exchange gain or loss, and impairment loss are recognized in profit or loss. When de-recognized, the accumulated profit or loss is recognized in profit or loss.

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

Debt instrument investments are measured at fair value through other comprehensive income when they meet the following conditions and are not designated as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is both to collect contractual cash flows and to sell the asset.
- The contractual terms of these financial assets give rise to cash flows at a specified date, exclusively for the payment of principal and interest on the outstanding principal amount.

At the time of initial recognition, the Company may make an irrevocable choice to report the subsequent changes in fair value of equity instrument investments not held for trading in other comprehensive income. The aforementioned choices are made on a tool-by-tool basis.

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

Equity instrument investments are subsequently measured at fair value Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit or loss. Other net gain or loss is recognized as other comprehensive income. When derecognizing, other comprehensive income accumulated under equity items is reclassified to retained earnings, not reclassified to profit or loss.

Dividend income from equity investments is recognized at the date on which the Company is entitled to receive dividends (usually the ex-dividend date).

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

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income (such as those held for trading and those managed and evaluated for performance on a fair value basis), including derivative financial assets, are measured at fair value through profit or loss. At the time of initial recognition, the Company irrevocably designated the financial assets that meet the fair value measurement conditions according to the cost after amortization or other comprehensive income as financial assets measured at fair value through profit or loss, in order to eliminate or significantly reduce accounting mismatch.

These assets are subsequently measured at fair value and their net profit or loss (including any dividend and interest income) is recognized as profit or loss.

(4) Evaluate whether the contractual cash flow is fully paid for principal and interest on the outstanding principal amount

For the purpose of evaluation, principal is the fair value of a financial asset at the time of its initial recognition, and interest consists of the following considerations: the time value of the currency, the credit risk associated with the amount of the principal outstanding during a given period, and other basic lending risks/ costs/ profit margin.

When evaluating whether the contractual cash flows are exclusively interest on the principal paid and the amount of principal outstanding, the Company considers the terms of the financial instruments contract, including whether the financial assets contain a contractual clause that can change the timing or amount of the contractual cash flows, such that it does not meet this condition. In evaluating, the Company considers:

- Any contingency that would change the timing or the amount of the contractual cash flow;
- Possible adjustments to the terms of the contractual coupon rate, including the characteristics of the variable interest rate;
- Early repayment and extension characteristics; and
- The Company's claims are limited to the terms of cash flows originating from specific assets (e.g. non-recourse features).

(5) Impairment of financial assets

The Company recognizes an allowance for expected credit losses for financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable (including related party receivables), other receivables, refundable deposits, and other financial assets) as well as for debt instrument investments measured at fair value through other comprehensive income.

For the following financial assets, the loss allowance is measured at the amount of expected credit losses for 12 months, and the rest are measured at the amount of lifetime expected credit losses:

- Debt securities determined to have low credit risk as of the reporting date; and
- Other debt securities and bank deposits whose credit risk (i.e., the risk of default during the expected life of the financial instrument) has not significantly increased since initial recognition.

Loss allowance on accounts receivable is measured on the basis of the amount of lifetime expected credit loss.

In determining whether there has been a significant increase in credit risk since the initial recognition, the Company has considered information that is reasonable and substantiated (obtain without undue cost or investment), including qualitative and quantitative information, and analysis based on the Company's historical experience, credit assessment and forward-looking information.

If the credit risk rating of a financial instrument is equivalent to what is globally defined as "investment grade" (such as Standard & Poor's BBB-, Moody's Baa3, or Taiwan Ratings twA, or higher), the Company considers the credit risk of the debt securities to be low.

Lifetime expected credit losses are expected credit losses arising from all possible defaults during the expected lifetime of the financial instrument; expected credit losses for 12 months are expected credit losses arising from potential defaults within period of 12 months after the reporting date (or a shorter period if the expected lifetime of the financial instrument is shorter than 12 months).

The maximum period for which expected credit losses are measured is the maximum contract period for which the Company is exposed to credit risk.

Expected credit losses are weighted estimates of the probability-weighted estimate of credit losses during the expected lifetime of the financial instrument. Credit losses are measured at the present value of all cash shortfalls, that is, the difference between the cash flows collectible by the Company under the contract and the cash flows expected to be collected by the Company. Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Company evaluates whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income have experienced credit impairment. A financial asset is deemed to have experienced credit impairment if one or more adverse events affecting the estimated future cash flows of the asset have occurred. Evidence of credit impairment in a financial asset includes observable data relating to the following:

- Significant financial difficulty of the borrower or issuer;
- Default, such as delays or overdue payments exceeding 90 days;
- Concessions granted by the Company to the borrower that the Company would not have otherwise considered, due to the borrower's financial difficulties;
- High likelihood of the borrower filing for bankruptcy or undergoing financial restructuring; or
- Disappearance of an active market for the financial asset due to financial difficulties.

Loss allowance on financial assets measured at amortized cost is deducted from the carrying amount of the assets. The allowance for losses on debt instrument investments measured at fair value through other comprehensive income is adjusted in profit or loss and recognized in other comprehensive income (without reducing the carrying amount of the asset).

When the Company is unable to reasonably expect the recovery of financial assets in whole or in part, it directly reduces the total carrying amount of its financial assets. The Company analyzes the point of time and amount of write off individually on the basis of whether it is reasonably expected to be recoverable. The Company does not expect that the amount write off will be significantly reversed. However, the write off financial assets remain enforceable to comply with the Company's procedures for the recovery of past due amounts.

(6) Derecognition of financial assets

The Company de-recognizes financial assets only when the contractual right of the cash flow from the asset is terminated, or the financial asset has been transferred while substantially all the risks and rewards of the ownership of the asset have been transferred to other enterprises, or substantially all the risks and rewards of the ownership have not been transferred or retained and the control of the financial asset has not been retained.

The Company enters into transactions for the transfer of financial assets and continues to recognize them in the balance sheet to the extent that it retains all or substantially all of the risks and rewards of the ownership of the transferred assets.

2. Financial liabilities

(1) Financial liabilities

Financial liabilities are classified at amortised cost or at fair value through profit or loss. Financial liabilities that are held for trading, derivatives, or designated at initial recognition are classified as being measured at fair value through profit or loss. Financial liabilities that are measured at fair value through profit or loss are recognized at their fair value. Any resulting net income or loss, including interest expenses, is recorded in the income statement.

Financial liabilities measured at amortization cost are subsequently measured at cost after amortization using the effective interest method. Interest expense and gain or loss on conversion are recognized in profit or loss. Any gains or losses at the time of derecognition are also recognized in profit or loss.

(2) Derecognition of financial liabilities

The Company de-recognizes financial liabilities only when the contractual obligations have been fulfilled, cancelled or matured. When the terms of the financial liabilities are modified and the cash flow of the liabilities after the modification is materially different, the original financial liabilities shall be de-recognized and the new financial liabilities shall be recognized at fair value on the basis of the modified terms.

When financial liabilities are de-recognized, the difference between the carrying amount and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

(3) Offset of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company currently has a legally enforceable right to offset and intends to make net settlement or simultaneously realize the assets and settle the liabilities on a net basis.

(VII) Inventories

The original cost of inventory includes the necessary expenditures incurred to bring the inventory to a state and location suitable for sale or production. Fixed manufacturing costs are allocated to finished goods and work-in-progress based on the normal capacity of production facilities. If the actual production is not significantly different from normal capacity, allocation may also be based on actual output. Variable manufacturing costs are allocated based on actual production volume. Thereafter, it is calculated at the lower of the cost and net realizable value. The cost is calculated by the monthly weighted average method. The net realizable value is calculated on the basis of the estimated selling price under normal business conditions at the balance sheet date less the cost and selling expenses that need to be invested until completion.

(VIII) Investment in Subsidiary

In the preparation of the parent company only financial statements, the Company applies the equity method to evaluate the controlling investee company. Under the equity method, the current profit or loss and other comprehensive income in the parent company only financial statements shall be the same as the apportion of the current profit or loss and other comprehensive income in the consolidated financial statements attributable to the owner of the parent company. In addition, the owner's equity in the parent company only financial statements shall be the same as the equity attributable to parent company in the consolidation statements.

Changes in the Company's ownership interest in subsidiaries that do not result in the loss of control, are treated as an equity transaction with the owner.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalization borrowing costs) less accumulated depreciation and any accumulated impairment.

When the useful life of a major component of property, plant and equipment is different, it is treated as a separate item (the main component) of property, plant and equipment.

Gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of assets less residual value, and is recognized in profit or loss using a straight-line method over the estimated useful life of each component.

Except for the land which is not depreciated, the estimated useful life of the remaining assets in the current period and the comparison period is as follows:

(1)	Houses and buildings:	40 years.
(2)	Machinery and Equipment:	5 to 8 years.
(3)	Transportation equipment:	5 years.
(4)	Office equipment:	5 years.
(5)	Other equipment:	3-5 years.

The depreciation method, useful life, and residual value are reviewed at each reporting date and adjusted appropriately if necessary.

(X) Leases

The Company evaluates whether the contract is or contains a lease on the date of its contractual conclusion, and if the contract transfers control over the use of the identified assets for a period in exchange for consideration, the contract is or contains a lease.

The Company recognizes the right-of-use assets and lease liabilities at the commencement date of the lease. The right-of-use assets are measured at initial cost, which includes the initial measurement amount of the lease liability, adjusting any lease payments made on or before the commencement date of the lease, adding the initial direct costs incurred and the estimated costs of dismantling or removing the targeted assets, reinstating its location or the targeted asset, and subtracting any lease incentives received

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date of the lease to the end of the useful life or the end of the lease term, whichever is earlier. In addition, the Company periodically evaluates whether the impairment of the right-of-use assets has occurred and deals with any impairment losses that have occurred, and adjusts the right-of-use assets in conjunction with the remeasurement of the lease liabilities.

Lease liabilities are initial measurements of the present value of lease benefits unpaid on the start date of the lease. If the interest rate implicit in the lease is readily determinable, the discount rate will be that interest rate, or if it is not readily determinable, the incremental borrowing rate of interest of the Company will be applied. In general, the Company adopts the increased borrowing interest rate as the discount rate.

Lease benefits measured by lease liabilities include:

1. Fixed benefits, including substantial fixed benefits;
2. Depending on the variable lease benefits based on an index or rate, the index or rate at the start date of the lease is used as the initial measurement;
3. The exercise price or penalty payable upon reasonable determination that the purchase option or the lease termination option will be exercised.

Lease liabilities are subsequently accrued on the basis of the effective interest method and the amount is remeasured when:

1. Changes in future lease benefits due to changes in the index or rate used to determine lease benefits;
2. Changes in the assessment of the lease term as a result of change in the assessment of whether to exercise the extension or termination option;
3. Modification of the subject, scope or other terms of the lease.

When lease liability is remeasured as a result of the aforementioned change in the index or rate used to determine the lease benefits and the change in valuation because of extension or termination, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasured amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that change the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or complete termination of the lease. The difference between the amount and the remeasurement amount of the lease liability is recognized in profit or loss.

With respect to short-term leases of parking spaces, the Company chooses not to recognize the right-of-use assets and lease liabilities, but recognized the relevant lease benefits as expenses on a straight-line basis over the lease term.

(XI) Intangible assets

Intangible assets are the cost of software purchased externally, which are measured at cost less the accumulated amortization and accumulated impairment, and are amortized into profit or loss on average over three to five years according to future economic benefit. The Company reviews the residual value, amortization period, and amortization method of intangible assets at each reporting date and adjusts them appropriately if necessary.

(XII) Impairment of Non-financial Assets

At each reporting date, the Company assesses whether there are indications that the carrying amount of non-financial assets (excluding inventory, deferred tax assets, and assets arising from employee benefits) may be impaired. If any indication exists, the recoverable amount of the asset is estimated.

For the purpose of impairment testing, the smallest identifiable Company of assets that generates cash inflows largely independent of those from other individual assets or Company of assets is considered. Goodwill acquired in a business combination is allocated to each cash-generating unit or Company of cash-generating units expected to benefit from the synergies of the merger.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit less disposal costs and its value in use. When assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks associated with the asset or cash-generating unit.

If the recoverable amount of the individual asset or cash-generating unit is less than its carrying amount, an impairment loss is recognized.

Impairment losses are immediately recognized in the current profit or loss, and the carrying amount of goodwill allocated to the cash-generating unit is reduced first, followed by proportionate reductions to the carrying amounts of other assets within the unit. For non-financial assets other than goodwill, reversal of impairment losses is limited to the carrying amount that would have been determined had no impairment loss been recognized in previous years (deducted for depreciation or amortization).

(XIII) Provision for Liabilities

The recognition of the provision for liabilities is a present obligation due to past events, which makes it very probable that the Company will need to release economically effective resources in the future to meet such obligation, and the amount of such obligation can be reliably estimated.

The provision for warranty liabilities is recognized at the time of the sale of goods or services. This provision is measured based on estimates derived from historical warranty data.

(XIV) Revenue from customer contracts

Income is measured at the consideration to which the transfer of goods or services is expected to be entitled. The Company recognizes income when the control of goods or services is transferred to the client and the performance obligation is satisfied. The Company's main income items are described as follows:

1. Sale of goods - rugged computers

   The Company manufactures and sells rugged computers to clients. The Company recognizes income when the control of product is transferred to client. The transfer of control over such product means that such product has been delivered to the client. The client can fully determine the sales channel and price of the product, and there is no longer any unfulfilled obligation that would affect the client's acceptance of such product. Delivery is the point at the time when the client has accepted the product under the terms of the transaction, the risks of obsolescence and loss have been transferred to the client, and the Company has objective evidence that all the acceptance conditions have been satisfied.

   The Company provides warranty for the sales of rugged computer in accordance with the agreed specifications and has recognized provision for warranty liabilities in respect of such obligation. For details, please refer to Note 6 (10).

2. Sale of goods-business laptops

   The Company sells commercial laptops in the retail market and recognizes income when the product entity delivers it to the client. Prices are mostly paid immediately when the client purchases the product.

3. Labor service income

   The Company provides clients with laptop repair services and recognizes the related income upon completion of the provision of the services.

4. Financial component

   The Company does not adjust the monetary time value of the transaction price, as the Company expects to transfer goods or services to the client within one year of the point in time when the client pays for such goods or services.

(XV) Employee benefits

1. Defined contribution plan

   The obligation to determine the contribution to pension plan is recognized as expense during employee's period of service.

2. Defined benefit plan

The net obligation of the Company under the defined benefit plan is measured at the discounted value of the amount of future benefits earned by employees during the current or prior period of service, less the fair value of the plan assets.

The Company's defined benefit obligations are actuarially determined annually by a qualified actuarial practitioner using the projected unit benefit method. Where the result of the calculation may be beneficial to the Company, the asset is recognized to the extent of the present value of any economic benefits to be derived in the form refund of the plan's contribution or reduction of the future contributions from the plan. In calculating the present value of economic benefits, any minimum funding requirement shall be considered.

The remeasurement of the net defined benefit liability (asset), including any changes in actuarial gains and losses, returns on plan asset (excluding interest) and the impact of the asset cap (excluding interest), is recognized immediately in other comprehensive income and accumulated in other equity. The net interest expense of the net defined benefit liability (asset) determined by the Company refers to the use of the net defined benefit liability (asset) and the discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the changes in benefits related to the past service costs or reduced benefits or losses are immediately recognized as profit or loss. The Company recognizes the profit or loss from the settlement of the defined benefit plan when the settlement occurs.

3. Short-term employee benefits

The obligation for short-term employee benefits is measured on non-discounted basis, and is recognized as an expense when the relevant services are rendered. The amount expected to be paid under the short-term cash bonus or dividend scheme is recognized as liability when the Company has a current legal or constructive obligation to pay as a result of the services provided by the employee in the past and such obligation can be reliably estimated.

(XVI) Income tax

Income tax includes current and deferred income tax. Except for items related to business combination or direct recognition in equity or other comprehensive income, income tax and deferred income tax for the current period are recognized in profit or loss.

Income tax for the current period includes income tax payable or refundable calculated on the basis of taxable income (loss) for the current year, and any adjustment to income tax payable or refundable for the previous year. The amount is measured based on the best estimated value of payments to be made or received, using the statutory tax rate or the substantively enacted tax rate as of the reporting date.

Deferred income tax is recognized by measuring the temporary difference between the carrying amount of assets and liabilities for financial reporting purpose and their tax base. Deferred income tax is not recognized for temporary differences arising under the following circumstances:

1. Assets or liabilities that are not initially recognized in transactions that are not business combinations and do not (i) impact accounting profit and taxable income (loss) at the time of the transaction, and (ii) do not create equal temporary differences for taxable and deductible purposes.
2. Temporary differences arising from investments in interests of subsidiaries, associates and joint venture, and the Company may control the point in time at which temporary difference is reversed and is probable not to reverse in the foreseeable future; and
3. Taxable temporary differences arising from initial recognition of goodwill.

Unused tax losses and unused income tax credits carried forward, and deductible temporary differences are recognized as deferred tax assets to the extent that future taxable income is probable to be available. In addition, it shall be reevaluated at each reporting date to reduce the relevant income tax benefit to the extent that it is not probable to be realized; or to reverse the previously reduced amount to the extent that it is probable to be sufficient for taxable income.

Deferred income tax is measured at the tax rate expected to apply when the temporary differences reverse, based on the statutory tax rate or substantively enacted tax rate as of the reporting date, and reflects any uncertainties related to income taxes (if applicable).

The Company will offset deferred tax assets and deferred tax liabilities only if the following conditions are met simultaneously:

1. Have the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred tax assets and deferred tax liabilities are related to one of the following taxable entities subject to income tax levied by the same tax authorities;
   (1) The same taxable entity; or
   (2) Different taxable entities, provided that each entity intends to settle the current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period of expected recovery of deferred tax assets and expected settlement of deferred tax liabilities to a material amount.

(XVII) Earnings per share

The Company presents basic and diluted earnings per share attributable to the ordinary equity holders of the Company. The basic earnings per share of the Company are calculated by dividing the profit or loss attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is attributed to the profit or loss of the ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding, and is calculated after adjusting the effect of all potential diluted ordinary shares. The Company's potential diluted ordinary shares are employee remuneration with the option to issue shares.

(XVIII) Segment Information

The Company has disclosed division information in the consolidated financial statements. Therefore, the parent company only financial statements do not disclose division information.

V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

When preparing this parent company only financial report, management must make judgments and estimates about the future (including climate-related risks and opportunities), which will affect the application of accounting policies as well as the reported amounts of assets, liabilities, revenue, and expenses. Actual results may vary from estimates, and we will continually assess and adapt based on historical experience and other factors.

Management continuously reviews estimates and underlying assumptions to align with the Company's risk management and climate-related commitments. Changes in estimates are deferred to the period of change and future periods impacted.

The following assumptions and uncertainties in estimates present significant risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year. Relevant information is as follows:

Since the inventory is measured at the lower of cost and net realizable value, the Company must use judgment and evaluation to determine the net realizable value of inventory at the reporting date. Based on business considerations, the Company is sometimes required to establish a longer-term inventory of some key components, but future demand is probable to change. The Company assesses the amount of inventory reported as obsolete or lower than the market selling price and offsets the inventory cost to the net realizable value. This inventory valuation is primarily based on estimates of goods demand over specified period in the future. Therefore, it might be subject to significant changes. Please refer to Note 6 (4) for details of inventory valuation.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand	$ 402	402
Checks and demand deposits	431,282	217,015
	$ 431,684	**217,417**

As of December 31, 2024 and 2023, the Company's bank time deposits with original maturity dates exceeding three months amounted to NT$234,771,000 and NT$206,100,000, respectively, and were reported under other financial assets - current.

(II) Financial instruments

1. Financial Assets Measured at Fair Value through Profit or Loss-Current

	2024.12.31	2023.12.31
Money funds	**$ 210,499**	**-**

Please refer to Note 6 (17) for the amount re-measured at fair value and recognized in profit or loss.

2. Financial assets measured at fair value through other comprehensive income — non-current

	2024.12.31	2023.12.31
Debt instruments measured at fair value through other comprehensive income		
Foreign corporate bonds	$ 19,449	-
Equity instruments measured at fair value through other comprehensive income		
Unlisted stocks	141,640	18,262
Foreign-listed company stocks	1,087,589	847,713
Total	**$ 1,248,678**	**865,975**

(1) Debt instrument investments measured at fair value through other comprehensive income

The Company assesses that its bond investments are held within a business model aimed at achieving objectives through the collection of contractual cash flows and the sale of financial assets. Therefore, they are reported as financial assets measured at fair value through other comprehensive income.

(2) Equity investments measured at fair value through other comprehensive income

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

During 2024 and 2023, the Company sold part of the aforementioned shares of foreign-listed companies due to investment strategies. The fair values at the time of disposal were NT$297,478,000 and NT$34,867,000, respectively, with cumulative disposal gains (net of tax) of NT$112,436,000 and NT$12,213,000, respectively. These cumulative gains have been reclassified from other equity to retained earnings.

Information on significant equity investments in foreign currencies on the balance sheet date is as follows:

	2024.12.31			**2023.12.31**		
	Foreign currency	**Exchange rate**	**NT$**	**Foreign currency**	**Exchange rate**	**NT$**
EUR	$ 4,149	34.14	141,640	537	33.98	18,262
SEK	363,742	2.99	1,087,589	275,231	3.08	847,713

As of December 31, 2024 and 2023, the aforementioned financial assets of the Company were not pledged as collateral.

(III) Notes and accounts receivable (related parties)

	2024.12.31	**2023.12.31**
Notes and accounts receivable	$ 61,968	119,101
Less: Allowance for losses	(349)	-
	61,619	119,101
Accounts receivable - related parties	167,900	310,481
Less: Allowance for losses	(149)	-
	167,751	310,481
	$ 229,370	**429,582**

The Company applies a simplified approach to the estimate of expected credit losses for all notes and accounts receivable, which is measured at the expected credit losses over the lifetime, with forward-looking information incorporated. Expected credit losses on notes and accounts receivable of the Company are analyzed as follows:

	2024.12.31		
	Carrying amount of notes and accounts receivable	**Weighted average expected credit loss ratio**	**Allowance for lifetime expected credit losses**
Not past due	$ 220,641	0.08879%	196
Payment is due within 30 days	9,227	3.27611%	302
	$ 229,868		**498**

	2023.12.31		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	$ 395,273	0.00000%	-
Payment is due within 30 days	34,309	0.00003%	-
	$ 429,582		-

The changes in allowance for loss on notes receivable and accounts receivable are as follows:

	Fiscal Year 2024	Fiscal Year 2023
Opening balance	$ -	-
Recognized impairment loss	498	-
Ending balance	$ 498	-

(IV) Inventories

	2024.12.31	2023.12.31
Merchandise	$ 135,730	111,024
Finished goods	435	797
Semi-finished goods	157,837	128,256
Work in process	231,945	382,176
Raw materials	737,864	625,544
	$ 1,263,811	1,247,797

The breakdown of the cost of goods sold is as follows:

	Fiscal Year 2024	Fiscal Year 2023
Costs of inventories sold	$ 1,928,673	2,089,845
Warranty provision	10,828	10,424
Inventory valuation loss	51,615	25,098
	$ 1,991,116	2,125,367

The above inventory valuation loss is recognized by the Company due to the write-down of the inventory to the net realizable value and is recognized under the accounts of operating costs.

(V) Investments accounted for using the equity method

The investments of the Company using the equity method at the report date are as follows:

	2024.12.31	2023.12.31
Subsidiaries	$ 43,748	38,894

1. For additional information, please consult the consolidated financial report for the fiscal year 2024.
2. On January 26, 2024, and March 6, 2023, the Company sold 1.5% and 7.6% of the equity in its subsidiary, Flexbasis, to key management personnel of the Company for cash considerations of NT$1,008,000 and NT$5,040,000, respectively. The changes in equity value were recognized under capital reserves, with the actual differences between the disposal of subsidiary equity and the book value recorded as NT$268,000 and NT$1,463,000, respectively.

(VI) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost:							
Balance as of January 1, 2024	$ 147,478	75,609	65,505	6,042	1,846	87,150	383,630
Additions	-	1,267	55,133	1,500	-	27,088	84,988
Disposal	-	-	(13,718)	(1,500)	-	-	(15,218)
Reclassification (Note)	-	-	28,558	-	-	1,279	29,837
Balance on December 31, 2024	$ 147,478	76,876	135,478	6,042	1,846	115,517	483,237
Balance on January 1, 2023	$ 147,478	72,775	61,146	6,042	596	80,573	368,610
Additions	-	2,834	4,649	-	1,250	11,933	20,666
Disposal	-	-	(290)	-	-	(5,356)	(5,646)
Balance on December 31, 2023	$ 147,478	75,609	65,505	6,042	1,846	87,150	383,630
Accumulated depreciation:							
Balance as of January 1, 2024	$ -	30,094	52,217	5,115	424	68,216	156,066
Depreciation for current year	-	3,265	8,436	745	193	12,338	24,977
Disposal	-	-	(13,718)	(1,500)	-	-	(15,218)
Balance on December 31, 2024	$ -	33,359	46,935	4,360	617	80,554	165,825
Balance on January 1, 2023	$ -	27,169	50,038	4,508	285	64,585	146,585
Depreciation for current year	-	2,925	2,452	607	139	8,941	15,064
Disposal	-	-	(273)	-	-	(5,310)	(5,583)
Balance on December 31, 2023	$ -	30,094	52,217	5,115	424	68,216	156,066
Book value:							
December 31, 2024	$ 147,478	43,517	88,543	1,682	1,229	34,963	317,412
January 1, 2023	$ 147,478	45,606	11,108	1,534	311	15,988	222,025
December 31, 2023	$ 147,478	45,515	13,288	927	1,422	18,934	227,564

(Note) This amount has been transferred from the payments for prepaid equipment.

(VII) Right-of-use assets

Details of the changes in the cost and accumulated depreciation of the Company's leased houses and Houses and Buildings are as follows:

		Houses and Buildings
Cost of right-of-use assets:		
Balance as of January 1, 2024	$	172,813
Additions		37,872
Decrease		(16,327)
Balance on December 31, 2024	**$**	**194,358**
Balance on January 1, 2023	$	123,314
Additions		51,276
Decrease		(1,777)
Balance on December 31, 2023	**$**	**172,813**
Accumulated depreciation of right-of-use assets:		
Balance as of January 1, 2024	$	115,001
Depreciation in this period		33,091
Decrease		(15,329)
Balance on December 31, 2024	**$**	**132,763**
Balance on January 1, 2023	$	88,474
Depreciation in this period		28,304
Decrease		(1,777)
Balance on December 31, 2023	**$**	**115,001**
Book value:		
December 31, 2024	**$**	**61,595**
January 1, 2023	**$**	**34,840**
December 31, 2023	**$**	**57,812**

(VIII) Intangible assets

		Computer software
Cost:		
Balance as of January 1, 2024	$	40,374
Additions in current period		3,214
Balance on December 31, 2024	**$**	**43,588**
Balance on January 1, 2023	$	39,299
Additions in current period		1,075
Balance on December 31, 2023	**$**	**40,374**

		Computer software
Accumulated amortization:		
Balance as of January 1, 2024	$	36,696
Amortization in current period		3,012
Balance on December 31, 2024	**$**	**39,708**
Balance on January 1, 2023	$	32,153
Amortization in current period		4,543
Balance on December 31, 2023	**$**	**36,696**
Book value:		
Balance on December 31, 2024	**$**	**3,880**
Balance on January 1, 2023	**$**	**7,146**
Balance on December 31, 2023	**$**	**3,678**

Amortization expenses of intangible assets for the years 2024 and 2023 are reported under the following items in the statement of comprehensive income:

		Fiscal Year 2024	Fiscal Year 2023
Operating costs	$	1,117	1,307
Operating expenses		1,895	3,236
Total	**$**	**3,012**	**4,543**

(IX) Lease liabilities

The carrying amount of the Company's lease liabilities is as follows:

		2024.12.31	2023.12.31
Current	**$**	**29,351**	**28,762**
Non-current	**$**	**32,493**	**29,127**

For maturity analysis, please refer to Note 6 (18) Financial Instruments.

The amount recognized in profit or loss is as follows:

		Fiscal Year 2024	Fiscal Year 2023
Interest expenses on lease liabilities	**$**	**877**	**491**
Short-term lease expenses	**$**	**189**	**269**
COVID-19-related rent concessions	**$**	**-**	**15**

The amounts recognized in the cash flow statement are as follows:

		Fiscal Year 2024	Fiscal Year 2023
Total cash outflow from leases	**$**	**33,981**	**29,013**

The Company leases retail stores and factories, with lease terms typically ranging from one to five years. Upon expiration of the lease period, the lease agreements are renegotiated for the lease duration and payment terms.

The Company rents locomotive parking spaces, these leases are short-term leases, and the Company chooses to apply the exemption without recognizing its relevant right-of-use assets and lease liabilities.

(X) Provision for Liabilities

	Warranty
Balance as of January 1, 2024	$ 13,152
Provision for new liabilities in the current period	10,828
Provision for liabilities used in the current period	(2,359)
Balance on December 31, 2024	**$ 21,621**
Balance on January 1, 2023	$ 6,855
Provision for new liabilities in the current period	10,424
Provision for liabilities used in the current period	(4,127)
Balance on December 31, 2023	**$ 13,152**

The provision for warranty liabilities primarily relates to computer sales. The provision is estimated based on historical warranty data for the sold goods. The Company expects that the majority of these liabilities will be incurred gradually over one to three years following the sale.

(XI) Employee benefits

1. Defined benefit plan

Adjustments between the present value of the Company's defined benefit obligations and the fair value of the planned assets are as follows:

	2024.12.31	2023.12.31
Present value of defined benefit obligation	$ 76,663	87,674
Fair value of planned assets	(65,012)	(57,373)
Net defined benefit liabilities	**$ 11,651**	**30,301**

The Company's defined benefit plan is a special reserve for employee retirement appropriated to the bank of Taiwan. The payment of employee's pension benefit is calculated based on the base number upon the years of service and the average salary of the six months prior to retirement.

(1) Composition of planned assets

The Retirement Fund appropriated by the Company in accordance with the Labor Standards Act, is subject to the unified management by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," as the operation of the fund, the annual minimum income allocated shall not be lower than the accumulated interest calculated at the average yearly rate of the local bank’s two-year time deposit rate in the same period.

As of December 31, 2024 and 2023, the balance in the Company's Taiwan Bank Labor Retirement Reserve Account amounted to NT$65,012,000 and NT$57,373,000, respectively. For information on the utilization of the assets of the Labor Retirement Fund (including the fund's earning rate and asset allocation), please refer to the information published on the website of the Bureau of Labor Fund.

(2) Changes in present value of defined benefit obligations

The changes in present value of the Company's defined benefit obligations are as follows:

		Fiscal Year 2024	Fiscal Year 2023
Defined benefit obligations as of January 1	$	87,674	96,319
Current service cost		62	134
Interest cost		1,393	1,662
Retirement benefits paid - special account for employee pension reserve		(5,988)	(15,348)
Net remeasurement of defined benefit liabilities			
—Actuarial loss (gain) resulting from empirical adjustments		(4,124)	3,960
—Actuarial loss (gain) arising from changes in financial assumptions		(2,354)	947
Defined benefit obligations on December 31	**$**	**76,663**	**87,674**

(3) Changes in fair value of planned assets

The changes in the fair value of the Company's defined benefit plan assets are as follows:

		Fiscal Year 2024	Fiscal Year 2023
Fair value of defined benefit planned assets on January 1	$	57,373	67,582
Amount allocated to plan		6,903	3,726
Interest income		932	1,191
Amount of retirement fund paid		(5,988)	(15,348)
Net remeasurement of defined benefit liabilities			
—return on planned assets (excluding current interest)		5,792	222
Fair value of defined benefit planned assets on December 31	**$**	**65,012**	**57,373**

(4) Changes in cap asset effects

The Company had no cap asset effect change in the defined benefit plans of 2024 and 2023.

(5) Expense recognized and included in profit or loss

Expenses reported and included as profit or loss by the Company are as follows:

	Fiscal Year 2024	**Fiscal Year 2023**
Current service cost	$ 62	134
Interest on net defined benefit liabilities	461	471
	$ 523	605
Operating costs	$ 44	330
Operating expenses	479	275
	$ 523	605

(6) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of its defined benefit obligations at the end of the financial reporting period are as follows:

	2024.12.31	**2023.12.31**
Discount rate	2.000%	1.625%
Future salary increase rate	3.00%	3.00%

The Company expects to contribute NT$3,772,000 to the defined benefit plan within one year after December 31, 2024.

The weighted average duration of defined benefit plans is 12.33 years.

(7) Sensitivity analysis

As of December 31, 2024 and 2023, the carrying amounts of the Company's net defined benefit liabilities were NT$11,651,000 and NT$30,301,000, respectively. When the discount rate and employee salary increase rate are adjusted by ±0.25%, the changes in the present value of the Company's defined benefit obligations as of December 31, 2024 and 2023 are as follows:

	2024.12.31			
	Discount rate		**Rate of salary changes**	
	Increase of 0.25%	**Decrease of 0.25%**	**Increase of 0.25%**	**Decrease of 0.25%**
Increase (decrease) in present value of defined benefit obligations	$ (1,501)	1,563	1,508	(1,464)

	2023.12.31			
	Discount rate		Rate of salary changes	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
Increase (decrease) in present value of defined benefit obligations	$ (1,874)	1,935	1,872	(1,822)

The above sensitivity analysis is based on the influence of a single assumption change while the others remain unchanged. In practice, changes in many assumptions might be linked. The method adopted for sensitivity analysis is consistent with the method used to calculate the net pension benefit liabilities on the balance sheet.

The methods and assumptions applied in preparing sensitivity analysis in this period are identical to those in the preceding periods.

2. Defined contribution plan

The Company's defined contribution plan is schemed according to the Labor Pension Act, allocated to the Labor Pension Personal Account prescribed by the Bureau of Labor Insurance, at the contribution rate of 6% of the employee's monthly wage. Under such plan, upon appropriation of the fixed amount to the Bureau of Labor Insurance, the Company shall bear no statutory or constructive obligation to pay an additional amount.

The retirement benefit expenses under the defined contribution plan of the Company for 2024 and 2023, were NT$11,058,000 and NT$10,827,000, respectively.

(XII) Income tax

1. Income tax expenses

The details of income tax expense of the Company in 2024 and 2023 are as follows:

	Fiscal Year 2024	Fiscal Year 2023
Income tax expenses in current period		
Income tax from current income	$ 173,742	126,666
Adjustment of current income tax incurred in the preceding period	(5,516)	(3,665)
	168,226	123,001
Deferred income tax expenses		
Occurrence and reversal of temporary differences	(37,503)	(12,173)
Income tax expenses	$ 130,723	110,828

Details of income tax expense recognized under other comprehensive income are as follows:

	Fiscal Year 2024	Fiscal Year 2023
Defined benefits plans remeasurement	$ 2,454	(937)
Equity investments measured at fair value through other comprehensive income	101,247	(33,473)
Disposal of equity instrument investments measured at fair value through other comprehensive income	28,109	3,053
Debt instrument investments measured at fair value through other comprehensive income	106	-
Total	$ 131,916	(31,357)

Adjustments between the income tax expenses in 2024 and 2023 and the net profit before tax of the Company are as follows:

	Fiscal Year 2024	Fiscal Year 2023
Net profit before tax	$ 625,944	571,656
Income tax calculated at the domestic tax rate of the Company	$ 125,189	114,331
Surtax on undistributed earnings	4,553	-
Prior period (over)underestimation	(5,516)	(3,665)
Others	6,497	162
	$ 130,723	110,828

2. Deferred Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities in 2024 and 2023 are as follows:

Deferred income tax assets:

	Defined benefit plan	Allowance for Loss on Inventory Valuation	Others	Total
January 1, 2024	$ 4,992	58,699	9,626	73,317
Statement of profit or loss - credit (debit)	(1,276)	10,323	(2,103)	6,944
other comprehensive income - credit (debit)	(2,454)	-	-	(2,454)
December 31, 2024	$ 1,262	69,022	7,523	77,807

		Defined benefit plan	Allowance for Loss on Inventory Valuation	Others	Total
January 1, 2023	$	4,679	53,679	5,667	64,025
Statement of profit or loss - credit (debit)		(624)	5,020	3,959	8,355
other comprehensive income - credit (debit)		937	-	-	937
December 31, 2023	**$**	**4,992**	**58,699**	**9,626**	**73,317**

Deferred income tax liabilities:

		Financial assets at fair value through other comprehensive income
January 1, 2024	$	166,833
Statement of profit or loss - debit (credit)		(30,559)
other comprehensive income - debit (credit)		101,353
December 31, 2024	**$**	**237,627**
January 1, 2023	$	204,124
Statement of profit or loss - debit (credit)		(3,818)
other comprehensive income - debit (credit)		(33,473)
December 31, 2023	**$**	**166,833**

3. The Company has submitted tax return applications until the year of 2022, as prescribed by the tax authority, upon settlement and audit.

(XIII) Capital and other equity

1. Ordinary share capital

As of December 31, 2024 and 2023, the Company had an authorized capital of NT$700,000,000, with a par value of NT$10 per share. The total number of shares was 70,000,000, divided equally, and the number of issued shares was 58,685,000.

2. Capital surplus

The details of the Company's capital surplus balance are as follows:

		2024.12.31	2023.12.31
Premium on share issuance	$	72,650	72,650
Difference between actual disposal of subsidiary equity and book value		1,731	1,463
	$	**74,381**	**74,113**

According to the provisions of the Company Act, the capital surplus must be preferentially used to cover losses before it can be issued to new shares or cash in proportion to the shareholders' original ratio. Realized capital surplus, as referred to in the preceding paragraph, includes the excess of the proceeds of issuing shares over the par value and the gains incurred from gifts received. According to Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the aggregate annual appropriation of the capital surplus available for allocation shall not exceed ten percent of the paid-up capital.

3. Retained earnings

(1) Legal reserve

When there is no loss in the Company, the legal reserve can be used to issue new shares or cash upon resolution at the Shareholders' Meeting, but must be limited to the part of the reserve that has exceeded 25% of the paid-up capital.

(2) Special reserve

In accordance with the provisions of the Financial Supervisory Commission, when the Company distributes distributable earnings, based on the net deduction of other shareholders' equity of the current period, the special reserve of the same amount shall be drawn from the profit or loss of the current period and the undistributed earnings of the previous period; For the net deduction of other shareholders' equity in the previous period, special reserve of the same amount drawn from the undistributed earnings of the previous period shall not be distributed. If other shareholders' equity deduction has been reversed, the surplus may be distributed in accordance with the reversed portion.

(3) Earnings distribution

In accordance with the provisions of the Articles of Incorporation of the Company, if there is any profit in the annual general accounts of the Company, the Company shall withhold the tax to make up the past losses, and withhold a legal reserve by 10%. However, when the legal reserve has reached the amount of the paid-in capital of the Company, it shall not be withheld anymore. In addition, after the special reserve is raised or transferred as required by laws and regulations, the Company shall accumulate the undistributed earnings, and the Board of Directors shall propose the allocation of surplus to the Shareholders' Meeting for resolution and distribution.

The Company's dividend distribution policy is based on the Company's capital budget, medium-term and long-term operational plan and financial position, and is distributed after the resolution of the shareholders' meeting in accordance with the following principles:

A. Except for the distribution of reserve in accordance with the following item B, the company shall not distribute dividends when there is no surplus, but when the legal reserve has exceeded 50% of the total capital, the excess part can be distributed. The distribution of surplus can be made in the form of stock dividends or cash dividends, and the distribution ratio considerations are as follows:
   a. To meet the Company's needs of expanding its scale of operations in the future;
   b. To maintain a balance in the profitability of the Company's earnings per share;
   c. To consider the Company's cash flow and operating earnings situation.

   Among them, cash dividends shall account for 20% ~ 100% of the total dividends, and the share dividends shall account for 0% ~ 80% of the total dividends. Upon decision by the Board of Directors, the dividends shall be distributed by the resolution of the shareholders' meeting.

B. When the Company has no distributable surplus available in the current year, or the amount of the surplus is much lower than the surplus distributed by the Company in the preceding year, or distribute all or part of the reserves for financial, business, and operation considerations according to the laws and regulations, or the regulations of the competent authorities.

The annual shareholders' meeting passed the resolutions for the 2023 and 2022 earnings distribution proposals on June 12, 2024 and June 14, 2023, respectively. The dividends distributed to owners are as follows:

	Fiscal Year 2023		Fiscal Year 2022	
	Dividend per share (NT$)	**Amount**	**Dividend per share (NT$)**	**Amount**
Dividends distributed to owners of ordinary shares:				
Cash	$ 5.40	**316,902**	3.60	**211,268**

On March 12, 2025, the Board of Directors of the Company proposed the following profit distribution plan for 2024:

	Fiscal Year 2024	
	Dividend per share (NT$)	**Amount**
Dividends distributed to owners of ordinary shares:		
Cash	$ 6.00	352,113

4. Other equity (net after-tax)

	Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized gain or loss on financial assets at fair value measurement through other comprehensive income	Remeasurement of defined benefit plan	Total
Balance as of January 1, 2024	$ 20	252,022	(10,396)	241,646
Exchange differences arising from the net assets of foreign operations	(428)	-	-	(428)
Unrealized gains on financial assets at fair value measurement through other comprehensive income	-	531,801	-	531,801
Determination of net after tax actuarial gains and losses of benefit plans	-	-	9,816	9,816
Disposal of equity instruments designated at fair value through other comprehensive income	-	(112,436)	-	(112,436)
Balance on December 31, 2024	$ (408)	671,387	(580)	670,399
Balance on January 1, 2023	$ -	387,473	(6,648)	380,825
Exchange differences arising from the net assets of foreign operations	20	-	-	20
Unrealized loss on financial assets at fair value through other comprehensive income	-	(123,238)	-	(123,238)
Determination of net after tax actuarial gains and losses of benefit plans	-	-	(3,748)	(3,748)
Disposal of equity instruments designated at fair value through other comprehensive income	-	(12,213)	-	(12,213)
Balance on December 31, 2023	$ 20	252,022	(10,396)	241,646

(XIV) Earnings per share

1. Basic earnings per share

		Fiscal Year 2024	Fiscal Year 2023
Net income attributable to holders of the Company's ordinary shares	$	495,221	460,828
Weighted average number of outstanding ordinary shares (in thousands of shares)		58,685	58,685
Basic earnings per share (NT$)	$	8.44	7.85

2. Diluted earnings per share

		Fiscal Year 2024	Fiscal Year 2023
Net income attributable to holders of the Company's ordinary shares	$	495,221	460,828
Weighted average number of outstanding ordinary shares (in thousands of shares)		58,685	58,685
The effect of employee remuneration		928	852
Weighted average number of outstanding ordinary shares (after adjustment for the effect of potentially dilutive ordinary shares)		59,613	59,537
Diluted earnings per share (NT$)	$	8.31	7.74

(XV) Revenue from customer contracts

1. Breakdown of income

		Fiscal Year 2024	Fiscal Year 2023
Major sales market:			
Asia	$	1,575,353	1,839,802
Europe		1,048,769	993,445
Americas		187,469	93,275
Oceania		27,822	57,739
	$	2,839,413	2,984,261
Main product/service lines:			
Business computer	$	1,362,038	1,432,326
Rugged computer		1,393,782	1,491,564
Repair and maintenance services and others		83,593	60,371
	$	2,839,413	2,984,261

2. Contract balance

	2024.12.31	2023.12.31	2023.1.1
Notes and accounts receivable (related parties)	$ 229,868	429,582	107,212
Less: Allowance for losses	(498)	-	-
Total	**$ 229,370**	**429,582**	**107,212**
Contract liabilities (including related parties) — products sales	**$ 162,781**	**237,639**	**246,664**

Please refer to Note 6(3) for the notes and accounts receivable and impairment thereof disclosed.

Contract liabilities are mainly generated by advance receipts from the sale of rugged computers, which will be transferred to income by the Company at the delivery of products. The initial balance of contract liabilities on January 1, 2024 and 2023, which were recognized as revenue, respectively, amounted to NT$102,842,000 and NT$78,600,000, respectively.

(XVI) Remuneration to employees and directors

In accordance with the provisions of the Articles of Incorporation of the Company, in case of profit earned in the year, 5% ~ 10% of the profit shall be allocated as employee's remuneration, while no more than 3% of the profit shall be allocated as the director's remuneration. However, it shall reserve an amount to compensate a deficit in advance if the Company has a cumulative deficit. The recipients of the employee remuneration in stock or cash in the preceding paragraph include employees at subsidiaries who meet certain criteria.

The estimated amount of employee compensation of the Company for 2024 and 2023 amounted to NT$67,752,000 and NT$61,896,000, respectively. The director's estimated remuneration amounted to NT$13,579,000 and NT$12,634,000, respectively. The estimated amount is calculated on the net profit before tax of the Company, without deducting employee and director compensation, and multiplied by the distribution percentages of employee and director remuneration, as prescribed by the Articles of Incorporation of the Company. It is recognized and included as operating cost or operating expenses for 2024 and 2023. If the employee remuneration is issued in the form of shares, the number of shares allotted shall be calculated based on the closing market price of ordinary shares on the day ahead of the meeting of Board of Directors. In case of a difference between the actual amount allocated and the estimated amount, it shall be treated as a change in accounting estimates.

The remuneration of employees and directors assigned by the resolution of the Board of Directors of the Company does not differ from the aforementioned amount estimated in the 2024 and 2023 financial statements of the Company, and is fully distributed in cash. For relevant information, please refer to the Market Observation Post System (MOPS).

(XVII) Non-operating income and expenses

1. Interest income

		Fiscal Year 2024	Fiscal Year 2023
Interest income			
Interest income from cash in banks	$	6,236	4,977
Other interest income		4,695	4,394
	$	10,931	9,371

2. Other income

		Fiscal Year 2024	Fiscal Year 2023
Dividend income	$	61,203	6,796
COVID-19-related rent reductions		-	15
Others		4,516	769
	$	65,719	7,580

3. Other gains and losses

		Fiscal Year 2024	Fiscal Year 2023
Foreign exchange gains (losses)	$	18,980	(9,466)
Gains on financial assets measured at fair value through profit or loss		1,509	339
Gains (losses) from disposal of property, plant and equipment		346	(63)
Others		(49)	(140)
	$	20,786	(9,330)

4. Financial cost

		Fiscal Year 2024	Fiscal Year 2023
Interest expense			
Lease liabilities	$	(877)	(491)
Others		(248)	(48)
	$	(1,125)	(539)

(XVIII) Financial instruments

1. Types of financial instruments

(1) Financial assets

	2024.12.31	2023.12.31
Financial assets at fair value through profit or loss - current:		
Money funds	$ 210,499	-
Financial assets at fair value through other comprehensive income - non-current:		
Foreign corporate bonds	19,449	-
Unlisted stocks	141,640	18,262
Overseas listed stocks	1,087,589	847,713
Financial assets at amortized cost:		
Cash and cash equivalents	431,684	217,417
Notes and accounts receivable (related parties)	229,370	429,582
Other payables (including related parties)	8	5,015
Other financial assets - current	234,771	206,100
Other non-current assets - guarantee deposits paid	8,554	7,439
Total	$ 2,363,564	1,731,528

(2) Financial liabilities

	2024.12.31	2023.12.31
Financial liabilities at amortized cost:		
Lease liabilities	$ 61,844	57,889
Notes and accounts payable (including related parties)	135,018	150,978
Other payables (including related parties)	147,552	136,928
Total	$ 344,414	345,795

2. Credit risk

(1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount of credit risk exposure. The Company's maximum amounts of credit risk exposure as of December 31, 2024 and 2023 were NT$2,363,564,000 and NT$1,731,528,000, respectively.

(2) Concentration of credit risk

A significant concentration of credit risk that occurs when the trading counterpart to a financial instrument has a significant concentration of one person, or when there are several counterparts to a financial instrument. Most of them are engaged in similar commercial activities and have similar economic characteristics, so their ability to perform their contracts is similarly affected by economic or other conditions. Of the net accounts receivable (including accounts receivable from related parties) of the Company as of December 31, 2024 and 2023, a total of 90% and 99% were composed of four of the clients, which made the Company have a concentration of credit risk. In order to reduce credit risk, the Company continuously assesses the financial position of clients and strictly monitors the credit line.

(3) Credit risk of accounts receivable and debt securities

For credit risk exposure information related to notes and accounts receivable (including related parties), please refer to Note 6(3).

Other financial assets measured at amortized cost (including other receivables (including related parties), other financial assets-current, and other non-current assets-security deposits), as well as investments in debt instruments measured at fair value through other comprehensive income (investments in foreign corporate bonds), are all classified as low-credit-risk financial assets. Therefore, the allowance for losses during the period is measured based on the 12-month expected credit loss amount (for the explanation of how the Company determines low credit risk, please refer to Note 4(6)). As of December 31, 2024 and 2023, no expected credit losses were recognized upon evaluation.

3. Liquidity risk

The contract maturity date of the Company's financial liabilities, including the estimated interest, is analyzed as follows:

	Contractual cash flows	Less than 6 months	6-12 months	1-2 year(s)	2 to 5 years	Over 5 years
December 31, 2024						
Notes and accounts payable (including related parties)	$ (135,018)	(135,018)	-	-	-	-
Lease liabilities	(63,109)	(16,059)	(13,925)	(24,748)	(8,377)	-
Other payables (including related parties)	(147,552)	(147,552)	-	-	-	-
	$ (345,679)	**(298,629)**	**(13,925)**	**(24,748)**	**(8,377)**	**-**
December 31, 2023						
Notes and accounts payable (including related parties)	$ (150,978)	(150,978)	-	-	-	-
Lease liabilities	(59,076)	(15,243)	(14,173)	(17,348)	(12,312)	-
Other payables (including related parties)	(136,928)	(136,928)	-	-	-	-
	$ (346,982)	**(303,149)**	**(14,173)**	**(17,348)**	**(12,312)**	**-**

The Company does not expect that the cash flow analyzed on the maturity date will occur significantly earlier, or that the actual amount will be significantly different.

4. Exchange rate risk

(1) Risk exposures of foreign exchange rate risk

The financial assets and liabilities of the Company exposed to significant foreign currency exchange rate risks are as follows:

	2024.12.31			2023.12.31		
	Foreign currency	**Exchange rate**	**NT$**	**Foreign currency**	**Exchange rate**	**NT$**
Financial assets						
Monetary item						
USD	$ 8,599	32.785	281,929	13,645	30.705	418,970
AUD	972	20.390	19,813	200	20.980	4,203
Financial liabilities						
Monetary item						
USD	70	32.785	2,295	91	30.705	2,794

Please refer to Note 6(2) for information on exchange rate risk of non-monetary foreign currency assets.

(2) Sensitivity analysis

The Company's exchange rate risk primarily arises from foreign-currency-denominated cash and cash equivalents, accounts receivable (including related parties), debt instrument investments measured at fair value through other comprehensive income (corporate bonds), accounts payable, and other payables (including related parties), leading to foreign exchange gains or losses upon conversion. As of December 31, 2024 and 2023, if the New Taiwan Dollar depreciates or appreciates by 1% relative to the US Dollar and the Australian Dollar, while all other factors remain constant, the Company's pre-tax net profit for 2024 and 2023 will increase or decrease by NT$2,994,000 and NT$4,204,000, respectively. The same basis was used for analyses for both periods.

(3) Exchange gains or losses incurred from monetary items

Due to the variety of currencies involved in the Company's transactions, the exchange gains and losses for monetary items are disclosed in a summarized manner. The foreign exchange gains (losses), including realized and unrealized amounts, were NT$18,980,000 and NT$(9,466,000) for 2024 and 2023, respectively.

5. Interest rate risk

As of December 31, 2024 and 2023, the Company had no interest-bearing debt obligation, and the change in interest rate did not have significant influence on the Company's financial assets value. Therefore, the Company's management believes that the change in interest rate has no significant influence on the short-term profit or loss of the Company.

6. Fair value information

(1) Financial instruments not at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities measured at amortized cost are close to their fair values in the Parent Company Only Financial Statements of Mildef Crete Inc.

(2) Financial instruments at fair value through profit or loss

The Company's financial assets are measured at fair value through profit or loss and other comprehensive income, is measured at fair value on the basis of repeatability. The fair value levels are defined as follows:

A. Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

B. Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices) for assets or liabilities.

C. Level 3: Unobservable inputs for assets or liabilities not based on observable market data (unobservable inputs).

	2024.12.31				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss - current					
Money funds	$ 210,499	210,499	-	-	210,499
Financial assets at fair value through other comprehensive income - non-current					
Foreign corporate bonds	$ 19,449	-	19,449	-	19,449
Unlisted stocks	141,640	-	-	141,640	141,640
Overseas stocks	1,087,589	1,087,589	-	-	1,087,589
	$ 1,248,678	1,087,589	19,449	141,640	1,248,678

	2023.12.31				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income - non-current					
Unlisted stocks	$ 18,262	-	-	18,262	18,262
Overseas stocks	847,713	847,713	-	-	847,713
	$ 865,975	847,713	-	18,262	865,975

There were no financial assets and liabilities transferred at fair value levels in 2024 and 2023.

(3) Fair value valuation techniques for financial instruments at fair value

When the quoted market price of a financial instrument is available, the price shall be adopted as the fair value.

A financial instrument is considered to have a quoted price in an active market if such quotes can be obtained promptly and regularly from exchanges, brokers, underwriters, industry associations, pricing services, or regulatory agencies, and if the price represents actual and frequent fair market transactions. If these conditions are not met, the market is deemed inactive. Generally, wide bid-ask spreads, significant increases in bid-ask spreads, or minimal trading volume are indicators of an inactive market.

The monetary funds and equity instruments of foreign-listed shares held by the Company conform to the standard terms and conditions, and are traded on active markets. The fair value is determined by reference to quoted market price.

Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Company refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the balance sheet date.

The fair value of foreign corporate bonds held by the Company is determined based on quotes provided by third-party institutions. Additionally, the fair value of unlisted company stocks in inactive markets is primarily estimated using the income approach, with the discounted cash flow model. The main assumption involves measuring the fair value by discounting the expected future cash flows of the investee at a rate that reflects the time value of money and investment risks.

(4) Details of changes in the level 3

	Financial assets at fair value through other comprehensive income Equity instruments
January 1, 2024	$ 18,262
Total profit or loss	
Recognized in other comprehensive income	123,378
December 31, 2024	**$ 141,640**
January 1, 2023	$ 19,819
Total profit or loss	
Recognized in other comprehensive income	(1,557)
December 31, 2023	**$ 18,262**

The above total profit or loss is recognized and included under "Unrealized valuation gains on equity instrument investments measured at fair value through other comprehensive income" in the statement of comprehensive income.

(5) Quantitative information on measurement of significant unobservable fair value input (Level 3)

The Company's financial instruments measured at fair value and classified as Level 3 are Financial assets measured at fair value through other comprehensive income.

Quantitative information on significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Relations between significant unobservable input and fair value
Financial assets at fair value through other comprehensive income - unlisted stocks	Discounted cash flow method	• Cost of equity capital (8.51% and 11.22% as of December 31, 2024 and 2023, respectively)	• The higher the cost ratio of shareholders' equity funds, the lower the fair value

(6) Analysis of sensitivity of Level 3 fair value to reasonably possible alternative assumptions

The Company's fair value measurement of financial instruments is reasonable. However, the adoption of different valuation approaches or valuation parameters may result in different valuation results. For the financial instruments classified as Level 3 in 2024 and 2023, in case of changes in the valuation parameters, the impact on other comprehensive income in the current period is as follows:

	Input	Increase or decrease change	Changes in fair value reflected in other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Cost of equity capital	1.00%	$ 2,579	2,502
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Cost of equity capital	1.00%	$ 460	442

Favorable and adverse changes in the Company refer to fair value fluctuations, which are using valuation techniques based on different degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the statement above only reflects the effect of changes in the single input value, without taking the correlation and variability between the input values into account.

(XIX) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and other price risks) as a result of its business activities. This note presents the Company's risk exposure information for each of the above risks and the Company's objectives, policies, and procedures for measuring and managing the risks. Further quantitative disclosures are provided in the notes to the financial statements.

The Board of Directors of the Company is responsible for developing and controlling of the Company's risk management policy. The establishment of the risk management policies is aimed at recognizing and analyzing the risks of the Company, setting the appropriate risk limits and controls, and supervising compliance of the risk controls and risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and operation of the Company.

The Company supervises and reviews financial activities in accordance with relevant regulations and internal control policies. The internal auditors serve a supervisory role and regularly report the results to the Board of Directors.

1. Credit risk

Credit risk refers to the risk of financial loss incurred by the Company due to customers or counterparties of financial instruments failing to fulfill their contractual obligations. The primary sources of credit risk are the Company’s accounts receivable from customers and investments.

(1) Accounts receivable

The Company has established a credit policy. In accordance with this policy, it individually analyzes the financial condition of each customer to determine their credit limit and regularly evaluates the financial status of customers to manage exposure to credit risk.

(2) Investments

The credit risks associated with bank deposits, fixed-income investments, and other financial instruments are measured and monitored by the Company’s finance department. Since the counterparties and performing parties of the Company’s transactions are reputable banks and financial institutions with investment-grade ratings or higher, there are no significant concerns regarding performance obligations, and thus, no substantial credit risk.

2. Liquidity risk

Liquidity risk is the risk that occurs when the Company fails to deliver cash or other financial assets to settle its financial liabilities and perform its relevant obligations. The capital and working capital of the Company are sufficient to meet all contractual obligations. Therefore, there is no liquidity risk of being unable to raise funds to meet contractual obligations.

3. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and other market price fluctuations, may affect the Company's earnings or the value of its financial instruments. The objective of market risk management is to control the degree of market risk exposure within an acceptable extent and optimize the return on investment.

(1) Exchange rate risk

The Company is exposed to exchange rate risk arising from sales and purchasing transactions that are not denominated in the functional currency (NT$) of the Company. The major currency in which these transactions are denominated in USD The management of our company believes that, in addition to effectively managing the company's foreign currency net exposure within acceptable levels, the exchange rate risk for our company is not significant.

(2) Interest rate risk

The Company mainly operates with its funds, without interest-bearing debt obligations, and the value of financial assets held is not materially affected by the changes in interest rates. Therefore, the Company's management believes that the company's interest rate risk is not material.

(3) Other market risks

A. Equity instrument price risk

The Company is exposed to the risk of changes in the price of equity arising from investments in equity securities of publicly quoted entities, which are not held for trading, but long-term strategic investments.

The sensitivity analysis of equity instrument price risk is based on changes in fair value at the end of the financial reporting period. If the price of the equity instruments increase/decrease by 5%, the amount of other comprehensive income for 2024 and 2023 would have increased/decreased by NT$61,461 and NT$43,299,000, respectively.

B. Debt instrument price risk

The Company invests in foreign ordinary corporate bonds, and the price of these debt instruments may be affected by the uncertainty of the future value of the investment targets.

The sensitivity analysis for debt instrument price risk is based on fair value changes as of the end of the financial reporting period. If the prices of the debt instruments rise or fall by 5%, other comprehensive income for 2024 will increase or decrease by NT$972,000.

C. The Company holds stable yields and insignificant price risk characterize monetary funds. Therefore, the Company does not expect significant market risk for the monetary funds held.

(XX) Capital management

Based on the current operating characteristics of the industry and the prospect of the Company, taking the changes in the external environment and other factors into account, the Company planned the working capital, research and development expenses, dividend expenses, and other needs to ensure the continuous operation of the Company, rewarding shareholders while taking into account the interests of other stakeholders, and maintained an optimal capital structure to enhance shareholder value in the long term.

(XXI) Non-cash transactions in investing and financing activities

1. Please refer to Note 6 (7) for details of right-of-use assets acquired by way of leasing
2. The reconciliation of liabilities from financing activities is as follows:

			Non-cash changes		
	2024.1.1	Cash flows	Additions	Decrease	2024.12.31
Lease liabilities	$ 57,889	(32,915)	37,872	(1,002)	61,844

			Non-cash changes		
	2023.1.1	Cash flows	Additions	Decrease	2023.12.31
Lease liabilities	$ 34,866	(28,253)	51,276	-	57,889

3. Investing activities involving partial cash payments only

	Fiscal Year 2024	Fiscal Year 2023
Acquisition of property, plant and equipment	$ 84,988	20,666
Add: Equipment prepayments at end of period	1,558	30,021
Less: Equipment prepayments at beginning of period	(30,021)	-
Add: Increase in equipment prepayments	29,837	-
Cash paid during the current period	$ 86,362	50,687

VII. Related-Party Transactions

(I) Name of related party and relations

During the period covered by this parent company only financial statements, the related parties and subsidiaries who had transactions with the Company are as follows:

Name of related party	Relationship with the Company
Flexbasis Technology Inc.	Subsidiaries of the Company
MilDef Crete Australasia Pty. Ltd.	Subsidiaries of the Company
Roda Computer GmbH	The Company is one of the three shareholders of this company.
Chou Yung-Hsiang	One of the Group's key management personnel

(II) Significant Transactions with Related Parties

1. Operating revenue

	Fiscal Year 2024	Fiscal Year 2023
Subsidiaries	$ 28,115	47,817
Other related parties		
Roda Computer GmbH	928,676	781,274
	$ 956,791	829,091

The transaction prices for the Company's sales to related parties, except for some products with different specifications that have no comparable regular market prices, generally do not differ significantly from regular sales. Additionally, the credit period was originally set at 45 days upon receipt of goods. Starting from July 2023, other related parties may extend the credit period up to 90 days depending on the sales situation.

2. Purchase

	Fiscal Year 2024	Fiscal Year 2023
Subsidiaries	$ 113,596	170,275

The transaction conditions and payment terms of the Company's purchases from related parties are not significantly different from those of general manufacturers.

3. Accounts receivable from related parties

	2024.12.31	2023.12.31
Subsidiaries	$ 16,330	1,044
Other related parties		
Roda Computer GmbH	151,421	309,437
	$ 167,751	310,481

4. Other payables (including related parties)

	2024.12.31	2023.12.31
Subsidiaries	$ 8	11
Roda Computer GmbH	-	5,004
	$ 8	**5,015**

Payment made on behalf of related parties and dividends to be received from related parties.

5. Property, plant and equipment

	2024.12.31	2023.12.31
Subsidiaries	**$ 270**	**100**

The company acquired various equipment from its subsidiary.

6. Prepaid balances with related parties (recorded as other non-current assets)

	2024.12.31	2023.12.31
Subsidiaries	**$ -**	**270**

This payment is made in advance for the purchase of equipment.

7. Accounts payable to related parties (accounted as accounts payable)

	2024.12.31	2023.12.31
Subsidiaries	**$ 22,002**	**11,322**

8. Contract liabilities with related party (under contract liabilities)

	2024.12.31	2023.12.31
Other related parties		
Roda Computer GmbH	**$ 38,093**	**43,694**

9. Maintenance and other income

	Maintenance and other income	
	Fiscal Year 2024	**Fiscal Year 2023**
Subsidiaries	$ 37	455
Other related parties	3,977	4,452
	$ 4,014	**4,907**

All receivables from the above transactions have been received.

10. Technical service fees, repair and maintenance fees, and others

	Technical service fees, repair and maintenance fees, and others		Other accounts payable	
	Fiscal Year 2024	**Fiscal Year 2023**	**2024.12.31**	**2023.12.31**
Subsidiaries	$ 606	437	-	-
Other related parties	1,911	950	22	95
	$ 2,517	1,387	22	95

11. On January 26, 2024 and March 6, 2023, the Company sold 1.5% and 7.6% of its subsidiary Flexbasis to Chou, Yung-Hsiang for cash amounts of NT$1,008,000 and NT$5,040,000, respectively. The Company has received the aforementioned transaction amounts.

(III) Remuneration to key management personnel

	Fiscal Year 2024	**Fiscal Year 2023**
Short-term employee benefits	$ 20,616	21,684
Post-employment benefits	279	297
	$ 20,895	21,981

VIII. Pledged Assets

The detailed book value of the assets pledged and guaranteed by the Company are as follows:

Name of asset	**Item pledged as collateral**	**2024.12.31**	**2023.12.31**
Time deposit (under "other non-current assets")	Customs guarantee	$ 1,000	1,000

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments: None.

X. Major Disaster Losses: None.

XI. Material Events After the Balance Sheet Date

On March 5, 2025, the Company sold all its equity in Roda Computer GmbH to MilDef Group AB. The transaction consideration included cash amounting to EUR 5,600,000 and 110,000 shares of MilDef Group AB (with a lock-up period starting the day after the transaction date and lasting for two years). In addition, based on Roda Computer GmbH's actual profits for 2024, the Company may receive contingent consideration ranging from EUR 0 to 320,000.

XII. Others

Employee benefits, depreciation, and amortization expenses by functions are summarized as follows:

By function / By nature	Fiscal Year 2024 Related to operating costs	Fiscal Year 2024 Related to operating expenses	Fiscal Year 2024 Total	Fiscal Year 2023 Related to operating costs	Fiscal Year 2023 Related to operating expenses	Fiscal Year 2023 Total
Cost of Employee benefits						
Salary and wages	98,062	173,138	271,200	99,288	167,033	266,321
Labor and health insurance	7,983	15,474	23,457	7,334	15,832	23,166
Pension	3,675	7,906	11,581	3,600	7,832	11,432
Directors' remuneration	-	13,857	13,857	-	12,842	12,842
Other employee benefits	910	1,928	2,838	941	2,047	2,988
Depreciation expense	28,134	29,934	58,068	14,111	29,257	43,368
Amortization expense (Note)	2,549	1,895	4,444	1,307	3,236	4,543

(Note) Includes amortization expenses for leasehold improvements recorded under other non-current assets.

The additional information on the employee number and employee benefits expenses of the Company in 2024 and 2023 are as follows:

	Fiscal Year 2024	Fiscal Year 2023
Number of employees	301	301
Number of directors who are not current employees	6	6
Average employee benefits expense	$ 1,048	1,030
Average employee remuneration expense	$ 919	903
Adjustment of average employee remuneration expense	1.77%	
Remuneration of supervisor	$ -	-

Information on the Company's remuneration policy (including directors, managers, and employees) is as follows:

(I) The Company has established a Remuneration Committee, which is responsible for reviewing the Company's overall remuneration, the remuneration of directors, senior managers, and the form of remuneration payment.

(II) The directors of the Company are unpaid officers, and their remuneration shall be paid in accordance with Article 20 of the Articles of Incorporation. The performance policy rationality of the remuneration of director is mainly based on the approach and procedure for the performance evaluation of the Board of Directors, the overall operational performance of the Company, and the future operational needs and development of the industry. Reasonable remuneration shall be given, taking the contribution of individuals to the operation of the Company into consideration, subject to the professional deliberation of the Remuneration Committee, and to be reviewed and approved by the Board of Directors.

(III) The remuneration paid to the independent directors of the Company shall be reasonable based on the evaluation results of the "Remuneration Management Measures for Directors and Managers", considering the time invested by individual independent directors. The remuneration standard and composition of independent directors shall be reported to the Board of Directors for resolution after being approved by the Remuneration Committee.

(IV) The appointment, dismissal and remuneration of the general manager and deputy general manager of the Company shall be approved by the Board of Directors in accordance with the regulations of the Company. The remuneration standard shall be agreed upon by Human Resource Department of the Company in accordance with the relevant policies of the Company's performance evaluation, based on individual performance and contribution to the overall operation of the Company, as well as the principles of the market standard, and shall be proposed to the Board of Directors after the resolution of the Remuneration Committee and approved by the Board of Directors.

(V) The Company's employee remuneration policy is based on the individual's competence, contribution to the Company, and performance. It is positively correlates with operating performance. The overall remuneration package mainly includes basic salary, bonuses, and employee remuneration. As for the standard of remuneration, the basic salary is determined based on the market review of the employee's position; the bonus and employee remuneration are issued in connection with the achievement of employee, department goals or the Company's business performance.

XIII. Additional Disclosures

(I) Information on Related Significant Transactions

In accordance with the requirements of the Preparation Standards, for the year 2024, the information related to significant transactions that should be disclosed is as follows:

1. Loans to Others: None.
2. Endorsements/Guarantees provided to others: None.
3. Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures):

Unit: In thousands of shares/thousands of units/thousands of NT$

Company	Type and name of securities held	Relations with the securities issuer	Account	End of the period			
				Number of shares	Carrying amount	Shareholding ratio	Fair value/Net worth
The Company	Roda Computer GmbH shares	The Company is one of the company’s three shareholders	Financial assets at fair value through other comprehensive income - non-current	8	141,640	8.00 %	141,640
The Company	Alliance Technology Co., Ltd. Shares	-	〃	100	-	0.79 %	-
The Company	Shares of MilDef Group AB	-	〃	2,915	1,087,589	6.41 %	1,087,589
The Company	Verizon Communications Inc. 5.012 04/15/49 Foreign Dollar Bond	-	〃	6	19,449	-	19,449
The Company	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,727	80,181	-	80,181
The Company	UPAMC James Bond Money Market Fund	-	〃	4,610	80,181	-	80,181
The Company	Jih Sun Money Market Fund	-	〃	3,241	50,137	-	50,137

4. Marketable Securities Acquired or Sold at Costs or Prices at Least NT$300 Million or 20% of the Paid-in Capital:

Unit: thousands of shares/NT$ thousand

Buyer/Seller	Type and name of securities held	Account items	Transaction counterparty	Relationships	Beginning of period		Purchase		Sell				End of the period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book cost (Note 1)	Disposal of gains and losses	Number of shares	Amount
The Company	Shares of MilDef Group AB	Financial assets at fair value through other comprehensive income - non-current			4,196	847,713	-	-	1,281	297,478	297,478	(Note 2)	2,915	1,087,589
The Company	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current			-	-	7,708	130,000	2,981	50,319	50,319	-	4,727	80,181
The Company	UPAMC James Bond Money Market Fund	〃			-	-	7,518	130,000	2,908	50,329	50,329	-	4,610	80,181
The Company	Jih Sun Money Market Fund	〃			-	-	9,764	150,000	6,523	100,362	100,362	-	3,241	50,137

Note 1: Includes profits measured at fair value.

Note 2: Accumulated gains on disposal are directly transferred from other equity to retained earnings.

5. Acquisition of Individual Property at Costs of at Least NT$300 Million or 20% of the Paid-in Capital: None.

6. Disposal of Individual Property at Costs of at Least NT$300 Million or 20% of the Paid-in Capital: None.

7. Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital:

Unit: NT$1000

Goods purchasing (sales) company	Name of trading counterpart	Relationships	Transaction details				Situation and reason why transaction conditions are different from general transactions		Notes and accounts receivable (payable)		Remark
			Purchase (sales) of goods	Amount	Ratio of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio to Total Notes/ Accounts Receivable (Payable)	
The Company	Roda Computer GmbH	The Company is one of the company's three shareholders	(Sale of goods)	928,676	32.71%	The original credit period was 45 days from delivery, but starting from July 2023, it may be extended to 90 days based on the sales conditions.	(Note 1)	-	151,421	66.02%	
The Company	Flexbasis Technology Inc.	Parent and subsidiary	Purchase	113,596	6.20%	Payment terms: Payment is due within 60 days from the end of the month.	-		(22,002)	16.30%	(Note 2)
Flexbasis Technology Inc.	The Company	Parent and subsidiary	(Sale of goods)	113,596	96.21%	Payment terms: Payment is due within 60 days from the end of the month.	-	-	22,002	93.51%	(Note 2)

Note 1: The prices at which the Company sells goods to related parties, except for certain product specifications that lack comparable market prices, are generally not significantly different from regular market prices.

Note 2: It was written off in the consolidated financial statements.

8. Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital:

Unit: NT$1000

Company Name	Name of trading counterpart	Relationships	Balance of accounts receivables from related parties	Turnover	Overdue accounts receivables from related parties		Amount recovered after the due date of accounts receivables from related parties	Provision for bad debts
					Amount	Treatment Method		
The Company	Roda Computer GmbH	The Company is one of the company's three shareholders	151,421	4.03	-		17,936	135

9. Trading in Derivative Instruments: None.

(II) Information on Investees:

The information on the Company's reinvestment business in 2024 is as follows:

Unit: thousands of shares/NT$ thousand

Name of investor	Name of investee	Location	Main business	Initial investment amount		End of the period holdings			Profit or loss of investee in the current period	Recognized profit or loss in the period	Remark
				End of this period	End of last year	Number of shares	Percentage	Carrying amount			
The Company	Flexbasis Technology Inc.	New Taipei City	Manufacturing	23,424	24,054	2,080	56.22%	30,295	16,915	9,087	
The Company	MilDef Crete Australasia Pty. Ltd.	Australia	Trade	12,548	12,548	600	100.00%	13,453	3,196	3,196	

(III) Information on Investment in Mainland China: None.

(IV) Information on Major Shareholders:

Shares Name of major shareholder	Number of shares held	Shareholding percentage
Shen Yi-Tong	3,126,244	5.32%

Note: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares with registration of dematerialized securities completed (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial statements may differ from the actual number of shares with registration of dematerialized securities completed as a result of different bases of preparation.

XIV.Segment Information

Please refer to the 2024 Consolidated Financial Report.

Mildef Crete Inc.

Detailed Statement of Cash and Cash Equivalents

December 31, 2024 **Unit: NT$1000**

Item	Description	Amount
Petty cash		$ 402
Bank deposits		
Check deposit		7,328
Demand deposits		365,851
Foreign currency deposits	USD 1,660,000 × exchange rate 32.79	54,437
Foreign currency deposits	AUD 170,000 × exchange rate 20.39	3,461
Foreign currency deposits	Others	205
		$ 431,684

Financial assets measured at fair value through profit or loss - current details

Name of financial instrument	Description	Unit (thousands)	Acquisition cost	Fair value		Remark
				Unit price (NT$)	Total amount	
UPAMC James Bond Money Market Fund	Money funds	4,610	$ 80,000	17.3929	80,181	
Hua Nan Phoenix Money Market Fund	Money funds	4,727	80,000	16.9607	80,181	
Jih Sun Money Market Fund	Money funds	3,241	50,000	15.4706	50,137	
			$ 210,000		210,499	

Mildef Crete Inc.

Detailed Statement of Notes Receivable and Accounts Receivable

December 31, 2024 **Unit: NT$1000**

Client name		Amount
Non-related parties:		
Syntrend Creative Park Co., Ltd.	$	25,082
MilDef Products AB		15,636
MilDef Inc.		14,875
MilDef Ltd.		5,976
Others (for amount less than 5% of the balance of the current account)		399
Less: Allowance for doubtful accounts		(349)
Total	$	61,619

Detailed Statement of Inventories

Item		Amount	
		Book value (Note)	Net realizable value
Merchandise	$	135,730	141,535
Finished goods		435	2,317
Semi-finished goods		157,837	157,837
Work in process		231,945	231,945
Raw materials		737,864	737,864
Total	$	1,263,811	1,271,498

Note: Net amount upon the deduction of allowance for inventory valuation losses

Mildef Crete Inc.

Detailed Statement of Other Current Assets

December 31, 2024 **Unit: NT$1000**

Item	Description	Amount
Other receivables	Advertising fees receivable, supplier incentives receivable, and interest receivable	$ 6,074
Prepaid expenses	Prepaid maintenance fees, exhibition fees, and office repair expenses	3,843
Provision for refundable tax receivable	Estimated provision for refund of undistributed surplus tax	6,558
Others (for amount less than 5% of the balance of the current account)		1,255
Total		$ 17,730

Detailed Statement of Changes in Financial assets measured at fair value through other comprehensive income - Non-current

From January 1, 2024, to December 31, 2024

	Beginning of period		Increase in the current period		Decrease in the current period		End of the period		
Name	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Fair value	Offering Guarantees or Pledges
Roda Computer GmbH	8	$ 18,262	-	123,378	-	-	8	141,640	None
MilDef Group AB	4,196	847,713	-	537,354	(1,281)	(297,478)	2,915	1,087,589	None
Alliance Technology Co., Ltd	100	-	-	-	-	-	100	-	None
Verizon Communications Inc. 5.012 04/15/49 Foreign Dollar Bond	-	-	6	19,449 (Note)	-	-	6	19,449	None
		$ 865,975		680,181		(297,478)		1,248,678	

(Note) Represents an acquisition of NT$18,918,000 this period, along with an increase in fair value assessment of NT$531,000.

Mildef Crete Inc.

Detailed Statement of Changes in Investments by the Equity Method

From January 1, 2024, to December 31, 2024 **Unit: NT$ thousand/thousands of shares**

Name	Opening balance		Increase in the current period		Decrease in the current period		Investment income (loss) recognized under the equity method	Exchange differences arising from the translation of the financial statements of foreign operations	Ending balance			Net value of equity		Offering Guarantees or Pledges
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount			Number of shares	Shareholding percentage	Amount	Unit price	Total price	
MilDef Crete Australasia Pty Ltd	600	$ 10,706	-	-	-	(21) (Note 1)	3,196	(428)	600	100.00	13,453	22.42	13,453	None
Flexbasis Technology Inc.	2,136	28,188	-	-	(56)	(6,980) (Note 2)	9,087	-	2,080	56.22%	30,295	14.56	30,295	None
		$ 38,894		-		(7,001)	12,283	(428)			43,748		43,748	

Note 1:The adjustment of gross profit from sales of NT$21,000 has not been realized.

Note 2:During the current period, we distributed cash dividends of NT$6,239,000 for profit distribution and disposed of equity method investments totaling NT$741,000.

Mildef Crete Inc.

Detailed Statement of Other Non-current Assets

December 31, 2024 **Unit: NT$1000**

Item	Description	Amount
Refundable deposits	Deposits for store and plant premises and operational-related guarantees	$ 7,554
Refundable deposits	Tariff guarantee for collateralized assets	1,000
Plant renovation projects	Leasehold improvements	6,574
Payment made in advance for purchase of equipment	Payment made in advance for purchase of equipment	1,558
		$ 16,686

Contract liabilities statement

Item	Amount
SCS Technologies Pte LTD	$ 110,272
Roda Computer GmbH	38,093
Others (for amount less than 5% of the balance of the current account)	14,416
Total	**$ 162,781**

Mildef Crete Inc.

Detailed statement of notes payable

December 31, 2024 **Unit: NT$1000**

Manufacturer name	Description	Amount
Conline Electronics Co., Ltd.	Purchase	$ 2,649
Data Systems Co., Ltd.	System maintenance and procurement of intangible assets	1,941
Rego Electronics Inc.	Purchase	1,693
Shin Tung Shin Spray Paint Limited Company	Interior decoration and renovation projects	1,516
Jindian Technology Co., Ltd.	Purchase	1,493
Lianzaki Precision Industry Co., Ltd.	〃	1,347
Others (for amount less than 5% of the balance of the current account)	〃	16,135
		$ 26,774

Detailed Statement of Accounts Payable

Manufacturer name	Description	Amount
Non-related parties		
Acer Inc.	Purchase	$ 24,219
Synnex Technology International Corporation	〃	24,374
Others (for amount less than 5% of the balance of the current account)	〃	37,649
Related parties		22,002
		$ 108,244

Mildef Crete Inc.

Detailed statement of other accounts payable

December 31, 2024 **Unit: NT$1000**

Item	Description	Amount
Employee dividends payable		$ 67,752
Salary payable		37,757
Payable bonus for unused off-day		17,260
Remuneration payable to directors		13,579
Labor insurance premiums payable		2,474
Accrued labor costs		2,743
Others		5,987
Total		$ 147,552

Detailed statement of lease liabilities

Item	Description	Lease period	Discount rate	Ending balance	Remark
Houses and Buildings		2017/7-2029/2	1.35%	$ 61,844	
Lease liabilities - current				$ 29,351	
Lease liabilities - non-current				$ 32,493	

Mildef Crete Inc.

Detailed statement of operating costs

From January 1, 2024, to December 31, 2024 Unit: NT$1000

Item		Amount
Goods inventory at the beginning of the period	$	112,213
Add: Net purchase of goods in the current period		1,260,928
Less: Goods inventory at the end of the period		(136,457)
Inventory losses		(16)
Transfer to various expenses		(304)
Cost of good sold - goods		1,236,364
Raw materials in the beginning of the period		838,351
Add: Net material purchased in the current period		569,361
Transfer of sample fees		4,003
Transfer of work-in-progress and semi-finished goods		41,076
Inventory surplus		284
Less: Raw materials at the end of the period		(989,382)
Actual amount incurred of after-sales service reserves		(2,359)
Transfer to various expenses		(1,716)
Cost of raw material sales		(8,193)
Consumption of raw materials		451,425
Direct Labor		63,964
Manufacturing expenses		80,864
Manufacturing costs		596,253
Products in process and semi-finished products in the beginning of the period		589,222
Add: Semi-finished products		605
Inventory surplus		9
Transfer of finished goods		375
Less: Products in process and semi-finished products at the end of the period		(481,843)
Transfer of raw materials		(41,076)
Transfer to various expenses		(12,876)
Sale of semi-finished products		(16,474)
Manufacturing costs		634,195
Add: Finished products at the beginning of the period		1,507
Less: Finished products at the end of the period		(1,241)
Transfer to work-in-progress and semi-finished goods		(375)
Transfer to various expenses		(5,192)
Cost of goods sold - finished goods		628,894
Cost of raw materials sold		8,193
Cost of semi-finished products sold		16,474
Cost of goods sold - manufacturing		653,561
Include: Costs for outsourced maintenance		6,570
Provision for after-sales service		10,828
Estimated employee bonus		32,455
Inventory valuation loss		51,615
Less: Inventory surplus		(277)
Total cost of goods sold	$	1,991,116

Mildef Crete Inc.

Detailed Statement of Operating Expense

From January 1, 2024, to December 31, 2024 **Unit: NT$1000**

Item		Selling and marketing expenses	General and administrative expenses	Research and development expenses
Salary expenditure	$	100,890	24,222	48,026
Insurance premium		9,760	3,099	3,558
Depreciation		25,833	1,600	2,501
amortization of various items		57	482	1,356
Sample expense		-	-	17,774
Entrusted research expenses		-	-	3,993
Commission expenditure		5,528	-	-
Retirement benefits		4,813	1,222	1,871
Labor expense		13	3,953	-
Bank charges		6,359	897	-
Other expenses		15,900	26,826	20,393
Total	$	169,153	62,301	99,472

For detailed statement of other financial assets - current, please refer to Note 6 (1) to the financial statements

For information regarding Accounts Receivable and Other Receivables - Related Parties, please refer to Note 7 to the financial statements

For detailed statement of changes in property, plant and equipment, please refer to Note 6 (6) to the financial statements

For detailed statement of changes in right-of-use assets, please refer to Note 6 (7) to the financial statements

For detailed statement of changes in intangible assets, please refer to Note 6 (8) to the financial statements

For detailed statement deferred income tax assets, please refer to Note 6 (12) to the financial statements

For details statement of deferred income tax liabilities, please refer to Note 6 (12) to the financial statement

For detailed statement of operating income, please refer to note 6 (15) to the financial statements

For detailed statement of income, please refer to Note 6 (17) to the financial statements

For detailed statement of other income, please refer to Note 6 (17) of the financial statements

For detailed statement of other profits or losses, please refer to Note 6 (17) to the financial statements

For detailed statement of financial costs, please refer to Note 6 (17) to the financial statements