

Parpro Corporation and its
subsidiaries

Consolidated Financial Statements
for the
Years Ended December 31, 2022
and 2021 and
Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Parpro Corporation as of and for the year ended December 31, 2022 under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 “Consolidated Financial statements”. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Parpro Corporation and subsidiaries did not prepare a separate set of consolidated financial statements.

Very truly yours,
Parpro Corporation
By

WEN JIA LIAO
Chairman
March 9, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders

Parpro Corporation

Opinion

We have audited the accompanying consolidated financial statements of Parpro Corporation and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis of Audit Opinion

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

Key check items

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Authenticity of Revenue Occurrence

Parpro Group mainly sells gaming and industrial computers, as well as aerospace and defense industry products. In 2022, the amount of product revenue from some customers has changed significantly compared with the amount in the same period last year. Considering that the revenue recognition has a high innate risk of fraud, and the management may be under pressure to achieve the expected financial goals, because the authenticity of such income is listed as a key verification item.

The main verification procedures performed by our auditors on the above matters are as follows:

1. Understand and test the main internal control system of these revenues, and evaluate its design and implementation effectiveness.
2. Obtain the detailed accounts of these incomes, select samples to perform detailed tests, and review documents such as orders, shipping orders, and invoices to confirm the authenticity of such incomes.
3. Obtain the sub-accounts of these incomes, and select samples to test whether there are major differences in the recipients and amounts of receivables and offsets, so as to confirm the authenticity of such incomes.

Other Matter

Parpro Corporation has prepared the individual financial statements of year 2022 and 2021, we have audited and the audit report issued with unmodified opinions.

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

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

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

Those charged with governance, including the audit committees, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The engagement partners on the audits resulting in this independent auditors' report are Pei De Chen and Jun Hong Chen.

Parpro Corporation and its subsidiaries
Consolidated Balance Sheets
December 31, 2022 And 2021
(In Thousands of New Taiwan Dollars)

Asset	December 31 ,2022		December 31, 2021	
	Amount	%	Amount	%
Current assets				
Cash (Notes 4 and 6)	\$ 143,828	4	\$ 314,524	11
Accounts receivable (Notes 4, 9 and 27)	688,004	20	361,371	12
Other receivables (Notes 4, 9 and 27)	49,501	2	1,673	-
Current income tax assets	2,616	-	978	-
Inventories (Notes 4 and 10)	1,066,199	30	775,409	26
Prepayments	49,058	1	72,682	2
Total Current Assets	1,999,206	57	1,526,637	51
Non-current assets				
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	10,160	-	-	-
Investments accounted for using the equity method (Notes 4, 5 and 12)	594,576	17	552,882	18
Property, plant and equipment (Notes 4 and 13)	154,899	5	177,594	6
Right-of-use assets (Notes 4 and 14)	217,931	6	234,802	8
Goodwill (Notes 4, 5 and 15)	462,379	13	416,758	14
Intangible assets (Notes 4 and 15)	78,171	2	80,524	3
Deferred tax assets (Notes 4 and 23)	1,211	-	1,431	-
Other non-current assets	12,197	-	11,342	-
Total non-current assets	1,531,524	43	1,475,333	49
Total assets	<u>\$ 3,530,730</u>	<u>100</u>	<u>\$ 3,001,970</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Short-term borrowings (Note 16)	620,479	17	654,560	22
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	11,954	-	7,948	-
Accounts payable	282,266	8	170,829	6
Other payables (Notes 18 and 27)	166,584	5	62,253	2
Current tax liabilities	10,979	-	12,467	-
Provisions	1,113	-	1,113	-
Lease liabilities (Notes 4 and 14)	37,083	1	34,571	1
Current portion of long-term borrowings(Notes 16 and 17)	130,041	4	562,575	19
Other current liabilities (Notes 21 and 27)	96,808	3	17,300	1
Total current liabilities	1,357,307	38	1,523,616	51
Non-current liabilities				
Corporate bonds payable (Notes 4 and 17)	463,567	13	-	-
Long-term borrowings (Note 16)	47,827	2	64,298	2
Deferred tax liabilities (Notes 4 and 23)	1,995	-	20	-
Lease liabilities (Notes 4 and 14)	185,855	5	200,994	7
Total non-current liabilities	699,244	20	265,312	9
Total liabilities	2,056,551	58	1,788,928	60
Equity (Notes 4 and 20)				
Share capital				
Ordinary shares	833,544	24	834,516	28
Share capital to be registered	-	-	28	-
Total share capital	833,544	24	834,544	28
Capital surplus	329,808	9	310,881	10
Retained earnings				
Legal surplus reserve	131,486	4	120,889	4
Special surplus reserve	137,381	4	76,537	3
Unappropriated earnings	104,145	3	105,974	3
Total retained earnings	373,012	11	303,400	10
Other equity	(33,051)	(1)	(204,059)	(7)
Treasury shares	(29,134)	(1)	(31,724)	(1)
Total equity	1,474,179	42	1,213,042	40
Total liabilities and equity	<u>\$ 3,530,730</u>	<u>100</u>	<u>\$ 3,001,970</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 9, 2023)

Parpro Corporation and its subsidiaries

Consolidated Statements of Comprehensive Income

For The Years Ended December 31, 2022 And 2021

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

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Notes 4, 21 and 27)	\$ 2,776,680	100	\$2,097,948	100
Operating costs (Notes 9, 10 and 22)	2,318,545	84	1,780,226	85
Operating profit	458,135	16	317,722	15
Operating expenses (Notes 9 and 22)				
Selling and marketing expenses	31,433	1	36,307	2
General and administrative expenses	319,434	12	282,978	13
Research and development expenses	7,594	-	20,374	1
Expected credit loss	10,756	-	9,242	-
Total operating expenses	369,217	13	348,901	16
Net operating profit (loss)	88,918	3	(31,179)	(1)
Non-operating income and expenses (Notes 22 and 27)				
Interest income	428	-	66	-
Other income	23,003	1	145,578	7
Other gains and losses	18,981	1	(1,353)	-
Financial costs	(54,009)	(2)	(27,683)	(1)
Share of profits (losses) of subsidiaries accounted for using the equity method	30,420	1	14,159	-
Total non-operating income and expenses	18,823	1	130,767	6
Net profit before tax	107,741	4	99,588	5
Income tax (expense) benefit (Notes 4 and 23)	(8,228)	-	6,718	-
Net profit for the year	99,513	4	106,306	5

(continued on next page)

(continued from previous page)

	2022		2021	
	Amount	%	Amount	%
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(\$ 7,300)	-	\$ -	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	9,144	-	(10,856)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	172,155	6	(50,320)	(2)
Other comprehensive income (loss) for the year, net of income tax	173,999	6	(61,176)	(3)
Total comprehensive profit and loss for the year	<u>\$ 273,512</u>	<u>10</u>	<u>\$ 45,130</u>	<u>2</u>
Earnings per share (Note 24)				
Basic	<u>\$ 1.21</u>		<u>\$ 1.29</u>	
Dilution	<u>\$ 1.07</u>		<u>\$ 1.13</u>	

The accompanying notes are an integral part of the consolidated financial statements.
 (With Deloitte & Touche auditors' report dated March 9, 2023) (Concluded)

Parpro Corporation and its subsidiaries
Consolidated Statements of Changes In Equity
For The Years Ended December 31, 2022 And 2021
(In Thousands of New Taiwan Dollars)

	Share capital			Retained earnings			Other equity				
	Ordinary Shares	Share capital to be registered	Capital surplus	Legal surplus reserve	Special surplus reserve	Unappropriated earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity	
Balance at January 1, 2021	\$ 834,516	\$ -	\$ 351,925	\$ 148,508	\$ 76,537	(\$ 27,619)	(\$ 143,644)	\$ 429	(\$ 31,724)	\$ 1,208,928	
Legal surplus reserve offset deficit	-	-	-	(27,619)	-	27,619	-	-	-	-	
Cash dividends distributed from capital surplus	-	-	(41,113)	-	-	-	-	-	-	(41,113)	
Net profit for the year ended December 31, 2021	-	-	-	-	-	106,306	-	-	-	106,306	
Other comprehensive loss after tax for the year ended December 31, 2021	-	-	-	-	-	(332)	(50,320)	(10,524)	-	(61,176)	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	105,974	(50,320)	(10,524)	-	45,130	
Convertible corporate bond conversion	-	28	69	-	-	-	-	-	-	97	
Balance at December 31, 2021	<u>834,516</u>	<u>28</u>	<u>310,881</u>	<u>120,889</u>	<u>76,537</u>	<u>105,974</u>	<u>(193,964)</u>	<u>(10,095)</u>	<u>(31,724)</u>	<u>1,213,042</u>	
Surplus Distribution for the year ended December 31, 2021											
Legal surplus reserve	-	-	-	10,597	-	(10,597)	-	-	-	-	
Special surplus reserve	-	-	-	-	60,844	(60,844)	-	-	-	-	
Cash dividends distribution	-	-	-	-	-	(32,892)	-	-	-	(32,892)	
Total surplus distribution	-	-	-	10,597	60,844	(104,333)	-	-	-	(32,892)	
Net profit for the year ended December 31, 2022	-	-	-	-	-	99,513	-	-	-	99,513	
Other comprehensive loss after tax for the year ended December 31, 2022	-	-	-	-	-	2,991	172,155	(1,147)	-	173,999	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	102,504	172,155	(1,147)	-	273,512	
Issuance of convertible corporate bonds recognizes equity components	-	-	28,740	-	-	-	-	-	-	28,740	
Cash dividends distributed from capital surplus	-	-	(8,223)	-	-	-	-	-	-	(8,223)	
Convertible corporate bond conversion	28	(28)	-	-	-	-	-	-	-	-	
Treasury Shares cancellation	(1,000)	-	(1,590)	-	-	-	-	-	2,590	-	
Balance at December 31, 2022	<u>\$ 833,544</u>	<u>\$ -</u>	<u>\$ 329,808</u>	<u>\$ 131,486</u>	<u>\$ 137,381</u>	<u>\$ 104,145</u>	<u>(\$ 21,809)</u>	<u>(\$ 11,242)</u>	<u>(\$ 29,134)</u>	<u>\$ 1,474,179</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 9, 2023)

Parpro Corporation and its subsidiaries
Consolidated Statements of Cash Flows
For The Years Ended December 31, 2022 And 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities		
Income before income tax	\$107,741	\$99,588
Adjustments for:		
Depreciation expense	81,919	71,079
Amortization expense	10,838	10,185
Expected credit loss recognized on accounts receivable	10,756	9,242
Net gain (loss) on fair value changes of financial assets at fair value through profit or loss	4,003	(6,099)
Financial costs	54,009	27,683
Interest income	(428)	(66)
Profit and loss shares of subsidiaries and affiliated enterprises using the equity method	(30,420)	(14,159)
Gain on disposal of property, plant and equipment	(108)	-
Write-downs of inventories	34,362	17,884
Unrealized foreign exchange (benefit) losses	(3,261)	1,005
Losses on repayment of convertible corporate bonds	6,175	-
Government grant income	(18,113)	(141,321)
Changes in operating assets and liabilities		
Accounts receivable	(285,266)	(34,001)
Other receivables	(46,342)	2,197
Inventories	(236,871)	(131,988)
Prepayments	6,323	(3,520)
Accounts payable	88,357	55,041
Other payables	28,772	(26,121)
Other current liabilities	78,119	(1,497)
Cash generated from (used in) operations	(109,435)	(64,868)
Interest received	428	66
Interest paid	(38,243)	(18,740)
Income tax returned	(8,487)	9,738
Net cash used in operating activities	(155,737)	(73,804)

(Continued on next page)

(Continued from previous page)

	2022	2021
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 17,460)	\$ -
Payments for property, plant and equipment	(2,302)	(37,817)
Disposal of property, plant and equipment	108	-
Increase in refundable deposits	(206)	-
Decrease in refundable deposits	-	636
Decrease in other non-current assets	349	1,396
Dividends received from associates	3,990	4,713
Net cash generated from (used in) investing activities	(15,521)	(31,072)
Cash flows from financing activities		
Decrease in short-term borrowings	(48,078)	(10,896)
Issuance of convertible corporate bonds	494,409	-
Repayment of convertible corporate bonds	(425,500)	-
Proceeds from long-term borrowings	70,000	123,767
Repayment of long-term borrowings	(101,036)	(107,197)
Increase in other payables	65,000	-
Repayment of the principal portion of lease liabilities	(36,971)	(34,434)
Cash dividends paid	(41,115)	(41,113)
Net cash generated from (used in) from financing activities	(23,291)	(69,873)
Effects of exchange rate changes on the balance of cash held in foreign currencies	23,853	(10,886)
Net (decrease) increase in cash	(170,696)	(185,635)
Cash at the beginning of the year	314,524	500,159
Cash at the end of the year	<u>\$ 143,828</u>	<u>\$ 314,524</u>

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

(With Deloitte & Touche auditors' report dated March 9, 2023)

(Concluded)

Parpro Corporation and its subsidiaries

Notes to Financial Statements for The Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Parpro Corporation (hereinafter referred to as "the company") was established on December 27, 2001. The company engaged in the manufacturing and selling of motherboards for security control and communication, industrial computers and gaming machines.

Since November 21, 2013, the Company's shares have been listed on the Taiwan Stock Exchange (TWSE).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 9, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2024

Note1 : Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2 : The seller and lessee shall apply IFRS retroactively to the sale and leaseback transactions signed after 16 days after the initial application of IFRS Amendments to 16 .

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- (1) Assets held primarily for the purpose of trading;
- (2) Assets expected to be realized within twelve months after the reporting period; and
- (3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- (3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

This consolidated financial report includes the financial reports of the company and entities (subsidiaries) controlled by the company. The subsidiaries' financial reports have been adjusted to bring their accounting policies into line with those of the consolidated company. When preparing the consolidated financial report, all transactions, account balances, income and expenses between entities have been eliminated.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 11 and Table 6.

e. Foreign currency

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

f. Inventory

Inventories, which comprise finished goods, work-in-process, raw materials and merchandise, are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

g. Investing in affiliated companies

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount

charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

h. Real estate, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are

reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

j. Intangible assets

(1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in

estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

(2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

(3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

(1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost and equity instruments at fair value through other comprehensive income (FVTOCI). A. Financial assets measured at amortized cost

- i. Financial assets at FVTPL Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria. Financial assets at FVTPL are subsequently measured at fair value, with any gains or

losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- (i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable (including long-term receivables) and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset. Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

(iii) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading

or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost, including accounts receivables.

The Group always recognizes lifetime ECLs for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(2) Financial liabilities

(a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c) Convertible corporate bonds

The convertible corporate bonds issued by the merged company are based on the substance of the contract agreement and the definition of financial liabilities and equity instruments, and its components are classified as financial liabilities and equity at the time of original recognition.

On original recognition, the fair value of the liability component is estimated using prevailing market interest rates for similar non-convertible instruments and measured at amortized cost using the effective interest method until the date of conversion or maturity. The liability component that is embedded in a non-equity derivative is measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the overall fair value of the compound instrument minus the separately determined fair value of the liability component, which is recognized as equity after deducting the impact of income tax, and will not be measured

subsequently. When the conversion right is exercised, its related liability components and the amount in equity will be transferred to share capital and capital reserve - issue premium. If the conversion right of the convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital reserve - others.

Transaction costs related to the issuance of convertible corporate bonds are apportioned to the liabilities and equity components of the instrument in proportion to the apportioned total price.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Merchandise sales revenue

Merchandise sales revenue comes from the sales of gaming and industrial computers, and aerospace and defense industry components. The products sold by the merged company are recognized as revenue when the products are shipped according to the contract, and the merged company recognizes accounts receivable at that point in time .

When processing without materials, the control of the ownership of the processed products has not been transferred, so revenue is not recognized when the materials are removed.

n. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

(1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

(2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition

exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs are recognized in profit or loss as incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial

support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

(1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service costs, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service costs) and net interest on a net defined benefit liability (asset) are recognized as employee benefits expenses in the period that they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, and additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

(2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for deductible temporary differences or unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and that they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which a liability is settled or an asset is realized, based on tax rates and tax laws that have been

enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(3) Current tax and deferred tax for the year

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

The merged company holds 20.86% of the voting rights of Anderson Industrial Corporation and is the single largest shareholder. After considering the number and distribution of voting rights held by other shareholders, other shareholders are not very scattered, and the voting pattern of the previous shareholders' meeting shows that other shareholders are not passive, and the merged company cannot appoint more than half of

the members of the governance unit, so it cannot dominate the relevant activities of Ender Company and therefore has no control. The management of the merged company believes that it only has a significant impact on Anderson Industrial Corporation, so it is listed as an affiliated company of the merged company.

Major Sources of Uncertainty in Estimates and Assumptions

Estimated goodwill impairment

Determining whether goodwill is impaired requires an estimate of the value in use of the cash-generating units to which the goodwill is allocated. To calculate value in use, management should estimate the future cash flows expected to be generated from the cash-generating unit and determine the appropriate discount rate to use in calculating the present value. If the actual cash flow is less than expected, or if the facts and circumstances change and the future cash flow is revised downward or the discount rate is revised upward, significant impairment losses may occur.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand and working capital	\$ 455	\$ 418
Bank Check and Demand Deposit	143,373	314,106
	<u>\$ 143,828</u>	<u>\$ 314,524</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2022	2021
Bank balance	0%~1.05%	0%~0.05%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
<u>Financial liabilities</u>	2022	2021
Held for trading		
Derivatives		
-Right of redemption	<u>\$ 11,954</u>	<u>\$ 7,948</u>

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Equity instrument investment		
Domestic listed stocks	\$ 10,160	\$ -

The group invests in the above-mentioned ordinary shares for medium and long-term strategic purposes, and expects to make profits through long-term investment. The management of the group believes that if the short-term fair value fluctuations of these investments are included in the profit and loss, it is inconsistent with the aforementioned long-term investment plan, so it chooses to designate the investment to be measured at fair value through other comprehensive profits and losses.

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Accounts receivable</u>		
At amortized cost	\$ 730,234	\$ 389,504
Gross carrying amount		
Less: Allowance for impairment loss	(42,230)	(28,133)
	<u>\$ 688,004</u>	<u>\$ 361,371</u>
<u>Other receivables</u>		
Tax Refund Receivable (Note)	\$ 47,902	\$ -
Other	1,599	1,673
	<u>\$ 49,501</u>	<u>\$ 1,673</u>

Note: Affected by the novel coronavirus pneumonia epidemic, the U.S. federal government passed the "New Crown Virus Aid, Relief, and Economic Security Act (CARES Act)" and provided an employee retention tax credit program (Employee Retention Credit, hereinafter referred to as ERC), It aims to assist small and medium-sized enterprises to maintain their ability to continue operating during the economic shutdown due to the spread of the epidemic, so as to continue to pay employees' salaries and provide employment.

December 31, 2022, the U.S. subsidiary of the Group applied to the U.S. Federal Revenue Service (Internal Revenue Service) for the application of the ERC plan, and the business cost and business expense deduction of USD 1,634,000 has been approved and transferred.

The average credit period of the company for commodity sales is 30 to 180 days.

The group recognizes the allowance loss of accounts receivable according to the expected credit loss during the existence period. The expected credit loss during the duration is based on the consideration of the customer's past collection experience, the increase in delayed payment exceeding the average credit period, and at the same time the customer's past default record, current financial situation and industrial economic situation. According to the credit loss historical experience of the merged company, there is no significant difference in the loss patterns of different customer groups, so no further distinction is made between customer groups, and the expected credit loss rate is determined only by the days of accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the company cannot reasonably expect the recoverable amount, the company will write off the relevant accounts receivable directly, but will continue to pursue activities, and the recovered amount due to the recovery will be recognized in profit or loss.

The allowance for accounts receivable of the consolidated company is as follows:

December 31,2022

	Less than 180 days	181~365 days	More than 366 days	Total
Gross carrying amount	\$ 687,974	\$ 4,454	\$ 37,806	\$ 730,234
Loss allowance (Lifetime ECLs)	=	(4,424)	(37,806)	(42,230)
Amortized cost	<u>\$ 687,974</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 688,004</u>

December 31, 2021

	Less than 180 days	181~365 days	More than 366 days	Total
Gross carrying amount	\$358,115	\$9,991	\$21,398	\$389,504
Loss allowance (Lifetime ECLs)	=	(6,735)	(21,398)	(28,133)
Amortized cost	<u>\$358,115</u>	<u>\$3,256</u>	<u>\$ -</u>	<u>\$361,371</u>

The above is an aging analysis based on the invoice date.

The movements of the loss allowance for accounts receivable were as follows:

	2022	2021
Balance at January 1	\$ 28,133	\$ 43,338
Add: Net remeasurement of loss allowance	10,756	9,242
Less: Amounts written off	-	(23,423)
Foreign exchange gains and losses	3,341	(1,024)
Balance at December 31	<u>\$ 42,230</u>	<u>\$ 28,133</u>

10. **INVENTORIES**

	December 31	
	2022	2021
Raw materials	\$ 556,175	\$ 365,194
Work in progress	492,607	402,903
Finished goods	17,417	7,312
	<u>\$ 1,066,199</u>	<u>\$ 775,409</u>

The cost of goods sold related to inventory for the years ended December 31, 2022 and 2021 was \$ 2,318,545 thousand and \$1,780,226 thousand respectively.

The cost of goods sold for the years ended December 31, 2022 and 2021, including inventory depreciation and sluggish loss, was \$34,362 thousand and \$17,884 thousand respectively.

11. **SUBSIDIARIES**

a. Subsidiaries included in the consolidated financial statements:

Investor			Proportion of Ownership		Remark
			December 31		
			2022	2021	
Investor	Investee	Nature of Activities	2022	2021	Remark
The company	Efa Technologies Corporation	Sales of industrial computers and gaming machines, etc.	100%	100%	-
	Parpro Holdings Co., Ltd.	Investment	100%	100%	-
Parpro Holdings Co., Ltd.	AP Parpro, Inc.	Production and sales of aerospace industry parts	100%	100%	-
	Pilot (Las Vegas), Inc.	Investment	100%	100%	-
	Parpro Quality Inc.	Investment	100%	100%	-
AP Parpro, Inc.	Parpro (Nevada), Inc.	Sales of industrial computers and gaming machines, etc.	80%	80%	-
Pilot (Las Vegas), Inc.	Parpro (Nevada), Inc.	Sales of industrial computers and gaming machines, etc.	20%	20%	-
Parpro Quality Inc.	Parpro Technologies Inc.	Production and sales of Netcom, aerospace and defense industry components	100%	100%	-

b. Subsidiaries not included in the consolidated financial report: None.

12. **INVESTMENTS USING THE EQUITY METHOD**

Invest in affiliated companies

	December 31	
	2022	2021
Significant affiliated enterprises		
Anderson Industrial Corporation	\$ 554,651	\$ 512,334
Individually insignificant affiliated enterprises	39,925	40,548
	<u>\$ 594,576</u>	<u>\$ 552,882</u>

Significant affiliated enterprises are as follows:

Company Name	Nature of Activities	Principal place of business	Shareholding and voting rights ratio	
			December 31, 2022	December 31, 2021
Anderson Industrial Corporation	Non-metallic computer numerical control machining centers, PCB electronic machinery, cutting tools, plates, etc.	Taiwan	20.86%	20.86%

- a. Investments using the equity method and the combined company's share of profits and losses and other comprehensive profits and losses are recognized in accordance with the financial reports audited by auditors for the same period.
- b. Level 1 fair value information of affiliated companies with open market quotations is as follows:

Company Name	December 31	
	2022	2021
Anderson Industrial Corporation	<u>\$ 405,031</u>	<u>\$ 476,859</u>

13. **PROPERTY, PLANT AND EQUIPMENT**

	Buildings	Machinery	Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 86,670	\$ 304,941	\$ 80,703	\$ 472,314
Additions	14,464	11,486	11,867	37,817
Disposals	-	(320)	(2,905)	(3,225)
Effect of foreign currency exchange differences	(2,605)	(4,538)	(2,050)	(9,193)
Balance at December 31, 2021	<u>\$ 98,529</u>	<u>\$ 311,569</u>	<u>\$ 87,615</u>	<u>\$ 497,713</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2021	\$ 16,070	\$ 214,863	\$ 61,414	\$ 292,347
Depreciation	5,441	24,477	6,003	35,921
Disposals	-	(320)	(2,905)	(3,225)
Effect of foreign currency exchange differences	(516)	(2,937)	(1,471)	(4,924)
Balance at December 31, 2021	<u>\$ 20,995</u>	<u>\$ 236,083</u>	<u>\$ 63,041</u>	<u>\$ 320,119</u>
Carrying amount at December 31, 2021	<u>\$ 77,534</u>	<u>\$ 75,486</u>	<u>\$ 24,574</u>	<u>\$ 177,594</u>

(Continued on next page)

(Continued from previous page)

	Buildings	Machinery	Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 98,529	\$ 311,569	\$ 87,615	\$ 497,713
Additions	1,118	135	1,049	2,302
Disposals	-	-	(850)	(850)
Effect of foreign currency exchange differences	10,820	17,925	8,353	37,098
Balance at December 31, 2022	<u>\$ 110,467</u>	<u>\$ 329,629</u>	<u>\$ 96,167</u>	<u>\$ 536,263</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ 20,995	\$ 236,083	\$ 63,041	\$ 320,119
Depreciation	8,768	25,323	6,815	40,906
Disposals	-	-	(850)	(850)
Effect of foreign currency exchange differences	2,565	12,692	5,932	21,189
Balance at December 31, 2022	<u>\$ 32,328</u>	<u>\$ 274,098</u>	<u>\$ 74,938</u>	<u>\$ 381,364</u>
Carrying amount at December 31, 2022	<u>\$ 78,139</u>	<u>\$ 55,531</u>	<u>\$ 21,229</u>	<u>\$ 154,899</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	3 to 50 years
Machinery	5 to 8 years
Other Equipment	3 to 8 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 217,599	\$ 233,473
Transportation equipment	332	1,329
A	<u>\$ 217,931</u>	<u>\$ 234,802</u>

	December 31	
	2022	2021
Addition of right-of-use assets	\$ -	\$ 120,638

	December 31	
	2022	2021
Depreciation charge for right-of-use assets		
Buildings	\$ 40,016	\$ 34,161
Transportation equipment	997	997
	<u>\$ 41,013</u>	<u>\$ 35,158</u>

Aside from the additions and depreciation expenses listed above, there were no major subleases and impairments of the right-of-use assets of the company in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 37,083</u>	<u>\$ 34,571</u>
Non-current	<u>\$ 185,855</u>	<u>\$ 200,994</u>

Range of discount rate for lease liabilities was 1.38% to 4.75% on December 31, 2022 and 2021.

15. **GOODWILL AND INTANGIBLE ASSETS**

	Intangible assets		
	Goodwill	Customer relations	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 428,803	\$ 150,004	\$ 578,807
Effect of foreign currency exchange differences	(12,045)	(4,213)	(16,258)
Balance at December 31, 2021	<u>\$ 416,758</u>	<u>\$ 145,791</u>	<u>\$ 562,549</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ -	\$ 56,797	\$ 56,797
Amortization expense	-	10,185	10,185
Effect of foreign currency exchange differences	-	(1,715)	(1,715)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 65,267</u>	<u>\$ 65,267</u>
Carrying amount at December 31, 2021	<u>\$ 416,758</u>	<u>\$ 80,524</u>	<u>\$ 497,282</u>

		<u>Intangible assets</u>	
	Goodwill	Customer relations	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 416,758	\$ 145,791	\$ 562,549
Effect of foreign currency exchange differences	45,621	15,959	61,580
Balance at December 31, 2022	<u>\$ 462,379</u>	<u>\$ 161,750</u>	<u>\$ 624,129</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ -	\$ 65,267	\$ 65,267
Amortization expense	-	10,838	10,838
Effect of foreign currency exchange differences	-	7,474	7,474
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 83,579</u>	<u>\$ 83,579</u>
Carrying amount at December 31, 2022	<u>\$ 462,379</u>	<u>\$ 78,171</u>	<u>\$ 540,550</u>

The above items of intangible asset are amortized on a straight-line basis over the estimated useful lives as follows:

Customer relations	14 years
--------------------	----------

The management believes that the key assumptions on which the cash-generating unit's recoverable amount is based, any reasonable possible changes in it will not cause the book value of the above-mentioned intangible assets to exceed the recoverable amount, so there was no asset impairment in 2022 and 2021.

16. BORROWINGS

a. Short-term loans

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Bank loan	<u>\$ 620,479</u>	<u>\$ 654,560</u>
Interest rate range	1.80%-8.00%	1.04%- 4.25%

b. Long-term loans

	December 31	
	2022	2021
<u>Unsecured borrowing</u>		
Bank loan	\$ 106,338	\$ 154,828
Less: Current portion	(58,511)	(90,530)
Long term loan	<u>\$ 47,827</u>	<u>\$ 64,298</u>
Interest rate range	2.01%-2.47%	1.00%-1.60%
Loan due date	September 2025	May 2026

Affected by the novel coronavirus pneumonia epidemic, the U.S. federal government passed the "New Crown Virus Aid, Relief, and Economic Security Act (CARES Act)" and established the Paycheck Protection Program (Paycheck Protection Program), which aims to assist small and medium-sized enterprises in the economic spread of the epidemic. Maintain the ability to continue operating during the shutdown period, and then continue to pay employee salaries and provide employment.

As of December 31, 2022 and 2021, the US subsidiary of the merged company obtained a loan balance (accounted for long-term loan) approved by a bank authorized by the US Small Business Administration (Small Business Administration) of US \$ 0 and USD 630 thousand, mainly used to pay employee salaries and related welfare expenses. This loan can be exempted if it meets all specific conditions. The principal of the loan that has not been exempted must be repaid at a fixed rate of 1% plus interest within a specific period. Clearly, the US subsidiary of the company has applied for a loan exemption, which has been approved in 2022 and 2021 and has been transferred to the government subsidy income of US\$ 630 thousand and US\$5,003 thousand respectively.

17. **CORPORATE BONDS PAYABLE**

	December 31	
	2022	2021
Domestic Unsecured Convertible Corporate Bonds	\$ 574,400	\$ 499,900
Less: Discount of corporate bonds payable	(39,303)	(27,855)
Less: Current portion	(71,530)	(472,045)
Total corporate bonds payable	<u>\$ 463,567</u>	<u>\$ -</u>

The company issued the second domestic unsecured convertible corporate bond with a coupon rate of 0% on December 13, 2019, and it was listed for trading on the counter trading center on the same day, with a total principal amount of 502,500 thousand and a face value of 100 thousand, issued according to 100.50% of the face value, the issuance terms is 5 years, and the conversion period is from March 14, 2020 to December 13, 2024. The conversion price at the time of issuance was \$39 per share. Due to the distribution of dividends, the conversion price has been adjusted to \$34.7 since August 23, 2022.

Following the issuance of the convertible corporate bonds 3 months to 40 days before the expiration of the issuance period, if the closing price of the company's common stock in the centralized trading market exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days or when the outstanding balance of the convertible bonds is less than 10% of the original issued total amount, the company may take back all the bonds in cash according to the face value of the bonds.

After the issuance of the convertible corporate bonds for 3 and 4 years, the bondholders may request the company to redeem the convertible bonds they hold in cash at the face value of the bonds plus interest compensation.

This convertible corporate bond includes liabilities and equity components, and the equity component is expressed as "capital reserves - stock options" under the equity item. The liability component was originally recognized with an effective interest rate of 1.9452%.

As of December 31, 2022, the bondholders exercised the right to sell back, and the company has paid \$438,393 thousand (including interest compensation of \$12,893 thousand, the book value of corporate bonds \$409,369 thousand and financial liabilities measured at fair value through profit and loss \$9,956 thousand), and \$6,175 thousand was recognized as a repayment loss.

Issue price (less transaction costs of \$5,406 thousand)	\$ 497,094
Equity components	(31,774)
Deferred tax assets	1,081
Financial liabilities	(12,739)
Components of Liabilities at Issue Date	<u>\$ 453,662</u>
Components of Liabilities as at January 1 ,2021	\$ 463,066
Interest calculated at an effective rate of 1.9452% (Note 22)	9,073
Corporate bonds payable convert into ordinary shares	(94)
Components of Liabilities as at December 31 ,2021	<u>472,045</u>
Interest calculated at an effective rate of 1.9452% (Note 22)	8,854
Repay corporate debt	(409,369)
Components of Liabilities as at December 31 ,2022	<u>\$ 71,530</u>

The company issued the third domestic unsecured convertible corporate bond with a coupon rate of 0% on March 10, 2022, and it was listed for trading on the counter trading center on the same day. It is issued according to 100.00% of the face value, the issuance term is 5 years, and the conversion period is from June 11, 2022 to March 10, 2027. The conversion price at the time of issuance was \$29.2 per share. Due to the distribution of dividends, the conversion price has been adjusted to \$28.6 since August 23, 2022.

Following the issuance of the convertible corporate bonds 3 months to 40 days before the expiration of the issuance period , if the closing price of the company's common stock in the centralized trading market exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days or when the outstanding balance of the convertible bonds is less than 10% of the original issued total amount , the company may take back all the bonds in cash according to the face value of the bonds.

After the issuance of the convertible corporate bonds for 3 and 4 years, the bondholders may request the company to redeem the convertible bonds they hold in cash at the face value of the bonds plus interest compensation.

This convertible corporate bond includes liabilities and equity components, and the equity component is expressed as "capital reserves - stock options" under the equity item. The liability component was originally recognized with an effective interest rate of 1.8061%.

Issue price (less transaction costs of \$5,591 thousand)	\$ 494,409
Equity components	(28,740)
Deferred tax assets	1,118
Financial liabilities	(9,960)
Components of Liabilities at Issue Date	<u>\$ 456,827</u>
Issue date liability components on 2022	\$ 456,827
Interest calculated at an effective rate of 1.8061% (Note 22)	6,740
Components of Liabilities as at December 31 ,2022	<u>\$ 463,567</u>

18. **OTHER PAYABLES**

	December 31	
	2022	2021
Payables for salaries and bonuses	\$ 52,818	\$ 16,963
Payables for compensation of employees and remuneration to directors and supervisors	5,408	3,342
Payables to related parties (Note 27)	65,000	-
Other	43,358	41,948
	<u>\$ 166,584</u>	<u>\$ 62,253</u>

19. **RETIREMENT BENEFIT PLANS**

Defined contribution plans

Companies of the Group in Taiwan adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in other countries are members of state-managed retirement benefit plans operated by the local government. The subsidiary is required to contribute amounts equal to a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

20. **EQUITY**

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousand)	<u>120,000</u>	<u>120,000</u>
Shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and fully paid (in thousand)	<u>83,354</u>	<u>83,452</u>
Shares issued	<u>\$ 833,544</u>	<u>\$ 834,516</u>

As of December 31, 2021, there were still 3,000 shares that had not yet been registered for change due to the conversion of convertible corporate bonds, and were listed as pending registration share capital.

Among the authorized share, 500 thousand shares are reserved for the issuance of employee stock option certificates.

b. Capital reserves

	December 31	
	2022	2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 268,383	\$ 278,196
Lapsed stock option	27,957	917
<u>May not be used for any purpose</u>		
Convertible corporate bond warrants	33,468	31,768
	<u>\$ 329,808</u>	<u>\$ 310,881</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's number of shares fully paid).

c. Retained earnings and dividend policy

On May 31, 2022, the company passed the resolution of the shareholders' meeting to amend the Articles of Association, stipulating that when the company distributes surplus, statutory surplus reserves and capital

reserves in cash, the board of directors is authorized to have more than two-thirds of the directors present and Distributed by a resolution of more than half of the directors present, and reported to the shareholders' meeting.

According to the earnings distribution policy stipulated in the company's revised Articles of Association, the company will consider the company's environment and growth stage, respond to future capital needs and long-term financial planning, and meet shareholders' needs for cash inflow. If there is a surplus in the annual final accounts, Taxes should be paid first to make up for the losses of previous years, and 10% should be set aside as the legal surplus reserve, except when the legal surplus reserve has reached the total capital, and it can be allocated or reversed the special surplus reserve according to business needs or regulations of the competent authority.

Shareholder dividends are based on the consideration of the current year's after-tax surplus and the accumulated undistributed surplus in the previous period. The principle of distributing the surplus amount shall not be less than 10% of the current year's after-tax surplus. Cash dividends shall not be less than 10% of the total dividends. If it is less than 0.1 yuan per share, it can be distributed as stock dividends, but the distribution ratio can be adjusted depending on the company's future earnings and capital status. When the company has no profit, no dividends and bonuses will be distributed. For employee and director remuneration distribution policy, please refer to Note 22 (6) Employee and Director Remuneration. The statutory surplus reserve shall be appropriated until its balance reaches the total paid-in share capital of the company. The statutory surplus reserve can be used to make up for losses. When the company has no losses, the portion of the statutory surplus reserve exceeding 25% of the total paid-in share capital may be allocated to share capital and distributed in cash.

The company's general meeting of shareholders on July 2, 2021 resolved to make up the loss of 27,619 thousand with the legal surplus reserve, and distributed \$0.5 per share in cash with the capital reserve of \$41,113 thousand.

On May 31, 2022, the company's shareholders' general meeting resolved to approve the 2021 profit distribution plan as follows:

	Surplus Distribution Proposal	Dividend per share (Dollar)
Legal reserve	\$10,597	
Special reserve	60,844	
Cash dividend	32,892	\$0.40

The Company's shareholders resolved to issue \$0.1 per share of cash dividends from capital surplus of \$8,223 thousand.

d. Treasury share

<u>Purpose of Buy-back</u>	<u>Shares transferred to employees (in thousands of shares)</u>
Number of Shares at January 1,2021	1,225
Shares Transferred to Employees	-
Number of Shares at December 31,2021	1,225
Shares Cancelled	(100)
Number of Shares at December 31,2022	1,125

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.²¹.

21. INCOME

	2022	2021
Revenue from the sale of goods	\$ 2,776,680	\$ 2,097,927
Others	-	21
	<u>\$ 2,776,680</u>	<u>\$ 2,097,948</u>

a. Description of customer revenue

Revenue from the sale of goods

Sales revenue comes from the sales of gaming and industrial computers, and aerospace and defense industry components. The products sold by the company are recognized as revenue when the products are shipped

according to the contract, and the company recognizes accounts receivable at the same time.

When processing without materials, the control of the ownership of the processed products has not been transferred, so revenue is not recognized when the materials are removed.

b. Contract Balance

	December 31 2022	December 31 2021	January 1 2021
Accounts receivable (Note 9)	<u>\$688,004</u>	<u>\$361,371</u>	<u>\$346,173</u>
Contract liabilities (accounted for other current liabilities) (Note 27)	<u>\$ 63,136</u>	<u>\$ 16,118</u>	<u>\$ 16,663</u>

Changes in contract liabilities are primarily attributable to differences in the timing of satisfaction of performance obligations and the timing of payment by customers.

c. For the breakdown of customer revenue, please refer to Note 31.

22. **NET INCOME**

Net income for the year includes the following items:

a. Other income

	2022	2021
Government grant income (Note 16)	\$ 18,113	\$ 141,321
Rental income	1,995	1,983
Others	2,895	2,274
	<u>\$ 23,003</u>	<u>\$ 145,578</u>

b. Other gains and losses

	2022	2021
Net foreign exchange gain (loss)	\$ 29,354	(\$ 7,282)
Net gain(loss) on financial instruments at FVTPL	(4,003)	6,099
Disposal gain on property, plant and equipment	108	-
Losses on repayment of convertible corporate bonds	(6,175)	-
other	(303)	(170)
	<u>\$ 18,981</u>	<u>(\$ 1,353)</u>

c. Finance cost

	2022	2021
Interest on Convertible Corporate Bonds	\$ 15,594	\$ 9,073
Interest on bank loans	14,844	11,164
Compensation interest for repayment of convertible corporate bonds	12,893	-
Interest on lease liabilities	10,678	7,446
	<u>\$ 54,009</u>	<u>\$ 27,683</u>

d. Depreciation and amortization

	2022	2021
Property, plant and equipment	\$ 40,906	\$ 35,921
Right-of-use assets	41,013	35,158
Intangible assets	10,838	10,185
	<u>\$ 92,757</u>	<u>\$ 81,264</u>
An analysis of depreciation by function		
Operating cost	\$ 61,621	\$ 51,409
Operating expenses	20,298	19,670
	<u>\$ 81,919</u>	<u>\$ 71,079</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 10,838</u>	<u>\$ 10,185</u>

e. Employee benefits expense

	2022	2021
Short-term benefits		
Salary	\$ 511,826	\$ 432,451
Labor health insurance	25,285	33,091
Other employment expenses	13,670	21,064
	<u>550,781</u>	<u>486,606</u>
Post-employment benefits (Note 19)		
Defined contribution plans	3,204	3,381
	<u>\$ 553,985</u>	<u>\$ 489,987</u>
An analysis of employee benefits expense by function		
Operating cost	\$ 365,788	\$ 290,714
Operating expenses	188,197	199,273
	<u>\$ 553,985</u>	<u>\$ 489,987</u>

f. Remuneration of employees and directors

If the company makes profits in the year, it should allocate 1% to 15% as employee remuneration, which is distributed by the board of directors in the form of stocks or cash. The distribution objects include employees of subordinate companies who meet certain conditions; the company can increase the profit, the resolution of the board of directors shall allocate no more than 5% as director remuneration. Proposals on employee and director remuneration distribution should be reported to the shareholders' meeting. However, if the company still has accumulated losses, it shall reserve the compensation amount in advance, and then appropriate the remuneration of employees and directors in accordance with the proportion mentioned in the preceding paragraph.

On March 9, 2023 and March 16, 2022, the remuneration of employees and directors in 2022 and 2021 were resolved by the board of directors as follows:

<u>Accrual rate</u>	2022	2021
Compensation of employees	2%	2%
Remuneration of directors	1%	1%

<u>Amount</u>	2022		2021	
	Cash	Stock	Cash	Stock
Compensation of employees	\$ 2,120	\$ -	\$ 2,228	\$ -
Remuneration of directors	1,060	-	1,114	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate next year.

There is no difference between the actual distribution amount of employee and director and supervisor remuneration in 2021 and the recognized amount in the 2021 consolidated financial report. Due to the loss in 2020, the remuneration of employees and directors was not estimated.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at

the Market Observation Post System website of the Taiwan Stock Exchange.

23. **INCOME TAX**

a. Income tax recognized in profit or loss:

Major components of income tax expense (benefit) are as follows:

	2022	2021
Current tax		
In respect of the current year	\$ 4,922	\$ 149
Adjustments for prior years	(7)	(8,618)
Deferred tax		
In respect of the current year	3,313	1,751
Income tax expense (benefit) recognized in profit or loss	<u>\$ 8,228</u>	<u>(\$ 6,718)</u>

A reconciliation of accounting profit and income tax expense (benefit) is as follows:

	2022	2021
Net profit (loss) before income tax	<u>\$ 107,741</u>	<u>\$ 99,588</u>
Income tax expense calculated at the statutory rate	\$ 21,548	\$ 19,918
Effect of different tax rate of entities in the Group operating in other jurisdictions	3,938	1,512
Nondeductible expenses in determining taxable income	7,444	1,817
Tax-exempt income	(6,596)	(3,761)
Unrecognized temporary differences	(12,201)	(13,976)
Unrecognized loss carryforwards	(5,898)	(3,610)
Adjustments for prior years' tax	(7)	(8,618)
Income tax expense (benefit) recognized in profit or loss	<u>\$ 8,228</u>	<u>(\$ 6,718)</u>

b. Deferred income tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

<u>2022</u>	Opening Balance	Recognized in Profit or Loss	Recognized in equity	Closing Balance
<u>Deferred tax assets</u>				
Unrealized exchange loss	\$ 224	(\$ 224)	\$ -	\$ -
Issuance cost of convertible corporate bonds	361	(640)	1118	839
Inventory write-downs	623	(474)	-	149
Others	223	-	-	223
	<u>\$ 1,431</u>	<u>(\$ 1,338)</u>	<u>\$ 1,118</u>	<u>\$ 1,211</u>
<u>Deferred tax liabilities</u>				
Unrealized exchange gain	\$ -	\$ 1,975	\$ -	\$ 1,975
Others	20	-	-	20
	<u>\$ 20</u>	<u>\$ 1,975</u>	<u>\$ -</u>	<u>\$ 1,995</u>
 <u>2021</u>	 Opening Balance	 Recognized in Profit or Loss	 Recognized in equity	 Closing Balance
<u>Deferred tax assets</u>				
Unrealized exchange loss	\$ 1,692	(\$ 1,468)	\$ -	\$ 224
Issuance cost of convertible corporate bonds	721	(360)	-	361
Inventory write-downs	546	77	-	623
Others	223	-	-	223
	<u>\$ 3,182</u>	<u>(\$ 1,751)</u>	<u>\$ -</u>	<u>\$ 1,431</u>
<u>Deferred tax liabilities</u>				
Others	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>

c. Unused and unrecognized loss carryforwards information

Company	Unused Amount	Expiry Year
The company	<u>\$ 6,097</u>	2030
Efa Technologies Corporation	<u>\$ 14,724</u>	2027-2032

d. Income tax assessments

The latest annual income tax returns that have been assessed by the tax authorities were as follows:

Company	Year
The company	2020
Efa Technologies Corporation	2020

24. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	2022	2021
Basic earnings per share	\$ <u>1.21</u>	\$ <u>1.29</u>
Diluted earnings per share	\$ <u>1.07</u>	\$ <u>1.13</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows::

<u>Net Income for the Year</u>	2022	2021
Net income of ordinary shares in computation of basic earnings per share	\$ 99,513	\$ 106,306
Effect of potentially dilutive ordinary shares Compensation of employees:		
Convert corporate bonds	7,030	2,974
Net income of ordinary shares used in the computation of diluted earnings per share	\$ <u>106,543</u>	\$ <u>109,280</u>

	Unit: thousand shares	
<u>Number of ordinary shares</u>	2022	2021
Weighted average number of ordinary shares in computation of basic earnings (loss) per share	\$ 82,327	\$ 82,227
Effect of potentially dilutive ordinary shares Compensation of employees:		
Convert corporate bonds	17,483	14,124
Employee compensation	96	69
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	\$ <u>99,906</u>	\$ <u>96,420</u>

The second domestic unsecured conversion corporate bond in 2022 was not included in the calculation of diluted earnings per share due to anti-dilution. If the company may settle the compensation of employees in cash or shares; therefore, the Group assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the

potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. **CAPITAL MANAGEMENT**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

26. **FINANCIAL INSTRUMENTS**

a. Fair value of financial instruments that are not measured at fair value

Except as listed in the table below, the Group's management considers the carrying amounts recognized in the consolidated financial statements for financial assets and financial liabilities not carried at fair value to approximate their fair values or their fair values cannot be reliably measured:

	December 31,2022		December 31,2021	
<u>Financial liabilities</u>	Carrying amount	Fair Value	Carrying amount	Fair Value
Convertible corporate bonds				
- The second domestic convertible bonds	\$ 71,530	\$ 75,479	\$ 472,045	\$ 512,597
- The third domestic convertible bonds	463,567	497,500	-	-

The fair value of convertible corporate bonds is measured by Level 2 input values. The valuation is based on the weighted average \$100 price in the OTC trading center on the reporting date to calculate the fair value.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

(1) Fair value hierarchy

<u>December 31, 2022</u>	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI Equity instruments</u>				
Domestic listed stocks	\$ 10,160	\$ -	\$ -	\$ 10,160
<u>Financial liabilities at FVTPL</u>				
<u>Beneficiary certificates</u>				
Derivatives	\$ -	\$ 11,954	\$ -	\$ 11,954
<u>December 31, 2021</u>				
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at FVTPL</u>				
<u>Beneficiary certificates</u>				
Derivatives	\$ -	\$ 7,948	\$ -	\$ 7,948

There were no transfers between Levels 1 and 2 in the current and prior periods

(2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - convertible corporate bond redemption option	The fair value of financial assets or liabilities of convertible corporate bonds based on observable stock prices, risk-free interest rates, and risk discount rates at the end of the period.

c. Categories of financial instruments

	<u>December 31</u>	
<u>Financial assets</u>	<u>2022</u>	<u>2021</u>
Financial assets at amortized cost (Note1)	\$ 881,333	\$ 677,568
Financial assets at FVTOCI		
Equity instruments	10,160 -	
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	11,954	7,948
Financial liabilities at amortized cost (Note2)	1,710,764	1,514,515

Note 1: The balance includes financial assets such as cash, accounts receivable and other receivables measured at amortized cost.

Note 2: The balance includes short-term loans, accounts payable, other payables, long-term liabilities due within one year, corporate bonds payable, long-term loans and other financial liabilities measured at amortized cost.

d. Financial risk management objectives and policies

The main financial instruments of the merged company include accounts receivable, accounts payable, corporate bonds payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

(1) Market risk

The Group's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(a) Foreign currency risk

The Group had foreign currency sales and purchases, which were exposed to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following details the effects of a 10% increase or decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The rate of 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment

of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. For a 10% strengthening of NTD against the relevant currency, the net profit before tax would be a decrease of \$32,464 thousand for the year ended December 31, 2022, and the net loss before tax would be an decrease of \$25,302 thousand for the year ended December 31, 2021.

(b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
- Financial liabilities	\$ 758,035	\$ 725,065
Cash flow interest rate risk		
- Financial assets	90,331	299,923
- Financial liabilities	726,817	791,933

Sensitivity Analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents

management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2022 would have decreased or increased by \$636 thousand and the Group's pre-tax loss for the year ended December 31, 2021 would have increased or decreased by \$492 thousand, which was mainly attributable to the Group's exposure to cash flow on its variable-rate bank borrowings.

(2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and due to financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of excellent grade. This information is supplied by a rating agency where available and, if not available, the Group uses other publicly available financial information to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Financial assets are potentially affected by the counterparty of the merging company or other parties failing to perform the contract, and the merging company takes the contract with a positive fair value on the balance sheet date as the evaluation object. The transaction partners of the merged company are all reputable

financial institutions and manufacturers, so no significant credit risk is expected.

The Group did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

(3) Liquidity risk

The company manages and maintains sufficient cash to support operations and mitigate the impact of cash flow fluctuations. The management of the merged company regularly supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

(a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

<u>December 31, 2022</u>	Demand immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ -	\$ 383,850	\$ -	\$ -	-
Variable interest rate liabilities	108,036	206,548	368,063	48,447	-
Lease liabilities	4,180	7,973	35,304	178,732	43,139
Corporate bonds payable	-	-	74,400	500,000	-
	<u>\$ 112,216</u>	<u>\$ 598,371</u>	<u>\$ 477,767</u>	<u>\$ 727,179</u>	<u>\$ 43,139</u>

<u>December 31, 2021</u>	Demand immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ -	\$ 233,082	\$ -	\$ -	\$ -
Variable interest rate liabilities	130,163	230,620	387,156	64,714	-
Lease liabilities	3,700	7,400	33,390	183,826	58,981
Corporate bonds payable	-	-	499,900	-	-
	<u>\$ 133,863</u>	<u>\$ 471,102</u>	<u>\$ 920,446</u>	<u>\$ 248,540</u>	<u>\$ 58,981</u>

The above amount of variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

(b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facility		
- Amount used	\$726,817	\$809,388
- Unused amount	220,000	110,000
	<u>\$946,817</u>	<u>\$919,388</u>

27. **TRANSACTIONS WITH RELATED PARTIES**

The Company is the ultimate controller of the group.

Transactions, account balances, income and expenses between the Company and its subsidiaries (related parties of the Company) are all eliminated upon consolidation, so they are not disclosed in this note.

(a) Related parties and their relationships with the Company:

Related Party	Relationship with the Company
Liao, Wen Jia	Chairman of the Company
Anderson Industrial Corp.	Associate
Sogotec Precision Co., Ltd.	Associate
Giben do Brasil Maqs. e Equip.	Other related party
Giben Holdings Co., Ltd. (SAMOA) (Giben SAMOA)	Other related party
Anderson Logistics Corporation	Other related party
Anderson Merchandise Corporation	Other related party
Verite Corporation	Other related party

(b) Sales

Related Party Category/Name	2022	2021
Other related parties	<u>\$ 55,774</u>	<u>\$ -</u>

For major transactions between the Group and related parties, the transaction price is considerably the same as those of non-related parties.

(c) Accounts receivable

Related Party Category/Name	December 31	
	2022	2021
Other related parties	<u>\$ 10,450</u>	<u>\$ -</u>

Outstanding receivables from related parties have not received guarantee. The amount receivable from related parties in 2022 has not been provided as a provision for loss.

(d) Other receivables

Related Party Category/Name	December 31	
	2022	2021
Other related parties	\$ 488	\$ -
Associate	55	-
	<u>\$ 543</u>	<u>\$ -</u>

(e) Temporary collection (accounted for other current liabilities)

Related Party Category/Name	December 31	
	2022	2021
Other related party		
Giben SAMOA	<u>\$ 30,710</u>	<u>\$ -</u>

(f) Contract liabilities (accounted for other current liabilities)

Related Party Category/Name	December 31	
	2022	2021
Associate		
Anderson Industrial Corp.	<u>\$ 45,810</u>	<u>\$ -</u>

(g) Borrowing from related parties (accounted for other payables)

Related Party Category/Name	December 31	
	2022	2021
Chairman of the Company	\$ 65,000	\$ -

The interest rate of the company's borrowing from related parties is equivalent to the market interest rate.

(h) Other income

Account	Related Party Category/Name	2022	2021
Rental income	Associate	\$ 1,114	\$ 1,114
	Other related parties	797	797
		<u>\$ 1,911</u>	<u>\$ 1,911</u>
Other	Associate	132	132
	Other related parties	140	120
		<u>\$ 272</u>	<u>\$ 252</u>

(i) Compensation of key management personnel

	2022	2021
Short-term employee benefits	\$ 43,506	\$ 38,469
Post-employment benefits	328	328
	<u>\$ 43,834</u>	<u>\$ 38,797</u>

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

As of December 31, 2022, the amount of guarantee notes issued by the company in order to obtain a bank line of credit was 970,000 thousand.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The entities in the Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

<u>December 31, 2022</u>	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
<u>Monetary items</u>			
USD	\$ 11,177	30.71(USD:NTD)	\$ 343,246
Financial liabilities			
<u>Monetary items</u>			
USD	606	30.71(USD:NTD)	18,610
 <u>December 31, 2021</u>	 Foreign Currencies	 Exchange Rate	 Carrying Amount
Financial assets			
<u>Monetary items</u>			
USD	\$ 9,174	27.68(USD:NTD)	\$ 253,936
Financial liabilities			
<u>Monetary items</u>			
USD	33	27.68(USD:NTD)	913

Foreign exchange gains and losses with significant impact (realized and unrealized) are as follows:

	2022		2021	
Functional currency	Exchange rate	Net exchange (loss) gain	Exchange rate	Net exchange (loss) gain
NTD	(NTD:NTD)	<u>\$29,354</u>	(NTD:NTD)	<u>(\$ 7,282)</u>

30. **SEPARATELY DISCLOSED ITEMS**

(a) Information about significant transactions

- (1) Financing provided to others. (Table 1)
- (2) Endorsements/guarantees provided. (None)
- (3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures).(Table 2)
- (4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)

- (6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- (9) Trading in derivative instruments. (None)
- (10) Intercompany relationships and significant intercompany transactions formation on investees. (Table 5)
- (b) Information on investees: Table 6
- (c) Information on investments in mainland China: None.
- (d) Information of major shareholders:
List all shareholders with ownership of 5% or greater showing the name of the shares and percentage of ownership of each shareholder (Table 7)

31. **SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

(a) Segments revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment revenue		Segment income (loss)	
	2022	2021	2022	2021
<u>Segment</u>				
Gaming and Industrial Computers	\$ 841,118	\$ 466,567	\$ 29,423	(\$ 15,877)
Aerospace and Defense Industry	1,935,562	1,631,381	59,495	(15,302)
Total revenue	<u>\$ 2,776,680</u>	<u>\$ 2,097,948</u>	88,918	(31,179)
<u>Segment</u>			18,823	130,767
Net profit before tax			<u>\$ 107,741</u>	<u>\$ 99,588</u>

(b) Segment total assets and liabilities

The Group's segment total assets and liabilities and other segment information were not provided to the chief operating decision maker; therefore, disclosure was not necessary.

(c) Geographic information

The main place of operation and non-current assets of the Company is the United States.

(d) Main customer information

The income from a single customer accounts for more than 10% of the total income of the company as follows:

	2022	2021
A customer	\$ 708,026	\$ 420,278
B customer	348,575	339,095
C customer	299,284	288,473
	<u>\$ 1,355,885</u>	<u>\$ 1,047,846</u>

Table 1

Parpro Corporation and its subsidiaries

Financing Provided To Others

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

No	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	AP Parpro, Inc.	Other receivables	yes	\$214,970	\$214,970	\$161,626	2.5%-3%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$294,836 The loan limit should not exceed 20% of total equity of the Company.	\$737,090 The loan limit should not exceed 50% of total equity of the Company.
		Parpro (Nevada), Inc.	Other receivables	yes	30,710	30,710	1,566	3%	Short-term financing	-	Operation requirements	-	-	-	294,836 The loan limit should not exceed 20% of total equity of the Company.	737,090 The loan limit should not exceed 50% of total equity of the Company.
		Parpro Technologies, Inc.	Other receivables	yes	30,710	30,710	2,303	3%	Short-term financing	-	Operation requirements	-	-	-	294,836 The loan limit should not exceed 20% of total equity of the Company.	737,090 The loan limit should not exceed 50% of total equity of the Company.
1	Parpro Holdings Co., Ltd.	AP Parpro, Inc.	Other receivables	yes	67,562	67,562	67,562	2.75%-3%	Short-term financing	-	Operation requirements	-	-	-	1,726,575 The loan limit should not exceed 100% of total equity of the Company.	1,726,575 The loan limit should not exceed 100% of total equity of the Company.
2	Parpro Technologies, Inc.	Parpro (Nevada), Inc.	Other receivables	yes	57,987	55,278	55,278	2.75%	Short-term financing	-	Operation requirements	-	-	-	1,141,669 The loan limit should not exceed 100% of total equity of the Company.	1,141,669 The loan limit should not exceed 100% of total equity of the Company.
		AP Parpro, Inc.	Other receivables	yes	132,082	125,911	96,644	2.5%-2.75%	Short-term financing	-	Operation requirements	-	-	-	1,141,669 The loan limit should not exceed 100% of total equity of the Company.	1,141,669 The loan limit should not exceed 100% of total equity of the Company.
3	Parpro (Nevada), Inc.	AP Parpro, Inc.	Other receivables	yes	32,215	30,710	-	2.75%	Short-term financing	-	Operation requirements	-	-	-	128,802 The loan limit should not exceed 100% of total equity of the Company.	128,802 The loan limit should not exceed 100% of total equity of the Company.

Table 2

Parpro Corporation and its subsidiaries
Marketable Securities Held
December 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares (In Thousands of Shares)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The company	iCatch Technology, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	254,000	\$10,160	-	\$10,160	-

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial Instruments”.

Note 2: Information on investments in subsidiaries and associates, see Table 6 for details.

Table 3

Parpro Corporation and its subsidiaries
Total Purchases From or Sales To Related Parties Amounting To At Least \$100 Million Or 20% of The Paid-In Capital
For The Year Ended December 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AP Parpro, Inc.	Parpro Nevada, Inc.	Subsidiary	Sale	(\$575,995)	(38%)	NET 30 days	Agreed	None	\$61,908	17%	-

Table 4

Parpro Corporation and its subsidiaries
Receivables From Related Parties Amounting To At Least Nt\$100 Million Or 20% Of The Paid-In Capital
December 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The company	AP Parpro, Inc.	Subsidiary	Other receivables \$208,088	-	\$ -	-	\$40,756	\$ -

Note: As of March 3, 2022.

Table 5

Parpro Corporation and its subsidiaries

Business Relationship and Significant Intercompany Transaction

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Relationship (Note1)	Transaction Details			
				Financial Account	Amount	Transaction Terms	% to Total Revenue or Assets
0	The Company	AP Parpro, Inc.	1	Sales revenue	\$19,569	According to the conditions agreed by both parties	1%
				Accounts receivable	38,821	According to the conditions agreed by both parties	1%
				Other income	32,189	According to the conditions agreed by both parties	1%
				Other receivables	208,088	According to the conditions agreed by both parties	6%
		Parpro Nevada, Inc.	1	Other income	11,445	According to the conditions agreed by both parties	-
				Other receivables	19,352	According to the conditions agreed by both parties	1%
		Parpro Technologies Inc.	1	Other income	41,489	According to the conditions agreed by both parties	1%
				Other receivables	58,132	According to the conditions agreed by both parties	2%
1	Parpro Holdings Co., Ltd.	AP Parpro, Inc.	3	Other receivables	69,698	According to the conditions agreed by both parties	2%
2	AP Parpro, Inc.	Our company	1	Sales revenue	12,332	According to the conditions agreed by both parties	-
				Accounts receivable	18,816	According to the conditions agreed by both parties	1%
		Parpro Nevada, Inc.	3	Sales revenue	575,995	According to the conditions agreed by both parties	21%
				Accounts receivable	61,908	According to the conditions agreed by both parties	2%
		Parpro Technologies Inc.	3	Other receivables	21,071	According to the conditions agreed by both parties	1%
3	Parpro Technologies Inc.	Parpro Nevada, Inc.	3	Other receivables	55,278	According to the conditions agreed by both parties	2%
		AP Parpro, Inc.	3	Other receivables	96,644	According to the conditions agreed by both parties	3%
4	Parpro Nevada, Inc.	AP Parpro, Inc.	3	Sales revenue	77,671	According to the conditions agreed by both parties	3%
				Accounts receivable	27,499	According to the conditions agreed by both parties	1%
		Parpro Technologies Inc.	3	Other receivables	11,918	According to the conditions agreed by both parties	-

Note 1:

1. Parent to subsidiary.

2. Subsidiary to parent.

3. Between subsidiaries

Note 2: The disclosed amount is at least NT\$10,000 thousand.

Table 6

Parpro Corporation and its subsidiaries

Information On Investees (Excluding Information On Investment In Mainland China)

For The Year Ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands of Shares)	%	Carrying Amount			
The Company	Efa Technologies Corporation	Taiwan	Sales of industrial computers and gaming machines, etc.	\$ -	\$20,000	3,271,945	100	\$20,840	\$1,847	\$1,847	Subsidiary
	Parpro Holdings Co., Ltd.	British Virgin Islands	Investment	USD36,190	USD36,190	36,190	100	1,726,575	60,533	60,533	Subsidiary
	Anderson Industrial Corp.	Taiwan	Non-metallic computer numerical control machining center	470,758	470,758	39,904,488	20.86	554,651	155,667	31,051	Associate
	Sogotec Precision Co., Ltd.	Taiwan	Manufacturing and sales of machinery	56,507	56,507	959,880	4.73	26,523	(8,864)	(419)	Associate
Efa Technologies Corporation	Sogotec Precision Co., Ltd.	Taiwan	Manufacturing and sales of machinery	28,797	28,797	485,000	2.39	13,402	(8,864)	Not applicable	Associate
Parpro Holdings Co., Ltd.	AP Parpro, Inc.	USA	Production and sales of aerospace industry parts	USD12,722	USD12,722	6,765	100	456,010	47,204	Not applicable	Second-tier Subsidiary
	Pilot (Las Vegas), Inc.	USA	Investment	USD735	USD735	735	100	25,758	16,096	Not applicable	Second-tier Subsidiary
	Parpro Quality Inc.	USA	Investment	USD23,955	USD23,955	23,500,000	100	1,141,669	27,702	Not applicable	Second-tier Subsidiary
AP Parpro, Inc.	Parpro (Nevada), Inc.	USA	Sales of industrial computers and gaming machines, etc.	USD2,941	USD2,941	510	80	103,044	80,482	Not applicable	Second-tier Subsidiary
Pilot (Las Vegas), Inc.	Parpro (Nevada), Inc.	USA	Sales of industrial computers and gaming machines, etc.	USD735	USD735	490	20	25,758	80,482	Not applicable	Second-tier Subsidiary
Parpro Quality Inc.	Parpro Technologies Inc.	USA	Production and sales of netcom, aerospace and defense industry components	USD23,500	USD23,500	12,859	100	1,141,669	27,702	Not applicable	Second-tier Subsidiary

Table 7

Parpro Corporation

Anderson Industrial Corporation Information Of Major Shareholders

December 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Liao, Wen Jia	8,071,942	9.68%
Yunyong Investment Co., Ltd.	7,500,865	8.99%
Jieshi Investment Co., Ltd.	5,830,415	6.99%

Note:

The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis