Stock code：4916
PARPRO CORPORATION

Reference materials for various resolutions of the shareholders' meeting in 2024

Proposals

1. Adoption of the Company's 2023 Business Report and Financial Statements and subsidiaries' consolidated financial statements.
   Description:
   (1) The company's 2023 annual financial statements and the consolidated financial statements prepared in accordance with the International Financial Reporting Standards have been completed, and have been audited by Deloitte & Touch, together with the 2023 annual business report have been approved by the board of directors. The audit committee has reviewed.
   (2) Please refer to Appendix 1 and Appendice 3 for the above business report and financial statements.
   Resolution:
2. Adoption of the proposal for distribution of 2023 earnings of the Company.
   Description: Please refer to Appendix 4 for the company's 2023 profit distribution statement.
   Resolution:

Election

1. Co-option of Director

   Description:

   (1) According to the articles of association of the company, the company shall have three to seven directors with three-year terms. The director election adopts the candidate nomination system of Article 192-1 of the Company Law. The shareholders' meeting shall decide on the list of director candidates. If elected, the director could be continue in office.

   (2) The company currently has a total of six directors (including independent directors) and plans to co-opt one director. The term of office will be the same as that of the current directors until May 30, 2025.

   (3) The information of the director candidates has been nominated and approved by the company's board of directors on March 13, 2024. Please refer to Appendix 5 for the information of the director candidates.

   Resolution:

Motions

Adjournment of Meeting

(Appendix 1)

2023 Annual Business Report

2023 operating results, 2024 year business plan and future company development strategy, affected by external competition environment, regulatory environment and overall business environment are explained as follows:

1. 2023 business results
   (1) 2023 business plan implementation results
   In 2023, benefiting from the continued increase in economic and industrial demand after the epidemic and the influx of new orders from the national defense industry, revenue in 2023 increased by 637,691 thousand compared with 2022, which increase of 22.97/%. The overall net profit after tax in 2023 was 80,320 thousand. Consolidated financial statement are presented below.
   Looking forward to 2024, although global inflation is still high and there may be uncertain factors that drive the industrial and economic development of various regions, the U.S. industrial and economic recovery trend should be expected. In addition, geopolitics and the emergence of new technologies and product applications in various regions, if the application of edge AI expands in various industrial fields, it will increase the vigorous development of industrial demand and create favorable opportunities.Parpro Corporation is expected to benefit from the epidemic economic recovery, which will drive an increase in shipments of aerospace, network communications, medical, gaming and smart retail products. The threat of geopolitical risks will also increase the investment in defense industry products by various countries. Parpro Corporation is cautiously optimistic about Business development of each product line in 2024.

Unit: NT$ thousand; %

Item	2022	2023	Increase/Decrease	Ratio of change
Operating income	2,776,680	3,414,371	637,691	22.97
Cost of goods sold	2,318,545	2,935,555	617,010	26.61
Operating profit	458,135	478,816	20,681	4.51
Operating expenses	369,217	321,708	(47,509)	(12.87)
Operating net (loss) profit	88,918	157,108	68,190	76.69
Net non-operating income	18,823	(16,437)	(35,260)	(187.32)
Net profit before tax	107,741	140,671	32,930	30.56
Net profit for the year	99,513	80,320	(19,193)	(19.29)

   (2) Budget execution status: Not applicable.
   (3) Profitability Analysis

Item		2022	2023
Financial Structure (%)	Liabilities to Assets Ratio	58.25	44.89
	Long-term funds to fixed assets Ratio	1,403.12	2,010.12
Solvency (%)	Current Ratio	147.29	221.23

	Quick Ratio	65.99	91.67
Profitability (%)	Return on assets	4.37	3.25
	Return on equity	7.41	4.62
	Earnings per share (NT$)	1.21	0.87

(4) Research Development Status

The main operations and products of Papro Corporation are divided into gaming and industrial computers, aerospace and defense industries and other fields. The operating bases are in Taiwan, Mexico and the United States. "Technology research and development, innovative development, global layout" and other strategies, through vertical and horizontal integration, continue to improve and optimize the group's production and manufacturing capacity, strengthen research and development capabilities, gradually form barriers to entry in the same industry, and develop new technologies and new products and industrial applications, widely used in gaming, industrial computers, aerospace, defense industry, Netcom, medical, Internet of Things, smart retail, automotive and other industries/product fields.

2. 2024 Annual Operation Plan

(1) Operating strategy

A. Maintenance and improvement of customer relationship, deep cultivation and development of gaming, industrial computer, aerospace, defense industry and other industrial applications.
B. Group operation integration, including order receiving and production arrangement, R&D cooperation/support and joint development, so as to achieve resource sharing, more efficient operation, and share results.
C. Intensify research and development energy with innovation, and expand new or potential products and industrial applications in the future.
D. Effectively control operating costs and improve the overall profitability of the group.

(2) Important Production and Marketing Policies

A. Strengthen the relationship with existing customers, grasp existing orders and shipments, and then increase new or potential customers and orders.
B. Strengthen the supply chain relationship and enhance the bargaining power of suppliers.
C. To reduce material cost.
D. Through the improvement of manufacturing process and yield rate, we can provide customers with high quality and shorten delivery time.
E. Carry out cost control and maintain/improve stable profits.

3. Future company development strategy

(1) Maintenance and improvement of customer relationship.
(2) R&D energy and technology are continuously quenched to establish/enlarge the differentiated value with competitors in the same industry.
(3) Seek for mergers and acquisitions or strategic alliances, and gradually expand the group's operating scale and realize greater profit momentum

for the group through horizontal and vertical operation integration models.

(4) Prudent financial strategy and implementation of corporate governance, strengthening and maintaining good investor relations.

(5) Cultivate global talents and build an international team.

4. Affected by the external competitive environment, regulatory environment and overall business environment

The competition in the external environment is fierce. The company will continue to recruit outstanding talents, increase the added value of products and expand product lines to increase market share, so as to maintain the stable growth of operations. At the same time, it will continue to integrate the operations of the various operating companies of the group Configuration, in order to achieve the effect of reducing costs and enhancing competitiveness.

In addition, in the face of increasingly strict laws and regulations on environmental protection, investors, consumers, intellectual property rights, and labor rights, the company will also implement the spirit of corporate governance, fulfill corporate social responsibilities, and implement relevant laws and regulations. Changes in important policies and regulations affect finances and business. In the future, we will also keep an eye on changes in important policies and regulations at home and abroad, and propose timely measures to respond to them.

Under the operation of a globalized, conglomerate, and specialized enterprise, Papro Corporation will continue to face challenges with more stable and practical management in response to the trend of internationalization. Papro Corporation also believes that with the encouragement and encouragement of all colleagues and shareholders of the company .Under the guidance, Papro Corporation will be able to reach new heights and create greater benefits for shareholders.

(Appendix 3)

Independent Auditor's Report

To PARPRO CORPORATION.,

Audit opinion

We have audited the accompanying parent company only balance sheet of PARPRO CORPORATION. (the "Company") for the years ended December 31, 2023 and 2022 and the relevant parent company only statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the Company's individual financial position as of December 31, 2023 and 2022 and for the years then ended, and its individual financial performance and cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the parent company only financial statements" paragraph of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired enough and appropriate audit evidence to serve as the basis for our audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Company's parent company only financial statements for the year ended December 31, 2023 based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the Company's parent company only financial statements for the year ended December 31, 2023, are stated as follows:

Authenticity of investments using the equity method – operating revenue from subsidiaries' certain customers

The Company's subsidiaries mainly sell gaming and industrial computers as well as aerospace and national defense products. In 2023, the amount of product revenue from certain customers changed significantly on a year-on-year basis; as we considered revenue recognition to bear a higher inherent risk of fraud and that the management might be pressured to achieve planned financial targets, we listed the authenticity of such revenue as a key audit matter.

We performed for the following audit procedures for the above matter:

1. Learned about and tested the key internal control systems for the revenue and evaluated the design and implementation effectiveness;
2. Obtained the statements of the account of the revenue, selected samples for testing of the details, and reviewing documents, such as orders, shipping orders, and invoices to confirm the authenticity of the revenue;
3. Obtain the statements of the account of the revenue and selected samples to test if there was a significant difference in the write-offs and amounts of receivables to confirm the authenticity of the revenue.

Responsibilities of the management and the governing bodies for the parent company only financial statements

The management's responsibilities are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the parent company only financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatement may arise from frauds or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

We have exercised our professional judgment and professional skepticism when performing the audit work in accordance with the auditing standards. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the parent company only financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in the said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the parent company only financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte & Touche

CPA Chen, Pei-Te	CPA Chen, Chun-Hung
Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 1080321204	Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 0990031652

March 13, 2024

PARPRO CORPORATION.

Parent Company Only Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash (Note 6)	$ 90,254	3	$ 47,896	2
1110	Financial assets at fair value through profit or loss (Note 7)	8	-	-	-
1172	Accounts receivable (Notes 9 and 23)	31,769	1	49,986	2
1200	Other receivables (Note 23)	110,945	4	286,267	10
1220	Current income tax assets	3	-	3	-
130X	Inventory	-	-	454	-
1410	Prepayments	1,009	-	2,790	-
11XX	Total current assets	233,988	8	387,396	14
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Note 8)	48,448	2	10,160	-
1550	Investments using the equity method (Notes 5 and 10)	2,569,639	89	2,328,589	85
1600	Property, plant and equipment (Note 11)	13,410	1	16,309	1
1755	Right-of-use assets (Note 23)	11,528	-	521	-
1840	Deferred tax assets (Note 19)	1,536	-	1,211	-
1990	Other non-current assets	3,158	-	1,939	-
15XX	Total non-current assets	2,647,719	92	2,358,729	86
1XXX	Total assets	$ 2,881,707	100	$ 2,746,125	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Note 12)	$ 180,000	6	$ 470,000	17
2110	Short-term notes payable	30,000	1	-	-
2120	Financial liabilities at fair value through profit or loss (Note 7)	7,880	-	11,954	-
2170	Accounts payable (Note 23)	62	-	18,218	-
2219	Other payables (Notes 14 and 23)	48,567	2	80,669	3
2230	Current income tax liabilities	14,719	1	-	-
2250	Provisions	1,113	-	1,113	-
2280	Lease liabilities (Note 23)	5,090	-	532	-
2320	Long-term liabilities – current portion (Notes 12 and 13)	90,621	3	130,041	5
2399	Other current liabilities (Notes 17 and 23)	150	-	46,030	2
21XX	Total current liabilities	378,202	13	758,557	27
	Non-current liabilities				
2530	Corporate bonds payable (Note 13)	422,685	15	463,567	17
2540	Long-term borrowings (Note 12)	71,156	2	47,827	2
2570	Deferred tax liabilities (Note 19)	20	-	1,995	-
2580	Lease liabilities (Note 23)	6,519	-	-	-
25XX	Total non-current liabilities	500,380	17	513,389	19
2XXX	Total liabilities	878,582	30	1,271,946	46
	Equity (Note 16)				
3100	Ordinary share capital	983,789	34	833,544	30
3200	Capital surplus	642,138	23	329,808	12
	Retained earnings				
3310	Legal reserve	141,737	5	131,486	5
3320	Special reserve	33,051	1	137,381	5
3350	Undistributed earnings	225,535	8	104,145	4
3300	Total retained earnings	400,323	14	373,012	14
3400	Other equity	(23,125)	(1)	(33,051)	(1)
3500	Treasury shares	-	-	(29,134)	(1)
3XXX	Total equity	2,003,125	70	1,474,179	54
	Total liabilities and equity	$ 2,881,707	100	$ 2,746,125	100

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Liao, Wen-Chia Managerial Officer: Yen, Tsung-Chien Chief Accounting Officer: Wu, Hsiu-Pi

PARPRO CORPORATION.

Parent Company Only Statement of Comprehensive Income

December 31, 2023 and 2022

Unit: In NTD thousand, except for earnings per share in NTD

		2023		2022	
Code		Amount	%	Amount	%
4100	Operating revenue (Notes 17 and 23)	$ 78,170	100	$ 82,345	100
5110	Operating costs (Note 23)	76,686	98	82,589	100
5900	Gross profit (loss)	1,484	2	(244)	-
	Operating expenses (Notes 9 and 18)				
6100	Selling expense	154	-	13	-
6200	Administrative expenses	47,414	61	62,008	76
6450	Gain on reversal of expected credit impairment	-	-	(835)	(1)
6000	Total operating expenses	47,568	61	61,186	75
6900	Net operating loss	(46,084)	(59)	(61,430)	(75)
	Non-operating income and expenses (Notes 18 and 23)				
7100	Interest income	2,000	3	1,506	2
7010	Other income	91,764	117	88,299	107
7020	Other gains and losses	5,957	8	16,445	20
7050	Financial costs	(18,459)	(24)	(35,013)	(42)
7070	Share of profit and loss of subsidiaries and associates using the equity method	58,770	75	93,012	113
7000	Total non-operating income and expenses	140,032	179	164,249	200
7900	Net income before tax	93,948	120	102,819	125
7950	Income tax expense (Note 19)	(13,628)	(17)	(3,306)	(4)
8200	Net income for 2023	80,320	103	99,513	121

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Items not reclassified to profit or loss:				
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	$ 8,306	10	($ 7,300)	(9)
8330	Share of other comprehensive income of subsidiaries and associates using the equity method	5,432	7	9,144	11
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange Differences in Translating the Financial Statements of Foreign Operations	(4,037)	(5)	172,155	209
8300	Other comprehensive income after tax	9,701	12	173,999	211
8500	Total comprehensive income for 2023	$ 90,021	115	$ 273,512	332
	Earnings per share (Note 20)				
9750	Basic	$ 0.87		$ 1.21	
9850	Diluted	$ 0.73		$ 1.07	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Liao, Wen-Chia Managerial Officer: Yen, Tsung-Chien Chief Accounting Officer: Wu, Hsiu-Pi

PARPRO CORPORATION.

Parent Company Only Statement of Changes in Equity

December 31, 2023 and 2022

Unit: NTD thousand

Code		Share capital: Ordinary share capital	Share capital: Share capital to be registered	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity items: Exchange Differences in Translating the Financial Statements of Foreign Operations	Other equity items: Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
A1	Balance as at January 1, 2022	$ 834,516	$ 28	$ 310,881	$ 120,889	$ 76,537	$ 105,974	($ 193,964)	($ 10,095)	($ 31,724)	$ 1,213,042
	Earnings distribution for 2021										
B1	Legal reserve provided	-	-	-	10,597	-	(10,597)	-	-	-	-
B3	Special reserve provided	-	-	-	-	60,844	(60,844)	-	-	-	-
B5	Common stock cash dividends	-	-	-	-	-	(32,892)	-	-	-	(32,892)
	Total earnings distributed	-	-	-	10,597	60,844	(104,333)	-	-	-	(32,892)
D1	Net income for 2022	-	-	-	-	-	99,513	-	-	-	99,513
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	2,991	172,155	(1,147)	-	173,999
D5	Total comprehensive income for 2022	-	-	-	-	-	102,504	172,155	(1,147)	-	273,512
C5	Components of convertible corporate bonds issued by the Company recognize in equity	-	-	28,740	-	-	-	-	-	-	28,740
C15	Cash distributed from the capital surplus	-	-	(8,223)	-	-	-	-	-	-	(8,223)
I1	Convertible corporate bonds converted	28	(28)	-	-	-	-	-	-	-	-
L3	Treasury shares canceled	(1,000)	-	(1,590)	-	-	-	-	-	2,590	-
Z1	Balance as at December 31, 2022	833,544	-	329,808	131,486	137,381	104,145	(21,809)	(11,242)	(29,134)	1,474,179
	Earnings distribution for 2022										
B1	Legal reserve provided	-	-	-	10,251	-	(10,251)	-	-	-	-
B17	Special reserve reversed	-	-	-	-	(104,330)	104,330	-	-	-	-
B5	Common stock cash dividends	-	-	-	-	-	(34,900)	-	-	-	(34,900)
	Total earnings distributed	-	-	-	10,251	(104,330)	59,179	-	-	-	(34,900)
D1	Net income for 2023	-	-	-	-	-	80,320	-	-	-	80,320
D3	Other comprehensive income after tax for 2023	-	-	-	-	-	(225)	(4,037)	13,963	-	9,701
D5	Total comprehensive income for 2023	-	-	-	-	-	80,095	(4,037)	13,963	-	90,021
C5	Components of convertible corporate bonds issued by the Company recognize in equity	-	-	31,291	-	-	-	-	-	-	31,291
I1	Convertible corporate bonds converted	161,495	-	281,039	-	-	-	-	-	-	442,534
L3	Treasury shares canceled	(11,250)	-	-	-	-	(17,884)	-	-	29,134	-
Z1	Balance as at December 31, 2023	$ 983,789	$ -	$ 642,138	$ 141,737	$ 33,051	$ 225,535	($ 25,846)	$ 2,721	$ -	$ 2,003,125

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Liao, Wen-Chia　　Managerial Officer: Yen, Tsung-Chien　　Chief Accounting Officer: Wu, Hsiu-Pi

PARPRO CORPORATION.

Parent Company Only Statement of Cash Flows

December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Net cash flow of operating activities		
A10000	Net income before tax	$ 93,948	$ 102,819
A20010	Income and expenses		
A20100	Depreciation expense	8,334	10,539
A20300	Gain on reversal of expected credit impairment	-	(835)
A20400	Net (gain) loss on financial instruments measured at fair value through profit or loss	(7,834)	4,003
A20900	Financial costs	18,459	35,013
A21200	Interest income	(2,000)	(1,506)
A22400	Share of profit and loss of subsidiaries and associates using the equity method	(58,770)	(93,012)
A22500	Gain on disposal of property, plant and equipment	-	(108)
A23700	Loss on inventory valuation loss and obsolescence reversed	(749)	(2,367)
A24100	Unrealized foreign exchange gain	(2,511)	(27,377)
A24200	Loss on repayment of convertible corporate bonds	-	6,175
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	18,476	(12,424)
A31180	Other receivables	11,107	(49,799)
A31200	Inventory	1,203	10,989
A31230	Prepayments	1,781	(2,217)
A32150	Accounts payable	(18,161)	12,170
A32180	Other payables	33,260	(1,945)
A32230	Other current liabilities	(45,880)	45,760
A33000	Cash inflow from operations	50,663	35,878
A33100	Interest received	3,240	1,651
A33300	Interest paid	(8,702)	(19,247)
A33500	Income tax (paid) refunded	(107)	13
AAAA	Net cash inflow from operating activities	45,094	18,295
	Net cash flow of investing activities		
B00010	Financial assets at fair value through other comprehensive income acquired	(29,982)	(17,460)
B02700	Property, plant and equipment acquired	(1,500)	-
B02800	Proceeds from disposal of property, plant and equipment	-	108

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Code		2023	2022
B04300	Loans to subsidiaries	$ -	($ 150,862)
B04400	Loans to subsidiaries recovered	165,495	-
B06800	Decrease (increase) in other non-current assets	(1,219)	348
B07600	Dividends from associates received	3,990	3,990
BBBB	Net cash inflows (outflows) from investing activities	136,784	(163,876)
	Net cash flow of financing activities		
C00200	Decrease in short-term borrowings	(290,000)	(60,000)
C00500	Increase in short-term notes payable	30,000	-
C01200	Convertible corporate bonds issued	394,488	494,409
C01300	Convertible corporate bonds repaid	-	(425,500)
C01600	Long-term borrowings	100,000	70,000
C01700	Long-term borrowings repaid	(85,105)	(101,036)
C03700	Increase (decrease) in other payables	(65,000)	65,000
C04020	Lease principal repaid	(3,865)	(3,308)
C04500	Dividends paid to owners of the Company	(34,900)	(41,115)
C05400	Equity in subsidiary acquired	(184,875)	-
C09900	Capital contribution returned for subsidiary's capital reduction	-	40,000
CCCC	Net cash inflows (outflows) from financing activities	(139,257)	38,450
DDDD	Effect of exchange rate changes on cash	(263)	9,539
EEEE	Net increase (decrease) in cash	42,358	(97,592)
E00100	Opening balance of cash	47,896	145,488
E00200	Ending balance of cash	$ 90,254	$ 47,896

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Liao, Wen-Chia Managerial Officer: Yen, Tsung-Chien Chief Accounting Officer: Wu, Hsiu-Pi

Representation Letter

The affiliates that are required to be included in the Company's consolidated financial statements as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the said consolidated financial statements. Consequently, a separate set of combined financial statements of affiliates will not be prepared.

It is hereby certified that the information disclosed herein is true and correct.

Name of Company: PARPRO CORPORATION.

Person-in-charge: Liao, Wen-Chia

March 13, 2024

Independent Auditor’s Report

To PARPRO CORPORATION.,

Audit opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and for the years then ended, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the 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 (FSC) of the Republic of China.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” paragraph 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 have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired enough and appropriate audit evidence to serve as the basis for our audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Group’s consolidated financial statements for the year ended December 31, 2023 based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023, are stated as follows:

Authenticity o revenue – operating revenue from certain customers

The Group mainly sells gaming and industrial computers as well as aerospace and national defense products. In 2023, the amount of product revenue from certain customers changed significantly on a year-on-year basis; as we considered revenue recognition to bear a higher inherent risk of fraud and that the management might be pressured to achieve planned financial targets, we listed the authenticity of such revenue as a key audit matter.

We performed for the following audit procedures for the above matter:

1. Learned about and tested the key internal control systems for the revenue and evaluated the design and implementation effectiveness;
2. Obtained the statements of the account of the revenue, selected samples for testing of the details, and reviewing documents, such as orders, shipping orders, and invoices to confirm the authenticity of the revenue;
3. Obtain the statements of the account of the revenue and selected samples to test if there was a significant difference in the write-offs and amounts of receivables to confirm the authenticity of the revenue.

Other matters

The Company has also prepared the parent company only financial statements for the years ended December 31, 2023 and 2022, for which we have issued an audit report, with an unqualified opinion, for reference.

Responsibilities of the management and the governing bodies for the consolidated financial statements

The management's responsibilities are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China and to maintain necessary internal control associated with the preparation in order to ensure that the consolidated financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatement may arise from frauds or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have exercised our professional judgment and professional skepticism when performing the audit work in accordance with the auditing standards. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.

2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.

4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in the said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluated the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.

6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte & Touche

CPA Chen, Pei-Te	CPA Chen, Chun-Hung
Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 1080321204	Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 0990031652

March 13, 2024

PARPRO CORPORATION. and Its Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash (Note 6)	$ 195,552	5	$ 143,828	4
1110	Financial assets at fair value through profit or loss (Note 7)	8	-	-	-
1172	Accounts receivable (Notes 9 and 27)	650,982	18	688,004	20
1200	Other receivables (Notes 9 and 27)	1,090	-	49,501	2
1220	Current income tax assets	11,863	-	2,616	-
130X	Inventories (Note 10)	1,195,798	33	1,066,199	30
1410	Prepayments	66,777	2	49,058	1
11XX	Total current assets	2,122,070	58	1,999,206	57
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Note 8)	48,448	1	10,160	-
1550	Investments using the equity method (Notes 5 and 12)	590,166	16	594,576	17
1600	Property, plant and equipment (Note 13)	133,121	4	154,899	5
1755	Right-of-use assets (Notes 14 and 27)	189,491	5	217,931	6
1805	Goodwill (Notes 5 and 15)	462,304	13	462,379	13
1821	Intangible assets (Note 15)	66,993	2	78,171	2
1840	Deferred tax assets (Note 23)	1,536	-	1,211	-
1990	Other non-current assets	20,972	1	12,197	-
15XX	Total non-current assets	1,513,031	42	1,531,524	43
1XXX	Total assets	$ 3,635,101	100	$ 3,530,730	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 16)	$ 293,608	8	$ 620,479	17
2110	Short-term notes payable	30,000	1	-	-
2120	Financial liabilities at fair value through profit or loss (Note 7)	7,880	-	11,954	-
2170	Accounts payable	310,868	9	282,266	8
2219	Other payables (Notes 18 and 27)	126,385	3	166,584	5
2230	Current income tax liabilities	25,790	1	10,979	-
2250	Provisions	1,113	-	1,113	-
2280	Lease liabilities (Notes 14 and 27)	40,018	1	37,083	1
2320	Long-term liabilities – current portion (Notes 16 and 17)	90,621	2	130,041	4
2399	Other current liabilities (Notes 21 and 27)	32,922	1	96,808	3
21XX	Total current liabilities	959,205	26	1,357,307	38
	Non-current liabilities				
2530	Corporate bonds payable (Note 17)	422,685	12	463,567	13
2540	Long-term borrowings (Note 16)	92,650	3	47,827	2
2570	Deferred tax liabilities (Note 23)	20	-	1,995	-
2580	Lease liabilities (Notes 14 and 27)	157,416	4	185,855	5
25XX	Total non-current liabilities	672,771	19	699,244	20
2XXX	Total liabilities	1,631,976	45	2,056,551	58
	Equity (Note 20)				
3110	Ordinary share capital	983,789	27	833,544	24
3200	Capital surplus	642,138	18	329,808	9
	Retained earnings				
3310	Legal reserve	141,737	4	131,486	4
3320	Special reserve	33,051	1	137,381	4
3350	Undistributed earnings	225,535	6	104,145	3
3300	Total retained earnings	400,323	11	373,012	11
3400	Other equity	(23,125)	(1)	(33,051)	(1)
3500	Treasury shares	-	-	(29,134)	(1)
3XXX	Total equity	2,003,125	55	1,474,179	42
	Total liabilities and equity	$ 3,635,101	100	$ 3,530,730	100

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

Chairman: Liao, Wen-Chia　　Managerial Officer: Yen, Tsung-Chien　　Chief Accounting Officer: Wu, Hsiu-Pi

PARPRO CORPORATION. and Its Subsidiaries

Consolidated Statement of Comprehensive Income

December 31, 2023 and 2022

Unit: In NTD thousand, except for earnings per share in NTD

		2023		2022	
Code		Amount	%	Amount	%
4100	Operating revenue (Notes 21 and 27)	$ 3,414,371	100	$ 2,776,680	100
5110	Operating costs (Notes 9, 10, and 22)	2,935,555	86	2,318,545	84
5900	Gross profit	478,816	14	458,135	16
	Operating expenses (Notes 9, 22, and 27)				
6100	Selling expense	39,073	1	31,433	1
6200	Administrative expenses	300,205	9	319,434	12
6300	Research and development expenses	1,899	-	7,594	-
6450	Expected credit impairment loss (gain on reversal)	(19,469)	(1)	10,756	-
6000	Total operating expenses	321,708	9	369,217	13
6900	Net operating profit	157,108	5	88,918	3
	Non-operating income and expenses (Notes 22 and 27)				
7100	Interest income	898	-	428	-
7010	Other income	31,655	1	23,003	1
7020	Other gains and losses	5,892	-	18,981	1
7050	Financial costs	(44,996)	(2)	(54,009)	(2)
7060	Share of profit and loss of associates using the equity method	(9,886)	-	30,420	1
7000	Total non-operating income and expenses	(16,437)	(1)	18,823	1
7900	Net income before tax	140,671	4	107,741	4
7950	Income tax expense (Note 23)	(60,351)	(1)	(8,228)	-
8200	Net income for 2023	80,320	3	99,513	4

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Items not reclassified to profit or loss:				
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	$ 8,306	-	($ 7,300)	-
8330	Share of other comprehensive income of associates using the equity method	5,432	-	9,144	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange Differences in Translating the Financial Statements of Foreign Operations	(4,037)	-	172,155	6
8300	Other comprehensive income after tax for 2023	9,701	-	173,999	6
8500	Total comprehensive income for 2023	$ 90,021	3	$ 273,512	10
	Earnings per share (Note 24)				
9750	Basic	$ 0.87		$ 1.21	
9850	Diluted	$ 0.73		$ 1.07	

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

Chairman: Liao, Wen-Chia Managerial Officer: Yen, Tsung-Chien Chief Accounting Officer: Wu, Hsiu-Pi

PARPRO CORPORATION. and Its Subsidiaries

Consolidated Statement of Changes in Equity

December 31, 2023 and 2022

Unit: NTD thousand

		Share capital			Retained earnings			Other equity items			
Code		Ordinary share capital	Share capital to be registered	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
A1	Balance as at January 1, 2022	$ 834,516	$ 28	$ 310,881	$ 120,889	$ 76,537	$ 105,974	($ 193,964)	($ 10,095)	($ 31,724)	$ 1,213,042
	Earnings distribution for 2021										
B1	Legal reserve provided	-	-	-	10,597	-	(10,597)	-	-	-	-
B3	Special reserve provided	-	-	-	-	60,844	(60,844)	-	-	-	-
B5	Common stock cash dividends	-	-	-	-	-	(32,892)	-	-	-	(32,892)
	Total earnings distributed	-	-	-	10,597	60,844	(104,333)	-	-	-	(32,892)
D1	Net income for 2022	-	-	-	-	-	99,513	-	-	-	99,513
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	2,991	172,155	(1,147)	-	173,999
D5	Total comprehensive income for 2022	-	-	-	-	-	102,504	172,155	(1,147)	-	273,512
C5	Components of convertible corporate bonds issued by the Company recognize in equity	-	-	28,740	-	-	-	-	-	-	28,740
C15	Cash distributed from the capital surplus	-	-	(8,223)	-	-	-	-	-	-	(8,223)
I1	Convertible corporate bonds converted	28	(28)	-	-	-	-	-	-	-	-
L3	Treasury shares canceled	(1,000)	-	(1,590)	-	-	-	-	-	2,590	-
Z1	Balance as at December 31, 2022	833,544	-	329,808	131,486	137,381	104,145	(21,809)	(11,242)	(29,134)	1,474,179
	Earnings distribution for 2022										
B1	Legal reserve provided	-	-	-	10,251	-	(10,251)	-	-	-	-
B17	Special reserve reversed	-	-	-	-	(104,330)	104,330	-	-	-	-
B5	Common stock cash dividends	-	-	-	-	-	(34,900)	-	-	-	(34,900)
	Total earnings distributed	-	-	-	10,251	(104,330)	59,179	-	-	-	(34,900)
D1	Net income for 2023	-	-	-	-	-	80,320	-	-	-	80,320
D3	Other comprehensive income after tax for 2023	-	-	-	-	-	(225)	(4,037)	13,963	-	9,701
D5	Total comprehensive income for 2023	-	-	-	-	-	80,095	(4,037)	13,963	-	90,021
C5	Components of convertible corporate bonds issued by the Company recognize in equity	-	-	31,291	-	-	-	-	-	-	31,291
I1	Convertible corporate bonds converted	161,495	-	281,039	-	-	-	-	-	-	442,534
L3	Treasury shares canceled	(11,250)	-	-	-	-	(17,884)	-	-	29,134	-
Z1	Balance as at December 31, 2023	$ 983,789	$ -	$ 642,138	$ 141,737	$ 33,051	$ 225,535	($ 25,846)	$ 2,721	$ -	$ 2,003,125

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

Chairman: Liao, Wen-Chia   Managerial Officer: Yen, Tsung-Chien   Chief Accounting Officer: Wu, Hsiu-Pi

PARPRO CORPORATION. and Its Subsidiaries

Consolidated Statement of Cash Flows

December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Net cash flow of operating activities		
A10000	Net income before tax	$ 140,671	$ 107,741
A20010	Income and expenses		
A20100	Depreciation expense	82,476	81,919
A20200	Amortization expense	11,329	10,838
A20300	Expected credit impairment loss (gain on reversal)	(19,469)	10,756
A20400	Net (gain) loss on financial instruments measured at fair value through profit or loss	(7,834)	4,003
A20900	Financial costs	44,996	54,009
A21200	Interest income	(898)	(428)
A22300	Share of profit and loss of associates using the equity method	9,886	(30,420)
A22500	Gain on disposal of property, plant and equipment	(78)	(108)
A23700	Loss on inventory valuation loss and obsolescence (reversed)	(22)	34,362
A24100	Unrealized foreign exchange gain	(1,612)	(3,261)
A24200	Loss on repayment of convertible corporate bonds	-	6,175
A29900	Government grants	-	(18,113)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	56,355	(285,266)
A31180	Other receivables	48,411	(46,342)
A31200	Inventory	(140,385)	(236,871)
A31230	Prepayments	(9,989)	6,323
A32150	Accounts payable	28,702	88,357
A32180	Other payables	14,855	28,772
A32230	Other current liabilities	(56,465)	78,119
A33000	Cash inflow (outflow) from operations	200,929	(109,435)
A33100	Interest received	898	428
A33300	Interest paid	(35,239)	(38,243)
A33500	Income tax paid	(56,121)	(8,487)
AAAA	Net cash inflows (outflows) from operating activities	110,467	(155,737)

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Code		2023	2022
	Net cash flow of investing activities		
B00100	Financial assets at fair value through other comprehensive income acquired	($ 29,982)	($ 17,460)
B02700	Property, plant and equipment acquired	(16,691)	(2,302)
B02800	Proceeds from disposal of property, plant and equipment	249	108
B03700	Increase in guarantee deposits paid	(5,773)	(206)
B06800	Decrease in other non-current assets	-	349
B07100	Increase in prepayments for business facilities	(3,070)	-
B07600	Dividends from associates received	3,990	3,990
BBBB	Net cash outflow from investing activities	(51,277)	(15,521)
	Net cash flow of financing activities		
C00200	Decrease in short-term borrowings	(327,386)	(48,078)
C00500	Increase in short-term notes payable	30,000	-
C01200	Convertible corporate bonds issued	394,488	494,409
C01300	Convertible corporate bonds repaid	-	(425,500)
C01600	Long-term borrowings	274,468	70,000
C01700	Long-term borrowings repaid	(237,765)	(101,036)
C03700	Increase (decrease) in other payables	(65,000)	65,000
C04020	Lease principal repaid	(40,945)	(36,971)
C04500	Dividends paid to owners of the Company	(34,900)	(41,115)
CCCC	Net cash outflow from financing activities	(7,040)	(23,291)
DDDD	Effect of exchange rate changes on cash	(426)	23,853
EEEE	Net increase (decrease) in cash	51,724	(170,696)
E00100	Opening balance of cash	143,828	314,524
E00200	Ending balance of cash	$ 195,552	$ 143,828

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

Chairman: Liao, Wen-Chia Managerial Officer: Yen, Tsung-Chien Chief Accounting Officer: Wu, Hsiu-Pi

(Appendix 4)

PARPRO CORPORATION
2023 Earning distribution statement

Unit: NT$

Opening Unappropriated Earnings	163,324,559
Investments accounted for using the equity method - defined benefit plan remeasurement recognized in retained earnings	(225,842)
Cancellation of treasury shares and adjustment to retained earnings	(17,884,452)
Adjusted Unappropriated Earnings	145,214,265
Net profit for the period	80,320,003
Legal surplus reserve (10%)	(8,009,416)
Special surplus reserve (withdrawal)	9,926,710
Distributable surplus for the current period	227,451,562
Assigned items:	
Less: cash dividend (NT$ 0.4 /share)	(39,351,562)
Unappropriated Earnings at the end of the period	188,100,000

Note: The number of shares calculated for shareholder dividends is the actual number of 98,378,905 shares in circulation as of February 29, 2024.

(Appendix 5)

Director candidate information

In accordance with the provisions of Article 192-1 of the Company Act, the list of candidates for director is hereby proposed as follows,

Number	Identity	Name	Number of shares	Main experience (Education)	Current positions in the company and other companies
1	Director	Wu, Hsiupi	9,765	Shih Chien College Director of Materials, Yulin Technology Co., Ltd. Parpro Corporation/financial manager, special assistant Anderson Industrial Corp. /legal person director representative Parpro Corporation/Chief Financial Officer, Deputy General Manager	Parpro Corporation/Chief Financial Officer, Deputy General Manager AP Parpro, Inc./Legal Person Director Representative Parpro(Nevada) Inc./Representative of corporate director Pilot (Las Vegas) Inc./Corporate Director Representative Parpro Technologies, Inc. / Legal Person Director Representative Parpro Quality Inc/Legal Person Director Representative Efa Technologies Corporation/Legal Person Director Representative Shengde Co., Ltd./Director Anderson Merchandise Corporation/Director