

PEGATRON CORPORATION AND SUBSIDIARIES**Consolidated Financial Statements**

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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

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Independent Auditors' Review Report

To the Board of Directors of Pegatron Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Pegatron Corporation and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income and changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$84,113,827 thousand and \$76,684,290 thousand, constituting 16.19% and 12.26% of consolidated total assets as of March 31, 2024 and 2023, respectively, total liabilities amounting to \$11,296,358 thousand and \$10,314,867 thousand, constituting 3.79% and 2.45% of consolidated total liabilities as of March 31, 2024 and 2023, respectively, and total comprehensive income (loss) amounting to \$942,234 thousand and \$(203,085) thousand, constituting 8.42% and (7.07)% of consolidated total comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of Pegatron Corporation and its subsidiaries in its investee companies of \$33,250,870 thousand and \$27,672,395 thousand as of March 31, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of \$104,112 thousand and \$82,584 thousand for the three months ended March 31, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Pegatron Corporation and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of certain consolidated subsidiaries, with total assets of \$99,348,643 thousand and \$92,010,659 thousand, representing 19.12% and 14.71% of the related consolidated total assets as of March 31, 2024 and 2023, and net sales of \$14,133,783 thousand and \$13,355,432 thousand, representing 5.64% and 4.20% of the related consolidated total net sales for the three months ended March 31, 2024 and 2023, respectively. Those financial statements were reviewed by other auditors whose reports have been furnished to us, and our review, insofar as it relates to the amounts included for certain consolidated subsidiaries, are based solely on the reports of the other auditors.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chih, Shih-Chin and Chen, Chun-Kuang.

KPMG

Taipei, Taiwan (Republic of China)
May 10, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****March 31, 2024, December 31, 2023, and March 31, 2023****(Expressed in Thousands of New Taiwan Dollars)**

	March 31, 2024		December 31, 2023		March 31, 2023		
	Amount	%	Amount	%	Amount	%	
Assets							
Current assets:							
1100	Cash and cash equivalents (Note 6(a))	\$ 100,261,187	19.3	97,721,592	17.5	121,658,063	19.5
1110	Current financial assets at fair value through profit or loss (Note 6(b))	10,886,977	2.1	12,177,590	2.2	9,780,824	1.6
1170	Accounts receivable, net (Notes 6(d) and (w))	122,598,466	23.6	154,906,363	27.8	164,786,578	26.4
1200	Other receivables, net	1,200,332	0.2	431,586	0.1	1,623,558	0.3
130X	Inventories (Note 6(e))	90,123,822	17.3	105,615,799	19.0	168,843,974	27.0
1460	Non-current assets classified as held for sale (disposal groups) (Note 6(f))	42,349,145	8.2	40,227,367	7.2	-	-
1476	Other current financial assets (Notes 6(k) and 8)	5,145,310	1.0	5,571,740	1.0	17,436,843	2.8
1479	Other current assets (Note 6(k))	4,853,146	0.9	3,748,863	0.7	6,131,422	1.0
		<u>377,418,385</u>	<u>72.6</u>	<u>420,400,900</u>	<u>75.5</u>	<u>490,261,262</u>	<u>78.6</u>
Non-current assets:							
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	3,543,141	0.7	2,558,245	0.5	2,114,865	0.3
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	1,736,938	0.4	1,717,361	0.3	1,438,945	0.2
1550	Investments accounted for using equity method (Note 6(g))	33,375,212	6.4	31,944,926	5.7	28,155,235	4.5
1600	Property, plant and equipment (Notes 6(i) and 8)	79,154,542	15.2	75,303,420	13.5	79,435,385	12.7
1755	Right-of-use assets (Note 6(j))	5,251,354	1.0	4,928,641	0.9	5,775,700	0.9
1760	Investment property, net	31,556	-	31,023	-	32,927	-
1780	Intangible assets	250,026	-	238,264	-	225,516	-
1840	Deferred tax assets	2,477,167	0.5	2,224,321	0.4	2,962,949	0.5
1915	Prepayments on purchase of equipment (Note 9)	15,874,357	3.1	17,122,045	3.1	14,466,650	2.3
1980	Other non-current financial assets (Notes 6(k) and 8)	397,680	0.1	401,139	0.1	398,466	-
1990	Other non-current assets (Note 6(k))	40,851	-	198,912	-	23,658	-
		<u>142,132,824</u>	<u>27.4</u>	<u>136,668,297</u>	<u>24.5</u>	<u>135,030,296</u>	<u>21.4</u>
	Total assets	\$ <u>519,551,209</u>	<u>100.0</u>	<u>557,069,197</u>	<u>100</u>	<u>625,291,558</u>	<u>100.0</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (CONT'D)

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2024		December 31, 2023		March 31, 2023		
	Amount	%	Amount	%	Amount	%	
Liabilities and Equity							
Current liabilities:							
2100	Short-term loans (Note 6(l))	\$ 24,435,533	4.7	45,164,344	8.1	106,299,121	17.0
2130	Current contract liabilities (Note 6(w))	1,845,573	0.4	1,672,848	0.3	1,022,425	0.2
2170	Accounts payable	139,712,746	26.9	176,615,915	31.7	169,914,737	27.2
2209	Accrued expenses	18,681,724	3.6	20,773,387	3.7	20,010,368	3.2
2216	Dividends payable (Note 6(s))	11,750,388	2.3	-	-	13,299,727	2.1
2219	Other payables	4,618,370	0.9	5,082,734	1.0	7,543,308	1.2
2230	Current tax liabilities	5,260,257	1.0	4,100,315	0.7	5,775,955	0.9
2260	Liabilities related to non-current assets classified as held for sale (disposal groups) (Note 6(f))	13,102,690	2.5	5,064,494	0.9	-	-
2281	Current lease liabilities (Note 6(p))	588,325	0.1	529,806	0.1	1,103,638	0.2
2321	Bonds payable, current portion (Note 6(o))	10,500,000	2.0	8,000,000	1.4	-	-
2322	Long-term loans payable, current portion (Note 6(n))	3,681,496	0.7	3,752,009	0.7	3,166,329	0.5
2399	Other current liabilities (Notes 6(m) and (n))	13,294,922	2.6	11,499,756	2.1	34,381,819	5.5
		<u>247,472,024</u>	<u>47.7</u>	<u>282,255,608</u>	<u>50.7</u>	<u>362,517,427</u>	<u>58.0</u>
Non-Current liabilities:							
2527	Non-current contract liabilities (Note 6(w))	4,013,575	0.8	4,098,300	0.7	4,175,556	0.6
2530	Bonds payable (Note 6(o))	19,886,238	3.8	22,384,389	4.0	30,378,841	4.9
2540	Long-term loans (Notes 6(n) and 8)	16,759,391	3.2	16,785,883	3.0	15,048,955	2.4
2570	Deferred tax liabilities	2,814,327	0.5	2,633,166	0.5	1,809,827	0.3
2581	Non-current lease liabilities (Note 6(p))	1,621,586	0.3	1,688,735	0.3	1,429,160	0.2
2650	Credit balance of investments accounted for using equity method (Note 6(g))	5,159	-	4,529	-	2,617	-
2670	Other non-current liabilities (Notes 6(m) and (n))	5,754,883	1.1	5,600,820	1.0	5,506,291	0.9
		<u>50,855,159</u>	<u>9.7</u>	<u>53,195,822</u>	<u>9.5</u>	<u>58,351,247</u>	<u>9.3</u>
	Total liabilities	<u>298,327,183</u>	<u>57.4</u>	<u>335,451,430</u>	<u>60.2</u>	<u>420,868,674</u>	<u>67.3</u>
Equity Attributable to Owners of the Parent Company (Notes 6(s) and (t)):							
3110	Share capital	26,639,794	5.1	26,642,241	4.8	26,669,234	4.3
Capital surplus:							
3210	Capital surplus, premium on capital stock	79,184,182	15.2	79,180,607	14.2	78,707,148	12.6
3280	Capital surplus, others	5,137,346	1.0	5,015,039	0.9	4,706,951	0.8
		<u>84,321,528</u>	<u>16.2</u>	<u>84,195,646</u>	<u>15.1</u>	<u>83,414,099</u>	<u>13.4</u>
Retained earnings:							
3310	Legal reserve	19,239,612	3.7	19,239,612	3.5	17,721,898	2.8
3320	Special reserve	7,523,660	1.4	7,523,660	1.4	20,918,849	3.3
3350	Unappropriated retained earnings	50,920,491	9.8	58,318,738	10.4	33,763,811	5.4
		<u>77,683,763</u>	<u>14.9</u>	<u>85,082,010</u>	<u>15.3</u>	<u>72,404,558</u>	<u>11.5</u>
Other equity interest:							
3410	Exchange differences on translation of foreign financial statements	(163,453)	-	(7,359,989)	(1.3)	(7,993,658)	(1.3)
3420	Unrealized gains on financial assets measured at fair value through other comprehensive income	345,535	0.1	375,255	-	90,094	-
3491	Other equity, unearned compensation	(82,779)	-	(125,271)	-	(50,654)	-
		<u>99,303</u>	<u>0.1</u>	<u>(7,110,005)</u>	<u>(1.3)</u>	<u>(7,954,218)</u>	<u>(1.3)</u>
3500	Treasury stock	-	-	-	-	(2,750)	-
	Equity attributable to the parent company	<u>188,744,388</u>	<u>36.3</u>	<u>188,809,892</u>	<u>33.9</u>	<u>174,530,923</u>	<u>27.9</u>
36xx	Non-controlling interests (Notes 6(h) and (s))	<u>32,479,638</u>	<u>6.3</u>	<u>32,807,875</u>	<u>5.9</u>	<u>29,891,961</u>	<u>4.8</u>
	Total equity	<u>221,224,026</u>	<u>42.6</u>	<u>221,617,767</u>	<u>39.8</u>	<u>204,422,884</u>	<u>32.7</u>
	Total liabilities and equity	<u>\$ 519,551,209</u>	<u>100.0</u>	<u>557,069,197</u>	<u>100.0</u>	<u>625,291,558</u>	<u>100.0</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
PEGATRON CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(w) and 7)	\$ 250,399,656	100.0	318,136,130	100.0
5000	Cost of sales (Notes 6(e), (i), (j), (p), (q), (t), (u), (x) and 7)	<u>239,816,953</u>	<u>95.8</u>	<u>307,773,351</u>	<u>96.7</u>
	Gross profit from operations	<u>10,582,703</u>	<u>4.2</u>	<u>10,362,779</u>	<u>3.3</u>
6000	Operating expenses (Notes 6(d), (i), (j), (p), (q), (t), (u), (x) and 7):				
6100	Selling expenses	1,012,364	0.4	1,120,068	0.4
6200	General and administrative expenses	2,814,724	1.1	2,670,302	0.8
6300	Research and development expenses	<u>3,732,547</u>	<u>1.5</u>	<u>3,815,177</u>	<u>1.2</u>
	Total operating expenses	<u>7,559,635</u>	<u>3.0</u>	<u>7,605,547</u>	<u>2.4</u>
	Net operating income	<u>3,023,068</u>	<u>1.2</u>	<u>2,757,232</u>	<u>0.9</u>
	Non-operating income and expenses:				
7100	Interest income (Note 6(y))	1,323,796	0.5	1,292,986	0.4
7010	Other income (Note 6(y))	656,276	0.3	1,199,925	0.4
7020	Other gains and losses (Notes 6(i) and (y))	485,120	0.2	(270,339)	(0.1)
7050	Finance costs (Notes 6(o), (p) and (y))	(402,146)	(0.1)	(1,106,205)	(0.4)
7060	Share of profit of associates and joint ventures accounted for using equity method (Note 6(g))	<u>104,112</u>	<u>-</u>	<u>175,019</u>	<u>0.1</u>
	Total non-operating income and expenses	<u>2,167,158</u>	<u>0.9</u>	<u>1,291,386</u>	<u>0.4</u>
	Profit before tax	5,190,226	2.1	4,048,618	1.3
7950	Less: Tax expenses (Note 6(r))	<u>1,409,468</u>	<u>0.6</u>	<u>773,807</u>	<u>0.3</u>
	Profit for the period	<u>3,780,758</u>	<u>1.5</u>	<u>3,274,811</u>	<u>1.0</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans (Note 6(q))	987	-	4,253	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(29,720)	-	10,124	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(r))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive (loss) income that will not be reclassified to profit or loss	<u>(28,733)</u>	<u>-</u>	<u>14,377</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	6,201,784	2.5	(526,410)	(0.1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (Note 6(g))	1,231,185	0.5	108,264	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(r))	<u>(2,025)</u>	<u>-</u>	<u>(1,131)</u>	<u>-</u>
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>7,434,994</u>	<u>3.0</u>	<u>(417,015)</u>	<u>(0.1)</u>
8300	Other comprehensive income (loss) for the period, net of tax	<u>7,406,261</u>	<u>3.0</u>	<u>(402,638)</u>	<u>(0.1)</u>
8500	Total comprehensive income for the period	<u>\$ 11,187,019</u>	<u>4.5</u>	<u>2,872,173</u>	<u>0.9</u>
	Profit attributable to:				
8610	Owners of the parent company	\$ 3,257,428	1.3	3,007,867	0.9
8620	Non-controlling interests	<u>523,330</u>	<u>0.2</u>	<u>266,944</u>	<u>0.1</u>
		<u>\$ 3,780,758</u>	<u>1.5</u>	<u>3,274,811</u>	<u>1.0</u>
	Comprehensive income attributable to:				
8710	Owners of the parent company	\$ 10,425,231	4.2	2,632,216	0.8
8720	Non-controlling interests	<u>761,788</u>	<u>0.3</u>	<u>239,957</u>	<u>0.1</u>
		<u>\$ 11,187,019</u>	<u>4.5</u>	<u>2,872,173</u>	<u>0.9</u>
	Earnings per share, net of tax (Note 6(v))				
9750	Basic earnings per share	<u>\$ 1.22</u>		<u>1.13</u>	
9850	Diluted earnings per share	<u>\$ 1.21</u>		<u>1.12</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of the parent company													Non-controlling interests	Total equity
	Share capital		Retained earnings				Total other equity interest					Treasury stock	Total equity attributable to owners of the parent company		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation	Total other equity interest					
Balance on January 1, 2023	\$ 26,676,337	83,352,004	17,721,898	20,918,849	41,419,117	80,059,864	(7,603,630)	79,970	(68,877)	(7,592,537)	(7,103)	182,488,565	32,079,698	214,568,263	
Profit for the period	-	-	-	-	3,007,867	3,007,867	-	-	-	-	-	3,007,867	266,944	3,274,811	
Other comprehensive income (loss) for the period	-	-	-	-	4,253	4,253	(390,028)	10,124	-	(379,904)	-	(375,651)	(26,987)	(402,638)	
Total comprehensive income (loss) for the period	-	-	-	-	3,012,120	3,012,120	(390,028)	10,124	-	(379,904)	-	2,632,216	239,957	2,872,173	
Appropriation and distribution of retained earnings:															
Cash dividends of ordinary share	-	-	-	-	(10,667,426)	(10,667,426)	-	-	-	-	-	(10,667,426)	-	(10,667,426)	
Changes in equity of associates and joint ventures accounted for using equity method	-	15,581	-	-	-	-	-	-	-	-	-	15,581	-	15,581	
Changes in ownership interests in subsidiaries	-	(31,948)	-	-	-	-	-	-	-	-	-	(31,948)	31,948	-	
Expiration of restricted shares of stock issued to employees	(7,103)	2,750	-	-	-	-	-	-	-	-	4,353	-	-	-	
Compensation cost arising from restricted shares of stock	-	75,712	-	-	-	-	-	-	18,223	18,223	-	93,935	-	93,935	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(2,459,642)	(2,459,642)	
Balance on March 31, 2023	\$ 26,669,234	83,414,099	17,721,898	20,918,849	33,763,811	72,404,558	(7,993,658)	90,094	(50,654)	(7,954,218)	(2,750)	174,530,923	29,891,961	204,422,884	
Balance on January 1, 2024	\$ 26,642,241	84,195,646	19,239,612	7,523,660	58,318,738	85,082,010	(7,359,989)	375,255	(125,271)	(7,110,005)	-	188,809,892	32,807,875	221,617,767	
Profit for the period	-	-	-	-	3,257,428	3,257,428	-	-	-	-	-	3,257,428	523,330	3,780,758	
Other comprehensive income (loss) for the period	-	-	-	-	987	987	7,196,536	(29,720)	-	7,166,816	-	7,167,803	238,458	7,406,261	
Total comprehensive income (loss) for the period	-	-	-	-	3,258,415	3,258,415	7,196,536	(29,720)	-	7,166,816	-	10,425,231	761,788	11,187,019	
Appropriation and distribution of retained earnings:															
Cash dividends of ordinary share	-	-	-	-	(10,656,662)	(10,656,662)	-	-	-	-	-	(10,656,662)	-	(10,656,662)	
Changes in equity of associates and joint ventures accounted for using equity method	-	78,054	-	-	-	-	-	-	-	-	-	78,054	-	78,054	
Changes in ownership interests in subsidiaries	-	940	-	-	-	-	-	-	-	-	-	940	(940)	-	
Expiration of restricted shares of stock issued to employees	(2,447)	2,447	-	-	-	-	-	-	-	-	-	-	-	-	
Compensation cost arising from restricted shares of stock	-	44,441	-	-	-	-	-	-	42,492	42,492	-	86,933	-	86,933	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,089,085)	(1,089,085)	
Balance on March 31, 2024	\$ 26,639,794	84,321,528	19,239,612	7,523,660	50,920,491	77,683,763	(163,453)	345,535	(82,779)	99,303	-	188,744,388	32,479,638	221,224,026	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 5,190,226	4,048,618
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	3,926,293	3,666,220
Amortization expense	33,101	38,536
Expected credit (gain) loss	(68,274)	53,340
Net loss on financial assets and liabilities at fair value through profit or loss	573,453	100,122
Interest expense	396,289	1,086,823
Interest income	(1,323,796)	(1,292,289)
Dividend income	(9,211)	(1,293)
Compensation cost arising from employee stock options	96,914	137,079
Amortization of issuance costs on bonds payable	1,849	1,849
Share of profit of associates and joint ventures accounted for using equity method	(104,112)	(175,019)
Gain on lease remeasurement	(3,747)	(18,689)
Gain on disposal of property, plant and equipment	(118,403)	(15,948)
Property, plant and equipment charged to expenses	73,094	46,143
Gain on disposal of investments	(662,878)	-
Impairment loss on non-financial assets	19,242	2,797
Government grants income	(17,002)	(25,808)
Total adjustments to reconcile profit	<u>2,812,812</u>	<u>3,603,863</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(267,737)	(800,533)
Decrease in accounts receivable	32,384,623	25,407,310
(Increase) decrease in other receivables	(731,700)	251,638
Decrease in inventories	20,781,355	30,597,839
Increase in other current assets	(740,081)	(381,611)
Decrease (Increase) in other financial assets	426,430	(5,424,095)
Increase in other non-current assets	(3,790)	(2,047)
Total changes in operating assets	<u>51,849,100</u>	<u>49,648,501</u>
Changes in operating liabilities:		
(Decrease) increase in contract liabilities	(790,701)	491,067
Decrease in accounts payable	(37,549,169)	(32,552,627)
Decrease in accrued expenses	(2,285,702)	(4,531,411)
(Decrease) increase in other payables	(865,507)	58,849
Increase (decrease) in other current liabilities	1,740,469	(67,878)
Increase (decrease) in other non-current liabilities	172,515	(48,709)
Total changes in operating liabilities	<u>(39,578,095)</u>	<u>(36,650,709)</u>
Total changes in operating assets and liabilities	<u>12,271,005</u>	<u>12,997,792</u>
Total adjustments	<u>15,083,817</u>	<u>16,601,655</u>
Cash inflow generated from operations	20,274,043	20,650,273
Interest received	1,240,677	744,903
Dividends received	7,918	1,293
Interest paid	(341,339)	(772,034)
Income taxes paid	(222,432)	(324,491)
Net cash flows from operating activities	<u>20,958,867</u>	<u>20,299,944</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows (CONT'D)****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(49,297)	(28,533)
Acquisition of property, plant and equipment	(4,938,730)	(4,347,206)
Proceeds from disposal of property, plant and equipment	266,506	405,940
Acquisition of intangible assets	(41,681)	(38,031)
Acquisition of right-of-use assets	(112,573)	-
Disposal of subsidiaries	689,507	-
Increase in other financial assets	(7,478)	(22,101)
Decrease (increase) in prepayments on purchase of equipment	1,247,687	(1,483,626)
Net cash flows used in investing activities	(2,946,059)	(5,513,557)
Cash flows from financing activities:		
(Decrease) increase in short-term loans	(12,729,061)	26,709,670
Repayments of bonds	-	(4,500,000)
Proceeds from long-term loans	766,093	1,900,000
Repayments of long-term loans	(873,307)	(670,710)
Repayments of lease liabilities	(355,031)	(331,373)
Changes in non-controlling interests	(6)	14,456
Net cash flows used in financing activities	(13,191,312)	23,122,043
Effect of exchange rate fluctuations on cash held	4,333,252	(827,749)
Net increase in cash and cash equivalents	9,154,748	37,080,681
Cash and cash equivalents, beginning of the period	102,572,944	84,577,382
Cash and cash equivalents, end of the period	\$ 111,727,692	121,658,063
Components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 100,261,187	121,658,063
Reclassification to non-current assets classified as held for sale(disposal groups)	11,466,505	-
Cash and cash equivalents, end of the period	\$ 111,727,692	121,658,063

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

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

(1) Company history

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

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

The consolidated financial statements of the Company as of and for the three months ended March 31, 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates entities.

(2) Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements were authorized for issuance by the Board of Directors on May 10, 2024.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Effective date to be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. 	January 1, 2027

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

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

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

(4) Summary of material accounting policies

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

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to “the Regulations”) and the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by Financial Supervisory Commission, and do not include all of the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to “IFRS endorsed by the FSC”) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
THE COMPANY	UNIHAN HOLDING LTD. (UNIHAN)	Investing activities	100.00 %	100.00 %	100.00 %	Note 14
UNIHAN	CASETEK HOLDINGS LIMITED (CASETEK)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
CASETEK	SLITEK HOLDINGS LIMITED (SLITEK)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
CASETEK	CASETEK COMPUTER (SUZHOU) CO., LTD. (CASETEK SUZHOU)	Manufacturing, developing and selling computers, computer parts, application systems, and providing after-sales service	100.00 %	100.00 %	100.00 %	Note 14
CASETEK	KAEDAR HOLDINGS LIMITED (KHL)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
KHL	KAEDAR ELECTRONICS (KUNSHAN) CO., LTD. (KAEDAR)	Tooling molds of stainless-steel computer cases	100.00 %	100.00 %	100.00 %	Note 14
KAEDAR	KUNSHAN KAILEXING ELECTRONICS CO., LTD. (KAILEXING)	Manufacture of electric and electronic components; wholesale and retail of electronic components; manufacture and sale of molds; manufacture and sale of equipment for processing plastics; manufacture of transportation equipment and counting scales for production.	- %	100.00 %	- %	Note 13
CASETEK	KAEDAR TRADING LTD. (KTL)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
CASETEK	CORE-TEK (SHANGHAI) LIMITED (CORE-TEK)	Researching and producing spare parts for notebook computers, designing nonmetal tooling, electronic specific equipment and related products, repairing and producing precision equipment and providing after-sales service	100.00 %	100.00 %	100.00 %	Note 14

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
CASETEK	KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD. (KAI-CHUAN)	Manufacturing, developing and inspecting computers and application systems, designing and manufacturing nonmetal and metal tooling, developing plastic and electronic component, selling self-manufactured products	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY, ASUSPOWER INVESTMENT AND ASUSTEK INVESTMENT	AZUREWAVE TECHNOLOGIES, INC. (AZUREWAVE)	Wireless network development and computer and business equipment, wholesale and retail sales of telecommunications equipment and information software, provision of computer peripheral hardware and mobile e-commerce services Provision of computer peripheral hardware and mobile e-commerce.	32.40 %	32.40 %	32.37 %	Note 1
AZUREWAVE	EZWAVE TECHNOLOGIES, INC. (EZWAVE)	Information products service	100.00 %	100.00 %	100.00 %	Note 14
AZUREWAVE	Azurewave Technologies (USA) Inc. (Azurewave USA)	Market development activities	100.00 %	100.00 %	100.00 %	Note 14
AZUREWAVE	AZURE LIGHTING TECHNOLOGIES, INC. (AZURE)	Selling electronic parts	100.00 %	100.00 %	100.00 %	Note 14
AZUREWAVE	Azurewave Technologies (Vietnam) Company Limited (Azurewave(VN))	Development, design and sale of communication equipment	100.00 %	100.00 %	- %	Note 11 and Note 14
AZUREWAVE	Azwave Holding (Samoa) Inc. (Azwave)	Investing activities	100.00 %	100.00 %	100.00 %	
Azwave	Azurewave Technologies (Shanghai) Inc. (Azurewave Shanghai)	Designing, manufacturing and trading computer products	100.00 %	100.00 %	100.00 %	Note 12 and Note 14
Azwave	AZURE LIGHTING TECHNOLOGIES, INC. (YANGZHOU) (AZURE YANQZHOU)	Manufacturing and selling LED and relevant lighting products	- %	- %	100.00 %	Note 12 and Note 14
Azwave	AIGALE CORPORATION (SHANGHAI) (AIGALE)	Designing and selling electronic products and communication equipment	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY	AMA PRECISION INC. (AMA)	Designing and developing computer parts	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY	PEGATRON HOLLAND HOLDING B.V. (PHH)	Investing activities	100.00 %	100.00 %	100.00 %	Note 14
PHH	PEGATRON Czech s.r.o. (PCZ)	Installing, repairing and selling electronic products	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY	PEGATRON HOLDING LTD. (PEGA HOLDING)	Investing activities	100.00 %	100.00 %	100.00 %	
PEGA HOLDING	POWTEK HOLDINGS LIMITED (POWTEK)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
POWTEK	POWTEK (SHANGHAI) LTD. (POWTEK SHANGHAI)	Selling main boards, computer peripherals, notebooks, servers and software, and providing after-sales service	100.00 %	100.00 %	100.00 %	Note 14
PEGA HOLDING, KINSUS SAMOA	PIOTEK HOLDINGS LTD. (CAYMAN) (PIOTEK CAYMAN)	Investing activities	100.00 %	100.00 %	100.00 %	

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
PIOTEK CAYMAN	PIOTEK HOLDING LIMITED (PIOTEK)	Investing activities	100.00 %	100.00 %	100.00 %	
PIOTEK	PIOTEK (H.K.) TRADING LIMITED (PIOTEK (H.K.))	Trading activities	100.00 %	100.00 %	100.00 %	
PEGA HOLDING	GRAND UPRIGHT TECHNOLOGY LIMITED (GUT)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
PEGA HOLDING	ASLINK PRECISION CO., LTD. (ASLINK)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
ASLINK	PEGAGLOBE (KUNSHAN) CO., LTD. (PEGAGLOBE KUNSHAN)	Manufacturing satellite navigation and positioning receiving equipment and key components, mobile phones, third generation and subsequent mobile communication mobile phones, base stations, core equipment and network testity equipment, large and medium-sized electronic computers, portable microcomputers, high-ends servers, large-capacity optical, disle drives and their components, high-end server, disk drive, and other related components	100.00 %	100.00 %	100.00 %	
PEGAGLOBE KUNSHAN	PEGAGLOBE (SHANGHAI) CO., LTD. (PEGAGLOBE SHANGHAI)	Engaged in the manufacture of satellite navigation and positioning receiving equipment and key groups, mobile phones, printing equipment, optoelectronic devices, computer equipment, Internet equipment, network equipment, integrated circuits, communication equipment, display devices, electronic components and electromechanical groups and equipment manufacturing and sale; related product maintenance and graphic design; technology development and other services; integrated circuit design, industrial design services, electronic components wholesale sale, non-residential real estate leases; housing leases	100.00 %	- %	- %	Note 11 and Note 14
ASLINK	PEGAGLOBE INVESTMENT (JIANGSU) CO., LTD. (PEGAGLOBE JIANGSU)	Investing activities with own funds; equity investment	100.00 %	100.00 %	100.00 %	Note 14
PEGA HOLDING	DIGITEK GLOBAL HOLDINGS LIMITED (DIGITEK)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
DIGITEK	DIGITEK (CHONGQING) CO. LTD. (DIGITEK CHONGQING)	Research and development, manufacture, sale of satellite communication equipment, satellite navigation receive equipment, cellphone, internet related equipment, computer, video decoding equipment, car-used electrical equipment and component. The company also provides export, proxy, after-sales repair services, and providing related technical consulting services	100.00 %	100.00 %	100.00 %	
DIGITEK CHONGQING	CHONGQING ZUANSHUO TRADING CO., LTD. (ZUANSHUO)	Computer software and hardware, computer parts, electronic products (excluding electronic publications), electric appliance, industrial communication device (excluding wireless receiving facilities and transmitter), communication equipment (excluding wireless transmitter and satellite ground receiving facilities), and providing related technical consulting services. Import and export of goods and technology. Packaging service, product design, marketing planning, business consulting	100.00 %	100.00 %	100.00 %	Note 14
PEGA HOLDING	MAGNIFICENT BRIGHTNESS LIMITED (MAGNIFICENT)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
MAGNIFICENT	MAINTEK COMPUTER (SUZHOU) CO., LTD. (MAINTEK)	Manufacture, develop and research and sale of power supplier, new electronic component, computer case, and computer system. Repair of laptop, motherboard and related product	100.00 %	100.00 %	100.00 %	
PEGA HOLDING	PROTEK GLOBAL HOLDINGS LTD. (PROTEK)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
PROTEK	PROTEK (SHANGHAI) LTD. (PROTEK SHANGHAI)	Develop and research, manufacture, assemble, repair, sale and design of satellite communication equipment, satellite navigation receive equipment and essential component, cellphone, medium and large sized computer, portable computer, printing machine and electrical component.	100.00 %	100.00 %	100.00 %	
PEGA HOLDING	COTEK HOLDINGS LIMITED (COTEK)	Investing and trading activities	100.00 %	100.00 %	100.00 %	Note 14
COTEK	COTEK ELECTRONICS (SUZHOU) CO., LTD. (COTEK SUZHOU)	Developing, manufacturing and selling new electronic components, circuit boards and relevant products, and providing after-sales service	100.00 %	100.00 %	100.00 %	Note 14
PEGA HOLDING	TOP QUARK LIMITED (TOP QUARK)	Investing and holding activities	- %	- %	100.00 %	Note 9

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
THE COMPANY	ASUSPOWER INVESTMENT CO., LTD. (ASUSPOWER INVESTMENT)	Investing activities	100.00 %	100.00 %	100.00 %	
THE COMPANY	ASUS INVESTMENT CO., LTD. (ASUS INVESTMENT)	Investing activities	100.00 %	100.00 %	100.00 %	
THE COMPANY	ASUSTEK INVESTMENT CO., LTD. (ASUSTEK INVESTMENT)	Investing activities	100.00 %	100.00 %	100.00 %	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	ASROCK INCORPORATION (ASROCK)	Selling motherboards, related product development and design	55.46 %	55.46 %	55.30 %	Note 3
ASROCK	ASIAROCK TECHNOLOGY LIMITED (ASIAROCK)	Investing and holding activities	100.00 %	100.00 %	100.00 %	
ASIAROCK	ASRock Europe B.V. (ASRock Europe)	Data storage and sale of electronic material and international trading activities	100.00 %	100.00 %	100.00 %	
ASIAROCK	CALROCK HOLDINGS, LLC (Calrock)	Office building leasing	100.00 %	100.00 %	100.00 %	Note 14
ASROCK	LEADER INSIGHT HOLDINGS LIMITED (Leader)	Investing and holding activities	100.00 %	100.00 %	100.00 %	Note 14
Leader	FIRSTPLACE INTERNATIONAL LTD. (Firstplace)	Investing and holding activities	100.00 %	100.00 %	100.00 %	Note 14
Firstplace	ASRock America, Inc. (ASRock America)	Data storage and sale of electronic material and international trading activities	100.00 %	100.00 %	100.00 %	
ASROCK	ASRock Rack Incorporation (ASRock Rack)	Manufacturing and selling computer and related peripherals	57.27 %	57.27 %	59.73 %	Note 4
ASROCK	ASRock Industrial Computer Corporation (ASRock Industrial)	Manufacturing and selling computer and related peripherals	60.10 %	60.10 %	64.46 %	Note 5
ASRock Industrial	ASROCK INDUSTRIAL COMPUTER SEA SDN. BHD. (ASEA)	Sales service center in Asia Pacific	100.00 %	- %	- %	Note 8 and Note 14
ASROCK	Soaring Asia Limited (Soaring)	International trading activities	100.00 %	100.00 %	100.00 %	Note 14
ASROCK	ASJade Technology Incorporation (ASJade)	Information software service	82.50 %	82.50 %	82.50 %	
ASJade	ASJade Technology Japan Corp. (ASJade Japan)	Information software service	100.00 %	100.00 %	- %	Note 11
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND CASETEK CAYMAN	PEGATRON Mexico, S.A. DE C.V. (PMX)	Manufacture of consumer electronics and electronic parts	100.00 %	100.00 %	100.00 %	Note 6 and Note 14

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	KINSUS INTERCONNECT TECHNOLOGY CORP. (KINSUS)	Manufacturing electronic parts, whole selling and retailing of electronic components, as well as providing business management consultant service	38.27 %	38.27 %	38.29 %	Note 2
KINSUS	KINSUS INVESTMENT CO., LTD. (KINSUS INVESTMENT)	Investing activities	100.00 %	100.00 %	100.00 %	
KINSUS, KINSUS INVESTMENT, ASUSPOWER INVESTMENT AND ASUSTEK INVESTMENT	PEGAVISION CORPORATION (PEGAVISION)	Manufacturing medical appliances	44.05 %	44.05 %	45.21 %	Note 7
PEGAVISION	PEGAVISION VIETNAM COMPANY LIMITED (PEGAVISION VIETNAM)	Manufacturing and selling medical appliances	100.00 %	100.00 %	- %	Note 11
PEGAVISION	PEGAVISION JAPAN INC. (PEGAVISION JAPAN)	Selling medical appliances	100.00 %	100.00 %	100.00 %	
PEGAVISION	Pegavision (Jiangsu) Limited (Pegavision Jiangsu)	Manufacturing and selling medical appliances	100.00 %	100.00 %	100.00 %	
PEGAVISION	Mayin Investment Co., Ltd. (Mayin)	Investing activities	100.00 %	100.00 %	100.00 %	
Mayin	BeautyTech Platform Corporation (BeautyTech)	Selling medical appliances and cosmetics	85.00 %	85.00 %	85.00 %	
BeautyTech	PEGAVISION CONTACT LENSES CORPORATION (PEGAVISION SHANGHAI)	Selling medical appliances	100.00 %	100.00 %	100.00 %	
PEGAVISION SHANGHAI	Gemvision Technology (Zhejiang) Limited (Gemvision Zhejiang)	Selling medical appliances	100.00 %	100.00 %	100.00 %	
BeautyTech	BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD. (BEAUTYTECH SG)	Selling medical appliances and cosmetics	100.00 %	100.00 %	100.00 %	
BeautyTech	BeautyTech Platform (Shanghai) Corporation (BeautyTech Shanghai)	Selling medical appliances and cosmetics	100.00 %	100.00 %	100.00 %	
Mayin	FacialBeau International Corporation (FacialBeau)	Selling medical appliances and cosmetics	55.00 %	55.00 %	55.00 %	
FacialBeau	FacialBeau (Jiangsu) Corporation (FacialBeau Jiangsu)	Selling medical appliances and cosmetics	100.00 %	100.00 %	100.00 %	Note 8
FacialBeau	Aquamax Vision Corporation (Aquamax)	Selling medical appliances and cosmetics	100.00 %	100.00 %	100.00 %	
FacialBeau	IKIDO Inc. (IKIDO)	Selling medical appliances and cosmetics	100.00 %	100.00 %	100.00 %	
FacialBeau	RODNA CO. LTD. (RODNA)	Selling medical appliances and cosmetics	100.00 %	100.00 %	100.00 %	

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
KINSUS INVESTMENT, ASUSTEK INVESTMENT AND ASUS INVESTMENT	FUYANG TECHNOLOGY CORPORATION (FUYANG)	Electronic parts and components manufacturing	89.13 %	89.13 %	89.13 %	Note 14
FUYANG	FUYANG FLEX HOLDING LTD. (FUYANG HOLDING)	Investing activities	- %	- %	100.00 %	Note 9
FUYANG HOLDING	FUYANG ELECTRONICS (SUZHOU) CO., LTD. (FUYANG SUZHOU)	Researching, developing, producing, inspecting, repairing and selling flexible multilayer model, computer digital signal process system and card; selling own produced products and providing related technical consulting service	- %	- %	100.00 %	Note 9
KINSUS	KINSUS CORP. (USA) (KINSUS USA)	Designing substracts, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00 %	100.00 %	100.00 %	
KINSUS	KINSUS HOLDING (SAMOA) LIMITED (KINSUS SAMOA)	Investing activities	100.00 %	100.00 %	100.00 %	
KINSUS SAMOA	KINSUS HOLDING (CAYMAN) LIMITED (KINSUS CAYMAN)	Investing activities	100.00 %	100.00 %	100.00 %	
KINSUS CAYMAN	KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP. (KINSUS SUZHOU)	Manufacturing and selling circuit boards (PCB) (not high-density fine-line)	100.00 %	100.00 %	100.00 %	
PIOTEK, KINSUS SUZHOU, PEGAGLOBE JIANGSU	PIOTEK COMPUTER (SUZHOU) CO., LTD. (PIOTEK SUZHOU)	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	100.00 %	100.00 %	100.00 %	Note 6
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	STARLINK ELECTRONICS CORPORATION (STARLINK)	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	100.00 %	100.00 %	100.00 %	Note 14
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	ASUSPOWER CORPORATION (ASUSPOWER)	Investing and trading activities	100.00 %	100.00 %	100.00 %	
THE COMPANY	CASETEK HOLDINGS LIMITED (CAYMAN) (CASETEK CAYMAN)	Investing activities	100.00 %	100.00 %	100.00 %	
CASETEK CAYMAN	RIH LI INTERNATIONAL LIMITED (RIH LI)	Investing activities	100.00 %	100.00 %	100.00 %	

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
RIH LI	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD. (RI-TENG)	Designing, researching, developing, manufacturing and selling electronic components, precision, nonmetal and metal tooling	100.00 %	100.00 %	100.00 %	Note 14
RIH LI	RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD. (RI-PRO)	Designing, researching, developing, manufacturing and selling electronic components, precision, nonmetal and metal tooling	100.00 %	100.00 %	100.00 %	Note 14
CASETEK CAYMAN	RI-KUAN METAL CORPORATION (RI-KUAN)	Selling iron and aluminum products	100.00 %	100.00 %	100.00 %	Note 14
RI-KUAN	RITENG USA, INC. (RITENG)	Market survey	100.00 %	100.00 %	100.00 %	Note 14
CASETEK CAYMAN	APLUS PRECISION LIMITED (APLUS)	Investing and trading activities	- %	- %	100.00 %	Note 9
APLUS	UNITED NEW LIMITED (UNITED)	Investing and trading activities	- %	- %	100.00 %	Note 9
UNITED	KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD. (KAI HE)	Designing, researching, developing, manufacturing and selling electronic components, precision, nonmetal and metal tooling and surface processing for the aforementioned products	- %	- %	100.00 %	Note 9
CASETEK CAYMAN	MEGA MERIT LIMITED (MEGA)	Trading activities	100.00 %	100.00 %	100.00 %	Note 14
ASUS INVESTMENT	AS FLY TRAVEL SERVICE LIMITED (AS FLY)	Travel agency	100.00 %	100.00 %	100.00 %	Note 14
ASUSPOWER INVESTMENT	PEGATRON TECHNOLOGY SERVICE INC. (PTSI)	Sales and repair service center in North America	100.00 %	100.00 %	100.00 %	Note 14
PTSI	PEGATRON SERVICOS DE INFORMATICA LTDA.(PCBR)	Maintenance service	100.00 %	100.00 %	100.00 %	Note 14
ASUSPOWER INVESTMENT	PEGA INTERNATIONAL LIMITED (PEGA INTERNATIONAL)	Design service and sales	100.00 %	100.00 %	100.00 %	Note 14
ASUSPOWER INVESTMENT	PEGATRON JAPAN INC.(PJ)	Sales and repair service center in Japan	100.00 %	100.00 %	100.00 %	Note 14
ASUSPOWER INVESTMENT	PEGATRON LOGISTIC SERVICE INC.(PLSI)	Sales and logistics center in North America	- %	- %	100.00 %	Note 9
ASUSPOWER INVESTMENT, ASUS INVESTMENT AND ASUSTEK INVESTMENT	Lumens Digital Optics Inc. (Lumens)	Researching, developing, manufacturing and selling computer data projectors and related peripherals	54.28 %	54.28 %	55.21 %	Note 10 and Note 14
Lumens	Lumens Integration Inc. (Lumens Integration)	Selling computer communication products and peripherals	100.00 %	100.00 %	100.00 %	Note 14
Lumens	Lumens Digit Image Inc. (SAMOA) (Lumens SAMOA)	Investing activities	100.00 %	100.00 %	100.00 %	Note 14
Lumens SAMOA	Lumens (Suzhou) Digital Image Inc. (Lumens Suzhou)	Manufacturing and selling computer data projectors and related peripherals	100.00 %	100.00 %	100.00 %	Note 14

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Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
ASUSPOWER INVESTMENT	PEGATRON SERVICESINGAPORE PTE. LTD. (PSG)	Sales and repair service center in Singapore	100.00 %	100.00 %	100.00 %	Note 14
PSG	PEGATRON SERVICE KOREA LLC.(PKR)	Sales and repair service center in Korea	100.00 %	100.00 %	100.00 %	Note 14
ASUS INVESTMENT	HUA-YUAN INVESTMENT LIMITED (HUA-YUAN)	Investing activities	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY	PEGATRON SERVICE AUSTRALIA PTY. LTD.(PAU)	Sales and repair service center in Australia	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY	PEGATRON USA, INC. (PUSA)	Sales and repair service center in North America	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY, ASUSPOWER INVESTMENT	PT PEGAUNIHAN TECHNOLOGY INDONESIA (PTB)	Data storage and processing equipment, manufacturing wired and wireless communication equipment, installing and selling of computer equipment and electronic components	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY, CASETEK CAYMAN	PEGATRON VIETNAM COMPANY LIMITED (PVN)	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	100.00 %	100.00 %	100.00 %	Note 6 and Note 14
THE COMPANY	PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED (PHP)	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY, ASUSPOWER INVESTMENT	PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED (PTI)	Manufacturing and selling consumer electronics	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY, ASUSPOWER INVESTMENT	PEGARTON ELECTRONICS INDIA PRIVATE LIMITED (PELI)	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	100.00 %	100.00 %	- %	Note 11 and Note 14
THE COMPANY	PEGATRON TECHNOLOGY TEXAS INC. (PTX)	Sales service center in North America	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY	PEGATRON ELECTRONICS INC. (PEL)	Sales service center in North America	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY	PEGAUNIHAN TECHNOLOGY MALAYSIA SDN. BHD (PTM)	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	100.00 %	- %	- %	Note 11 and Note 14
THE COMPANY	Pegapower Investment Co., Ltd. (Pegapower Investment)	Investing activities	100.00 %	100.00 %	100.00 %	Note 14
THE COMPANY	Pegatron Investment Co., Ltd. (Pegatron Investment)	Investing activities	100.00 %	100.00 %	100.00 %	Note 14
Pegapower Investment, Pegatron Investment	Pegatron Venture Capital Co., Ltd. (Pegatron Venture)	Investing activities	100.00 %	100.00 %	100.00 %	Note 14

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2024	December 31, 2023	March 31, 2023	
Pegapower Investment, KINSUS INVESTMENT, PEGAVISION, ASROCK, AZUREWAVE	Zhuhe Investment Co., Ltd. (Zhuhe)	Investing activities	82.34 %	82.34 %	- %	Note 11 and Note 14

- Note 1: During 2023, AZUREWAVE resolved to reduce the capital through cancellation of the repurchases of restricted employee new shares, resulting in an increase in the shareholding of the Group to 32.40%. The Group held 32.40% voting shares of AZUREWAVE; however, the Group considered the remaining 67.60% of shareholdings are not concentrated and the Group has an ability to lead the decision making in relevant activities of the investee company based on the experience in its previous shareholders' meeting. In addition, there is no indication that other shareholders are collaborating together for passing any resolution. Therefore, the Group included AZUREWAVE into the consolidated financial report.
- Note 2: During 2023, KINSUS issued restricted shares for its employees and repurchase the treasury shares that lapsed due to those restricted shares, resulting in the Group's shareholding to decrease to 38.27%. The Group held 38.27% voting shares of KINSUS; however, the Group considered the remaining 61.73% of shareholdings are not concentrated and the Group has an ability to lead the decision making in relevant activities of the investee company based on the experience in its previous shareholders' meeting. In addition, there is no indication that other shareholders are collaborating together for passing any resolution. Therefore, the Group included KINSUS into the consolidated financial report.
- Note 3: During 2023, ASROCK resolved to reduce the capital through cancellation of the repurchases of restricted employee new shares and repurchase the treasury shares that lapsed due to those restricted shares, increasing the Group's shareholding to 55.46%.
- Note 4: ASRock Rack conducted a cash capital increase by issuing new shares, wherein a portion of which had been reserved for employee stock option, based on a resolution decided during the board meeting held on July 11, 2023. However, the Group did not subscribe for those shares in proportion to its shareholding, which decreased to 57.27%. Also, ASRock Rack issued stock dividends on July 22, 2023 to increase its capital, in which the Group's shareholding ratio remained at 57.27%.
- Note 5: ASRock Industrial conducted a cash capital increase by issuing new shares, wherein a portion of which had been reserved for employee stock option, based on the resolutions decided during the board meetings held on May 5 and July 10, 2023. However, the Group did not subscribe for those shares in proportion to its shareholding, which decreased to 60.10%. Also, ASRock Industrial issued stock dividends on July 28, 2023 to increase its capital, in which the Group's shareholding ratio remained at 60.10%.
- Note 6: During 2023, the entity increased cash capital by issuing shares, all of which were subscribed for by subsidiaries within the same group.

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Note 7: On April 28, 2023, PEGAVISION's Board of Directors resolved to issue shares for cash capital increase, and the record date thereof was September 7, 2023. The Group did not subscribe for those shares in proportion to its shareholding, which decreased to 44.05% thereafter. However, the Group considered the remaining 55.95% of shareholdings are not concentrated and the Group has an ability to lead the decision making in relevant activities of the investee company based on the experience in its previous shareholders' meeting. In addition, there is no indication that other shareholders are collaborating together for passing any resolution. Therefore, the Group included PEGAVISION into the consolidated financial report.
- Note 8 : The entity was founded, however the capital infusion has not been completed before March 31, 2024.
- Note 9: The company had been liquidated in 2023.
- Note 10: During 2023, the entity issued new shares for share options, decreasing the Group's shareholding to 54.28% after the capital increase.
- Note 11: The company was newly established, with the capital infusion having been completed before March 31,2024.
- Note 12: AZUREWAVE passed the merger of Azurewave Shanghai and AZURE YANQZHOU through Board of Directors, and after the merger was completed in 2023, AZURE YANQZHOU is a dissolved company, and Azurewave Shanghai is a surviving company.
- Note 13: The company has been established in 2023, and the entire shares of the company has been sold to third party in the first quarter of 2024.
- Note 14: Since the company is an insignificant subsidiary, its financial statements for the three months ended March 31,2024 and 2023 have not been reviewed.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, during the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the balance sheet date; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the balance sheet date; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the balance sheet date.

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Account Standards 34, “Interim Financial Reporting”.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management’s best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off event.

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

The preparation of the consolidated financial statements in conformity with the Regulations and International Accounting Standard 34 “ Interim Financial Reporting” endorsed by the Financial Supervisory Commission requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to Note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 8,863	13,015	8,491
Cash in banks	46,384,044	52,836,216	40,520,644
Time deposits	47,209,708	40,331,023	75,502,075
Cash equivalents	<u>6,658,572</u>	<u>4,541,338</u>	<u>5,626,853</u>
	<u>\$ 100,261,187</u>	<u>97,721,592</u>	<u>121,658,063</u>

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Current mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Shares of stock of listed companies	\$ 6,712,051	7,176,915	6,447,957
Shares of emerging stock of listed companies	-	-	114,810
Shares of stock of unlisted companies	-	498,643	10,688
Beneficiary certificates	4,091,617	4,421,010	3,123,790
Convertible bonds	<u>83,309</u>	<u>81,022</u>	<u>83,579</u>
Subtotal	<u>10,886,977</u>	<u>12,177,590</u>	<u>9,780,824</u>
Non-current mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Shares of stock of listed companies	\$ 442,542	442,435	512,148
Shares of stock of unlisted companies	1,262,660	570,214	343,361
Beneficiary certificates	<u>1,837,939</u>	<u>1,545,596</u>	<u>1,259,356</u>
Subtotal	<u>3,543,141</u>	<u>2,558,245</u>	<u>2,114,865</u>
Total	<u>\$ 14,430,118</u>	<u>14,735,835</u>	<u>11,895,689</u>

- (i) Please refer to Note 6(y) for re-measurement at fair value recognized in profit or loss.
- (ii) Please refer to note 6(z) for the credit risk and market risk.
- (iii) The aforesaid financial assets were not pledged as collateral.

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

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Equity instruments at fair value through other comprehensive income:			
Shares of stock of listed companies	\$ 1,103,983	1,133,702	884,237
Shares of stock of unlisted companies	<u>632,955</u>	<u>583,659</u>	<u>554,708</u>
Total	<u>\$ 1,736,938</u>	<u>1,717,361</u>	<u>1,438,945</u>

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

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

For three months ended March 31, 2024, and 2023, the Group did not recognize any dividends from its equity investments at fair value through other comprehensive income.

- (ii) Please refer to note 6(z) for credit risk and market risk.
- (iii) The aforesaid financial assets were not pledged as collateral.

(d) Accounts receivable, net

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

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivables from operating activities	\$ 5,467	4,833	12,887
Accounts receivable-measured at amortized cost	122,686,060	155,061,701	165,013,779
Less: Allowance for impairment	<u>93,061</u>	<u>160,171</u>	<u>240,088</u>
	<u>\$ 122,598,466</u>	<u>154,906,363</u>	<u>164,786,578</u>

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

- (ii) Credit loss

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

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The loss allowance provision was determined as follows:

	March 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 121,469,080	0%~2%	(48,811)
Overdue 0 to 30 days	1,063,431	0%~30%	(18,568)
Overdue 31 to 120 days	148,168	1%~100%	(15,640)
Overdue 121 to 365 days	9,130	50%~100%	(8,324)
Over 365 days past due	<u>1,718</u>	100%	<u>(1,718)</u>
	<u>\$ 122,691,527</u>		<u>(93,061)</u>
	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 151,514,060	0%~2%	(43,507)
Overdue 0 to 30 days	3,276,531	0%~30%	(42,337)
Overdue 31 to 120 days	225,027	2%~100%	(28,005)
Overdue 121 to 365 days	49,223	59%~100%	(44,629)
Over 365 days past due	<u>1,693</u>	100%	<u>(1,693)</u>
	<u>\$ 155,066,534</u>		<u>(160,171)</u>
	March 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 162,990,697	0%~1%	(28,638)
Overdue 0 to 30 days	1,557,277	1%~30%	(36,208)
Overdue 31 to 120 days	324,284	1%~100%	(69,896)
Overdue 121 to 365 days	152,701	17%~100%	(103,639)
Over 365 days past due	<u>1,707</u>	100%	<u>(1,707)</u>
	<u>\$ 165,026,666</u>		<u>(240,088)</u>

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended	
	March 31	
	2024	2023
Balance on January 1	\$ 160,171	187,095
Impairment losses(reversed) recognized	(68,333)	53,291
Effect of movement in exchange rates	1,223	(298)
Balance on March 31	\$ 93,061	240,088

The aforesaid financial assets were not pledged as collateral.

(iii) Please refer to note 6(z) for credit risk and market risk.

(iv) Accounts receivable factoring

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

As of March 31, 2024, December 31, 2023, and March 31, 2023, the relevant information on accounts receivable factored by the Company, but unsettled, was as follows:

March 31, 2024						
Purchaser	Amount Derecognized	Factoring Line (thousands)	Amount Advanced Paid (thousands)	Collateral	Range of Interest Rate	Significant Factoring Terms
ANZ and others	\$ -	USD 420,000	USD -	None	-	The accounts receivable factoring is without recourse, but the seller still bears the risks except for eligible obligor's insolvency.

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

March 31, 2023						
Purchaser	Amount Derecognized	Factoring Line (thousands)	Amount Advanced Paid (thousands)	Collateral	Range of Interest Rate	Significant Factoring Terms
ANZ and others	\$ -	USD 420,000	USD -	None	-	The accounts receivable factoring is without recourse, but the seller still bears the risks except for eligible obligor's insolvency.

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As of March 31, 2023, KINSUS sold its accounts receivable without recourse as follows:

Purchaser	March 31, 2023				Collateral	Range of Interest Rate	Significant Factoring Terms
	Amount Derecognized	Factoring Line (thousands)	Amount Advanced (thousands) Paid				
Mega International Commercial Bank - LanYa Branch	\$ <u>417,154</u>	USD <u>30,000</u>	\$ <u>-</u>		None	-	The accounts receivable factoring is without recourse.

Note: KINSUS did not sign a new factoring agreement after the expiration of the agreements. The credit limits were USD 30,000 thousand as of March 31, 2023.

(e) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Merchandise	\$ 2,570,986	2,817,546	1,777,052
Finished goods	40,929,308	59,734,229	80,123,319
Work in process	13,561,819	9,097,630	23,841,329
Raw materials	<u>33,061,709</u>	<u>33,966,394</u>	<u>63,102,274</u>
	<u>\$ 90,123,822</u>	<u>105,615,799</u>	<u>168,843,974</u>

The components of cost of goods sold were as follows:

	For the three months ended March 31	
	2024	2023
Cost of goods sold	\$ 237,775,463	304,577,704
Provision on (reversal of) evaluation of inventory	(175,887)	376,166
Loss on disposal of inventory	2,195,276	2,753,380
Others	<u>22,101</u>	<u>66,101</u>
	<u>\$ 239,816,953</u>	<u>307,773,351</u>

As of March 31, 2024, December 31, 2023, and March 31, 2023, the aforesaid inventories were not pledged as collateral.

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PEGATRON CORPORATION AND SUBSIDIARIES
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(f) Non-current assets classified as held for sale (disposal groups)

The Group was approved by the Board of Directors on December 28, 2023 through the resolution for the proposed cash capital increase of the Group's shares in the Pegaglobe(Kunshan) Co., Ltd. for subscription by strategic investor, Luxsan ICT. The Group relinquished its pre-emptive rights to the cash capital increase of Pegaglobe (Kunshan) Co., Ltd., thereby losing control over Pegaglobe (Kunshan) Co., Ltd. due to reduction in its shareholding ratio. The unit has been reclassified as a held for sale (disposal group) and it is presented separately in the consolidated balance sheet. As the expected fair value less cost of disposal is higher than the carrying amount of the disposal group, liabilities directly related to non-current assets held for sale and non-current asset held for sale are transferred based on the carrying amounts of such assets and liabilities, the main categories of which are as follows:

	March 31, 2024	December 31, 2023
Non-current assets classified as held for sale(disposal groups) :		
Cash and cash equivalents	\$ 11,466,505	4,851,352
Net accounts receivable(Note)	651,963	660,356
Net other receivables(Note)	108,959	53,687
Inventories	21,178,215	26,467,592
Other current assets	839,035	288,400
Property, plant and equipment	6,311,656	6,083,757
Right-of-use assets	1,716,684	1,731,314
Deferred income tax assets	45,861	61,795
Other financial assets - non-current	30,267	29,114
	<u>\$ 42,349,145</u>	<u>40,227,367</u>
Liabilities related to non-current assets classified as held for sale (diposal groups) :		
Short-terms loans	\$ 7,999,750	-
Accounts payable(Note)	1,093,732	1,737,129
Other payable(Note)	2,533,546	1,707,324
Current tax liabilities	221	-
Current lease liabilities	775,280	785,029
Other current liabilities	63,724	182,958
Non-current lease liabilities	506,709	522,296
Other non-current liabilities	129,728	129,758
	<u>\$ 13,102,690</u>	<u>5,064,494</u>

Note: The amount after consolidated written off is shown, and may differ from the net value at the time of disposal in the future.

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Investments accounted for using equity method

The Group's investments accounted for using equity method at reporting date were as follows:

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Associates	\$ <u>33,375,212</u>	<u>31,944,926</u>	<u>28,155,235</u>
Credit balance of investments accounted for using equity method-associate	\$ <u>5,159</u>	<u>4,529</u>	<u>2,617</u>

Associates which are material to the Group consisted of the followings:

<u>Name of Associates</u>	<u>Nature of Relationship with the Group</u>	<u>Main operating location/ Registered Country of the Company</u>	<u>Proportion of shareholding and voting rights</u>		
			<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Luxcase (Yancheng) (RI KAI)	Designing, researching, developing, manufacturing and selling precision, non-metal and metal tooling, 3C electronic product parts and accessories	China	48.17 %	48.17 %	48.17 %

The consolidated financial information of the material associate for the Group is listed below. The amounts in such financial information has been adjusted to reflect the fair value and accounting differences adjustments made by the Group upon acquiring associates.

Luxcase (Yancheng)

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Current assets	\$ 117,978,171	113,699,021	106,831,114
Non-current assets	42,531,163	39,426,304	43,228,426
Current liabilities	(91,534,281)	(86,988,660)	(90,636,305)
Non-current liabilities	<u>(1,891,171)</u>	<u>(1,899,596)</u>	<u>(2,970,369)</u>
Net assets attributable to shareholders	\$ <u>67,083,882</u>	<u>64,237,069</u>	<u>56,452,866</u>

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Operating revenue	\$ <u>82,837,297</u>	<u>76,741,702</u>
Profit from continuing operations	\$ 136,953	184,132
Other comprehensive income	<u>4,826</u>	<u>(22,158)</u>
Comprehensive income attributable to shareholders	\$ <u>141,779</u>	<u>161,974</u>

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
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	For the three months ended March 31	
	2024	2023
Shares of net assets of the associate as of January 1	\$ 30,944,923	26,992,837
Profit attributable to the Group	62,163	78,300
Comprehensive income attributable to the Group	1,231,178	108,321
Changes in the ownership interest attributable to the Group	<u>78,054</u>	<u>15,581</u>
Shares of net assets of associates	32,316,318	27,195,039
Add: Goodwill	<u>119,183</u>	<u>113,419</u>
Carrying amount of the associate's equity as of March 31	<u>\$ 32,435,501</u>	<u>27,308,458</u>

The Group's financial information on investments accounted for using equity method that are individually insignificant are as follows, which are included in the Consolidated Financial Statements.

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of individually insignificant associates' equity	<u>\$ 934,552</u>	<u>881,036</u>	<u>844,160</u>

	For the three months ended March 31	
	2024	2023
Attributable to the Group:		
Profit from continuing operations	\$ 41,949	96,719
Other comprehensive income	<u>7</u>	<u>(57)</u>
Total comprehensive income	<u>\$ 41,956</u>	<u>96,662</u>

As of March 31, 2024, December 31, 2023, and March 31, 2023, the aforesaid investments accounted for using equity method were not pledged as collateral.

The unreviewed financial statements of investments accounted for using equity method

The investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Subsidiaries that have material non-controlling interest

Subsidiaries that have material non-controlling interest were as follows:

<u>Subsidiaries</u>	<u>Main operation place/Country of registration</u>	<u>Percentage of non-controlling interest</u>		
		<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
KINSUS and its subsidiaries	Taiwan	61.73 %	61.73 %	61.71 %
ASROCK and its subsidiaries	Taiwan	44.54 %	44.54 %	44.70 %

The financial information regarding the above-mentioned subsidiaries, which was not adjusted in proportion to the Group's percentage of ownership, is summarized as follows:

(i) Information regarding KINSUS and its subsidiaries

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current assets	\$ 26,922,905	29,368,923	26,752,360
Non-current assets	52,125,878	48,698,116	46,599,190
Current liabilities	(15,458,463)	(14,258,875)	(16,375,303)
Non-current liabilities	(24,894,519)	(24,649,038)	(21,219,845)
Net assets	<u>\$ 38,695,801</u>	<u>39,159,126</u>	<u>35,756,402</u>
Non-controlling interest	<u>\$ 24,912,927</u>	<u>25,241,438</u>	<u>22,946,878</u>

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Operating revenue	<u>\$ 6,994,384</u>	<u>6,834,328</u>
Net income for the year	392,890	216,904
Other comprehensive income	142,224	14,198
Comprehensive income	<u>\$ 535,114</u>	<u>231,102</u>
Net income attribute to non-controlling interest	<u>\$ 304,081</u>	<u>197,109</u>
Comprehensive income attribute to non-controlling interest	<u>\$ 388,635</u>	<u>197,066</u>
Cash flows from operating activities	\$ 1,393,011	2,060,315
Cash flows used in investing activities	(3,125,387)	(4,796,231)
Cash flows from financing activities	1,075,943	1,738,582
Effect of movement in exchange rate	63,020	5,707
Net decrease in cash and cash equivalents	<u>\$ (593,413)</u>	<u>(991,627)</u>

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Information regarding ASROCK and its subsidiaries

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 14,343,320	13,552,525	12,994,308
Non-current assets	823,209	822,799	832,210
Current liabilities	(6,506,030)	(5,380,375)	(5,713,401)
Non-current liabilities	(92,776)	(111,825)	(107,651)
Net assets	<u>\$ 8,567,723</u>	<u>8,883,124</u>	<u>8,005,466</u>
Non-controlling interest	<u>\$ 4,257,801</u>	<u>4,376,677</u>	<u>4,001,125</u>

	For the three months ended March 31	
	2024	2023
Operating revenue	<u>\$ 4,953,220</u>	<u>4,395,071</u>
Net income for the year	346,127	107,968
Other comprehensive income (loss)	179,511	(36,255)
Comprehensive income	<u>\$ 525,638</u>	<u>71,713</u>
Net income attribute to non-controlling interest	<u>\$ 177,296</u>	<u>38,822</u>
Comprehensive income attribute to non-controlling interest	<u>\$ 257,215</u>	<u>22,616</u>
Cash flows used in operating activities	\$ (47,168)	(114,446)
Cash flows used in investing activities	(472,890)	(644,097)
Cash flows used in financing activities	(16,413)	(240,664)
Effect of movement in exchange rate	168,934	(33,955)
Net decrease in cash and cash equivalents	<u>\$ (367,537)</u>	<u>(1,033,162)</u>

(i) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery equipment	Instrument equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2024	\$ 12,776,594	53,043,646	52,808,699	1,299,178	38,178,891	8,667,164	166,774,172
Additions	610	150,561	22,588	20,957	590,656	2,678,291	3,463,663
Disposals and obsolescence	-	(317,546)	(253,641)	(38,260)	(689,476)	-	(1,298,923)
Reclassifications	(215)	2,376,697	2,478,041	4,595	1,751,400	(3,809,514)	2,801,004
Transferred to non-current assets held for sale	-	(437,655)	(61,744)	-	(318,772)	(4,379)	(822,550)
Effect of movement in exchange rate	9,234	1,845,670	772,269	36,164	1,296,317	183,491	4,143,145
Balance on March 31, 2024	<u>\$ 12,786,223</u>	<u>56,661,373</u>	<u>55,766,212</u>	<u>1,322,634</u>	<u>40,809,016</u>	<u>7,715,053</u>	<u>175,060,511</u>

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Instrument equipment</u>	<u>Other facilities</u>	<u>Construction in progress</u>	<u>Total</u>
Balance on January 1, 2023	\$ 12,099,104	55,266,759	52,705,931	1,343,727	38,236,146	8,661,817	168,313,484
Additions	-	69,907	27,193	33,168	336,303	1,876,007	2,342,578
Disposals and obsolescence	-	(315,173)	(382,121)	(75,781)	(824,440)	-	(1,597,515)
Reclassifications	-	468,272	463,901	5,140	1,148,496	(918,663)	1,167,146
Effect of movement in exchange rate	3,885	(226,737)	(69,240)	(6,369)	(67,214)	28,309	(337,366)
Balance on March 31, 2023	<u>\$ 12,102,989</u>	<u>55,263,028</u>	<u>52,745,664</u>	<u>1,299,885</u>	<u>38,829,291</u>	<u>9,647,470</u>	<u>169,888,327</u>
Depreciation and impairment loss:							
Balance on January 1, 2024	\$ -	27,202,810	38,298,383	1,001,448	24,968,111	-	91,470,752
Depreciation for the period	-	796,359	1,293,936	39,532	1,374,788	-	3,504,615
Impairment loss	-	19,242	-	-	-	-	19,242
Disposals and obsolescence	-	(308,935)	(204,628)	(38,161)	(583,446)	-	(1,135,170)
Reclassifications	-	170,202	131	-	19,672	-	190,005
Transferred to non-current assets held for sale	-	(339,273)	(94,675)	-	(160,703)	-	(594,651)
Effect of movement in exchange rate	-	957,082	618,262	32,673	843,159	-	2,451,176
Balance on March 31, 2024	<u>\$ -</u>	<u>28,497,487</u>	<u>39,911,409</u>	<u>1,035,492</u>	<u>26,461,581</u>	<u>-</u>	<u>95,905,969</u>
Balance on January 1, 2023	\$ -	26,668,850	36,379,503	1,054,512	24,521,010	-	88,623,875
Depreciation for the period	-	754,200	1,249,491	41,084	1,249,668	-	3,294,443
Impairment loss	-	-	-	-	2,797	-	2,797
Disposals and obsolescence	-	(318,342)	(267,190)	(75,692)	(546,299)	-	(1,207,523)
Effect of movement in exchange rate	-	(85,282)	(71,256)	(6,025)	(98,087)	-	(260,650)
Balance on March 31, 2023	<u>\$ -</u>	<u>27,019,426</u>	<u>37,290,548</u>	<u>1,013,879</u>	<u>25,129,089</u>	<u>-</u>	<u>90,452,942</u>
Carrying value:							
Balance on January 1, 2024	<u>\$ 12,776,594</u>	<u>25,840,836</u>	<u>14,510,316</u>	<u>297,730</u>	<u>13,210,780</u>	<u>8,667,164</u>	<u>75,303,420</u>
Balance on March 31, 2024	<u>\$ 12,786,223</u>	<u>28,163,886</u>	<u>15,854,803</u>	<u>287,142</u>	<u>14,347,435</u>	<u>7,715,053</u>	<u>79,154,542</u>
Balance on January 1, 2023	<u>\$ 12,099,104</u>	<u>28,597,909</u>	<u>16,326,428</u>	<u>289,215</u>	<u>13,715,136</u>	<u>8,661,817</u>	<u>79,689,609</u>
Balance on March 31, 2023	<u>\$ 12,102,989</u>	<u>28,243,602</u>	<u>15,455,116</u>	<u>286,006</u>	<u>13,700,202</u>	<u>9,647,470</u>	<u>79,435,385</u>

- (i) Based on the results of its evaluation of the recoverability of property, plant and equipment, the Group recognized impairment loss as follows:

	For the three months ended March 31	
	<u>2024</u>	<u>2023</u>
Impairment loss	<u>\$ 19,242</u>	<u>2,797</u>

- (ii) KINSUS and its subsidiaries purchased 40 parcels of land with a total area of 36,115.24 square meters. Lands are located at the addresses of No.1113, 1114, 1438 to 1443, 1479, 1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No.1044, 1047 to 1049 at QingHua Section, and No.0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, the agricultural land cannot be registered under KINSUS's name while it has been temporarily registered under the chief executive officer and general manager's name and, to secure KINSUS's right to the land, mortgage registration has been set aside with KINSUS being the obligee.
- (iii) Please refer to Note 6(y) for gain and loss on the disposal of property, plant and equipment.
- (iv) Please refer to Note 8 for the details of property, plant and equipment pledged as collateral.

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PEGATRON CORPORATION AND SUBSIDIARIES
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(j) Right-of-use assets

The movements in the cost and depreciation of the right-of-use assets of the leased land, buildings and transportation equipment were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2024	\$ 3,842,627	3,448,595	4,809	7,296,031
Additions	275,742	335,169	-	610,911
Reductions	(18,952)	(453,693)	-	(472,645)
Transferd to non-current assets held for sale	(21,582)	(234,634)	-	(256,216)
Effect of movement in exchange rate	<u>176,780</u>	<u>182,072</u>	<u>143</u>	<u>358,995</u>
Balance on March 31, 2024	<u>\$ 4,254,615</u>	<u>3,277,509</u>	<u>4,952</u>	<u>7,537,076</u>
Balance on January 1, 2023	\$ 4,359,191	4,986,033	2,822	9,348,046
Additions	15,367	294,359	-	309,726
Reductions	-	(691,794)	-	(691,794)
Effect of movement in exchange rate	<u>(28,871)</u>	<u>6,274</u>	<u>(13)</u>	<u>(22,610)</u>
Balance on March 31, 2023	<u>\$ 4,345,687</u>	<u>4,594,872</u>	<u>2,809</u>	<u>8,943,368</u>
Accumulated depreciation:				
Balance on January 1, 2024	\$ 999,270	1,366,367	1,753	2,367,390
Depreciation for the period	27,599	393,236	68	420,903
Reductions	(1,473)	(337,996)	-	(339,469)
Transferred to non-current assets held fo sale	(5,961)	(264,885)	-	(270,846)
Effect of movement in exchange rate	<u>35,414</u>	<u>72,282</u>	<u>48</u>	<u>107,744</u>
Balance on March 31, 2024	<u>\$ 1,054,849</u>	<u>1,229,004</u>	<u>1,869</u>	<u>2,285,722</u>
Balance on January 1, 2023	\$ 974,270	2,196,561	1,081	3,171,912
Depreciation for the period	26,968	343,970	68	371,006
Reductions	-	(360,086)	-	(360,086)
Effect of movement in exchange rate	<u>(5,879)</u>	<u>(9,278)</u>	<u>(7)</u>	<u>(15,164)</u>
Balance on March 31, 2023	<u>\$ 995,359</u>	<u>2,171,167</u>	<u>1,142</u>	<u>3,167,668</u>
Carrying value:				
Balance on January 1, 2024	<u>\$ 2,843,357</u>	<u>2,082,228</u>	<u>3,056</u>	<u>4,928,641</u>
Balance on March 31, 2024	<u>\$ 3,199,766</u>	<u>2,048,505</u>	<u>3,083</u>	<u>5,251,354</u>
Balance on January 1, 2023	<u>\$ 3,384,921</u>	<u>2,789,472</u>	<u>1,741</u>	<u>6,176,134</u>
Balance on March 31, 2023	<u>\$ 3,350,328</u>	<u>2,423,705</u>	<u>1,667</u>	<u>5,775,700</u>

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Other financial assets and other assets

Other financial assets and other assets were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Other financial assets - current	\$ 5,145,310	5,571,740	17,436,843
Other financial assets - non-current	397,680	401,139	398,466
Other current assets	4,853,146	3,748,863	6,131,422
Other non-current assets	<u>40,851</u>	<u>198,912</u>	<u>23,658</u>
	<u>\$ 10,436,987</u>	<u>9,920,654</u>	<u>23,990,389</u>

- (i) Other financial assets are assets that do not qualify as cash equivalents which consisted of time deposits, restricted time deposits, callable bonds, and guarantee deposits. Please refer to Note 8 for details.
- (ii) Other current assets consisted of prepayments, temporary payments, rights to the returned goods, and others.
- (iii) Other non-current assets consisted of prepayments on other long-term expenses and others.

(l) Short-term loans

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	<u>\$ 24,435,533</u>	<u>45,164,344</u>	<u>106,299,121</u>
Range of interest rate	<u>1.47%~5.98%</u>	<u>0.75%~6.58%</u>	<u>0.75%~6.20%</u>

The Group has no related assets pledged as collateral. Please refer to Note 8 for details.

(m) Other current liabilities and other non-current liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Other current liabilities	\$ 13,294,922	11,499,756	34,381,819
Other non-current liabilities	<u>5,754,883</u>	<u>5,600,820</u>	<u>5,506,291</u>
	<u>\$ 19,049,805</u>	<u>17,100,576</u>	<u>39,888,110</u>

- (i) Other current liabilities consisted of receipts under custody, refund liabilities, and others.
- (ii) Other non-current liabilities consisted of guarantee deposits received and others.

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Long-term loans

The details, terms and conditions were as follows:

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Unsecured bank loans	\$ 20,187,737	20,282,414	17,954,569
Secured bank loans	<u>253,150</u>	<u>255,478</u>	<u>260,715</u>
	20,440,887	20,537,892	18,215,284
Less: current portion	<u>(3,681,496)</u>	<u>(3,752,009)</u>	<u>(3,166,329)</u>
Total	<u>\$ 16,759,391</u>	<u>16,785,883</u>	<u>15,048,955</u>
Range of interest rate	<u>1.1%~2.11%</u>	<u>0.95%~6.40%</u>	<u>0.95%~5.98%</u>

(i) Please refer to Note 6(y) for interest expenses.

(ii) Collateral for bank loans

Please refer to Note 8 for the details of related assets pledged as collateral.

(iii) Government low-interest loan

The Group obtained government low-interest loans. The loans were measured at their fair value by applying the market interest rate. The deferred differences between the amounts paid and the fair value were classified as other current liabilities and other non-current liabilities, respectively.

(o) Bonds payable

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

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Ordinary corporate bonds issued	\$ 30,400,000	30,400,000	30,400,000
Unamortized discount on bonds payable	<u>(13,762)</u>	<u>(15,611)</u>	<u>(21,159)</u>
Bonds payable, end of the period	30,386,238	30,384,389	30,378,841
Less: current portion	<u>(10,500,000)</u>	<u>(8,000,000)</u>	<u>-</u>
	<u>\$ 19,886,238</u>	<u>22,384,389</u>	<u>30,378,841</u>

	<u>For the three months ended</u> <u>March 31</u>	
	<u>2024</u>	<u>2023</u>
Interest expense	<u>\$ 56,281</u>	<u>56,883</u>

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Lease liabilities

The Group's lease liabilities were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 588,325</u>	<u>529,806</u>	<u>1,103,638</u>
Non-current	<u>\$ 1,621,586</u>	<u>1,688,735</u>	<u>1,429,160</u>

Please refer to Note 6(z) for maturity analysis.

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2024	2023
Interest on lease liabilities	<u>\$ 51,853</u>	<u>19,538</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 12,366</u>	<u>12,065</u>
Income from sub-leasing right-of-use assets	<u>\$ 241</u>	<u>197</u>
Expenses relating to short-term leases	<u>\$ 18,635</u>	<u>46,882</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 3,298</u>	<u>1,930</u>
Covid-19 related rent concessions	<u>\$ -</u>	<u>19</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended March 31	
	2024	2023
Total cash outflow for leases	<u>\$ 441,183</u>	<u>411,769</u>

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

The Group leases some employees' dormitories, parking lots and other equipment that are short-term or leases of low-value items. The Group has chosen to apply the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Employee benefits

(i) Defined benefit plans

Management believes that there were no material market volatility, no material reimbursement and settlement or other material one-time events. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31	
	2024	2023
Operating cost	\$ 232	198
Operating expense	1,617	1,616
	\$ 1,849	1,814

(ii) Defined contribution plans

The contributions of the Group for the employees' pension benefits were as follows:

	For the three months ended March 31	
	2024	2023
Operating cost	\$ 738,801	969,924
Operating expense	219,946	228,996
	\$ 958,747	1,198,920

(r) Income tax

(i) Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting."

(ii) The components of income tax expense were as follows:

	For the three months ended March 31	
	2024	2023
Current income tax expense		
Current period incurred	\$ 1,432,545	752,792
Prior years income tax adjustment	(23,077)	21,015
Income tax expense	\$ 1,409,468	773,807

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) The amount of income tax expense (profit) recognized in other comprehensive income was as follows:

	For the three months ended	
	March 31	
	2024	2023
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ (2,025)	(1,131)

- (iv) Status of approval of income tax

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

- (v) Global Minimum Tax

The Group has applied a temporary mandatory relief from its deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Group operates in certain countries, which has enacted new legislation to implement the global minimum top-up tax that took effect from January 1, 2024. There is no current tax impact for the three months ended March 31, 2024.

- (s) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2024 and 2023. For the related information, please refer to Note 6(s) of the consolidated financial statements for the year ended December 31, 2023.

- (i) Issuance of ordinary shares

Reconciliation of shares outstanding for the three months ended March 31, 2024 and 2023 was as follows:

	Ordinary Shares	
	(In thousands of shares)	
	For the three months ended	
	March 31	
	2024	2023
Beginning balance on January 1	2,664,224	2,666,923
Expiration of restricted shares of stock issued to employees	(245)	(275)
Ending balance on March 31	2,663,979	2,666,648

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023, the Company had retired 122 thousand and 710 thousand shares, respectively, of restricted stock to employees. The authorized ordinary shares consisted of both 3,000,000 thousand shares, with par value of \$10 per share of which 2,664,224 thousand, 2,664,346 thousand and 2,666,923 thousand shares were issued and outstanding as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively. All share proceeds from outstanding capital have been collected.

As of March 31, 2024, December 31, 2023, and March 31, 2023, the restricted Company shares of stock issued to employees have expired, of which 245 thousand, 122 thousand and 275 thousand shares, respectively, have not been retired.

(ii) Global depositary receipts

As of March 31, 2024, December 31, 2023, and March 31, 2023, the Company has listed, in total, 225 thousand units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. As each unit of these GDRs represents 5 common shares of the Company, the Company has listed Company shares totaling 1,126 thousand shares of stock, respectively.

(iii) Capital surplus

The components of the capital surplus were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Premium from issuance of share capital	\$ 68,110,519	68,106,944	67,633,485
Premium from conversion of convertible bonds	11,073,663	11,073,663	11,073,663
From treasury stock transactions	47,865	47,865	47,865
Difference between consideration and carrying amount of subsidiaries acquired or disposed	2,273,401	2,273,401	2,273,401
Changes in equity of associates accounted for using equity method	450,664	372,610	186,407
Changes in ownership interest in subsidiaries	1,530,180	1,524,450	1,321,358
Employee stock options	1,304	6,094	6,094
Restricted stock to employees	424,015	380,702	461,909
Other	409,917	409,917	409,917
	<u>\$ 84,321,528</u>	<u>84,195,646</u>	<u>83,414,099</u>

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Retained earnings

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

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

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

1) Legal reserve

The Company may distribute legal reserve by paying cash by the resolution of the Board of Director and present for approval in the shareholders' meeting.

2) Special reserve

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

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Earnings distribution

On March 14, 2024, the Company's Board of Directors resolved to distribute cash dividends for the appropriation of the 2023 earnings, respectively. On June 15, 2023, the Company's shareholders' meeting resolved to appropriate the 2022 earnings. The earnings were appropriated as follows:

	For the years ended December 31	
	2023	2022
Common stock dividends per share (dollars)		
— Cash	\$ 4.00	4.00

(v) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total
Balance on January 1, 2024	\$ (7,359,989)	375,255	(125,271)	(7,110,005)
Exchange differences on foreign operations	5,965,351	-	-	5,965,351
Exchange differences on associates and joint ventures accounted for using equity method	1,231,185	-	-	1,231,185
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(29,720)	-	(29,720)
Unearned compensation	-	-	42,492	42,492
Balance on March 31, 2024	\$ (163,453)	345,535	(82,779)	99,303
Balance on January 1, 2023	\$ (7,603,630)	79,970	(68,877)	(7,592,537)
Exchange differences on foreign operations	(498,292)	-	-	(498,292)
Exchange differences on associates and joint ventures accounted for using equity method	108,264	-	-	108,264
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	10,124	-	10,124
Unearned compensation	-	-	18,223	18,223
Balance on March 31, 2023	\$ (7,993,658)	90,094	(50,654)	(7,954,218)

(vi) Non-controlling interests (net of tax)

	For the three months ended March 31	
	2024	2023
Balance on January 1	\$ 32,807,875	32,079,698
Income attributable to non-controlling interests	523,330	266,944
Other comprehensive income attributable to non-controlling interests		
Exchange differences on foreign operations	238,458	(26,987)
Changes in ownership interest in subsidiaries	(940)	31,948
Changes in non-controlling interests	(1,089,085)	(2,459,642)
Balance on March 31	\$ 32,479,638	29,891,961

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Share-based payment

Except for the following disclosure, there was no significant change for share-based payment for the three months ended March 31, 2024 and 2023. For the related information, please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2023.

(i) Restricted stock to employee

For the three months ended March 31, 2024 and 2023, 245 thousand and 275 thousand shares of the restricted shares of stock issued to employees have expired, respectively.

(ii) Expenses recognized in profit or loss

The Company incurred expenses of share-based arrangements for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended	
	March 31	
	2024	2023
Expenses resulting from the issuance of new shares of restricted stock awards	\$ 86,933	93,935

(u) Subsidiary's share-based payments

Except for the following disclosure, there was no significant change for share-based payment for the three months ended March 31, 2024 and 2023. For the related information, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2023.

The subsidiary's incurred expenses of share-based arrangements for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended	
	March 31	
	2024	2023
AZUREWAVE	\$ 1,379	5,051
ASROCK	\$ 1,274	15,785
Lumens	\$ 1,882	3,329
KINSUS	\$ 5,446	18,979

(Continued)

PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Earnings per share

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

	For the three months ended March 31	
	2024	2023
Basic earnings per share		
Profit attributable to ordinary shareholders	<u>\$ 3,257,428</u>	<u>3,007,867</u>
Weighted-average number of ordinary shares	<u>2,664,116</u>	<u>2,666,853</u>
	<u><u>\$ 1.22</u></u>	<u><u>1.13</u></u>
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	<u>\$ 3,257,428</u>	<u>3,007,867</u>
Weighted-average number of ordinary shares	<u>2,664,116</u>	<u>2,666,853</u>
Effect of potentially dilutive ordinary share		
Effect of employee stock compensation	<u>17,288</u>	<u>19,885</u>
Weighted-average number of ordinary shares (diluted)	<u>2,681,404</u>	<u>2,686,738</u>
	<u><u>\$ 1.21</u></u>	<u><u>1.12</u></u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2024		
	DMS	Strategic Investment Group	Total
Primary geographical markets:			
Europe	\$ 105,718,491	1,396,766	107,115,257
U.S.A.	91,206,022	3,203,913	94,409,935
Taiwan	16,991,122	2,347,458	19,338,580
China	6,878,138	4,475,844	11,353,982
Japan	3,008,487	1,177,506	4,185,993
Other countries	<u>12,547,080</u>	<u>1,448,829</u>	<u>13,995,909</u>
	<u><u>\$ 236,349,340</u></u>	<u><u>14,050,316</u></u>	<u><u>250,399,656</u></u>

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended March 31, 2023</u>		
		Strategic	
	<u>DMS</u>	<u>Investment</u>	<u>Total</u>
Primary geographical markets:			
Europe	\$ 150,717,481	1,471,502	152,188,983
U.S.A.	112,880,021	2,761,557	115,641,578
Taiwan	17,576,844	1,382,125	18,958,969
China	6,002,196	4,173,466	10,175,662
Japan	5,020,453	944,717	5,965,170
Other countries	<u>13,096,436</u>	<u>2,109,332</u>	<u>15,205,768</u>
	<u>\$ 305,293,431</u>	<u>12,842,699</u>	<u>318,136,130</u>

(ii) Contract balances

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
Notes receivable	\$ 5,467	4,833	12,887
Accounts receivable	122,686,060	155,061,701	165,013,779
Less: Allowance for impairment	<u>93,061</u>	<u>160,171</u>	<u>240,088</u>
Total	<u>\$ 122,598,466</u>	<u>154,906,363</u>	<u>164,786,578</u>
Contract liabilities	<u>\$ 5,859,148</u>	<u>5,771,148</u>	<u>5,197,981</u>

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

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the three months ended March 31, 2024 and 2023.

(x) Remunerations to employees and directors

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

For the three months ended March 31, 2024 and 2023 the Company estimated its employee remuneration amounting to \$349,000 thousand and \$274,000 thousand, and directors' remuneration amounting to \$34,800 thousand and \$27,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. Such amounts were recognized as operating costs or operating expenses. The differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss in next year. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day before the approval by the Board of Directors.

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022, the Company had accrued remuneration of employees of \$1,533,000 thousand and \$1,365,000 thousand, respectively, and remuneration of directors of \$153,000 thousand and \$135,000 thousand, respectively. There was no difference between the amounts approved in the Board of Directors meeting. For further information, please refer to Market Observation Post System.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended	
	March 31	
	2024	2023
Interest income	<u>\$ 1,323,796</u>	<u>1,292,986</u>

(ii) Other income

The details of other income were as follows:

	For the three months ended	
	March 31	
	2024	2023
Subsidy income	\$ 210,023	713,713
Rent income	165,274	124,717
Dividend income	9,211	1,293
Technical service income	121,310	269,173
Other income	<u>150,458</u>	<u>91,029</u>
	<u>\$ 656,276</u>	<u>1,199,925</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended	
	March 31	
	2024	2023
Gains on disposal of investment	\$ 662,878	-
Foreign exchange gains (losses)	299,216	(209,757)
Gains on disposal of property, plant and equipment	118,403	15,948
Gains on lease modifications	3,747	18,689
Impairment losses on non-financial assets	(19,242)	(2,797)
Net losses on financial assets measured at fair value through profit or loss	(573,453)	(100,122)
Others	<u>(6,429)</u>	<u>7,700</u>
	<u>\$ 485,120</u>	<u>(270,339)</u>

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended March 31	
	2024	2023
Interest expenses	\$ 396,289	1,102,347
Financial expenses-bank fees and factoring fees, etc.	5,857	3,858
	\$ 402,146	1,106,205

(z) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of March 31, 2024, December 31, 2023, and March 31, 2023, the accounts receivable from the Group's top three customers amounted to \$85,597,214 thousand, \$114,857,525 thousand, and \$120,341,209 thousand, representing 70%, 74%, and 73% of accounts receivable, respectively, which exposes the Group to credit risk.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	More than 2 years
March 31, 2024					
Non-derivative financial liabilities					
Secured bank loans	\$ 253,150	253,150	7,247	9,828	236,075
Unsecured bank loans	44,623,270	44,635,418	28,109,782	3,954,709	12,570,927
Unsecured ordinary corporate bonds	30,386,238	30,400,000	10,500,000	7,200,000	12,700,000
Non-interest bearing liabilities	179,860,111	179,860,111	174,299,733	5,560,378	-
Lease liabilities	2,209,911	2,209,911	588,325	444,047	1,177,539
	\$ 257,332,680	257,358,590	213,505,087	17,168,962	26,684,541

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
December 31, 2023					
Non-derivative financial liabilities					
Secured bank loans	\$ 255,478	255,478	14,125	1,622	239,731
Unsecured bank loans	65,446,758	65,487,407	48,902,228	3,594,381	12,990,798
Unsecured ordinary corporate bonds	30,384,389	30,400,000	8,000,000	7,500,000	14,900,000
Non-interest bearing liabilities	207,428,588	207,428,588	202,009,668	5,418,920	-
Lease liabilities	2,218,541	2,218,541	529,806	316,225	1,372,510
	<u>\$ 305,733,754</u>	<u>305,790,014</u>	<u>259,455,827</u>	<u>16,831,148</u>	<u>29,503,039</u>
March 31, 2023					
Non-derivative financial liabilities					
Secured bank loans	\$ 260,715	260,715	7,061	7,872	245,782
Unsecured bank loans	124,253,690	124,301,430	109,476,727	3,833,083	10,991,620
Unsecured ordinary corporate bonds	30,378,841	30,400,000	-	8,000,000	22,400,000
Non-interest bearing liabilities	215,630,094	215,630,094	210,349,768	5,280,326	-
Lease liabilities	2,532,798	2,532,798	1,103,638	762,953	666,207
	<u>\$ 373,056,138</u>	<u>373,125,037</u>	<u>320,937,194</u>	<u>17,884,234</u>	<u>34,303,609</u>

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

(iii) Market risk

1) Exposure to currency risk

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

(Unit: Foreign currency / NTD in thousands)

	<u>March 31, 2024</u>			<u>March 31, 2023</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 9,815,433	31.9990	314,084,041	13,405,956	30.4515	408,231,469
USD:CNY	22,957	7.0950	734,601	43,501	6.8717	1,324,672
CNY:USD	5,609,688	0.1409	25,300,128	4,733,246	0.1455	20,975,078
INR:USD	13,182,908	0.0120	5,060,003	8,208,654	0.0122	3,039,191
<u>Non-monetary items</u>						
CNY:USD	7,194,046	0.1409	32,435,501	6,160,548	0.1455	27,308,458

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PEGATRON CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2024			March 31, 2023		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	9,599,758	31.9990	307,182,656	13,240,284	30.4515	403,186,508
USD:CNY	12,718	7.0950	406,964	18,839	6.8717	573,676
CNY:USD	4,792,131	0.1409	21,612,882	4,000,138	0.1455	17,726,356
INR:USD	2,060,949	0.0120	791,055	2,785,473	0.0122	1,031,300
December 31, 2023						
	Foreign Currency	Exchange Rate	NTD			
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 13,339,684	30.7250	409,861,791			
USD:CNY	25,000	7.0827	768,124			
CNY:USD	4,857,157	0.1412	21,070,517			
INR:USD	6,718,773	0.0120	2,482,778			
<u>Non-monetary items</u>						
CNY:USD	7,157,037	0.1412	31,059,361			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	12,997,258	30.7250	399,340,752			
USD:CNY	14,997	7.0827	460,782			
CNY:USD	2,987,877	0.1412	12,961,515			
INR:USD	1,376,444	0.0120	508,635			

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans, accounts payable, and other payables that are denominated in foreign currency. Assuming other variables remain the same, 1% appreciation (depreciation) of TWD against foreign currency for the three months ended March 31, 2024 and 2023, would have increased or decreased the net profit after tax by \$152,075 thousand and \$100,513 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains or losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2024 and 2023, foreign exchange gain (loss), including realized and unrealized, amounted to \$299,216 thousand and (\$209,757) thousand, respectively.

4) Interest rate analysis

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

(Continued)

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The following sensitivity analysis is based on the risk exposure to interest rate on derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumed that the variable rate liabilities are outstanding for the whole year on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases / decreases by 1%, the Group's net profit after tax will decrease / increase by \$51,220 thousand and \$37,641 thousand for the three months ended March 31, 2024 and 2023, respectively, assuming all other variable factors remaining constant. This is mainly due to the Group's borrowing in floating variable rate.

5) Other market price risk

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

Equity price on reporting date	For the three months ended March 31			
	2024		2023	
	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (before tax)	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (before tax)
Increase 3%	\$ <u>52,108</u>	<u>225,509</u>	<u>43,168</u>	<u>222,869</u>
Decrease 3%	\$ <u>(52,108)</u>	<u>(225,509)</u>	<u>(43,168)</u>	<u>(222,869)</u>

(iv) Fair value Information

1) Fair value hierarchy

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

Financial assets at fair value through profit or loss	March 31, 2024				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets mandatorily measured at fair value through profit or loss	\$ 14,430,118	11,329,519	-	3,100,599	14,430,118

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	March 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 11,895,689	10,167,474	-	1,728,215	11,895,689
Financial assets at fair value through other comprehensive income					
Stock of listed companies	\$ 884,237	884,237	-	-	884,237
Stock of unlisted companies	554,708	-	-	554,708	554,708
Subtotal	\$ 1,438,945	884,237	-	554,708	1,438,945
Financial assets at amortized cost					
Cash and cash equivalents	\$121,658,063	-	-	-	-
Notes and accounts receivable	164,786,578	-	-	-	-
Other receivables	1,623,558	-	-	-	-
Other financial assets	17,835,309	-	-	-	-
Subtotal	\$305,903,508	-	-	-	-
Financial liabilities at amortized cost					
Bank loans	\$124,514,405	-	-	-	-
Non-interest bearing liabilities	215,630,094	-	-	-	-
Lease liabilities	2,532,798	-	-	-	-
Unsecured ordinary corporate bonds	30,378,841	-	-	-	-
Subtotal	\$373,056,138	-	-	-	-

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

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

a) Financial assets and financial liabilities measured at amortized cost

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

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

a) Non-derivative financial instruments

Financial instruments mainly hold non-derivative financial instruments. If there are active market quoted prices available, the fair value is determined based on the quoted prices in the active market.

(Continued)

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

4) Transfers between levels of the fair value hierarchy

There have been no transfers from each level for the three months ended March 31, 2024 and 2023.

5) Reconciliation of Level 3 fair values

	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
	<u>Non-derivative financial assets mandatorily measured at fair value through profit or loss</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
Opening balance, January 1, 2024	\$ 2,614,453	583,659	3,198,112
Total gains and losses recognized:			
In profit or loss	102,064	-	102,064
Acquired	366,376	49,297	415,673
Effect of movement in exchange rate	17,706	-	17,706
Ending Balance, March 31, 2024	<u>\$ 3,100,599</u>	<u>632,956</u>	<u>3,733,555</u>
Opening balance, January 1, 2023	\$ 1,584,573	529,534	2,114,107
Total gains and losses recognized:			
In profit or loss	48,092	-	48,092
Acquired	96,363	28,533	124,896
Effect of movement in exchange rate	(813)	(3,359)	(4,172)
Ending Balance, March 31, 2023	<u>\$ 1,728,215</u>	<u>554,708</u>	<u>2,282,923</u>

For the three months ended March 31, 2024 and 2023, total gains and losses that were accounted as "other gains and losses" and "unrealized gains from financial assets at fair value through other comprehensive income" were as follows:

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Total gains and losses recognized:		
In profit or loss and presented in "other gains and losses"	<u>\$ 102,064</u>	<u>48,092</u>

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

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss— equity investments, investment in debt securities private fund and financial assets measured at fair value through other comprehensive income—equity investments, private fund.

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss-equity investments without an active market	Market Approach	<ul style="list-style-type: none"> ·The multiplier of price-to-book ratio (As of March 31, 2024, December 31, 2023, and March 31, 2023, were 3.8, 3.8, and 2.1~9.5, respectively.) ·Market illiquidity discount (As of March 31, 2024, December 31, 2023, and March 31, 2023, was 20%.) 	<ul style="list-style-type: none"> The estimated fair value would increase (decrease) if: ·the multiplier was higher (lower). ·the market illiquidity discount was lower (higher).
Financial assets at fair value through profit or loss-liability investments without an active market	Market Approach	<ul style="list-style-type: none"> ·Price to sales ratio (As of March 31, 2024, and December 31, 2023 was 10.) ·Market illiquidity discount (As of March 31, 2024 and December 31, 2023 was 20%.) 	<ul style="list-style-type: none"> The estimated fair value would increase (decrease) if: ·the multiplier was higher (lower). ·the market illiquidity discount was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Market Approach	<ul style="list-style-type: none"> ·The multiplier of price-to-book ratio (As of March 31, 2024, December 31, 2023, and March 31, 2023, were 1.5~5.7, 1.5~5.7, and 1.5~1.6, respectively.) ·Market illiquidity discount (As of March 31, 2024, December 31, 2023, and March 31, 2023, were 10%~40%, 10%~40%, and 20%, respectively.) 	<ul style="list-style-type: none"> The estimated fair value would increase (decrease) if: ·the multiplier was higher (lower). ·the market illiquidity discount was lower (higher).
Financial assets at fair value through profit or loss private fund	Net Asset Value Method	·Net Asset Value	Not applicable

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- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions.

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Inputs	Fluctuation in inputs	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
March 31, 2024						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Multiplier of price-to-book ratio	1%	3,624	(3,624)	-	-
Equity investments without an active market	Market illiquidity discount	1%	3,624	(3,624)	-	-
Liability investments without an active market	Price to sales ratio	1%	9,003	(9,003)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Multiplier of price-to-book ratio	1%	-	-	6,330	6,330
Equity investments without an active market	Market illiquidity discount	1%	-	-	6,330	6,330
December 31, 2023						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Multiplier of price-to-book ratio	1%	3,619	(3,619)	-	-
Equity investments without an active market	Market illiquidity discount	1%	3,619	(3,619)	-	-
Liability investments without an active market	Price to sales ratio	1%	7,069	(7,069)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Multiplier of price-to-book ratio	1%	-	-	5,837	(5,837)
Equity investments without an active market	Market illiquidity discount	1%	-	-	5,837	(5,837)
March 31, 2023						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Multiplier of price-to-book ratio	1%	4,689	(4,689)	-	-
Equity investments without an active market	Market illiquidity discount	1%	4,689	(4,689)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Multiplier of price-to-book ratio	1%	-	-	5,547	(5,547)
Equity investments without an active market	Market illiquidity discount	1%	-	-	5,547	(5,547)

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The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(v) Offsetting financial assets and financial liabilities

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

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

March 31, 2024						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 11,823,125	10,003,188	1,819,937	-	-	1,819,937
Other financial asset and short-term loan	\$ 1,598,215	1,598,215	-	-	-	-

March 31, 2024						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 10,003,188	10,003,188	-	-	-	-
Other financial asset and short-term loan	\$ 1,598,215	1,598,215	-	-	-	-

December 31, 2023						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 10,747,449	8,120,157	2,627,292	-	-	2,627,292
Other financial asset and short-term loan	\$ 11,185,409	11,185,409	-	-	-	-

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December 31, 2023

Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 8,120,157	8,120,157	-	-	-	-
Other financial asset and short-term loan	\$ 11,185,409	11,185,409	-	-	-	-

March 31, 2023

Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 15,187,923	12,515,732	2,672,191	-	-	2,672,191
Other financial asset and short-term loan	\$ 129,846,159	129,846,159	-	-	-	-

March 31, 2023

Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 12,515,732	12,515,732	-	-	-	-
Other financial asset and short-term loan	\$ 129,846,159	129,846,159	-	-	-	-

Note: The master netting arrangement and non-cash collateral were included.

(aa) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(aa) of the consolidated financial statements for the year ended December 31, 2023.

(ab) Capital management

Management believes that there were no changes in the Group's approach to the targets, policies and procedures in capital management as disclosed in the consolidated financial statements for the year ended December 31, 2023. Also, they believe that for the year ended December 31, 2023, there were no changes in the Group's capital management information. For other related information, please refer to Note 6(ab) of the consolidated financial statements for the year ended December 31, 2023.

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(ac) Financing activities not affecting current cash flow

For the three months ended March 31, 2024 and 2023, reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes		March 31, 2024
			Foreign exchange movement	Other	
Long-term loans	\$ 20,537,892	(107,214)	-	10,209	20,440,887
Short-term loans	45,164,344	(12,729,061)	-	(7,999,750)	24,435,533
Bonds payable	30,384,389	-	-	1,849	30,386,238
Lease liabilities	2,218,541	(355,031)	121,313	225,088	2,209,911
Total liabilities from financing activities	<u>\$ 98,305,166</u>	<u>(13,191,306)</u>	<u>121,313</u>	<u>(7,762,604)</u>	<u>77,472,569</u>

	January 1, 2023	Cash flows	Non-cash changes		March 31, 2023
			Foreign exchange movement	Other	
Long-term loans	\$ 16,998,898	1,229,290	(8,778)	(4,126)	18,215,284
Short-term loans	79,589,451	26,709,670	-	-	106,299,121
Bonds payable	34,876,992	(4,500,000)	-	1,849	30,378,841
Lease liabilities	2,888,601	(331,373)	16,241	(40,671)	2,532,798
Total liabilities from financing activities	<u>\$ 134,353,942</u>	<u>23,107,587</u>	<u>7,463</u>	<u>(42,948)</u>	<u>157,426,044</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Luxcase Precision Technology (Kunshan) Co., Ltd. (Luxcase (Kunshan))	An associate
RI SHAN COMPUTER ACCESSORY (JIASHAN) CO., LTD. (RI SHAN)	An associate
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD. (RI PEI)	An associate
RI Da INTELLIGENT MANUFACTURING TECHNOLOGY CO., LTD. (RI Da)	An associate
CASETEK SINGAPORE PTE. LTD. (CSG)	An associate
ADVANTECH CO., LTD.	Other related party
ADVANTECH TECHNOLOGY (CHINA) CO., LTD.	Other related party
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd.	Other related party

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(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	Sales	
	For the three months ended	
	March 31	
	2024	2023
Associates	\$ 292,691	-
Other related parties	4,857	44,996
	\$ 297,548	44,996

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

(ii) Purchase of Goods from Related Parties

The amounts of significant purchases by the Group from related parties were as follows:

	Purchases	
	For the three months ended	
	March 31	
	2024	2023
Associates	\$ 91,139	66,592

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

(c) Transactions with key management personnel

Compensation for key management personnel was as follows:

	For the three months ended	
	March 31	
	2024	2023
Short-term employee benefits	\$ 145,604	103,308
Post-employment benefits	1,132	1,131
Share-based payments	18,277	21,022
	\$ 165,013	125,461

Please refer to Notes 6(t) and 6(u) for further explanations related to share-based payment transactions.

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(8) Assets pledged as security

The carrying amounts of assets pledged as security were as follows:

Assets pledged as security	Object	March 31, 2024	December 31, 2023	March 31, 2023
Other financial asset-restricted deposit	Post-release duty deposits, customs duty, lease deposits, travel agency guarantee, etc.	\$ 126,001	124,937	124,388
Property, plant and equipment	Bank loans	289,773	309,637	320,437
Other financial asset-guarantee deposits	Customs duty guarantee, litigation guarantee, rental deposits, and deposits for performance guarantee	71,666	62,565	52,122
		<u>\$ 487,440</u>	<u>497,139</u>	<u>496,947</u>

(9) Commitments and contingencies

(a) Significant commitments and contingencies

(i) Unused standby letters of credit:

	March 31, 2024	December 31, 2023	March 31, 2023
JPY	\$ 2,641,674	4,517,542	9,904,453
USD	9,659	7,216	12,937

(ii) Promissory notes and certificates of deposit obtained for business purposes were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
NTD	<u>\$ 4,037</u>	<u>3,930</u>	<u>10,729</u>

(iii) As of March 31, 2024, December 31, 2023, and March 31, 2023, the significant contracts for purchase of properties by the Group amounted to \$28,423,843 thousand, \$33,336,088 thousand and \$29,019,743 thousand, of which \$9,137,336 thousand, \$11,994,193 thousand and \$10,813,901 thousand, respectively, were unpaid.

(iv) As of March 31, 2024, December 31, 2023, and March 31, 2023, the Group issued a tariff guarantee of \$535,466 thousand, \$732,449 thousand and \$769,594 thousand, respectively, to the bank for the purpose of importing goods.

(10) Losses due to major disasters: None.

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(11) Subsequent events:

- (i) On April 16, 2024, the Board of Directors approved to issue 45,000 thousand shares of restricted shares of stock with par value of \$10 per share. The cost of \$2,600,236 thousand is expected during 2024 to 2027, which will be executed by the resolution passed by the shareholders' meeting.
- (ii) On April 17, 2024, the Board of Directors approved to invest CarUX Holding Limited about \$1,257,165 thousand, with a shareholding ratio of 4.09%.

(12) Others

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

By function	For the three months ended March 31					
	2024			2023		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
By item						
Employee benefits						
Salary	\$ 6,969,331	4,079,771	11,049,102	9,433,528	3,933,951	13,367,479
Health and labor insurance	704,751	317,998	1,022,749	1,008,882	305,074	1,313,956
Pension	739,033	221,563	960,596	970,122	230,612	1,200,734
Others	351,646	223,467	575,113	396,367	219,148	615,515
Depreciation	3,111,949	813,569	3,925,518	3,113,955	551,494	3,665,449
Amortization	10,901	22,200	33,101	11,402	27,134	38,536

Above depreciations did not include depreciation in investment property which was accounted for under non-operating expenses as follows:

	For the three months ended March 31	
	2024	2023
Depreciation in investment property	\$ <u>775</u>	<u>771</u>

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(13) Other disclosures

(a) Information on significant transactions:

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

No.	Item	Table
1	Loans to other parties	Table 1
2	Guarantees and endorsements for other parties	Table 2
3	Securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures)	Table 3
4	Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 4
5	Acquisition of real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 5
6	Disposal of real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock	None
7	Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock	Table 6
8	Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock	Table 7
9	Trading in derivative instruments	None
10	Information on investees (excluding investees in Mainland China)	Table 8
11	Information on investment in Mainland China	Table 9
12	Business relationships and significant inter-company transactions	Table 10

(b) Information on investees:

Please refer to Table 8 for the information on investees (excluding investees in Mainland China) for the three months ended March 31, 2024.

(c) Information on investment in Mainland China: Please refer to Table 9.

(d) Major shareholders:

Shareholder's Name	Shares	Percentage
ASUSTEK COMPUTER INC.	448,506,484	16.83 %

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(14) Segment information

Please refer to Note 6(w) for the information on revenue for the three months ended March 31, 2024 and 2023. The Group's operating segment information and reconciliation were as follows:

<u>For the three months ended March 31, 2024</u>	<u>DMS</u>	<u>Strategic Investment Group</u>	<u>Adjustment and Eliminations</u>	<u>Total</u>
Reportable segment profit or loss	\$ 4,491,321	1,074,336	(375,431)	5,190,226
<u>For the three months ended March 31, 2023</u>				
Reportable segment profit or loss	\$ 3,688,892	644,152	(284,426)	4,048,618
Reportable segment assets:				
March 31, 2024	<u>\$ 477,182,747</u>	<u>159,656,803</u>	<u>(117,288,341)</u>	<u>519,551,209</u>
December 31, 2023	<u>\$ 485,364,901</u>	<u>156,952,639</u>	<u>(85,248,343)</u>	<u>557,069,197</u>
March 31, 2023	<u>\$ 562,212,903</u>	<u>146,221,380</u>	<u>(83,142,725)</u>	<u>625,291,558</u>