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2023 Annual Report

ACCTON TECHNOLOGY CORPORATION

Accton

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Notice to readers
This English-version annual report is summary translation of the Chinese version and is not an official document approved in a shareholders' meeting in accordance with Taiwanese laws. Should any discrepancy arise between the English and Chinese versions, the Chinese version shall prevail.

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V. Overseas Securities Exchange None.

VI. Company Website: www.accton.com

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I. Letter to Shareholders

Ladies and Gentlemen,

We extend our sincere gratitude to all shareholders for your unwavering support of Accton throughout the past year. This report provides an overview of Accton's business performance in 2023 and outlines our forward-looking plans for 2024.

I. 2023 Business Results

(I) Implementation and Results of the 2023 Business Plan

In 2023, Accton achieved a consolidated revenue of NT$ 84,188 billion, marking a 9.0% increase compared to the previous year. Furthermore, our consolidated net profit after tax amounted to NT$ 8,920 billion, reflecting a 9.2% increase over the previous year. Revenue contributions from various product lines were as follows: network switches accounted for 68% of total revenue, network application equipment accounted for 23%, metro access equipment accounted for 6%, wireless network equipment accounted for 1%, with the remaining percentage attributed to Other Services. Looking ahead, our continuous investment in core competencies essential to the new era of network infrastructure positions us to explore adjacent markets, fostering long-term business growth.

(II) Budget Execution Status

In 2023, both revenue and profitability exceed internal objectives.

(III)Research and Development Status

In 2023, Accton delivered a series of industry-leading new products with accelerated customer adoptions. We remain committed to investing in innovative technologies and services, positioning ourselves as a premium networking infrastructure provider in both hardware and software domains. Noteworthy highlights of our R&D efforts in 2023 include:

1. Introduction and customer delivery of the industry-leading 51.2T switch with 800G optics, alongside forward development into next-generation switch and interconnectivity optical technology.
2. Continued mass production of high-density 100G/400G switches for both Hyperscalers and generic Data Centers.
3. Development of industry-leading AI fabric switch, CXL switches, and appliances, among others.
4. Ongoing innovation in AI engine development for both Training and Inference purposes.
5. Advancements in wireless technologies, including but not limited to WiFi 7.
6. Continuous Research and Development of foundation technologies such as Power, Cooling, and Immersion Liquid Cooling, Signal Integrity/Power Integrity, etc. among others.
7. Development of smart manufacturing to facilitate global expansion for Manufacturing as a Service.

II. Executive Summary of the Business Plan for 2024

(I) Business Strategy

Our strategic focus for 2024 revolves around maximizing the four-pillar strategy encompassing ODM service, JDM services, Open Networking segments, and strategic technology partnerships. This approach aims to drive continuous innovation, delivering premium products and services for networking infrastructure with enhanced quality and reduced time to market. Additionally, we seek to nurture and expand strategic partnerships to foster co-development, co-innovation, and co-Go-To-Market initiatives, laying the foundation for long-term technology and business development and adoption.

We are committed to renovating and modernizing our manufacturing and supply chain operations on a global scale to enhance operational efficiency and enable agile capacity planning amidst dynamic business needs, particularly in light of current geopolitical challenges. Moreover, our dedication to Open Networking, both from hardware and software perspectives, remains unwavering, providing agility, flexibility, and openness for practitioners in the open networking space. We prioritize agility and remain open to exploring new adjacent markets for additional revenue streams, investing in both R&D and business model innovation on a global scale. Furthermore, we emphasize global talent acquisition to bolster our workforce capabilities.

(II) Manufacturing and Sales Strategy

In 2023, we adeptly navigated the evolving global macroeconomic and geopolitical landscape by expanding our manufacturing footprint and capacity globally through wholly owned facilities and joint ventures. We also exported our Manufacturing as a Service to various regions worldwide. Our core competencies in agility, flexibility, quality, and on-time delivery remain pivotal, driving continuous investment in these areas. We will continue to seamlessly execute this strategy in 2024.

Our diverse customer mix spanning Network Equipment Providers, Hyperscalers, Network as a Service providers, and emerging AI/ML infrastructure providers provides a robust foundation to navigate market dynamics. The rapid growth in AI presents new opportunities to balance the slower growth observed in other sectors, positioning it as a leading growth engine for Accton. We will continue to execute our sales strategy with flexibility, investing in emerging markets with tailored sales coverage and business development efforts to expand our customer base.

III. Future Growth Strategies for the Company

Accton's evolution from a traditional ODM player to a leading technology and service company underscores our commitment to fostering continued growth and innovation. To sustain our leadership position in the market, we will continue to invest in R&D, sales, manufacturing, supply chain, partnerships, technical alliances, and talent acquisition. Brand development will be a critical focus area as we strive for global recognition as a premier provider of networking infrastructure solutions. With the convergence of Networking, Compute, and Storage, alongside the proliferation of AI/ML workloads, Accton will intensify efforts to enhance and expand our core competencies beyond networking.

IV. Impact of External Competition, Legal Environment and Overall Business Environment

The challenges posed by the macroeconomic and geopolitical landscape persist into 2024. Inventory management remains a prevalent challenge due to high levels of unconsumed inventory accumulated during the COVID-19 pandemic, contributing to slower-than-expected recovery in sectors such as Enterprise and Telco. Despite these challenges, the surge in demand for new Networking, Compute, and Storage architectures driven by advancements in AI/ML presents significant opportunities for Accton. We are well-positioned to capitalize on this demand, leveraging our past investments and business agility to excel in design, architecture, and innovation.

In conclusion, we recognize the dedication of our hardworking management and staff teams in driving Accton's success.We extend our appreciation to our customers and technology partners for their invaluable contributions, as well as to our shareholders for their enduring support of our vision.

We appreciate our customers and technology partners for their contributions to exciting ideas and initiatives. We thank our shareholders for their long-term support of our vision and recognize the efforts of our hardworking management and staff teams.

We wish you good health, good fortune and wisdom, best of luck and happiness.

Chairman: Kuan Xin Investment Corp.

Representative: Lin, Meen-Ron

President: Jun Shi

II. Company Overview

I. Date of Establishment: February 9, 1988

II. Company History:

1988 – Accton was established in February and based on 2F., No. 28, Gongye E. 4th Rd., Hsinchu Science Park
– Paid-in capital was NT$30 Million upon establishment.
– Released twisted pair hub (EtherHub) and twisted pair network card (EtherPair) as products, becoming one of the leading manufacturers in twisted pair network.

1989 – Made NT$106.5 Million of increase in capital in total, including NT$91.5 Million made in cash, and NT$15 Million made by means of technology shares, with paid-in capital increased to NT$136.5 Million.
– Made another NT$63 Million of increase in capital in cash, with paid-in capital increased to NT$199.5 Million.
– Released 4Mbps RingPair and RingHub as products, entering the field of Token Ring
– Launched LanSoft, a network operating system, as a total solution for offices

1990 – Established the subsidiary of Accton Technology Corporation in USA.
– Made NT$50 Million of increase in capital in cash and a later public issue, with paid-in capital increased to NT$249.5 Million.
– Started to build new factories.

1991 – Released 10BASE T twisted pair Ethernet card and Ethernet hub as series products.
– Released 16Mbps high-speed RingPair and RingHub as products.
– Earned the “Innovative Product Award” from Hsinchu Science Park by RingPocket, the pocket ring network card.
– Earned the “Outstanding Information Application Award” from Executive Yuan by LanSoft, the network operating system

1992 – Completed the construction of new factories and started the production.
– Released the first generation of intelligent stacked Ethernet hub (EtherHub 1000) and network management software (AccView).
– Earned the “Innovative Product Award” from Hsinchu Science Park by EtherHub
– Earned the “Editors’ Choice Award” from “PC Magazine” in USA by RingPocket
– Mr. Tu,Yi-Min was promoted as the President.

1993 – Increased paid-in capital to NT$304.5 Million, including NT$35.68 Million of capital transferred from surplus and NT$19.32 Million of capital transferred from capital reserve.
– Passed certification of British BSI and ISO-9001 of the Commodity Inspection Bureau under the Ministry of Economic Affairs.
– Launched PCMCIA, the card-type Ethernet card, entering the market of notebook.
– Earned the “Innovative Product Award” from Hsinchu Science Park by MPX, the network card.
– Earned the 2nd “Excellent Industrial Technology Development Award”
– Earned the “Outstanding Information Talent Award” of 1993
– Earned the “Research and Development Investment Award” from Hsinchu Science Park

1994 – Released Commpass 1000 intelligent Internet series products, including remote network server (Commpass Remote), multi-port Ethernet bridge (Commpass Bridge) and remote network bridge (Commpass Remote Bridge), entering the market of corporate network.
– Earned the “Outstanding Logo in Taiwan” by EtherHub 1000 and Commpass 1000.
– Earned the “Award for Outstanding Manufacturer for Development of New Product” from China National Federation of Industry by MPX, the network card.
– Earned the outstanding prize of the 3rd “Excellent Industrial Technology Development Award”.
– Earned the “Innovative Product Award” from Hsinchu Science Park by EtherHub 1500.
– Launched EtherHub 500 series products, the elf-type hub, and received favorable comments.

1995 – Increased paid-in capital to NT$354 Million, including NT$137.14 Million of capital transferred from surplus, NT$34.98 Million of capital transferred from capital reserve, and increase in capital made in cash by issuing 8,200,000 shares with the premium of NT$36 per share, and listed in TWSE on November 15, 1995.
– Launched the second generation of accelerated multi-packet MPX Ethernet card characterized with multiple power, high performance and affinity.

- Earned the “National Gold Award for Product Image” by the multi-segment stacked network hub system.
- Earned the 3rd “National Silver Award for Product Image” by the MPX network system.

1996
- Increased paid-in capital to NT$711.775 Million, including NT$97.29 Million of capital transferred from surplus and NT$55.86 Million of capital transferred from capital reserve. Invested NT$10.8 Million in the construction of East Company to get 30% of its equity.
- Earned the “Outstanding Logo in Taiwan” and "National Silver Award for Product Image” by SwitchHub, the high-speed Ethernet switch.
- Earned the “Outstanding Logo in Taiwan” by EtherHub 8st, the elf-type eight-port Ethernet hub.

1997
- Made an increase in capital in cash on February 14th by issuing 12,000,000 overseas depository receipts, and granting 24,000,000 ordinary shares of Accton, with the total issuance amount of USD 90.120 Million, and listed in Luxembourg Stock Exchange. Increased paid-in capital to NT$951.775 Million.
- Increased paid-in capital to NT$1.32951 Billion, including NT$301.59 Million of capital transferred from surplus and NT$76.14 Million of capital transferred from capital reserve.
- Invested USD 40.23 Million in SMC through overseas holding company to get 80.1％ of its equity.
- Earned the “Outstanding Logo in Taiwan” and the “Innovative Product Award” from Hsinchu Science Park by the superspeed Ethernet hub.
- Released Accton Enterprise Identity System (CIS) “A Tree of Knowledge and Wisdom” and the spiritual slogan “Making Partnership Work.”
- Established the first child care center in the Hsinchu Science Park to improve employee benefits.
- Organized cithary parties for hospice and called on donation from the enterprises in the Park.

1998
- Issued the first unsecured corporate bonds in February in the amount of NT$1 Billion.
- Earned the “Outstanding Manufacturer Award” from Executive Yuan in May.
- Increased paid-in capital to NT$2.01607 Billion, including NT$296.96 Million of capital transferred from surplus, NT$139.6 Million of capital transferred from capital reserve, and the increase made in cash by issuing 25,000,000 shares with the premium of NT$51 per share.
- Earned the 1st “Outstanding Enterprise and Product Gold Award” from the government of R.O.C.
- Earned the “Research and Development Investment Award of 1998” from Hsinchu Science Park.
- Earned the “Innovative Product Award” from Hsinchu Science Park by the stacked smart dual speed Ethernet hub.
- Earned the “Outstanding Logo in Taiwan” by stacked smart dual speed Ethernet hub, superspeed Ethernet stackable switch system, and universal serial bus Ethernet converter.

1999
- Increased paid-in capital to NT$2.34682 Billion, including NT$179.55 Million of capital transferred from surplus and NT$151.21 Million of capital transferred from capital reserve.
- Passed certification of ISO 14000 Environmental Management System of BSI.
- Earned the “Outstanding Information Application and Product Award” from Executive Yuan by the superspeed smart Ethernet stackable switch system.
- The email users of “Accton Life Platform”exceeded 800,000 in August.
- Earned the “Innovative Product Award” from Hsinchu Science Park by the multi-layers slot routing switch system.
- Actively devoted to 921 post-disaster reconstruction and adopted students from disaster areas.
- Issued the first domestic unsecured convertible corporate bonds in December, in the amount of NT$1.2 Billion.

2000
- Earned the “Award for Fine Products in Taiwan” in January by EH3008Q8 10/100 hub, ES4508 superspeed Ethernet switch and ES3552 48 port stackable switch.
- Increased paid-in capital to NT$2.97591 Billion, including NT$402.92 Million of capital transferred from surplus, 129.08 Million of capital transferred from capital reserve, and NT$97.09 Million of equity certificates transferred from bonds.
- Completed the construction of east building of subsidiary.
- Held the first “Network Hacking Forum” in Taiwan in July to cultivate domestic network elites.
- Founded Accton Cultural & Educational Foundation.

2001
- Announced the merger with Hexiang Communication in February, obtained technologies of WLAN development and mass production , and completed the layout specified in the overall communication network equipment.

- Increased paid-in capital to NT$3.71044 Billion, including NT$625.32 Million of capital transferred from surplus and NT$75.25 Million of capital transferred from capital reserve.
- Established www.e-charity.com.tw and devoted to post-disaster reconstruction and care for underprivileged groups in Taiwan.
- Issued the first convertible corporate bonds in July in the amount of USD 70 Million.
- Completed the merger with Hexiang Communication in December, entering the market of WLAN.

2002
- Announced the establishment of the joint venture "Shanghai Guangzhi Technology Co., Ltd." with SGEG In January.
- Held special agricultural products exhibitions in reconstructed area in March to help restore the area.
- On April 8th, a Director requested to resign since Suwe Co., Ltd. was entrusted to International Commercial Bank of China and the businesses had become too busy.
- Increased paid-in capital to NT$5.68136 Billion in August, including NT$1.00058 Billion of capital transferred from surplus and NT$18.85 Million of capital transferred from employee bonus.
- On December 3rd, announced the adjustment of the financial forecast for 2002: the goals for revenue and net profit before tax were NT$16.63 Billion and NT$1.21 Billion respectively.

2003
- In January, announced the Letter of Inten with Philips for a joint venture to seize the market of wireless business.
- The Board of Directors decided on February 13th to separate Wireless Network Business Division and establish the joint venture, Arcadyan Technology Corporation, with Philips.
- Increased paid-in capital to NT$5.97932 Billion in June, including NT$324.76 Million of capital transferred from surplus and NT$216.50 Million of capital transferred from capital reserve.
- In September, held a competition to design the office building in Duxing, aiming to build a green factory in the future.
- Launched the first corporate dual-band wireless network base station in the industry to attract wireless network enterprise users.
- Began to deliver Power over Ethernet (POE) switches.

2004
- Shangyuan Technology, the subsidiary of Accton, was acquired by Infineon to enhance its communication business.
- Established a new product development team in UK to expand the scale and strength of research and development.
- Launched the first corporate stackable switch with domestic-developed LEO chips as solutions
- In June, announced to develop corporate and metro switches with IP Infusion, one of the leading smart network software suppliers for enhanced IP services.
- In August, cooperated with SonicWall to sell its full range of security solution products in Taiwan through the subsidiary Chuan Yi Mdt InfoTech
- In October, cooperated with Propagate Networks to develop self-optimizing wireless network base station which will integrate AutoCellR firmware function into Accton software and platform.

2005
- Earned the "Outstanding Logo in Taiwan" in January by ES5508, WA6202/6202M and ES4005PW.
- Earned the "Corporate Social Responsibility Award for Enterprise in Taiwan" of 2005 in May.
- In June, established a strategic alliance with Compal for product and business development.
- Earned the Bronze Medal Prize of "National Invention and Creation Award" in September.
- In October, earned the G-Mark Award of 2005, the highest honor in Japanese design industry, by Accton magic video phone (V2 Fone).
- In November, cooperated with Skype to develop a full range of Skype communications products.
- In November, allied and cooperated with Huawei Technology in China as the agent of its full range of products for enterprise users, bringing new choices in respect of communication network for the enterprises in Taiwan.

2006
- In January, purchased all the shares of the subsidiary Arcadyan from Philips, and accelerated its listings plan.
- In February, released the first 802.11g SDIO product in the world along with PDC.
- Earned the "IF Industrial Design Award" of 2006 in March by VoWiFi mobile phone VM1188T.
- In May, cooperated with ITOCHU Corporation in Japan to enter the brand market of Japanese corporate network equipment.

- In June, Mr. Tu, Yi-Min continued to serve as the Chairman of the Board; Mr. Lu, Kuen-Ruey took over the position of President.
- In August, launched telecommunication-grade Ethernet switching equipment and got the opportunity to cooperate with Japanese 3G mobile phone operators along with business partners.
- In August, transferred partial equity of the subsidiary Arcadyan to Compal to strengthen the partnership.
- In October, the first Skype phone was approved by its headquarter in UK and the mass production and delivery had begun hence after.

2007
- In January, established a joint venture with Alvarion, the leading supplier of WiMAX in Israel, to develop products of WiMAX mobile network equipment together.
- In March, participated in the 3rd WiMAX PlugFest with WiMAX CPE as the only participant from Taiwan.
- In March, produced a new generation of Wi-Fi mobile phones for Earthlink.
- In May, Accton Technology Corporation entered a new world as the pioneer acquiring “Approval for Taipei Summit Interoperability in Taiwan” to interoperate with multiple WiMAX base stations of global brands.
- In June, Accton Technology Corporation exhibited telecom-grade metro Ethernet switching equipment at 2007 NXTComm Telecom Show.
- In August, Accton Technology Corporation sponsored Wikimedia Conference in Taipei, Wikimania, by providing wireless base station for network switch equipment and Skype Wi-Fi phones.
- In September, Accton successfully acquired the 802.16e mobile WiMAX bid with a value more than NT$10 million from Industrial Technology Research Institute (ITRI) by integrating the resources of its subsidiary Accton Wireless Broadband Corp. and Edge-Core.
- In October, Accton Group provided complete WiMAX and Wi-Fi integration solutions by combining the technology platform of its subsidiary Accton Wireless Boradband Corp. and service platforms of Edge-Core and SMC.
- In November, Hongzhan Financial Consultant Co., Ltd. announced its Tender offer to acquire 10% equity of Accton Technology Corporation in public at the price of NT$20 per share.
- In December, Accton Wireless Boradband Corp. earned the “Outstanding Information Application and Product Award" of 2007 Information Month by All in One WiMAX Gateways.

2008
- In January, the subsidiary Accton Wireless Boradband Corp. earned the action-in-Taiwan mark, “M-Taiwan” by its full range of WiMAX Wave 2 terminal equipment, and the product was adopted by Tatung InfoComm.
- In February, signed a technical cooperation memorandum with Alcatel-Lucent.
- In April, Accton Technology Corporation launched a highly integrated low-cost network radio module, enabling users to listen to the whole world.
- In June, Accton Wireless Boradband Corp. officially launched its full range of WImax Wave 2 terminal products, including mobile WiMAX network cards as well as indoor and outdoor fixed WiMAX gateways.
- In September, Tu,Yi-Min, the Chairman of the Board, resigned and was elected as Honorary Chairman, and Huang, An-Jye took over the position of the Chairman of the Board.

2009
- In February, Baikuan Investment acquired 51,803,000 Accton shares auctioned by Hongzhan Financial Consultant Co., Ltd. at the price of NT$11.85 per share.
- In April, the subsidiary SMC launched two new series 11n wireless routers, Life N and Power N.
- In May, cash dividend was decided to be distributed at NT$0.661 per share during the shareholders’ meeting. The Eighth Directors and Supervisors were re-elected, and Mr. Huang, An-Jye still served as the Chairman of the Board.
- In October, LSI and Accton Technology Corporation jointly released a new platform plan.
- In November, earned the “Creative Service Award” by the outstanding performance of adopting green lands in the Park and caring for the public.
- In December, earned the “Excellence Award” by promoting international communication and cooperation.

2010
- In January, Accton and Viettel established a joint venture to combine the brands and technologies to develop new markets.
- In January, Accton and LG-Nortel established a new joint venture in North America to satisfy market demands by integrating technologies, providing corporate Netcom solutions that can integrate advanced voice and data technologies.
- In April, announced the merger with its subsidiary Zhihao Technology Company at NT$11.54 per share.

- In June, cash dividend was decided to be distributed at NT$1.09599 per share during the Shareholders' Meeting.

2011
- Accton integrated the Group's resources to participate in 2010 Computex to provide innovative broadband application solutions, moving forward to the Quadruple Play Era.
- Accton Technology Corporation announced the financial data of 2010: annual net profit after tax was NT$1.005 Billion, and EPS reached NT$2.02.
- In June, NT$1.42494 of cash dividend and NT$0.36 of stock dividend were decided to be distributed during the Shareholders' Meeting.
- In July, earned the "Best Corporate Social Responsibility Award in Asia" from CMO Asia.
- In October, the Board of Directors approved to establish the Remuneration Commission.
- In December, Accton Technology Corporation earned the Bronze Medal Prize of "TTQS Training Quality Assessment."
- In December, Edgecore Networks Corp., Accton's subsidiary, passed certification of IPv6 by its CPE products.

2012
- Accton Technology Corporation announced the financial data of 2011: annual net profit after tax was NT$862 Million, and EPS reached NT$1.66.
- In March, earned the "Outstanding Innovation Award in Asia" of 2012, an affirmation of Accton's achievements of technology and product development.
- In June, cash dividend was decided to be distributed at NT$1.478 per share during the Shareholders' Meeting.

2013
- Accton Technology Corporation announced the financial data of 2012: annual net profit after tax was NT$873 Million, and EPS reached NT$1.68.
- In June, cash dividend was decided to be distributed at NT$1.4996 per share during the Shareholders' Meeting.
- In July, the Board of Directors approved that Mr. Yu, Ji-Hsiang took over the position of President, and Mr. Chang Shih-Ming took over the position of the Vice Chairman of the Board .
- In October, to promote art and literature aesthetics, advocate social ethics and artistics, and improve artistic atmosphere in the enterprise, Accton Technology Corporation invited Perfect Match to perform a music drama, The Edge of Heaven, to nourish the body, mind, and spirit of every participant with a wonderful journey of arts. The promotion of domestic arts and cultural activities also fulfilled corporate social responsibility.
- In December, disposed of buildings of the Second Factory to Realtek.

2014
- Accton Technology Corporation announced the financial data of 2013: annual net profit after tax was NT$559 Million, and EPS reached NT$1.06.
- In March, passed the scheme for making NT$ 160 Million of increase in the capital of Metalligence Technology Corp., in order to continuously support the development of the system and cloud platform of intelligent life integration solutions.
- In April, the Board of Directors approved the resignation of Mr. Huang, An-Jye, the Chairman of the Board, and Mr. Chang Shih-Ming, the Vice Chairman of the Board, which took effect on June 12, 2014.
- In April, the Board of Directors approved the scheme of investment in Nocsys (Cayman) to develop cloud-based technologies.
- In June, cash dividend was decided to be distributed at NT$0.912671 per share during the Shareholders' Meeting.
- In June, the Board of Directors approved that Mr. Lee, Yen-Sung took over the position of the Chairman of the Board.

2015
- Accton Technology Corporation announced the financial data of 2014: annual net profit after tax was NT$644 Million, and EPS reached NT$1.21.
- In February, the Board of Directors approved that Mr. Yu, Ji-Hsiang, the President, was in charge of Research and Development Center.
- In March, Accton Group cooperated with Chunghwa Telecom to develop cloud smart home services jointly.
- In March, the Board of Directors approved that Mr. Lin, Hsin-Hsuan, took over the position of Spokesman, and Mr. Chen, Wen-Shan took over the position of Deputy Spokesman.
- In June, cash dividend was decided to be distributed at NT$1.07515 per share during the Shareholders' Meeting.

- In June, the Board of Directors approved thatMs. Lin, Yu-His took over the position of Chief Operating Officer, and Mr. Kuo, Fai-Long was removed from the position.

2016 — Accton Technology Corporation announced the financial data of 2015: annual net profit after tax was NT$1.166 Billion, and EPS reached NT$2.19.
- In June, cash dividend was decided to be distributed at NT$1.963 per share during the Shareholders' Meeting.

2017 — Accton Technology Corporation announced the financial data of 2016: annual net profit after tax was NT$1.888 Billion, and EPS reached NT$3.51.
- In March, the Board of Directors approved that Mr. Li, Chih-Chiang took over the position of President, and Mr. Yu, Ji-Hsiang took over the position of Vice President of Research and Development.
- In June, cash dividend was decided to be distributed at NT$3.0978 per share during the Shareholders' Meeting.
- The Board of Directors approved that Ms. Lin, Yu-His, the Chief Operating Officer, took over the position of Director of Strategy in August and resigned in October.

2018 — Accton Technology Corporation announced the financial data of 2017: annual net profit after tax was NT$2.559 Billion, and EPS reached NT$4.68.
- In June, cash dividend was decided to be distributed at NT$4.1311 per share during the Shareholders' Meeting.
- In June, the Board of Directors approved that Mr. Kuo, Fai-Long took over the position of the Chairman of the Board.

2019 — Accton Technology Corporation announced the financial data of 2018: annual net profit after tax was NT$2.952 Billion, and EPS reached NT$5.33.
- In June, the distribution of cash dividend of NT$3.9984 per share was resolved at the Shareholders' Meeting.
- In June, the appointment of Mr. Michael Lane as the Vice President of Research and Development was resolved at the Board Meeting of Accton.
- In July, Mr. Chiu, Kuo-Tai resigned as the Senior Vice President.
- In July, the appointment of Mr. Wang, Ching-Te as the Vice President was resolved at the Board Meeting of Accton.
- In October, Accton was awarded the 5th Taiwan Mittelstand Award.
- At the Board Meeting of Accton held in November, Mr. Edgar Masri was resolved to be appointed as the Chief Executive Officer of Accton Group.

2020 — Accton Technology Corporation published its financial data in 2019, the annual net profit after tax was NT$4.950 billion and EPS reached NT$8.91.
- In February, the appointment of Mr. Li, Kuan-Tse as the Senior Vice President of Research and Development was resolved at the Board Meeting of Accton.
- In February, the appointment of Mr. Michael Lane as the Vice President of New Technology Research and Development was resolved at the Board Meeting of Accton.
- In April, Lee, Chih-Chiang resigned as the President.
- In April, the appointment of Edgar Masri, the Chief Executive Officer, as the President of Accton was resolved at the Board Meeting of Accton.
- In June, cash dividend was decided to be distributed at NT$6.1903 per share during the Shareholders' Meeting.
- In August, Accton's board of directors approved the appointment of Mr. Li, Hsun-Te and Ms. Chiang, Ying-Hui as senior Vice Presidents.
- In September, Mr. Wang, Ching-Te resigned as Vice President.
- In December, Accton obtained the land rights to the industrial zone of the International AI Smart Park in Hsinchu County, planning to start operations within 3 years.

2021 — Accton Technology Corporation announced the financial data of 2020, the annual consolidated net profit after tax was NT$5.048 billion, and the EPS reached NT$9.07.
- In June, the appointment of Mr. Lin Hsing-Hsuan, as the Corporate Governance Officer was resolved at the Board Meeting of Accton.
- In June, Ms. Lin, Meen-Ron resigned as the Chief Financial Officer.
- In July, cash dividend was decided to be distributed at NT$6.4956 per share during the Shareholders' Meeting.

- In August, Accton's Board of Directors approved the appointment of Ms. Chen, Fang-I as the Accounting Manager.
- Accton called on 27 supplier partners to participate in protecting leopard cats and their habitat, and won Special Award and Purchasing Award of Buying Power Environmental Sustainability from the Ministry of Economic Affairs.

2022
- Accton Technology Corporation published its 2021 financial data, the annual consolidated net profit after tax was NT$4.705 billion and EPS reached NT$8.44.
- In June, cash dividend was decided to be distributed at NT$5.9987 per share during the Shareholders' Meeting.
- The ground was officially broken for the construction at the AI Science Park in Zhubei; it will be the new hub for innovative research and development and smart manufacturing of the Group.
- The public interest platform was created in August to even out digital difference. Accton was honored with the Gold Award of TSAA.
- In October, Accton won the Ministry of Economic Affairs Gold Trade Award; its performance in exploring emerging markets is recognized.
- In November, Accton was named one of the Top 100 Sustainability Role Model Enterprises and won the 2022 TCSA and its Corporate Sustainability Report was rated Gold class; the Company's accomplishments in human rights and development leadership were recognized, too.

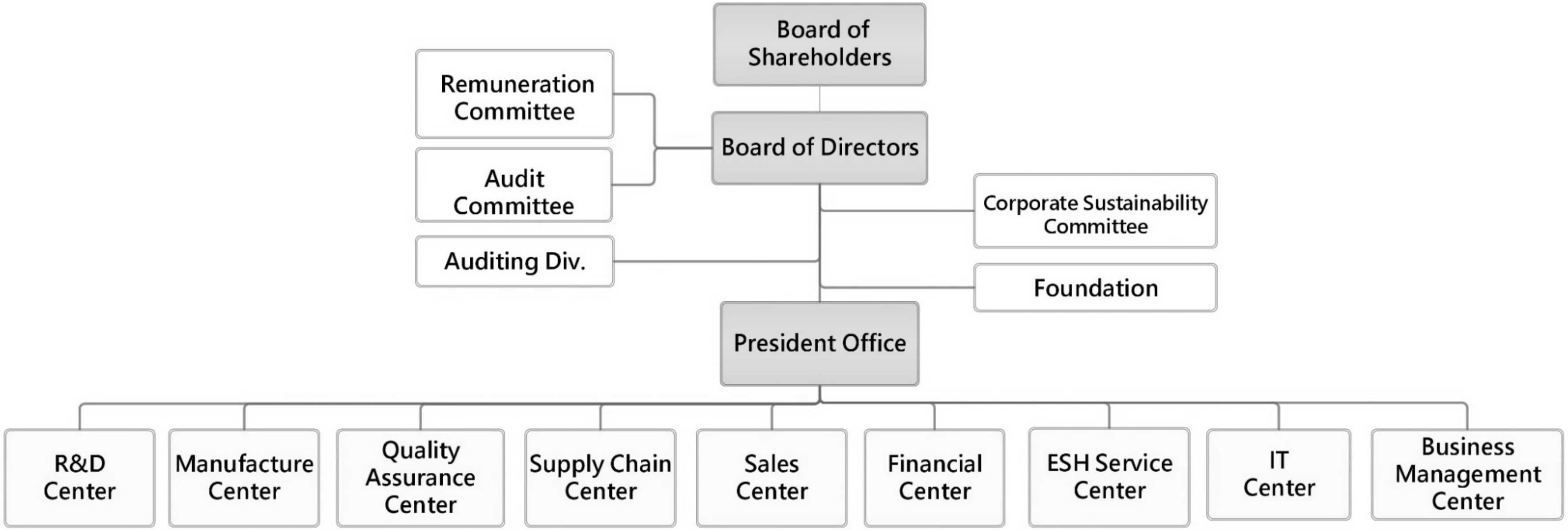
2023
- Accton Technology Corporation published its 2022 financial data, the annual consolidated net profit after tax was NT$8.166 billion and EPS reached NT$14.64.
- In March, Accton's Board of Directors approved the appointment of Ms. Chen, Fang-I as the Chief Financial Officer.
- In March, the Accton Vietnam factory was opened to provide better products and services for customers in Asia as part of the layout in the Asian and global markets.
- In May, the board of Accton approved the appointment of Mr. Jun Shi as Executive Vice President and concurrently the CEO.
- In June, cash dividend was decided to be distributed at NT$7.4998 per share during the Shareholders' Meeting.
- In August, Mr. Edgar Masri stepped down as CEO and President.
- In August, Accton's Board of Directors approved the appointment of Jun Shi as the CEO and President.
- in October, Mr. Yu, Ji-Hsiang stepped down as Senior Vice President.

2024
- Accton Technology announced the figures in the financial report for 2023. The consolidated net profit after tax for the year was NTD 8.920 billion, and the EPS reached NTD 15.99.
- In March, the Board of Directors of Accton approved the appointment of Mr. Hsieh, Cheng-Che as the Vice President.

III. Management Report

I. Corporate Organizational System

(I) Organizational Chart



II. Information about the Directors, Supervisors, President, Vice Presidents, Assistant Managers and Supervisors of various departments and branches:

(I) Director

1. Information on the Board of Directors.

April 15, 2024

Job Title	Nationality or Registration Place	Name	Gender Age	Election (Assumption) Date	Tenure	Initial Election Date	Number of Shares Held at the Time of Election		Current Number of Shares Held		Current Number of Shares Held by Spouse or Under Age Children		Holding Shares in Other's Name		Education and Work Experienc	Positions Currently Held in Other Companies	If spouse or second-degree family members also serve as manager			Remarks
							Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio			Job Title	Name	Relationship	
Chairman of the Board	R.O.C.	Kuan Xin Investment Corp.	Female 51~60	2021.07.08	Three years	2014.06.13	7,070,000	1.26	7,070,000	1.26	0	0.00	—	—	—	—	—	—	—	—
		Legal Representative: Lin, Meen-Ron		2021.07.08	Three years	2012.06.19	0	0.00	11,669	0.00	0	0.00	—	—	Master of Business, University of Southern California Manager of E-capital Securities	Chairman of the Board of ATAN Networks Co., Ltd., Accton Technology Corporation Director of E-Direct Corp.	—	—	—	—
Director	R.O.C.	Ting Sing Co., Ltd.	Male 61~70	2021.07.08	Three years	2009.05.22	2,351,562	0.42	2,351,562	0.42	0	0.00	—	—	—	—	—	—	—	—
		Representative: Du, Heng-Yi		2021.07.08	Three years	2009.05.22	0	0.00	1,119,115	0.20	249,079	0.04	—	—	MBA, University of Hawaii Chairman of the Board of Wanyuan Textile Co., Ltd. Supervisor of Accton Technology Corporation	Chairman of the Board of Chien Shun Trading Co., Ltd., Wan Yuan Textiles Co., Ltd., Chong Tai Transportation Co., Ltd., Ting Fang Investment Co., Ltd., Valley View Industrial Co., Ltd., Ting Chien Co., Ltd., and Ting Sing Co., Ltd.; Supervisor of The World Champion Co., Ltd., Tai Ve Corporation Summit Packing Industrial Co., Ltd.; Director of Ve Wong Co., Ltd., South China Insurance Co., Ltd., Taiwan Secom Co., Ltd., The Ambassador Hotel Co., Ltd., Fujitec Taiwan Co., Ltd., Toray International Taipei Inc.Co., Ltd. and Accton Technology Corporation	—	—	—	—
Director	R.O.C	Huang, Kuo-Hsiu	Male 61~70	2021.07.08	Three years	2014.06.13	493,379	0.09	820,763	0.15	0	0.00	—	—	MBA, Peking University Assistant Manager of Accton Technology Corporation	Chairman of the Board of Accton Technology Co., Ltd., E-Direct Corp., MuXi Technology Co., Ltd. Director of Accton Technology Corporation	—	—	—	—
Independent Director	R.O.C	Huang, Shu-Chieh	Male 61~70	2021.07.08	Three years	2021.07.08	0	0.00	0	0.00	0	0.00	—	—	Undergraduate of Commerce, National Taiwan University EMBA, College of Management, National Chiao Tung University CEO at Deloitte & Touche	Independent Director of Accton Technology Corporation	—	—	—	—
Independent Director	R.O.C	Lee, Fa-Yauh	Male 61-70	2021.07.08	Three years	2021.07.08	0	0.00	0	0.00	0	0.00	—	—	Kaohsiung Medical University, School of Medicine. Acting Superintendent Taipei Veterans General Hospital.	Editor-in-Chief of the Journal of the Chinese Medical Association, Independent Director of Accton Technology Corporation Independent Director of Aethertek	—	—	—	—

Job Title	Nationality or Registration Place	Name	Gender Age	Election (Assumption) Date	Tenure	Initial Election Date	Number of Shares Held at the Time of Election		Current Number of Shares Held		Current Number of Shares Held by Spouse or Under Age Children		Holding Shares in Other's Name		Education and Work Experienc	Positions Currently Held in Other Companies	If spouse or second-degree family members also serve as manager			Remarks
							Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio			Job Title	Name	Relationship	
Independent Director	JPN	Eizo Kobayashi	Male 71-80	2021.07.08	Three years	2021.07.08	0	0.00	0	0.00	0	0.00	—	—	Bachelor of Solid State Physics, Osaka University ITOCHU Corporation Chairman	Independent Director of JAPAN AIRLINES、JAPAN EXCHANGE GROUP, INC.、Accton Technology Corporation.	—	—	—	—
Independent Director	U.S.A	Ankur Singla	Male 41-50	2021.07.08	Three years	2021.07.08	0	0.00	0	0.00	0	0.00	—	—	M.S. in Electrical Engineering, Stanford University, USA Sr VP of F5 Networks,Inc. Founder & CEO of Volterra SVP/GM,Contrail & Appformix Juniper Networks	President/CEO of Exaforce Inc. Independent Director of Accton Technology Corporation	—	—	—	—

Note 1: Mr. Avigdor Willenz resigned as independent director on January 16, 2023.

(II) Responsibilities and Functions of Major Departments

Departments	Function
Board of Directors	Business plan, profit distribution; review and approval of important regulations, contracts, budget and final accounts; appointment and removal of President and Vice Presidents, establishment and cancellation of branches; review and approval of trading and investment of immovable property; other critical decisions.
President	Overall decisions on company's operation, management and quality.
Auditing Div.	Implementation of audit, inspection and evaluation on the correctness and reliability of company's operation records and internal control, and provision of suggestions for improvement.
Financial Center	Formulation of financial system; control of financial status and plans; formulation of capital operation plans; supervision and management.
Business Management Center	Formulation of HR administration system and company's organizational structure; definitions of powers and responsibilities of organizational structure and business scope; provision of legal and consulting services.
IT Center	Development of information network structure; planning and establishment of information systems; integration, maintenance and management of information.
ESH Service Center	Responsible for planning, implementation, promotion, and supervision of environmental protection, safety and health operations and risk assessment management.
R&D Center	Planning for development of new types of network communication equipment and products, coordinating resources and technology-sharing among departments, providing necessary technical support for business and support units, setting direction for new technology research and development and planning for resource allocation.
Sales Center	Setting sales targets and plans, developing new markets and customers, formulating sales strategies; managing, supervising and providing assistance in achievement of sales amount, and improving customer satisfaction with services.
Manufacture Center	Production planning, trial production in production line, development and production plans for new products, working time calculation, capacity planning, as well as improvement of efficiency and productivity.
Supply Chain Center	Be responsible for Accton's procurement strategies and planning, supervision on operation process, inventory management, as well as planning and supervision on warehousing and import and export bonded operation.
Quality Assurance Center	Promoting, implementing and reviewing company's quality policies, managing and assessing suppliers and outsourcers, and dealing with customers' complaint about quality.

Table 1: Major Shareholders of Corporate Shareholders

April 15, 2024

Corporate Shareholder's Name	Major Shareholders of the Corporate Shareholders	Shareholding Ratio
Ting Sing Co., Ltd.	Karbo Holdings Ltd.	47.44%
	Cheerway Holdings Ltd.	47.44%
	Du, Heng-Yi	1.54%
	Hsueh, Hsiu-Chen	0.51%
	Ting Chien Co., Ltd.	3.08%
Kuan Xin Investment Corp.	Ou Yang, Chih-Min	98.00%
	Huang, Kuo-Hsiu	1.00%
	Lin, Meen-Ron	0.00%
	Li,Wei-Shuo	1.00%

Table 2: Major shareholders of major shareholders that are corporations

April 15, 2024

Legal Person's Name	Major Shareholder of Legal Person	Shareholding Ratio
Karbo Holdings Ltd.	Energy Rider Trading Corp.	100.00%
Cheerway Holdings Ltd.	Energy Rider Trading Corp.	100.00%
Ting Chien Co., Ltd.	Karbo Holdings Ltd. Cheerway Holdings Ltd. Du, Heng-Yi Hsueh,Hsiu-Chen Tu Wan Chuan Charity Foundation Ting Sing Co., Ltd.	45.00% 45.00% 7.00% 1.67% 0.33% 1.00%

2. Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors

Name	Professional qualification and experience	Independence	Number of Other Public Companies where the Individual Concurrently Serves as a Independent Director
Chairman Kuan Xin Investment Corp. Legal Representative: Lin, Meen-Ron	Master of Business Administration, University of Southern California. Former Chief Financial Officer of Accton. Current Chairman of the Company and Chairman of Affiliate ATAN Networks Co., Ltd. and director of E-Direct Corp., with more than 25 years of professional skills and practical experience in financial administration and decision-making/leadership. None of the conditions indicated under Article 30 of the Company Act.	N/A	0
Director Huang, Kuo-Hsiu	Master of Business Administration, Peking University. Current Assistant Vice President and Director of the Company and also the Chairman of affiliates Technology Co., Ltd. E-Direct Corp., and MuXi Technology Co. Corporation, Ltd., with abundant leadership on international markets and professional practical experience to help the Company explore various innovative business models and opportunities. None of the conditions indicated under Article 30 of the Company Act.	N/A	0

<table>
<tr><th>Name</th><th>Professional qualification and experience</th><th>Independence</th><th>Number of Other Public Companies where the Individual Concurrently Serves as a Independent Director</th></tr>
<tr><td>Director
Ting Sing Co., Ltd.
Representative: Du, Heng-Yi</td><td>Master of Business Administration, University of Hawaii. Current Chairman of Wan Yuan Textiles Co., Ltd. and Ting Sing Co., Ltd, Supervisor of The World Champion Co., Ltd., Tai Ve Corporation Summit Packing Industrial Co., Ltd.; Director of Ve Wong Co., Ltd., South China Insurance Co., Ltd., Fujitec Taiwan Co., Ltd., and Accton, with several decades of professional skills and abundant practical experience in different industrial fields to help provide more valuable experience-based analyses of financial and operational soundness.
None of the conditions indicated under Article 30 of the Company Act.</td><td>N/A</td><td>0</td></tr>
<tr><td>Independent director
Huang, Shu-Chieh</td><td>Master of Management, National Chiao Tung University. Former CEO at Deloitte & Touche and current Independent Director at Accton. Specializing in finance, accounting, and taxation risk management with abundant professional experience.
None of the conditions indicated under Article 30 of the Company Act.</td><td rowspan="4">(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
(3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranks as one of its top ten shareholders.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the officer in the preceding paragraph (1), or of any of the persons in the preceding paragraphs (2) and (3).
(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the company, or ranks as its top five shareholders, or the designated representative pursuant to Article 27 Section 1 or 2 of the Company Act as director/supervisor.
(6) Not a director, supervisor, or employee of other company with the Board seats or more than half of the</td><td>0</td></tr>
<tr><td>Independent director
Lee, Fa-Yauh</td><td>Graduated from the School of Medicine, Kaohsiung Medical University. Former acting superintendent at the Taipei Veterans General Hospital and current chief editor of the Journal of the Chinese Medical Association and independent directors of Aethertek and Accton. Abundant experience in medical studies and managerial ability.
None of the conditions indicated under Article 30 of the Company Act.</td><td>1</td></tr>
<tr><td>Independent director
Eizo Kobayashi</td><td>Bachelor of Solid State Physics, Osaka University. Former Chairman of ITOCHU Corporation. With abundant experience and managerial skills in corporate management, investment, and technology.
None of the conditions indicated under Article 30 of the Company Act.</td><td>0</td></tr>
<tr><td>Independent director
Ankur Singla</td><td>Master of Electrical Engineering, Stanford University, USA.
SVP/GM, Security Products of F5 Networks,Inc., CEO of Volterra,Inc., SVP/GM, Software of Juniper Networks He is currently the President/CEO of Exaforce Inc. and has extensive practical experience and professionalism in the network communication field.
None of the conditions indicated under Article 30 of the Company Act.</td><td>0</td></tr>
</table>

		voting shares under control of one person. (7) Not a director, supervisor, or employee of other company whose chairman or general manager are the same person or spouse of the company. (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, law, finance, accounting services or consultation amounted to less than a cumulative NT$500,000 to the company or to any affiliate of the company, or a spouse thereof. (10) Not a spouse or a relative within the second degree of kinship to any other director of the company. (11) Not a governmental or juridical person or a representative as defined in Article 27 of the Company Act.	

Note 1: In accordance with Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings as well as Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company has obtained the independent statement from the independent directors and related authentication has been done by the Company, which is in compliance with laws and regulations.

Note 2: Mr. Avigdor Willenz resigned as independent director on January 16, 2023.

3. Diversification and Independence of Board of Directors:

- Diversification of Board of Directors:

In order to reinforce corporate governance and to promote the normalized composition and structure of the Board of Directors, the Company stipulates in Article 20 of the "Corporate Governance Best Practice Principles" that members of the Board shall possess the knowledge, skills and qualities necessary to perform their duties. The Board of Directors as a whole should possess the following competences:

(1) Operational judgment.
(2) Accounting and financial analysis.
(3) Operation and management.
(4) Crisis management.
(5) Industrial knowledge.
(6) International market views.
(7) Leadership.
(8) Decision-making.

The Company's Board of Directors consists of 7 directors of different professional backgrounds. There are now 3 directors (42.9%) and 4 independent directors (57.1%), among them are 1 female director (14.3%) and 2 directors who are also the Company's employees/managers (28.6%, less than one-third of all directors). The independent directors are serving a term of less than 3 years on average. For the ages of the directors, 1 is 41~50 years old, 1 is 51~ 60 years old; 4 are 61~ 70 years old, and 1 is 71~ 80 years old. Meanwhile, all members of the Board of Directors are professionals of diversified backgrounds, with sufficient professional knowledge, experience, and outstanding views and abiding by high moral standards. The Company attaches great importance to the independence of Directors. In addition to increasing the number of Independent Directors, it also judges and evaluates the independence of Independent Directors in accordance with relevant regulations. Therefore, all Directors of Accton are equipped with extensive experience in the industry, high academic prestige, with outstanding performance in other professional fields.

Diversification of Board of Directors membership is enforced as follows:

Name	Job Title	Nationality	Gender	Age				Independent director Service Term			A Concurrent Employee of the Company	Diversified Core Competences							
				Age 41~50	Age 51 to 60	Age 61 to 70	Age 71 to 80	Less than 3 years	3 to 9 years	More than 9 years		Operational Judgment	Accounting and Finance	Operation Management	Crisis Management	Industrial Knowledge	International Market View	Leadership	Decision-making
Kuan Xin Investment Corp. Legal Representative: Lin, Meen-Ron	Chairman of the Board	R.O.C.	Female		√						√	√	√	√		√		√	√
Ting Sing Co., Ltd. Representative: Du, Heng-Yi	Director	R.O.C.	Male			√						√		√		√		√	
Huang, Kuo-Hsiu	Director	R.O.C.	Male			√					√	√		√		√			
Huang, Shu-Chieh	Independent director	R.O.C	Male			√		√				√	√		√				√
Lee, Fa-Yauh	Independent director	R.O.C	Male			√		√								√		√	√
Eizo Kobayashi	Independent director	JPN	Male				√	√				√	√	√			√	√	
Ankur Singla	Independent director	U.S.A	Male	√				√				√	√			√	√		√

Note 1: Mr. Avigdor Willenz resigned as independent director on January 16, 2023.

The specific management objectives of the Company's diversification policy and the achievements are as follows:

Management Objectives	Achievement
Directors concurrently serving as company officers shall not exceed one-third of the total number of the board members	Achieved
There should be at least one female board member	Achieved
Independent directors shall serve no more than three consecutive terms	Achieved

- Independence of Board of Directors:

  Among the 7 directors are 4 independent directors, with a ratio of 57.1%. All independent directors meet the independence criteria and have served no more than three terms in a row. In addition, none of the directors are one another’s spouse or relative within second degree of kinship and hence the requirements in Article 26-3 Paragraphs 3 and 4 of the Securities and Exchange Act are fulfilled.

(II) Information about President, Vice Presidents, Assistant Managers and Supervisors of various departments and branches:

April 15, 2024

Job Title	Nationality	Name	Gender	Election (Assumption) Date	Number of Shares Held		Shares Held By Spouse and Minor Children		Holding Shares in Other's Name		Education and Work Experience	Positions Currently Held in Other Companies	If spouse or second-degree family members also serve as manager			Remarks
					Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio			Job Title	Name	Relationship	
CEO and General Manager (Note 1)	U.S.A.	Jun Shi	Male	2023.05.11	0	0.00	0	0.00	—	—	Master of Engineering, Xidian University VP of F5 Networks,Inc. VP of Volterra	—	—	—	—	—
CEO, General Manager (Note 2)	U.S.A.	Edgar Masri	Male	2019.11.12	0	0.00	0	0.00	—	—	Master of Electronic Engineering, the University of California, Berkeley, USA and MBA, Stanford University, USA CEO of 3Com, Normal partner of Matrix Partners, President and CEO of Qualtré Inc.	Director of Spiront Communications、Kollective	—	—	—	—
Senior Vice President (Note 3)	R.O.C.	Yu, Ji-Hsiang	Male	2013.07.01	49,794	0.01	791	0.00	—	—	EMBA, College of Management, National Yang Ming Chiao Tung University	Director of Accton Technology Co., Ltd.	—	—	—	—
Senior Vice President	R.O.C.	Li, Hsun-Te	Male	2020.08.12	0	0	0	0.00	—	—	Bachelor of Business Management, Chung Hua University	Director of Vietnam Accton Technology Co.,Ltd.	—	—	—	—
Senior Vice President	R.O.C.	Chiang, Ying-Hui	Female	2030.08.12	4,000	0.00	0	0.00	—	—	Bachelor of Information Management, Minghsin University of Science and Technology	—	—	—	—	—
Senior Vice President of Research and Development	R.O.C.	Lee, Kuan-Ze	Male	2020.02.24	0	0.00	0	0.00	—	—	Master of Electrical Engineering, University of California, Irvine, USA Senior Director of Hardware Engineering of CommScope, Ruckus / Arris, Director of Hardware Engineering of Brocade	—	—	—	—	—
Vice President	M.Y.	Liew, Hin-Soon	Male	2011.07.08	106,331	0.02	0	0.00	—	—	Electronic Engineering, National Taiwan University	—	—	—	—	—
Vice President	R.O.C.	Cheng, Ming-Chang	Male	2022.08.29	0	0.00	0	0.00	—	—	EMBA, College of Business, University of Texas at Arlington, USA Juniper Networks Inc, Manufacturing OPS manager. Senior Assistant Vice President, Accton Technology Corporation	—	—	—	—	—
Vice President (Note 4)	R.O.C.	Hsieh, Cheng-Che	Male	2024.03.07	0	0.00	0	0.00	—	—	Master of Engineering, Department of Electronic Engineering, Chung Yuan Christian University Senior Assistant to Vice President of Accton Technology Corporation.	—	—	—	—	—
CFO(Note 5)	R.O.C.	Chen, Fang-I	Female	2021.08.12	0	0.00	0	0.00	—	—	B.S. in Finance and Taxation, National Chengchi University	Supervisor of Edgecore Networks Corp. and E-Direct Corp	—	—	—	—

Job Title	Nationality	Name	Gender	Election (Assumption) Date	Number of Shares Held		Shares Held By Spouse and Minor Children		Holding Shares in Other's Name		Education and Work Experience	Positions Currently Held in Other Companies	If spouse or second-degree family members also serve as manager			Remarks
					Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio			Job Title	Name	Relationship	
Corporate Governance Manager	R.O.C.	Lin, Hsing-Hsuan	Male	2021.06.10	37	0.00	0	0.00	—	—	M.S. in Technology Law, National Yang Ming Chiao Tung University Chief Legal Officer and Spokesman of Accton Technology Corp.	—	—	—	—	—

Note 1: Mr. Jun Shi assumed the positions of CEO and President on August 10, 2023.
Note 2: Mr. Edgar Masri stepped down as CEO and President on August 10, 2023.
Note 3: Mr. Yu, Ji-Hsiang stepped down as Senior Vice President on October 24, 2023.
Note 4: Mr. Hsieh, Cheng-Che assumed the position of Vice President on March 7, 2024.
Note 5: Ms. Chen, Fang-I took up the post of Chief Financial Officer on March 9, 2023.

III. Remuneration of Directors, Supervisors, President and Vice Presidents in the Most Recent Year

(I) Remuneration to Directors and Independent Directors (disclosing aggregate remuneration information with the name(s) indicated for each remuneration range)

Unit: NT$ Thousand; Number of Shares: Thousand shares

Job Title		Nationality	Remuneration of Directors								Ratio of Total Remuneration of A, B, C and D in Net Income After Tax		Remuneration Paid to Concurrent Employees								Ratio of Total Remuneration of A, B, C, D, E, F and G to Net Income After Tax		Remuneration Paid by Invested Company Other than Accton's Subsidiaries
			Remuneration (A)		Severance Pay (B)		Remuneration of Directors (C)		Allowances (D)				Salary, Bonus and Allowances (E)		Severance Pay (F)		Employee Bonus (G)						
			Accton	All Companies Listed in Financial Statements	Accton	All Companies Listed in Financial Statements	Accton	All Companies Listed in Financial Statements	Accton	All Companies Listed in Financial Statements	Accton	All Companies Listed in Financial Statements	Accton	All Companies Listed in Financial Statements	Accton	All Companies Listed in Financial Statements	Accton		All Companies Listed in Financial Statements		Accton	All Companies Listed in Financial Statements	
																	Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Director	Chairman of the Board	Kuan Xin Investment Corp. Legal Representative：Lin, Meen-Ron	—	—	—	—	35,000	35,000	640	640	35,640 0.39%	35,654 0.39%	10,202	10,202	216	216	18,000	—	18,000	—	64,058 0.71%	64,058 0.71%	None
General Director	Director	Huang, Kuo-Hsiu																					
General Director	Director	Ting Sing Co., Ltd. Representative：Du, Heng-Yi																					
Independent Director	Independent Director	Huang, Shu-Chieh																					
Independent Director	Independent Director	Lee, Fa-Yauh																					
Independent Director	Independent Director	Eizo Kobayashi																					
Independent Director	Independent Director	Ankur Singla																					

Note 1: Mr. Avigdor Willenz resigned as independent director on January 16, 2023.

1. Specify the independent director remuneration payment policy, system, standards and structure of Independent Directors' remuneration, please state the relationship between the amount of remuneration and their responsibilities, risks, time invested, and other factors:
   The Company's independent directors are paid for their transportation and receive remuneration as director. The remuneration of the independent directors is reflective of the extent of each director’s involvement in corporate operations and the value of his/her contribution, referring to the common practice in the industry. The remuneration proposal is reviewed by the Remuneration Committee and is then submitted to the Board of Directors for resolution.
2. Other than those disclosed in the table above, remuneration received by directors by providing services (e.g. providing consulting services to the parent company/all companies in the financial report/investee companies as a non-employee) to all companies in the financial report in the most recent year: None.

(II) Remuneration of President and Vice Presidents (summary and type of disclosure name)

Unit: NT$ Thousand; Number of Shares: Thousand Shares

<table>
<tr><th rowspan="3">Job Title</th><th rowspan="3">Name</th><th colspan="2">Pay (A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Employee Bonus (D)</th><th colspan="2">Ratio (%) of the Total Remuneration A, B, C and D in Net Income After Tax</th><th rowspan="3">Remuneration Paid by Invested Company Other than Accton’s Subsidiaries</th></tr>
<tr><th rowspan="2">Accton</th><th rowspan="2">All Companies Listed in Financial Statements</th><th rowspan="2">Accton</th><th rowspan="2">All Companies Listed in Financial Statements</th><th rowspan="2">Accton</th><th rowspan="2">All Companies Listed in Financial Statements</th><th colspan="2">Accton</th><th colspan="2">All Companies Listed in Financial Statements</th><th rowspan="2">Accton</th><th rowspan="2">All Companies Listed in Financial Statements</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>CEO and President (Note 1)</td><td>Jun Shi</td><td rowspan="10">19,687</td><td rowspan="10">49,353</td><td rowspan="10">622</td><td rowspan="10">622</td><td rowspan="10">8,503</td><td rowspan="10">12,802</td><td rowspan="10">37,600</td><td rowspan="10">—</td><td rowspan="10">51,100</td><td rowspan="10">—</td><td rowspan="10">66,412
0.74%</td><td rowspan="10">113,877
1.27%</td><td rowspan="10">None</td></tr>
<tr><td>CEO and President (Note 2)</td><td>Edgar Masri</td></tr>
<tr><td>Senior Vice President (Note 3)</td><td>Yu, Ji-Hsiang</td></tr>
<tr><td>Senior Vice President</td><td>Li, Hsun-Te</td></tr>
<tr><td>Senior Vice President</td><td>Chiang, Ying-Hui</td></tr>
<tr><td>Senior Vice President of Research and Development</td><td>Lee, Kuan-Ze</td></tr>
<tr><td>Vice President</td><td>Liew, Hin-Soon</td></tr>
<tr><td>Vice President</td><td>Cheng, Ming-Chang</td></tr>
<tr><td>Vice President (Note 4)</td><td>Hsieh, Cheng-Che</td></tr>
<tr><td>CFO(Note 5)</td><td>Chen, Fang-I</td></tr>
</table>

Note 1: Mr. Jun Shi assumed the positions of CEO and President on August 10, 2023.
Note 2: Mr. Edgar Masri stepped down as CEO and President on August 10, 2023.
Note 3: Mr. Yu, Ji-Hsiang stepped down as Senior Vice President on October 24, 2023.
Note 4: Mr. Hsieh, Cheng-Che assumed the position of Vice President on March 7, 2024.
Note 5: Ms. Chen, Fang-I took up the post of Chief Financial Officer on March 9, 2023.

Table for Remuneration Ranges of Directors

Table for Remuneration Ranges of Each Director of Accton	Director's Name			
	Total Remuneration of A+B+C+D		Total Remuneration of A+B+C+D+E+F+G	
	Accton	All Companies Listed in Financial Statements (H)	Accton	All Companies Listed in Financial Statements (I)
Less than NT$1,000,000	—	—	—	—
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	—	—	—	—
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	—	—	—	—
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	—	—	—	—
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	General Director: Huang, Kuo-Hsiu Kuan Xin Investment Corp. Legal Representative: Lin, Meen-Ron Ting Sing Co., Ltd. Representative: Du, Heng-Yi Independent Directors: Huang, Shu-Chieh Lee, Fa-Yauh Eizo Kobayashi Ankur Singla	General Director: Huang, Kuo-Hsiu Kuan Xin Investment Corp. Legal Representative: Lin, Meen-Ron Ting Sing Co., Ltd. Representative: Du, Heng-Yi Independent Directors: Huang, Shu-Chieh Lee, Fa-Yauh Eizo Kobayashi Ankur Singla	General Director: Ting Sing Co., Ltd. Representative: Du, Heng-Yi Independent Directors: Huang, Shu-Chieh Lee, Fa-Yauh Eizo Kobayashi Ankur Singla	General Director: Ting Sing Co., Ltd. Representative: Du, Heng-Yi Independent Directors: Huang, Shu-Chieh Lee, Fa-Yauh, Eizo Kobayashi Ankur Singla
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	—	—	General Director: Huang, Kuo-Hsiu	General Director: Huang, Kuo-Hsiu
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	—	—	General Director: Kuan Xin Investment Corp. Legal Representative: Lin, Meen-Ron	General Director: Kuan Xin Investment Corp. Legal Representative: Lin, Meen-Ron
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	—	—	—	—
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	—	—	—	—
Over NT$100,000,000	—	—	—	—
Total	7 persons	7 persons	7 persons	7 persons

Table for Remuneration Ranges of President and Vice Presidents

Table for Remuneration Ranges of Each President and Vice President	Name of President and Vice President	
	Accton	All Companies Listed in Financial Statements (E)
Less than NT$1,000,000	Jun Shi Lee, Kuan-Ze	—
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	—	—
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Edgar Masri	—
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	—	—
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Yu, Ji-Hsiang Liew, Hin-Soon Chiang, Ying-Hui	Yu, Ji-Hsiang Liew, Hin-Soon Chiang, Ying-Hui
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	Cheng, Ming-Chang Chen, Fang-Yi	Jun Shi Cheng, Ming-Chang Chen, Fang-Yi Edgar Masri
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	Li, Hsun-Te	Li, Hsun-Te Lee, Kuan-Ze
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	—	—
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	—	—
Over NT$100,000,000	—	—
Total	9 persons	9 persons

(IV). Names of Managers Entitled to Remuneration to Employees and Distribution Status:

Unit: NT$ Thousand

Job Title	Name	Stock Amount	Cash Amount	Total	Ratio (%) of Total Remuneration to Net Income After Tax
CEO and General Manager(Note 1)	Jun Shi	—	52,350	52,350	0.58%
CEO and General Manager(Note 2)	Edgar Masri				
Senior Vice President(Note 3)	Yu, Ji-Hsiang				
Senior Vice President	Li, Hsun-Te				
Senior Vice President	Chiang, Ying-Hui				
Senior Vice President of Research and Development	Lee, Kuan-Ze				
Vice President	Liew, Hin-Soon				
Vice President	Cheng, Ming-Chang				
Vice President (Note 4)	Hsieh, Cheng-Che				
CFO	Chen, Fang-I				
Corporate Governance Manager	Lin, Hsing-Hsuan				

Note 1: Mr. Jun Shi assumed the positions of CEO and President on August 10, 2023.
Note 2: Mr. Edgar Masri stepped down as CEO and President on August 10, 2023.
Note 3: Mr. Yu, Ji-Hsiang stepped down as Senior Vice President on October 24, 2023.
Note 4: Mr. Hsieh, Cheng-Che assumed the position of Vice President on March 7, 2024.
Note 5: Ms. Chen, Fang-I took up the post of Chief Financial Officer on March 9, 2023.

(V) Respectively compare and describe the analysis of the proportion of total remuneration paid to Accton's Directors, Supervisors, President and Vice President by Accton and all the companies listed in the consolidated financial statements in the most recent two years to the Net Income After Tax in individual financial statements, and describe the policies, standards and packages for payment of remuneration, as well as the procedures followed for determining remuneration, and their linkages to business performance and future risk.

1. Analysis of the proportion of total remuneration paid to Accton's Directors, Supervisors, President and Vice President by Accton and all the companies listed in the consolidated financial statements in the most recent two years to the Net Income After Tax:

Unit: NT$ Thousand; %

Job Title	Ratio of Total Remuneration of 2023 to Net Income After Tax (%)		Ratio of Total Remuneration of 2022 to Net Income After Tax (%)	
	Accton	All Companies Listed in Financial Statements	Accton	All Companies Listed in Financial Statements
Director	0.71%	0.71%	0.82%	0.82%
President and Vice Presidents	0.74%	1.27%	0.65%	1.07%
Analysis of Changes in Percentage: The total amount of remuneration to president and vice presidents of the Company in 2023 as a percentage of net income increased from 2022: mainly due to the Company's outstanding performance in product innovation, revenue growth, and business transformation in the era of rapid change driven by artificial intelligence to accelerate the innovation of technology and products of Accton Technology Corporation, expand the symbiosis system of development partners, and bring growth momentum to the Company.				

2. Policies, standards and packages for payment of remuneration, as well as the procedures followed for determining remuneration, and their linkages to business performance and future risk.

(1) Directors: Payment of remuneration to Directors is specified in Article 18 of Accton's Articles of Association. If Accton has gained profits within a fiscal year, 1% to 11.25% of the profits shall be reserved as employee bonus to employees, including those of subsidiaries meeting certain specific requirements, and the Board of Directors shall decide whether to distribute in the form of shares or in cash. Accton may, upon resolution by the Board of Directors, reserve no more than 1.5% of the aforesaid profit as remuneration to directors and supervisors. Proposals for the distribution of employees' compensation and directors' compensation shall be submitted to the shareholders' meeting. In case of accumulated loss, the Company shall reserve a specific amount to make up for losses. The Company shall then distribute employees and directors compensation according to aforementioned ratios. It will be reviewed by the company's remuneration committee per year subject to company's performance result and then submitted to the board of directors for resolution.

(2) President and Vice President: The remuneration to be paid by Accton to the President and Vice Presidents is composed of fixed salary and variable bonus. The remuneration committee shall refer to the usual remuneration levels of the same industry and take into account the invested time, the responsibilities undertaken, the attainment of personal goals and the performance of other positions. Based on the attainment of the company's short-term and long-term business objectives, the company's business performance, the relevance of future risks, etc., the compensation committee of the company shall review and report to the board of directors for decision.

(3) Future risks: The remuneration policy of the company aims to enhance long-term competitiveness and sustainable operation ability, improve the overall operation of the company in the future, and realize the ideal of giving full play to talents. The payment of remuneration is fully linked to performance. The remuneration system aims to promote the implementation of the operation strategy and the creation of long-term sustainable shareholder value by integrating various evaluation items. For example, the company's business performance, overall salary and individual performance are considered as a whole, and the difference is evaluated according to individual contribution, so as to implement the performance-oriented incentive system.

IV. Status of Corporate Governance:

(I) Operational Status of the Board of Directors

Information about Implementation of Board Meetings

1. Tenure of current Board of Directors: July 8, 2021 to July 7, 2024.
2. The Board of Directors met 5 times throughout 2023. The attendance of directors in the meetings is as follows:

Job Title	Name	Number of Actual Attendance (B)	Number of Attendance in Proxy	Ratio of Actual Attendance (%) [B/A]	Remarks
Chairman	Kuan Xin Investment Corp. Legal Representative: Lin, Meen-Ron	5	0	100.00%	
Director	Ting Sing Co., Ltd. Representative: Du, Heng-Yi	4	0	83.33%	
Director	Huang, Kuo-Hsiu	5	1	100.00%	
Independent director	Huang, Shu-Chieh	5	0	100.00%	
Independent director	Lee, Fa-Yauh	5	0	100.00%	
Independent director	Eizo Kobayashi	5	0	100.00%	
Independent director	Ankur Singla	4	0	83.33%	

Note 1: Mr. Avigdor Willenz resigned as independent director on January 16, 2023.

Attendance of independent directors in each meeting of the Board of Directors in 2023:

Independent director	2023				
	March 9	May 11	June 15	August 10	November 9
Huang, Shu-Chieh	Attended in person	Attended in person	Attended in person	Attended in person	Attended in person
Lee, Fa-Yauh	Attended in person	Attended in person	Attended in person	Attended in person	Attended in person
Eizo Kobayashi	Attended in person	Attended in person	Attended in person	Attended in person	Attended in person
Ankur Singla	Attended in person	Attended in person	Absent	Attended in person	Attended in person

Other Required Disclosure

I. The date and session number of the meeting of the Board of Directors, proposal contents, opinions of all Independent Directors, and Accton's reactions towards Independent Director's opinions shall be specified in case of the following conditions in respect of the operation of the Board of Directors:

(I) Issues specified in Article 14-3 of Securities and Exchange Act

Meeting of Board of Directors	Contents of Resolution	Issues specified in §14-3 of Securities and Exchange Act	Independent Director's Opinion	Company's Reaction towards Independent Director's Opinions	Voting Results
11th meeting of the 12th Board March 9, 2023	1. The proposal of change in Chief Financial Officer was submitted for approval. 2. Amendments to the "Procedure for the Acquisition or Disposal of Assets" of the Company, submitted for review.	V	None	None	Unanimously approved by all the independent directors present.
13th meeting of the 12th Board June 15, 2023	1. Proposal for the expansion of Accton Vietnam Factory, submitted for review. 2. Proposal for purchasing equipment of Zhubei New Plant, submitted for review.	V	None	None	Unanimously approved by all the independent directors present.
14th meeting of the 12th Board August 10, 2023	1. Proposal to provide endorsement and guarantee to the Company's 100% owned subsidiary Vietnam Accton Technology Company Limited, submitted for review. 2. Propose the budget for the relocation/equipment upgrade/decoration/secondary infrastructure expansion of Accton Zhubei Plant for approval, submitted for review.	V	None	None	Unanimously approved by all the independent directors present.
15th meeting of the 12th Board November 9, 2023	1. Proposal of providing endorsements and guarantees to 100%-invested subsidiaries of the Company, submitted for review.	V	None	None	Unanimously approved by all the independent directors present.
16th meeting of the 12th Board March 7, 2024	1. The Company replaced the CPAs in response to the internal rotation of the CPA firm, submitted for review. 2. The Company and its subsidiary plans to invest NTD 2 billion in fixed income securities, submitted for review.	V	None	None	Unanimously approved by all the independent directors present.

(II) Other than the matters mentioned above, the resolutions with records or written statements on which independent directors have dissenting opinions or qualified opinions: None.

II. In regards to the recusal of directors from voting due to conflict of interests, the name of the directors, proposal contents, the reasons for recusal due to conflict of interests and voting condition shall be specified:

In 2023, there is no conflict of interest that must be avoided.

III. TWSE/TPEx listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method and contents:

Frequency	Period	Scope	Method	Content
Once a year	2023.01.01 ~ 2023.12.31	Meeting of Board of Directors	Internal self-evaluation	The five main criteria of performance evaluation of the Company's BOD: 1. Degree of participation in the Company's operations. 2. The Board's decision making quality. 3. Composition and structure of the Board. 4. Election and continuing education of the directors. 5. Internal control. The measurement items for the performance evaluation of the Board Members include the following six aspects: 1. Execution of the Company's goals and tasks. 2. Understanding of the director's roles and responsibilities. 3. Degree of participation in the Company's operations. 4. Management and communication of the internal relations. 5. Expertise and continuing education of the directors. 6. Internal control.
Once a year	2023.01.01 ~ 2023.12.31	Functional Committees	Internal self-evaluation	The five main criteria of performance evaluation of the Company's functional committees: 1. Degree of participation in the Company's operations. 2. Awareness of the Remuneration Committee's roles and responsibilities. 3. Improvement in the Remuneration Committee's decision-making quality. 4. Composition and member selection of the Remuneration Committee. 5. Internal control.

IV. Targets for enhancing the function of Board of Directors in current year and the most recent year, and implementation assessment:

On May 13, 2020, the Board of Directors of the Company passed the "Regulations Governing Performance Evaluation of the Board of Directors and Functional Committees" and completed the performance evaluation of the Board of Directors and functional committees on March 7, 2024. The results of the performance evaluation were submitted to Audit Committee, Remuneration Committee and the Board of Directors.

Evaluation results: The overall average score of the self-assessment of the Board of Directors this time is 89. The overall average score of the individual board member's self-assessment is 90.4, indicating that the overall operation of the Board of Directors is good; the overall average score of the Audit Committee self-assessment is 88.9, and the overall average score for the evaluation of Remuneration Committee was 92 points, indicating that the overall operation of the Audit Committee and the Remuneration Committee was good, and the overall evaluation of the overall performance evaluation was excellent.

Overall, the operation of the Board of Directors has been sound, and will continue to be reinforced based on the results of the performance self-evaluation of the Board of Directors to improve the effectiveness of corporate governance.

(II) Audit Committee:

Implementation of the Meeting of Audit Committee

Accton's Audit Committee is composed of all independent directors, and designed to assist the Board of Directors in monitoring the Company and improving corporate governance efficiency.

Its powers include :(1) Formulation of or amendment to internal control systems. (2) Assessment on the effect of internal control system. (3) Formulation of or amendment to the procedures for acquiring or disposing assets, engaging in derivative commodity transactions, lending funds to others, endorsing for others or providing guarantee and other major financial and business activities. (4) Matters involving director's own interests. (5) Major assets or derivative commodity trading. (6) Major funds lending, endorsement or provision of guarantee. (7) Raising, issuance or private offer of securities with equity nature. (8) Appointment, dismissal and remuneration of CPAs. (9) Appointment and dismissal of finance manager, accounting manager, and head of internal audit. (10) Annual and semi-annual financial reports. (11) Major matters stipulated by Accton or competent authorities. The Audit Committee holds regular meetings every quarter, and requires the managers of relevant departments, internal auditors, accountants, legal counsel or other personnel to attend and provide relevant necessary information within the scope of its power.

1. The Company's Audit Committee was formed on June 13, 2018, with a total of 4 members.
2. Tenure of current committee: from July 8, 2021 to July 7, 2024.
3. The Audit Committee met 5 times throughout 2023, with the attendance of independent directors as follows:

Job Title	Name	Number of Actual Attendance (B)	Number of Attendance in Proxy	Ratio of Actual Attendance (%) [B/A]	Remarks
Convener	Huang, Shu-Chieh	5	0	100.00%	
Member of Committee	Lee, Fa-Yauh	5	0	100.00%	
Member of Committee	Eizo Kobayashi	5	0	100.00%	
Member of Committee	Ankur Singla	4	0	80.00%	

Note 1: Mr. Avigdor Willenz resigned as independent director on January 16, 2023.

Other Required Disclosure

I. If the Audit Committee has any of the following circumstances, the date and session number of the meeting of the Audit Committee, proposal contents, independent directors' dissenting opinions, reservation, or major recommendations, the resolution made by the Audit Committee and the Accton's reactions towards the Audit Committee's opinions shall be specified:

(I) Issues specified in Article 14-5 of Securities and Exchange Act

Audit Committee	Contents of Resolution	Issues specified in §14-5 of Securities and Exchange Act	Company's Reaction towards Audit Committee's Opinions	Result of Resolution made by Audit Committee
The 11th meeting of the 2nd intake March 9, 2023	1. Approval of the 2022 financial statements. 2. Approved the 2022 "Assessment of the Effectiveness of the Internal Control System" and the "Statement of Internal Control System". 3. Approval of the CPA professional fees for 2023. 4. Approved the appointment of Deloitte & Touche to provide non-assurance services and public fees. 5. Approving the amendments to the "Procedures for Acquisition and Disposal of Assets". 6. Approved the change of the CFO. 7. Approval for the investment in the establishment of ACCE Technology.	V	None	Unanimously approved by all the independent directors present.
The 12th session of the 2nd term May 11, 2023	1. Approval of the 2023 Q1 financial statements. 2. Appointed Deloitte & Touche to provide non-assurance services and public expenditure.	V	None	Unanimously approved by all the independent directors present.

Audit Committee	Contents of Resolution	Issues specified in §14-5 of Securities and Exchange Act	Company's Reaction towards Audit Committee's Opinions	Result of Resolution made by Audit Committee
The 13th session of the 2nd term June 15, 2023	1. Approval of the budget for the expansion of Accton Vietnam Factory. 2. Approved the purchase of equipment for the new plant in Zhubei.	V	None	Unanimously approved by all the independent directors present.
The 14th meeting of the 2nd term August 10, 2023	1. Approval of the financial statements for Q2 2023. 2. Approval for providing endorsement and guarantee to the Company's 100% owned subsidiary Vietnam Accton Technology Company Limited. 3. Approved the purchase of equipment for the new plant in Zhubei.	V	None	Unanimously approved by all the independent directors present.
The 15th meeting of the 2nd term November 9, 2023	1. Approval of the financial statements for Q3 2023. 2. Approval for Deloitte Taiwan to provide transfer pricing service fees for 2023. 3. Approval for providing endorsements and guarantees to subsidiaries in which the Company is 100% invested.	V	None	Unanimously approved by all the independent directors present.
The 16th meeting of the 2nd term March 7, 2024	1. Approving the financial statements as of December 31, 2023. 2. Approved the 2023 "Assessment of the Effectiveness of the Internal Control System" and the "Statement of Internal Control System". 3. Approval of the CPA professional fees for 2024. 4. Approved the replacement of the Company's CPAs due to the internal rotation of the CPA firm. 5. Approval for Accton and its subsidiary to invest NTD 2 billion in fixed income securities.	V	None	Unanimously approved by all the independent directors present.

(II) Other than the above-mentioned items, the resolutions passed by over two-thirds all directors but not approved by the Audit Committee: None.

II. In regards to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, proposal contents, the reasons for recusal due to conflict of interests and voting condition: There was no recusal due to conflict of interests in 2023.

III. The indep Communication among Independent Directors, internal Audit Supervisors and accountants (including important matters, methods, and results of Accton’s finance and operations):

(I) endent directors and the internal audit supervisors contact each other by E-mail, telephone or through meeting at any time as necessary, and make internal audit reports at quarterly audit committee meetings. In case of significant anomalies, meetings will be convened at any time, enabling a diverse and smooth communication channels. Each month, the internal audit supervisor of Accton delivers a summary report on the verifying deficiency and rectification tracking of the previous month to the Independent Directors for review. The Independent Directors will then respond or comment based on the content of the report. Communications between independent directors and the internal audit supervisors are summarized as follows:

Meeting Date	Issues communicated with internal audit supervisor	Recommendation from Independent Directors
March 9, 2023	**(Individual meeting between the audit supervisor and independent directors)** ・Internal audit operation status discussion ・Internal audit execution report of Q4 2022. ・Discussion of the 2022 "Internal Control System Statement".	Executed in accordance with the audit plan. The audit committee reviewed or approved and the independent directors have no objection.
May 11, 2023	**(Individual meeting between the audit supervisor and independent directors)** ・Internal audit execution report of Q1 2023.	The audit committee reviewed or approved and the independent directors have no objection.
June 15, 2023	**(Individual meeting between the audit supervisor and independent directors)** ・Review on the implementation report of the internal audit.	The audit committee reviewed or approved and the independent directors have no objection.
August 10, 2023	**(Individual meeting between the audit supervisor and independent directors)** ・Internal audit execution report of Q2 2023.	The audit committee reviewed or approved and the independent directors have no objection.
November 9, 2023	**(Individual meeting between the audit supervisor and independent directors)** ・Internal audit execution report of Q3 2023. ・Discussion of the internal audit annual plan for 2024.	The audit committee reviewed or approved and the independent directors have no objection.

(II) The Company's CPAs not only report the audits or reviews of the financial statements to the independent directors, but also communicate the latest financial and taxation laws and regulations and the corresponding measures in response to the impact. The independent directors and the accountants may communicate with each other at any time as needed. They shall communicate with each other by e-mail, telephone, or in person. In the absence of the presence of the management and the property management unit, the independent directors and the CPAs shall convene a communication meeting at least once a year.

Communication between the Independent Directors and the CPAs:

Meeting Date	Issues communicated with CPAs	Recommendation from Independent Directors
March 9, 2023	**(Individual meeting between CPA and independent directors)** ・Discussion of the audit status of the 2022 financial statements, including any audit questions or difficulties, and the response of the management.	Independent directors approved the proposal in favor without objection.
May 11, 2023	・Discussion the outcome of the review of the 2023 Q1 financial statements, including any audit questions or difficulties, and the response of the management.	Independent directors approved the proposal in favor without objection.
August 10, 2023	・Discussion the outcome of the review of the 2023 Q2 financial statements, including any audit questions or difficulties, and the response of the management.	Independent directors approved the proposal in favor without objection.
November 9, 2023	・Discussion the outcome of the review of the 2023 Q3 financial statements, including any audit questions or difficulties, and the response of the management.	Independent directors approved the proposal in favor without objection.
March 7, 2024	**(Individual meeting between CPA and independent directors)** ・Discussion of the audit status of the 2023 financial statements, including any audit questions or difficulties, and the response of the management.	Independent directors approved the proposal in favor without objection.

(III) Implementation of Corporate Governance and the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons

Items of Evaluation	Implementation			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Does the Company formulate and disclose the Code of Practice for Corporate Governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		Accton formulated "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to build satisfactory governance and risk control, create value for shareholders, adhere to honest management, and establish relevant regulations for protecting shareholders' rights, enhancing the functions of the Board of Directors, respecting the interests of interested parties and promoting information transparency. The principles are disclosed on the Market Observation Post System and Accton's websites for shareholders' inquiry.	No discrepancy
II. Shareholding structure and shareholders' rights (I) Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		Accton has spokesperson, investor relations, legal affairs and stock personnel and other relevant departments to serve for dealing with shareholders' suggestions, doubts and disputes. Shareholder's suggestions, doubts, disputes, litigation and other problems are handled in accordance with relevant operating procedures.	No discrepancy
(II) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		Subject to Article 25 of Securities and Exchange Act, Accton reports any changes in equity held by its internal person (directors, supervisors, managers and the major shareholders holding more than 10% of shares) on the Market Observation Post System, enabling the service units to grasp the list of major shareholders and their final controllers immediately.	No discrepancy
(III) Does the Company establish and enforce risk control and firewall systems with its related companies?	V		The Company has established adequate risk control mechanism and firewalls in accordance with internal regulations such as operating procedure of endorsement and guarantee, operating procedure for lending to others, procedures for acquisition and disposal of assets, etc., when dealing with specific companies and group companies. Accton's related companies that have business relationship with Accton are treated as independent third parties and unconventional transactions are prohibited.	No discrepancy
(IV) Does the Company formulate internal regulations to prohibit internal personnel from using the information undisclosed on the market to buy and sell securities?	V		The Company has amended the "Regulations Governing the Prevention of Insider Trading" on November 9, 2023, which specifies that the Company's directors and managerial officers shall not trade their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. Other employees who are informed of the financial reports shall still comply with the provisions of the preceding paragraph. 1. On January 30, 2024, the Company notified all directors of the meeting date of each board meeting in 2024 by e-mail, as well as the blackout period before the announcement of each quarterly financial report, and sent another e-mail reminder before the blackout period to prevent directors from erroneously violating such rules 2. The Company shall from time to time publicize the laws and regulations and precautions for insider trading and insider equity by directors and management. 3. For new recruits, the human resources department will promote the Company's ethical standards, management methods, and regulations during registration. All regulations are announced on the Company's internal and external websites for the convenience of employees. 4. The Company from time to time (at least once a year) conducts education and training for directors, managers and employees on "Corporate Management Integrity", "Employee Code of Ethical Conduct", and "Prevention of Insider Trading". The relevant information of education and training in 2023 is as follows:	No discrepancy

Items	Course type	Advocating content	Echelon	Attendees
Group New Employee Power Camp	Physical session	Advocate core values and code of conduct	106	748
Group New Employee Power Camp	Physical session	Corporate ethics and related codes of conduct	5	181
Group New Employee Power Camp	Physical session	Inheritance and recognition of internal corporate culture	5	181

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="7">Implementation</th><th rowspan="2">Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th colspan="5">Summary</th></tr>
<tr><td></td><td></td><td></td><td>Group New Employee Power Camp</td><td>Online Training</td><td>Explain the core values and appropriate behaviors at workplace, and lead new employees to get familiar with the environment of the Company and to understand relevant code of conduct in ethics and integrity.</td><td>1</td><td>311</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Group New Employee Training</td><td>Physical session</td><td>Promote ethical corporate management and related ethical code of conduct, no improper trading, protection of the Group's interests, and prohibition of insider trading.</td><td>101</td><td>520</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Group personnel training</td><td>Physical session</td><td>Advocate group trade secret control regulations</td><td>31</td><td>952</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Group personnel training</td><td>Online Training</td><td>Advocate group trade secret control regulations</td><td>1</td><td>311</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Group personnel training</td><td>Online Training</td><td>Promote awareness of the Group's business information security and related control items</td><td>11</td><td>2,903</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Group senior manager training</td><td>Physical session</td><td>Promote the protection of business assets and intellectual property rights within the Group and the ethical supervision of senior managers</td><td>1</td><td>154</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Group senior manager training</td><td>Physical session</td><td>Introduce ethical corporate management and related ethical code of conduct, the absence of improper transactions and the protection of the Group's interests, the prohibition of insider trading, and the prohibition of directors from trading the shares of shares during the period when the financial report is closed.</td><td>2</td><td>8</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Global supply chain management personnel training</td><td>Physical session</td><td>To campaign for the Code of Conduct for Supply Chain Personnel</td><td>5</td><td>91</td><td></td></tr>
<tr><td>III. Composition and Responsibilities of the Board of Directors
(I) Does the Board of Directors formulate and implement diversified policies and specific management objectives?</td><td>V</td><td></td><td colspan="5">Article 20 of the “Code of Corporate Governance Practice” sets out the diversification policy for Board members. Directors are nominated through the rigorous selection process that takes into account diverse backgrounds, professional competence and experience, as well as integrity and ethical conduct. Currently, there are 7 seats on the Board of Directors, including 4 seats for independent directors, which has achieved the specific management objectives of independent directors accounting for more than half of Board members as well as the number of directors who also serve as managers of the Company not exceeding one-third of the total number of directors. In this regard, the Company is able to perform its business decision-making and supervisory functions. For the details of the implementation of diversity policy for the Board members, please refer to “The diversity and independence of the Board” on Page 15 of the Annual Report.</td><td>No discrepancy</td></tr>
<tr><td>(II) Does the Company agree to set other functional committees in addition to Remuneration Commission and Audit Committee?</td><td>V</td><td></td><td colspan="5">In order to improve the decision-making function and strengthen the management mechanism, the Company has established the audit committee and the remuneration committee in accordance with the law. In addition, the corporate sustainability committee and corporate governance and integrity management committee composed of the management team have been set up to carry out the functions of each committee. Refer to Page 37 of the Annual Report.</td><td>No discrepancy</td></tr>
<tr><td>(III) Does the company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?</td><td>V</td><td></td><td colspan="5">In order to consolidate corporate governance, enhance the functions of the Board of Directors, and to strengthen the operational efficiency of the Board of Directors, the Company prepared the “Board of Directors Performance Evaluation Guidelines” where it says that the Board of Directors shall complete one performance evaluation of the Board of Directors (including its functional committees). The Company completed the performance evaluation of the Board of Directors and functional committees on March 7, 2024, and reported the results of the performance evaluation to the Audit Committee, Remuneration Committee, and the Board of Directors. This assessment is an internal self-assessment combining data analysis (including self-assessment questionnaires for the Board of Directors, members of the board and various functional committees). Evaluation result: The Board of Directors of the Company has established policies and procedures for the operation of the Board of Directors in accordance with relevant laws and regulations and domestic corporate governance indicators in all aspects.</td><td>No discrepancy</td></tr>
</table>

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>The Board of Directors is composed of directors with relevant professional abilities, and tasks are allocated based on different professions and experiences. The functions of each functional committee were able to function effectively, and the result of the evaluation was excellent. Please refer to the "Performance Evaluation of the Board of Directors" on page 25 of this annual report.</td><td></td></tr>
<tr><td>(IV) Does the Company regularly implement assessments on the independence of CPAs?</td><td>V</td><td></td><td>Deloitte Taiwan is the independent audit firm of the Company. The Audit Committee of the Company evaluates the independence and suitability of its CPAs every year. In addition to the Quality Indicators (AQIs), the evaluation is conducted in accordance with the CPA Independence Standards and the five major aspects of the AQI (refer to page 59). This year, the Board of Directors passed the resolution of the Board of Directors on March 7, 2024 for the appointment of CPAs and the evaluation of independence and suitability. The evaluation results were in line with the Company's evaluation standards for independence and suitability.</td><td>No discrepancy</td></tr>
<tr><td>IV. Does the Company, if listed at TWSE/TPEx, appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?</td><td>V</td><td></td><td>On June 10, 2021, the Board of Directors appointed Mr. Lin, Hsin-Hsuan as the Corporate Governance Manager responsible for setting up a corporate governance implementation unit to protect shareholders' interests and strengthen the functions of the Board of Directors.
The 2023 operational highlights of the Company are as follows:<table>
<tr><th>Main Responsibilities</th><th>Implementation</th></tr>
<tr><td>Dealing with the affairs related to the meetings of Board of Directors and Shareholders, and assisting to comply with relevant laws and regulations of Board of Directors and Shareholders.</td><td>Meetings were held in according with laws and regulations.</td></tr>
<tr><td>Making minutes of meetings of Board of Directors and Shareholders.</td><td>Minutes were made in accordance with laws and regulations.</td></tr>
<tr><td>Providing information and the latest regulations required for Directors to fulfill their duties in accordance with laws and regulations.</td><td>Two training courses were held for Directors this year, and they had obtained certificates accordingly.</td></tr>
<tr><td>Review the compliance with corporate governance every year.</td><td>Propose improvement plans and countermeasures for standards that are yet to be reached .</td></tr>
<tr><td>Making amendments to other measures.</td><td>Executed.</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>V. Does the Company establish the channels for communication with interested parties (including but not limited to shareholders, employees, customers and suppliers), and set up special space for interested parties on the official website, and properly respond to the important corporate social responsibility issues concerned by interested parties?</td><td>V</td><td></td><td>The Company respects and protects the legitimate rights and interests of stakeholders. The Company's website (www.accton.com) has contact information for stakeholders (employees/competent authorities/investors/shareholders/ODM customers/suppliers/external complaints) and maintains a smooth communication channel to establish a smooth communication channel with investors. A sustainability report is provided every year to enable stakeholders to understand the Company. Please refer to the Accton 2023 Sustainability Report and the corporate website for details.
Accton has established employee communication channels, which enables employees to give opinions by email or writing.</td><td>No discrepancy</td></tr>
<tr><td>VI. Does the Company appoint a professional stock affairs agency to deal with the affairs of the Board of Shareholders?</td><td>V</td><td></td><td>Accton appoints the professional stock affairs agency, Yuanta Securities Finance Co., Ltd., to be responsible for serving for shareholders and dealing with stock affairs.</td><td>No discrepancy</td></tr>
<tr><td>VII. Disclosure of Information
(I) Does the Company establish a website to disclose information on financial operations and corporate governance?</td><td>V</td><td></td><td>The Company discloses financial, business and corporate governance information on a regular basis through the Chinese and English websites (www.accton.com). In addition, Accton’s governance condition is explained to investors at the meetings of corporate description and Board of Shareholders.</td><td>No discrepancy</td></tr>
<tr><td>(II) Does the Company adopt other methods for disclosure of information (such as setting up English website, designating special person to be responsible for collection and disclosure of company information, implementing spokesperson system, and placing the procedures for corporate description meeting on the Company’s website etc.)?</td><td>V</td><td></td><td>The Company has a Chinese and English website (www.accton.com) to fully disclose information related to finance, business and corporate governance for the reference of shareholders, and has dedicated personnel responsible for the collection and update of information.
Accton has established "Procedures for Handling Material Internal Information" to established an optimized internal material information handling and disclosure mechanism and implemented a spokesperson system. In addition to announcing monthly revenue, Accton also actively announces quarterly profit and loss, holds roadshows regularly, which are disclosed on Accton's website to enhance the transparency of corporate information.</td><td>No discrepancy</td></tr>
</table>

Items of Evaluation	Implementation			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline.		V	Accton publishes and reports its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	In planning
VIII. Does the Company have other important information that facilitates understanding of its corporate governance condition (including but not limited to employee rights and benefits, employees care, relationship with investors and suppliers, rights of interested parties, further education of Directors and Supervisors)?	V		1. Employee's rights and employee care: Accton believes that "people" is the most important asset, thus it spares no effort to invest in the training of staff, encourages employees to participate in training courses, takes measures to provide welfare for staff and sets up labor safety and health department to prevent occupational disasters and offer related consulting, and provides health lectures and examination to ensure employees' safety and health. 2. Investor relations: In addition to setting up dedicated units to deal with shareholders' matters, Accton discloses complete information on the Market Observation Post System and official implementation of risk management policies and measurement standards, implementation of customer policies, liability insurance purchased by the Company for the Directors and Supervisors. websites to let investors know about its operation status, and communicates with investors through the Board of Shareholders and spokespersons. 3. Supplier relations: Accton always maintains a good relationship with its suppliers, establishes a stable supply chain, and conducts audit from time to time to confirm the quality of supplies. 4. Rights of stakeholders: Interested parties must communicate with and make suggestions to Accton to protect their legitimate rights and interests. 5. Continuing education of directors: All directors of the Company have relevant professional knowledge. In addition, the Company arranges directors to participate in corporate governance related courses from time to time every year, which has been disclosed in the "Market Observation Post System" (refer to Page 34). 6. Implementation of Risk Management Policies and Risk Measurement Standards: Relevant measures for important management indicators have been established and implemented by Accton. 7. Implementation of Customer Policies: Accton always adheres to the business idea of serving for customers, and maintains a stable and good relationship with customers to create the best interests for both parties. 8. Liability Insurance for the Company's Directors: The Company has purchased liability insurance for all directors with an amount insured of US$15 million for the period from October 25, 2023 to October 25, 2024. Also, the insured amount, scope and premium of the directors' liability insurance were submitted to the Board of Directors for approval on November 9, 2023. 9. Continuing education of managers: Continuing education is arranged for managers from time to time each year (refer to Page 34) and such information is disclosed in the "Market Observation Post System". 10. Succession Plan of Directors and Key Management: The Company follows the future strategic development and operation plans and the Company's diversification policy on the composition of the Board of Directors. I. Succession of Members of the Board of Directors The candidate nomination system is adopted for the Company's directors. They serve a term of three years. The election of directors, unless specified otherwise in laws and regulations or in the Articles of Association, shall be based on the Company's Directors Election Guidelines. The election of directors shall take into consideration the overall configuration of the Board of Directors. Diversification shall be considered for the composition of the Board of Directors and a suitable diversification policy is prepared reflective of its function, operational pattern, and developmental demand. It shall include, without limitation, the following criteria: (1) Basic requirements and values: gender, age, nationality, and culture, etc.	No discrepancy

Items of Evaluation	Implementation			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			(2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. Members of the Company's Board of Directors shall possess the knowledge, skills, and attainments needed to perform their duties. The capabilities expected of the Board of Directors as a whole for the sake of achieving the ideal goals of corporate governance are as follows: (1) Operational judgment. (2) Accounting and financial analysis. (3) Operation and management. (4) Crisis management. (5) Industrial knowledge. (6) International market views. (7) Leadership. (8) Decision-making. The Company plans succession of directors in the following ways: (1) Current directors recommend suitable candidates. (2) Shareholders recommend candidates. (3) The Board of Directors performance evaluation results serve as reference for extension of a director's term. II. Succession Plan of Key Management Over the years, Accton has been conducting development programs for key management, with a hope to cultivate a new generation of leader team by restructuring, reorganizing and building. Accton arranges internal senior managers to attend and participate in Board meetings to familiarize Board operations and arranges job rotations and assignments to accumulate experience. Therefore, Accton intends to achieve maximum efficiency in inheritance and development through the combination of old and new faces, so as to create new life and new opportunities for Accton. In response to the growth of the corporate organization, in addition to recruiting talented senior managers, Accton also continues to nurture employees with potential, strengthens training, job rotation and assignment, so as to accumulate experience, and identify talents to be trained as future management teams. In March 2024, the Company's Board of Directors approved the promotion of Senior Assistant Mr.Hsieh, Cheng-Che to the position of Vice President.	

IX. Please explain the improved conditions regarding the results of the corporate governance assessment issued by the corporate governance center of Taiwan Stock Exchange Corporation in recent years, and propose priorities and measures for improving the condition not improved yet.

1. The Company has completed the 2023 corporate governance evaluation in accordance with the regulations of Taiwan Stock Exchange, and the evaluation results of the Company ranked among the top 21% - 35% of the companies.
2. Indicator 1.15: Does the Company establish and disclose on the company website internal regulations prohibiting insiders such as directors or employees from trading securities using unpublished market information, including (but not limited to) that directors shall not 10 days prior to the announcement of its quarterly financial statements, and the 15 days prior to the announcement of its quarterly financial statements.

   Improvements: On November 9, 2023, the Board of Directors has approved the addition of --- Operational Procedures for Prevention of Insider Trading, including (but not limited to) directors are not allowed to trade their stocks during the closed period of 30 days before the annual financial report is announced, and the 15 days before the quarterly financial report is announced, and directors and managers are regularly notified of relevant information.
3. Indicator 2.22: Does the Company have an audit committee or functional committee at the board level (e.g., the Risk Management Committee) to oversee risk management, and has the risk management policies and procedures approved and disclosed by the Board of Directors, and report to the Board of Directors at least once a year?

   Improvements: The Company has established a risk management unit to assist in coordinating matters related to the risk management mechanism. It is expected to be submitted to the Board of Directors for approval this year.
4. Indicator 4.19: Whether the Company invests in energy-saving or green energy-related environmental protection and sustainable machinery and equipment, invests in Taiwan's green energy industries (e.g. renewable energy power plants), or issues or invests its funds for green or social benefits and sustainable development of financial instruments with substantial benefits, and disclose the investment status and specific benefits?

   Improvement: In order to cope with the world trend, the world's leading manufacturers have an urgent need for low-carbon, product competitiveness, and Accton's awareness of environmental sustainability. At present, Accton has not only implemented an organizational carbon footprint inventory, but also focused on developing products that meet low-carbon emissions in the future, the Company will evaluate and invest in energy-saving or green energy-related industries and financial products that are environmentally friendly and sustainable, with protection of the earth, clean energy, green energy carbon reduction, and sustainable development as its core values and vision.
5. The Company will continue to cooperate with the promotion and improvement of corporate governance evaluation in the future.

Items of Evaluation	Implementation			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	

X. Continuing Education of the Company's Directors in 2023:

Job Title	Name	Date of Education	Organized by	Name of Course	Hours of Education
Chairman of the Board	Lin, Meen-Ron	2023.05.11	Taiwan Corporate Governance Association	Smart manufacturing trend and the application of digital technology in management	3 hours
		2023.11.09	Taiwan Corporate Governance Association	Strengthen Digital Resilience and Develop Strategies for Strengthening Information Security Governance of TWSE Listed Companies	3 hours
Director	Huang, Kuo-Hsiu	2023.05.11	Taiwan Corporate Governance Association	Smart manufacturing trend and the application of digital technology in management	3 hours
		2023.11.09	Taiwan Corporate Governance Association	Strengthen Digital Resilience and Develop Strategies for Strengthening Information Security Governance of TWSE Listed Companies	3 hours
Director	Du, Heng-Yi	2023.02.13	Taiwan Insurance Institute	How to improve communication with external stakeholders in response to the challenges of IFRS 17	3 hours
		2023.03.10	Taiwan Insurance Institute	International Anti-Corruption and Whistleblower Protection Practice and Money Laundering Prevention	3 hours
		2023.05.08	Taiwan Insurance Institute	How the Board of Directors Promotes Enterprise Information Security Management from the Perspective of ESG	3 hours
Independent director	Huang, Shu-Chieh	2023.05.11	Taiwan Corporate Governance Association	Smart manufacturing trend and the application of digital technology in management	3 hours
		2023.11.09	Taiwan Corporate Governance Association	Strengthen Digital Resilience and Develop Strategies for Strengthening Information Security Governance of TWSE Listed Companies	3 hours
Independent director	Lee, Fa-Yauh	2023.05.11	Taiwan Corporate Governance Association	Smart manufacturing trend and the application of digital technology in management	3 hours
		2023.11.09	Taiwan Corporate Governance Association	Strengthen Digital Resilience and Develop Strategies for Strengthening Information Security Governance of TWSE Listed Companies	3 hours
Independent director	Eizo Kobayashi	2023.12.13	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technologies (I)	3 hours
		2023.12.13	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technologies (II)	3 hours
Independent director	Ankur Singla	2023.12.13	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technologies (I)	3 hours
		2023.12.13	Taiwan Corporate Governance Association	Risks and Challenges of Emerging Technologies (II)	3 hours

XI. The Company's managers (President, Vice President, accounting, financial, and internal audit officers) participate in the development and training related to corporate governance:
Continuing education and trainings throughout 2023 are provided as follows

Job Title	Name	Date of Education	Organized by	Name of Course	Hours of Education
Financial and Accounting Managers	Chen, Fang-I	2023.05.25 2023.05.26	Accounting Research and Development Foundation	Continuing Education Course for Issuers, Securities Firms, and Stock Exchanges	12 hours
Audit Supervisor	Huang, Kuo-Ning	2023.05.17	Internal Audit Committee	How to adjust the internal control system in response to the new requirements of ESG	6 hours
		2023.06.29	Internal Audit Committee	Production Cycles Practices and Audit Focus	6 hours
Corporate Governance Manager	Lin, Hsing-Hsuan	2023.05.11	Taiwan Corporate Governance Association	Smart manufacturing trend and the application of digital technology in management	3 hours
		2023.10.20	Taiwan Corporate Governance Association	The distance between climate change and us	3 hours
		2023.11.09	Taiwan Corporate Governance Association	Strengthen Digital Resilience and Develop Strategies for Strengthening Information Security Governance of TWSE Listed Companies	3 hours
		2023.11.24	Taiwan Corporate Governance Association	Demystifying the Hands of Corporate Governance: Operational Practice of Corporate Governance Personnel	3 hours

(4) If the Company has set up a Remuneration Committee, it shall disclose the composition, responsibilities and operation thereof:

To improve corporate governance and strengthen the remuneration management function of the Board of Directors, assist in the implementation and evaluation of Accton's overall remuneration and benefits policies, as well as the remuneration of Directors and senior managers, Accton established the Remuneration Committee in 2011, consisting of all Independent Directors, meetings are held at least three times a year and are convened as necessary at any time to provide recommendations to the Board on a regular basis.

A. Responsibilities of the Company's Remuneration Committee:

(a)Establish and periodically review the performance evaluation and remuneration policy, system, standards and structure for Directors and managers.

(b)Regularly review and determine the remuneration of the directors and managers.

B. The Remuneration Committee shall perform its functions and powers according to the following criteria:

(a)The performance evaluation and remuneration of Directors and managers shall be given with reference to the prevailing standards of the industry and taken into account the reasonableness of the correlation between the company's business performance and future risks.

(b)Directors and managers should not be guided to overstep the company's appetite for risk in pursuit of compensation.

(c)The proportion of remuneration for the short-term performance of Directors and senior managers, as well as the time of payment of partial changed remuneration shall be determined in consideration of the industry characteristics and the nature of the Company's business.

(1) Profile of Remuneration Committee Members

Identity	Name	Professional qualification and experience Independence	Number of Other Public Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee
Independent director	Lee, Fa-Yauh	Please refer to disclosure of directors' qualifications and information on the independence of independent directors from Page 13 to Page 15.	1
Independent director	Huang, Shu-Chieh		None
Member of Committee	Chang, Chih-Ping	Professional qualification and experience： A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a profession necessary for the business with 5-year experience; without any breach of conditions defined in Article 30 of the Company Act. He was formerly director of the money laundering prevention and control division of the Bureau of Investigation and director of the political and economic station of the Taipei City Investigation Division. Independence： (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranks as one of its top ten shareholders. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the officer in the preceding paragraph (1), or of any of the persons in the preceding paragraphs (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the company, or ranks as its top five shareholders, or the designated representative pursuant to Article 27 Section 1 or 2 of the Company Act as director/supervisor. (6) Not a director, supervisor, or employee of other company with the Board seats or more than half of the voting shares under control of one person.	None

		(7) Not a director, supervisor, or employee of other company whose chairman or general manager are the same person or spouse of the company. (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, law, finance, accounting services or consultation amounted to less than a cumulative NT$500,000 to the company or to any affiliate of the company, or a spouse thereof. (10) Not a spouse or a relative within the second degree of kinship to any other director of the company. (11) Not a governmental or juridical person or a representative as defined in Article 27 of the Company Act.	

(2) Information on the operational status of the Remuneration Committee

1. The Company's Remuneration Committee was established on October 27, 2011 and consists of 3 members.
2. Tenure of current members: from July 8, 2021 to July 7, 2024.
3. The Remuneration Committee met 2 times (A) over the last year. The attendance of members is as follows:

Job Title	Name	Number of Actual Attendance (B)	Number of Attendance in Proxy	Ratio of Actual Attendance (%)【B/A】	Remarks
Convener	Lee, Fa-Yauh	2	0	100%	
Member of Committee	Huang, Shu-Chieh	2	0	100%	
Member of Committee	Chang, Chih-Ping	2	0	100%	

Other Required Disclosure

I. Date of the last year's meeting of the Compensation Committee, content of the proposals, results of the resolutions, and the Company's handling of the opinions of the Compensation Committee:

Remuneration Committee	Contents of Resolution	Voting Results	Accton's response to the opinions of the Remuneration Committee
The 4th meeting of the 5th term February 24, 2023	• 2022 Employee Remuneration and Director Remuneration Distribution Proposal • Remuneration to new managers of the Company	Adopted with the approval of all members of the Committee	It shall be submitted to the board of directors and approved by all the directors present.
The 5th meeting of the 5th term August 10, 2023	• Adjustment of duties of the Company's managers	Adopted with the approval of all members of the Committee	It shall be submitted to the board of directors and approved by all the directors present.
The 6th meeting of the 5th term February 27, 2024	• 2023 Employee Remuneration and Director Remuneration Distribution Proposal • Remuneration to new managers of the Company	Adopted with the approval of all members of the Committee	It shall be submitted to the board of directors and approved by all the directors present.

II. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date and session of the Board of Directors' meeting, details of the resolutions, voting results and the Company's response to the opinions of the Remuneration Committee shall be disclosed (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the differences and reasons shall be stated):

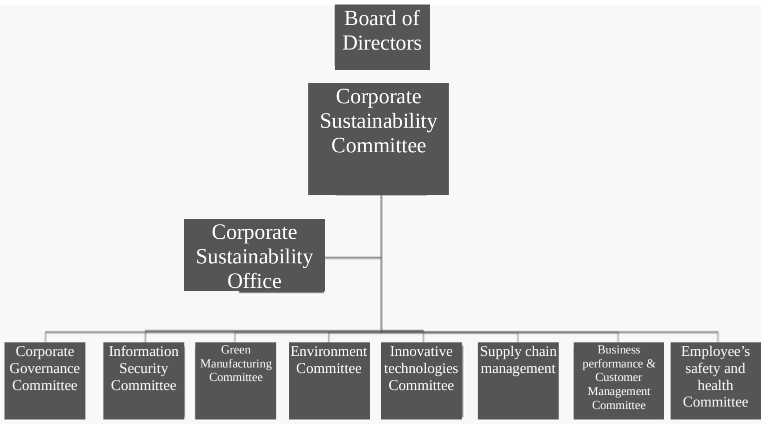
No such circumstances in the year.

III. Regarding resolutions of the Remuneration Committee, if there is any written record or statement pertaining to members' objections or qualified opinions, the date and session of the Remuneration Committee meeting, details of the resolution, and all members' response to the opinions of the members shall be stated:

No such circumstances in the year.

(3) Information on nomination of committee members and operational status of the remuneration committee: None

(5) Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons:

<table>
<tr><th rowspan="2">Promotional Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>I. Does the Company establish a governance framework for sustainable development and a dedicated (or ad-hoc) sustainable development unit with authorization by the Board of Directors for senior management to handle related matters, which is supervised by the Board of Directors?</td><td>V</td><td></td><td>The Company established the Corporate Social Responsibility Committee in 2016 and changed its name to the Corporate Sustainability Committee in 2020 to coordinate and formulate the direction of corporate social responsibility and sustainable development. In December 2021, Senior Vice President Li, Hsun-Te served as the new Chairman. In order to continue the concept of sustainability, the mission and goals of the committee were established with all committee members, and the Corporate Sustainability Office was established to confirm the implementation strategy and status of related missions and goals, and report the implementation results of sustainable development and future work plans to the Board of Directors at least once a year.
Accton will continue to strive to fulfill its sustainable development policies and commitments, including the following 9 items: 1. Abiding by laws and regulations; 2. Ensuring freedom of employment; 3. Implementing humane treatment and prohibition of discrimination and harassment; 4. Providing reasonable wages and benefits; 5. Intellectual property protection, 6. Transparency, 7. Upholding of ethical corporate management, 8. Business management and promotion of social participation, 9. Responsible mineral procurement and other policies and commitments, as well as refinement of the Company's comprehensive development strategy of ESG. Please refer to Accton's Corporate Sustainability Report for details.
Corporate Sustainability Committee and Corporate Sustainability Office Organizational Chart:


Dates of reports and items reported to the Board of Directors throughout 2023 are as follows:
<table>
<tr><th>Date of Meeting</th><th>Report</th></tr>
<tr><td>March 9, 2023</td><td>• Greenhouse Gas (GHG) Emissions Data Report</td></tr>
<tr><td>May 11, 2023</td><td>• Greenhouse Gas (GHG) Emissions Data Report</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>II. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the Company's operation in accordance with the principle of materiality, and formulate relevant risk policies or strategies?</td><td>V</td><td></td><td>The Company has formulated “Corporate Social Responsibility Best Practice Principles” to implement and promote corporate governance and conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations. For risk management strategies and measures related to the development of a sustainable environment and the protection of social welfare, please refer to the Company's Corporate Sustainability Report.
<table>
<tr><th>Major Issues</th><th>Content</th><th>Management Strategy and Implementation Objectives</th></tr>
<tr><td>Environmental issues</td><td>Environmental protection, climate change, energy and water saving, waste management</td><td>1.The Company is ISO 14001-certified for its environmental management system; the certification is renewed periodically.
2.Implement the environmental protection policy of "commitment to green design, reducing environmental impact of products and achieving the goal of no hazardous substances" to reduce the impact on the environment and ecology. Fulfill the corporate responsibility over environmental sustainability starting with energy-conserving green design of products. In 2023, the Company obtained the second ISO 14067 carbon footprint certification for key switching products.
3.About climate change, the Company sets its carbon reduction goals, with 2021 as the base year, to reduce carbon emissions by 50% in 2030. Meanwhile, the TCFD framework is applied in the creation of the climate risk identification procedure. Risks and opportunities for netcom equipment counterparts are compiled and high-ranking officers investigate the possibilities and impacts of climate risks and opportunities to jointly identify three risks and one opportunity.</td></tr>
</table></td><td>No discrepancy</td></tr>
</table>

<table>
<thead>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="5">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th colspan="3">Summary</th></tr>
</thead>
<tbody>
<tr><td></td><td></td><td></td><td></td><td></td><td>4.Regular inventory of greenhouse gas emissions in accordance with ISO 14064-1 to examine the impact on the Company's operations. Continue to reduce carbon emissions based on the inventory check findings and to effectively bring down the emission risk within Scope 1 and indirect emissions of greenhouse gases within Scope 2 as a result of electricity consumption. Includes upstream and downstream greenhouse gas inventory scope 3, such as cargo transportation, employee commuting, and business travel.
5.All waste from the Company's plants and offices, is classified and sorted according to regulations. Removal, disposal, transportation, treatment, and reuse of waste are handled by the specialized companies approved by the government. The Company continues to promote resource recycling and reuse as well as industrial waste reduction. Taking advantage of the resource recycling and reutilization channel in 2023, the resources recovery rate has climbed.
6.Reinforce continuous promotion of water conservation and cherish water resources.</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Social issues</td><td>Occupational safety and health, employee recruitment and training, supply chain management</td><td>1.Both the plant in Taiwan and the subsidiary Joytech completed in 2023 the “ISO 45001 Occupational health and safety management systems” verification.
2.Ensure that the Company’s products meet safety requirements to ensure the safety of colleagues at production lines and users. Types of occupational disasters in 2023 are as follows:
<table>
<tr><th>Type of occupational disasters</th><th>Cutting and scraping</th><th>Being caught in a roll, being smashed</th><th>Fall</th><th>Total</th></tr>
<tr><td>Number of cases</td><td>5</td><td>4</td><td>3</td><td>12</td></tr>
<tr><td>Number of People</td><td>5</td><td>4</td><td>3</td><td>12</td></tr>
<tr><td>Ratio (%)</td><td>42</td><td>33</td><td>25</td><td>100%</td></tr>
</table>
Ratio of injured employees to all: 0.25% (12/4810)
Cause analysis and corrective measures. Accidents and disasters throughout this year can be divided into three categories:
a. 9 pieces of machinery and equipment, including injuries from cutting, scraping, pinching, or being smashed. The reason is that when hydraulic trolleys and racks are used, the employees do not pay attention to the surrounding employees and they collide. Dropped when carrying cargo. Corrective measures: When using hydraulic scooters, the personnel are required to operate in accordance with the SOP and wear safety shoes to reduce injuries caused by abnormal behaviors
b. 3 types of falls: mainly due to employees running through non-designated moving lines in the factory. Subsequent improvements: pay attention to the environment when walking and avoid unsafe behavior.
3.ording to the Responsible Business Alliance (RBA), the Company formulates a supplier code of conduct statement, requiring suppliers to have quality, technology and delivery capabilities, fulfill corporate social responsibilities, and build a sustainable supply chain.
4.In compliance with the relevant laws and regulations on safety and health, the Company holds related safety and health training as well as fire safety training periodically. Response drills take place on a monthly basis. Concurrent introduction of the e-evacuation and roll-call mechanism to reduce the time spent on roll-calling and improve roll-call accuracy.
5.Set up the nursery and baby care center and provide employees with annual health examinations.</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Corporate Governance</td><td>Compliance of corporate governance laws and regulations</td><td>1.To implement internal control mechanisms to ensure that all employees and operations of the Company follow relevant laws and regulations.
2.To reinforce the corporate governance policy continuously.</td><td></td></tr>
</tbody>
</table>

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Risk management</td><td>Continuous corporate operation</td><td>In order to enhance the Company's resilience in the face of various operational shocks, improve its response capabilities and speed up response, and face the risk of supply chain disruptions that affect the Company, we plan response measures and recovery plans in advance to respond when events that affect operations occur and rapid recovery to minimize the damage during the interruption period and to ensure the maximum interest of the key stakeholders. Since May 2022, Accton Technology launched the ISO 22301 business continuity management system. It spanned the Company's various units and worked together for about a year to establish and introduce the ISO 22301 business continuity management system. Please refer to the 2022 Smart State Group Corporate Sustainability Report.</td></tr></table></td><td></td></tr>
<tr><td>III. Environmental Issues
(I) Has the Company developed an appropriate environmental management system reflective of its distinctive characteristics?</td><td>V</td><td></td><td>The Company closely monitors global environmental issues and trends. In addition to complying with the environmental laws and regulations of each operating site, the Company also actively cooperates with customers to promote the environmental management system and considers compliance with laws and regulations as a fundamental requirement.
The Company has obtained ISO14001 environmental management system certificates for its main production sites in Taiwan, which are regularly verified by third parties every year and are still valid as of the date this Annual Report was printed.
(1) ISO14001: 2015 Environmental Management System Certification:
Major production sites: Hsinchu Plant 1, Hsinchu Plant 2, and Zhunan Plant (the certificate is valid from July 11, 2022 to July 10, 2025).
(2) ISO14064-1: 2018 greenhouse gas verification:
Major production sites: Hsinchu Plant 1 and Zhunan Plant complete ISO 14064-1: 2018 greenhouse gas verification each year since 2020 and Hsinchu Plant 2 began the verification in 2021. In February 2024, the 2023 greenhouse gas verification was completed.</td><td>No discrepancy</td></tr>
<tr><td>(II) Is the Company committed to improving the efficiency of utilizing various resources and using recycled materials with low impacts on the environment?</td><td>V</td><td></td><td>Accton proactively promotes energy reduction measures, uses high-performance equipment, and improves processes in order to enhance energy use efficiency.
Meanwhile, the smart meter is set up at the production line, with the energy-conserving platform established. Highly energy-consuming machines are sorted out, with electricity consumption data collected, in order to support performance improvement in the future. The management begins with a broader scope and narrows down to emission hot spots.
We start with product design, improvement of energy efficiency and harmful substances and packaging reduction to cooperate with customer, and material and technology suppliers through R&D team and applies innovative thinking to develop more environmentally friendly green products.
Accton aims to implement its policy of "commitment to green design to reduce the environmental impact of products and ensure zero use of hazardous substances", fulfill corporate responsibilities for environmental sustainability, meet stakeholders' expectations, and continue to comply with international regulatory requirements[RoHS（EU/China/Taiwan/Ukraine/UAE…）,EU REACH, CA Pro 65, EU Battery Directive…].
Accton continuously reviews the management of hazardous substances and updates the regulations in the "Accton Green Product Hazardous Substance Management" each year in accordance with international regulations, customer requirements, and environmental protection trends.
The Company conducts supplier material surveys starting from the R&D stage. All models fully comply with related international regulations/directives on hazardous substances and customer requirements. The Company conducted XRF inspections for inbound materials in accordance with the inbound material sampling inspection plan. The disqualification rate in sampling inspections of materials was 0%.</td><td>No discrepancy</td></tr>
<tr><td>(III) Has the Company assessed the potential risks and opportunities arising from climate change at present and in the future and taken related countermeasures?</td><td>V</td><td></td><td>In response to climate change, Accton started to apply the TCFD assessment in 2022. The countermeasures are implemented as follows.
1. Governance of Climate-related Risks and Opportunities
The Board of Directors is the highest supervisory unit at Accton for climate change. At present, the Sustainability Committee reports once a quarter to the Board of Directors the management and operational performance regarding climate change.
The Sustainability Committee is the highest managing and executive unit for climate change at Accton. The Senior Vice President serves as its chair while the Corporate Sustainability Officer is its secretary. The Sustainability Committee identifies climate change risks and opportunities each year and prepares countermeasures reflective of financial and strategically significant risks and opportunities and sets the goals. The Green Manufacturing Committee underneath the Sustainability Committee is in charge of promoting and enforcing climate change-related action plans and KPI performance tracking.
2. Strategy
(1) Accton's Definitions of Short-term, Mid-term, and Long-term, and Significant Climate-related Risks:
A. Short-term (1 ~ 3 years): (Physical) Severity of increased extreme weather incidents.
Mid-term (3 ~ 6 years): (Transition) Reinforced obligation in reporting emissions,</td><td>No discrepancy</td></tr>
</table>

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>B. (transition) increased pricing of greenhouse gas emission, (transition) replacement of products and services with low-carbon technologies, (transition) increased costs of raw materials and regular materials, (physical) severity of increased extreme weather incidents, (transition) increased concerns from stakeholders and negative feedback
C. Long-term (7 ~ 10 years): (Transition) Replacement of products and services with low-carbon technologies, (transition) increased costs of raw materials and regular materials, (physical) severity of increased extreme weather incidents.
(2) Accton identifies climate-related significant financial risks and opportunities through four steps: 1. “Compile” climate-related risks and opportunities that the technology netcom sector may encounter → 2. “Narrow down” to evaluate risks and opportunities that have to do with Accton according to the type of product/service, the weather change at the operating site, the developmental trends of regulations governing operations and the distribution market, and climate change strategies of major customers → 3. “Analyze” the materiality: The high-ranking management decides the risk score on the basis of the incidence of climate-related risk and opportunity incidents and their impacts on Accton → 4. “Respond” with a strategy: Evaluate and prepare related countermeasures (including material investments or expenses).
3. Identification, Evaluation, and Management of Climate-related Risks
Accton Technology climate-related risk management process:
Climate-related risk and opportunity incidents ① Incidence (1~5, low to high) and ② Impacts on Accton (1~5, low to high)
① Incidence * ② Impacts = Materiality score
The materiality score ranks from high to low, with the materiality to be discussed among high-ranking managers, adjusted, and the significant risks and opportunities for Accton are decided.
Accton identified transition risks that will possibly be brought about by the net zero emissions roadmap released in 2022 of Taiwan. At the regulatory level, the primary transition risk facing Accton is the disclosure of carbon inventory check findings of TWSE-TPEx-listed companies in three stages reflective of the sector where they do business and their capital size mandated by the Financial Supervisory Commission of Taiwan. Accton, with a capital size between NT$5 billion and NT$10 billion, belongs to the second stage and hence must disclose its greenhouse gas inventory check findings in 2025 for the preceding year. The scope of such a check includes all operating sites around the world subject to direct control of Accton.
4. Indicators and Goals for the Evaluation and Management of Climate-related Risks and Opportunities
Accton, besides greenhouse gas emissions, tracks climate change-related performance through other indicators, such as energy consumption, electricity-consuming intensity, use of tap water, waste output, and recovery rate as well.
Accton values climate change management and encourages employees to take part and envisage together. There is the incentive mechanism in place to provide employees that have proposed outstanding production efficiency promotion and energy conservation solutions, once evaluated and approved, with the excellent solution reward.
Based on the results of the greenhouse gas inventory check and the carbon reduction path of SBT 1.5°C of the "Scientific-Based Carbon Reduction Target", Accton adjusts the short-, medium- and long-term carbon reduction targets, and carry out reduction plans to make continuous improvements. Accton has established a relevant emergency response system to act quickly in the event of a disaster and minimize the impact to the Company, in line with international trends and customer expectations.</td><td></td></tr>
<tr><td>(IV) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and waste production?</td><td>V</td><td></td><td>1. and waste generation at main production sites every year, and continues to promote energy saving and carbon reduction activities.
2. Greenhouse gas:
The main production sites of Accton are Hsinchu Plant 1, Hsinchu Plant 2, Zhunan Plant, and Joytech Plant andVietnam Plant. The Scope 1 and Scope 2 carbon emissions (tons of CO2e) of respective plants are as follows:
The data for 2022 and 2023 were verified by a third party. The greenhouse gas verification for 2023 was completed in February 2024.
Scope 1 carbon emissions: Direct greenhouse gas emissions from the company's use of gasoline, diesel, air-conditioning refrigerants, gas, and septic tanks.
<table><tr><th>Plant</th><th>2022</th><th>2023</th></tr><tr><td>Hsinchu main plant</td><td>251</td><td>286</td></tr><tr><td>Hsinchu 2nd plant</td><td>9</td><td>9</td></tr><tr><td>Zhunan plant</td><td>548</td><td>372</td></tr><tr><td>Joytech</td><td>30</td><td>32</td></tr><tr><td>Vietnam Factory</td><td>0</td><td>92</td></tr><tr><td>Total</td><td>838</td><td>791</td></tr></table></td><td>No discrepancy</td></tr>
</table>

Items of Evaluation	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

Scope 2 carbon emissions: Indirect greenhouse gas emissions from the company's use of electricity.

Plant	2022	2023
Hsinchu main plant	2,899	3,006
Hsinchu 2nd plant	307	304
Zhunan plant	11,234	13,329
Joytech	24,751	22,675
Vietnam Factory	0	2,290
Total	39,191	41,604

Total carbon emissions from major plants:

Plant	2022	2023
Total	40,029	42,395

3.Amount of Water Consumed:

Accton’s manufacturing process does not require water. Thus, the water consumption are only for employees’ daily consumption. The main source of water comes from tap water (cubicmeter) and is consumed as follows:

Plant	2022	2023
Hsinchu main plant	31,236	37,083
Hsinchu 2nd plant	936	905
Zhunan plant	23,255	24,793
Joytech	163,296	147,374
Vietnam Factory	0	9,936
Total	218,723	220,091

4.Waste:

Waste output (metric ton) and recycling rate (%) of the main production sites are as follows:

Total waste output (metric ton)

Plant	2022	2023
Hsinchu main plant	93	79
Hsinchu 2nd plant	66	78
Zhunan plant	1,449	2,072
Joytech	543	473
Vietnam Factory	0	83
Total	2,151	2,785

Total resource recycling and reuse volume (metric ton)

Plant	2022	2023
Hsinchu main plant	64	50
Hsinchu 2nd plant	55	69
Zhunan plant	1,293	1,915
Joytech	192	179
Vietnam Factory	0	61
Total	1,604	2,274

Recycling/Reutilization Ratio (%)

Plant	2022	2023
Hsinchu main plant	69%	95%
Hsinchu 2nd plant	84%	88%
Zhunan plant	89%	92%
Joytech	35%	38%
Vietnam Factory	0%	74%
Total	75%	82%

5.The policies, reduction goal, promotion measures and achievement status of greenhouse gases, water consumption and waste are as follows.

(1) Greenhouse gas:

The greenhouse gas policy is stated in the greenhouse gas inventory report:

As a member of the global village, in order to fulfill the corporate responsibility for environmental protection, the Company will strive to complete the following:

a.The Company is committed to the greenhouse gas inventory, in order to accurately grasp its own greenhouse gas emissions.

b.Based on the results of the inventory, we continue to reduce greenhouse gas emissions.

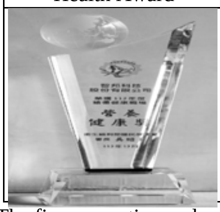
c.Introduce smart power consumption monitoring to grasp carbon emission data.

Greenhouse Gas Reduction goal:

According to the characteristics of Accton’s manufacturing process, electricity consumption accounts for more than 90% of greenhouse gas emissions. Set energy conservation and carbon reduction goals, with 2021 as the base year, a reduction of 50% by 2030 and net zero by 2050.

Items of Evaluation	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			In order to accelerate the reduction of GHG, Accton has begun to conduct a detailed inventory project of emission hot-spots in 2022, and expanded the extent of GHG Scope3 inventory, examples include: product usage phase, employee travel, shipping phase, etc. Based on the inventory result in 2022 and the carbon reduction path of SBT 1.5°C of the "Scientific-Based Carbon Reduction Target", Accton will adjust the short-, medium- and long-term carbon reduction targets accordingly in 2023, and carry out reduction plans to make continuous improvement. Executive measures are as follows: a. Fully utilize electronic signing and approving procedures to reduce paper usage. b. Strictly manage the demands for power, as well as the lighting and air conditioning in unused areas. c. Control air-conditioning equipment, and adjust the start-up of main ice and water equipment according to the actual room temperature and production in factory. d. Install frequency converter and set timing control in the ventilation system of the basement. e. Increase the air-conditioning temperature and duration of use in offices and public areas. f. Replace the air conditioning equipment with high energy consumption in different areas to increase energy efficiency and reduce loss. g. Replace old power systems and cables to reduce energy consumption. h. Incorporate environmental performance requirements into the procurement process, such as prioritizing the purchase of equipment with better environmental performance, for example: environmental protection label, water efficiency label, etc. Greenhouse gas emissions status: Total greenhouse gas emissions from major production sites increased by 5.9% in 2023 compared to 2022 (an increase of 9% in revenue). This increase is mainly due to the capacity expansion and construction of the Zhunan factory and the expansion of the Vietnam factory. The company continues to aim for greenhouse gas reduction and progresses towards this goal. In 2024, Accton will open Zhubei factory area with green building design and solar power generation system on the roof. We have adopted the latest energy-saving air-conditioning chillers and continue to improve production processes to reduce carbon emissions during the production stage. Subsequently, a solar power generation system was planned at the Vietnam factory to use renewable energy to reduce the factory's carbon emissions. (2) Amount of Water Consumed: The type of water resource used by the Company is tap water, and water for people's livelihood and air-conditioning account for about 50% each. Water use policy: Reinforce continuous promotion of water conservation and cherish water resources. Water saving measures are as follows: a. For people's livelihood water, the Company continues to replace old faucet with the water-saving induction faucet to reduce water consumption. b. Through the continuous promotion of various energy conservation management programs and advocacy, it is expected that energy may be saved more effectively. Achievement of water saving measures: The total water consumption of major production sites in 2023 decreased by 0.6% from 2022, mainly due to the strengthened promotion of water conservation results. (3) Waste: Accton's waste policy is disclosed in the environmental safety and health policy: Accton undertakes to continuously promote resource recycling and reuse as well as industrial waste reduction. All waste from Accton's plants and offices, is classified and sorted according to regulations. Removal, disposal, transportation, treatment, and reuse of waste are handled by the specialized companies approved by the government. Status of waste recycling and reuse: The waste recycling and reuse rate at the main production sites increased by 7% from 2022, mainly due to the promotion of the recycling and reuse of packaging materials and the improvement of resources and reuse channels. 6. The Company adheres to the vision of corporate sustainability and was verified by Bureau Veritas for the first time in 2020. The main production sites undergo annual verification of the organizational greenhouse gas inventory management system ISO 14064-1:2018, which is still valid as of the date of publication of the annual report. Completion of ISO 14064-1 verification in February 2023 to ensure compliance. The Company's major production sites in Taiwan have obtained the internationally accepted ISO	

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>14001 and ISO14064-1 environmental management system certificates, and third-party verification is carried out on a regular basis every year. (The latest ISO 14001 certificate is valid from July 11, 2020 to July 10, 2025).</td><td></td></tr>
<tr><td>IV. Social Issues
(I) Does the Company formulate relevant management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>The Accton Group believes that trust, passion, courage, cooperation, perfection are the core value of technology and humanity. Employees are the most valuable assets of Accton.
With regard to employee recruitment, employment, and development, Accton takes into account the working ability of employees. The recruitment procedures comply with legal standards. Employees with different ethnic groups, religions, skin colors, nationalities, ages, genders, sexual orientation, marital status and political affiliation shall be subject to fair and impartial operating procedures and shall be treated equally. In addition, Accton ensures the freedom of employment of our employees by not using oppressive and coercive conditions to hire employees. We also adopt ethical treatment, child labor shall not be employed, physical punishment, abuse or coercion shall not be used against our employees. Accton regularly reviews and issues human resource reports and continues to practice the human rights issues of gender, racial equality and multi-ethnic diversity for all employees.
Accton has formulated [Social Responsibility Manual] by referring to responsible business alliance (RBA). The purpose of the RBA is to ensure safe working environment for the supply chain of the electronics and network communications industries as well as take environmental responsibility in manufacturing process. Accton also adheres to this spirit, including child labor and underage workers, forced labor, health and safety and environment, free association, prohibition of discrimination and inhumane treatment, working hours and other human rights issues norms.
<table>
<tr><th>Items</th><th>Course type</th><th>Advocating content</th><th>Echelon</th><th>Attendees</th><th>Remark</th></tr>
<tr><td>Group New Employee Training</td><td>Physical session</td><td>Promote the Company's labor protection awareness, management guidelines and related norms</td><td>106</td><td>748</td><td>New employee training</td></tr>
<tr><td>Global supply chain manager training</td><td>Physical session</td><td>Promote Accton's labor protection awareness, management guidelines and related norms</td><td>3</td><td>196</td><td>RBA agent/contractor training and supplier conference</td></tr>
<tr><td>Group staff care</td><td>Physical /Online courses</td><td>Value work and life. By sharing topics in different aspects, help colleagues improve the quality of their own life, care for the elderly, and relieve pressure, realizing a balance between employees’ life and work.</td><td>35</td><td>2,279</td><td>Accton's heart series</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee remuneration appropriately?</td><td>V</td><td></td><td>Accton believes that excellent talents are an important part of the sustainable operation of an enterprise, and we are committed to providing employees with a quality working environment. While maintaining external competition and internal balance, the Company incorporates business performance results into the design of the remuneration system, and provides remuneration and benefits conditions that are superior to the industry level, in order to attract and retain outstanding talents. Employee recruitment, appointment, and development are based on employees' ability to perform their duties. In terms of gender analysis, male employees account for 50% of the total number of permanent employees, and female employees account for 50 % of the total number of permanent employees, and the ratio of male and female employees is even. Female supervisors accounted for 27.7% in 2021, 24.8% in 2022, and 24.8% in 2023. Female supervisors account for 25.8% of the three-year average.
The Company provides a variety of comprehensive welfare benefits. Group insurance includes fixed-term life insurance, accidental injury medical allowances, hospitalization medical insurance, cancer medical insurance and occupational disaster insurance. Cancer insurance includes first-time cancer insurance and cancer death insurance. These insurances provide financial relief for employees and dependents when accidents occur. The employees of the company married with each other are provided with NT$3,000 of allowance per month per person, i.e. NT$6,000 for each couple. Consideration for female employees, there are parking spaces for pregnant women, and professional health nurses are allocated to give pregnant women health consultation and health education before, during and after pregnancy, as well as advice Gifts for pregnant mothers, encourage pregnant employees to take initiative to report pregnancy, and provide postpartum care and free psychological counseling channels and provide employees with the right to childcare leave without pay according to laws. In response to employee's needs for caring their children, Accton established the first nursery and baby care center for the infants and young children from 0 months to 6 years old in Hsinchu Science Industrial Park. The leave system is superior to the 2-day flexible leave per quarter that is available under law.</td><td>No discrepancy</td></tr>
</table>

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>If an employee requires long-term leave due to a major injury or illness, the employee may apply for a one-year leave with pay. To support employees' medical treatment, we also provide transportation to and from medical appointments. To encourage employees to actively participate in social welfare activities, the Company provides 2 days (16 hours) volunteer leave for employees to use workdays or holidays to participate in charity activities organized by the Company and use real actions to help the society. In addition to the general benefits such as labor and health insurance, and pension payment, other benefits include: annual bonus, dividend distribution, senior employee stock subscription, emergency assistance for employees, subsidies for marriage, childbirth, and hospitalization, free lunch and dinner, and dormitory for employees, and sexual harassment prevention; occupational medical doctors and professional nurses provide various welfare measures such as occupational disease prevention, regular health examinations, health and art seminars to manage the health of employees. The Welfare Committee provides scholarships, funeral subsidies, annual gift vouchers, birthday gift vouchers, movie tickets, group travel subsidies and travel activities, family days, annual festivals, club activities, volunteer activities, ball games or physical competitions, i.e. activities such as Accton talks, special vendor services, movie reservations, employee stress relief, life seminars, and hobby cultivation.</td><td></td></tr>
<tr><td>(III) Does the Company provide a safe and healthy working environment for employees, and offer safety and health education for employees regularly?</td><td>V</td><td></td><td>1. The company actively create the healthy and safe working environment, set up the dedicated safety and health management personnel. In addition to formulating safety and health work code, he also takes the initiative to carry out occupational safety and health risk evaluation and control, so as to grasp the impact of each change on safety and health.
2. Conduct annual internal audit and third party verification of ISO 45001 occupational safety and health management system to review system operation and continuous improvement.
3. Every year, we organize safety and health education training and chemical hazard general knowledge courses for new and current workers. A total of 8,122 employees have participated in occupational disease prevention and safety awareness training. Firefighting, civil defense training, emergency response drills, and other related trainings are also held on a regular basis to improve employees' firefighting knowledge. A total of 10,331 colleagues participated in the training in 2023 on the ability to respond to emergencies.
4. Regularly arranged colleagues to other places to receive professional training and certificates, such as occupational safety and health management, fire response, radiation protection, fire prevention management, organic solvent operation, stacker operation and environmental waste disposal and other related courses. A total of 345 colleagues obtained certificates in 2023.
5. A healthy diet is critical to preventing chronic diseases. To better understand the dietary status of employees, a dietary habit survey was conducted and a series of "My Diet" activities were launched to create a healthy eating atmosphere with nutrition as the main focus. This series of activities mainly includes the following four key courses. These courses are designed to provide comprehensive diet education and support, so that employees can lead a healthier lifestyle. It is hoped that these efforts will establish a healthy diet so that each employee can benefit. The Company won the Nutrition Excellence Award in 2023. Please refer to the following table for the courses of the event:
<table>
<tr><th>2023 Nutrition & Health Award</th><th>Event</th><th>No. of Participants/Copies</th></tr>
<tr><td rowspan="4"></td><td>Light breakfast</td><td>1,440 copies</td></tr>
<tr><td>Online Dietetic Education-Magic Nutrition Academy</td><td>966 people</td></tr>
<tr><td>Healthy Food Cakes</td><td>180 persons</td></tr>
<tr><td>High triglyceride group health management</td><td>24 persons</td></tr>
</table>
6. The fire prevention and mitigation measures are adopted in the fire prevention and control of the plant sites.
Accton disaster reduction goal: to ensure the safety of employees, protect assets, and maintain the continuous operation of the Company.
Prevention strategy: The responsible department and the occupational safety department will jointly assess the risks in the management of changes in the factory area, the procurement of new machines, new chemicals or new processes. Emphasis on intrinsic safety, regular inspection of fire protection facilities, and regular maintenance of high-power and chemical-based equipment to reduce fire risks.
Disaster mitigation measures: For the scenario of emergency response drills, fire response drills are conducted in reasonable unfavorable scenarios such as holidays and nights when there are few plant personnel. In 2023, the number of fire incidents was 0, the casualty rate was 0, and the casualty rate to the total number of employees was 0%. There were no fire incidents in the plant in 2023.</td><td>No discrepancy</td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(IV) Has the Company established effective career development and training plans for its employees?</td><td>V</td><td></td><td>The Company values the development and cultivation of talents. In addition to project learning, the Company arranges unified training courses for employees. The training programs cover six major categories: orientation for new recruits, work effectiveness, professional knowledge, quality management, environmental safety and health, and leadership management. Explanation is shown in the table below; internal lecturers are actively cultivated to create a learning organizational culture; establish an exclusive training classroom - "Accton Academy" is set up to conduct physical courses; the "LMS online Learning Management System" is optimized and upgraded to provide colleagues with faster and more convenient, and resourceful learning platforms; attach importance to the pre-job training of direct employees and set up an exclusive simulation training center. The training in other places and training subsidies will be provided according to job requirements (the maximum subsidy ratio: 100%). In order to strengthen the language competitiveness, provide each employee with the fixed amount of foreign language training subsidy every year.
In 2023, the Company organized a total of 39,975 hours of education and training on related topics.
<table>
<tr><th>Learning areas</th><th>Summary</th></tr>
<tr><td>Orientation training</td><td>The courses include company introduction, corporate culture, rules and regulations, corporate social responsibility, honest management, anti-corruption, quality systems, etc., to help newcomers understand the company and adapt to the environment.</td></tr>
<tr><td>Work efficiency</td><td>Including business presentation design, communication, information security, word processing, internal trainer training to improve the performance of colleagues.</td></tr>
<tr><td>Professional knowledge and skills</td><td>Domain Know-How, Advanced Manufacturing Process, Systematic Professional Knowledge, etc.</td></tr>
<tr><td>Quality management</td><td>Includes common quality courses, such as ESD, problem analysis and solution and project-based ISO courses to ensure compliance with procedures, improve product yield, and meet customer requirements.</td></tr>
<tr><td>Environmental safety and occupational health</td><td>According to the requirements of laws and regulations, we carry out pre-job safety and health training and hazard general education training for new employees, and provide different training courses for employees in general and special work.</td></tr>
<tr><td>Leadership and management</td><td>According to the roles and responsibilities of supervisors, plan the training courses required for supervisors, corresponding to the management skills required at all levels. The courses are divided into rules and regulations, self-management, team management and career management.</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>(V) the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling issues of its products and services and established related consumer protection policies and grievance procedures?</td><td>V</td><td></td><td>The Company upholds the philosophy of sustainable operation. In addition to producing products that comply with international ISO certifications, such as ISO 9001, TL9000, ISO14001, IECQ QC 080000 and EU RoHS regulations, in order to ensure customer quality products, introduced the ISO2230 business continuity management system in May 2022, and passed the external audit conducted by a third-party certification body in June 2023 and obtained the certificate.
With respect to customer rights and interests, in addition to the attribution of responsibilities and related regulations clearly defined in contracts and orders between the parties, the Company will hold " quarterly business reviews " with customers on a regular basis to discuss related matters such as quality, delivery, and problem response for the quarter. In addition, customers' privacy is complied with confidentiality agreements and the Personal Information Protection Act. The Company also attaches great importance to the Company's comprehensive security introduction and has passed ISO45001, ISO27001, and ISO28000 certifications to ensure employee safety, information security, supply chain security, and to ensure that customer assets are not infringed.
The Company has established "Procedures for Customer Satisfaction" and "Procedures for Customer Complaint Management" to ensure that customers' voices are expressed internally and customer problems can be quickly and accurately resolved. Cases are not closed until customers are satisfied.</td><td>No discrepancy</td></tr>
<tr><td>(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?</td><td>V</td><td></td><td>The Company works with supplier partners as a team, and continues to cooperate with suppliers to reduce environmental risks, and seek to improve the environmental performance of the overall supply chain, establish an proactive and responsible supply chain management strategy and formulate specific environmental management practices and goals. Through auditing, training and communication, the Company leads the supply chain to fulfill environmental responsibilities and pay attention to social and environmental values, with respect for human rights as the foundation, and continue to work towards a sustainable supply chain. Based on cooperation, through the management mechanism of Accton supply chain, Accton and supply chain share social and environmental responsibilities.
The Company's supply chain management strategy:
1. Improve cost leadership capability, integrate group resources, and obtain the most competitive supply chain value through strategic cooperation.</td><td>No discrepancy</td></tr>
</table>

Items of Evaluation	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			2. Establish sustainable supply chain capabilities, drive suppliers to improve their performance in economic, social and environmental aspects, and promote sustainable development of suppliers. 3. Strengthen the supply chain's supply capacity and continue to counsel suppliers in terms of diversified supply and localized supply. 4. Build up a green supply chain and encourage suppliers to take measures for energy saving and carbon reduction towards circular economy. 5. Attach importance to environmental friendliness and proactively implement green procurement, pursuing economic benefits while being friendly to the environment. 6. No compromise on conflict minerals to ensure that products and supply chains are free of conflict minerals. 7. Implement sustainability risk management, pay attention to suppliers' energy and resource use and resource management, in order to respond to the impact of extreme climate changes on the supply chain. 8. Concern about environmental issues and being committed to reducing the impact of environmental pollution by enhancing the recycling of waste resources. Accton's commitment: 1. Firmly believe that fulfilling economic, environmental and social responsibilities is the key to the sustainable operation of an enterprise. Accton’s goal is to actively promote economic, environmental and social responsibilities within the enterprise to pursue the benefit of stakeholders such as customers, employees, suppliers, and communities. 2. Monitor the supply chain for fires, earthquakes, safety, health and risks, environmental protection, and labor rights. Supply chain risk management is an integral part of competitiveness of the Company. The Company pays attention to the risks of suppliers in the supply chain, and proactively provides assistance when necessary. 3. Suppliers are required to review and control the operation status and source dispersion, as well as the geographical distribution of suppliers' production lines, in order to reduce the risk of material shortages in future extreme weather or major natural disasters. 4. Establish a risk assessment for supply chain suppliers, and formulate a set of supplier sustainability scoring methods, which will become a supply chain risk assessment along with delivery date, quality, finance, and operation as an important basis for Accton's procurement strategy. 5. Proactively request suppliers of certain materials (gold, tantalum, tin, tungsten) to sign the agreement to prohibit the use of metals from countries in conflict mining regions or provide declarations to prevent conflicts of purchase from Eastern Democratic Republic of the Congo (Eastern DRC) or metal from Central Africa. Suppliers are encouraged to have similar management policies in place. The relevant procurement policies are also disclosed on the corporate social responsibility section of the Company's website to ensure that the metal procurement procedures comply with social and environmental responsibilities. 6. Respect and protect intellectual property rights, and conduct fair trade, advertising and competition. 7. The Company is committed to business integrity, and any form of accepting improper benefits, corruption, extortion, embezzlement of public funds, etc. are clearly prohibited. Confidentiality mechanism has been put in place to protect the identity information of whistleblower and the accused. Accton Group regularly implements internal and external audits of the IECQ QC080000 hazardous substance management system. In December 2022, the main production bases successfully passed the IECQ QC080000 system annual certification. **Progress of the latest HSF regulations** In response to the regulations that take effect in January 2023: Packaging materials and mineral oil requirements in France, before December 2022, a risk analysis was conducted and all packaging materials and inks for printed matter suppliers traded with Accton were included. A total of 32 high-risk packaging material suppliers were identified for compliance investigation. Suppliers have successively completed survey responses and reported to the business/PM/RD/procurement for any survey results identified that did not comply with the MOSH limit (0.1%) that will take effect in 2025 and that did not respond after repeated reminders were reported. Relevant units such as CE take measures to replace or terminate trade with materials. At the same time, the risk item identified in "WIC-QA15001 Specifications for Risk Identification of Hazardous Substances in Products": When the regulation proposes the list or addition of HS (HS) in the future, the existing material is not identified for this item, and the regulation added HS (Hazardous Substance) identification to ensure early compliance with regulatory requirements. A survey of 467 product models was completed in 2023. All product models are 100% compliant with international hazardous substance regulations and customer requirements. A total of 218 suppliers have completed and provided hazardous substance surveys. XRF inspections of 613 purchased parts and monthly solder pot tests have been completed. The non-compliance rate was 0%.	

Items of Evaluation	Implementation: Yes	Implementation: No	Implementation: Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
			Accton's Development History and Procurement Policy of Conflict Minerals In 2023, the increasing awareness of the " human rights risks " in the supply chain led to more calls for investigation of minerals such as mica. Mica, which is mainly mined in India and other places, relies heavily on child labor to illegally operate it. As Mica is often used in the coatings of electronic products, in order to protect human rights, the "due diligence" of "Mica" metal EMRT was initiated. To fulfill the responsibility of the source department to gate and control conflict minerals, the scope of suppliers for investigation is screened through regular risk assessment every year. This time, the CMRT 6.22 and EMRT 1.11 templates were used together with RMI's announcement of the latest updated list of qualified smelters to perform overall identification. According to the survey results in 2023, there are a total of 215 qualified smelters used in the supply chain of Accton. The distribution of qualified smelters used in the analysis is mainly located in Asia, followed by Europe	
V. Does the Company prepare the Corporate Sustainability report to disclose non-financial information in accordance with internationally recognized sustainability report preparation standards and guidelines? Has the aforementioned report obtained the assured or verified opinion from a third party?	V		The Company began to issue non-financial reports in 2017, and began to adopt international sustainability standards in 2021 and prepared the sustainability report with reference to the "GRI Sustainability Reporting Standards (GRI Standards)", "AA1000 Accountability Principles", and "TCFD Climate-related Financial Disclosure Proposal", and disclose relevant information about the "SASB Indicators" in the appendix. In order to enhance the transparency and credibility of the information disclosed in the Sustainability Report, an independent third party was commissioned to verify by SGS Taiwan. The scope of the verification was: GRI Standards 2021 reference options conform to AA1000 ASv3 Type 1 guarantee level. Certificates were obtained in June 2023. Please refer to the "SGS Verification Statement" on page 133 of the 2022 report. https://www.accton.com.tw/wp-content/uploads/2023/06/Accton-2022ESG-20230628.pdf Responding to environmental protection and promoting paperless, all sustainability reports are published on the Company's website in electronic version and uploaded to the Market Observation Post System.	No discrepancy

VI. If the Company formulated its own Corporate Sustainability Development Best Practice Principles in accordance with the Corporate Sustainability Development Best Practice Principles for TWSE/GTSM Listed Companies, please describe its implementation and difference between them:

The Company has established the "Corporate Social Responsibility Best Practice Principles" and changed it to the "Sustainable Development Best Practice Principles" on March 17, 2022 with the approval of the Board of Directors to fulfill corporate social responsibilities, fully consider the interests of stakeholders, and treat customers in a fair and reasonable manner; at the same time, suppliers are required to comply with the provisions of the Supplier Social and Environmental Responsibility Agreement, and suppliers are expected to fulfill corporate sustainable development responsibilities; and in May 2023, the operation implementation was reported to the Board of Directors, and there was no deviation from the code.

VII. Other important information that facilitates the understanding of the implementation of sustainable development:

In 1999, Accton Technology Corporation contributed to the establishment of the "Accton Culture and Education Foundation," focusing on enhancing the educational environment and advancing diverse and inclusive educational initiatives. By 2001, utilizing its expertise in networking and communication technologies and marketing, Accton launched the "Accton E-Charity" platform. This initiative aimed to create an open and multifaceted digital platform to assist charitable organizations in overcoming the digital divide. Through this online platform, it connects people, events, and resources, enabling more individuals to engage in good deeds, increasing participation in worthwhile causes, and helping those in need with valuable resources. In 2003, to offer more direct support to individuals facing immediate hardships, a group of philanthropically minded individuals and Accton employees established the "Taiwan Association for Public Interest Services," a nonprofit organization. This effort seeks to pool the collective goodwill of the association to integrate resources across different sectors and amplify their impact.

Accton E-Charity

Assisting all public welfare organizations in Taiwan

Accton leverages its core expertise in network communications to operate the "Accton E-Charity" platform (www.17885.com.tw), aimed at reducing the digital divide for charitable organizations. It supports social welfare organizations across Taiwan with online fundraising, event promotion, volunteer recruitment, and material solicitation. As of the end of 2023, the Accton E-Charity platform has 409 member charitable organizations, with over 200,000 donations made over the years. Accton Technology Corporation absorbs all operating costs of the website, ensuring that charitable organizations can use the platform without any financial burden. In 2023, the total amount donated to charitable organizations across Taiwan through the Accton E-Charity website was NT$25.8 million, with the cumulative amount over the years exceeding NT$460 million.

Taiwan Public Welfare Service Association

The Taiwan Association for Public Interest Services steadfastly embraces the principle, "Go where the need is." After verifying specific needs, it aims to swiftly address the shortages faced by disadvantaged families, social welfare groups, or rural schools. In 2023, the Taiwan Public Welfare Service Association's contributions encompassed Emergency Relief for Disadvantaged Families, support scholarships for high school and junior high students facing hardships (fundraising permit number: Ministry of the Interior Social Affairs Bureau No. 1110162426), and Assistance in Public Welfare Projects, totaling an investment of NT$6.94 million.

Items of Evaluation	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
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Emergency Relief for Disadvantaged Families
Throughout 2023, the Taiwan Public Welfare Service Association aided 181 families in crisis, distributing support across various regions: 81 in Northern Taiwan, 29 in Central Taiwan, 67 in Southern Taiwan, and 4 in Eastern Taiwan, with the total aid amounting to NT$1.94 million. Accton E-Charity not only provides a social assistance platform for people to donate directly online, but also provides a convenient platform for reporting emergencies. If you find that your friends or relatives or yourself are in need of help, you may seek help through the platform. Since its establishment, the Company has gathered the loving strength from the public, and has helped more than 3,100 families to walk out of depression, so that they can see hope in the future, and have the opportunity to regain their lives going forward!

Emergency and Vulnerable Youth Educational Support
In 2023, the Taiwan Public Welfare Service Association collaborated with the Puren Youth Care Foundation to provide educational support for high school and junior high students from economically disadvantaged or vulnerable families that have encountered family crises in the past six months. In 2023, support was provided to 20 individuals, amounting to NT$180,000.

Assistance in Public Welfare Projects

(1) Inclusive Support for Individuals with Disabilities

1. Hydroponic Farm Project: To enable individuals with disabilities to experience a workplace environment, the Taiwan Public Welfare Service Association, in partnership with the Sisters of Our Lady of China Catholic Charity Social Welfare Foundation, launched the "Puzi Dao Hydroponic Farm" project in 2023. This project is gradually taking shape, utilizing hydroponics and the support of local young farmers to guide young people with disabilities through various training stages. This initiative helps them to step out of their isolated family life, learn to interact with others, and adapt to changes in the wider environment. In 2023, nearly 300 young individuals with disabilities were accompanied through a journey of learning independence and acquiring foundational skills for entering the workforce. This program consistently yielded between 150 to 300 kilograms of hydroponically grown organic vegetables. These vegetables were then donated to other vulnerable groups, creating a sustainable support system and fostering over 300 instances of compassionate consumerism.
2. Art Inclusion: The Taiwan Public Welfare Service Association, in collaboration with the Luway Opportunity Center, initiated the "Start of Art" project. This project conducted nine storytelling workshops tailored to the abilities and needs of the youths at the Luway Opportunity Center, guiding them in developing their unique modes of expression. Additionally, 12 sessions of live storytelling and themed art experiences were hosted in family centers, museums, libraries, and other venues across the Tainan area. These activities provided individuals with intellectual disabilities the opportunity for new interactions with community members, building their confidence in public expression. Through these events, community members deepened their understanding and engagement with individuals with intellectual disabilities, furthering the goals of social inclusion and cultural equality.
3. Campus Inclusion: In 2023, the Taiwan Public Welfare Service Association continued its collaboration with Special Olympics Chinese Taipei on the "Lead the Way to Inclusion - Walking with Love" inclusive education program, conducting inclusive education in 20 schools across Hsinchu County, Miaoli County, Nantou County, Chiayi County and City, Tainan City, Kaohsiung City, and Pingtung County, with at least 15,000 participants expected. Through a variety of inclusive courses and sports activities, the program aims to enhance positive interactions between general students and special education students, increase attention to the diverse career development prospects for individuals with disabilities, and their respect and acceptance by the wider society, thereby promoting equality and social participation in a diverse society. In 2023, the initiative also incorporated the "YES, I CAN." topic discussion, encouraging students to simulate ways to extend support to their disadvantaged peers to reduce bullying in schools.

(II) Child and Youth Accompaniment and Education

1. Teacher Support Program: To improve the working conditions for frontline child and youth care workers, the Taiwan Public Welfare Service Association has continued to support the Taitung Children's Bookhouse "Partner Development Program" for two consecutive years. In 2023, with designated support from the Taiwan Public Welfare Service Association, the generally low salary situation for frontline teachers and supervisors was improved. Additionally, transitional dormitories were provided for those needing to adapt to living away from their hometowns, specifically for those moving eastward. The Taiwan Public Welfare Service Association aims to transform traditional donation thinking by establishing systems and benchmarks that allow frontline workers to see the value of their efforts and receive fair compensation. This initiative enables them to provide stable and positive support for children without concerns for their own welfare, effectively building a strong foundation for the children's home. From 2023, a total of 32 individuals received salary adjustments, with the majority being frontline service partners, followed by middle and top-level managers. The overall average salary increase was 11.82%.
2. The Companion Caregiver Support Program: Central to caregiving work is professional companionship, and the foundation of caregiving, particularly for children and adolescents, starts with how we can offer more comprehensive support to these professional caregivers. In 2023, the Taiwan Public Welfare Service Association lent its support to the Change Formula Organization's Eight-in-Ten-Thousand Project, focused on caregiver support programs. The initiative aims to alleviate the caregiving pressure at child and adolescent placement facilities, provide more reasonable working conditions for social workers, and foster an environment where these children have the opportunity to grow up well-supported.
3. Rural Kindergarten Reading Promotion: Rural early childhood education has long faced challenges such as a shortage of reading resources and high teacher turnover rates. In 2023, the Taiwan Public Welfare Association collaborated with the Dong Hwa University Social Participation Center to donate 200 children's books on various themes to the Fengren Elementary School Affiliated Kindergarten in Hualien and the Shoufeng Township Public Kindergarten. The Dong Hwa University Social Participation Center, in conjunction with the university's Early Childhood Education Department and the Department of Education and Potential Development, jointly promoted early childhood language and literature theme courses and improved learning areas, providing long-term and stable support for early childhood educators. The aim is to stimulate the interest and curiosity of rural children in reading and enhance their vocabulary, cognitive, and emotional development through long-term investment in both physical and digital resources, enriched by a diverse collection of books.
4. Rural Waiting Area Reading Corner Initiative: To narrow the urban-rural educational resource gap and expand more diverse preschool education opportunities, the Taiwan Public Welfare Service Association collaborated with the Extend Reading Association on a "Preschool Children Reading Promotion" project. This project distributed 2,180 children's books to 19 rural medical facilities' waiting areas and

Items of Evaluation	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

established a reading space at the Pingxi Health Center in New Taipei City. Medical staff explain and demonstrate the importance and techniques of parent-child reading to parents. Through parent-child reading, the initiative helps to support young children's mental and cognitive development, reduce the incidence of developmental delays in rural children, and enhance emotional connections within rural families.

5. Long-term School Accompaniment Program: Adhering to the belief that supporting teachers means supporting every child they accompany, the Taiwan Public Welfare Service Association supported the Firefly Education Association's "Long-term School Accompaniment Program" in 2023, covering a total of four rural schools: Yongle Elementary School in Su'ao Township, Yilan County; Daxi Elementary School in Taimali Township, Taitung County; Renhe Junior High School in Taoyuan City; and Haoshou Elementary School in Beigang Town, Yunlin County. This program involves entering schools to assist in resolving issues through the collective effort of the educational scene, solving educational challenges, and while solidifying the school's cohesion, also enhancing the teaching professionalism of teachers, thereby improving the quality of education for the children.
6. SDGs Sustainable Education Tools Promotion: To encourage educators to introduce SDGs (Sustainable Development Goals) topics to students and integrate them into teaching, the Taiwan Public Welfare Service Association sponsored 75 sets of SDGs educational tools developed by Design for Change Taiwan (DFC Taiwan) in 2023, titled "Daily Challenges: Learning Sustainable Ideas through DFC Methodology." The association also facilitated the promotion of these tools through two online workshops, attracting 56 teachers to participate. These workshops equipped frontline teachers with the skills to incorporate sustainable topics into the classroom in a way that is easy to understand and relevant to daily life. The ultimate goal is to integrate SDGs topics with the DFC teaching method, bringing sustainability issues into classrooms and fostering a culture of sustainability within schools.
7. Remote Video Reading for Young and Elderly: To promote the development of reading habits among preschool children in rural areas, the Taiwan Public Welfare Service Association collaborated with ROR Taiwan, physicians from Taipei Medical University, and the Public Health Bureau of Chiayi City. Through video conferencing, elderly individuals in Chiayi City, guided by physicians from Taipei Medical University, engaged in picture book reading sessions with preschool children from a Penghu kindergarten. The process utilized a dialogic reading model to increase the oral participation of young children. This method not only allows preschool children to expand their vocabulary, cognitive development, and visual literacy through interaction and reading but also stimulates the brains of the elderly, preventing dementia, and enhancing their sense of achievement and well-being through interaction with the children. A total of 8 online shared reading sessions were conducted, with 50 elderly participants from Chiayi City, contributing a total of 25 hours of service.

(III) Aging with Independence

1. Stylish Seniors on Air: In collaboration with the Public Health Bureau of Chiayi City Government, the Taiwan Public Welfare Service Association's "Stylish Seniors on Air" program has extended its senior independence project into 2023, following last year's training and achievements. This year, the program targeted 16 seniors, inviting professional instructors to conduct a total of 2 general education courses (4 hours in total) and 8 advanced courses (12 hours in total). The initiative transformed seniors from merely being podcasters into a self-operating production team through specialization and training based on their interests or expertise. This evolution aims to continuously produce quality programs, showcasing the value and societal contribution of the elderly, and inspiring every aging individual to enjoy and create a unique lifestyle in their golden years. In 2023, a total of 27 podcast episodes were released, accumulating 1,169 downloads. (For reference, check out the Accton Charity Foundation YouTube channel: https://www.youtube.com/@charity17885, or the "Fashionable Seniors on Air" Podcast channel: https://reurl.cc/xLpmWb)
2. Golden Prosperity Podcast: The Taiwan Public Welfare Service Association collaborates with Jin Liwang, the CEO of Yunlin Chang Tai Old School, to open the treasure box of life for those over 50 through stories close to life and real caregiving experiences shared on the program. The aim is to change perceptions about caregiving and prepare for later life together. The program hopes to provide interested members of the public or caregiving service workers with a comprehensive knowledge base, a thorough understanding of the concepts and effectiveness of self-reliance support, and gradually introduce the concept of zero bedridden life. In 2023, a total of 66 podcast episodes were produced, with a cumulative download count of 15,505 and a unique download total of 8,465. Additionally, 29 YouTube videos were released, accumulating 125,004 views. Furthermore, three physical lectures were organized in Chiayi, Yunlin, and Hsinchu, with a total of 179 attendees participating. ("Golden Prosperity Podcast - Accton Charity Foundation Accompanies You Through 50+" channel: https://reurl.cc/lgyLd9)

(IV) Elderly Care and Support

1. Mobile Bath Service: In long-term care services, families in rural areas often face significant financial difficulties, with the cost of care-related expenses being particularly burdensome. In 2023, the Taiwan Public Welfare Service Association continued its support for the Quixotic Implement Foundation, providing long-term bedridden and mobility-impaired individuals with professional, safe, and dignified mobile bath services. A total of NT$120,000 was contributed to assist in improving the psychosocial state of the disabled, enhancing their daily life quality and, most importantly, alleviating the pressure on caregivers, offering them substantial support.
2. Nursing Home Medical Equipment: Elderly care is also a concern of the Taiwan Public Welfare Service Association. In 2023, the association assisted the Bethany Elderly Nursing Home in Hsinchu by providing six electric hospital beds, blood pressure monitors, forehead thermometers, and other medical-related equipment, alleviating caregivers' worries. Additionally, a large commercial refrigerator was provided to solve the problem of insufficient cold storage space for daily necessities.

(V) Material assistance

1. Living Supplies: In 2023, the Taiwan Public Welfare Service Association continued its support for vulnerable groups by providing essential living supplies. Donations were made to Xuhai Elementary School and the Hualien Jiao'er Love Association, including items such as long-life milk, canned goods, and cereals, along with seasonal items like pomelos and mooncakes during the Mid-Autumn Festival, to help them celebrate the festive season warmly.
2. Service Equipment: Due to the Happy Works Workshop in Taoyuan District reaching its full capacity, a new workshop was established in Zhongli District in 2023, where there is a high concentration of individuals with disabilities. This new workshop was designed as a professional learning space for people with disabilities, offering them the opportunity to learn and practice independent living skills. In the early stages of the Happy Works Workshop Zhongli Station, there was a significant shortage of service equipment. Therefore, the Taiwan Public Welfare Service Association contributed by donating the necessary equipment for the workshop. This support ensured the smooth

Items of Evaluation	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

running of 104 domestic skills courses and community adaptation sessions, not only enhancing the training quality for the workshop's participants but also providing them with a more comprehensive learning experience!

(VI) Human Rights Inclusion

Human Rights Banquet: The Taiwan Public Welfare Service Association is dedicated to actions for social diversity and inclusion, aiming to create more connections within communities and garner support for various minority groups. Through advocacy, the association strives to foster more dialogue, supporting the Chen Wen-chen Memorial Foundation's "Human Rights Banquet" initiative for five consecutive years. This initiative raises public awareness about "political victims," "the homeless," and the philosophies of various advocacy groups, hoping to collectively overcome current adversities. In 2023, special support was given to the lecture series within the Human Rights Banquet initiative, including various "Human Rights Banquet Lectures" and "Flip-flop Drama Troupe Family Activities." The goal is to promote more societal dialogue through diverse artistic forms such as film, drama, literature, and language, realizing the "Human Rights Banquet" objective where society excludes none, and everyone has equality and freedom simply by virtue of being human.

Accton Culture and Education Foundation

The Accton Culture and Education Foundation, established in 1999, has long been committed to enhancing the education of children in rural and disadvantaged areas, with a total investment of NT$1.73 million in 2023. The goal is to leverage corporate power to bridge the educational resource gap between rural areas and urban plains. Through sustained support, we aim to provide a secure learning environment for disadvantaged children in rural areas, offering them the opportunity to transform their futures through education.

(1) Creating a Menstrual Equity-Friendly Society

To implement menstrual equity in schools and foster empathy among students towards the differing needs of various genders, the Accton Culture and Education Foundation continued its partnership with the With RED Organization in 2023. This collaboration extended the menstrual education campus promotion program. In 2023, a workshop for elementary school teachers was held in the Hsinchu area, enhancing the menstrual education teaching capabilities of 32 teachers from 22 schools in the region. Additionally, menstrual education demonstration teaching was conducted in five Hsinchu elementary schools, enabling teachers to understand how to apply teaching materials in real classroom settings. Furthermore, the Accton Culture and Education Foundation donated 30 sets of menstrual education teaching kits and 750 menstrual education books to schools involved in the workshop and demonstration teaching. This initiative addresses the current educational system's lack of menstrual education materials, enabling teachers to continue promoting menstrual education within their schools. Through school education, students are led from understanding their own bodies to gaining knowledge about menstruation, ultimately contributing to a society that embraces menstrual equity.

(II) Campus sports support

To ensure athletes can continue to focus on their training and realize their potential, the Accton Culture and Education Foundation has supported the archery team at Zai Xi Elementary School in Hsinchu City. The foundation initiated employee donations to provide sustained support, gradually filling the gap in the team's equipment needs. This effort guarantees a safe and positive practice environment for the young athletes. Moreover, by backing sports activities, it opens opportunities for children to explore talents beyond their academic pursuits, fostering diverse learning experiences. In 2023, a total of $75,000 was contributed, not only allowing them to engage in training and competitions without worries but also with the hope that these young athletes might one day represent their country on the highest stages of sports, bringing honor to their nation.

(III) Caring Breakfast for Underprivileged Children

In Hsinchu, at least thousands of children are on the verge of poverty because they are from families of low and middle income which cannot obtain the subsidies granted by government. Since 2014, the Accton Culture and Education Foundation has harnessed the collective efforts of its group employees, sponsoring over 1,200 underprivileged elementary school children in the Hsinchu area with a year's supply of caring breakfasts. In 2023, the program adopted 18 junior high and elementary schools, totaling 15,500 compassionate breakfasts. We believe that providing children with a nutritious breakfast can enhance their concentration in learning, offering them the chance to change their futures.

(IV) Hope project of education

Accton Culture and Education Foundation upholds the idea of "changing the poverty cycle of aborigine families through education", and jointly launched the "Accton’s Hope Project of Education" with Hsinchu Family Support Center to provide school expenses for approximately 150 secondary school students in Wufeng and Jianshi in 2023. Accton Hope Project is not aimed at students with excellent academic performance, but encourages disadvantaged students who are striving for upward mobility to overcome the adverse economic conditions and go to school with peace of mind. Through education, the vicious cycle of poverty can be reversed.

(V) After-school classes for disadvantaged children

In the tutorial class for disadvantaged children set up by the Haikou People's Community Management Association in Pingtung County, most of the children suffer from poor family functions due to factors such as single parenting, intergenerational upbringing, and foreign mating. In the tutorial class, teachers guide the children in their homework, and also give guidance when the children's behavior deviates, so as to avoid the children from going astray after school because no one takes care of them. Since 2016, the Accton Culture and Education Foundation has gathered the collective efforts of employees within the group to provide long-term sponsorship for meal expenses of its after-school program, supporting a total of 30 children in 2023.

Accton Arts Foundation

As a global leader in networking equipment, Accton Technology values innovation and seeks to foster future innovators and R&D talent through arts education that encourages creative thinking beyond conventional boundaries. Founded in 2000, the "Art Foundation" and the "Arttime Art Portal" platform are dedicated to helping the public appreciate the diversity of art and use art as a bridge to encourage sustainable and equitable public participation. Under this vision, in 2023, the Art Foundation invested a total of NT$5,308,563, focusing on four main missions: promoting cultural and arts education, establishing a database for Taiwanese art talent, driving the overall development of artistic communities, and building cultural and creative art communities. Adapting to the changes of the times, the foundation continues to offer its services.

Items of Evaluation	Implementation			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(I) Promotion of culture and arts education Recognizing the knowledge and skills necessary for sustainable development, including advocacy for equity and inclusion, and observing the limited opportunities for interaction between the general public and individuals with disabilities in today's society, leading to a lack of comprehensive understanding of how to interact with people with disabilities, the Art Foundation has leveraged the openness and experimental nature of art. Through collaborations with social welfare organizations and joint creations between artists and individuals with disabilities, an exhibition was established where service recipients, organizations, artists, and the general public could all participate. The exhibition aimed to provide an opportunity for all parties involved to enhance their understanding of one another. The exhibition opened on August 5, 2023, inviting 8 organizations and 3 artists to participate in the production and display of works, complemented by coffee brewing services provided by baristas with visual impairments. Over the 30-day exhibition, a total of 3,394 visitors attended, including 192 individuals from participating organizations, and notably, 5 volunteers from Accton Technology Corporation provided service on-site. Artists, organizations, service recipients, and visitors alike expressed that the opportunity for exchange provided by the exhibition was a positive start and expressed hopes for the continuation and deepening of related projects. (II) Establishment of an artist talent database Through open calls or invitations for collaboration, the Art Foundation invites creators related to arts and culture to engage in community-based art projects. The foundation provides resources including equitable creation fees, material costs, creative space, exhibition space, promotional resources, audio-visual and textual documentation, and administrative support to aid creators in their research and artistic endeavors. Simultaneously, the Art Foundation serves as a bridge between creators and the public, enhancing opportunities and environments for mutual recognition and dialogue. In 2023, the Art Foundation supported 14 talents from the arts sector from six countries including Taiwan, Hong Kong, Germany, Japan, the Philippines, and the UK, conducting 12 exhibitions that explored contemporary social issues and phenomena, attracting a total of 43,112 visitors. For the Art Foundation, this mission extends beyond nurturing artistic talent; it also encompasses considering a healthy art industry environment that includes fair compensation relationships and a robust support system for sustainability. (III) Promotion of the overall construction of art and literature community Since 2016, the Art Foundation has been commissioned by the Hsinchu City Government Cultural Affairs Bureau to undertake "Art Talent Cultivation" and "Arts Education Promotion" within the Hsinchu City Railway Art Village. Every year, in alignment with the operational planning of the Art Village, 6 to 8 domestic and international artists are selected for residency to create art, complemented by exhibitions, art education activities, and workshops that are open to the public free of charge. The Art Foundation has transformed the Hsinchu City Railway Art Village from its former use as a railway warehouse into a contemporary space that carries diverse topics and serves the public as an interactive experimental area. This transformation has also stimulated the cultural and artistic gathering spot behind Hsinchu Train Station (including Hsinchu Park, the Hsinchu City Glass Museum, the Nanda Road Police Dormitory, and the UP Gallery) to become a hub for local arts and cultural information and talent exchange in Hsinchu City. In 2023, the Hsinchu City Railway Art Village was open for a total of 305 days, attracting 31,822 visitors. As the operating entity, the Art Foundation collaboratively utilized this public space with resident artists, local groups, and educational institutions, adopting various roles as organizer, co-organizer, and supporter. Besides hosting 25 exhibitions, it also held 40 workshops, lectures, and events, with a total of 1,124 participants. (IV) Building up a cultural and creative arts community Within the arts and cultural community network, the Art Foundation has formed many supportive and stimulating partnerships over the years, striving to make real-world impacts on causes that share common principles and establishing influential and friendly societal partnerships. In 2023, the Art Foundation engaged within the arts and cultural community network in Taiwan, participating in an ongoing research project titled "Sustainability in Art Residency" linked with the Taiwan Arts Space Alliance. This project utilized the operation of the Hsinchu City Railway Art Village as a case study, providing the necessary experience and data for the research. Additionally, the foundation took part in consensus meetings for the Hsinchu City Museum Group, getting acquainted with the local arts and cultural community in Hsinchu City and attempting to establish a mechanism for sharing resources among public, public-private, and private sectors.The foundation also supported the Living Arts International Taiwan Office in hosting the Filipino artist Lyra Teresa Abueg Garcellano for a professional exchange program, serving as Lyra's host during her residency in Hsinchu and facilitating connections with local resources. This also provided an opportunity for the citizens of Hsinchu City to engage with Southeast Asian arts and cultural workers, gaining insight into their artistic and cultural ecosystems and appearances, and serving as a mutual reference and learning opportunity.				
VIII. Climate-related information implementation: Not applicable				

(VI)Fulfillment of Ethical Corporate Governance, the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons:

Items of Evaluation	Implementation			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Establishment of Ethical Corporate Management Policy and Proposal (I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		Accton formulated "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors and disclosed it on the Market Observation Post System. The Board of Directors and the management implemented the commitment about ethical corporate management policy actively, and ethical corporate management policy was indeed implemented in internal management. The rules of procedures of Accton's Board of Directors are aimed to establish a good governance system, improve supervision functions and strengthen management functions.	No discrepancy
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		It is stipulated in Accton's Ethical Corporate Management Best Practice Principles that bribery, provision of illegal political contributions, improper charitable donations or sponsorship, provision or acceptance of unreasonable gifts, hospitality or other improper interests, infringes on business secrets, trademark rights, patent rights, copyrights and other intellectual property rights, engagement in unfair competition, and unethical acts where products and service will directly or indirectly damage the interests, health nad safety of consumers or other stakeholders during R&D, procurement, manufacturing, provision or sales, are prohibited. Accton has taken preventive measures and conducted education and publicity to implement the ethical corporate management policy.	No discrepancy
(III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	V		Accton specifies clear provisions in the "Code for Ethical Conduct of Employees" and the "Ethical Corporate Management Best Practice Principles", which are implemented and published on Accton's internal website for employees to check at any time, and also advocates core value and compliance with systems by staff through education and other diversified method, and requires staff to assume the important responsibility to maintain high ethical standards, company reputation and compliance. In addition, Accton provides a variety of systems for reporting unethical management. Accton always strictly handles any violation of ethics confirmed, and takes severe disciplinary measures against violators, such as termination of employment and taking appropriate legal action.	No discrepancy
II. Consolidation of Ethical Corporate Management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in contracts entered into with the partners?	V		Upon signature of contract with others, Accton should fully understand other party's ethical management status, and include ethical management into the contract terms and, in case of breach thereof, it will refuse to make transaction with the party, so as to obtain the most reasonable quotation and the best service and quality. Accton has formulated the "Supplier Code of Conduct" to stipulate ethical principles.	No discrepancy
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation and supervision of the ethical corporate management policies and prevention programs against unethical conduct?	V		Accton has formulated "Ethical Corporate Management Best Practice Principles", and established the "Corporate Governance and Ethical Management Committee" to be responsible for promoting ethical management. Accton arranges training for new and existing employees regularly to remind them of important matters during the course of business. Employees can also through the company's website and internal mailbox and other ways to respond and communicate with the management and personnel units; The company has established the "Complaint and Report Management Practice" and set up a platform for reporting violations of professional ethics, providing the informant to report the company's personnel's illegal acts. The Integrity Business Promotion Group accepts the reporting cases and sends them to the top supervisor of the relevant units for investigation. And tracking the final processing results, the identity of the whistle-blower and the content of the report are more confidential; The investigation process and results of the cases are kept a complete record.	No discrepancy
(III) Has the Company formulated policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policy properly?	V		The Company has stipulated clear regulations and disciplinary actions in the "Employee Principles", "Ethical Corporate Management Best Practice Principles", and " Regulations Governing the Management of Grievance and Whistleblowing ". The Company provides channels for employees to complain and respond to complaints, in order to implement and promote the principles. Complaints and whistleblowing hotline (03-5770270 ext 1534) and dedicated email (auditing@accton.com)	No discrepancy
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit,	V		In order to implement ethical corporate management, Accton has established an effective accounting system and internal control system. The internal auditors have listed high-risk operations as the top priority for auditing of the annual audit plan based on risk assessment to strengthen the	No discrepancy

<table>
<tr><th rowspan="2">Items of Evaluation</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>based on the results of the assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</td><td></td><td></td><td>preventive measures. The implementation of the audit plan shall be reported to the Board of Directors. In addition, the CPAs will review the implementation of Accton's internal control system every year. According to the results of the internal audit and through the appointment of CPAs, no major violations of ethical corporate management is identified.</td><td></td></tr>
<tr><td>(V) Does the Company hold internal and external educational trainings on ethical management regularly?</td><td>V</td><td></td><td>The Company has formulated the "Ethical Corporate Management Best Practice Principles", which are not only disclosed on the Company's website, but also promoted on the internal website. Education and training are conducted for new recruits on arrival. In 2023, a total of 246 sessions were held on the courses of ethical management and insider trading prevention, the total number of training has reached 2,720 ; for senior executives, the Company is responsible for inviting professional institutions to come and hold courses, analyze the Company's executive code of conduct with case studies, and implement top-down education and training to strengthen the Company's ethical management policy for a total of 2 sessions and 6 hours of training.
<table>
<tr><th>Items</th><th>Course type</th><th>Advocating content</th><th>Echelon</th><th>Attendees</th></tr>
<tr><td>Group New Employee Power Camp</td><td>Physical session</td><td>Advocate core values and code of conduct.</td><td>106</td><td>748</td></tr>
<tr><td>Group New Employee Power Camp</td><td>Physical session</td><td>Corporate ethics and related codes of conduct.</td><td>5</td><td>181</td></tr>
<tr><td>Group New Employee Power Camp</td><td>Online Training</td><td>Explain the core values and workplace behaviors, and lead them to familiarize themselves with the relevant ethical behavior in the workplace</td><td>1</td><td>311</td></tr>
<tr><td>Group personnel training</td><td>Online Training</td><td>Advocate group trade secret control regulations</td><td>31</td><td>952</td></tr>
<tr><td>Group New Employee Training</td><td>Physical session</td><td>Advocate good faith management and related ethical code of conduct, without any legitimate trading and group interests maintenance, prohibit insider trading.</td><td>101</td><td>520</td></tr>
<tr><td>Group senior manager training</td><td>Physical session</td><td>Explain ethical management and business ethics and code of conduct, and share case studies.</td><td>2</td><td>8</td></tr>
</table></td><td>No discrepancy</td></tr>
<tr><td>III. Whistle-blowing System
(I) Has the Company established a specific whistleblowing and rewarding system, and establish convenient whistleblowing channels, and appoint appropriate special person to handle the affairs of the reported person?</td><td>V</td><td></td><td>The company has set up a special area for interested parties on the company website (https://www.accton.com.tw/interested/). If the rights and interests of shareholders, customers, suppliers and other interested parties are infringed, it can complain to the company. In addition, it has internal and external appeal management, so that when employees suffer from improper, illegal or unreasonable events, they can appeal according to the appeal system.
Accton has established “Procedures for Management of the Ethical Conduct of Employees”, which specifies the standards for employee's ethical conduct and encourages reporting any illegal act and violation of ethical code, as well as anti-retaliation protection measures. Employees can report to relevant management and supervision units by email or through special reporting channels or other internal and external appeal channels, and the person of relevant units shall notify Accton’s audit office and other relevant organizations immediately after receiving the report. No material reports in 2023.</td><td>No discrepancy</td></tr>
</table>

Items of Evaluation	Implementation			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		The Company clearly defines whistleblowing and investigation criteria and the confidentiality mechanism according to the "Employee Discipline Guidelines" and "Ethical Corporate Governance Best Practice Principles". Employees who report a violation of ethical principles or fraud and participate in the investigation process will be kept confidential and protected from unfair retaliation or treatment. The acceptance, investigation process and results of the report shall be recorded and maintained. There was no such thing in 2023.	No discrepancy
(III) Does the Company take measures to protect the reporter from such improper disciplinary action as arising from whistleblowing?	V		According to whistleblowing rules, Accton will keep reporters in confidential and protect them from such disciplinary action as resulting from whistleblowing. For employees who report violation of ethical norms or fraud and participate in the investigation process, the company will keep it in confidential strictly and protect the employees from unfair retaliation or treatment. Please refer to "Procedures for Management of the Ethical Conduct of Employees" for details.	No discrepancy
IV. Enhancing Disclosure of Information Does the Company disclose its ethical corporate management policies and implementation results on its website and the MOPS?	V		Accton discloses corporate social responsibility, ethical management and management policies and other information on its website. In addition, Accton sets dedicated department to be responsible for collecting and publishing its various information, sets up spokesperson, holds corporate description meeting for stating the company's business conditions and operation results, and uploads the video and audio files for the meeting to Accton's website and the Market Observation Post System for checking purpose.	No discrepancy
V. If the Company formulated its own Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe its implementation and difference between them: Accton has formulated "Ethical Corporate Management Best Practice Principles", and all employees, managers and members of the Board of Directors must observe the Principles and follow its implementation. The third amendment of the Principles was resolved at the Board meeting on March 19, 2020, without any difference of implementation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles): 1. Accton complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, the relevant regulations for TWSE/TPEx listed companies and other laws and regulations related to commercial conduct, as the basic principles for implementing ethical management. 2. The provisions about recusal from voting due to conflict of interests are specified in Accton's "Rules of Procedures of the Board of Directors." The provisions about recusal from voting due to conflict of interests are specified in Accton's "Rules of Procedures of the Board of Directors" that the person who is interested in the resolution discussed at the meeting of Board of Directors in terms of itself or its legal representative and thus whose statement, opinions and answer will be harmful to Accton shall not participate in the discussion of and voting on such resolution, and shall avoid the discussion and voting, and shall not exercise the right to vote on behalf of other directors. that the person who is interested in the resolution discussed at the meeting of Board of Directors in terms of itself or its legal representative and thus whose statement, opinions and answer will be harmful to Accton shall not participate in the discussion of and voting on such resolution, and shall avoid the discussion and voting, and shall not exercise the right to vote on behalf of other directors. 3. According to the Company's "Operational Procedures for Prevention of Insider Trading", the directors, supervisors, managers, employees and consultants of the Company shall not inquire the internal and material information of the Company from persons with knowledge of the insider trading or collect information that is irrelevant to one's job position but has not yet disclosed material internal information: The undisclosed internal information known by the Company due to non-performance of duties shall not be disclosed to others. In 2023, a total of 246 training sessions on employee ethics (please refer to the table on page 53 for the course content) were held and 2,720 people were trained. 4. The company conducts self-evaluation for all departments every year, makes cooperation in organization and environment changes if appropriate, and examines the appropriateness of internal control system and that whether employees actually perform in accordance with relevant regulations, so as to ensure the effective implementation of Accton's internal control system.				

(VII)If the Company has formulated corporate governance rules and related regulations, it shall disclose how such regulations may be searched for:

The company has formulated "Ethical Corporate Management Best Practice Principles for Accton Technology Corporation", "Corporate Governance Best Practice Principles for Accton Technology Corporation", "Corporate Social Responsibility Best Practice Principles for Accton Technology Corporation" and "Code for Ethical Conduct of Employees or Accton Technology Corporation" and other relevant regulations to implement and promote corporate governance, which are published on the Market Observation Post System and the company's website (http://www.accton.com), and linked to investor relation or corporate governance page for checking.

(VIII)Other important information that facilitate the understanding of the corporate governance of the Company, which shall be disclosed further:

Accton has established the "Procedures of Accton Technology Corporation for Processing Internal Significant Information" to establish a good mechanism for processing and disclosure of internal significant information for the company and avoid improper disclosure of information, so as to ensure the consistency and accuracy of Accton's information to be published by the company to the external, and that internal significant information is processed and disclosed in accordance with relevant laws, orders and the provisions of Taiwan Stock Exchange and this operating procedures.

(IX)Implementation of Internal Control System

(1) Internal Control Statement

Accton Technology Corporation
Statement about Internal Control System

Date: March 7, 2024

Based on the results of our self-evaluation of our internal control system for 2023, we hereby declare as follows:

I. The Company acknowledges that it is the responsibility of its Board of Directors and managers to establish, implement and maintain internal control system, and the Company has formulated the system. Our internal control is a process designed to provide reasonable assurance for the effectiveness and efficiency of our operation (including profitability, performance and safeguarding of assets), reliability, timeliness and transparency of our reporting, and compliance with relevant rulings, laws and regulations.

II. There are inherent restrictions on internal control system, no matter how to improve its design, and effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; and effectiveness of internal control system may change due to changes in environment and conditions. Self-monitoring mechanism is formulated for Accton’s internal control system only and, once loss or omission is recognized, Accton will take corrective action.

III. The Company judges that whether the design and implementation of internal control system are effective based on the items for judging the effectiveness of internal control system as specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “Regulations”). Internal control system is composed of five parts, i.e. 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision, based on management and control course, according to the items for judging the effectiveness of internal control system specified in the Guidelines. Each part includes several items. Please refer to the “Guidelines” for the aforementioned items.

IV. The Company has adopted the above judgment items for internal control system to evaluate the effectiveness of design and implementation of internal control system.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023 the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement will provide the main contents of the Company's Annual Report and public statement, and will be made available to the public. Any falsehood, concealment or other illegality in the contents made available to the public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

VII. This statement was approved by the Board of Directors of the Company on March 7, 2024. None of the seven directors present expressed opposing opinions. All approved the contents of this statement and it is hereby declared as such.

Accton Technology Corporation

Chairman: Kuan Xin Investment Co., Ltd

Representative：Lin, Meen-Ron

President: Jun Shi

(2) Review of Internal Control System by CPAs: None.

(X)Punishment imposed on the Company and its internal personnel in accordance with law, penalty imposed by the Company on its employees for violation of internal control system and main omission and improvement in the past fiscal year and as of the date of publication of the Annual Report: None.

(XI)Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the date of publication of the Annual Report

I. Important resolutions reached in the shareholders' meeting

The Company held the 2023 General Shareholders' Meeting on June 15, 2023. Matters approved by attending shareholders and implementation in the meeting are as follows:

Important Resolution Summary	Implementation
• Ratification of 2022 Business Report and Financial Statements.	The case was approved by attending shareholders as is. They were enforced as decided.
• Ratification of Earnings Distribution Statement of 2022.	The case was approved by attending shareholders as is. They were enforced as decided. Ex-dividend base date: August 8, 2023 Cash dividend payment date: August 31, 2023 NT$ 7.4998 was distributed as cash dividends per share.
• Discussion of the amendment to the Company's "Articles of Association".	The case was approved by attending shareholders as is. They are announced on the Company's website and the post- amendment version has been followed.
• Discussion of the amendment to the Company's "Procedure for the Acquisition or Disposal of Assets".	The case was approved by attending shareholders as is. They are announced on the Company's website and the post-amendment version has been followed.

II. Important decisions of the Board of Directors

Date	Meeting of Board of Directors	Important Resolution
2023.03.09	11th Meeting of the Board of Directors of the 12th Intake	Passed the base date for the issuance of new shares to be subscribed by employees by warrants in the 4th quarter of 2022. Passed the 2022 Business Report and Parent Company-only and Consolidated Financial Statement of the Company. Passed the proposal on the distribution of remuneration to employees and that to directors for 2022. Passed the distribution of earnings for 2022. Passed the 2023 Business Plan. Passed the proposed "Internal control system effectiveness evaluation" and "internal control system statement" of 2022. Passed amendments to the "Procedures for Acquisition or Disposal of Assets" of the Company. Passed the convening of the 2023 General Shareholders' Meeting. Passed the issues related to shareholder's right to make proposals at the shareholders' meeting were passed. Passed the resolution on the evaluation on the independence of the Company's CPAs. Passed the resolution on the application for comprehensive credit line granted by the transacting banks was passed. Passed of the change of Chief Financial Officer.
2023.05.11	12th Meeting of the Board of Directors of the 12th Intake	Passed the resolution on the base date for the issuance of new shares to be subscribed by employees by warrants in the 1st quarter of 2023. Approved the financial statements for the first quarter of 2023. Passed the personnel change case.
2023.06.15	13th Meeting of the Board of Directors of the 12th Intake	Passed the determination of the cash dividend payment reference date. Approved the budget for the expansion of Accton Vietnam Factory. Approved the purchase of equipment for the new plant in Zhubei.
2023.08.10	14th Meeting of the Board of Directors of the 12th Intake	Approved the financial statements for the second quarter of 2023. Approved the reappointment of the CEO and President. Passed the resolution on the application for comprehensive credit line granted by the transacting banks was passed. Approved the application for Chang Hwa Bank's short-term credit line.

		Passed the endorsement/guarantee provided to Vietnam Accton Technology Company Limited, a wholly-owned subsidiary of the Company. Approved the budgets for Accton Zhubei Factory relocation/equipment upgrade/decoration/secondary infrastructure expansion.
2023.11.09	15th Meeting of the Board of Directors of the 12th Intake	Approved the financial statements for the third quarter of 2023. Approved the 2024 annual audit plan. Passed the amendments to the "Management Procedures for Prevention of Insider Trading" of the Company. Approved the 2024 donation. Passed the resolution on the application for comprehensive credit line granted by the transacting banks was passed. Passed the application for a new comprehensive credit facility granted by Yuanta Commercial Bank. Approved the endorsement and guarantee for a 100%-invested subsidiary of the Company.
2024.03.07	16th Meeting of the Board of Directors of the 12th Intake	Passed the resolution on the base date for the issuance of new shares to be subscribed by employees by warrants in the 4th quarter of 2023. Passed the 2023 Business Report and Parent Company-only and Consolidated Financial Statement of the Company. Passed the proposal on the distribution of remuneration to employees and that to directors for 2023. Passed the distribution of earnings for 2023. Passed the 2024 Business Plan. Passed the proposed "Internal control system effectiveness evaluation" and "internal control system statement” of 2023. Passed the convening of the 2024 General Shareholders' Meeting. Approved the election of the 13th board of directors (including independent directors). Approved the list of candidates for the 13th board of directors (including independent directors) proposed and reviewed by the Company's board of directors, and was reviewed by the corporate governance officer. Passed the issues related to shareholder’s right to make proposals at the shareholders’ meeting were passed. Passed the issues related to acceptance of the candidates proposed by shareholders and directors (including independent directors) at the shareholders’ meeting. Approved the removal of the non-compete restriction on the new directors and their representatives. Passed amendments to the "Articles of Incorporation" of the Company. Passed the resolution on the evaluation on the independence of the Company’s CPAs. Approved the replacement of CPAs by the Company in response to the internal rotation of the CPA firm. Passed the resolution on the application for comprehensive credit line granted by the transacting banks was passed. Approved the NTD 2 billion investment in fixed-income marketable securities proposed by Accton and its subsidiary. Passed the personnel change case.

(XII)The main contents of any different opinions of directors or supervisors against the important resolutions passed in the meeting of the Board of Directors which recorded or stated in written in the past fiscal year and as of the date of publication of the Annual Report: None.

(XIII)Resignation and dismissal of Accton’s Chairman of the Board, President, Accounting Managers, Financial Managers, Internal Audit Managers and R&D Managers in the most recent year and as of the date of publication of the Annual Report: None.

V. CPA Professional Service Fees:

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Deloitte & Touche	Chung, Ming-Yuan	January 2023 ~ December 2023	9,539,466	3,503,239	13,042,705	Note 1
	Lin, Cheng-Chih	January 2023 ~ December 2023				

Note 1: Non-audit services include: risk management projects, and establishment and maintenance of offshore companies.

If any following condition occurs to Accton, it should disclose CPA service fees:

(I) When the Company changes its accounting firm and the amount of public audit fees paid in the year of the change is less than that in the year preceding the change, the amount of public audit fees before and after the change and the reasons thereof shall be disclosed: None.

(II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

VI. CPA change information: Where Accton changed CPA during the last two years and the period after that, the following matters shall be disclosed:

(I) About Former CPA(s)

<table>
<tr><th>Date of Replacement</th><th colspan="3">First quarter of 2024</th></tr>
<tr><td>Reason of replacement and explanation</td><td colspan="3">As a result of internal rotation of Deloitte & Touche joint accounting firm, we have replaced former Chung, Ming-Yuan accountant and Lin, Cheng-Chih accountant with Chung, Ming-Yuan accountant and Lin, Hsin-Tung accountant since the first quarter of 2024 to handle the company's financial statements and visa affairs.</td></tr>
<tr><td rowspan="3">Explain the termination of appointment by appointer or the refusal of appointment by CPAs</td><td>Condition of the Party</td><td>CPA</td><td>Appointer</td></tr>
<tr><td>Voluntarily terminated appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Reject the (continuing) authorization</td><td>N/A</td><td>N/A</td></tr>
<tr><td>The opinions and reasons in the signed and issued audit reports which were not “no reservations” in the most recent two years</td><td colspan="3">N/A</td></tr>
</table>

<table>
<tr><td rowspan="6">Opinions different from that of issuer</td><td rowspan="4">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial report</td></tr>
<tr><td></td><td>Scope or procedure of audit</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Description</td></tr>
<tr><td>Other disclosure matters (those to be disclosed in Article 10, Paragraph 5, Item 1, Item 4)</td><td colspan="3">N/A</td></tr>
</table>

(II) About the Succeeding CPA(s):

Name of accounting firm	Deloitte & Touche
Name of CPA	CPA Chung, Ming-Yuan and CPA Lin, Hsin-Tung
Date of Appointment	First quarter of 2024
Accounting methods or principles for specific transactions as well as advisory matters and results that may be issued for financial reporting prior to appointment	None
Written opinions of the successors on the different opinions of the former CPAs	None

(III) Replies from former CPAs on the issues specified in Article 10 Sub-paragraph 6 Item 1 an Item 2-3 herein: N/A.

VII. The Company’s Chairman of the Board, President, or any managerial officer in charge of finance or accounting operations who has, in the most recent year, held a position at the accounting firm of its CPA or its related companies: None.

VIII. Evaluation of the Independence of CPAs

The items for Accton to evaluate the independence of CPAs are as follows, which were reviewed and approved by the Board of Directors on March 7, 2024.

Items of Evaluation	Results of Evaluation	Compliance with Independence
1. Does the Company have a Declaration of Independence Issued by CPAs?	Compliance with regulations	Yes
2. Does the stock affairs service unit confirm that the CPAs do not hold any share of Accton?	Compliance with regulations	Yes
3. The CPA has not held any concurrent position in the Company in the recent one year.	Compliance with regulations	Yes
4. The Company’s Chairman of the Board, President, or any managerial officer in charge of Finance or accounting operations who has, in the most recent year, held a position at the accounting firm of its CPA or its related companies.	Compliance with regulations	Yes
5. Are the Audit Quality Indicators (AQIs) referred to during the evaluation?	Compliance with regulations	Yes
6. Whether the Company regularly evaluates the independence and suitability of the certified public accountants?	Compliance with regulations	Yes

IX. Conditions of share transfer and changes in equity pledge from directors, supervisors, managers, and shareholders who hold more than 10% of shares, in past years and as of the date of publication of the Annual Report

(I) Change in the equities of directors, supervisors, managers and major shareholders

Job Title	Name	2023		2024 up to March 31	
		Number of Increased (Decreased) Shares Held	Number of Increased (Decreased) Shares Held	Number of Increased (Decreased) Shares Held	Number of Increased (Decreased) Shares Held
Director	Kuan Xin Investment Corp.	—	—	—	—
Chairman of the Board	Kuan Xin Investment Corp. Legal Representative: Lin, Meen-Ron	(109,000)	—	—	—
Director	Ting Sing Co., Ltd.	—	—	—	—
Director	Ting Sing Co., Ltd. Representative: Du, Heng-Yi	—	—	—	—
Director	Huang, Kuo-Hsiu	327,384	—	—	—
Independent director	Huang, Shu-Chieh	—	—	—	—
Independent director	Lee, Fa-Yauh	—	—	—	—
Independent director	Eizo Kobayashi	—	—	—	—
Independent director	Ankur Singla	—	—	—	—
Independent director (Note 1)	Avigdor Willenz	—	—	—	—
CEO and General Manager(Note2)	Jun Shi	—	—	—	—
CEO and General Manager(Note3)	Edgar Masri	—	—	—	—
Senior Vice President (Note4)	Yu, Ji-Hsiang	—	—	—	—
Senior Vice President	Li, Hsun-Te	—	—	—	—
Senior Vice President	Chiang, Ying-Hui	—	—	—	—
Senior Vice President of R&D	Lee, Kuan-Ze	—	—	—	—
Vice President	Liew, Hin-Soon	—	—	—	—
Vice President (Note 2)	Cheng, Ming-Chang	—	—	—	—
Vice President (Note 5)	Hsieh, Cheng-Che	—	—	—	—
CFO(Note 6)	Chen, Fang-I	—	—	—	—
Corporate Governance Manager	Lin, Hsing-Hsuan	—	—	—	—

Note 1: Mr. Avigdor Willenz resigned from the position of Independent Director on January 16, 2023.
Note 2: Mr. Jun Shi assumed the positions of CEO and President on August 10, 2023.
Note 3: Mr. Edgar Masri stepped down as CEO and President on August 10, 2023.
Note 4: Mr. Yu, Ji-Hsiang stepped down as Senior Vice President on October 24, 2023.
Note 5: Mr. Hsieh, Cheng-Che assumed the position of Vice President on March 7, 2024.
Note 6: Ms. Chen, Fang-I took up the post of Chief Financial Officer on March 9, 2023.

(II) Transfer of equity: The counterparties of equity transfer are not related parties.

(III) Pledge of equity: The counterparts of equity pledge are not related parties, thus it is not applicable.

X. Shareholders ranked at top ten in terms of shareholding ratio, who are related to each other or have spouse or a relative relation within the second degree of kinship with each other:

Name	Shares Held in Person		Shares Held By Spouse and Minor Children		Holding Shares in Other's Name		Name or relation of the shareholders ranked at top ten in terms of shareholding ratio who have relationship specified in Financial Accounting Standards-No. 6 or have spouse or a relative relation within the second degree of kinship with each other.		Remarks
	Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio	Number of Shares	Share-Holding Ratio	Title (or Name)	Relation	
Jinjiemin Co., Ltd. Chairman: Huang, Kuo-Hsiu	45,113,765	8.05%	—	—	—	—	—	—	
Investment Account of SUNNY RISE INVESTMENT LIMITED under the custody of Bank SinoPac	12,983,664	2.32%	—	—	—	—	—	—	
Singapore Government Fund Account under the custody of Citibank	11,245,000	2.01%	—	—	—	—	—	—	
Fubon Life Insurance Co., Ltd. Chairman: Fu-Hsing Lin	11,197,000	2.00%	—	—	—	—	—	—	
In 2022, the New Labor Pension Fund entrusted the Nomura Investment Account with the 1st discretionary investment	11,138,200	1.99%	—	—	—	—	—	—	
Cathay Life Insurance Co., Ltd Chairman: HSIUNG, MING-HA	8,096,000	1.44%	—	—	—	—	—	—	
JPMorgan as custodian of Norges Bank Investment Account	7,892,923	1.41%	—	—	—	—	—	—	
Nanshan Life Insurance Co., Ltd Chairman: Chong-yao Yin	7,747,000	1.38%	—	—	—	—	—	—	
JPMorgan Chase as custodian of ABP Pension Fund Investment Account	7,565,142	1.35%	—	—	—	—	—	—	
JPMorgan Chase Bank N.A. Taipei Branch in custody for the Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	7,299,436	1.30%	—	—	—	—	—	—	

XI. The number of shares held by the Company, the Company's directors, supervisors and managers as well as the businesses directly or indirectly controlled by the Company in the same one investment business, and the consolidated comprehensive shareholding ratio

Unit: Shares; %

Name of Investee	Investment by Accton		Investments of Directors, Supervisors, Managers and directly or indirectly controlled businesses		Comprehensive Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Accton Logistics Corporation	1,000	100.00%	0	0.00%	1,000	100.00%
Accton Technology Corporation USA	2,198,510	100.00%	0	0.00%	2,198,510	100.00%
Accton Manufacturing and Service, Inc. (Note 1)	24,149,000	100.00%	0	0.00%	24,149,000	100.00%
Accton Century Holding (BVI) Co. Ltd.	51,973,171	100.00%	0	0.00%	51,973,171	100.00%
Accton Asia Investments Corporation	0	0.00%	42,105,684	100.00%	42,105,684	100.00%
Joy Technology (Shenzhen) Corporation	0	0.00%	0	100.00%	0	100.00%
Accton Technology (China) Co., Ltd.	6,600,000	100.00%	0	0.00%	6,600,000	100.00%
Accton Technology Co., Ltd.	0	0.00%	0	100.00%	0	100.00%
MuXi Technology Co., Ltd.	0	0.00%	0	100.00%	0	100.00%
Accton Investment Corporation	1,004,296	100.00%	0	0.00%	1,004,296	100.00%
Metalligence Technology Corporation (Note 2)	215,000	100.00%	0	0.00%	215,000	100.00%
Accton Global, Inc.	10,000	100.00%	0	0.00%	10,000	100.00%
Edgecore Networks Corporation	50,000,000	100.00%	0	0.00%	50,000,000	100.00%
Edgecore Networks Singapore Pte. Ltd.	0	0.00%	3,556,900	100.00%	3,556,900	100.00%
Edgecore Americas Networking Corporation	0	0.00%	10,000	100.00%	10,000	100.00%
ATAN Networks Co., Ltd.	0	0.00%	0	100.00%	0	100.00%
E-Direct Corp.	3,851,910	100.00%	0	0.00%	3,851,910	100.00%
Edgecore Networks India Pvt. Ltd.	0	0.00%	3,884,500	100.00%	3,884,500	100.00%
Vietnam Accton Technology Co.,Ltd.	0	100.00%	0	0.00%	0	100.00%

Note 1: Accton Manufacturing and Service, Inc. changed its name to SMC Networks Inc. as resolved by the board of directors on April 11, 2023.

Note 2: As of December 31, 2023, Metalligence Technology Corporation has completed the income declaration of liquidation, awaiting the completion of the liquidation process by the court.

IV. Funding Status

I. Capital and Shares

(I) Source of Capital

1. Type of Shares:

Type of Shares	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Ordinary share	560,356,397 (listed)	319,643,603	880,000,000	

2. Formation of capital stock:

Unit: NT$ Thousand

Year Month	Issued Price	Authorized Capital		Paid-in Capital		Remark			
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital		Equity offset by properties other than cash	Others
1988.02	10	3,000,000	30,000,000	3,000,000	30,000,000	Establishment		—	—
1989.06	10	12,150,000	121,500,000	12,150,000	121,500,000	Cash Increase		—	—
1989.06	10	13,650,000	136,500,000	13,650,000	136,500,000	Technology Shares		Technology price 15,000,000	—
1989.12	10	19,950,000	199,500,000	19,950,000	199,500,000	Cash Increase	63,000,000	—	—
1991.03	10	39,950,000	399,500,000	24,950,000	249,500,000	Cash Increase	50,000,000	—	1990.11.05 (79) TCZ No. 03008
1993.07	10	39,950,000	399,500,000	30,450,000	304,500,000	Capital transferred from surplus reserve Capital transferred from capital surplus	35,681,450 19,318,550	—	1993.06.14 (82) TCZ No. 01410
1995.01	10	39,950,000	399,500,000	35,400,000	354,000,000	Capital transferred from surplus reserve Capital transferred from capital surplus	25,140,000 24,360,000	—	1995.01.04 (84) TCZ No. 52849
1995.10	10	55,862,000	558,620,000	55,862,000	558,620,000	Capital transferred from surplus reserve Capital transferred from capital surplus Cash increase	112,000,000 10,620,000 82,000,000	—	1995.07.13 (84) TCZ No. 36923
1996.09	10	111,617,750	1,116,177,500	71,177,500	711,775,000	Capital transferred from surplus reserve Capital transferred from capital surplus	97,293,000 55,862,000	—	1996.07.03 (85) TCZ No. 41302
1997.03	10	111,617,750	1,116,177,500	95,177,500	951,775,000	Issuance of overseas depository receipts by cash increase	240,000,000	—	1997.01.23 (86) TCZ No. 75743
1997.07	10	180,000,000	1,800,000,000	132,951,025	1,329,510,250	Capital transferred from surplus reserve Capital transferred from capital surplus	301,593,250 76,142,000	—	1997.06.12 (86) TCZ No. 46577

Year Month	Issued Price	Authorized Capital		Paid-in Capital		Remark			
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital		Equity offset by properties other than cash	Others
1998.06	10	240,000,000	2,400,000,000	201,606,933	2,016,069,330	Capital transferred from surplus reserve Capital transferred from capital surplus Cash increase	296,960,500 139,598,580 250,000,000	—	1998.06.08 (87) TCZ No. 49990 1998.06.15 (87) TCZ No. 49986
1999.08	10	310,000,000	3,100,000,000	234,682,173	2,346,821,730	Capital transferred from surplus reserve Capital transferred from capital surplus	179,547,200 151,205,200	—	1999.07.08 (88) TCZ No. 62155
2000.06	10	380,000,000	3,800,000,000	297,590,758	2,975,907,580	Capital transferred from surplus reserve Capital transferred from capital surplus Equity certificates transferred from bonds	402,920,650 129,075,200 97,090,000	—	2000.05.24 (89) TCZ No. 44619
2000.11	10	380,000,000	3,800,000,000	300,986,736	3,009,867,360	Equity certificates transferred from bonds	33,959,780	—	—
2001.06	10	580,000,000	5,800,000,000	371,043,836	3,710,438,360	Capital transferred from surplus reserve Capital transferred from capital surplus	625,324,400 75,246,600	—	2001.04.27 (90) TCZ No. 122062
2001.11	10	580,000,000	5,800,000,000	371,046,367	3,710,463,670	Equity certificates transferred from bonds	25,310	—	—
2001.12	10	580,000,000	5,800,000,000	376,236,957	3,762,369,570	Issuance of new shares for increase in capital due to merger with Hexiang	51,905,900	—	2001.11.13 (90) TCZ No. 166961
2002.01	10	580,000,000	5,800,000,000	409,497,883	4,094,978,830	Equity certificates transferred from bonds	332,609,260	—	—
2002.03	10	580,000,000	5,800,000,000	444,702,909	4,447,029,090	Equity certificates transferred from bonds	352,050,260	—	—
2002.08	10	880,000,000	8,800,000,000	568,136,110	5,681,361,100	Capital transferred from surplus reserve Equity certificates transferred from bonds	1,189,108,700 45,223,310	—	TCZYZ No. 0910132765 Document
2002.11	10	880,000,000	8,800,000,000	569,033,533	5,690,335,330	Equity certificates transferred from bonds	8,974,230	—	—
2003.01	10	880,000,000	8,800,000,000	569,043,148	5,690,431,480	Equity certificates transferred from bonds	96,150	—	—
2003.04	10	880,000,000	8,800,000,000	560,743,148	5,607,431,480	Decrease in capital by treasury stock	83,000,000	—	TCZYZ No. 0920104339 Document

Year Month	Issued Price	Authorized Capital		Paid-in Capital		Remark			
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital		Equity offset by properties other than cash	Others
2003.05	10	880,000,000	8,800,000,000	535,745,148	5,357,451,480	Decrease in capital by treasury stock	249,980,000	—	TCZYZ No. 0920114266 Document
2003.07	10	880,000,000	8,800,000,000	597,932,528	5,979,325,280	Capital transferred from surplus reserve Capital transferred from capital surplus	405,366,600 216,507,200	—	TCZYZ No. 0920121593 Document
2003.07	10	880,000,000	8,800,000,000	584,585,528	5,845,855,280	Decrease in capital by treasury stock	133,470,000	—	TCZYZ No. 0920129797 Document
2007.01	10	880,000,000	8,800,000,000	547,382,528	5,473,825,280	Decrease in capital by treasury stock	37,203,000	—	2007.01.18 YSZ No. 0960001184 Document
2007.02	10	880,000,000	8,800,000,000	544,585,528	5,445,855,280	Decrease in capital by treasury stock	2,797,000	—	2007.02.16 YSZ No.0960004129 Document
2007.11	10	880,000,000	8,800,000,000	544,514,109	5,445,141,090	Decrease in capital by treasury stock	71,419	—	2007.11.15 YSZ No. 0960030925 Document
2009.04	10	880,000,000	8,800,000,000	543,494,109	5,434,941,090	Decrease in capital by treasury stock	1,020,000	—	2009.04.13 YSZ No. 0980009916 Document
2009.12	10	880,000,000	8,800,000,000	505,019,109	5,050,191,090	Decrease in capital by treasury stock	38,475,000	—	2009.12.22 YSZ No. 0980035596 Document
2010.04	10	880,000,000	8,800,000,000	498,924,109	4,989,241,090	Decrease in capital by treasury stock	6,095,000	—	2010.04.07 YSZ No. 0990008413 Document
2010.09	10	880,000,000	8,800,000,000	500,745,109	5,007,451,090	Shares transferred from warrants	18,210,000	—	2010.09.15 YSZ No.

Year Month	Issued Price	Authorized Capital		Paid-in Capital		Remark			
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital		Equity offset by properties other than cash	Others
									0990027156 Document
2010.11	10	880,000,000	8,800,000,000	502,513,609	5,025,136,090	Shares transferred from warrants	17,685,000	—	2010.11.17 YSZ No. 0990034260 Document
2011.03	10	880,000,000	8,800,000,000	504,181,109	5,041,811,090	Shares transferred from warrants	16,675,000	—	2011.03.23 YSZ No. 1000007497 Document
2011.05	10	880,000,000	8,800,000,000	504,532,609	5,045,326,090	Shares transferred from warrants	3,515,000	—	2011.05.20 YSZ No. 1000014152 Document
2011.08	10	880,000,000	8,800,000,000	507,107,609	5,071,076,090	Shares transferred from warrants	25,750,000	—	2011.08.02 YSZ No. 1000022525 Document
2011.08	10	880,000,000	8,800,000,000	525,258,128	5,252,581,280	Capital transferred from surplus reserve	181,505,190	—	2011.07.04 JGZFZ No. 1000030591
2011.11	10	880,000,000	8,800,000,000	526,186,128	5,261,861,280	Shares transferred from warrants	9,280,000	—	2011.11.29 YSZ No. 1000035448 Document
2011.12	10	880,000,000	8,800,000,000	520,646,128	5,206,461,280	Decrease in capital by treasury stock	55,400,000	—	2011.12.30 YSZ No. 1000039370 Document
2012.03	10	880,000,000	8,800,000,000	520,751,128	5,207,511,280	Shares transferred from warrants	1,050,000	—	2012.03.23 YSZ No. 1010008702 Document
2012.06	10	880,000,000	8,800,000,000	522,009,897	5,220,098,970	Shares transferred from warrants	12,587,690	—	2012.06.15 YSZ No.

Year Month	Issued Price	Authorized Capital		Paid-in Capital		Remark			
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital		Equity offset by properties other than cash	Others
									1010017670 Document
2012.09	10	880,000,000	8,800,000,000	522,076,897	5,220,768,970	Shares transferred from warrants	670,000	—	2012.09.05 YSZ No. 1010027872 Document
2012.11	10	880,000,000	8,800,000,000	523,718,397	5,237,183,970	Shares transferred from warrants	16,415,000	—	2012.11.16 YSZ No. 1010035443 Document
2013.03	10	880,000,000	8,800,000,000	524,177,397	5,241,773,970	Shares transferred from warrants	4,590,000	—	2013.03.29 YSZ No. 1020009282 Document
2013.05	10	880,000,000	8,800,000,000	524,807,397	5,248,073,970	Shares transferred from warrants	6,300,000	—	2013.05.31 YSZ No. 1020015773 Document
2013.08	10	880,000,000	8,800,000,000	526,290,397	5,262,903,970	Shares transferred from warrants	14,830,000	—	2013.08.26 YSZ No. 1020025519 Document
2013.11	10	880,000,000	8,800,000,000	529,200,897	5,292,008,970	Shares transferred from warrants	29,105,000	—	2013.11.28 YSZ No. 1020036336 Document
2014.03	10	880,000,000	8,800,000,000	530,061,897	5,300,618,970	Shares transferred from warrants	8,610,000	—	2014.03.26 YSZ No. 1030008544 Document
2014.05	10	880,000,000	8,800,000,000	531,007,897	5,310,078,970	Shares transferred from warrants	9,460,000	—	2014.05.20 ZSZ No. 1030014363 Document
2014.08	10	880,000,000	8,800,000,000	531,849,897	5,318,498,970	Shares transferred from warrants	8,420,000	—	2014.08.15

Year Month	Issued Price	Authorized Capital		Paid-in Capital		Remark			
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital		Equity offset by properties other than cash	Others
									ZSZ No. 1030024015 Document
2014.11	10	880,000,000	8,800,000,000	533,360,397	5,333,603,970	Shares transferred from warrants	15,105,000	—	2014.11.25 ZSZ No. 1030034487 Document
2015.03	10	880,000,000	8,800,000,000	534,080,397	5,340,803,970	Shares transferred from warrants	7,200,000	—	2015.03.10 ZSZ No. 1040006291 Document
2015.05	10	880,000,000	8,800,000,000	534,287,897	5,342,878,970	Shares transferred from warrants	2,075,000	—	2015.05.27 ZSZ No. 1040014881 Document
2015.09	10	880,000,000	8,800,000,000	534,932,897	5,349,328,970	Shares transferred from warrants	6,450,000	—	2015.09.07 ZSZ No. 1040025943 Document
2016.04	10	880,000,000	8,800,000,000	536,975,897	5,369,758,970	Shares transferred from warrants	20,430,000	—	2016.04.01 ZSZ No. 1050008585 Document
2016.05	10	880,000,000	8,800,000,000	537,755,397	5,377,553,970	Shares transferred from warrants	7,795,000	—	2016.05.26 ZSZ No. 1050014197 Document
2016.08	10	880,000,000	8,800,000,000	538,124,397	5,381,243,970	Shares transferred from warrants	3,690,000	—	2016.09.06 ZSZ No. 1050024923 Document
2016.11	10	880,000,000	8,800,000,000	543,707,897	5,437,078,970	Shares transferred from warrants	55,835,000	—	2016.11.24 ZSZ No. 1050032595 Document

Year Month	Issued Price	Authorized Capital		Paid-in Capital		Remark			
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital		Equity offset by properties other than cash	Others
2017.03	10	880,000,000	8,800,000,000	545,442,897	5,454,428,970	Shares transferred from warrants	17,350,000	—	2017.03.31 ZSZ No. 1060008483 Document
2017.05	10	880,000,000	8,800,000,000	546,585,397	5,465,853,970	Shares transferred from warrants	11,425,000	—	2017.05.25 ZSZ No. 1060014163 Document
2017.09	10	880,000,000	8,800,000,000	547,008,897	5,470,088,970	Shares transferred from warrants	4,235,000	—	2017.09.07 ZSZ No. 1060024564 Document
2017.11	10	880,000,000	8,800,000,000	552,870,897	5,528,708,970	Shares transferred from warrants	58,620,000	—	2017.11.29 ZSZ No. 1060032594 Document
2018.03	10	880,000,000	8,800,000,000	554,494,897	5,544,948,970	Shares transferred from warrants	16,240,000	—	2018.03.23 ZSZ No. 1070009075 Document
2018.05	10	880,000,000	8,800,000,000	556,257,897	5,562,578,970	Shares transferred from warrants	17,630,000	—	2018.05.23 ZSZ No. 1070015012 Document
2018.08	10	880,000,000	8,800,000,000	556,663,397	5,566,633,970	Shares transferred from warrants	4,055,000	—	2018.08.23 ZSZ No. 1070024582 Document
2018.11	10	880,000,000	8,800,000,000	557,483,897	5,574,838,970	Shares transferred from warrants	8,205,000	—	2018.11.20 ZSZ No. 1070033908 Document
2019.03	10	880,000,000	8,800,000,000	557,589,897	5,575,898,970	Shares transferred from warrants	1,060,000	—	2019.03.29 ZSZ No 1080008783

Year Month	Issued Price	Authorized Capital		Paid-in Capital		Remark			
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital		Equity offset by properties other than cash	Others
									Document
2019.05	10	880,000,000	8,800,000,000	557,686,397	5,576,863,970	Shares transferred from warrants	965,000	—	2019.05.21 ZSZ No 1080014175 Document
2019.08	10	880,000,000	8,800,000,000	557,891,397	5,578,913,970	Shares transferred from warrants	2,050,000	—	2019.08.20 ZSZ No 1080024264 Document
2019.11	10	880,000,000	8,800,000,000	557,970,397	5,579,703,970	Shares transferred from warrants	790,000	—	2019.11.26 ZSZ No 1080034337 Document
2020.03	10	880,000,000	8,800,000,000	558,051,397	5,580,513,970	Shares transferred from warrants	810,000	—	2020.04.01 ZSZ No 1090009030 Document
2020.05	10	880,000,000	8,800,000,000	558,515,397	5,585,153,970	Shares transferred from warrants	4,640,000	—	2020.05.27 ZSZ No.1090014590 Document
2020.08	10	880,000,000	8,800,000,000	559,377,397	5,593,773,970	Shares transferred from warrants	8,620,000	—	2020.08.25 ZSZ No. 1090024260 Document
2020.11	10	880,000,000	8,800,000,000	559,434,397	5,594,343,970	Shares transferred from warrants	570,000	—	2020.11.20 ZSZ No.1090032900 Document
2021.02	10	880,000,000	8,800,000,000	559,456,397	5,594,563,970	Shares transferred from warrants	220,000	—	2021.02.26 ZSZ No.1100005317 Document
2021.05	10	880,000,000	8,800,000,000	559,467,397	5,594,673,970	Shares transferred from warrants	110,000	—	2021.05.27 ZSZ No. 1100015142 Document
2021.08	10	880,000,000	8,800,000,000	559,838,397	5,598,383,970	Shares transferred from warrants	3,710,000	—	2021.08.23 ZSZ No. 1100024067 Document

Year Month	Issued Price	Authorized Capital		Paid-in Capital		Remark			
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital		Equity offset by properties other than cash	Others
2021.12	10	880,000,000	8,800,000,000	559,847,397	5,598,473,970	Shares transferred from warrants	90,000	—	2021.12.01 ZSZ No. 1100035286 Document
2022.03	10	880,000,000	8,800,000,000	559,920,397	5,599,203,970	Shares transferred from warrants	730,000	—	2022.03.31 ZSZ No. 1110009886 Document
2022.05	10	880,000,000	8,800,000,000	560,048,397	5,600,483,970	Shares transferred from warrants	1,280,000	—	Letter ZSZ No 1110016318 dated May 26, 2022
2022.11	10	880,000,000	8,800,000,000	560,058,397	5,600,583,970	Shares transferred from warrants	100,000	—	Letter ZSZ No. 1110038079 dated November 25, 2022
2023.03	10	880,000,000	8,800,000,000	560,139,897	5,601,398,970	Shares transferred from warrants	815,000	—	Letter ZSZ No. 1120008865 dated March 22, 2023
2023.05	10	880,000,000	8,800,000,000	560,158,897	5,601,588,970	Shares transferred from warrants	190,000	—	2023.05.23 ZSZ No. 1120016778 Document
2024.03	10	880,000,000	8,800,000,000	560,356,397	5,603,563,970	Shares transferred from warrants	1,975,000	—	2024.03.20 ZSZ No. 1130007991 Document

3. Information on the shelf registration system: None.

Preferred stock: None

(II) Shareholder Structure:

April 15, 2024

Shareholder Structure / Quantity	Government Organization	Financial Institution	Other Legal Person	Individual	Foreign Institution and Outsider	Total
Number of People	103	28	326	42,499	1,429	44,385
Number of Shares Held	37,484,384	36,002,325	61,014,701	59,215,618	366,861,369	560,578,397
Shareholding Ratio (%)	6.69	6.42	10.89	10.56	65.44	100

(III) Dispersion of Equity Ownership

NT$ 10 per share in denomination on April 15, 2024

Class of Shareholding	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1 to 999	32,057	2,978,174	0.53%
1,000 to 5,000	9,491	17,565,934	3.13%
5,001 to 10,000	1,031	7,470,708	1.33%
10,001 to 15,000	349	4,241,529	0.76%
15,001 to 20,000	171	3,044,937	0.54%
20,001 to 30,000	236	5,843,532	1.04%
30,001 to 40,000	123	4,283,736	0.76%
40,001 to 50,000	90	4,072,377	0.73%
50,001 to 100,000	254	18,396,195	3.28%
100,001 to 200,000	212	30,490,755	5.44%
200,001 to 400,000	141	39,408,630	7.03%
400,001 to 600,000	75	36,550,183	6.52%
600,001 to 800,000	30	20,838,743	3.72%
800,001 to 1,000,000	28	24,811,752	4.43%
Over 1,000,001	97	340,581,212	60.76%
Total	44,385	560,578,397	100%

(IV) List of Major Shareholders:

April 15, 2024

Shares / Name of Major Shareholder	Number of Shares Held	Shareholding Ratio (%)
1. Jinjiemin Co., Ltd.	45,113,765	8.05%
2. Investment Account of SUNNY RISE INVESTMENT LIMITED under the custody of Bank SinoPac	12,983,664	2.32%
3. Singapore Government Fund Account under the custody of Citibank	11,245,000	2.01%
4. Fubon Life Insurance Co., Ltd.	11,197,000	2.00%
5. The New Labor Pension Fund in 2022 the first discretionary Nomura investment account	11,138,200	1.99%
6. Cathay Life Insurance Co., Ltd	8,096,000	1.44%
7. JPMorgan Chase Bank Managed by Norges Bank	7,892,923	1.41%
8. Nanshan Life Insurance Co., Ltd	7,747,000	1.38%
9. ABP Pension Investment Account managed by JPMorgan	7,565,142	1.35%
10. JPMorgan Chase Bank N.A., Taipei Branch in custody for the Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	7,299,436	1.30%

(V) Market Price per Share, Net Value per Share, Earnings per Share, Dividends per Share, and Related Information over the Past Two Years

Information about market value per share, net value, earnings, and dividends

Items			Year 2022	2023	2024 up to March 31
Market value per share	Maximum		295.00	576.00	580.00
	Minimum		196.00	237.50	437.50
	Average		248.30	392.02	509.25
Net worth per share	Before Distribution		36.61	45.13	54.30
	After Distribution		29.08	Note	—
EPS	Weighted average number of shares (Thousand shares)		557,837	557,971	558,183
	EPS	Before adjustment	14.64	15.99	4.02
		After adjustment	—	—	—
Dividends per share	Cash dividends		7.4998	Note	—
	Stock grants	Surplus distribution	—	—	—
		Capital surplus distribution	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Analysis of Investment Return	P/E Ratio		16.96	24.52	—
	Price/Dividend Ratio		33.11	Note	—
	Cash dividend yield		3.02%	Note	—

Note: As approved by the Board of Shareholders in 2022, NTD7.4998 per share as cash dividends was distributed. The Earnings Distribution Statement of 2023 is pending approval through the shareholders' meeting.

(VI) Dividend Policy and Implementation Status:

1. Dividend Policy:

Accton's dividend policy specified in its Articles of Association is as follows:

If the Company has gained profits within a fiscal year, 1% to 11.25% of the profits shall be reserved as the employees' compensation to employees of the Company meeting certain specific requirements, and the Board of Directors shall decide whether to distribute in the form of shares or in cash. The Company may, upon resolution by the Board of Directors, reserve no more than 1.5% of the aforesaid profit as directors' compensation. Proposals for the distribution of employees' compensation and directors' compensation shall be submitted to the shareholders' meeting.

In case of accumulated loss, the Company shall reserve a specific amount to make up for losses. The Company shall then distribute employees and directors compensation according to aforementioned ratios.

If earnings are found after closing the fiscal year, the Company shall first pay income taxes and make up for any accumulated losses, and then reserve 10% as statutory surplus reserve. However, when the statutory surplus reserve has reached the paid-in capital of the Company, the Company no longer has to reserve, and the rest may be reserved or reversed as special surplus reserve. If there are undistributed earnings left, it will be combined with accumulated undistributed earnings and the Board of Directors will propose an earnings distribution motion and ask the shareholders to resolve on the shareholders dividend proposal at the shareholders' meeting.

The Company's dividend policy shall be in line with its current and future development plan, taking into consideration the investment environment, capital requirements, domestic and overseas competition, and the interests of shareholders; Distribution of dividends and bonuses to shareholders may be in the form of cash or shares, and the total cash dividends distributed shall not be less than 50% of the total distributable earnings.

Distribution of Accton's earnings may be in the form of cash dividends or share dividends. At present, the company's earnings distribution is given priority to the cash dividend. For the distribution of 2023 earnings as approved by the Board of Directors, the shareholder bonus in cash was NT$5,603,883,970, accounting for 39.38% of the distributable earnings.

2. Distribution of dividends intended to be proposed and discussed during the current shareholders' meeting:

The Company's distribution of earnings for 2023 was approved by the Board of Directors on March 7, 2024, as shown in the table below. The case will be handled in accordance with the relevant regulations after it is approved through the General Shareholders Meeting on June 13, 2024.

Earnings Distribution Statement of 2023

Unit: NT$ Thousand

Items	Amount	Cash Dividends	Stock Dividends
Undistributed earnings at beginning of the period	6,182,104,510	0	0
Add: Remeasurements of defined benefit plans recognized in retained earnings	(12,058,628)		
Add: Disposal of investments in equity instruments at fair value through other comprehensive profit or loss, the accumulated profits and losses directly transferred to retained earnings	9,545,934		
Add: Net profit after tax for the current period	8,920,164,982	0	0
Undistributed earnings for the current period	15,099,756,798		
Less: Provision of statutory surplus reserve	(891,765,229)		
Add: special reserve	23,742,442		
Distributable earnings for the current period	14,231,734,011	0	0
Distribution items:			
Shareholders' dividends - cash (10.0 per share)	5,603,833,970	5,603,833,970	0
Unappropriated retained earnings at the end of period	8,627,900,041	0	0

3. Anticipated major changes in dividend policy: None.

(VII) The impacts of issuing stock grants proposed at this meeting of the Board of Shareholders on the company’s operational performance and dividend per share: N/A.

(VIII)Remuneration to employees, directors, and supervisors:

1. Amount or scope of remuneration to employees, directors and supervisors as stated in the Articles of Association:

   It is specified in the Articles of Association as follows:

   If the Company has gained profits within a fiscal year, 1% to 11.25% of the profits shall be reserved as the employees' compensation to employees of the Company meeting certain specific requirements, and the Board of Directors shall decide whether to distribute in the form of shares or in cash. The Company may, upon resolution by the Board of Directors, reserve no more than 1.5% of the aforesaid profit as directors' compensation. Proposals for the distribution of employees' compensation and directors' compensation shall be submitted to the shareholders' meeting. In case of accumulated loss, the Company shall reserve a specific amount to make up for losses. The Company shall then distribute employees and directors compensation according to aforementioned ratios.

2. Accounting treatment for the basis of estimating the amount of remuneration of employees, Director and Supervisors for this fiscal period, the basis for calculating the number of shares to be distributed as employee bonus, and for any discrepancy between the actual amount distributed and the estimated figures.

   1% to 11.25% of Net Profits Before Tax shall be reserved as the Accton’s employee bonus in 2023, and it was resolved in the meeting of the Board of Directors that no more than 1.5% of the aforesaid profit shall be reserved as remuneration of Directors. If any amount changes as of the date when resolution is made at the meeting of the Board of Shareholders, such change shall be treated based on accounting estimates, and recorded into the account of the year in which such resolution is made. If it is resolved in the meeting of the Board of Shareholders to distribute dividends to employees in the form of stock, the stock dividends shall be determined by dividing the amount of dividends to be distributed as resolved by the fair value of the stock. “Fair value of the stock” refers to the closing price on the day immediately before the resolution is made at the meeting of the Board of Shareholders (after the impact of XR and XD is considered). Accton did not distribute any stock dividends in current period. If there’s any difference between the actual amount distributed as resolved at the meeting of the Board of Shareholders and the estimated figures, such difference shall be recorded into account in the current year of distribution.

3. Distribution of remuneration as approved by the Board of Directors:

   (1)Amount of remuneration to employees and that to directors assigned in cash or shares:

   On March 7, 2024, the Board of Directors of the Company decided to distribute cash bonus of NT$ 1,425,819 thousand to employees and remuneration of NT$ 35,000 thousand to directors based on the earnings of 2023.

   (2)If there is any discrepancy between the above-mentioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed: None.

   (3)Ratio of employee bonus in shares to Net Profit After Tax in current individual financial statements and total employee bonus:

   In 2023, the company's earnings distribution plan was not proposed to distribute employee stock dividends.

4. If there is any discrepancy between the actual amount of remuneration distributed to employees and Directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of remuneration of employees and Directors in the previous fiscal year, the amount, causes and treatment of such discrepancies should be stated:

Items	Actually Distributed Amount (NT$)	Amount (NT$) Proposed to be Distributed as Passed in the Original (2023) Meeting of Board of Shareholders	Difference (NT$)
Cash dividends to employees	1,269,567,896	1,269,567,896	0
Stock dividends to employees	0	0	0
Director Remuneration	40,000,000	40,000,000	0

Note: There is no discrepancy between the actually distributed amount and the distribution amount resolved at the meeting of the Board of Shareholders.

(IX) Share repurchases:

(1) Circumstances of the Company's repurchase of its own shares (where the execution has been completed)

March 31, 2024

Times	Purpose	Period	Price	Type and Number of Shares	Amount of Shares	Ratio of the purchased amount to the expected purchase amount (%)	Number of Shares Cancelled (or Transferred)	Cumulative Number of Accton's Shares Held	Ratio of Cumulative Number of Accton's Shares Held to Total Number of Shares Issued (%)
No. 1	To maintain Accton's credit and shareholders' interests	2002.11.29 ~ 2003.01.28	35.00 ~ 50.00	Ordinary shares 8,300 thousand shares	NT $299,900,700	100%	Ordinary shares 8300 thousand shares	None	0%
No. 2	To maintain Accton's credit and shareholders' interests	2003.02.14 ~ 2003.04.13	35.00 ~ 50.00	Ordinary shares 24,998 thousand shares	NT $727,986,500	100%	Ordinary shares 24,998 thousand shares	None	0%
No. 3	To maintain Accton's credit and shareholders' interests	2003.04.22 ~ 2003.06.21	28.00 ~ 45.00	Ordinary shares 13,347 thousand shares	NT $327,050,700	100%	Ordinary shares 13,347 thousand shares	None	0%
No. 4	To transfer shares to employees	2003.12.02 ~ 2004.02.01	20.00 ~ 35.00	Ordinary shares 40,000 thousand shares	NT $1,020,734,800	100%	Ordinary shares 40,000 thousand shares (cancelled)	None	0%
No. 5	To transfer shares to employees	2004.08.24 ~ 2004.10.23	15.00 ~ 22.50	Ordinary shares 827 thousand shares	NT $12,212,100	100%	Ordinary shares 827 thousand shares (transferred)	None	0%
No. 6	To transfer shares to employees	2004.10.29 ~ 2004.12.28	13.00 ~ 22.89	Ordinary shares 8,039 thousand shares	NT $118,337,350	100%	Ordinary shares 8,039 thousand shares (transferred)	None	0%
No. 7	Transfer shares to employee	2005.01.05 ~ 2005.03.04	11.00 ~ 22.80	Ordinary shares 9,134 thousand shares	NT $141,833,900	100%	Ordinary shares 9,134 thousand shares (transferred)	None	0%
No. 8	To maintain Accton's credit and shareholders' interests	2008.11.01 ~ 2008.12.30	3.70 ~ 10.31	Ordinary shares 1,020 thousand shares	NT $7,152,506	100%	Ordinary shares 1,020 thousand shares (cancelled)	None	0%
No. 9	To maintain Accton's credit and shareholders' interests	2009.08.31 ~ 2009.10.30	7.21 ~ 13.00	Ordinary shares 38,475 thousand shares	NT $464,113,120	100%	Ordinary shares 38,475 thousand shares (cancelled)	None	0%
No.10	To maintain Accton's credit and shareholders' interests	2009.11.02 ~ 2010.01.01	8.65 ~ 14.00	Ordinary shares 6,095 thousand shares	NT $76,709,445	100%	Ordinary shares 6,095 thousand shares (cancelled)	None	0%
No.11	To maintain Accton's credit and shareholders' interests	2011.08.29 ~ 2011.10.28	9.10 ~ 20.00	Ordinary shares 5,540 thousand shares	NT $72,741,291	100%	Ordinary shares 5,540 thousand shares (cancelled)	None	0%

(2) Buyback of the Company's shares (ongoing): None

II. Corporate Bonds: None.

III. Preferred stock shares: None.

IV. Global Depository Receipts (GDRs): None.

V. Employee share subscription warrants:

(1) Employee share subscription warrants

March 31, 2024

Types	The 4th (period) employee stock option
Effective Date of Declaration	102/12/23
Date of Issuance	103/09/04
Number of Shares Issued	20,000,000 shares
Proportion of issued warrants in total issued shares	3.76%
Subscription Period	2014/09/04~2024/09/03
Performance method	Delivery of New Shares Issued
Subscription restricted period and ratio (%)	The term of the warrants is ten years, during which the warrants shall not be transferred, except for the successors of any deceased shareholders. It will be deemed as waiver of the right to shares if such right is not exercised upon expiration of the ten years. Ratio (%): The warrant subscribers may exercise the right to subscribe shares, based on 50% of the number of warrants granted, after expiration of two years following the grant of the warrants; and warrant subscribers may exercise the right to subscribe shares fully, based on the number of warrants granted, after expiration of three years following the grant of the warrants.
Shares obtained	18,280,000 shares
Amount of subscribed shares	282,859,501
Number of shares not subscribed	887,500 shares
Subscription price per share for the subscriber without subscribed shares	12.80
Number of shares not subscribed and its ratio (%) in total issued shares	0.16%
Influence on shareholders	50% right to subscribe shares may be exercised, according to the number of warrants granted, after expiration of two years following the issuance date of the warrants, while, 100% right to subscribe shares may be exercised after expiration of three years following the same, and thus, original shareholder’s equity shall be diluted year by year, and their dilution effect is limited.

Note: Each unit of stock option certificate entitles you to subscribe one share of common stock.

(2) Names, acquisition and subscription of the managerial officers who have obtained employee share subscription warrants and the employees who rank among the top ten in terms of the number of shares available for subscription via employee share subscription warrants

March 31, 2024

<table>
<tr><th colspan="2" rowspan="2">Job Title</th><th rowspan="2">Name</th><th rowspan="2">Number of shares that can be subscribed (thousand shares)</th><th rowspan="2">Ratio (%) of subscription number obtained in total issued shares</th><th colspan="4">Subscribed</th><th colspan="4">Not subscribed</th></tr>
<tr><th>Number of shares subscribed (thousand shares)</th><th>Price of shares subscribed</th><th>Amount of shares subscribed (NT$ Thousand)</th><th>Ratio (%) of number of shares subscribed in total issued shares</th><th>Number of shares subscribed (thousand shares)</th><th>Price of shares subscribed</th><th>Amount of shares subscribed (NT$ Thousand)</th><th>Ratio (%) of number of shares subscribed in total issued shares</th></tr>
<tr><td rowspan="7">Manager</td><td>Chairman of the Board</td><td>Lin, Meen-Ron</td><td rowspan="7">3,272</td><td rowspan="7">0.58%</td><td rowspan="7">2,852</td><td rowspan="7">12.63</td><td rowspan="7">36,019</td><td rowspan="7">0.51%</td><td rowspan="7">420</td><td rowspan="7">12.8</td><td rowspan="7">5,376</td><td rowspan="7">0.07%</td></tr>
<tr><td>Vice President</td><td>Liew, Hin-Soon</td></tr>
<tr><td>Senior Vice President</td><td>Li, Hsun-Te</td></tr>
<tr><td>Senior Vice President</td><td>Chiang, Ying-Hui</td></tr>
<tr><td>Chief Financial Officer</td><td>Chen, Fang-I</td></tr>
<tr><td>Corporate Governance Manager</td><td>Lin, Hsing-Hsuan</td></tr>
<tr><td>Assistant Manager</td><td>Huang, Kuo-Hsiu</td></tr>
<tr><td rowspan="10">Employee</td><td>Strategic Investment Director</td><td>Li,Wei-Shuo</td><td rowspan="10">6,615</td><td rowspan="10">1.18%</td><td rowspan="10">6,140</td><td rowspan="10">12.36</td><td rowspan="10">75,905</td><td rowspan="10">1.10%</td><td rowspan="10">75</td><td rowspan="10">12.8</td><td rowspan="10">960</td><td rowspan="10">0.01%</td></tr>
<tr><td>Special Assistant</td><td>Chiu, Kuo-Tai</td></tr>
<tr><td>Special Assistant</td><td>Kuo, Fai-Long</td></tr>
<tr><td>Senior Assistant Manager</td><td>Wei, Chiu-Hsia</td></tr>
<tr><td>Special Assistant</td><td>Chang, Shih-Ming</td></tr>
<tr><td>Senior Assistant Manager</td><td>Li, Yu-Yung</td></tr>
<tr><td>Senior Consultant</td><td>Yu, Ji-Hsiang</td></tr>
<tr><td>Special Assistant</td><td>Huang, An-Jye</td></tr>
<tr><td>Senior Assistant Manager</td><td>Huang, Kuo-Ning</td></tr>
<tr><td>Special Assistant</td><td>Yang, Chien-Wu</td></tr>
</table>

VI. Restricted stock awards:

The Company's Board of Directors approved the issuance of 2,000,000 new restricted employee shares on March 17, 2022 and approved by the FSC on October 25, 2022. As of December 31, 2023, the shares had not yet been issued.

VII. Issuance of new shares in connection with the merger or acquisition of the shares of other companies or acceptance of assigned shares: None.

VIII. Implementation of Capital Utilization Plan:

Accton has not issued or privately offered any securities over the past three year.

V. Operation Overview

I. Contents of Business

(I) Scope of Business

(1) Major contents of business:

■ Research, develop, produce, manufacture and sell the following products:

- Network equipment for large data centers (SDN Data Center), including switches and cloud server management systems.
- Computer Network System, including hardware, system software, network application software and network workstations.
- Enterprise wired and wireless network equipment, including switchers and wireless base stations.
- Customer premises equipment, including hardware, system software and application software.
- Optoelectronic communication subsystems, including optical networks, optoelectronic communication modules and fiber optic repeaters.
- WLAN.
- Wireless user loop systems.
- IoT systems, including terminal hardware, system software, application software and hybrid cloud platforms. (Internet of Everything- IoT system includes IoT gateways/controllers, multi-sensors, applications, and hybrid-cloud servers)
- Smart network interface cards.
- Millimeter-wave APs, bridges and CPEs.
- 5th generation cellular CPEs and enterprise small-cell base stations.
- Enterprise-grade SD-WANs and virtual/universal CPEs.
- Edge servers.
- Import and export business related to Accton's business.

(2) Proportions of 2023 business revenue

■ Network Switch	68%	■ Wireless network equipment	1%
■ Network Application Equipment	23%	■ Others	2%
■ Network access equipment	6%		

(3) The Company's current products (services)

- ■ Dedicated switches for large data centers (200G/400G data center switches)
- ■ Modular Optical Coherent Switch
- ■ Dedicated switches for large data centers (10G/40G/25G/100G data center switches)
- ■ L2/3/4 high-speed Ethernet switch (including Gigabit Multi-rate 2.5G/5G/10G)
- ■ Multi-layer rack-type switches (including Gigabit CLOS chassis)
- ■ Power over Ethernet Switch (PoE+/poE++)
- ■ 5G base station return routers (CSR/DCSG: cell site routers/disaggregated cell site gateway routers)
- ■ Disaggregated GPON/XGS-PON/NG-PON2 Optical Line Terminal (OLT)
- ■ Fiber door-to-door series products (FTTx)
- ■ Carrier-class access network products
- ■ Carrier-class core routers
- ■ Metro edge switches
- ■ Switches with synchronous Ethernet and IEEE1588
- ■ Enterprise-grade integrated service gateways
- ■ Enterprise-grade and telecom-grade wireless network base stations
- ■ Multi-access wireless broadband routers/CPEs
- ■ Wireless base station controllers
- ■ 5G (5^{th} generation cellular) CPEs
- ■ Driver software, network management software and network operating system software
- ■ 60 GHz long-distance point-to-point/point-to-multipoint outdoor wireless bridges
- ■ Long-distance outdoor millimeter-wave bridges
- ■ Smart gateways, smart energy monitors and environment monitor systems
- ■ Smart Factory (AI-AOI inspection platforms)
- ■ Smart Care for elderly care & ultra-low temperature monitor systems for biomedical sciences

■ Servers with switch function
■ Enterprise-grade SD-WANs
■ 10/25/50/100 Gbps SmartNIC
■ NVMe server storage
■ AI training mezzanine/PCIe cards and appliance
■ Edge servers
■ WiFi 7 802.11be MU-MIMO WLAN Access Point
■ Multi-gigabit Ethernet (2.5/5/10Gbps) enabled WiFi 7 802.11be MU-MIMO WLAN Access Point
■ Cloud-based WLAN Access Points
■ COM Express Module
■ COM-HPC Module

(4) New products (services) planned to be developed

■New generation AI training mezzanines/PCIe cards and appliances
■Edge servers
■Cyber security gateways
■5G open RAN DU servers
■New generation smart NICs
■Network Management System
■Cloud-based OCP in Telco SDN and NFV
■SDN Open Network Software
■400G/800G carrier-class open distributed disaggregated carrier DDCs
■400G Carrier-class open aggregation switches
■LTE/5G + Wi-Fi Multi-Access Gateway Router/CPE
■802.11ad + WiFi multi-band indoor Enterprise AP and outdoor bridge
■Wi-Fi 7 Enterprise Access Point
■Omni (360 degrees coverage) outdoor 60GHz base station
■SD-WAN appliances
■5G mmWave CPE
■802.11ay 60GHz long distance point-to-point and point-to-multipoint outdoor fixed wireless broadband bridge
■Enterprise/industrial virtual IoT gateways
■Next generation server switches
■IoT applications: smart applications in real-time cold-chain, power usage monitor solutions
■Smart Factory - AIoT turnkey services and environmental information visualization systems
■Network Cloud Packet Forwarder for AI/ML Distributed Disaggregated Chassis, DDC Architecture
■800G Deconstructed Cabling Switch - Network Cloud Fabric Engine for AI/ML Distributed Disaggregated Chassis, DDC Architecture
■Automotive Ultra-High-Speed Wireless Offloading Set-Top Box

(II) Industry Overview

(1) Current status and development of the industry

Facing global supply chain restructuring and net-zero emissions challenges in 2024, industries are also encountering the tests of rapid evolution and transformational upgrades. The Industrial Technology Research Institute (ITRI) believes that innovations in emerging technologies like Generative AI (GenAI), 5G, and quantum computing will deeply integrate AI into every facet of human life. The collaboration between humans and machines is expected to grow, and the maturation of technologies such as advanced sensing, AI, and big data analysis will enable government agencies, businesses, and even individuals to utilize data to assist in decision-making. According to Gartner's latest forecast, the total global IT expenditure in 2024 is expected to be $5.1 trillion, an increase of 8% from 2023. Although Generative AI has not yet had a substantial impact on IT spending, broader investments in artificial intelligence are supporting the overall growth of IT expenditure. Gartner predicts that IT spending in Europe will see a record increase of 9% in 2024, with IT services in the Middle East and North Africa region growing by 11.1%. Expenditure on data center systems is expected to reach $260 billion in 2024, with an annual growth rate of 9.5%.

IDC anticipates that global spending on AI solutions will grow to over $500 billion by 2027. In the future, businesses will focus more on investments in AI technology and AI-driven products and services. The global data center market is expected to rebound in 2024, with AI applications being a key driving force. Data from Dell'Oro Group indicates that global data center capital expenditure is projected to grow by 11% in 2024. Dell'Oro Group is optimistic about the outlook for 2024, anticipating that new AI applications, such as generative AI, will become a key investment driver in cloud and enterprise sectors.

As countries progressively implement carbon tax systems and international carbon reduction requirements intensify, the disclosure of carbon emissions data is moving from voluntary to mandatory, testing supply chain deployment for carbon management. An IDC survey shows that nearly 60% of enterprises globally are in the mid-transition stage of sustainability maturity, dealing with complex upstream and downstream relationships and the definition and management of diverse data sources. They are actively seeking plans for the next stage of sustainable development. The Industrial Technology Research Institute (ITRI) states that industries need to adopt green processes, reducing carbon emission costs through improved manufacturing efficiency and predictability. Along with the industry investment cycle, the introduction of new technologies should be used to promote emission reductions, aiming for zero emissions goals.

(2) Correlation among upstream, midstream, and downstream of the industry

Upstream	**Midstream**	**Downstream**
CPU chip manufacturers IC chip manufacturers PC version manufacturer Crystals Passive components/resistors and capacitors Power suppliers DRAM/SRAM/flash memory manufacturers Institution/packaging material suppliers	Switches Wireless network base stations Network cards Network operating systems Network application servers	System integration providers Network equipment suppliers Telecommunication operators Enterprise network planners

Accton integrates upstream wired and wireless LAN chip manufacturers, cooperates with their own R&D teams to provide integrated network platforms and systems, and optimizes network software and hardware for end users. Accton and large chip manufacturers maintain a good interactive relationship, and effectively grasps the source and information of related components to further grasp market opportunities and deepen the existing cooperative relationships in the fields of business, technology research and development and manufacturing supply chain.

(3) Various development trends and competitive situations of products

Data center switches
Dell'Oro Group reports that data center capital expenditure growth significantly slowed in 2023. Despite a positive turn in investments related to artificial intelligence in the latter half of 2023, cloud demand remained sluggish due to overall economic and regulatory headwinds. Although factors such as normalization of backlogged orders, data center inventory adjustments, and capital expenditure moderation will temporarily limit growth in 2024, demand is expected to rebound quickly. New AI applications, like generative AI, will become key investment drivers in cloud and enterprise sectors. Global data center capital expenditures are expected to bounce back, with growth rates reaching 11% by 2024, driven by specific hyperscale cloud services, suppliers returning to expansion cycles, and the thawing of enterprise market expenditures.

Internet Service Provider Routers
Dell'Oro Group predicts that the global service provider router and switch market will reach $77 billion by 2027. The demand for high-speed, reliable, and scalable networks has led to steady growth in the service provider router market, driven by the expansion of mobile network devices, the rollout of 5G networks, the rise of cloud-based services, and the need for efficient data transmission. The global service provider router market is witnessing the emergence of new trends, one of which is the increasing adoption of virtual routers that provide flexible and scalable routing solutions without the need for physical hardware. Another trend is the continued deployment of Software-Defined Networking (SDN) and Network Functions Virtualization (NFV) technologies, enabling service providers to enhance network agility and reduce costs. Additionally, there is a growing demand for routers with higher capacity and bandwidth to support the escalating volume of data.

Wireless area network

In the first half of 2023, post-pandemic component shortages led to increased backlogged demand, coinciding with businesses looking to adjust their wireless LANs to accommodate hybrid work models, resulting in record-high shipments of wireless APs. However, as the supply chain normalized, suppliers reduced their record backlog of product orders, and shipments began to show signs of decline starting in the third quarter of 2023. IDC points out that WiFi 6E represents a significant growth driver in the future, with its penetration rate continuing to increase in the third quarter of 2023, expanding WiFi's usable spectrum into the 6GHz band. WiFi 6E's revenue in the third quarter grew by 13% compared to the second quarter. It is predicted that in 2024, as the availability of Wi-Fi 7 expands, the adoption of Wi-Fi 6E will begin to decrease. IDC forecasts that Wi-Fi shipments will reach 4.1 billion units in 2024, growing by 6.4%. In 2023, two-thirds of the shipments will be Wi-Fi 6 or Wi-Fi 6E. Additionally, the Wi-Fi 7 ecosystem will rapidly develop, with over 230 million devices entering the market in 2024 and growing to 2.1 billion by 2028.

(III) Technology and R&D Overview

(1) Research and development expenditure and its proportion to revenue in the last two years and as of March 31, 2024

Unit: NT$ thousand

Year	R&D Expenses	in Operating Income (%)
2022	2,972,931	3.85
2023	3,780,598	4.49
March 31, 2024	969,134	5.14

(2) R&D Achievements

Accton has been established for 35 years, initially focusing on ODM manufacturing and now providing professional OEM/ODM and Joint Design Manufacturing (JDM) services to more customers. Since entering the white box switch market in 2015, Accton has become the global leader in white box switches. With the maturation and large-scale commercialization of 5G technology, along with the rapid development of Generative AI causing a significant wave across various industry sectors, the explosion in demand for AI applications is driving the global data center and enterprises to continuously upgrade switch specifications. Under the proactive deployment of innovative technologies and global investments, Accton leads with the research and development capacity required for next-generation data centers. This includes the development of 400G/800G switches, Network Cloud Fabric Engines, AI/ML Distributed Disaggregated Core Routers, Directional Wireless High-Speed Transport Vehicle Systems (60GHz wireless data offload), Carrier-Class Open Distributed Disaggregated Carrier (DDC) products, next-generation open network disaggregated GPON/XGS-PON Optical Line Termination (OLT) devices, Carrier-Class Open Aggregation Switch products, 5G Telecom High-End Ethernet Time Synchronization Servers, Artificial Intelligence (AI) products, Wi-Fi 6/6E/7, IoT, liquid cooling technologies, and co-packaged optics to reduce heat dissipation and power consumption. Accton is actively engaged in innovative R&D and expanding the industrial ecosystem, leading the global networking market into a new era of next-generation advancements. The first phase of the new factory in Vietnam has already started mass production, with the second phase beginning the construction of new production lines. The new factory in Irvine, USA, is setting up assembly lines. The Zhubei AI Smart Park is estimated to be completed in 2024. The continued expansion of production capacity and investment in innovative technologies will extend the group's business into new territories.

Artificial intelligence is seen as a key technology in changing how the world operates, and the advent of generative AI technology has further accelerated the pace of transformation. With the increasing volume of data that needs to be processed for various applications such as generative AI, video streaming platforms, and the Internet of Things (IoT), cloud providers must offer high-bandwidth, low-latency network connections to meet data processing requirements. As a result, AI and Machine Learning (ML) will drive the demand for 400G and 800G technologies. In response to the future evolution towards 800G Ethernet for AI/ML networks, a distributed disaggregated architecture is adopted, constructing a new generation of networks based on Ethernet and Virtual Output Queue (VoQ). Accton's 800G disaggregated fabric switch can be applied in core and edge network environments, and when paired with another R&D project, the AI/ML Distributed Disaggregated Core Router, it can construct an 800G VoQ architecture within a Distributed Disaggregated Chassis (DDC) system. This DDC GPU cluster is optimized to support AI/ML applications. The 800G disaggregated fabric switch primarily provides for high-end data centers in conjunction with a DDC distributed open network architecture. Following the integration with the AI/ML Distributed Disaggregated Core Router, the disaggregated fabric switch can act as a fabric component within the Distributed Disaggregated Chassis (DDC), connecting to the core router. The adoption of the DDC system architecture is suitable for AI/ML workloads. When service providers expand their AI/ML networks, they can flexibly adopt a "pay-as-you-grow" model based on deployment needs. The DDC distributed disaggregated solution offers an optimal choice for AI networks. It creates a unified Ethernet architecture scalable up to a 32K-GPU 800G AI/ML cluster, providing rapid network performance and an easily constructible framework, thereby improving the efficiency of Job Completion Time (JCT) for workloads. The system also supports an advanced intelligent network's SDN management architecture, facilitating the construction of a new generation of smart networks.

The demand for core network infrastructure among telecom operators, cloud service providers, and social networking service providers is continually increasing. The current network transmission and computing architecture, training of large AI models, and storage of data center data all require advancement to the next generation. The inclusion of 800G switches in the deployment of core network infrastructure becomes the next-generation solution. To ensure the high-frequency, high-speed characteristics of ports on 800G switches, Accton's Optical Division developed Active Loop Back Modules (ALBM) and Passive Loop Back Modules (PLBM) corresponding to OSFP and QSFP-DD ports, respectively. These modules validate that the ports on the 800G switches meet the specifications set by the Institute of Electrical and Electronics Engineers (IEEE). Currently, commercial active and passive loopback modules, crucial for validating the high-frequency, high-speed characteristics of 800G switches, are constrained by the suppliers' openness to sharing their functionalities and their expensive market prices. This makes Accton's independent research and development critically important, aiming for lower costs, lower power consumption, lower signal-to-noise ratio (SNR), higher loss budget, and the highest reliability to obtain more comprehensive and analyzable data, thus building the team's R&D capacity. These active and passive loopback modules not only ensure the quality of 800G switch production but also offer customers a quick solution for validating the functionality and high-frequency, high-speed characteristics of switch ports.

With the rollout of 5G mobile networks, the demand for network infrastructure upgrades from telecom operators and cloud service providers continues to rise. As the quantity of video streaming in data transmission surges and enterprises move towards cloud computing and applications, telecom edge routing networks need to stably accommodate large bandwidths and high transmission performance. This includes handling the complexity and functionalities of new open server virtualizations and convergences, ensuring seamless upgrades to future 5G SDN open networks, and enhancing the operational efficiency of managing users, video platforms, and data transmission and communication. Time synchronization is a critical requirement for 5G mobile networks. Accton has developed a high-end 5G telecom Ethernet time synchronization server specifically for use in telecom data centers aligned with the 5G open network architecture. It supports various time synchronization technologies, including GPS, IEEE 1588 Precision Time Protocol, and Synchronous Ethernet. Traditional GPS has been the primary method for time synchronization in most 5G base stations continuing from 4G. However, for new 5G base stations, challenges such as spatial limitations, high deployment costs, and the restricted transmission range of 5G may arise. The current strategy involves the deployment of 5G small cells. In areas where GPS signals are hard to receive or susceptible to interference, such as inside high-rise buildings, offices, or factories, the alternative approach for time and frequency synchronization involves using IEEE 1588 v2 and Synchronous Ethernet provided by Fronthaul. The 1588 time synchronization output and input ports of this switch support diversity, meeting current major market specifications. Especially, the two time synchronization modules support the two main categories of chip sync vendors, allowing users to achieve accelerated functional development and compatibility with existing products through module replacement, facilitating seamless replacement and catering to the current and future needs of 5G telecom edge intelligence networks and cloud requirements. Additionally, this product supports NEBS (Network Equipment Building System), an internationally recognized safety standard for telecommunications equipment in data centers, designed to ensure that products manufactured by telecommunications equipment makers meet consistent safety and quality conditions.

In fulfilling the commitment to net-zero, Accton goes beyond just carbon auditing; it leverages technological research and development in cooling technologies to enhance computational performance while reducing energy consumption. It aims to provide optimal energy conversion green solutions and carbon footprint solutions for the future, starting with sustainability and energy-saving ESG & ISO 50001 Energy Management System, dedicating efforts towards the sustainability of our planet.

In the 2023 sustainability and energy-saving ESG initiatives, focusing on limiting the cooling power consumption of data center equipment in switch systems, research and layout are directed towards three areas:

1. Traditional Data Centers - Conventional Cabinets: Offering high-efficiency closed-loop liquid cooling systems to reduce the total power consumption of the system. Under normal data center ambient temperatures of 35 degrees Celsius or lower, it can effectively reduce the total power consumption of Accton's 400G switches by up to 17%.
2. Traditional Data Centers - Water-cooled Cabinets: 400G/800G switches can be used in conjunction with traditional general-purpose servers, storage servers, and artificial intelligence servers utilizing the same water-cooling equipment, enhancing the power usage effectiveness (PUE) of data center electricity use.
3. Future Data Centers - Immersive Liquid Cooling Tanks: In addition to the bidirectional immersive 100G switch in 2022, in 2023, Accton focused on the commercial strategies and operational cost considerations of various potential customers. This included the specification validation and related cooling efficiency kit development for unidirectional immersive cooling of 400G high-speed switches.

Accton will comprehensively develop cooling technologies in these three directions to meet the diverse needs of different customers and expand various application solutions.

Silicon Photonics, which uses light signals for transmission, replacing "electric" with "light," offers high transmission efficiency, effectively solving signal loss and heat dissipation issues. When the industry was discussing this technology, Accton had already showcased its Silicon Photonics CPO switch at the Optical Fiber Communication Conference and Exposition in 2020. Accton has already taken a lead in the industry by venturing into this technological field and securing a competitive advantage in heat dissipation and energy-saving technologies. This places Accton in a competitive market position, allowing it to maintain a lead in innovative value for energy sustainability in next-generation data centers.

Accton aims to reduce carbon emissions by 50% by 2030 and achieve net-zero carbon emissions by 2050. It is working hand-in-hand with supplier partners on the "Zero Carbon Chain" initiative to jointly strive towards the net-zero carbon goal. In the future, green procurement strategies will be the focus, partnering in responsible production, green product design, and implementing local supply green optimization. In collaboration with AWS (Amazon Web Services), Accton is developing a smart energy monitoring system that allows manufacturers to simplify the collection, organization, and analysis of industrial equipment data through a cloud platform and IoT services. Presented in an intuitive, visual format, this system enables operators to monitor the electricity usage of their equipment, thereby formulating precise energy usage strategies. This will assist enterprises across various sectors in optimizing their energy efficiency. Moving forward, Accton will place a stronger emphasis on the innovation value of energy-saving sustainable ESG in its technology and investment strategies, implementing these principles in new product development, new production site construction, and daily operations.

Software Defined Wide Area Network (SD-WAN) uses network virtualization technology based on software architecture to simplify the deployment and maintenance of enterprises in the wide area network and virtual private network, reduce the overall cost of ownership, establish an efficient wide area network, and partially or completely replace the expensive private wide area network technology, for example, multi-protocol label switching (MPLS) or leased line. Above software-defined wide-area networks (SD-WAN), network security has always been a paramount concern alongside connectivity. In response to increasingly complex network architectures, Zero Trust security has emerged as the latest method of network protection. Integrating SD-WAN and Zero Trust security into a unified network gateway upgrades it to a Secure Access Service Edge (SASE) gateway. Accton's software-defined network solutions offer a range of highly flexible hardware capable of serving as SASE gateways for various levels of domain. This hardware, powered by x86 System on Chip (SOC) or ARM processors, boasts high computational performance, network virtualization, cryptographic engines, and high-bandwidth throughput. These features support Network Function Virtualization (NFV) services demanding high computational performance. Future comprehensive solutions will integrate multiple technologies to support various connectivity circuits, allowing dynamic switching of transmission paths based on load conditions, a unified operating interface for easier control, and support for Virtual Private Networks (VPN), Zero Trust security, WAN optimization controllers, and network security mechanisms on a single SD-WAN device. This ensures network security while reducing the cost of dedicated network connections and enhancing transmission efficiency.

AI has ushered in an era of high computation and high data throughput. With the advent of ChatGPT, AI technology has seen breakthrough progress, leading to new developments in massive data analytics, machine learning applications to solve unknown problems, and even addressing everyday needs. Consequently, the global demand for high-speed computing and communication is expected to surge rapidly. IDC projects that by 2027, global spending on AI solutions will exceed $500 billion. The growth in internet demand driven by Artificial Intelligence (AI) and Machine Learning (ML) will significantly increase the demand for switches and network application devices. Accton has been proactively deploying AI products three years ago, accelerating the launch of various related applications. Going forward, Accton will continue to develop and enhance its growth momentum. In terms of Smart Network Interface Cards (Smart NICs), they are pivotal in cloud high-speed computing, advanced network security mechanisms to prevent data theft, high-speed and efficient network parsing, data processing, and efficient data transmission. Programmable acceleration/inference/computation/search/analysis processing engines boost operations for AI, machine/deep learning, security, telecommunications, and storage workloads, enhancing data center operational efficiency. As artificial intelligence and machine learning systems continue to innovate, mass-produced AI inferencing accelerator cards and training accelerator modules (OAM) provide data centers with the deep learning cluster computing capabilities needed to handle massive amounts of AI data computation. The Data Processing Unit (DPU) plays a crucial role in large-scale server farms by offloading workloads from the CPU, thereby freeing up computational power. DPUs are utilized in computation-intensive fields, including big data, artificial intelligence (AI), machine learning, and deep learning. The development team is delving deeper into AI innovation, expanding diverse application solutions, and actively constructing intelligent application services to seize future business opportunities.

In August 2023, Taiwan officially embraced Wi-Fi 6E, extending Wi-Fi 6 into the 6 GHz spectrum - the "E" denotes Expanded Spectrum. Wi-Fi 6E introduces a new 6GHz band, offering wider channels, greater capacity, and lower latency, ensuring faster connections and improved network performance. This makes it particularly suitable for high-density and high-traffic environments, emerging as the optimal choice for future smart homes, virtual reality, and augmented reality technologies. The upcoming Wi-Fi 7 (IEEE 802.11be Extremely High Throughput, EHT) is set to be the next major evolution in Wi-Fi technology, delivering higher data rates and lower latency to meet future wireless needs. With transmission rates boosting to 46Gbps and overall technological performance enhancement, Wi-Fi 7 supports multiple connection modes (Multi-Link Operation, MLO) allowing different frequency channels to operate simultaneously and flexibly, Orthogonal Amplitude Modulation (4K QAM), up to 320MHz of bandwidth, and technologies like Multi-RU and Preamble Puncturing. These advancements enable Wi-Fi 7 to minimize signal interference in environments with multiple traffic and devices, thus improving connection stability. As Wi-Fi 7 standards gradually progress towards their official release, Accton is proactively preparing its next-generation Wi-Fi 6E/Wi-Fi 7 products for early market deployment. These products significantly differ from previous Wi-Fi generations, offering advantages in the emerging Wi-Fi application domain through various technological upgrades. With IP68 certification, they provide uninterrupted service in harsh outdoor or dusty industrial environments, support AFC/GPS for automatic location reporting to network administrators, and enhance deployment flexibility by allowing IoT devices to connect wirelessly via BLE/Zigbee/Thread. Furthermore, they support various enterprise market-required secure connection features, OpenRoaming enables telecom operators to supplement 5G network bandwidth through wireless devices, and OpenMesh simplifies network connectivity without the hassle of complex settings. Additionally, user autonomy in product operation (cloud, physical controllers & virtual controllers) is enhanced through a single web-page setup, while support for WPA3 (Wi-Fi CERTIFIED WPA3) & OWE (Wi-Fi Enhanced Open) ensures more secure connection settings. Wi-Fi 7 represents more than just a numerical upgrade; it heralds the arrival of a new era in wireless technology. Accton's groundbreaking product technologies will seamlessly connect to the future wireless market, maintaining a leading position in the current competitive landscape.

Autonomous driving is a continuously evolving technology, relying on the interplay of perception, decision-making, and control systems. With AI and 5G technologies becoming increasingly mature, global automakers and tech giants are actively investing in this field. According to an IDC forecast report, the global self-driving car count is expected to reach 54.25 million vehicles by 2024. The Industrial Technology Research Institute (ITRI) estimates that the global market could see an $800 billion opportunity by 2030, and by 2040, it's predicted that one in every three cars will be autonomous. Data indicate that autonomous vehicles will be a significant future trend in the automotive industry and will change both the industry and everyday life. For the application of emerging autonomous vehicles, high-speed and interference-free wireless transmission technology is required to upload data from the vehicles to backend systems for analysis and interpretative judgments, enabling autonomous vehicles to gradually understand the objects and situations that need to be assessed during driving, thereby enhancing safety and efficiency. Data transfer for autonomous vehicles is generally planned through Wi-Fi technology, but Wi-Fi transmission speeds are slow and prone to interference. Regardless of the technology used, rigorous automotive connectors and vehicle-standard testing and certification are necessary to prevent data corruption. Since there's no need for immediate data upload to the backend, Accton's wireless division has developed a "Directional Wireless High-Speed Transmission Vehicle Device" (60GHz wireless data offload) designed to perform data transfers only while the vehicle is parked in parking lots, applied to wireless network data offloading for autonomous vehicles. This product has garnered interest from American car manufacturers and has been confirmed for its data transfer speed, along with proposals on how to integrate it with existing autonomous vehicle research and development plans. The Directional Wireless High-Speed Transmission Vehicle Device is designed to be installed inside the cabin of an autonomous vehicle, connecting to a 60GHz antenna on the roof. In conditions without line-of-sight obstructions, it connects with the MLTG-360 (Distribution Node) – a wireless data acquisition device in the parking area, achieving maximum connection speeds of 800Mbps to 1Gbps. The 60 GHz antenna solution offers a simple, fast, and cost-effective wireless gigabit connection for edge access, providing high-capacity backhaul for edge access solutions. In the TerragraphTM system, a multi-node wireless network operating in the 60GHz band utilizes phase array antennas combined with disc-shaped antenna reflectors and beam steering to enhance antenna gain and transmission distance. This setup offers stable and long-distance point-to-point connectivity and significantly reduces the time needed for user installation and alignment. In the era of high transmission rates, large data volumes, and low latency of 5G, it plays a crucial role.

Wi-Fi has evolved beyond just providing connectivity, seamlessly integrating into our daily lives. Accton adopts a "Cloud-based Smart Wireless Network Management System" that, when combined with a wireless management system, can work alongside various smart management mechanisms. This enables Hualien Tzu Chi Hospital to achieve seamless, comprehensive network coverage with Wi-Fi 6, surpassing traditional Wi-Fi network deployment challenges and constructing a network environment without dead zones. The "SIL Indoor Positioning System" (Smart Indoor Location) allows patients and visitors to easily find their destinations and track medical equipment and asset locations through a smartphone app, saving time and increasing operational efficiency for the management staff. In emergencies, it enables the medical team to quickly locate patients, medical personnel, and other key individuals, providing immediate support and emergency care. This holistic solution offers the best medical services and experiences for medical teams and patients under varying local scenarios, environmental variables, and unpredictable uncertainties, marking a significant step towards transforming Hualien Tzu Chi Hospital into a smart hospital.

IoT (Internet of Things) solutions have become a significant force within the ever-changing technological landscape, altering how we connect with the world around us. With the advancement of artificial intelligence and machine learning technologies, IoT applications now offer more sophisticated data analysis and decision-making capabilities. In recent years, with the demand for smart cities, industrial digital transformation, the evolution of sustainable development, and the integration of emerging technologies such as 5G, edge computing, artificial intelligence (AI), and low-orbiting satellites, 5G Smart Pole has become a government-promoted smart technology. It is an important element in urban infrastructure renovation and a new carrier for many innovative applications. Accton has established four Smart Poles in the Tainan Shalun Smart Green Energy Science Park, integrating a multitude of advanced technologies and application services. These include AI edge computing, pedestrian and vehicle flow image recognition, air quality monitoring, millimeter-wave wireless broadband transmission, high-speed wireless internet, and multifunctional digital signage. Alongside previously set digital service systems and green electricity storage facilities, these poles can interconnect to become a crucial infrastructure foundation for smart cities. According to a report by Global Industry Analysts, Inc., the global market for smart poles is estimated at $13.7 billion, with the demand for smart cities increasing, the market size is continually growing, expected to reach $59 billion by 2030. In the trend towards global sustainability and net-zero, with the push for green energy technology, Accton seizes future opportunities to aid local governments and countries worldwide in promoting innovative applications for 5G smart poles, advancing toward the realization of smart city visions.

Accton places significant emphasis on future talent development, actively allocating resources to promote talent cultivation and learning development programs. In 2021, Accton collaborated with the National Yang Ming Chiao Tung University Open Intelligent Connectivity Research Center to apply AI technology and virtualization of a programmable open network architecture, actualizing innovation and application in 5G and IoT technologies. Through joint curriculum design with schools, Accton enables students to engage with various application themes, deepening the connection with the industry and amplifying the benefits of academia-industry collaboration. This year, Accton, in collaboration with National Cheng Kung University's

Joint Research Center and National Yang Ming Chiao Tung University, initiated a youth-oriented software practical course during the winter break that integrates AIoT (Artificial Intelligence of Things) into smart agriculture. Targeted primarily at high school students, this course is designed to ignite students' interest in programming languages and AIoT through direct exposure to smart agriculture's cutting-edge technologies. The curriculum is enriched by incorporating the highly sought-after university programming preparatory course, guiding students through programming lessons and offering them hands-on experience at National Yang Ming Chiao Tung University's toxin-free smart farm. This experience is aimed at demonstrating how technology revolutionizes the traditional role of farmers and how it can be integrated into the agricultural sector. By utilizing real-world applications, the course aims to make learning more engaging and to cultivate the logical thinking skills necessary for AIoT in young learners. It encourages students to explore the unlimited potential for imagination, innovation, and creation within the AIoT application domain. This approach lays a strong foundation for their future academic and career paths, helping them adapt more easily to the ever-evolving technological landscape. Accton moves beyond traditional learning methods by implementing mentor-guided teaching and creating a positive learning environment, with the goal of nurturing future experts in IoT technology and smart agriculture. Accton is committed to continuing the promotion of experimental models that leverage the synergies of industry and academia, enhancing the development of future talent through collaborative education initiatives.

Beyond its leadership in technology innovation, Accton is adapting to the shifts in the global economy and geopolitical landscape by initiating plans to establish factories overseas, ensuring a close alignment with customer needs through its global strategy. In navigating the dynamics of identifying, creating, and fulfilling demands, Accton is ahead in its global cross-regional investments and technological advancements. It continues to innovate in technology development and offers smart manufacturing solutions to meet the diverse market applications of global customers, aiming to satisfy the growing needs for superior products and services. Accton was the first publicly listed company to announce the relocation of its primary production base back to Taiwan, making the Taiwanese factory its main production hub serving the majority of its customers. This year, the inauguration of the new factory in Vietnam, with the integration of AI and Machine Learning (ML), has significantly enhanced efficiency and accuracy. Where it previously took approximately 47 seconds for factory personnel to inspect a board, with AI assistance, it now takes only 7 seconds, increasing efficiency by sevenfold. This rapid and flexible expansion of production capacity, along with investments in process automation and optimization, establishes smart manufacturing capabilities that improve product quality and manufacturing efficiency for optimal application and overall operational efficiency. The new assembly line in Irvine, USA, is set up to cater closely to customer needs, while the Zhubei AI Smart Park is anticipated to be completed by 2024. Accton is building a global operational capability, continuously expanding its production capacity and investing in innovative technologies to broaden the group's business horizons. Agility, connectivity, and diversity are the core focuses of Accton's development strategy for its future cross-regional layout. In response to the fluctuating global market, Accton possesses the agility to quickly establish smart manufacturing resources across different countries and language regions, aiming to expand its global presence and tap into worldwide market opportunities, ensuring its leading position.

Accton leverages the strengths of its subsidiaries in preemptively deploying innovative technologies and industry applications, creating new startup applications and market opportunities for maximum application effectiveness and improving the group's overall operational efficiency. In collaboration with Turkey's Pavo Group, Edgecore Networks introduces the latest generation of carrier, data center, and enterprise network solutions to the Turkish market, delivering equipment with hardware and software fully localized as "Made in Turkey" to local telecom, data center, and enterprise markets, building local competitive strengths. At the "Telecom Infra Project" Fyuz Summit in Madrid, Spain, in October 2023, and at the OCP Global Summit in San Jose, USA, Accton showcased an 800G optimized switch that can provide an Ethernet-based infrastructure for AI/ML workloads. The platform offers two interface options, OSFP800 or QSFP-DD800, allowing for flexible deployment, supporting passive copper DAC and long-distance ZR+ optical components on all ports. Each system provides high-radix connectivity to accelerators and compute nodes in a flat architecture, reducing latency and power requirements, enabling the network to scale horizontally sustainably. As the pioneer of OpenWi-Fi, Edgecore took the lead to support the OLS project and became the first supplier of Ethernet switches to the TIP OLS project. Development of the world's first TIP OpenLAN Switching (OLS) enterprise PoE network switch to meet the next major network upgrade requirements of high power, high throughput and low latency, and provide an end-to-end solution Plan. This switch can support all TIP OpenWi-Fi devices and provide an open network solution that spans over wired and wireless environments. Launched the new virtual wireless local area network controller series, VEWS, to provide expandability, deployment flexibility, and centralized management of the entire wireless network from a single management platform for enterprises/telecommunication companies/ISPs/MSPs. VEWS combines the powerful functions of virtualization with the WLAN Gateway Controller to create a virtual WLAN Controller that can be seamlessly integrated with any existing virtual network infrastructure (such as servers, personal computers, and cloud computing resources). In order to provide the much-needed hardware independence, it can also provide the same functions as the physical controller without adding new hardware costs or compatibility issues. In February 2023, the "Aggregation Core Router" was exhibited at the Mobile World Congress (MWC) to meet the network requirements of telecommunication service providers for 5G xHaul, edge and aggregation applications. With the launch of 5G, carriers and cloud service providers are upgrading their network infrastructure to cope with the new innovative services and the significant bandwidth growth brought about by the increase in the number of users. Edgecore provides a series of new open network router platforms. It adopts the Broadcom StrataDNX series of chip sets and deep buffer design, which can meet various user services in core, metro and aggregation networks. The new routers combine multi-role advanced route algorithm functions with carrier-grade hardware and MPLS functions to provide high-end network solutions for data centers, service providers, and enterprises. Pakistan's telecommunications company Multinet, in collaboration with Edgecore, has upgraded its nationwide IP to 3.2 Tbps using Edgecore's Cassini 3.2T optical transport switch and IP Infusion's OcNOS network operating system. This Telecommunications Infrastructure Project (TIP) is the largest Open Optics and Packet Transport (OOPT) project to date. The expansion and upgrade by Multinet include the Cassini, TIP's disaggregated coherent switch, and an open packet transponder, with the transponder developed by Edgecore and the OcNOS by IP Infusion.This operating system is a full-featured network operating system used in the industry for white box disaggregated network solutions. This network infrastructure greatly expands capacity, spanning 14,000 kilometers and covering over 120 cities, providing a network upgrade to the region's population of more than 150 million people. The purpose of this upgrade is to meet the increasing bandwidth demand in Pakistan and to expand the network access to cover new cities, combined urban and rural areas, and rural areas.

- Number of domestic patent rights (as of March 31, 2024): 39
- Number of international patents (as of March 31, 2024): 77

Accton adheres to the concept of continuous innovation and improvement, and focuses its technology research and development in product development and improvement. For intellectual property management, especially for patents, Accton has established a patent management and incentive measures to actively encourage our R&D staff to convert their innovation ideas in the product development and optimization process into proposals, and rewards proposals with development potential after going through the evaluation process. In this way, we hope to encourage the Company to produce innovative technologies and effectively manage the Company's intellectual property. In addition, on the basis of idea proposals, we will adopt appropriate protection methods according to the nature of the innovative idea. For example, patent applications for ideas that meet the patent application standards and have the potential to be introduced into products are protected in the form of patent rights, or innovative ideas that are not suitable for disclosure are managed by means of trade secrets, so as to ensure that the Company's intellectual property can be effectively protected. For the effective management of patent cases, Accton manages and controls through its self-developed intellectual property management system and patent management procedures, so that the complicated application progress and status of patent application cases can be accurately grasped. For patents under maintenance, we conduct patent evaluations on a regular basis according to the performance of patented technologies in product application and the potential of product introduction, and decide to continue or terminate patent maintenance accordingly to ensure the effective management of Accton's patent assets and maximize benefits. On the other hand, for the management and control of infringement risks, apart from determining if there are potential infringement risks and avoiding the feasibility of design according to the technical needs of the R&D employees during the product development process, Accton pays attention to whether patent disputes are involved in the patent proposal review process, with a view to reducing product infringement risks and ensuring smooth operation and promotion of products to customers. In addition, the relevant patent application standards and patent evaluation standards will be adjusted accordingly at any time according to Accton's product strategy to achieve the management goals of consistency in technology development, product development and patent planning.

(3) Future research and development plans

In 2024, against the backdrop of AI, new standards, and commercialized technologies, governments in Europe and America, along with India - with its population of 1.4 billion—will actively promote the enhancement of internet infrastructure to improve internet speed and coverage. Over the next five to ten years, it is anticipated that the investment in these efforts will exceed $80 billion. Driven by AI-led networking specification upgrades and the global demand for internet infrastructure, Edgecore Networks will continue to focus on 5G infrastructure, including products related to open architecture, open network operating systems, and hardware equipment. Application areas span cloud data centers, enterprise network markets, telecommunications network markets, and cloud switches, with continued development in higher transmission rates such as 400G/800G/1600G/3.2T, Wi-Fi 6/6E/7, the Internet of Things (AIoT), edge computing, SD-WAN/uCPE for software-defined wide area networks and universal/virtual customer premises equipment, smart factories, and 5G OpenRAN. Edgecore Networks will accelerate the launch of various AI-related application products. As AI drives the next generation of data center demands, Edgecore Networks will also expand from networking connectivity switches to server-side switch requirements, continuing to enhance its cloud center technology and market dominance. The company is actively developing liquid cooling and co-packaged optics (CPO) along with more designs to optimize heat dissipation and power consumption, thereby increasing computing performance while reducing energy usage, meeting the power consumption standards of Cloud Service Providers (CSPs). As the pace of technological transformation accelerates, Edgecore Networks will actively research and develop more innovative technology products to meet diverse customer needs, expand different application solutions, create more innovative applications and market opportunities, and construct future network equipment architectures for global customers, making Edgecore Networks a key partner in the development of network infrastructure worldwide.

(IV) Long-term and Short-term Business Development Plans

(1) Short-term development plans

- ■Increase market share by integrating technologies and providing customized products to grasp market trends and customer needs.
- ■Apply accumulated technology knowledge of the Company to develop new product lines, work with hardware and software vendors to accelerate new product introduction and enhance product quality and reputation.
- ■Consolidate existing customers, actively open up the market, strengthen the partnership with existing ODM/ODM customers, and provide professional consultation, maintenance and technical support for all products.
- ■Actively develop the 10G/40G/100G/400G products related to the Open Compute Project, expand the partnership with software manufacturers, grasp emerging business opportunities, and form a new ecosystem related to chips, hardware, software and applications.
- ■Promote the application of open network and actively participate in the formulation of open network standards for the backbone networks of telecom operators (TIP: Telecom Infrastructure Project).
- ■Actively develop the wireless network technology and products with the distinction and application prospect.

(2) Long-term development plan

- ■Continue to master the relationship between chip and software technologies, and continue to lead the open network hardware platform.
- ■Be continuously committed to providing professional ODM R&D and production services (be a world-class outsourcing partner).
- ■Develop self-owned channels to promote self-developed products and provide sales and service through its subsidiary brand (Edgecore).
- ■Continue to master key 10G/40G/100G/400G/800G technologies related to Open Compute Project, and expand the cooperation with chip manufacturers/software manufacturers.
- ■Cooperate with telecom operators to develop advanced software-defined wide area common/virtual SD-WAN vCPE customer devices
- ■Actively develop wireless network technologies, products and platforms with differentiation and application prospects.
- ■Build a hybrid cloud-based IoT solution to link terminal application products, strive to reduce customers' operating costs and improve service quality; strive to analyze user behavior patterns based on the analysis of accumulated information, and enhance the value of life with intelligent application services by joining hands with different industries.

II. Market, Production and Sales Overview

(I) Market Analysis

(1) Sales destination of Accton's key products

Accton's major products are enterprise-grade and telecom-grade high-speed Ethernet switches, WLAN products, broadband series and consumption electronics products, which are mainly sold to United States, Europe, Asia and Taiwan. The main sales destinations of key products in the last two years are as follows:

Year / Sales Destination	2022 (%)	2023 (%)
Domestic Sales	1	1
Overseas Sales	99	99
A. America	66	71
B. Europe	18	12
C. Asia Pacific region	15	16

(2) Market Share

a. Market research firm Dell'Oro Group indicates that with the normalization of backlogged orders, the double-digit growth seen in data center switch sales in the past will begin to slow in 2024. Orders will gradually shift towards data center switches designed specifically for AI use. According to IDC, the global Ethernet switch market revenue in the third quarter of 2023 saw an annual growth rate of 15.8%, reaching $11.7 billion. With further promotion of AI applications, the shipment of 200 Gbps, 400 Gbps, and 800 Gbps switches accounted for approximately 25% of revenue and more than 20% of total shipments. Cisco accounts for 45.1% of the entire switch revenue market, followed by Arista Networks at 10.6%, Huawei at 9.6%, HPE at 7.7%, and H3C at 4.1%.

b. Dell'Oro Group notes that the network service provider router market in 2023 saw robust growth, double the normal growth rate. Early in 2023, sales to hyperscale companies in North America were particularly strong. In the second quarter of 2023, Europe, the Middle East, and Africa, as well as China, showed double-digit growth. The growth in Europe, the Middle East, and Africa was due to various new projects in Middle Eastern and African countries, while the strong growth in China was driven by significant investments from the three major operators: China Mobile, China Unicom, and China Telecom. The core router market grew by 26% in 2023, while the edge router and aggregation switch market grew by 13% compared to the same period last year. IDC reports that for the third quarter of 2023, Cisco held 39.3% of the global enterprise and service provider router market, Huawei 25.7%, and H3C 2.2%. According to the data of the Dell’Oro group, cloud service providers have invested heavily in 400 Gbps infrastructure in the past few years and are fully prepared for AI work.

c. According to IDC, cumulative orders from suppliers have reached a record high, driving the rapid growth of the enterprise wireless LAN industry in 2023. However, in the third quarter of 2023, manufacturers delivered a large number of products, which reduced the backlog of orders from suppliers, causing the growth rate to drop by 5.2%. Looking at the global enterprise wireless local area network (WLAN) market, it's a mixed bag. In North America, the U.S. market saw a 1.2% year-on-year increase in the third quarter, while Canada experienced a 3.9% decline. The European market overall declined, as did the Asia-Pacific region, but Latin America shone brightly with a 23.5% market increase, and the Middle East and Africa also grew by 7.5%. However, with the continuing penetration of WiFi 6E and the development of WiFi 7, the WLAN market is expected to be driven further.

(3) Future market supply and demand and growth

a. Data center switches

Dell'Oro Group estimates that global data center capital expenditure will rebound to a growth rate of 11% in 2024, with hyperscale cloud service providers expected to increase their data center capital expenditures by 13%. Dell'Oro Group is optimistic about the outlook for 2024, expecting new AI applications such as generative AI to become a key investment driver in the cloud and enterprise domains. Research indicates that current market growth forecasts have not even considered the potential growth momentum brought about by the emergence of generative AI and Large Language Models (LLMs). These AI applications require a new form of foundational transport infrastructure to connect all accelerators, with the cumulative sales of switches over the next five years expected to reach $100 billion. By 2027, it is anticipated that more than 50% of data centers will adopt switches with transmission speeds of 400G or higher, with the 800G switch market size expected to surpass that of 400G switches by 2025.

b. Routers and switches for Internet service providers

According to the dell'Oro Group , the global router market for service providers will reach US$77 billion in the next five years. It is expected that the growth of edge routers and aggregation switches will be driven by the expansion of service providers' mobile backhaul networks and broadband. The investment in fiber by broadband service providers will lead to a significant increase in transmission volume. Broadband providers will continue to upgrade edge routers to support faster speeds and lower latency.

c. Enterprise Wireless LANs

According to the Dell'Oro Group , the growth of the WLAN market will slow down in 2024 , especially considering the record high sales in 2023. Product shipments and orders will continue to be digested until 2024. In addition, with the expansion of Wi-Fi 7 availability, the adoption rate of Wi-Fi 6E will begin to decline. 2024 will be the year when Wi-Fi 7 dominates the market. According to the forecast of the market research institution Global Information , the compound annual growth rate of the wireless LAN market in 2028 will be 28.8% .This growth is attributed to cloud-managed WLAN solutions, AI-driven network management, the integration of 5G and WLAN, smart building technologies, and IoT integrations.

(4) Competitive advantages, favorable and unfavorable factors for future development, and countermeasures

a. Competitive advantages

- Accton has a strong research and development team which has long-term cooperation with international Netcom chip manufacturers.
- Accton has the ability to develop modular software platforms which greatly shorten the product development schedule.
- In terms of dedicated 10G/40G/100G/400G switches for open network centers, Accton is the first provider of 10G switches certified by the Open Compute Project (OCP) in the industry. Accton provides an open software architecture with ONIE, offering over 15 OCP-certified switches, and has partnered with telecommunications providers to introduce the industry's first open network architecture PON OLT.
- We firstly proposed to provide solutions for the wireless network architecture of open network enterprises and for SDN software industry alliances.
- We have strategic alliance with software giants of open network to provide the design with a high efficiency and high reliability for the flexible use of new data centers. In view of TIP (Telecom Infrastructure Project), the Open Telecommunications Architecture Alliance proposed the Cassini 100G fiber optic switch to be specially used for data transmission and service improvement among large data centers.
- Accton is at the forefront, offering 800G switches designed for specific applications.
- Accton has a number of network software patents for network management systems and drivers, giving added value to products.
- We also has technology development capabilities for wireless and cable products, and are a world-famous enterprise with cross-platform research and development capabilities.
- All our major customers are leading international manufacturers, and we have a good long-term interactive relationship with customers which helps our understanding of the market direction.
- Accton has a good partnership with upstream and downstream suppliers, so we can actively control the sources of raw materials and effectively reduce costs.
- We have strategic alliance partners all over the world to effectively use the capacity, technical team and human resources of each unit.
- We have passed the quality certifications of ISO 9001, ISO 14000 and TL 9000, and the certifications of many international large factories to improve the quality and strengthen our OEM competitiveness.
- We can provide customers with online real-time technical support and services through the online network information system.

b. Development prospect

(a) Favorable factors:

- ■ The growth momentum of the telecommunications industry continues to expand: With the sharp jump in mobile device shipments, the commercial operation of the 4G communication technology LTE and 5G, and the introduction of cloud computing, the value-added services of the telecom industry tend to diversify, and the revenue of devices and large architectures with application service tie-in is expected to increase year by year. At the same time, in response to the open network trend, the telecom industry has also begun to test and evaluate the possibility of adding open network hardware and software.
- ■ Market potential of enterprise-level wired and wireless networks: Enterprises attach importance to information security and effective mass data transmission in their demands for switches, and the upgrade of network equipment in the aggregation layer has become the first choice for enterprises to transform their network architecture. Accton has a long-term and profound relationship with leading international brands, and is able to grasp brand customers' demands first-hand and invest in the development of SDN data center 10G/40G/100G switcher-related technologies in the early stage. ODM customers are also gradually laying out whitebox products in line with Accton's recent product development direction. In addition, by taking advantage of the dual business modes of OEM and private brand, Accton localizes custom service in the global market according to the front end user's demands; in addition, with the trend of the wireless enterprise network environment, both the management room end and the access application end are adjusted in line with mobility and virtualization requirements. The development and design of Accton's radio frequency (RF) are independently researched and developed (in-house). The Company has a rare perfect test center in Taiwan, which is highly competitive in technology and the market.
- ■ As the demand for mobile broadband applications continues to rise, the popularity of high and low-level mobile phones and various applications have created 4G /LTE infrastructure and carrier-grade Wi-Fi wireless hot spot devices, which drive the demand for the upgrade of related products. With APPs which have various high bandwidth requirements, we can predict the future demand for indoor and outdoor enterprise and telecom grade 802.11ax high capacity wireless base station technology.
- ■ Innovation and transformation of network industry: The Internet of Things and digital convergence bring new business opportunities. Based on the development of network IP, more and more terminal units have the networking function. Among them, portable multimedia mobile devices and IPTV, which combine the four major functions of voice, data, video and mobile APP still have a high demand for the broadband for fixed network and mobile Internet, and are expected to drive the investment of telecom operators in infrastructure, such as data center switches and wireless access equipment (AP).
- ■ In the face of various new services and the demand for big data, in recent years, new value chains and new technologies have also deconstructed the industrial value and driven the development of new software, such as the business model of white box data center, which has impacted the original ecological architecture, and the alliance between Accton and open-architecture software manufacturers helps to grasp the niche market. Drive network computing and related network upgrade requirements for AI applications.

(b) Unfavorable factors and countermeasures:

- ■ Industry competition is intense, and gross profit rate is gradually compressed.
  The life cycle of network products is compressed due to the rapid changes in the information market, and the gross profit of the ODM/OEM business is declining; therefore, the countermeasures aim to strengthen the added value of products and provide one-stop purchase service to enhance the relevant business opportunities through the integration of software and hardware and alliance with related upstream and downstream.
- ■ In terms of technology, we must be more actively committed to the work of taking root in technology to establish the entry threshold and expand the scope of business. As the design and development work of chip manufacturers becomes more perfect, it also urges the assembly manufacturers with a higher manufacturing scale to participate and share the market.
- ■ The technology of open networking switch products becomes more and more mature, and attracts other server/storage vendors to the market, thus improving market competition and affecting the gross margin. The countermeasure is to strengthen the cooperation with the upper-layer software manufacturers, and quickly replicate the application in other emerging markets in Europe and vertical markets, and strengthen the depth of business and operation in regional markets through private-brand subsidiaries.

(II) Important applications and production processes of key products

(1) Important applications of key products

a. Data center switch

This product is used in large data centers to link cloud servers, providing higher transmission rates of 10G, 40G, 100G and 400G to improve the efficiency of mass data processing.

b. Ethernet switch

The product includes standard switches, high speed switches, and Ethernet powered (PoE) switches which are suitable for centralized network management environments.

Among them, the Ethernet powered (PoE) switch provides the access-point (AP) power supply for wireless base stations to solve the problem of setting up power supply for wireless base stations.

c. Wireless solutions

These include wireless base stations, wireless gateways, fixed wireless access (FWA) and other products, which provide users with wireless internet interface and equipment through IEEE 802.11a/b/g/n/ac/ax/be, LTE and BLE/Zigbee/Thread/Matter and other standards.

d. 5G CSR/DCSG

The DCSG disaggregated mobile base station backhaul router will comply with the TIP DCSG specification, and be used for deployment of mobile base stations to support existing mobile base stations and the new planned 5G base stations, as well as provide 25GbE backhaul uplink. Like all open network products, DCSG offers support for a series of commercial and open source software, providing network operators with a variety of platform options.

e. Broadband access

This includes disconnect-type GPON/XGS-PON OLT.

f. The 10G intelligent high-speed network card

It provides faster data transmission for storage servers and computing servers, and provides acceleration for complex network virtualization computing, storage acceleration, point-to-point transmission encryption and in-deep content analysis, so as to achieve fast, safe and efficient data transmission.

g. The IoT solution

The hybrid cloud is built as an infrastructure to connect the IoT solution of computer hardware. It provides a full range of front and back field intelligent life monitoring and environment control systems applied in intelligent living fields, and can quickly grasp the information through remote monitoring and real-time transmission of information to smart phones.

h. mmWave Solutions

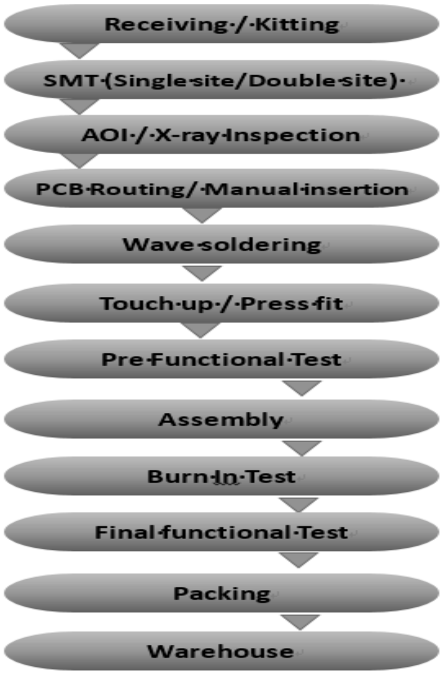
We provide gigabit-per-second class long distance wireless last mile and fixed wireless access.

i. SD-WAN/vCPE/uCPE solutions

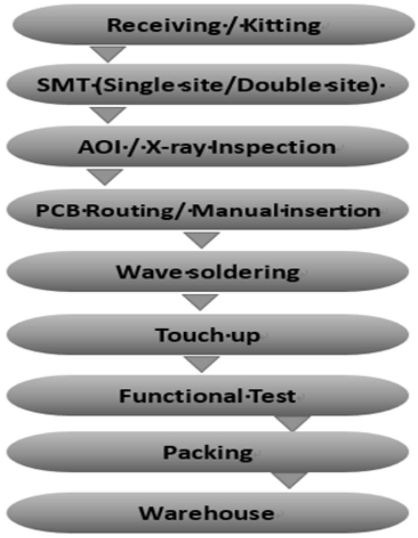
Software Defined Wide Area Network (SD-WAN) and software defined network technology use virtualization technology to simplify the management and maintenance of data centers. With this technology, enterprises can use low-cost access through network, and establish highly efficient WLANs. Therefore, expensive private WAN technologies such as MPLS or private lines can be replaced fully or partially. Service providers can provide new services quickly upon request by using virtual/universal CPE and vCPE/uCPE by virtue of powerful hardware efficiency, highly flexible intelligent user-end operating system and network function virtualization. Unlike traditional devices, which require deployment and configuration of new hardware, vCPE out-of-the-box service resiliency improves remote management capabilities for service providers and reduces operating costs for both parties.

(2) Production process

High order switches, wireless products, broadband and home security



Network cards



(III) Supply of key raw materials

The global economy still faces many uncertainties due to the pandemic, geopolitical tensions, inflation and Sino-US technological competition, which may inhibit the impact of supply growth. For example, the insufficient supply of key components continues to exist.

In addition, in response to the continuation of the United States tariff policy, Accton has not only continued improving Taiwan's production capacity but also evaluated and invested in Vietnam to establish a production base in response to the increase of orders and the avoidance of geopolitical risks.

With the continuous increase in the vaccination rate of COVID-19, the market expects a global economic recovery. Moreover, Accton can provide 12-to-18 month forecast demand to long-term partners, major chip manufacturers and major component manufacturers, and can also have strategic or cooperative agreements with suppliers when necessary. Therefore, Accton has strong bargaining and management capabilities in terms of component supply, and the above-mentioned impact is thus limited. For key components, in addition to keeping the original suppliers, at least two suppliers are maintained for product delivery to ensure no uncertainty in mass production.

1. Continue to request raw materials to be 100% compliant with the Restriction of Hazardous Substances (ROHS) directive issued by the European Union. To ensure compliance with environmental standards for materials and components, the company implements rigorous oversight of its supply chain through regular audits and spot checks, actively replacing non-compliant suppliers. An annual Supplier Conference is convened (with the 2023 edition featuring the Zero Carbon Chain Plan Supplier Sharing Conference) to underscore the significance of green product trends and regulatory mandates to our suppliers. This initiative is aimed at bolstering supplier commitment to environmental standards. By prioritizing source management, the company effectively mitigates risks associated with non-compliance, aligning with industry best practices for sustainability. Improving global warming is an extremely important issue for the environment, and Accton works with suppliers to contribute to the earth. Accton Technology's Zhunan factory was awarded the "Green Procurement Excellence Award" and also received the "Miaoli County Private Enterprises and Groups Green Procurement Excellence Result - Special Excellence Award."
2. Work closely with suppliers to integrate the supply of components from multiple parties, and maintain over two suppliers from the NPI stage, so as to effectively stabilize the supply and reduce the risk of material shortage. In order to stabilize the supply source of key raw materials and enhance the advantage in the procurement of materials, the following measures are implemented, so as to effectively stabilize the supply and reduce the risk of material shortage:

2.1 Strengthen procurement capabilities, establish a sound and long-term cooperation with suppliers, and jointly develop new technologies for components, so as to strengthen the mutual reliance.

2.2 In order to ensure that the suppliers' production schedule can meet Accton's needs,regularly review the suppliers very year to ensure their supply capacity and quality.

2.3 Regularly review suppliers' product quality, delivery accuracy, cost and service performance, and use the results as the reference for future procurement.

2.4 Establish a leading role in the research and development of related components, actively integrate suppliers across the Strait to obtain the best supply conditions in the market, and coordinate the supply terms with major suppliers.

3. Continuously optimize the Supply Chain Management (SCM) cloud system and establish an information network with suppliers, and timely grasp the material inventory status for continuous optimization and the management of future demand, so as to achieve the goal of reducing inventory management costs and reducing the loss from deadstock. Have the VMI inventory management tasks performed by suppliers to shorten the lead time for the procurement of raw materials. Conduct inventory management through VMI mechanism, continuously deepen the cooperation relationship with suppliers, reduce the inventory backlog in the overall supply chain, increase capital flow, improve operation flexibility, and cooperate with suppliers for a safe inventory mechanism to improve the Company's competitive advantage.
4. Use intelligent and automated equipment to optimize the process from design to manufacturing, use the most advanced manufacturing equipment, and use billboard management, monitoring systems, analysis centers and training centers to improve operational flexibility.
5. Use the cloud big data technology to improve computing power, push the information to suppliers in real time, cooperate in the improvement of procurement, warehousing and production line, and achieve the JIT real-time material supply operation mode.
6. Continuous introduction of Oracle Agile PLM system - Product Lifecycle Management system.

(IV) Names of the customers accounting for more than 10% of Accton’s total sales (purchase amount) in either of the most recent two years:

(1) Information of Main Suppliers

Unit: NT$ thousand

2022				2023				Current year up to March 31, 2024			
Name	Amount	Proportion (%)in Net Annual Purchase Amount	Relation with Issuer	Name	Amount	Proportion (%)in Net Annual Purchase Amount	Relation with Issuer	Name	Amount	Proportion (%)in Net Annual Purchase Amount	Relation with Issuer
A	6,724,258	13.4%	None	A	8,479,895	12.6%	None	A	2,499,247	15.1%	None
Others	43,449,497	86.6%	None	Others	58,970,552	87.4%	None	Others	14,040,752	84.9%	None
Net sales	50,173,755	100%		Net sales	67,450,447	100%		Net sales	16,539,999	100%	

(2) Information of Main Sellers

Unit: NT$ thousand

2022				2023				Current year up to March 31, 2024			
Name	Amount	Proportion (%) in Net Annual Sales	Relation with Issuer	Name	Amount	Proportion (%) in Net Annual Sales	Relation with Issuer	Name	Amount	Proportion (%) in Net Annual Sales	Relation with Issuer
A	18,665,329	24%	None	A	16,546,522	20%	None	A	4,930,617	26%	None
B	10,675,252	14%	None	B	13,997,698	17%	None	B	1,886,326	10%	None
C	7,981,973	10%	None	C	10,416,171	12%	None	C	1,568,761	8%	None
Others	39,882,669	52%	None	Others	43,228,035	51%	None	Others	10,462,008	56%	None
Net Sales	77,205,223	100%		Net Sales	84,188,426	100%		Net Sales	18,847,712	100%	

(V) Table of production volume in the most recent two years

Unit: Thousand/Pcs(EA)

Annual production volume and value of major products (or by department)	2022			2023		
	Capacity	Output	Output Value	Capacity	Output	Output Value
Network switches	3,418,254	3,321,449	44,592,230	3,888,015	3,763,118	55,767,200
Network application equipment	4,710,409	4,475,329	17,237,581	3,402,597	3,232,587	14,860,702
Network access equipment	430,767	413,851	5,366,532	222,926	212,010	3,847,503
Wireless network equipment	643,361	631,717	943,476	515,646	507,401	658,905
Others	—	—	90,899	—	—	96,210
Total	9,202,791	8,842,346	68,230,718	8,029,184	7,715,116	75,230,520

(VI) Sales volume in the most recent two fiscal years

Unit: Thousand/Pcs(EA)

Annual sales volume and value of major products (or departments)	2022				2023			
	Domestic Sales		Overseas Sales		Domestic Sales		Overseas Sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Network switches	12,254	101,725	2,932,958	45,419,521	12,964	140,618	3,195,703	56,989,036
Network application equipment	4,677	74,558	8,575,775	20,397,651	11,060	302,288	3,214,835	18,787,040
Network access equipment	654	20,490	385,218	7,084,363	3,211	24	192,977	4,794,110
Wireless network equipment	8,762	11,683	629,471	1,202,175	4,859	7,140	501,025	893,123
Others	—	333,065	—	2,559,992	—	58,207	—	2,216,840
Total	26,347	541,521	12,523,422	76,663,702	32,094	508,277	7,104,540	83,680,149

III. Number, average service years, average age and ratio of academic degree of the employees in the most recent two years

Year		2022	2023	Current Year As of March 31, 2024
Number of Employees	Manager or above	433	409	451
	Engineer	1,231	1,425	1,440
	Operator	1,561	1,535	1,509
Total		3,225	3,369	3,400
Average Age		37.12	37.48	37.72
Average Length of Service		5.39	5.76	5.97
Ratio of Academic Degree	Doctors	0.25	0.23	0.24
	Masters	17.98	19.29	20.09
	Bachelor College	42.60 19.66	43.37 17.84	43.47 17.44
	High school	17.00	16.36	15.76
	Below Senior High School	2.51	2.91	3.00

IV. Information on Environmental Protection Expenditure

(I) The total amount of losses (including compensation) and penalties incurred due to environment pollution in 2023 as of the date of publication of the Annual Report, and please indicate the countermeasures (including improvement measures) to be taken and possible expenditures to occur in the future: No environment pollution event occurred, which will be maintained continuously.

(II) The company's environmental expenditure has increased year by year, with the expenditure for the past two years as follows:

Item name of expenditure	2022	2023
ISO certification fee	504,221	799,959
Testing fee	533,464	57,489
Waste treatment fee	7,191,552	10,713,169
Expenditure on facility repairs	786,413	247,446
Total	9,015,650	11,818,063

The company's production and business activities are not related to the environmental pollution of air, water, poison and other industries listed by the Environmental Protection Department, but are only related to the enterprise waste disposal plan. The company proposed to the waste disposal plan by the competent authority (Hsinchu Science Park Administration, Miaoli County Environmental Protection Bureau) for approval. In addition to that, in accordance with the regulations, Class B waste treatment technician shall be set up in the factory to be responsible for the waste removal and treatment business. In addition to the related business, the quantity of waste output, storage, removal and treatment shall be declared through the network in accordance with the relevant waste disposal laws and regulations of the Environmental Protection Agency. It also entrusts qualified manufacturers approved by the environmental protection department to remove, treat and reuse the waste according to the treatment methods stated in the waste disposal plan, and there is no loss (including compensation) or punishment caused by environmental pollution.

The company continues to promote waste classification and recycling reduction, and cooperates with charity organizations (Tzu Chi) to clean up the recycled materials, effectively achieving the recycling and recycling of resources and the minimum amount of waste, thus creating a better environment for the earth.

(III) Based on the electricity emission factors of the main production campuses, the carbon dioxide emissions were calculated according to Accton Technology's water and electricity usage. The CO2 emissions of the main production campuses for the past two years are as follows:

Unit: Ton

CO2 Emission in the Past Two Years		
Year	2022	2023
Annual CO2 Emission	40,029 metric tons	42,395 metric tons
Explanation: The total greenhouse gas emissions from the main production campuses increased by 5.9% in year 2023 compared to year 2022 (with a 9% increase in revenue). This increase is mainly due to the capacity expansion and construction of the Zhunan factory and the expansion of the Vietnam factory. The company continues to aim for greenhouse gas reduction and progresses towards this goal.		

At present, the relevant schemes for greenhouse gas reduction being implemented and planned are as follows:

1. Fully utilize electronic signing and approving procedures to reduce paper usage.
2. Strict manage the demands for power, as well as the lighting and air conditioning in idle areas.
3. Control air-conditioning equipment, and adjust the start-up of main ice and water equipment according to the actual room temperature and production in factory.
4. Install frequency converter and set timing control in the ventilation and ventilation system of the basement.
5. Update the air conditioning equipment with high energy consumption in different areas to increase energy efficiency and reduce loss.
6. Increase the air-conditioning temperature and duration of use in offices and public areas.
7. Improve the process to minimize energy consumption throughout the production process.
8. Incorporate environmental performance requirements into the procurement process, such as prioritizing the purchase of equipment with better environmental performance, for example: environmental protection label, water efficiency label, etc.

9. Accton is set to launch its new Zhubei factory in 2024, embracing green building designs complete with a rooftop solar power system and state-of-the-art energy-efficient air conditioning. This move is part of Accton's ongoing efforts to cut carbon emissions throughout the production process. Accton is also planning to install a solar power system at their Vietnam factory to further reduce carbon footprint by tapping into renewable energy.

(IV) One of the key points for implementation of the environmental safety and health policy formulated by Accton is the undertaking to continuously promote resource recycling and reuse as well as industrial waste reduction.

In 2023, Accton's main production sites generated a total of 2,783.8 tons of waste, of which 2,273.4 tons were recycled, hitting an impressive 82% recycling rate. The company remains committed to boosting this rate even higher, staying true to its mission of enhancing resource recycling and minimizing industrial waste.

(V) The Company has completed third-party verification of the environmental management system and greenhouse gas checking management system.

The Company was authenticated by the qualifying body, Bureau Veritas, and completed the ISO 14064-1: 2018 Organisational Greenhouse Gas Inventory Management System authentication for 2023 in February 2024; related information is disclosed after the inventory check each year.

V. Labor-Management Relations

(I) Staff benefit measures, further education, training and retirement systems of the company and their implementation status, the agreement between employees and employer, and employees’ rights and interests:

Since its establishment, in addition to allowing talents to bring their role into full play, Acctcon takes the most important responsibility to take care of employees and their families, with the hope to provide a worry-free working environment to allow employees to be devoted to their work, so as to increase the company’s competitiveness. In addition to the active implementation of thoughtful management and various benefit measures, the Company learns about employees' ideas and needs at all times through various channels for the purpose of achieving sufficient communication, solving problems effectively, and promoting harmonious relations between employer and employees. At present, relevant measures are as follows:

1. Benefit Measures and Their Implementation Condition

(1) In addition to general benefits such as labor health insurance and pension benefits, the additional benefits provided by the Company include: employee group insurance, family member accident insurance, major injury and scald insurance, and new insurance against first-time cancer and death from cancer, etc. Annual and holiday bonuses, bonus distribution, share subscription by senior employees, employee emergency assistance, marriage and funeral allowances, educational scholarships for dependent children,lunch allowance and dinner for free, staff dormitory, prevention against occupational hazards and periodic health exams provided by occupational medicine specialists and professional nurses as well as various health and arts and cultural workshops, among others, to help manage the health of its staff.

(2) In 2023, Accton Technology dedicated itself to enhancing employee well-being through a comprehensive welfare program. The company organized a variety of initiatives aimed at supporting employees and their families, including scholarships for employees' children, funeral assistance, holiday and birthday gift vouchers, ESG sustainability activities, and subsidies for group travel and family day activities. Additionally, Accton provided tickets for movies and other recreational events, promoting community service and sports competitions to foster a sense of belonging and team spirit among its workforce.

One of the highlights was the celebration of Accton's 35th anniversary, which was commemorated with a grand sports event that saw participation from over 3,000 employees and their family members. This event featured a range of activities designed to promote physical fitness and team collaboration, such as athletic competitions, fun challenges, and DIY projects, all aimed at enhancing team dynamics and achieving excellence together. Accton aspires to achieve a harmonious work-life balance for its employees through these well-rounded welfare initiatives, thereby contributing to their overall well-being and satisfaction.

(3) For considering employee's needs for caring their children, the company established the first nursery and baby care center for the infants and young children from 0 to 6 years old in Hsinchu Science-based Industrial Park, and arranged exclusive parking spaces for pregnant women and breastfeeding rooms, which enable employees having no worry about caring their children.

(4) To express its positive values towards "family", the company provides "marriage allowance" to encourage employees to get marry, and the employees of the company married with each other are provided with 3,000 of allowance per month per person, i.e. 6,000 for each couple.

(5) In terms of hardware facilities, there are 7-11 convenient supermarket and Mega Bank ATM to meet staff demands. In addition, there're self-owned staff restaurant and coffee shop, and exclusive leisure time room for employees to have sports during rest time or after work.

(6) In order to care for employees, Accton will give warm care to any employee who is unable to work due to material sickness or injuries suffered by him/her that he/she may apply for leave for maximum 1 year with post and salary to be kept.

2. Implementation of Staff Further Reeducation and Talents Training and Development

The Company values talent development and nurturing. Besides project-based learning opportunities, courses are organized by the Company for its staff. Training programs include six categories: new employees, specialty, work efficiency, quality, environmental safety and management. Actively cultivate internal lecturers to build the learning organizational culture. Set up the dedicated training classroom - "Accton College" to offer physical courses. Optimize and upgrade the "LMS Online Learning Management System" to provide a faster, more convenient, and enriched learning platform for colleagues. Focus on the direct staff pre-service training, set up the dedicated simulation training center. Make ethics training for employees, and new colleagues should take it as the compulsory course, and its content including the prohibiting insider trading, the good faith management, and corporate social responsibility which are explained by cases, and announce company regulations. In 2023, relevant training for at least 11 projects were arranged, and the completion rate was 100%. Please refer to Page 29. In addition, the authority and responsibility unit publicized the case on the company's home page from time to time to remind all colleagues to comply with the norms. The company will also provide training of sending out and training subsidy (the maximum subsidy ratio: 100%) according to job requirements. In order to strengthen the language competitiveness, we provide each employee with the fixed amount of foreign language training subsidy every year to help them improve their personal performance and team competitiveness.

3. Retirement System and Implementation

As is required by the Labor Standards Act, the Company has the Employee Retirement Guidelines in place and periodically sets aside the pension fund under the old system and deposits it in the Labor Retirement Reserve Fund of the Bank of Taiwan. The Labor Retirement Reserve Supervisory Committee is responsible for managing and utilizing the retirement reserve. After implementation of new retirement system, the company also prepared and paid pension into each employee's pension account based on the rate of 6% in accordance with law, and asked employees that whether they are willing to pay pension, in a regular and public way.

4. Labor Contract

Since its establishment, Accton was committed to establishing a harmonious atmosphere between the employer and employees on mutual trust basis in terms of operation and management, and understood employee's satisfaction with management and benefit systems by taking advantage of various communication channels to enhance communication and reach consensus.

(1) Set up "Labor-Management Board" to hold meeting for electing staff representative with each tenure of four years to promote regular communication with staff representatives, so as to coordinate labor relation, promote the cooperation with employees and improve work efficiency.

(2) Held "Staff Meeting" from time to time to take employee's advices and communicate the opinions about the direction specified in the company's policies.

(3) Provide staff with the diversified feedback system, including bulletin board (BBS), internal network (ACCPORTAL), Accton Assistant Line@ and physical staff feedback mailbox, so as to encourage staff to give suggestions on operation or management measures, so that the voices and expectations of junior staff can be directly reflected to senior managers for reference of continuous improvement and corporate governance. At the same time, also set up the special line for employees to complain: (03)577-0270 extension 3119, and set up an E-mail address for employees to complain: hr885@accton.com, so as to continue to create the smooth communication channel for employees. For foreign employees, also have bilingual professionals responsible for daily coordination and communication, and create the culture of communication without obstruction.

(II) The loss arising from labor disputes in the most recent fiscal year up to the date of publication of the Annual Report: None.

VI. Information and Communication Security Management

(I) It describes the cyber security risk management framework, cyber security policies, specific management plans, and resources invested in cyber security management.

Organizational Structure of Information Security Promotion Committee:

- Accton established its Information Security Promotion Committee in 2016 and achieved ISO 27001:2013 certification. In 2023, the company completed a verification of the continued effectiveness of its cybersecurity policies and controls to maintain the normal operation of its information security management system and reduce cybersecurity risks.
- In 2020, Accton formed a dedicated cybersecurity management organization, the Information Security Department, responsible for addressing network security issues, activities, and threat intelligence across the group. This department actively monitors, investigates, and responds to security threats facing Accton.

Cyber security policy:

- All employees (including regular employees or external persons appointed, such suppliers, part-time employees and consultants etc.) shall be under the responsibility and obligation to protect the information assets related to the business responsible by them to ensure the confidentiality, accuracy and availability of Accton Group’s important information assets.
- Employees shall perform work within proper scope, and only may be granted with the authority and information necessary for the completion of their work.
- The personnel to be employed shall accept necessary evaluation and sign on relevant operation rules, and participate in information security education and training, so as to know that it is everyone’s obligation to maintain and protect information security, which shall be implemented in daily work.
- A continuous management mechanism shall be formulated and regular test and training shall be conducted to maintain its applicability.
- The measures taken by Accton Group in respect of information security shall comply with the requirements specified in laws and Accton Group’s information security policies; Formulation of and modification to all information security regulations or procedures shall follow and comply with information security management systems.

Cyber security goals:

- The requirements specified in laws and regulations, the orders of competent authorities, the terms of the contracts signed with customers or the requirements for professional duties shall be met.
- Customer information shall be protected and kept to prevent intentional improper and unlawful use.
- Continuity and timeliness of rendering services shall be ensured.
- Accuracy and completeness of the information provided shall be ensured.
- In case of damage occurring to the rights and interests of related (interested) parties due to information security accidents, response shall be made and handled appropriately.

Specific management plans:

Beyond implementing an information security management system following the PDCA cycle, Accton has integrated "Information Security Incident Reporting Procedures" into its internal risk control system. Regular management review meetings are held quarterly or whenever significant changes occur in the information operating environment. These meetings independently review the information security policy, objectives, procedures, and control measures to prevent potential cybersecurity threats and enhance the level of cybersecurity protection, maintaining a commitment to high-quality service.

In daily operations, Accton is committed to data security and protecting the personal information entrusted to us by customers, suppliers, partners, and employees. In 2023, the number of information security incident reports and complaints was zero.

Continue to manage risks in multiple areas in the operation of security infrastructure, including:

- ■To ensure the integrity of our product’s intellectual property rights.
- ■To prevent potential intrusions into company systems and broader backdoor attacks.
- ■To protect the production service environments managed by the company, ensuring the software, firmware, and hardware they produce are trustworthy and reliable.
- ■To ensure the availability of the company's critical information systems.
- ■To require all employees to complete annual cybersecurity awareness training and all new hires to complete training on privacy and the protection of trade secrets.
- ■As part of the supplier compliance process, we conduct annual reviews of the privacy and security controls of key suppliers to ensure they meet the company's baseline standards.

Resources invested in cyber security management:

Accton's Information Security Department is responsible for establishing and maintaining cybersecurity policies and security controls to manage all cybersecurity risks. Our cybersecurity risk management plan includes common ISO 27001 security controls, cybersecurity incident response and communication plans, providing timely and accurate control and procedures for reporting significant cybersecurity incidents. In 2023, there were zero cybersecurity incidents impacting operations due to hacker attacks or virus infections.

Accton's cybersecurity risk management plan aims to protect the confidentiality, integrity, and availability of information we own or are entrusted with. Specific cybersecurity initiatives include annual third-party red team exercises, penetration testing, security configuration management, comprehensive compliance oversight, and simulation and scenario exercises to test our disaster recovery capabilities.

Information security training		**Number of attendance**	**Training hours**
New Employee at Accton	Information security policy and awareness training	330	0.5
New JoyTech employees		987	2.0
Employees at Accton	Information Security Awareness and Trade Secret Protection Training	1,862	0.5
Current JoyTech employees		1,200	2.0
Accton IT staff	Professional skills training	77	1.0
Accton supervisors cyber security training	Managers complete an annual physical cybersecurity training course, covering essential topics such as: the current state and defense practices against threats to industrial control systems' cybersecurity.	154	1.0
Cybersecurity Drills		**Practice time**	**Number of attendance**
Accton social engineering drills	In 2023, four social engineering phishing email drills were conducted, involving over 12,000 participants.	Jan-23	2,457
		Apr-23	2,562
		Jul-23	2,648
		Oct-23	2,743
Joytech social engineering drills		Jan-23	580
		Apr-23	580
		Jul-23	573
		Oct-23	560

(II) Specify the losses suffered due to significant cybersecurity incidents in the most recent year and up to the date of the annual report publication, including potential impacts and countermeasures. If it's not possible to make a reasonable estimate, explain why:

Since 2023, there has been no loss due to major IT security incidents.

VII. Important Contracts

Nature of Contract	Party to Contract	Effectiveness & Termination Date	Main Contents	Restriction
Technical Contract	Industrial Technology Research Institute of Taiwan	February 1988 ~ (infinitely)	Contract for license of local network and the technical data of industrial PC	None
Technical Contract	Industrial Technology Research Institute of Taiwan	September 1988 ~ (infinitely)	License for the technology of high-performance graphic output system	None
Technical Contract	Industrial Technology Research Institute of Taiwan	March 1992 ~ (infinitely)	SNMP Agent technology	None

VI. Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Years

(1) Consolidated Information

1. Condensed balance sheet

Unit: NT$ thousand

Year/Item		Financial Information of the Most Recent Five Years					Financial information for the current year as of March 31 , 2024
		2019	2020	2021	2022	2023	
Current Assets		27,048,534	28,440,301	31,782,233	41,882,761	49,991,316	54,536,233
Property, Plant and Equipment		1,324,280	1,502,317	1,487,456	1,804,418	3,181,458	3,715,882
Intangible Assets		53,527	74,442	107,351	165,985	154,420	148,339
Other Assets		1,094,746	1,105,909	1,644,329	2,207,645	3,248,395	6,604,622
Total Assets		29,521,087	31,122,969	35,021,369	46,060,809	56,575,589	65,005,076
Current Liabilities	Before Distribution	15,237,848	14,831,457	17,643,456	21,567,677	29,079,532	31,774,401
	After Distribution	18,700,581	18,467,995	21,003,032	25,768,794	Not distributed yet	Not distributed yet
Non-current Liabilities		1,480,262	1,808,439	1,824,962	4,064,971	2,308,268	2,918,060
Total liabilities	Before Distribution	16,718,110	16,639,896	19,468,418	25,632,648	31,387,800	34,692,461
	After Distribution	20,180,843	20,276,434	22,827,994	29,833,765	Not distributed yet	Not distributed yet
Equity Attributable to Owners of Parent Companies		12,800,387	14,480,340	15,552,951	20,428,161	25,187,789	30,312,615
Share Capital		5,580,514	5,594,564	5,599,204	5,601,399	5,603,564	5,604,304
Capital Reserve		805,715	824,883	843,580	857,568	874,754	874,961
Retained Earnings	Before Distribution	7,003,401	8,585,113	9,655,707	14,482,209	19,198,744	21,448,643
	After Distribution	3,540,668	4,948,575	6,296,131	10,281,092	Not distributed yet	Not distributed yet
Other Equity		(538,244)	(473,221)	(494,541)	(462,016)	(438,274)	2,435,706
Treasury Stock		(50,999)	(50,999)	(50,999)	(50,999)	(50,999)	(50,999)
Non-controlling Equity		2,590	2,733	—	—	—	—
Total Equity	Before Distribution	12,802,977	14,483,073	15,552,951	20,428,161	25,187,789	30,312,615
	After Distribution	9,340,244	10,846,535	12,193,375	16,227,044	Not distributed yet	Not distributed yet

Note 1: The above financial information for each year has been audited by the CPAs.

Note 2: At present, the General Shareholders' Meeting is yet to be held to decide the distribution of earnings of 2023.

2. Condensed comprehensive income statement

Unit: NT$ thousand

Year/Item	Financial Information of the Most Recent Five Years					Financial information for the current year as of March 31 , 2024
	2019	2020	2021	2022	2023	
Operating Revenue	55,401,047	54,462,872	59,598,681	77,205,223	84,188,426	18,847,712
Gross Profit	10,998,762	11,554,062	11,344,596	16,518,262	19,262,801	3,932,876
Operating Income (loss)	6,039,983	6,402,663	5,440,726	9,632,608	11,501,097	1,921,224
Non-operating Income and Expenses	89,662	(189,768)	290,425	643,315	231,364	869,410
Net Profit Before Tax	6,129,645	6,212,895	5,731,151	10,275,923	11,732,461	2,790,634
Continuing operations Net Profit for the period	4,949,572	5,048,640	4,705,058	8,165,812	8,920,165	2,243,534
Loss on Discountinued Operations	—	—	—	—	—	—
Net income (loss)	4,949,572	5,048,640	4,705,058	8,165,812	8,920,165	2,243,534
Other comprehensive income for the period (net value after tax)	(209,689)	60,972	(19,247)	52,791	21,229	2,880,345
Total Comprehensive Income for the Period	4,739,883	5,109,612	4,685,811	8,218,603	8,941,394	5,123,879
Net Profit Attributable to Owners of Parent Companies	4,950,495	5,048,353	4,705,059	8,165,812	8,920,165	2,243,534
Net profit Attributable to Non-controlling Interests	(923)	287	(1)	—	—	—
Total Comprehensive Income Attributable to Owners of Parent Companies	4,743,987	5,109,469	4,685,812	8,218,603	8,941,394	5,123,879
Total Comprehensive Income Attributable to Non-controlling Interests	(4,104)	143	(1)	—	—	—
EPS	8.91	9.07	8.44	14.64	15.99	4.02

Note 1: The above financial information for each year has been audited by the CPAs.

Note 2: At present, the General Shareholders' Meeting is yet to be held to decide the distribution of earnings of 2023.

(2)Stand-alone Information

1. Condensed balance sheet

Unit: NT$ thousand

Year/Item		Financial Information of the Most Recent Five Years				
		2019	2020	2021	2022	2023
Current Assets		22,132,291	24,312,700	23,668,473	35,181,182	43,231,690
Property, Plant and Equipment		894,509	1,132,928	1,104,885	1,489,005	2,516,321
Intangible Assets		49,263	70,933	82,552	139,524	134,040
Other Assets		7,096,306	6,964,412	7,837,256	9,754,601	9,420,030
Total Assets		30,172,369	32,480,973	32,693,166	46,564,312	55,302,081
Current Liabilities	Before Distribution	15,945,706	16,380,230	15,500,000	22,302,677	28,249,226
	After Distribution	19,408,439	20,016,768	18,859,576	26,503,794	Not distributed yet
Non-current Liabilities		1,426,276	1,620,403	1,640,215	3,833,474	1,865,066
Total liabilities	Before Distribution	17,371,982	18,000,633	17,140,215	26,136,151	30,114,292
	After Distribution	20,834,715	21,637,171	20,499,791	30,337,268	Not distributed yet
Share Capital		5,580,514	5,594,564	5,599,204	5,601,399	5,603,564
Capital Reserve		805,715	824,883	843,580	857,568	874,754
Retained Earnings	Before Distribution	7,003,401	8,585,113	9,655,707	14,482,209	19,198,744
	After Distribution	3,540,668	4,948,575	6,296,131	10,281,092	Not distributed yet
Other Equity		(538,244)	(473,221)	(494,541)	(462,016)	(438,274)
Treasury Stock		(50,999)	(50,999)	(50,999)	(50,999)	(50,999)
Total Equity	Before Distribution	12,800,387	14,480,340	15,552,951	20,428,161	25,187,789
	After Distribution	9,337,654	10,843,802	12,193,375	16,227,044	Not distributed yet

Note 1: The above financial information for each year has been audited by the CPAs.

Note 2: At present, the General Shareholders' Meeting is yet to be held to decide the distribution of earnings of 2023.

2. Condensed comprehensive income statement

Unit: NT$ thousand

Year/Item	Financial Information of the Most Recent Five Years				
	2019	2020	2021	2022	2023
Operating Revenue	49,953,689	51,270,498	49,319,186	69,432,481	78,945,746
Gross Profit	8,242,831	9,466,769	8,988,218	13,484,769	15,999,275
Operating Income (loss)	4,604,977	5,746,084	4,848,193	8,339,811	10,125,843
Non-operating Income and Expenses	1,196,553	359,149	743,466	1,635,669	1,087,285
Net Profit Before Tax	5,801,530	6,105,233	5,591,659	9,975,480	11,213,128
Curent Net Profit from Continuing Operations	4,950,495	5,048,353	4,705,059	8,165,812	8,920,165
Loss on Discountinued Operations	—	—	—	—	—
Net income (loss)	4,950,495	5,048,353	4,705,059	8,165,812	8,920,165
Other comprehensive income for the period (net value after tax)	(206,425)	61,116	(19,247)	52,791	21,229
Total Comprehensive Income for the Period	4,743,987	5,109,469	4,685,812	8,218,603	8,941,394
EPS	8.91	9.07	8.44	14.64	15.99

Note 1: The above financial information for each year has been audited by the CPAs.

Note 2: At present, the General Shareholders' Meeting is yet to be held to decide the distribution of earnings of 2023.

(II) Names and audit opinions of CPAs in the last 5 years

Year	Accounting Firm	Name of CPA	Audit Opinion
2019	Deloitte & Touche	Lin, Cheng-Chih, Huang, Yu-Feng	Unqualified Opinion
2020	Deloitte & Touche	Lin, Cheng-Chih, Huang, Yu-Feng	Unqualified Opinion
2021	Deloitte & Touche	Lin, Cheng-Chih, Chung, Ming-Yuan	Unqualified Opinion
2022	Deloitte & Touche	Lin, Cheng-Chih, Chung, Ming-Yuan	Unqualified Opinion
2023	Deloitte & Touche	Chung, Ming-Yuan, Lin, Cheng-Chih	Unqualified Opinion

II. Financial analysis for the most recent five years

1. Consolidated Financial Analysis Based on International Financial Reporting Standards

Annual Analytical Item		Financial Analysis for the Most Recent Five Years					Current Year As of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt Ratio	56.63	53.47	55.59	55.65	55.48	53.37
	Ratio of long-term funds to the property, plant and equipment ratio	1,036.31	1,041.49	1,113.07	1,276.51	808.61	828.27
Solvency (%)	Current Ratio	177.51	191.76	180.14	194.19	171.91	171.64
	Quick Ratio	118.94	134.13	103.85	133.28	123.99	122.09
	Interest coverage ratio	336.17	164.09	136.21	151.98	159.73	132.76
Operating Ability	Receivables Turnover Ratio (Times)	7.41	6.89	6.22	6.58	6.94	6.73
	Average Collection Days	49.27	52.97	58.68	55.47	52.59	54.23
	Inventory Turnover Ratio (Times)	5.37	5.08	4.50	4.66	4.93	4.12
	Payables Turnover Ratio (Times)	4.75	4.62	4.78	5.05	4.96	4.18
	Average Inventory Turnover Days	67.95	71.85	81.11	78.32	74.03	88.59
	Property, Plant and Equipment Turnover Ratio (Times)	48.37	38.54	39.87	46.91	33.77	21.86
	Total Assets Turnover Ratio (Times)	2.13	1.80	1.80	1.90	1.64	1.24
Profitability	Return on Assets (%)	19.13	16.75	14.33	20.28	17.50	14.87
	Return on Equity (%)	42.90	37.00	31.33	45.39	39.11	32.34
	Net Profit Before Tax to Paid-up Capital Ratio (%)	109.84	111.05	102.36	183.45	209.37	199.18
	Net Profit Ratio (%)	8.94	9.27	7.89	10.58	10.60	11.90
	Earnings Per Share (NT$)	8.91	9.07	8.44	14.64	15.99	4.02
Cash Flow	Cash Flow Ratio (%)	56.51	23.41	7.75	45.08	63.18	7.27
	Cash Flow Adequacy Ratio (%)	51.81	35.84	23.99	37.82	46.87	40.57
	Cash Flow Reinvestment Ratio (%)	37.63	0.12	(10.92)	22.62	44.98	6.17
Leverage	Operating Leverage	1.83	1.89	2.14	1.78	1.73	2.11
	Financial Leverage	1.00	1.01	1.01	1.01	1.01	1.01

Explanation: Reasons for the changes in various financial ratios in the most recent two years (analysis is not required for the changes less than 20%)

1. The ratio of long-term capital to property, plant and equipment decreased: mainly due to the construction of the Zhubei Factory Office Building in response to operational needs.
2. Property, plant and equipment turnover rate (times) decreased: mainly due to the construction of the Zhubei Plant's office building in response to operational needs.
3. Increased cash flow ratio, cash flow adequacy ratio and cash flow reinvestment ratio: It is the result of increased cash inflows from growing revenues.

2. Individual Financial Analysis Based on International Financial Reporting Standards

Annual Analytical Item		Financial Analysis for the Most Recent Five Years				
		2019	2020	2021	2022	2013
Financial structure (%)	Debt Ratio	57.58	55.42	52.43	56.13	54.45
	Ratio of long-term funds to the property, plant and equipment ratio	1,533.92	1,380.83	1,498.47	1,546.91	1,022.35
Solvency (%)	Current Ratio	138.80	148.43	152.70	157.74	153.04
	Quick Ratio	106.38	114.37	85.87	111.62	120.02
	Interest coverage ratio	440.08	214.21	179.74	181.91	237.66
Operating Ability	Receivables Turnover Ratio (Times)	5.88	5.47	4.86	6.15	5.86
	Average Collection Days	62.09	66.77	75.10	59.35	62.29
	Inventory Turnover Ratio (Times)	9.58	7.93	5.20	5.52	6.58
	Payables Turnover Ratio (Times)	3.77	3.66	3.80	4.49	4.40
	Average Inventory Turnover Days	38.09	46.05	70.19	66.12	55.47
	Property, Plant and Equipment Turnover Ratio (Times)	74.38	50.58	44.08	53.54	39.42
	Total Assets Turnover Ratio (Times)	1.88	1.64	1.51	1.75	1.55
Profitability	Return on Assets (%)	18.65	16.19	14.52	20.72	17.59
	Return on Equity (%)	42.91	37.01	31.33	45.39	39.11
	Net Profit Before Tax to Paid-up Capital Ratio (%)	103.96	109.13	99.87	178.09	200.11
	Net Profit Ratio (%)	9.91	9.85	9.54	11.76	11.30
	Earnings Per Share (NT$)	8.91	9.07	8.44	14.64	15.99
Cash Flow	Cash Flow Ratio (%)	46.99	18.26	0.62	46.61	50.99
	Cash Flow Adequacy Ratio (%)	54.71	36.55	24.48	38.51	44.29
	Cash Flow Reinvestment Ratio (%)	34.31	(2.70)	(18.75)	26.74	34.65
Leverage	Operating Leverage	1.65	1.70	1.81	1.66	1.63
	Financial Leverage	1.00	1.01	1.01	1.01	1.00

Explanation: Reasons for the changes in various financial ratios in the most recent two years (analysis is not required for the changes less than 20%)

1. The ratio of long-term capital to property, plant and equipment decreased: mainly due to the construction of the Zhubei Factory Office Building in response to operational needs.
2. Rising interest coverage ratio: Revenue growth increases profits.
3. Property, plant and equipment turnover rate (times) decreased: mainly due to the construction of the Zhubei Plant's office building in response to operational needs.
4. Cash flow reinvestment ratio: It is the result of increased cash inflows from growing revenues.

Note 1: Above-mentioned annual financial information has been audited by CPAs.

Note 2: As of the publication date of this annual report, any latest financial information of listed companies or those companies whose stocks are traded by security dealers that has been audited or reviewed by CPAs shall be analyzed as well.

Note 3: The following formulas should be presented at the end of the annual report.

1. Financial Structure
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Capital to Property, Plant and Equipment Ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment
2. Debt-paying Ability
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Interest Coverage Ratio = Net Profit Before Tax and Interest / Interest Expenses.

3. Operating Ability
   (1) Receivables (including Accounts Receivable and Notes Receivable resulting from business operations) Turnover Ratio = Net Sales / Average Receivables (including Accounts Receivable and Notes Receivable resulting from business operations) of Periods
   (2) Average Collection Days = 365 / Receivables Turnover Ratio
   (3) Inventory Turnover Ratio = Cost of Sales / Average Inventory
   (4) Payables Turnover (including Accounts Payable and Notes Payable resulting from business operations) Ratio= Cost of Sales / Average Payables (including Accounts Payable and Notes Payable resulting from business operations) of Periods
   (5) Average Inventory Turnover Days = 365 / Inventory Turnover Ratio
   (6) Property, Plant, and Equipment Turnover Ratio = Net Sales / Average Net Property, Plant, and Equipment
   (7) Total Asset Turnover Ratio = Net Sales / Average Total Assets
4. Profitability
   (1) Return on Assets (ROA) = [Post-tax Profit or Loss + Interest Expenses × (1 - Tax Rate)] / Average Total Assets
   (2) Return on Equity = Post-tax Profit or Loss / Average Total Equity
   (3) Net Profit Margin = Post-tax Profit or Loss / Net Sales
   (4) Earnings Per Share = (Income Attributable to Owners of Parent Companies – Preference Dividend) / Weighted Average of Outstanding Shares (Note 4)
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities
   (2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities of the Most Recent Five Years / (Capital Expenditures + Inventory Increase + Cash Dividend) of the Most Recent Five Years
   (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities – Cash Dividend) / (Gross Property, Plant and Equipment + Long-term Investment + Other Non-current Assets + Operating Capital). (Note 5)
6. Leverage:
   (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income (Note 6).
   (2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses).

Note 4: Special attention shall be paid to the following matters when using the above calculation formula of Earning Per Share:
1. It shall subject to the Weighted Average Number of Ordinary Shares, instead of being based on the number of shares issued at the end of the year.
2. For capital increase by cash or transaction of treasury stock, its flowing period shall be considered for calculation of the Weighted Average Number of Shares
3. For capital transferred from surplus reserve or capital transferred from capital surplus, adjustment shall be made according to the ratio of increase for calculation of the Earnings Per Share of previous year and semi-year, without considering the issuance period of the increased capital.
4. If preferred stocks are non-convertible cumulative preferred stocks, their dividends of current year, distributed or not, shall be deducted from the Net Profit After Tax, or add Net Loss After Tax. If preferred shares are non-cumulative, their dividends shall be deducted from the Net Profit After Tax (if any); while, in case of loss occurred to the company, it shall not be adjusted.

Note 5:Special attention shall be paid to the following matters upon measurement of Cash Flow analysis:
1. Net Cash Flow from Operating Activities refers to the net cash inflow from operating activities in Cash Flow Statement.
2. Capital Expenditure refers to the annual cash outflow from capital investment.
3. Increase in inventory shall be recorded only if ending balance is more than opening balance. If the inventory decreases at the end of the year, it shall be recorded as zero.
4. Cash Dividends include the cash dividends of ordinary shares and preferred shares.
5. Gross property, Plant and Equipment refer to the total value of property, plant and equipment before accumulated depreciation is deducted.

Note 6: The issuer shall classify operating costs and operating expenses as fixed or variable according to their nature. If estimate or subjective judgment is involved, its appropriateness and consistency shall be maintained.

Note 7: If the Company's stock has no par value or par value per share is not NT$10, the calculation of ratio in paid-in capital shall be replaced with the calculation of the ratio of the equity attributable to the owners of parent companies as presented in Balance Sheet.

III. Audit Report for the Financial Statements of 2023 Financial Report

Accton Technology Corporation

2023 Annual Review Report of the Auditing Committee

The Board of Directors has prepared and submitted Accton's 2023 business report, financial statements and earnings distribution statement, among which the financial statements were audited and completed by the appointed Deloitte &Touche, and an audit report was issued. The above-mentioned business report, financial statements and earnings distribution statement have been examined by the Audit Committee and found to be consistent. Please review them in accordance with Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Act.

Sincerely,

2024 General Shareholders' Meeting of Accton Technology Corporation

Convener of the Audit Committee: Huang, Shu-Chie

March 7, 2024

IV.Financial Statements of the Most Recent Year

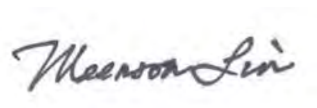
DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Accton Technology Corporation

By



Chairman : Kuan Xin Investment Co., Ltd
Representative : Lin, Meen-Ron

March 7, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Accton Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Accton Technology Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

<u>Revenue recognition</u>

For the year ended December 31, 2023, the Group's net operating revenue was NT$84,188,426 thousand. Refer to Notes 4, 24 and 39 to the consolidated financial statements for detailed information on accounting policies on revenue.

We evaluated the operating revenue of some of the major customers of the Company and its subsidiaries have grown significantly compared to 2022. Therefore, we considered the occurrence of operating revenue as a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the internal control design and operating procedures regarding the sales transaction cycle, and we assessed the effectiveness of the internal control operations.

2. We selected appropriate samples from sales and inspected and confirmed that purchase orders and delivery orders were consistent with invoices.

3. We selected samples of revenue details and confirmed that actual receipts and certificates of remittances were consistent with the recorded amount; we examined relevant documents and checked the credit period of receivables that had not been received.

Other Matter

We have also audited the parent company only financial statements of Accton Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming Yuan Chung and Cheng Chih Lin.

Mingyuan Chung Lin cheng chih

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 33)	$ 14,070,421	25	$ 8,695,372	19
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 33)	1,786,172	3	218,035	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 33)	306,112	-	183,224	-
Financial assets at amortized cost - current (Notes 4, 9 and 33)	8,169,991	14	5,918,726	13
Notes and trade receivables, net (Notes 4, 5, 10, 24 and 33)	11,118,994	20	13,138,205	29
Receivables from related parties (Notes 4, 5, 33 and 34)	122	-	1,143	-
Other receivables (Notes 4, 10, 26 and 33)	603,214	1	581,505	1
Other receivables from related parties (Notes 4, 33 and 34)	16	-	9,223	-
Inventories (Notes 4, 5 and 11)	13,550,704	24	12,788,108	28
Prepayments (Notes 18 and 34)	360,798	1	341,067	1
Other current assets-other	24,772	-	8,153	-
Total current assets	49,991,316	88	41,882,761	91
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 33)	261,658	1	108,999	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 33)	46,909	-	22,472	-
Investments accounted for using the equity method (Notes 4 and 13)	7,751	-	10,387	-
Property, plant and equipment (Notes 4, 14 and 39)	3,181,458	6	1,804,418	4
Right-of-use assets (Notes 4, 15 and 39)	1,898,651	3	1,641,644	4
Goodwill (Notes 4, 16 and 39)	1,930	-	1,930	-
Intangible assets (Notes 4, 17 and 39)	154,420	-	165,985	1
Deferred income tax assets (Notes 4 and 26)	325,345	1	151,492	-
Prepayments for equipment (Note 39)	492,510	1	77,114	-
Refundable deposits (Notes 33 and 39)	112,548	-	80,835	-
Other financial assets - non-current (Notes 18, 33 and 35)	79,623	-	79,419	-
Other non-current assets-other (Notes 18 and 39)	21,470	-	33,353	-
Total non-current assets	6,584,273	12	4,178,048	9
TOTAL	$ 56,575,589	100	$ 46,060,809	100

(Continued)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 33)	$ 133,253	-	$ -	-
Contract liabilities - current (Notes 4 and 24)	6,245,622	11	876,472	2
Trade payables (Note 33)	13,681,233	24	12,477,718	27
Accrued compensation of employees and remuneration of directors (Note 25)	1,690,169	3	1,514,916	3
Payables to contractors and equipment suppliers	205,572	-	60,692	-
Other payables (Notes 20 and 33)	3,426,176	6	2,993,251	7
Other payables to related parties (Notes 33 and 34)	531	-	-	-
Income tax payable (Notes 4 and 26)	2,803,761	5	2,071,691	5
Provisions - current (Notes 4 and 21)	304,128	1	264,711	1
Lease liabilities - current (Notes 4 and 15)	210,380	-	227,890	-
Deferred revenue - current (Notes 19 and 29)	8,303	-	8,838	-
Long-term borrowings - current portion (Notes 19, 29 and 33)	300,558	1	925,558	2
Refund liabilities - current (Note 24)	69,846	-	145,940	-
Total current liabilities	29,079,532	51	21,567,677	47
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19, 29 and 33)	537,747	1	2,605,332	6
Deferred income tax liabilities (Notes 4 and 26)	364,939	1	268,380	1
Lease liabilities - non-current (Notes 4 and 15)	1,381,397	2	1,167,014	2
Deferred revenue - non-current (Notes 19 and 29)	5,835	-	15,703	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	17,534	-	7,726	-
Guarantee deposits (Note 33)	816	-	816	-
Total non-current liabilities	2,308,268	4	4,064,971	9
Total liabilities	31,387,800	55	25,632,648	56
EQUITY (Notes 4, 23 and 28)				
Share capital				
Ordinary shares	5,603,564	10	5,601,399	12
Capital surplus	874,754	2	857,568	2
Retained earnings				
Legal reserve	3,636,972	6	2,818,364	6
Special reserve	462,016	1	494,541	1
Unappropriated earnings	15,099,756	27	11,169,304	24
Total retained earnings	19,198,744	34	14,482,209	31
Other equity	(438,274)	(1)	(462,016)	(1)
Treasury shares	(50,999)	-	(50,999)	-
Total equity	25,187,789	45	20,428,161	44
TOTAL	$ 56,575,589	100	$ 46,060,809	100

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

(Concluded)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 24, 34 and 39)	$ 84,188,426	100	$ 77,205,223	100
OPERATING COSTS (Notes 4, 11, 22, 25 and 34)	64,925,625	77	60,686,961	78
GROSS PROFIT	19,262,801	23	16,518,262	22
OPERATING EXPENSES (Notes 4, 10, 22, 25 and 34)				
Selling and marketing	1,913,778	2	1,840,534	2
General and administrative	2,067,547	2	2,073,295	3
Research and development	3,780,598	5	2,972,931	4
Expected credit gain	(219)	-	(1,106)	-
Total operating expenses	7,761,704	9	6,885,654	9
OPERATING INCOME	11,501,097	14	9,632,608	13
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 25 and 34)				
Interest income	639,337	1	179,228	-
Other income	87,808	-	99,428	-
Other gains and losses	(420,174)	(1)	433,860	1
Finance costs	(72,971)	-	(68,062)	-
Share of loss of associates	(2,636)	-	(1,139)	-
Total non-operating income and expenses	231,364	-	643,315	1
PROFIT BEFORE INCOME TAX	11,732,461	14	10,275,923	14
INCOME TAX EXPENSE (Notes 4 and 26)	2,812,296	3	2,110,111	3
NET INCOME FOR THE YEAR	8,920,165	11	8,165,812	11
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(12,059)	-	20,266	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	127,435	-	(89,656)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(94,147)	-	122,181	-
Other comprehensive income for the year, net of income tax	21,229	-	52,791	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 8,941,394	11	$ 8,218,603	11
EARNINGS PER SHARE (Note 27)				
Basic	$ 15.99		$ 14.64	
Diluted	$ 15.86		$ 14.45	

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

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	$ 5,599,204	$ 843,580	$2,347,651	$ 473,221	$ 6,834,835	$ (493,628)	$ (913)	$ (50,999)	$ 15,552,951
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	13,256	-	-	-	-	-	-	13,256
Appropriation of 2021 earnings									
Legal reserve	-	-	470,713	-	(470,713)	-	-	-	-
Special reserve	-	-	-	21,320	(21,320)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,359,576)	-	-	-	(3,359,576)
Net profit for the year ended December 31, 2022	-	-	-	-	8,165,812	-	-	-	8,165,812
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	20,266	122,181	(89,656)	-	52,791
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,186,078	122,181	(89,656)	-	8,218,603
Share-based payment arrangements	2,195	732	-	-	-	-	-	-	2,927
BALANCE AT DECEMBER 31, 2022	5,601,399	857,568	2,818,364	494,541	11,169,304	(371,447)	(90,569)	(50,999)	20,428,161
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	16,574	-	-	-	-	-	-	16,574
Appropriation of 2022 earnings									
Legal reserve	-	-	818,608	-	(818,608)	-	-	-	-
Special reserve	-	-	-	(32,525)	32,525	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(4,201,117)	-	-	-	(4,201,117)
Net profit for the year ended December 31, 2023	-	-	-	-	8,920,165	-	-	-	8,920,165
Other comprehensive (loss) income for the year ended December 31, 2023, net of income tax	-	-	-	-	(12,059)	(94,147)	127,435	-	21,229
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	8,908,106	(94,147)	127,435	-	8,941,394
Share-based payment arrangements	2,165	612	-	-	-	-	-	-	2,777
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	9,546	-	(9,546)	-	-
BALANCE AT DECEMBER 31, 2023	$ 5,603,564	$ 874,754	$3,636,972	$ 462,016	$ 15,099,756	$ (465,594)	$ 27,320	$ (50,999)	$ 25,187,789

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

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 11,732,461	$ 10,275,923
Adjustments for:		
Depreciation expense	878,146	804,961
Amortization expense	75,303	61,693
Expected credit gain	(219)	(1,106)
Net (profit) loss on fair value changes of financial assets designated as at fair value through profit or loss	(19,531)	64,149
Finance costs	72,971	68,062
Interest income	(639,337)	(179,228)
Dividend income	(15,329)	(12,677)
Share of loss of associates	2,636	1,139
(Gain) loss on disposal of property, plant and equipment, net	(332)	2,699
Write-downs of inventories	490,282	201,622
Unrealized loss on foreign currency exchange	21,023	152,175
Amortization of grant revenue	(8,556)	(8,838)
Gain on lease modification	-	(1)
Changes in operating assets and liabilities		
Notes and trade receivables, net	1,899,594	(2,944,220)
Receivables from related parties	1,021	(1,104)
Other receivables	3,057	(144,198)
Other receivables from related parties	10,978	(145)
Inventories	(1,252,203)	247,108
Prepayments	(74,937)	(145,274)
Other current assets	(33,836)	9,886
Contract liabilities	5,368,769	34,836
Notes and trade payables	1,482,870	1,027,828
Accrued compensation of employees and remuneration of directors	175,253	461,876
Other payables	466,146	676,560
Other payables to related parties	(143)	-
Provisions	21,962	161,939
Refund liabilities	(59,223)	35,779
Net defined benefit liabilities	(2,251)	(1,790)
Cash generated from operations	20,596,575	10,849,654
Interest paid	(67,810)	(54,737)
Income tax paid	(2,157,520)	(1,071,555)
Net cash generated from operating activities	18,371,245	9,723,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(32,333)	(30,290)
Proceeds from sale of financial assets at fair value through other comprehensive income	42,458	-
Purchase of financial assets at amortized cost	(17,698,321)	(6,241,187)

(Continued)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from sale of financial assets at amortized cost	$ 15,422,560	$ 1,163,599
Purchase of financial assets at fair value through profit or loss	(3,583,169)	(1,169,445)
Proceeds from sale of financial assets at fair value through profit or loss	1,881,904	1,118,644
Increase in prepayments for investment	-	(30,039)
Acquisition of property, plant and equipment	(2,244,885)	(951,531)
Proceeds from disposal of property, plant and equipment	13,278	6,106
(Increase) decrease in refundable deposits	(31,627)	3,447
Acquisition of intangible assets	(66,850)	(120,087)
Proceeds from disposal of intangible assets	8	-
Net cash inflow arising from merger	424	-
Increase in other financial assets	(204)	(3,318)
Interest received	615,486	136,933
Dividends received	15,329	12,677
Net cash used in investing activities	(5,665,942)	(6,104,491)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	711,923	776,886
Repayments of short-term borrowings	(574,913)	(776,886)
Proceeds from long-term borrowings	100,000	2,500,000
Repayments of long-term borrowings	(2,800,557)	(175,325)
Repayments of the principal portion of lease liabilities	(310,239)	(263,711)
Dividends paid to owners of the Company	(4,184,543)	(3,346,320)
Employee share options	2,777	2,927
Net cash used in financing activities	(7,055,552)	(1,282,429)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(274,702)	101,186
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,375,049	2,437,628
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,695,372	6,257,744
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 14,070,421	$ 8,695,372

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

(Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Accton Technology Corporation (the "Company") was incorporated in Hsinchu Science-based Industrial Park in February 1988. The Company develops, manufactures and sells innovative high-quality products for computer network systems and wireless land area network (LAN) hardware and software products and renders related technical consulting and engineering design services.

The Company's shares have been listed on the Taiwan Stock Exchange since November 1995.

The Company together with the entities controlled by the Company are hereinafter referred to collectively as the "Group".
The functional currency of the Group is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 7, 2024.

3. APPLICATION OF NEW AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY IMFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards endorsed by the FSC with the effective dates.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as fair value on initial recognition of financial assets at fair value through profit or loss or, when applicable, the cost on initial recognition of an investment in an associate.

See Note 12 and Tables 8 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be measured at fair value. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, work-in-progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date. Inventory is evaluated and recorded at standard cost under daily operation; but on the closing date, the Group will calculate the actual cost of inventory by weighted average method.

h. Investment in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Goodwill

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

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

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

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

m. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

ii. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and trade receivables measured at amortized cost (including related parties), other receivables (including related parties), time deposits with original maturities of more than 3 months, pledged time deposits and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Fair value is determined in the manner described in Note 33.

b) Impairment of financial assets

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

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

<u>Warranties</u>

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

<u>Revenue from the sale of goods</u>

Revenue from the sale of goods comes from sales of network communication equipment. Based on the different trading conditions of the network communication equipment, sales of goods are recognized as revenue when they are delivered to the customer's specific location and the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

p. Leases

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

1) The Group as lessor

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

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

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

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremented borrowing rate will be used.

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

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

u. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

3) Current and deferred taxes

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

v. Treasury Shares

Repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

The Company records its shares held by its subsidiaries as treasury shares. The recorded costs of treasury shares are based upon the carrying values of the shares as shown in the subsidiaries' books. The cash dividends received by the subsidiaries from the Company are recorded under capital surplus - treasury shares.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only the current year or in the year of the revisions and future years if the revisions affect both the current and future years.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 1,780	$ 1,476
Checking accounts and demand deposits	3,596,922	4,280,863
Cash equivalents		
Time deposits with original maturities of less than 3 months	10,231,719	3,386,733
Repurchase agreements collateralized by bonds	240,000	1,026,300
	$ 14,070,421	$ 8,695,372

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

	December 31	
	2023	**2022**
Bank balance	0.001%-5.780%	0.001%-5.100%
Repurchase agreements collateralized by bonds	0.930%-0.940%	0.800%-4.700%

Cash and cash equivalents are assessed for impairment. The Group considers its cash and cash equivalents as low credit risk; thus, no allowance for impairment loss was recognized.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	**2022**
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	$ 1,786,172	$ 218,035
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Domestic and foreign unlisted shares	$ 125,129	$ 108,999
Foreign convertible bonds	79,100	-
Structured products	57,429	-
	$ 261,658	$ 108,999

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	**2022**
Current		
Domestic and foreign investments		
Listed shares and emerging market shares	$ 306,112	$ 183,224
Non-current		
Foreign unlisted shares	$ 46,909	$ 22,472

The Group holds listed (unlisted) shares and emerging market shares of domestic and foreign for strategic purposes and expects to profit from the investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	**2022**
Current		
Time deposits with original maturity of more than 3 months	$ 8,169,991	$ 5,918,726

The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.25%-5.77% and 0.25%-5.34% per annum as of December 31, 2023 and 2022, respectively.

Financial assets at amortized cost are assessed for impairment. The Group considers its financial assets at amortized cost as low credit risk; thus, no allowance for impairment loss was recognized.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	**2022**
Notes receivable		
Notes receivable - operating	$ 475	$ 2,246
Trade receivables		
At amortized cost		
Gross carrying amount	$ 11,134,357	$ 13,152,234
Less: Allowance for impairment loss	(15,838)	(16,275)
	$ 11,118,519	$ 13,135,959
Other receivables		
At amortized cost		
Gross carrying amount	606,260	584,551
Less: Allowance for impairment loss	(3,046)	(3,046)
	$ 603,214	$ 581,505

a. Notes and trade receivables

The average credit period of sales of goods is 30 days, and some customers have credit period of 45 to 90 days after the end of the month. No interest is charged on trade receivables. The Group adopted a policy to obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own historical transaction records to rate its major customers.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, as well as the economic condition of the industry in which the customer operates. The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. The Group estimates expected credit losses based on the number of days for which receivables are past due.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2023

	Not Past Due	1 to 60 Days Past Due	61 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	$ 10,382,899	$ 740,927	$ 8	$ 10,523	$ 11,134,357
Loss allowance (Lifetime ECLs)	-	(5,314)	(1)	(10,523)	(15,838)
Amortized cost	$ 10,382,899	$ 735,613	$ 7	$ -	$ 11,118,519

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	$ 12,318,136	$ 816,067	$ 4,432	$ 13,599	$ 13,152,234
Loss allowance (Lifetime ECLs)	-	(2,242)	(434)	(13,599)	(16,275)
Amortized cost	$ 12,318,136	$ 813,825	$ 3,998	$ -	$ 13,135,959

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 16,275	$ 17,073
Add: Amounts reversed	(219)	(1,106)
Foreign exchange gains and losses	(218)	308
Balance at December 31	$ 15,838	$ 16,275

b. Other receivables

The average credit period of sales of goods is 30 days, and some customers have credit period of 30 to 45 days after the end of the month. No interest is charged on other receivables. The Group adopted a policy to obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The movements of the loss allowance of other receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1 and December 31	$ 3,046	$ 3,046

As of December 31, 2023 and 2022, the amount of allowance losses did not include individual impairment of other receivables that were subject to risk control due to tight cash flow from customers.

11. INVENTORIES

	December 31	
	2023	2022
Merchandise	$ 2,426,943	$ 1,567,710
Finished goods	2,697,338	1,675,455
Work in progress	723,969	737,959
Raw materials	7,702,454	8,806,984
	$ 13,550,704	$ 12,788,108

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was $64,925,625 thousand and $60,686,961 thousand, respectively. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 consisted an inventory write-down of $490,282 thousand and $201,622 thousand, respectively.

12. SUBSIDIARIES

			% of Ownership December 31		
Investor	Investee	Main Business	2023	2022	Remark
The Company	Accton Century Holding (BVI) Co., Ltd. (“Accton Century”)	Investment holding company	100	100	-
	Edgecore Networks Corp. (“Edgecore Networks”)	Research, development, design, manufacture and selling of switching hubs	100	100	-

(Continued)

Investor	Investee	Main Business	% of Ownership December 31 2023	2022	Remark
The Company	Accton Global, Inc. (“Accton Global”)	Selling and marketing of high-quality LAN hardware and software products	100	100	-
	Accton Manufacturing and Service, Inc. (“AMS”)	Manufacture and selling of switching hubs	100	100	Note 1
	Accton Investment Corp. (“Accton Investment”)	Investment holding company	100	100	-
	Accton Technology (China) Co., Ltd. (“Accton China”)	Investment holding company	100	100	-
	Accton Technology Corp. USA (“Accton USA”)	Service of technique of high-quality LAN hardware and software products	100	100	-
	Accton Logistics Corp. (“AL”)	Selling and marketing of high-quality LAN hardware and software products	100	100	-
	Nocsys Inc. (“Nocsys”)	Investment holding company	-	100	Note 2
	E-Direct Corp. (“E-Direct”)	Provides services in information software and information technology	100	100	-
	Vietnam Accton Technology Co., Ltd. (“Accton Vietnam”)	Research, development, design, manufacture and selling of switching hubs	100	100	-
	Metalligence Technology Corp. (“Metalligence”)	Provides e-commerce apps, information software and advertising services	100	-	Note 3
Accton Century	Accton Asia Investments Corp. (“Accton Asia”)	Investment holding company	100	100	-
Accton Asia	Joy Technology (Shenzhen) Co., Ltd. (“Joy Tech”)	Selling and producing of high-end network switches	100	100	-
Joy Tech	ATAN NetworKs Co., Ltd. (“ATAN”)	Sale of network products	100	100	-
Accton China	Accton Technology Co., Ltd. (“Accton SH”)	Sale of network products	100	100	-
Accton SH	MuXi Technology Co., Ltd. (“MuXi”)	Sale of network products	100	100	-
Edgecore Networks	Edgecore Networks Singapore Pte. Ltd. (“Edgecore Singapore”)	Selling and marketing of high-quality LAN hardware and software products	100	100	-
	Edgecore Americas Networking Corp. (“Edgecore Americas”)	Selling and marketing of high-quality LAN hardware and software products	100	100	-
	Edgecore Networks India Pvt. Ltd. (”Edgecore India”)	Research, development, design, manufacture and selling of switching hubs	100	100	-

(Concluded)

Note1: On April 11, 2023, the board of directors resolved to rename SMC Networks Inc. to Accton Manufacturing and Service, Inc.

Note2: In December 2023, Nocsys Inc. completed its liquidation procedures.

Note3: In April 2023, the Company acquired 80% of Metalligence Technology Corp.’s shares. As a result, the ownership interests increased from 20% to 100%. Refer to Note 31.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2023	2022
Associates that are not individually material	$ 7,751	$ 10,387

On the date of balance sheet, the percentage of the Group’s ownership and voting rights to the associates as follows:

Name of Associate	Main Business	Location	December 31 2023	December 31 2022
Oenix Biomed Co., Ltd.	Research and development of health care services and equipment	Taipei	40%	40%
Metalligence Technology Corp. (Note)	Provides e-commerce apps, information software and advertising services	Taipei	-	20%
CheerLife Technology Corp.	Provides e-commerce apps, information software and advertising services	Taipei	20%	20%

Note: Since April 2023, Metalligence Technology Corp. has been classified from an associate into a 100% subsidiary.

14. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Buildings	Machinery and Equipment	Molding Equipment	Testing Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost										
Balance at January 1, 2023	$ 406,064	$2,312,530	$ 551,435	$ 616,569	$ 41,596	$ 248,592	$ 519,008	$ 383,566	$ 418,613	$5,497,973
Additions	5,134	340,105	103,998	95,572	215	20,386	126,527	110,249	1,173,667	1,975,853
Reductions	(2,496)	(68,661)	(90,133)	(17,753)	(2,155)	(11,731)	(828)	(8,241)	-	(201,998)
Reclassified	-	-	-	(339)	339	-	-	1,928	-	1,928
Effect of foreign currency exchange differences	-	(31,087)	(518)	(632)	(100)	(838)	(7,087)	(7,149)	-	(47,411)
Balance at December 31, 2023	$ 408,702	$2,552,887	$ 564,782	$ 693,417	$ 39,895	$ 256,409	$ 637,620	$ 480,353	$1,592,280	$7,226,345
Accumulated depreciation										
Balance at January 1, 2023	$ 287,382	$1,671,286	$ 383,486	$ 488,340	$ 33,105	$ 174,202	$ 387,649	$ 268,105	$ -	$3,693,555
Additions	13,472	227,997	81,420	66,403	3,396	33,277	82,076	59,237	-	567,278
Reductions	(2,344)	(59,365)	(90,088)	(17,753)	(2,155)	(11,212)	(787)	(5,348)	-	(189,052)
Effect of foreign currency exchange differences	-	(17,562)	(413)	(352)	(75)	(649)	(3,940)	(3,903)	-	(26,894)
Balance at December 31, 2023	$ 298,510	$1,822,356	$ 374,405	$ 536,638	$ 34,271	$ 195,618	$ 464,998	$ 318,091	$ -	$4,044,887
Carrying amount at December 31, 2023	$ 110,192	$ 730,531	$ 190,377	$ 156,779	$ 5,624	$ 60,791	$ 172,622	$ 162,262	$1,592,280	$3,181,458
Cost										
Balance at January 1, 2022	$ 409,794	$2,140,216	$ 466,760	$ 582,518	$ 45,680	$ 242,734	$ 499,340	$ 359,429	$ -	$4,746,471
Additions	8,813	222,866	85,463	41,609	-	19,363	20,693	32,351	418,613	849,771
Reductions	(12,543)	(69,926)	(2,087)	(7,836)	(4,194)	(14,977)	(4,861)	(12,159)	-	(128,583)
Effect of foreign currency exchange differences	-	19,374	1,299	278	110	1,472	3,836	3,945	-	30,314
Balance at December 31, 2022	$ 406,064	$2,312,530	$ 551,435	$ 616,569	$ 41,596	$ 248,592	$ 519,008	$ 383,566	$ 418,613	$5,497,973
Accumulated depreciation										
Balance at January 1, 2022	$ 284,526	$1,507,795	$ 315,971	$ 433,368	$ 33,119	$ 150,805	$ 314,236	$ 219,195	$ -	$3,259,015
Additions	15,399	209,967	68,889	62,671	4,104	37,044	74,418	58,028	-	530,520
Reductions	(12,543)	(62,590)	(2,492)	(7,817)	(4,185)	(14,865)	(3,975)	(11,311)	-	(119,778)
Effect of foreign currency exchange differences	-	16,114	1,118	118	67	1,218	2,970	2,193	-	23,798
Balance at December 31, 2022	$ 287,382	$1,671,286	$ 383,486	$ 488,340	$ 33,105	$ 174,202	$ 387,649	$ 268,105	$ -	$3,693,555
Carrying amount at December 31, 2022	$ 118,682	$ 641,244	$ 167,949	$ 128,229	$ 8,491	$ 74,390	$ 131,359	$ 115,461	$ 418,613	$1,804,418

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

Buildings	2-56 years
Machinery and equipment	2-10 years
Molding equipment	1-10 years
Testing equipment	1-8 years
Transportation equipment	5-10 years
Office equipment	1-8 years
Leasehold improvements	1-10 years
Other equipment	2-8 years

The buildings held by the Group that consisted of main buildings, electric equipment and construction, are depreciated over their estimated useful lives of 56 years and 9-22 years, respectively, using the straight-line method.

The above items of property, plant and equipment were not used as collateral.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 1,084,969	$ 1,115,374
Buildings	809,165	518,704
Transportation equipment	4,517	4,620
Other equipment	-	2,946
	$ 1,898,651	$ 1,641,644

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 600,697	$ 842,073
Depreciation charge for right-of-use assets		
Land	$ 30,404	$ 27,727
Buildings	275,205	244,340
Transportation equipment	2,313	476
Other equipment	2,946	1,898
	$ 310,868	$ 274,441

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 210,380	$ 227,890
Non-current	$ 1,381,397	$ 1,167,014

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.37%-2.80%	2.37%-2.80%
Buildings	0.85%-9.60%	0.85%-8.02%
Transportation equipment	2.14%-2.77%	2.14%-2.77%
Other equipment	-	1.89%

The Group leases land and buildings for the use of plants and offices with lease terms of 5 to 40 years. The lease contract for land located in Republic of China specifies that lease payments will be adjusted on the basis of changes in announced land value prices. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	**2022**
Expenses relating to short-term leases	$ 59,910	$ 40,967
Total cash outflow for leases	$ 420,996	$ 342,754

The Group's leases of certain office equipment and other assets which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. GOODWILL

	For the Year Ended December 31	
	2023	**2022**
Cost		
Balance at January 1 and December 31	$ 1,930	$ 1,930

The Group recognized that there was no impairment loss of the recoverable amount of the assessed goodwill in 2023 and 2022.

17. INTANGIBLE ASSETS

	Technology License Fees	**Computer Software**	**Total**
Cost			
Balance at January 1, 2023	$ 15,577	$ 243,766	$ 259,343
Additions	-	66,850	66,850
Reductions	-	(16,296)	(16,296)
Reclassified	-	(2,867)	(2,867)
Effect of foreign currency exchange differences	-	(908)	(908)
Balance at December 31, 2023	$ 15,577	$ 290,545	$ 306,122
Accumulated amortization			
Balance at January 1, 2023	$ 3,363	$ 89,995	$ 93,358
Additions	3,223	72,080	75,303
Reductions	-	(16,288)	(16,288)
Effect of foreign currency exchange differences	-	(671)	(671)
Balance at December 31, 2023	$ 6,586	$ 145,116	$ 151,702
Carrying amount at December 31, 2023	$ 8,991	$ 145,429	$ 154,420

(Continued)

	Technology License Fees	Computer Software	Total
Cost			
Balance at January 1, 2022	$ 13,897	$ 153,778	$ 167,675
Additions	1,680	118,407	120,087
Reductions	-	(28,730)	(28,730)
Effect of foreign currency exchange differences	-	311	311
Balance at December 31, 2022	$ 15,577	$ 243,766	$ 259,343
Accumulated amortization			
Balance at January 1, 2022	$ 229	$ 60,095	$ 60,324
Additions	3,134	58,559	61,693
Reductions	-	(28,730)	(28,730)
Effect of foreign currency exchange differences	-	71	71
Balance at December 31, 2022	$ 3,363	$ 89,995	$ 93,358
Carrying amount at December 31, 2022	$ 12,214	$ 153,771	$ 165,985

(Concluded)

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

Technology license fees	3-5 years
Computer software	1-6 years

The above items of intangible assets were not used as collateral.

18. PREPAYMENTS AND OTHER ASSETS

	December 31	
	2023	2022
Current		
Prepayments		
Excess VAT paid	$ 259,168	$ 216,067
Prepayments for software maintenance fees	39,781	41,347
Prepayments for purchases	14,186	36,993
Others	47,663	46,660
	$ 360,798	$ 341,067
Non-current		
Other financial assets		
Pledged time deposits (Note 35)	$ 79,623	$ 79,419
Other assets		
Prepayments for software maintenance fees	21,470	-
Prepayments for investment	-	30,039
Others	-	3,314
	$ 21,470	$ 33,353

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured credit borrowings	$ 133,253	$ -

The range of weighted average effective interest rates on bank loans was 1.35%-3.50% per annum at December 31, 2023.

b. Long-term borrowings

The borrowings of the Group are as follows:

	Maturity Date	Significant Covenant	December 31 2023	December 31 2022
Unsecured bank borrowings	2026.06.15	From June 2022, there are 49 monthly payments of principal and interest.	$ 612,245	$ 857,143
Unsecured bank borrowings	2026.04.15	From June 2022, there are 47 monthly payments of principal and interest.	129,872	185,532
Unsecured bank borrowings	2030.02.16	From February 2026, the 1st to 16th quarterly payments are 4% of the principal, and the 17th quarterly payments are 36% of the principal.	100,000	-
Unsecured bank borrowings	2024.08.29	From September 2023, there are 4 quarterly payments of principal and interest; early repaid in full in March 2023.	-	2,500,000
Long-term borrowings			842,117	3,542,675
Less: Discounts on government grants (Note 29)			(3,812)	(11,785)
Less: Current portion			(300,558)	(925,558)
			$ 537,747	$ 2,605,332

The intervals of effective borrowing rates as of December 31, 2023 and 2022 were 0.600%-2.184% and 0.475%-1.660%, respectively.

The loan agreements require the maintenance of a current ratio, debt ratio, and interest coverage ratio based on the Group's annual and quarterly consolidated financial statements. For the years ended December 31, 2023 and 2022, the Group had met the financial ratio covenants.

20. OTHER LIABILITIES

	December 31 2023	December 31 2022
Current		
Other payables		
Temporary receipts from customers	$ 992,477	$ 794,178
Payable for salaries and bonuses	651,510	601,469
Temporary credit and agency receipt	113,908	243,541
Payable for insurance	104,345	97,245
Payable for service	60,555	46,901
Payable for import/export	53,221	75,328
Others	1,450,160	1,134,589
	$ 3,426,176	$ 2,993,251

21. PROVISIONS

	December 31 2023	December 31 2022
Current		
Warranties	$ 304,128	$ 264,711

	Warranties
In 2023	
Balance at January 1, 2023	$ 264,711
Reclassified	17,469
Additional provisions recognized	183,486
Amounts used	(161,524)
Effect of foreign currency exchange differences	(14)
Balance at December 31, 2023	$ 304,128
In 2022	
Balance at January 1, 2022	$ 102,430
Additional provisions recognized	272,464
Amounts used	(110,525)
Effect of foreign currency exchange differences	342
Balance at December 31, 2022	$ 264,711

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties and under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. According to local laws, overseas subsidiaries fund certain percentage of pension based on the gross incomes of the local employees. According to the pension plan managed by the Government of China, subsidiaries in China pay retirement insurance, recognized as current expense when contributed.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 283,790	$ 281,957
Fair value of plan assets	(266,256)	(274,231)
Net defined benefit liabilities	$ 17,534	$ 7,726

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2023	$ 281,957	$ (274,231)	$ 7,726
Service cost			
Current service cost	557	-	557
Net interest expense (income)	3,524	(3,445)	79
Recognized in profit or loss	4,081	(3,445)	636

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (2,367)	$ (2,367)
Actuarial loss - experience adjustments	14,426	-	14,426
Recognized in other comprehensive loss (income)	14,426	(2,367)	12,059
Contributions from the employer	-	(2,887)	(2,887)
Benefits paid	(16,674)	16,674	-
Balance at December 31, 2023	$ 283,790	$ (266,256)	$ 17,534
Balance at January 1, 2022	$ 294,233	$ (264,451)	$ 29,782
Service cost			
Current service cost	762	-	762
Net interest expense (income)	2,199	(1,983)	216
Recognized in profit or loss	2,961	(1,983)	978
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(20,752)	(20,752)
Actuarial loss - experience adjustments	486	-	486
Recognized in other comprehensive loss (income)	486	(20,752)	(20,266)
Contributions from the employer	-	(2,768)	(2,768)
Benefits paid	(15,723)	15,723	-
Balance at December 31, 2022	$ 281,957	$ (274,231)	$ 7,726

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 43	$ 69
Selling and marketing expenses	71	124
General and administrative expenses	251	395
Research and development expenses	271	390
	$ 636	$ 978

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans’ debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.25%	1.25%
Expected rates of salary increase	4.00%	4.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rates		
0.25% increase	$ (5,551)	$ (5,998)
0.25% decrease	$ 5,732	$ 6,199
Expected rates of salary increase		
1.00% increase	$ 23,172	$ 25,099
1.00% decrease	$ (20,849)	$ (22,496)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	$ 2,887	$ 2,768
Average duration of the defined benefit obligation	10.3 years	11.0 years

23. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Authorized shares (in thousands)	880,000	880,000
Authorized capital	$ 8,800,000	$ 8,800,000
Issued and fully paid shares (in thousands)	560,356	560,140
Issued capital	$ 5,603,564	$ 5,601,399

A holder of issued ordinary shares with par value of $10 is entitled to vote and to receive dividends.

The authorized shares include 87,000 thousand shares allocated for the exercise of employee share options.

Exercise of employee share options is the main reason for the share movement.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 538,458	$ 537,846
Treasury share transactions	99,967	83,393
Employee share options	222,048	220,988
May only be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	8,113	8,113
May not be used for any purpose		
Employee share options	6,168	7,228
	$ 874,754	$ 857,568

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulted from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

A reconciliation of the carrying amounts at the beginning and at the end of December 31, 2023 and 2022, for each class of capital surplus was as follows:

	Premium on Issuance of Shares	**Treasury Shares**	**Employee Share Options**	**Change in Percentage of Ownership Interests in Subsidiaries**	**Employee Share Options - May not be used for any Purpose**
Balance at January 1, 2023	$ 537,846	$ 83,393	$ 220,988	$ 8,113	$ 7,228
Employee share options exercised	612	-	1,060	-	(1,060)
Cash dividends received by subsidiaries from parent company	-	16,574	-	-	-
Balance at December 31, 2023	$ 538,458	$ 99,967	$ 222,048	$ 8,113	$ 6,168
Balance at January 1, 2022	537,114	70,137	219,717	8,113	8,499
Employee share options exercised	732	-	1,075	-	(1,075)
Employee share options expired	-	-	196	-	(196)
Cash dividends received by subsidiaries from parent company	-	13,256	-	-	-
Balance at December 31, 2022	$ 537,846	$ 83,393	$ 220,988	$ 8,113	$ 7,228

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 25-7.

The Company's Articles stipulate that the dividend policy must comply with present and future development plans and take investment environment, demand of funds, domestic and foreign competition, and shareholders' interests into consideration. The shareholder's compensation can be appropriated by way of cash dividends or share dividends, with provision that the percentage of cash dividends must exceed 50% of total dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 15, 2023 and June 16, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Year 2022	For Year 2021	For Year 2022	For Year 2021
Legal reserve	$ 818,608	$ 470,713	$ -	$ -
(Reversal of) special reserve	(32,525)	21,320	-	-
Cash dividends	4,201,117	3,359,576	7.4998	5.9987

The appropriations of earnings for 2023 were proposed by the Company's board of directors on March 7, 2024. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 891,765	$ -
Reversal of special reserve	(23,742)	-
Cash dividends	5,603,834	10

The appropriations of earnings for 2023 are subject to the resolution of the shareholders' meeting to be held on June 13, 2024.

d. Special reserves

	For the Year Ended December 31	
	2023	2022
Beginning at January 1	$ 494,541	$ 473,221
(Reversal of) appropriations in respect of Debits to other equity items	(32,525)	21,320
Balance at December 31	$ 462,016	$ 494,541

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (371,447)	$ (493,628)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(94,147)	122,181
Balance at December 31	$ (465,594)	$ (371,447)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (90,569)	$ (913)
Recognized for the year		
Unrealized gain (loss) - equity instruments	127,435	(89,656)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(9,546)	-
Balance at December 31	$ 27,320	$ (90,569)

f. Treasury shares

The Company's shares held by its subsidiaries on the balance sheet date were as follows:

Nambe of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Value
December 31, 2023			
Accton Investment	2,210	$ 50,999	$ 1,155,760
December 31, 2022			
Accton Investment	2,210	$ 50,999	$ 518,214

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

24. REVENUE

	For the Year Ended December 31	
	2023	**2022**
Revenue from the sale of goods	$ 84,112,488	$ 77,125,777
Other operating revenue	75,938	79,446
	$ 84,188,426	$ 79,205,223

a. Contract information

Revenue from the sale of goods comes from sales of network communication equipment. Based on the different trading conditions of the network communication equipment, sales of goods are recognized as revenue when they are delivered to the customer's specific location and the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group recognized the estimated possible sales return and discount of the refundable liabilities. As of December 31, 2023 and 2022, for information on the refund liability which amounted to $69,846 thousand and $145,940 thousand, respectively.

b. Contact balances

	December 31, 2023	**December 31, 2022**	**January 1, 2022**
Trade receivables (Note 10)	$ 11,118,519	$ 13,135,959	$ 10,316,031
Contract liabilities - current			
Sale of goods	$ 6,245,622	$ 876,472	$ 841,636

As of December 31, 2023 and 2022, the sales of goods from contract liabilities amounted to $282,264 thousand and $126,546 thousand, respectively.

c. Disaggregation of revenue

Refer to Note 39 for information on disaggregation of revenue.

25. NET PROFIT

Net profit attributable to:

a. Interest income

	For the Year Ended December 31	
	2023	**2022**
Bank deposits	$ 639,141	$ 179,142
Others	196	86
	$ 639,337	$ 179,228

b. Other income

	For the Year Ended December 31	
	2023	**2022**
Grant income (Note 29)	$ 40,503	$ 49,784
Dividends	15,329	12,677
Others	31,976	36,967
	$ 87,808	$ 99,428

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain (loss) on fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	$ 19,531	$ (64,149)
Gain on lease modification	-	1
Net foreign exchange (loss) gain	(432,761)	500,677
Others	(6,944)	(2,669)
	$ (420,174)	$ 433,860

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	$ 50,846	$ 38,076
Interest on bank loans	23,064	27,884
Others	-	2,102
Less: Amounts included in the cost of qualifying assets	(939)	-
	$ 72,971	$ 68,062

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	$ 939	$ -
Capitalization rate	2.056%-2.184%	-

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 438,529	$ 392,022
Operating expenses	439,617	412,939
	$ 878,146	$ 804,961
An analysis of amortization by function		
Operating costs	$ 7,536	$ 6,578
Operating expenses	67,767	55,115
	$ 75,303	$ 61,693

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 6,747,518	$ 6,106,325
Post-employment benefits (Note 22)		
Defined contribution plan	259,383	223,575
Defined benefit plans	636	978
Total employee benefits expense	$ 7,007,537	$ 6,330,878
An analysis of employee benefits expense by function		
Operating costs	$ 1,939,241	$ 1,880,943
Operating expenses	5,068,296	4,449,935
	$ 7,007,537	$ 6,330,878

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors at rates of no less than 1%-11.25% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 7, 2024 and March 9, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	11.25%	11.25%
Remuneration of directors	0.3%	0.4%

Amount

	For the Year Ended December 31			
	2023		**2022**	
	Cash	**Share**	**Cash**	**Share**
Compensation of employees	$ 1,425,819	$ -	$ 1,269,568	$ -
Remuneration of directors	$ 35,000	-	$ 40,000	-

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense recognized are as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 2,745,427	$ 1,897,912
Income tax on unappropriated earnings	155,577	32,322
Adjustments for prior years	(11,414)	40,458
Deferred tax		
In respect of the current year	(77,294)	139,419
Income tax expense recognized in profit or loss	$ 2,812,296	$ 2,110,111

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

	For the Year Ended December 31	
	2023	**2022**
Profit before tax	$ 11,732,461	$ 10,275,923
Income tax expense calculated at the statutory rate	$ 2,796,135	$ 2,336,717
Income tax on unappropriated earnings	155,577	42,776
Nondeductible items expenses in determining taxable income	47,124	(161,284)
Investment tax credits used	(175,126)	(148,556)
Adjustments for prior years' tax	(11,414)	40,458
Income tax expense recognized in profit or loss	$ 2,812,296	$ 2,110,111

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets (included in other receivables)		
Tax refund receivable	$ 6,664	$ 3,297
Current tax liabilities		
Income tax payable	$ 2,803,761	$ 2,071,691

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

	Balance, at Beginning of Year	Movements	Balance, at End of Year
Deferred tax assets			
Temporary difference	$ 151,492	$ 173,853	$ 325,345
Deferred tax liabilities			
Temporary difference	$ (268,380)	$ (96,559)	$ (364,939)

For the year ended December 31, 2022

	Balance, at Beginning of Year	Movements	Balance, at End of Year
Deferred tax assets			
Temporary difference	$ 22,060	$ 129,432	$ 151,492
Loss carryforwards	471	(471)	-
	$ 22,531	$ 128,961	$ 151,492
Deferred tax liabilities			
Temporary difference	$ -	$ (268,380)	$ (268,380)

d. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expire in 2023	$ -	$ 473,482
Expire in 2024	325,447	325,500
Expire in 2025	320,601	320,653
Expire in 2026	50,080	50,937
Expire in 2027	46,400	46,408
Expire in 2029	87,620	87,635
Expire in 2033	97,335	97,351
Expire in 2035	74,267	74,279
Expire in 2036	115,588	115,607
Expire in 2037	176,769	176,798
Expire in 2038	271,151	271,195
Expire in 2039	58,594	52,537
Expire in 2041	30,233	29,794
Expire in 2042	7,961	7,954
Expire in 2043	29,446	-
	$ 1,691,492	$ 2,130,130
Deductible temporary differences	$ 700,976	$ 642,885

e. Income tax assessments

The tax authorities have examined income tax returns of the Company, Edgecore Networks, and E-Direct through 2021.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 15.99	$ 14.64
Diluted earnings per share	$ 15.86	$ 14.45

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	$ 8,920,165	$ 8,165,812

The weighted average number of ordinary shares outstanding (in thousand shares) was as follows:

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	557,971	557,837
Effect of potentially dilutive ordinary shares		
Employee share options	1,115	1,238
Compensation of employees	3,503	6,082
Weighted average number of ordinary shares used in the computation of diluted earnings per share	562,589	565,157

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan of the Company

Qualified employees of the Company and its subsidiaries were granted 20,000 thousand options on September 4, 2014. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Information on employee share options was as follows:

	For the Year Ended December 31, 2014	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
2023		
Balance at January 1	1,178	$ 13.10
Options exercised	(216)	12.83
Balance at December 31	962	12.80
2022		
Balance at January 1	1,438	$ 13.50
Options exercised	(220)	13.33
Options canceled	(40)	13.50
Balance at December 31	1,178	13.10

The number of outstanding share options and the exercise prices have been adjusted to reflect the share dividends and the cancellation of ordinary shares according to plan.

Information on outstanding options as of December 31, 2023 was as follows:

Exercise Price (NT$)	Options Outstanding: Number Outstanding (In Thousands)	Options Outstanding: Expected Remaining Contractual Life (In Years)	Options Outstanding: Weighted-average Exercise Price (NT$)	Options Exercisable: Number Exercisable (In Thousands)	Options Exercisable: Weighted-average Exercise Price (NT$)
2014 option plan					
$ 12.80	962	0.69	$ 12.80	962	$ 12.80

Options granted in 2014 were priced using the Black-Scholes pricing model. The inputs to the model were as follows:

	2014
Grant-date share price ($)	$ 17.90
Exercise price ($)	17.90
Expected volatility	22.30%
Expected life	10 years
Expected dividend yield	-
Risk-free interest rate	1.63%

The grant-date share fair price was measured by market-based method.

Expected volatility was based on the same industry company historical share price volatility over the past 1 year.

Compensation cost recognized was none for years ended December 31, 2023 and 2022.

Employee share option plan of AMS

Qualified employees of AMS were granted 2,125 thousand options on August 3, 2012. Each option entitles the holder to subscribe for one ordinary share of AMS. The options granted are valid for 10 years and exercisable at certain percentages after the anniversary from the grant date.

	For the Year Ended December 31, 2012: Number of Options (In Thousands)	For the Year Ended December 31, 2012: Weighted-average Exercise Price (USD)
2022		
Balance at January 1	234	USD 1.10
Options canceled	(234)	USD 1.10
Balance at December 31	-	USD -

Options granted in 2012 was priced using the Black-Scholes pricing model. The inputs to the model were as follows:

	2012
Grant-date share price	USD 0.91
Exercise price	USD 1.10
Expected volatility	50.00%
Expected life	6.21 years
Expected dividend yield	-
Risk-free interest rate	0.91%
Fair value	USD 0.39

The grant-date share price was measured by market-based method.

Expected volatility was based on the same industry company historical share price volatility over the past 1 year.

Compensation cost recognized was none for years ended December 31, 2022.

29. GOVERNMENT GRANTS

As of December 31, 2023, the Company obtained a government preferential interest rate loan of $1,218,000 thousand from the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” for capital expenditure and operating turnover. The loan will be settled in three to seven years through installments. At the time of borrowing, the market interest rate was 1.10%-1.29%. Based on this, the fair value of the loan is estimated to be $1,162,057 thousand. The difference between the amount obtained and the fair value of the loan is $55,943 thousand, which is regarded as a government low-interest loan and recognized as deferred income. In 2023 and 2022, the Company recognized other income of $8,556 thousand and $8,838 thousand and the interest expense of the loan of $11,771 thousand and $15,213 thousand, respectively.

If the Company fails to meet the key points of the above project during the loan period and the National Development Fund terminates the government grant, then the Company should pay the original interest rate plus the annual interest rate.

In 2023 and 2022, the Company recognized the amount of $17,515 thousand and $13,330 thousand as other income for the grant of “The Taiwan Industry Innovation Platform Program” and the grant of labor allowance from the government received.
In 2023 and 2022, Joy Tech recognized the amount of $14,432 thousand and $27,616 thousand as other income for the grants business development and labor allowance from the local government.

30. DISPOSAL OF SUBSIDIARY

a. On December 29, 2023, the Group completed the liquidation of its subsidiary, Nocsys Inc.

1) Analysis of assets and liabilities on the date of liquidation

	Nocsys Inc.
Current assets	
Cash and cash equivalents	$ 2,683
Net assets disposed of	$ 2,683

2) Gain on liquidation of subsidiary

	Nocsys Inc.
Consideration received	$ 2,683
Net assets disposed of	(2,683)
Gain on disposal	$ -

b. On September 30, 2022, the Group completed the liquidation of its subsidiary, Edgecore Cayman.

1) Analysis of assets and liabilities on the date of liquidation

	Edgecore Cayman
Current assets	
Cash and cash equivalents	$ 64,450
Net assets disposed of	$ 64,450

2) Gain on liquidation of subsidiary

	Edgecore Cayman
Consideration received	$ 64,450
Net assets disposed of	(64,450)
Gain on disposal	$ -

31. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Metalligence Technology Corp.	Provides e-commerce apps, information software and advertising services	April 1, 2023	80

On April 1, 2023, the Group acquired 80% of Metalligence Technology Corp.'s shares. As a result, the ownership interests increased from 20% to 100%. Metalligence Technology Corp. has been classified from being an associate to a subsidiary.

b. Consideration transferred

The Group paid NT$1 for the consideration of Metalligence Technology Corp.

c. Assets acquired and liabilities assumed at the date of acquisition

	Metalligence Technology Corp.
Current assets	
Cash and cash equivalents	$ 424
Trade and other receivables	1,784
Prepayments	6,962
Current liabilities	
Other payables	(9,150)
Contract liabilities - current	(381)
	$ (361)

d. Net cash inflow on the acquisition of subsidiaries

	Metalligence Technology Corp.
Cash and cash equivalent balances acquired	$ 424
Less: Consideration paid in cash	-
	$ 424

32. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group has necessary financial resources and operational plan to cover all required funds for the next 12 months, including capital expenditures, research and development plan, debt repayment and dividends, etc.

Based on the Group's business model and working capital sources, the Group has no significant changes except for shareholders' share dividends and exercise of employee share options.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 1,786,172	$ -	$ -	$ 1,786,172
Unlisted shares	-	-	125,129	125,129
Convertible bonds	-	-	79,100	79,100
Structured products	-	-	57,429	57,429
Total	$ 1,786,172	$ -	$ 261,658	$ 2,047,830

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 306,112	$ -	$ -	$ 306,112
Unlisted shares	-	-	46,909	46,909
	$ 306,112	$ -	$ 46,909	$ 353,021

(Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 218,035	$ -	$ -	$ 218,035
Unlisted shares	-	-	108,999	108,999
	$ 218,035	$ -	$ 108,999	$ 327,034
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 183,224	$ -	$ -	$ 183,224
Foreign unlisted shares	-	-	22,472	22,472
	$ 183,224	$ -	$ 22,472	$ 205,696

There were no transfers between Level 1 and 2 in current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTPL			Financial Assets at FVTOCI
	Structured Products	Stocks	Bonds	Stocks
Balance at January 1, 2023	$ -	$ 108,999	$ -	$ 22,472
Recognized in other gains and losses	-	9,838	-	-
Recognized in unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	(7,493)
Purchases	57,429	6,292	79,100	31,930
Balance at December 31, 2023	$ 57,429	$ 125,129	$ 79,100	$ 46,909

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL Stocks	Financial Assets at FVTOCI Stocks
Balance at January 1, 2022	$ 195,145	$ -
Recognized in other gains and losses	(66,537)	-
Recognized in unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income (loss)	-	(5,348)
Purchases	-	27,820
Sales	(19,609)	-
Balance at December 31, 2022	$ 108,999	$ 22,472

3) Valuation techniques and inputs applied for Level 3 fair value measurement

a) Some foreign unlisted equity securities are determined by using the Hybrid method which is to calculate the overall equity value of the target company based on the recent transaction and issue price. Then the Group assesses the net of these investment targets to determine the fair value of the equity investments to reflect the overall value.

b) Some of the fair values of unlisted equity securities for both domestic and foreign were determined using the market approach based on the transaction price of the comparable standard and financial information of the underlying company and the market peers. Market multipliers, such as price-to-earnings ratio, price-to-book ratio, price-to-sales ratio or other financial ratios, are used to analyze and evaluate.

	December 31	
	2023	2022
Price book ratio	1.950-2.927	1.633-2.490
Price-to-sales ratio	0.93-1.44	0.64-0.85
Liquidity discount	20%	20%

b. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 2,047,830	$ 327,034
Financial assets at amortized cost (Note 1)	34,154,929	28,504,428
Financial assets at FVTOCI		
Equity instruments	353,021	205,696
Financial liabilities		
Amortized cost (Note 2)	18,285,886	19,063,367

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and trade receivables (including related parties), other receivables (including related parties), time deposits with original maturity of more than 3 months, pledged time deposits and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, payables to contractors and equipment suppliers, other payables (including related parties), long-term borrowings - current portion, long-term borrowings and guarantee deposits.

c. Financial risk management objectives and policies

The Group's financial risk management objective is to manage all risks that are relevant to operating activities, like foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group strives to identify, assess and avoid the uncertainty in market to minimize the potential adverse impact of market. Important financial activities of the Group are approved by the board of directors and reviewed for compliance with internal controls and relevant regulations and management practices. The Group abides by the relevant financial procedures on overall financial risk management and division of responsibilities when implementing financial plans.

The Group's policies on market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk are as follows:

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes short-term loans in foreign currency and derivative financial instruments (including forward exchange contracts) to hedge its currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 37.

Sensitivity analysis

The Group is mainly exposed to the USD, RMB and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and forward contracts and their adjusted translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balance below would be negative.

	USD Impact		**RMB Impact**		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Profit or loss	$ 96,324	$134,819	$ 1,779	$ 1,592	$ (848)	$ 156

b) Interest rate risk

Interest rates of the Group's bank loans are fixed and variable, and have little effect on changing in interest rates, so the Group has not engaged in any hedging activities.

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 18,581,833	$ 10,282,178
Financial liabilities	1,618,882	1,394,904
Cash flow interest rate risk		
Financial assets	3,347,258	4,249,480
Financial liabilities	944,453	3,530,890

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable interest rate assets, the analysis was prepared assuming the amount of each asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,403 thousand and $719 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group's equity price risk was mainly concentrated in equity instruments operating in electronic industry quoted in the Taiwan Stock Exchange and Greta Securities Market.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.
If equity prices had been 1% higher/lower, the post-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by $3,061 thousand and $1,832 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group may have a financial loss due to the default on obligation from counterparts, and the maximum exposure to credit risk is the trade receivables from counterparts.

In order to mitigate credit risk, the Group has made the management of credit policy to ensure that appropriate action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of each trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Group considers the credit risk is significantly reduced.

The Group's trade receivables outstanding arose from trading with its customers spreading across diverse industries and geographical areas. The balances are monitored on an ongoing basis by evaluating the customers' financial conditions.

Under its credit policy, the Group evaluates the credit grade of new customers individually before determining payments and other transaction terms. For this evaluation, the Group acquires external information from credit rating agencies and banks. If this information is not available, the Group will use other publicly available financial information and its own trading records to rate its customers. The Group reviews credits and trades of each customer regularly and does not trade with the customers that do not meet the credit grade in advance.

The Group estimated the allowance for impairment loss recognized on trade receivables, other receivables and investments.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized bank loan facilities set out in (b) below.

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

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

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 7,646,070	$ 6,446,605	$ 3,220,285	$ 816	$ 17,313,776
Lease liabilities	12,612	37,855	248,648	1,964,664	2,263,779
Variable interest rate liabilities	25,831	51,464	336,323	552,083	965,701
Fixed interest rate liabilities	29	60	27,111	-	27,200
	$ 7,684,542	$ 6,535,984	$ 3,832,367	$ 2,517,563	$ 20,570,456

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 years	5-10 years	10-15 years	15-20 years	20+ years
Lease liabilities	$ 299,115	$ 435,312	$ 614,543	$ 89,125	$ 351,625	$ 474,059
Variable interest rate liabilities	413,618	522,083	-	-	-	-
Fixed interest rate liabilities	27,200	-	-	-	-	-
	$ 739,933	$ 987,395	$ 614,543	$ 89,125	$ 351,625	$ 474,059

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 7,256,586	$ 5,982,912	$ 2,292,163	$ 816	$ 15,532,477
Lease liabilities	13,989	35,337	220,951	1,676,891	1,947,168
Variable interest rate liabilities	28,927	57,855	884,058	2,634,993	3,605,833
	$ 7,299,502	$ 6,076,104	$ 3,397,172	$ 4,312,700	$ 21,085,478

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 years	5-10 years	10-15 years	15-20 years	20+ years
Lease liabilities	$ 270,277	$ 313,734	$ 430,523	$ 89,125	$ 351,625	$ 491,884
Variable interest rate liabilities	970,840	2,634,993	-	-	-	-
	$ 1,241,117	$ 2,948,727	$ 430,523	$ 89,125	$ 351,625	$ 491,884

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities:		
Amount used	$ 975,370	$ 3,542,675
Amount unused	10,143,310	9,959,620
	$ 11,118,680	$ 13,502,295

The Group does not have bank loan facilities which may be extended by mutual agreements on December 31, 2023 and 2022.

34. TRANSACTIONS WITH RELATED PARTIES

Intercompany balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties:

a. Related party name and categories

Related Party Name	Related Party Categories
Noctilucent Systems (Shanghai) Limited	Substantial related party
Oenix Biomed Co., Ltd.	Associate
Metalligence Technology Corp.	Subsidiary (Note)
CheerLife Technology Corp.	Associate

Note: Since April 2023, Metalligence Technology Corp. has been classified from an associate into a subsidiary.

b. Sales

		For the Year Ended December 31	
Line Item	Related Party Name	2023	2022
Sales	Oenix Biomed Co., Ltd.	$ 1,471	$ 3,525
	Metalligence Technology Corp.	580	168
	CheerLife Technology Corp.	(1,883)	-
		$ 168	$ 3,693

The price of the Group’s sales to related parties is based on the agreed terms; therefore, there is no appropriate transaction object to compare.

c. Operating expense

		For the Year Ended December 31	
Line Item	Related Party Name	2023	2022
Operating expense	CheerLife Technology Corp.	$ 8,094	$ -
	Metalligence Technology Corp.	957	1,108
		$ 9,051	$ 1,108

The transactions of the Group to related parties are based on the agreed terms.

d. Non-operating income and expenses

		For the Year Ended December 31	
Line Item	Related Party Name	2023	2022
Other revenue	Oenix Biomed Co., Ltd.	$ 92	$ 92
	Metalligence Technology Corp.	-	268
	CheerLife Technology Corp.	(24)	23
		$ 68	$ 383

The non-significant transactions of the Group to related parties are based on the agreed terms.

e. Receivables from related parties

Line Item	Related Party Name	December 31 2023	December 31 2022
Trade receivables from related parties	Oenix Biomed Co., Ltd.	$ 122	$ 1,004
	Metalligence Technology Corp.	-	139
		$ 122	$ 1,143

The Group's collection conditions for related parties are 75 days to 90 days after delivery.

f. Other receivables from related parties

Line Item	Related Party Name	December 31 2023	December 31 2022
Other receivables from related parties	Oenix Biomed Co., Ltd.	$ 16	$ 16
	Noctilucent Systems (Shanghai) Limited	-	5,314
	Metalligence Technology Corp.	-	3,628
	CheerLife Technology Corp.	-	265
		$ 16	$ 9,223

The transactions between the Group and related parties are based on the agreed terms.

g. Other payables to related parties

Line Item	Related Party Name	December 31 2023	December 31 2022
Other payables to related parties	CheerLife Technology Corp.	$ 531	$ -

The transactions between the Group and related parties are based on the agreed terms.

h. Remuneration of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 216,893	$ 197,908
Termination benefits	1,162	1,084
	$ 218,055	$ 198,992

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff guarantee and performance guarantee:

	December 31 2023	December 31 2022
Pledged time deposits (classified as other financial assets - non current)	$ 79,623	$ 79,419

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023, the Company needed to issue a letter of guarantee from the bank to the customs for the import/export of goods that amounted to $30,000 thousand.

As of December 31, 2023, Accton Global has issued unused letters of credit as a guarantee to the U.S. customs affairs, and the amount of the guarantee was USD200 thousand.

As of December 31, 2023, Edgecore Networks needed to issue a letter of guarantee from the bank to the customs for the import/export of goods that amounted to $1,000 thousand.

The Company is building a new plant, and the total estimated value of the signed construction contract was $2,650,000 thousand. As of December 31, 2023, the unrecognized amount was $1,347,264 thousand.

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

December 31, 2023

	Foreign Currency (In thousand)	Exchange Rate	Carrying Amount (In thousand)
Financial assets			
Monetary items			
USD	$ 744,342	30.705 (USD:NTD)	$ 22,855,020
RMB	41,116	4.3270 (RMB:NTD)	177,908
USD	3,078	4.3270 (RMB:NTD) 7.0961 (USD:RMB)	94,496
JPY	44,736	0.2172 (JPY:NTD)	9,717
Financial liabilities			
Monetary items			
USD	388,055	30.705 (USD:NTD)	11,915,242
USD	46,401	4.3270 (RMB:NTD) 7.0961 (USD:RMB)	1,424,755
JPY	417,833	0.001245 (VND:NTD) 174.46 (JPY:VND)	90,753
JPY	17,740	0.2172 (JPY:NTD)	3,853

December 31, 2022

	Foreign Currency (In thousand)	Exchange Rate	Carrying Amount (In thousand)
Financial assets			
Monetary items			
USD	$ 845,191	30.710 (USD:NTD)	$ 25,955,821
USD	163,497	4.4080 (RMB:NTD) 6.9669 (USD:RMB)	5,020,991
RMB	36,118	4.4080 (RMB:NTD)	159,206
Financial liabilities			
Monetary items			
USD	492,290	30.710 (USD:NTD)	15,118,213
USD	77,391	4.4080 (RMB:NTD) 6.9669 (USD:RMB)	2,376,664

The Group is mainly exposed to the USD and the RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Functional Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gain (Loss)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gain (Loss)
RMB	4.424 (RMB:NTD)	$ 80,975	4.4346 (RMB:NTD)	$ 80,017
NTD	1 (NTD:NTD)	(502,145)	1 (NTD:NTD)	420,661
VND	0.001288 (VND:NTD)	(11,569)	-	-
USD	31.155 (USD:NTD)	(22)	29.805 (USD:NTD)	(1)
		$ 432,761		$ 500,677

38. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

1) Financing provided to others (None)
2) Endorsements/guarantees provided (Table 1)
3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 2)
4) Marketable securities acquired and disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital (Table 3)
5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 4)
6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)
7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)
8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)
9) Trading in derivative instruments. (Note 33)
10) Other: Intercompany relationships and significant intercompany transactions (Table 7)
11) Information on investees (excluding any investee company in mainland China) (Table 8)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 7)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

e. The Company’s shares held by its subsidiaries: The Company’s shares held by its subsidiaries for investing (Note 23)

39. SEGMENT INFORMATION

a. For resources allocation and performance assessment, the Group’s chief operating decision maker reviews operating results and financial information. The focus is on the operating results of each plant operated by the Company and its subsidiaries. Thus, each plant is an operating segment of the Group. As each plant shares similar economic characteristics, produces similar products by using similar production processes and all products produced are distributed and sold to the same level of customers through a centralized sales function, the Group’s segments are aggregated into a single reportable segment.

   The revenue, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenue and operating results are shown in the consolidated income statements for 2023 and 2022. The segment assets are shown in the consolidated balance sheets as of December 31, 2023 and 2022.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2023	2022
Switch	$ 57,129,654	$ 45,521,246
Network Application	19,089,328	20,472,209
Metro Access Switch	4,794,134	7,104,853
Other	2,275,047	2,893,057
Wireless	900,263	1,213,858
	$ 84,188,426	$ 77,205,223

c. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed as follows:

	Revenue from External Customers		Non-current Assets	
	December 31		December 31	
	2023	2022	2023	2022
America	$ 59,830,963	$ 50,805,772	$ 69,061	$ 36,816
Asia	13,072,391	11,708,296	1,692,726	742,299
Europe	10,347,195	13,844,260	-	-
Taiwan (Company location)	898,139	819,250	4,180,823	3,105,583
Others	39,738	27,645	-	-
	$ 84,188,426	$ 77,205,223	$ 5,942,610	$ 3,884,698

Geographic revenue of the Group is categorized according to the areas of receivables. Non-current assets exclude long-term investments accounted for using the equity method, financial instruments and deferred tax assets.

d. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	2023		2022	
Customer	Amount	% to Total	Amount	% to Total
A	$ 16,546,522	20	$ 18,665,329	24
B	13,997,698	17	10,675,252	14
C	10,416,171	12	7,981,973	10

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Various Foreign Currencies/New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Accton Technology Corporation	Accton Global, Inc.	2	$ 2,518,779	$ 162,125 (USD 5,000)	$ 92,115 (USD 3,000)	$ 6,141 (USD 200)	$ -	0.37	$ 7,556,337	Yes	No	No
0	Accton Technology Corporation	Joy Technology (ShenZhen) Co., Ltd.	2	2,518,779	451,730 (RMB 100,000)	-	-	-	-	7,556,337	Yes	No	Yes
0	Accton Technology Corporation	Vietnam Accton Technology Co., Ltd.	2	2,518,779	905,798 (USD 29,500)	905,798 (USD 29,500)	181,470	-	3.60	7,556,337	Yes	No	No
1	Accton Global, Inc.	Accton Logistics Corporation	4	104,698	6,141 (USD 200)	6,141 (USD 200)	6,141 (USD 200)	-	5.87	104,698	No	No	No
2	Joy Technology (ShenZhen) Co., Ltd.	MuXi Technology Co., Ltd.	4	3,878,868	563,576 (RMB 130,000)	563,576 (RMB 130,000)	-	-	14.53	3,878,868	No	No	Yes

Note 1: The description of the number column is as follows:

1) Lender is numbered as 0.

2) Investee is numbered sequentially from 1.

Note 2: The following seven items are relationship of endorsement guarantors and endorsed objects:

1) The company with business contact.

2) The company directly and indirectly holds more than 50% of the shares of the voting rights.

3) Directly and indirectly holds more than 50% of the shares of the voting rights to the company.

4) The company directly and indirectly holds more than 90% of the shares of the voting rights.

5) The company that is mutually protected under contractual requirements based on the needs of the contractor.

6) The company that is endorsed by its all-funded shareholders in accordance with its shareholding ratio because of the joint investment relationship.

7) Performance guarantees for the sale of presale contracts under the Consumer Protection Act.

Note 3: The limit on amount of endorsement and guarantee is explained below:

1) In accordance with the company’s procedure for endorsement and guarantee, the ceiling on total endorsement and guarantee to all parties is 30% of its net sales value; the ceiling on single guarantee object to all parties is 10% of its net assets value.

2) The policy for endorsement and guarantee granted by subsidiaries to the company whose voting shares are directly or indirectly wholly-owned is not limited by the above description.

TABLE 2

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of Various Foreign Currencies/New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Accton Technology Corporation	Fund							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	46,542	$ 600,367	-	$ 600,367	Note 5
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	36,079	550,362	-	550,362	Note 5
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,532	210,111	-	210,111	Note 5
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,292	160,077	-	160,077	Note 5
	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	11,646	150,108	-	150,108	Note 5
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,480	80,064	-	80,064	Note 5
	JPMorgan Funds - US Aggregate Bond Fund	-	Financial assets at fair value through profit or loss - current	48	25,075	-	25,075	Note 5
	JPMorgan (Taiwan) First Money Market Fund	-	Financial assets at fair value through profit or loss - current	648	10,008	-	10,008	Note 5
	Shares							
	First Hi-Tec Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	1,496	183,244	2%	183,244	Note 4
	Cathay Financial Holding Co., Ltd. - preference shares	-	Financial assets at fair value through other comprehensive income - current	830	49,468	-	49,468	Note 4
	Marvell Technology Inc.	-	Financial assets at fair value through other comprehensive income - current	22	40,453	-	40,453	Note 4
	Clientron Corp.	-	Financial assets at fair value through other comprehensive income - current	289	4,454	-	4,454	Note 6
	Cathay Financial Holding Co., Ltd. - preference share B	-	Financial assets at fair value through other comprehensive income - current	35	2,071	-	2,071	Note 4
	TechnoConcepts Inc.	-	Financial assets at fair value through other comprehensive income - current	597	-	-	-	Note 3
	Reed Semiconductor Corp. - preference share	-	Financial assets at fair value through other comprehensive income - non-current	250	31,930	1%	31,930	Note 3
	Worldgate Communication, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	3,200	-	-	-	Note 3
	Pershing Systems Corp.	-	Financial assets at fair value through profit or loss - non-current	2,942	94,791	9%	94,791	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023 Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	Note
Accton Technology Corporation	i Pass Corporation	-	Financial assets at fair value through profit or loss - non-current	1,140	$ -	1%	$ -	Note 3
	Wave-In Communication Inc.	-	Financial assets at fair value through profit or loss - non-current	1,318	13,300	7%	13,300	Note 3
	Linker Corporation	-	Financial assets at fair value through profit or loss - non-current	469	-	2%	-	Note 3
	Global Channel Resource Pte. Ltd.	-	Financial assets at fair value through profit or loss - non-current	500	-	7%	-	Note 3
	Stratus Medicine Inc.	-	Financial assets at fair value through profit or loss - non-current	833	-	4%	-	Note 3
	Zentera Systems, Inc.	-	Financial assets at fair value through profit or loss - non-current	400	-	3%	-	Note 3
	Xingtera Technology Optimizes	-	Financial assets at fair value through profit or loss - non-current	478	-	1%	-	Note 3
	Midfin Systems Inc.	-	Financial assets at fair value through profit or loss - non-current	1,084	-	4%	-	Note 3
	MiTAC Information Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	300	-	-	-	Note 3
	Clop Technologies Pte. Ltd.	-	Financial assets at fair value through profit or loss - non-current	2,000	-	9%	-	Note 3
	Acute Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	2,650	-	15%	-	Note 3
	Microlinks Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	138	-	2%	-	Note 3
	Peracom Networks, Inc.	-	Financial assets at fair value through profit or loss - non-current	2,931	-	-	-	Note 3
	MoBitS Electronics, Inc.	-	Financial assets at fair value through profit or loss - non-current	387	-	5%	-	Note 3
	VODTEL Communication Inc.	-	Financial assets at fair value through profit or loss - non-current	122	-	3%	-	Note 3
	Noctilucent (HK) Limited	-	Financial assets at fair value through profit or loss - non-current	-	-	19%	-	Note 3
	Structured Products							
	Enfabrica Corp.	-	Financial assets at fair value through profit or loss - non-current	-	57,429	-	57,429	Note 3
	Convertible bonds							
	AVIZ Networks Inc.	-	Financial assets at fair value through profit or loss - non-current	-	47,505	-	47,505	Note 3
	Shoreline IoT, Inc.	-	Financial assets at fair value through profit or loss - non-current	-	31,595	-	31,595	Note 3
Accton Investment Corp.	Shares							
	Accton Technology Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,210	50,999	-	1,155,760	Note 4
	Xsight Labs Ltd. - preference share D	-	Financial assets at fair value through profit or loss - non-current	125	-	-	-	Note 3
	Quantun Machines Ltd. - preference share A	-	Financial assets at fair value through profit or loss - non-current	217	-	1%	-	Note 3
	Pavilion Data Systems - preference share C	-	Financial assets at fair value through profit or loss - non-current	336	-	1%	-	Note 3
	Astera Labs, Inc. - preference share A-1	-	Financial assets at fair value through profit or loss - non-current	2,451	-	-	-	Note 3
	Astera Labs, Inc. - preference share B	-	Financial assets at fair value through profit or loss - non-current	332	-	-	-	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Accton Investment Corp.	Astera Labs, Inc. - preference share C	-	Financial assets at fair value through profit or loss - non-current	43	$ -	-	$ -	Note 3
	Dustphotonics, Inc. - preference share A	-	Financial assets at fair value through profit or loss - non-current	38	-	-	-	Note 3
	Dustphotonics, Inc. - preference share B	-	Financial assets at fair value through profit or loss - non-current	5	-	-	-	Note 3
	Tallac Networks, Inc.	-	Financial assets at fair value through profit or loss - non-current	254	-	-	-	Note 3
	Aspac Communications, Inc.	-	Financial assets at fair value through profit or loss - non-current	120	-	-	-	Note 3
	Kai Chieh International Investment Ltd.	-	Financial assets at fair value through profit or loss - non-current	46	-	-	-	Note 3
	MoBitS Electronics, Inc.	-	Financial assets at fair value through profit or loss - non-current	232	-	3%	-	Note 3
	Fulfillment Plus Inc.	-	Financial assets at fair value through profit or loss - non-current	500	-	2%	-	Note 3
	@Network, Inc.	-	Financial assets at fair value through profit or loss - non-current	100	-	-	-	Note 3
	Telectronics International, Inc.	-	Financial assets at fair value through profit or loss - non-current	286	-	2%	-	Note 3
	Itelco Communication, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	202	-	-	-	Note 3
	Network Excellence For Enterprises Corp. - preference shares	-	Financial assets at fair value through profit or loss - non-current	600	-	-	-	Note 3
	Caspain Networks, Inc.	-	Financial assets at fair value through profit or loss - non-current	2	-	-	-	Note 3
	Truetel Communications Inc.	-	Financial assets at fair value through profit or loss - non-current	600	-	3%	-	Note 3
	Voipack Corporation - preference shares	-	Financial assets at fair value through profit or loss - non-current	1,075	-	-	-	Note 3
	Ip Unity - preference shares	-	Financial assets at fair value through profit or loss - non-current	68	-	-	-	Note 3
	Peracom Networks, Inc.	-	Financial assets at fair value through profit or loss - non-current	2,629	-	-	-	Note 3
	Discovery Times Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	Note 3
	Engim, Inc. - preference shares A	-	Financial assets at fair value through profit or loss - non-current	455	-	-	-	Note 3
	Engim, Inc. - preference shares A-1	-	Financial assets at fair value through profit or loss - non-current	2,308	-	-	-	Note 3
	Softfoundry International Pte. Ltd.	-	Financial assets at fair value through profit or loss - non-current	833	-	-	-	Note 3
	MiTAC Information Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	15	-	-	-	Note 3
	E2O Communications Inc.	-	Financial assets at fair value through profit or loss - non-current	30	-	-	-	Note 3
	Bonds							
	Awoo Japan - convertible bonds	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	Note 3
Accton Century holding (BVI) Co., Ltd.	Shares							
	@ Network, Inc.	-	Financial assets at fair value through profit or loss - non-current	167	-	-	-	Note 3
	3CX Inc.	-	Financial assets at fair value through profit or loss - non-current	375	-	-	-	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Accton Century holding (BVI) Co., Ltd.	Discovery Times Alpha Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	$ -	-	$ -	Note 3
	Telmax Communications Corp.	-	Financial assets at fair value through profit or loss - non-current	613	-	-	-	Note 3
	Programmable Silicon Solutions	-	Financial assets at fair value through profit or loss - non-current	143	-	-	-	Note 3
	Aviva Communications INC. - preference shares	-	Financial assets at fair value through profit or loss - non-current	30	-	-	-	Note 3
	Conveigh Inc.	-	Financial assets at fair value through profit or loss - non-current	765	-	-	-	Note 3
	Fortress	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	Note 3
Accton Asia Investments Corp.	Shares							
	Zhuhai Jinfangda Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	18%	-	Note 3
Edgecore Networks Corp.	Shares							
	ALFA Network Inc.	-	Financial assets at fair value through profit or loss - non-current	969	17,038	19%	17,038	Note 3
	AVIZ Networks Inc. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	4,065	14,979	-	14,979	Note 3
Accton Manufacturing and Service, Inc.	Shares							
	Humax Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	369	26,422 (USD 860)	-	26,422 (USD 860)	Note 4
	Wedge Networks	-	Financial assets at fair value through profit or loss - non-current	250	-	1%	-	Note 3

Note 1: As of December 31, 2023 the above marketable securities have not been pledged or mortgaged.

Note 2: For information on subsidiaries and associates, refer to Tables 8 and 9.

Note 3: The market value was based on the carrying amount as of December 31, 2023.

Note 4: The market value was based on the closing price as of December 31, 2023.

Note 5: The market value was based on the net asset value of the fund as of December 31, 2023.

Note 6: The market value was based on the average quoted price as of December 31, 2023.

(Concluded)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount (Note)	Gain (Loss) on Disposal	Number of Shares	Amount
Accton Technology Corporation	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	$ -	78,051	$ 1,005,000	31,509	$ 406,031	$ 405,000	$ 1,031	46,542	$600,367
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	59,758	910,000	23,679	360,826	360,000	826	36,079	550,362
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	23,604	395,000	11,072	185,428	185,000	428	12,532	210,111
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,212	80,108	21,315	330,000	16,235	252,241	250,000	2,241	10,292	160,077

Note: The disposal cost represents acquisition cost.

TABLE 4

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Types of Property	Transaction Date	Transaction Amount (Note)	Payment Term	Counter-party	Nature of Relationship	Previous Transaction of Related Counter-party				Pricing Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Accton Technology Corporation	Buildings	January 1, 2023 - December 31, 2023	$ 877,138	Payment will be made monthly after acceptance according to the progress of the project	Xu Yuan Construction Engineering Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Bid price	Operating purpose	None

Note: The payment was made for the engineering and construction order.

TABLE 5

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Accton Technology Corporation	Joy Technology (Shenzhen) Co., Ltd.	Indirect subsidiary	Purchase	$ 11,850,222	18	45 days after the invoice date	Specified at each transaction	45 days after the invoice date	$ (2,473,877)	18	-
	Vietnam Accton Technology Co., Ltd.	Subsidiary	Purchase	1,118,025	1	90 days after the invoice date	Specified at each transaction	90 days after the invoice date	(540,977)	4	-
	Accton Global, Inc.	Subsidiary	Sale	14,416,452	17	75 days after the delivery date	Specified at each transaction	75 days after the delivery date	5,601,978	50	-
	Edgecore Networks Corp.	Subsidiary	Sale	4,345,093	5	60 days after the delivery date	Specified at each transaction	60 days after the delivery date	941,505	8	-
Joy Technology (Shenzhen) Co., Ltd.	MuXi Technology Co., Ltd.	Held by the same ultimate holding company	Sale	4,824,479	6	Monthly 45 days	Specified at each transaction	Monthly 45 days	932,162	8	-
	Accton Technology Co., Ltd.	Held by the same ultimate holding company	Sale	872,374	1	90 days after the delivery date	Specified at each transaction	90 days after the delivery date	815,109	7	-
Edgecore Networks Corporation	Edgecore Americas Networking Corp.	Subsidiary	Sale	1,407,366	2	75 days after the invoice date	Specified at each transaction	75 days after the invoice date	311,083	3	-

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 3)	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Accton Technology Corporation	Accton Global, Inc.	Subsidiary	$ 5,602,887	3.40	$ 832,641	Strengthen collection	$ 832,641	$ -
	Edgecore Networks Corp.	Subsidiary	980,421	7.89	-	-	-	-
	Vietnam Accton Technology Co., Ltd.	Subsidiary	842,873	Note 2	389,811	Strengthen collection	-	-
Joy Technology (Shenzhen) Co., Ltd.	Accton Technology Corporation	Ultimate parent company	2,639,506	3.21	818,281	Strengthen collection	807,438	-
	MuXi Technology Co., Ltd.	Held by the same ultimate holding company	932,331	4.76	39,719	Strengthen collection	39,719	-
	Accton Technology Co., Ltd.	Held by the same ultimate holding company	815,191	1.29	570,377	Strengthen collection	476,245	-
	Vietnam Accton Technology Co., Ltd.	Held by the same ultimate holding company	169,199	Note 2	71,749	Strengthen collection	-	-
Edgecore Networks Corp.	Edgecore Americas Networking Corp.	Subsidiary	312,208	3.43	-	-	-	-
Accton Technology Co., Ltd.	Joy Technology (Shenzhen) Co., Ltd.	Held by the same ultimate holding company	686,925	2.98	-	-	-	-
MuXi Technology Co., Ltd.	Joy Technology (Shenzhen) Co., Ltd.	Held by the same ultimate holding company	286,256	7.64	-	-	-	-
Vietnam Accton Technology Co., Ltd.	Accton Technology Corporation	Ultimate parent company	540,977	4.13	-	-	-	-

Note 1: The calculation of turnover days excludes other receivables.

Note 2: The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover days.

Note 3: Receivables from related parties include trade receivables from related parties and other receivables from related parties.

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 3)	Transaction Details			
				Financial Statements Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Accton Technology Corporation	Accton Global, Inc.	1	Sales	$ 14,416,452	Note 1	17
		Edgecore Networks Corp.	1	Sales	4,345,093	Note 1	5
		Accton Technology Co., Ltd.	1	Sales	61,468	Note 1	-
		Accton Manufacturing and Service, Inc.	1	Sales	34,423	Note 1	-
		Accton Logistics Corp.	1	Sales	24,147	Note 1	-
		ATAN NetworKs Co., Ltd.	1	Sales	22,932	Note 1	-
		Joy Technology (Shenzhen) Co., Ltd.	1	Sales	12,545	Note 1	-
		Edgecore Americas Networking Corp.	1	Sales	3,822	Note 1	-
		Joy Technology (Shenzhen) Co., Ltd.	1	Purchases and processing	11,850,222	Note 1	14
		Vietnam Accton Technology Co., Ltd.	1	Purchases and processing	1,118,025	Note 1	1
		Edgecore Networks Corp.	1	Purchases and processing	88,961	Note 1	-
		Accton Global, Inc.	1	Purchases and processing	36,985	Note 1	-
		Accton Technology Co., Ltd.	1	Purchases and processing	18,751	Note 1	-
		Accton Manufacturing and Service, Inc.	1	Purchases and processing	15,328	Note 1	-
		ATAN NetworKs Co., Ltd.	1	Purchases and processing	4,570	Note 1	-
		Accton Technology Corp. USA	1	Operating expenses	211,014	Note 1	-
		Joy Technology (Shenzhen) Co., Ltd.	1	Operating expenses	5,582	Note 1	-
		Vietnam Accton Technology Co., Ltd.	1	Non-operating income	32,217	Note 1	-
		Edgecore Networks Corp.	1	Non-operating income	6,143	Note 1	-
		Accton Global, Inc.	1	Trade receivables from related parties	5,601,978	Note 2	10
		Edgecore Networks Corp.	1	Trade receivables from related parties	941,505	Note 2	2
		Accton Manufacturing and Service, Inc.	1	Trade receivables from related parties	23,535	Note 2	-
		ATAN NetworKs Co., Ltd.	1	Trade receivables from related parties	3,650	Note 2	-
		Vietnam Accton Technology Co., Ltd.	1	Other receivables from related parties	840,667	Note 2	1
		Edgecore Networks Corp.	1	Other receivables from related parties	38,916	Note 2	-
		Accton Manufacturing and Service, Inc.	1	Other receivables from related parties	4,756	Note 2	-
		Metalligence Technology Corp.	1	Other receivables from related parties	4,376	Note 2	-
		Joy Technology (Shenzhen) Co., Ltd.	1	Trade payables to related parties	2,473,877	Note 1	4
		Vietnam Accton Technology Co., Ltd.	1	Trade payables to related parties	540,977	Note 1	1
		Accton Technology Corp. USA	1	Other payables to related parties	174,067	Note 1	-
		Joy Technology (Shenzhen) Co., Ltd.	1	Other payables to related parties	165,629	Note 1	-
1	Joy Technology (Shenzhen) Co., Ltd.	MuXi Technology Co., Ltd.	3	Sales	4,824,479	Note 1	6
		Accton Technology Co., Ltd.	3	Sales	872,374	Note 1	1
		Vietnam Accton Technology Co., Ltd.	3	Sales	3,969	Note 1	-
		ATAN NetworKs Co., Ltd.	3	Purchases and processing	17,139	Note 1	-
		Vietnam Accton Technology Co., Ltd.	3	Non-operating income	37,646	Note 1	-
		MuXi Technology Co., Ltd.	3	Trade receivables from related parties	932,162	Note 1	2

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 3)	Transaction Details			
				Financial Statements Accounts	Amount	Payment Terms	% of Total Sales or Assets
1	Joy Technology (Shenzhen) Co., Ltd.	Accton Technology Co., Ltd.	3	Trade receivables from related parties	$ 815,109	Note 1	1
		Vietnam Accton Technology Co., Ltd.	3	Other receivables from related parties	167,414	Note 1	-
		Accton Technology Co., Ltd.	3	Trade payables to related parties	686,668	Note 1	1
		MuXi Technology Co., Ltd.	3	Trade payables to related parties	286,256	Note 1	1
		ATAN NetworKs Co., Ltd.	3	Other payables to related parties	6,325	Note 1	-
2	Edgecore Networks Corp.	Edgecore Americas Networking Corp.	3	Sales	1,407,366	Note 1	2
		Edgecore Networks India Pvt. Ltd.	3	Sales	21,821	Note 1	-
		Edgecore Americas Networking Corp.	3	Purchases and processing	6,458	Note 1	-
		Accton Technology Co., Ltd.	3	Purchases and processing	5,770	Note 1	-
		Edgecore Networks Singapore Pte. Ltd.	3	Operating expenses	13,809	Note 1	-
		Edgecore Americas Networking Corp.	3	Trade receivables from related parties	311,083	Note 1	1
		ATAN NetworKs Co., Ltd.	3	Trade receivables from related parties	26,734	Note 1	-
		Edgecore Networks India Pvt. Ltd.	3	Trade receivables from related parties	21,223	Note 1	-
		Edgecore Networks Singapore Pte. Ltd.	3	Other payables to related parties	11,465	Note 1	-
3	Accton Technology Co., Ltd.	MuXi Technology Co., Ltd.	3	Sales	138,321	Note 1	-
		ATAN NetworKs Co., Ltd.	3	Trade receivables from related parties	32,364	Note 1	-

Note 1: Intercompany transactions between the Company and its subsidiaries are based on the agreed terms; therefore, there is no appropriate transaction object to compare.

Note 2: Transaction settlement was from 60 to 90 days after the product is shipped from the point of departure.

Note 3: No. 1 represents the transaction between the parent company and its subsidiary.

No. 3 represents the transaction between the subsidiaries.

(Concluded)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES (EXCLUDING ANY INVESTEES COMPANY IN MALNLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Foreign Currencies/New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	% of Ownership	Carrying Amount			
Accton Technology Corporation	Accton Century Holding (BVI) Co., Ltd.	British Virgin Islands	Investment holding company	$ 1,664,416	$ 1,664,416	51,973	100	$ 3,945,970	$ 253,337	$ 226,816	Notes 1 and 2
	Edgecore Networks Corp.	Hsinchu	Research, development, design, manufacture and selling of switching hubs	650,000	650,000	50,000	100	1,937,459	889,402	889,402	Note 1
	Accton Manufacturing and Service, Inc.	USA	Manufacture and selling of switching hubs	769,644	769,644	24,149	100	83,589	(18,757)	(18,757)	Note 1
	Accton Technology (China) Co., Ltd.	Cayman Islands	Investment holding company	279,635	279,635	6,600	100	116,685	16,745	16,745	Note 1
	Accton Technology Corp. USA	USA	Service of technique of high-quality LAN hardware and software products	342,132	342,132	2,199	100	190,961	3,992	3,992	Note 1
	Accton Investment Corp.	British Virgin Islands	Investment holding company	79,676	79,676	1,004	100	274,631	19,519	2,945	Note 1
	Accton Logistics Corp.	USA	Selling and marketing of high-quality LAN hardware and software products	89,267	89,267	1	100	120,485	4,334	4,334	Note 1
	Accton Global, Inc.	USA	Selling and marketing of high-quality LAN hardware and software products	35,316	35,316	10	100	(364,872)	17,424	17,424	Note 1
	Nocsys Inc.	Cayman Islands	Investment holding company	-	199,434	-	-	-	(134)	(134)	Notes 1 and 5
	E-Direct Corp.	Taipei	Provides services in information software and information technology	43,075	43,075	3,852	100	88,240	22,309	22,309	Note 1
	Metalligence Technology Corp.	Taipei	Provides e-commerce apps, information software and advertising services	430	430	215	100	(1,355)	(892)	(1,355)	Notes 1 and 4
	CheerLife Technology Corp.	Taipei	Provides e-commerce apps, information software and advertising services	70	70	7	20	-	-	-	Note 3
	Oenix Biomed Co., Ltd.	Taipei	Research and development of health care services and equipment	20,000	20,000	2,000	40	7,751	(6,589)	(2,636)	Note 1
	Vietnam Accton Technology Co., Ltd.	Vietnam	Research, development, design, manufacture and selling of switching hubs	793,520	372,775	-	100	530,827	(198,259)	(199,068)	Notes 1 and 2
Accton Century Holding (BVI) Co., Ltd.	Accton Asia Investments Corp.	British Virgin Islands	Investment holding company	1,292,865 (USD 42,106)	1,292,865 (USD 42,106)	42,106	100	3,899,850	249,632	249,632	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	% of Ownership	Carrying Amount			
Edgecore Networks Corp.	Edgecore Networks Singapore Pte. Ltd.	Singapore	Selling and marketing of high-quality LAN hardware and software products	$ 22,466	$ 22,466	3,557	100	$ 31,354	$ 1,549	$ 1,549	Note 1
	Edgecore Americas Networking Corp.	USA	Selling and marketing of high-quality LAN hardware and software products	18,730 (USD 610)	18,730 (USD 610)	10	100	103,936	36,856	36,856	Note 1
	Edgecore Networks India Pvt. Ltd.	India	Research, development, design, manufacture and selling of switching hubs	15,039	15,039	3,885	100	3,803	(10,063)	(10,063)	Note 1

Note 1: Based on audited financial statements.

Note 2: After adjustment of gains or losses from related parties.

Note 3: Recognized an impairment loss.

Note 4: Since April 2023, Metalligence Technology Corp. has been classified from an associate into a 100% subsidiary.

Note 5: In December 2023, Nocsys Inc. completed its liquidation procedures.

(Concluded)

TABLE 9

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Foreign Currencies/New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow Remittance for Investment from Taiwan as of January 1, 2023 (Note 2)	Investment Flows		Accumulated Outflow Remittance for Investment from Taiwan as of December 31, 2023 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023 (Note 2)	Note
					Outflow	Inflow (Note 2)							
Joy Technology (Shenzhen) Co., Ltd.	Selling and producing of high-end network switches	$ 1,366,373 (USD 44,500)	Note 1	$ 629,453 (USD 20,500)	$ -	$ 629,453 (USD 20,500)	$ -	$ 401,278	100	$ 401,278	$ 3,878,868	$ 1,837,940 (USD 59,858)	Note 3
Accton Technology Co., Ltd.	Sale of network products	184,230 (USD 6,000)	Note 1	184,230 (USD 6,000)	-	-	184,230 (USD 6,000)	16,746	100	16,746	109,629	-	Note 3
Noctilucent Systems (Shanghai) Limited	Development, design and manufacture of software, selling product and consultation and service of technique	153,525 (USD 5,000)	Note 1	201,640 (USD 6,567)	-	2,702 (USD 88)	198,938 (USD 6,479)	-	-	-	-	-	Notes 5 and 8
ATAN NetworKs Co., Ltd.	Sale of network products	95,186 (USD 3,100)	Note 10	95,186 (USD 3,100)	-	-	95,186 (USD 3,100)	(5,690)	100	(5,690)	(17,184)	-	Notes 3 and 10
MuXi Technology Co., Ltd.	Sale of network products	4,335 (RMB 1,000)	Note 11	-	-	-	-	(14,610)	100	(14,610)	(3,294)	-	Notes 3 and 11

Investee Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
Joy Technology (Shenzhen) Co., Ltd.	USD - (Note 12)	USD 44,500 (Note 4)	
Accton Technology Co., Ltd.	USD 6,000	USD 6,000	
Noctilucent Systems (Shanghai) Limited	USD 6,479 (Notes 5 and 8)	USD 5,000	$ 15,112,673
ATAN NetworKs Co., Ltd.	USD 3,100	USD 3,500	
Arcadyan Technology (Shanghai) Corp. (Note 6)	USD 684	USD 5,586	
Tomato Technology (Shanghai) Corp. (Note 7)	USD 380	USD 380	
Zhuhai Jinfangda Technology Co., Ltd. (Note 9)	USD 937	USD 937	

Note 1: Investment made in mainland China was through the Company's subsidiaries that are located in the third region.
Note 2: Based on the exchange rate as of December 31, 2023.
Note 3: The amount was recognized based on the audited financial statements.
Note 4: Issuance of ordinary shares out of retained earnings amounted to USD7,500 thousand.
Note 5: Repayment of debt amounted to USD1,567 thousand.
Note 6: In December 2009, the Company sold 17% shares of Arcadyan Technology (Shanghai) Co., Ltd. to Arcadyan Technology Company and its affiliates.
Note 7: Tomato Technology (Shanghai) Corp. was sold in July 2009. The Investment Commission of the Ministry of Economic Affairs approved the sale of the investment.
Note 8: In September 2017, the Company sold Noctilucent (HK)'s 81% shares and jointly disposed of Noctilucent Systems (Shanghai) Limited. The resale case was approved by the Ministry of Economic Affairs for review. In October 2023, the Company was approved by the No. 11256116460 letter to deduct the amount of investment by US$88 thousand.
Note 9: On April 19, 2019, the Company got the approval from the Investment Board, Ministry of Economic Affairs to invest in Zhuhai Jinfangda Technology Co., Ltd. which was recognized under the financial assets at fair value through profit or loss - non-current.
Note 10: Joy Technology (Shenzhen) Co., Ltd.'s indirect investment in a company located in mainland China.
Note 11: Accton Technology Co., Ltd.'s indirect investment in a company located in mainland China.
Note 12: In accordance with the No. 11320059460 Letter in January 2024, the Company remitted US$59,858 thousand of investment income from Joy Technology (Shenzhen) Co., Ltd. to deduct the accumulated outflow remittance for investment from Taiwan.

TABLE 10

ACCTON TECHNOLOGY CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Golden Tengis Co., Ltd.	45,113,765	8.05

V.Individual Financial Statements Certified by CPAs of the Most Recent Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Accton Technology Corporation

Opinion

We have audited the accompanying financial statements of Accton Technology Corporation (the "Company") which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

<u>Revenue recognition</u>

For the year ended December 31, 2023, the Company's net operating revenue was NT$78,945,746 thousand. Refer to Notes 4 and 22 to the financial statements for detailed information on accounting policies on revenue.

We evaluated that the operating revenue of some of the major customers of the Company has grown significantly compared to 2022. Therefore, we considered the occurrence of operating revenue as a key audit matter.
Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the internal control design and operating procedures regarding the sales transaction cycle, and we assessed the effectiveness of the internal control operations.

2. We selected appropriate samples from sales and inspected and confirmed that purchase orders and delivery orders were consistent with invoices.

3. We selected samples of revenue details and confirmed that actual receipts and certificates of remittances were consistent with the recorded amount; we examined relevant documents and checked the credit period of receivables that had not been received.

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming Yuan Chung and Cheng Chih Lin.

Mingyuan Chung   Lin cheng chih

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

ACCTON TECHNOLOGY CORPORATION

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 31)	$ 10,026,071	18	$ 4,745,645	10
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	1,786,172	3	203,999	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 31)	279,690	1	153,308	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	6,554,925	12	5,727,415	12
Notes and trade receivables, net (Notes 4, 5, 10, 22 and 31)	7,638,138	14	10,165,896	22
Receivables from related parties (Notes 4, 5, 31 and 32)	6,206,705	11	2,941,831	6
Other receivables, net (Notes 4, 10 and 31)	522,787	1	517,587	1
Other receivables from related parties (Notes 4, 31 and 32)	888,918	2	439,197	1
Inventories (Notes 4, 5 and 11)	9,053,885	16	10,020,343	22
Prepayments (Notes 16 and 32)	264,933	-	265,189	1
Other current assets-other (Note 16)	9,466	-	772	-
Total current assets	43,231,690	78	35,181,182	76
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 31)	244,620	1	84,527	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	31,930	-	-	-
Investments accounted for using the equity method (Notes 4, 12 and 32)	7,296,598	13	8,078,275	18
Property, plant and equipment (Notes 4, 13 and 32)	2,516,321	5	1,489,005	3
Right-of-use assets (Notes 4 and 14)	1,260,276	2	1,292,564	3
Intangible assets (Notes 4, 15 and 32)	134,040	-	139,524	-
Deferred income tax assets (Notes 4 and 24)	314,069	1	147,370	-
Prepayments for equipment	134,396	-	9,016	-
Refundable deposits (Note 31)	37,048	-	33,391	-
Other financial assets - non-current (Notes 16, 31 and 33)	79,623	-	79,419	-
Other non-current assets-other (Note 16)	21,470	-	30,039	-
Total non-current assets	12,070,391	22	11,383,130	24
TOTAL	$ 55,302,081	100	$ 46,564,312	100

(Continued)

ACCTON TECHNOLOGY CORPORATION

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 22)	$ 6,197,366	11	$ 828,111	2
Trade payables (Note 31)	11,054,225	20	9,508,883	20
Trade payables to related parties (Notes 31 and 32)	3,015,410	5	4,917,929	11
Accrued compensation of employees and remuneration of directors (Note 23)	1,498,111	3	1,348,652	3
Payables to contractors and equipment suppliers (Note 31)	183,003	-	55,645	-
Other payables (Notes 18 and 31)	2,686,214	5	2,152,267	5
Other payables to related parties (Notes 31 and 32)	342,967	1	177,347	-
Income tax payable (Notes 4 and 24)	2,574,587	5	1,931,893	4
Provisions - current (Notes 4 and 19)	257,467	-	260,694	1
Lease liabilities - current (Notes 4 and 14)	113,909	-	116,688	-
Deferred revenue - current (Notes 17 and 27)	8,303	-	8,838	-
Long-term borrowings - current portion (Notes 4, 17, 27 and 31)	300,558	1	925,558	2
Refund liabilities - current (Note 22)	17,106	-	70,172	-
Total current liabilities	28,249,226	51	22,302,677	48
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 17, 27 and 31)	537,747	1	2,605,332	6
Deferred income tax liabilities (Notes 4 and 24)	364,939	-	268,380	-
Lease liabilities - non-current (Notes 4 and 14)	938,195	2	935,517	2
Deferred revenue - non-current (Notes 17 and 27)	5,835	-	15,703	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	17,534	-	7,726	-
Guarantee deposits (Note 31)	816	-	816	-
Total non-current liabilities	1,865,066	3	3,833,474	8
Total liabilities	30,114,292	54	26,136,151	56
EQUITY (Notes 4, 21 and 26)				
Share capital				
Ordinary shares	5,603,564	10	5,601,399	12
Capital surplus	874,754	2	857,568	2
Retained earnings				
Legal reserve	3,636,972	7	2,818,364	6
Special reserve	462,016	1	494,541	1
Unappropriated earnings	15,099,756	27	11,169,304	24
Total retained earnings	19,198,744	35	14,482,209	31
Other equity	(438,274)	(1)	(462,016)	(1)
Treasury shares	(50,999)	-	(50,999)	-
Total equity	25,187,789	46	20,428,161	44
TOTAL	$ 55,302,081	100	$ 46,564,312	100

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

(Concluded)

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 32)	$ 78,945,746	100	$ 69,432,481	100
OPERATING COSTS (Notes 4, 11, 20, 23 and 32)	62,721,034	80	55,789,511	81
GROSS PROFIT	16,224,712	20	13,642,970	19
UNREALIZED REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	(225,437)	-	(158,201)	-
REALIZED GROSS PROFIT	15,999,275	20	13,484,769	19
OPERATING EXPENSES (Notes 4, 10, 20, 23, 32 and 35)				
Selling and marketing	1,315,387	1	1,241,976	2
General and administrative	1,548,737	2	1,662,372	2
Research and development	3,009,527	4	2,240,436	3
Expected credit (gain) loss	(219)	-	174	-
Total operating expenses	5,873,432	7	5,144,958	7
OPERATING INCOME	10,125,843	13	8,339,811	12
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 32)				
Interest income	502,019	1	129,639	-
Other income	117,896	-	68,460	-
Other gains and losses	(448,209)	(1)	273,474	-
Finance costs	(46,438)	-	(55,140)	-
Share of profit of subsidiaries and associates	962,017	1	1,219,236	2
Total non-operating income and expenses	1,087,285	1	1,635,669	2
PROFIT BEFORE INCOME TAX	11,213,128	14	9,975,480	14
INCOME TAX EXPENSE (Notes 4 and 24)	2,292,963	3	1,809,668	2
NET INCOME FOR THE YEAR	8,920,165	11	8,165,812	12
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(12,059)	-	20,266	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	138,398	-	(57,905)	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	(10,963)	-	(31,751)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(94,147)	-	122,181	-
Other comprehensive income for the year, net of income tax	21,229	-	52,791	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 8,941,394	11	$ 8,218,603	12
EARNINGS PER SHARE (Note 25)				
Basic	$ 15.99		$ 14.64	
Diluted	$ 15.86		$ 14.45	

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

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	$ 5,599,204	$ 843,580	$ 2,347,651	$ 473,221	$ 6,834,835	$ (493,628)	$ (913)	$ (50,999)	$ 15,552,951
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	13,256	-	-	-	-	-	-	13,256
Appropriation of 2021 earnings									
Legal reserve	-	-	470,713	-	(470,713)	-	-	-	-
Special reserve	-	-	-	21,320	(21,320)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,359,576)	-	-	-	(3,359,576)
Net profit for the year ended December 31, 2022	-	-	-	-	8,165,812	-	-	-	8,165,812
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	20,266	122,181	(89,656)	-	52,791
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,186,078	122,181	(89,656)	-	8,218,603
Share-based payment arrangements	2,195	732	-	-	-	-	-	-	2,927
BALANCE AT DECEMBER 31, 2022	5,601,399	857,568	2,818,364	494,541	11,169,304	(371,447)	(90,569)	(50,999)	20,428,161
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	16,574	-	-	-	-	-	-	16,574
Appropriation of 2022 earnings									
Legal reserve	-	-	818,608	-	(818,608)	-	-	-	-
Special reserve	-	-	-	(32,525	32,525	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(4,201,117)	-	-	-	(4,201,117)
Net profit for the year ended December 31, 2023	-	-	-	-	8,920,165	-	-	-	8,920,165
Other comprehensive (loss) income for the year ended December 31, 2023, net of income tax	-	-	-	-	(12,059)	(94,147)	127,435	-	21,229
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	8,908,106	(94,147)	127,435	-	8,941,394
Share-based payment arrangements	2,165	612	-	-	-	-	-	-	2,777
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	9,546	-	(9,546)	-	-
BALANCE AT DECEMBER 31, 2023	$ 5,603,564	$ 874,754	$ 3,636,972	$ 462,016	$15,099,756	$ (465,594)	$ 27,320	$ (50,999)	$ 25,187,789

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

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 11,213,128	$ 9,975,480
Adjustments for:		
Depreciation expense	609,430	565,628
Amortization expense	53,759	43,689
Expected credit (gain) loss	(219)	174
Net (profit) loss on fair value charges of financial assets designated as at fair value through profit or loss	(26,667)	16,281
Finance costs	46,438	55,140
Interest income	(502,019)	(129,639)
Dividend income	(14,360)	(10,995)
Share of profit of subsidiaries and associates	(962,017)	(1,219,236)
Gain on disposal of property, plant and equipment, net	(2,623)	(251)
Write-downs of inventories	492,151	214,070
Unrealized gain on the transactions with subsidiaries	239,687	158,201
Unrealized loss on foreign currency exchange	115,909	160,182
Amortization of grant revenue	(8,556)	(8,838)
Gain on lease modification	-	(1)
Changes in operating assets and liabilities		
Trade receivables, net	2,414,474	(3,846,938)
Receivables from related parties	(3,707,842)	(37,578)
Other receivables	7,297	(153,199)
Other receivables from related parties	(482,474)	67,429
Inventories	474,307	(32,063)
Prepayments	256	(112,368)
Other current assets	(8,694)	2,471
Contract liabilities	5,369,255	30,013
Trade payables	1,824,437	2,591,256
Trade payables to related parties	(1,821,041)	1,559,102
Accrued compensation of employees and remuneration of directors	149,459	432,409
Other payables	575,945	487,212
Other payables to related parties	174,091	29,126
Provisions	(3,227)	161,372
Refund liabilities	(53,066)	32,272
Net defined benefit liabilities	(2,251)	(1,790)
Cash generated from operations	16,164,967	11,028,611
Interest paid	(41,502)	(41,815)
Income tax paid	(1,720,409)	(812,578)
Net cash generated from operating activities	14,403,056	10,174,218
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(32,333)	(2,470)
Proceeds from sale of financial assets at fair value through other comprehensive income	42,458	-
Purchase of financial assets at amortized cost	(15,428,602)	(5,835,575)
Proceeds from sale of financial assets at amortized cost	14,630,107	327,297
Purchase of financial assets at fair value through profit or loss	(3,343,169)	(763,980)
Proceeds from sale of financial assets at fair value through profit or loss	1,627,570	576,012
Acquisition of subsidiary	(420,745)	(372,775)

(Continued)

ACCTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Net cash outflow on disposal of subsidiaries	$ 2,683	$ -
Increase in prepayments for investment	-	(30,039)
Acquisition of property, plant and equipment	(1,440,607)	(789,407)
Proceeds from disposal of property, plant and equipment	3,638	363
(Increase) decrease in refundable deposits	(3,657)	3,202
Acquisition of intangible assets	(48,275)	(100,661)
Increase in other financial assets	(204)	-
Increase in other non-current assets	(21,470)	-
Interest received	490,487	89,634
Dividends received from investments accounted for using the equity method	2,037,622	221,515
Dividends received	14,360	10,995
Net cash used in investing activities	(1,890,137)	(6,665,889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	500,000	776,886
Repayments of short-term borrowings	(500,000)	(776,886)
Proceeds from long-term borrowings	100,000	2,500,000
Repayments of long-term borrowings	(2,800,557)	(175,325)
Repayment of the principal portion of lease liabilities	(161,505)	(141,850)
Dividends paid to owners of the Company	(4,201,117)	(3,359,576)
Employee share options	2,777	2,927
Net cash used in financing activities	(7,060,402)	(1,173,824)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(172,091)	(26,528)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,280,426	2,307,977
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,745,645	2,437,668
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 10,026,071	$ 4,745,645

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

(Concluded)

ACCTON TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Accton Technology Corporation (the "Company") was incorporated in Hsinchu Science-based Industrial Park in February 1988. The Company develops, manufactures and sells innovative high-quality products for computer network systems and wireless land area network (LAN) hardware and software products and renders related technical consulting and engineering design services.

The Company's shares have been listed on the Taiwan Stock Exchange since November 1995.
The functional currency of the Company is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 7, 2024.

3. APPLICATION OF NEW AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY IMFORMATION

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be measured at fair value. Other types of non-controlling interests are measured at fair value.

e. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, work-in-progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date. Inventory is evaluated and recorded at standard cost under daily operation; but on the closing date, the Company will calculate the actual cost of inventory by weighted average method.

g. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits and losses resulting from downstream transactions are eliminated in full only in the Company's parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

h. Investments in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

l. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

   a) Measurement categories

      Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

      i. Financial assets at FVTPL

         Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

      ii. Financial assets at amortized cost

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

         i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

         Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and trade receivables measured at amortized cost (including related parties), other receivables (including related parties), time deposits with original maturities of more than 3 months, pledged time deposits and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

         Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

         i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

         ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

         Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Fair value is determined in the manner described in Note 31.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

n. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of network communication equipment. Based on the different trading conditions of the network communication equipment, sales of goods are recognized as revenue when they are delivered to the customer's specific location and the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leases

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

1) The Company as lessor

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

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

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

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremented borrowing rate will be used.

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

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus-employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.
At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

3) Current and deferred taxes

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

u. Treasury Shares

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

The Company records its shares held by its subsidiaries as treasury shares. The recorded costs of treasury shares are based upon the carrying values of the shares as shown in the subsidiaries' books. The cash dividends received by the subsidiaries from the Company are recorded under capital surplus - treasury shares.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only the current year or in the year of the revisions and future years if the revisions affect both the current and future years.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 1,103	$ 608
Checking accounts and demand deposits	1,133,414	1,971,184
Cash equivalents		
Time deposits with original maturities of less than 3 months	8,651,554	1,747,553
Repurchase agreements collateralized by bonds	240,000	1,026,300
	$ 10,026,071	$ 4,745,645

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

	December 31	
	2023	2022
Bank balance	0.001%-5.780%	0.001%-4.950%
Repurchase agreements collateralized by bonds	0.930%-0.940%	0.800%-4.700%

Cash and cash equivalents are assessed for impairment. The Company considers its cash and cash equivalents as low credit risk; thus, no allowance for impairment loss was recognized.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	$ 1,786,172	$ 203,999
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Domestic and foreign unlisted shares	$ 108,091	$ 84,527
Foreign convertible bonds	79,100	-
Structured products	57,429	-
	$ 244,620	$ 84,527

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Current		
Domestic and foreign investments		
Listed shares and emerging market shares	$ 279,690	$ 153,308
Non-current		
Foreign unlisted shares	$ 31,930	$ -

The Company holds listed (unlisted) shares and emerging market shares of domestic and foreign for strategic purposes and expects to profit from the investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Time deposits with original maturity of more than 3 months	$ 6,554,925	$ 5,727,415

The ranges of interest rates for time deposits with original maturities of more than 3 months were 1.28%-5.77% and 4.05%-5.34% per annum as of December 31, 2023 and 2022, respectively.

Financial assets at amortized cost are assessed for impairment. The Company considers its financial assets at amortized cost as low credit risk; thus, no allowance for impairment loss was recognized.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31 2023	December 31 2022
Note receivables		
Notes receivable-operating	$ 422	$ -
Trade receivables		
At amortized cost		
Gross carrying amount	$ 7,639,241	$ 10,167,640
Less: Allowance for impairment loss	(1,525)	(1,744)
	$ 7,637,716	$ 10,165,896
Other receivables		
At amortized cost		
Gross carrying amount	$ 525,833	$ 520,633
Less: Allowance for impairment loss	(3,046)	(3,046)
	$ 522,787	$ 517,587

a. Trade receivables

The average credit period of sales of goods is 30 days, and some customers have credit period of 45 to 90 days after the end of the month. No interest is charged on trade receivables. The Company adopted a policy to obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own historical transaction records to rate its major customers.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, as well as the economic condition of the industry in which the customer operates. The Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base. The Company estimates expected credit losses based on the number of days for which receivables are past due.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1 to 60 Days Past Due	61 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	$7,278,727	$ 360,514	$ -	$ -	$ 7,639,241
Loss allowance (Lifetime ECLs)	-	(1,525)	-	-	(1,525)
Amortized cost	$7,278,727	$ 358,989	$ -	$ -	$ 7,637,716

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	$ 9,750,320	$ 417,320	$ -	$ -	$ 10,167,640
Loss allowance (Lifetime ECLs)	-	(1,744)	-	-	(1,744)
Amortized cost	$ 9,750,320	$ 415,576	$ -	$ -	$ 10,165,896

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 1,744	$ 1,570
Add: Amounts (reversed) provisioned	(219)	174
Balance at December 31	$ 1,525	$ 1,744

b. Other receivables

The average credit period of sales of goods is 30 days, and some customers have credit period of 30 to 45 days after the end of the month. No interest is charged on other receivables. The Company adopted a policy to obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The movements of the loss allowance of other receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1 and December 31	$ 3,046	$ 3,046

As of December 31, 2023 and 2022, the amount of allowance losses did not include individual impairment of other receivables that were subject to risk control due to tight cash flow from customers.

11. INVENTORIES

	December 31	
	2023	2022
Merchandise	$ 191,068	$ 383,739
Finished goods	1,715,925	1,324,449
Work in progress	642,877	608,315
Raw materials	6,504,015	7,703,840
	$ 9,053,885	$ 10,020,343

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was $62,721,034 thousand and $55,789,511 thousand, respectively. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 consisted an inventory write-down of $492,151 thousand and $214,070 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Investments in subsidiaries

	December 31	
	2023	2022
Accton Century Holding (BVI) Co., Ltd.	$ 3,945,970	$ 5,142,316
Edgecore Networks Corp.	1,937,459	1,713,069
Vietnam Accton Technology Co., Ltd.	530,827	358,557
Accton Investment Corp.	274,631	255,112
Accton Technology Corp. USA	190,961	187,046
Accton Logistics Corp.	120,485	112,026
Accton Technology (China) Co., Ltd.	116,685	104,607
E-Direct Corp.	88,240	86,539
Accton Manufacturing and Service, Inc.	83,589	105,799
Nocsys Inc.	-	2,817
Metalligence Technology Corp.	(1,355)	-
Accton Global, Inc.	(364,872)	(162,138)
	6,922,620	7,905,750
Add: Receivables from related parties	364,872	162,138
Add: Other receivables from related parties	1,355	-
	$ 7,288,847	$ 8,067,888

On the date of balance sheet, the percentage of the Company's ownership and voting rights to the subsidiaries as follow:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	**2023**	**2022**
Accton Century Holding (BVI) Co., Ltd.	100%	100%
Edgecore Networks Corp.	100%	100%
Vietnam Accton Technology Co., Ltd	100%	100%
Accton Investment Corp.	100%	100%
Accton Technology Corp. USA	100%	100%
Accton Logistics Corp.	100%	100%
Accton Technology (China) Co., Ltd.	100%	100%
E-Direct Corp.	100%	100%
Accton Manufacturing and Service, Inc.	100%	100%
Nocsys Inc.	-	100%
Metalligence Technology Corp.	100%	-
Accton Global, Inc.	100%	100%

On April 11, 2023, the board of directors resolved to rename SMC Networks Inc. to Accton Manufacturing and Service, Inc.

In April 2023, the Company acquired 80% of Metalligence Technology Corp.'s shares. As a result, the ownership interests increased from 20% to 100%. Refer to Note 29.

In December 2023, Nocsys Inc. completed its liquidation procedures.

When the Company's loss from investments, which were accounted for using the equity method, in subsidiary exceeds the equity in the subsidiaries, Accton Global Inc. and Metalligence Technology Corp. the Company continues to recognize the loss based on the shareholding ratio. As of December 31, 2023 and 2022, the investment credits using the equity method, which were transferred to accounts receivables from related parties and other receivables from related parties reduction, were $366,227 thousand and $162,138 thousand, respectively.

The investments accounted for using the equity method, the Company's share of profit and loss, and other comprehensive income (loss) for the years ended December 31, 2023 and 2022 were calculated based on the financial statements of the investee companies which have been audited.

b. Investments in associates

	December 31	
	2023	**2022**
Oenix Biomed Co., Ltd.	$ 7,751	$ 10,387

On the date of balance sheet, the percentage of the Company's ownership and voting rights to the associates as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2023**	**2022**
Oenix Biomed Co., Ltd.	40%	40%
Metalligence Technology Corp. (Note)	-	20%
CheerLife Technology Corp.	20%	20%

Note: Since April 2023, Metalligence Technology Corp. has been classified from an associate into a 100% subsidiary.

13. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Buildings	Machinery and Equipment	Molding Equipment	Testing Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost										
Balance at January 1, 2023	$406,064	$1,093,565	$462,499	$562,261	$ 35,679	$167,252	$279,592	$118,733	$418,613	$3,544,258
Additions	5,134	48,164	96,735	70,791	-	13,161	19,668	16,749	1,173,667	1,444,069
Reductions	(2,496)	(3,556)	(52,408)	(17,595)	(2,105)	(4,478)	(92)	(369)	-	(83,099)
Balance at December 31, 2023	$408,702	$1,138,173	$506,826	$615,457	$ 33,574	$175,935	$299,168	$135,113	$1,592,280	$4,905,228
Accumulated depreciation										
Balance at January 1, 2023	$287,382	$610,407	$305,600	$446,323	$ 29,174	$107,285	$179,168	$ 89,914	$ -	$2,055,253
Additions	13,472	162,052	77,404	54,635	2,668	26,690	64,193	14,624	-	415,738
Reductions	(2,344)	(3,494)	(51,674)	(17,528)	(2,105)	(4,478)	(92)	(369)	-	(82,084)
Balance at December 31, 2023	$298,510	$768,965	$331,330	$483,430	$ 29,737	$129,497	$243,269	$104,169	$ -	$2,388,907
Carrying amount at December 31, 2023	$110,192	$369,208	$175,496	$132,027	$ 3,837	$ 46,438	$ 55,899	$ 30,944	$1,592,280	$2,516,321
Cost										
Balance at January 1, 2022	$409,794	$900,358	$381,905	$530,318	$ 39,784	$159,598	$266,036	$103,914	$ -	$2,791,707
Additions	8,813	196,392	82,510	34,240	-	13,398	13,595	16,800	418,613	784,361
Reductions	(12,543)	(3,185)	(1,916)	(2,297)	(4,105)	(5,744)	(39)	(1,981)	-	(31,810)
Balance at December 31, 2022	$406,064	$1,093,565	$462,499	$562,261	$ 35,679	$167,252	$279,592	$118,733	$418,613	$3,544,258
Accumulated depreciation										
Balance at January 1, 2022	$284,526	$458,130	$242,124	$394,951	$ 29,745	$ 83,938	$121,466	$ 71,942	$ -	$1,686,822
Additions	15,399	155,429	65,392	53,669	3,534	29,012	57,741	19,953	-	400,129
Reductions	(12,543)	(3,152)	(1,916)	(2,297)	(4,105)	(5,665)	(39)	(1,981)	-	(31,698)
Balance at December 31, 2022	$287,382	$610,407	$305,600	$446,323	$ 29,174	$107,285	$179,168	$ 89,914	$ -	$2,055,253
Carrying amount at December 31, 2022	$118,682	$483,158	$156,899	$115,938	$ 6,505	$ 59,967	$100,424	$ 28,819	$418,613	$1,489,005

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

Buildings	2-56 years
Machinery and equipment	2-8 years
Molding equipment	1-5 years
Testing equipment	1-8 years
Transportation equipment	5-10 years
Office equipment	1-8 years
Leasehold improvements	1-10 years
Other equipment	2-8 years

The buildings held by the Company that consisted of main buildings, electric equipment and construction, are depreciated over their estimated useful lives of 56 years and 9-22 years, respectively, using the straight-line method.

The above items of property, plant and equipment were not used as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 1,084,969	$ 1,115,374
Buildings	170,790	169,624
Transportation equipment	4,517	4,620
Other equipment	-	2,946
	$ 1,260,276	$ 1,292,564

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 161,404	$ 666,483
Depreciation charge for right-of-use assets		
Land	$ 30,404	$ 27,727
Buildings	158,029	135,398
Transportation equipment	2,313	476
Other equipment	2,946	1,898
	$ 193,692	$ 165,499

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 113,909	$ 116,688
Non-current	$ 938,195	$ 935,517

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.37%-2.80%	2.37%-2.80%
Buildings	0.85%-2.75%	0.85%-2.20%
Transportation equipment	2.14%-2.77%	2.14%-2.77%
Other equipment	-	1.89%

c. Material lease - in activities and terms

The Company leases land and buildings for the use of plants and offices with lease terms of 5 to 40 years. The lease contract for land located in Republic of China specifies that lease payments will be adjusted on the basis of changes in announced land value prices. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 25,304	$ 25,634
Total cash outflow for leases	$ 212,758	$ 192,638

The Company's leases of certain office equipment and other assets which qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Technology License Fees	Computer Software	Total
Cost			
Balance at January 1, 2023	$ 1,680	$ 205,427	$ 207,107
Additions	-	48,275	48,275
Reductions	-	(12,748)	(12,748)
Balance at December 31, 2023	$ 1,680	$ 240,954	$ 242,634
Accumulated amortization			
Balance at January 1, 2023	$ 354	$ 67,229	$ 67,583
Additions	443	53,316	53,759
Reductions	-	(12,748)	(12,748)
Balance at December 31, 2023	$ 797	$ 107,797	$ 108,594
Carrying amount at December 31, 2023	$ 883	$ 133,157	$ 134,040
Cost			
Balance at January 1, 2022	$ -	$ 130,847	$ 130,847
Additions	1,680	98,981	100,661
Reductions	-	(24,401)	(24,401)
Balance at December 31, 2022	$ 1,680	$ 205,427	$ 207,107
Accumulated amortization			
Balance at January 1, 2022	$ -	$ 48,295	$ 48,295
Additions	354	43,335	43,689
Reductions	-	(24,401)	(24,401)
Balance at December 31, 2022	$ 354	$ 67,229	$ 67,583
Carrying amount at December 31, 2022	$ 1,326	$ 138,198	$ 139,524

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

Technology license fees	3-5 years
Computer software	1-6 years

The above items of intangible assets were not used as collateral.

16. PREPAYMENTS AND OTHER ASSETS

	December 31	
	2023	2022
Current		
Prepayments		
Excess VAT paid	$ 205,718	$ 208,747
Prepayments for software maintenance fees	39,781	41,347
Others	19,434	15,095
	$ 264,933	$ 265,189
Other assets		
Temporary payments	$ 9,466	$ 772
Non-current		
Other financial assets		
Pledged time deposits (Note 33)	$ 79,623	$ 79,419
Other assets		
Prepayments for software maintenance fees	$ 21,470	$ -
Prepayments for investment	-	30,039
	$ 21,470	$ 30,039

17. BORROWINGS

Long-term borrowings

The borrowings of the Company are as follows:

	Maturity Date	Significant Covenant	December 31 2023	December 31 2022
Unsecured bank borrowings	2026.06.15	From June 2022, there are 49 monthly payments of principal and interest.	$ 612,245	$857,143
Unsecured bank borrowings	2026.04.15	From June 2022, there are 47 monthly payments of principal and interest.	129,872	185,532
Unsecured bank borrowings	2030.02.16	From February 2026, the 1st to 16th quarterly payments are 4% of the principal, and the 17th quarterly payments are 36% of the principal.	100,000	-
Unsecured bank borrowings	2024.08.29	From September 2023, there are 4 quarterly payments of principal and interest; early repaid in full in March 2023.	-	2,500,000
Long-term borrowings			842,117	3,542,675
Less: Discounts on government grants (Note 27)			(3,812)	(11,785)
Less: Current portion			(300,558)	(925,558)
			$ 537,747	$2,605,332

The intervals of effective borrowing rates as of December 31, 2023 and 2022 were 0.600%-2.184% and 0.475%-1.660%, respectively.

The loan agreements require the maintenance of a current ratio, debt ratio, and interest coverage ratio based on the Company's annual and quarterly consolidated financial statements. For the years ended December 31, 2023 and 2022, the Company had met the financial ratio covenants.

18. OTHER LIABILITIES

	December 31 2023	December 31 2022
Current		
Other payables		
Temporary receipts from customers	$ 992,403	$ 758,378
Payable for salaries and bonuses	418,282	344,011
Temporary credit and agency receipt	76,188	57,939
Payable for insurance	61,437	52,757
Payable for service	38,973	29,955
Payable for import/export	26,469	28,959
Others	1,072,462	880,268
	$ 2,686,214	$ 2,152,267

19. PROVISIONS

	December 31 2023	December 31 2022
Current		
Warranties	$ 257,467	$ 260,694

In 2023

	Warranties
Balance at January 1, 2023	$ 260,694
Additional provisions recognized	158,297
Amount used	(161,524)
Balance at December 31, 2023	$ 257,467

In 2022

	Warranties
Balance at January 1, 2022	$ 99,322
Additional provisions recognized	271,897
Amount used	(110,525)
Balance at December 31, 2022	$ 260,694

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties and under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 283,790	$ 281,957
Fair value of plan assets	(266,256)	(274,231)
Net defined benefit liabilities	$ 17,534	$ 7,726

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2023	$ 281,957	$ (274,231)	$ 7,726
Service cost			
Current service cost	557	-	557
Net interest expense (income)	3,524	(3,445)	79
Recognized in profit or loss	4,081	(3,445)	636
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,367)	(2,367)
Actuarial loss - experience adjustments	14,426	-	14,426
Recognized in other comprehensive loss (income)	14,426	(2,367)	12,059
Contributions from the employer	-	(2,887)	(2,887)
Benefits paid	(16,674)	16,674	-
Balance at December 31, 2023	$ 283,790	$ (266,256)	$ 17,534

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 294,233	$ (264,451)	$ 29,782
Service cost			
Current service cost	762	-	762
Net interest expense (income)	2,199	(1,983)	216
Recognized in profit or loss	2,961	(1,983)	978
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(20,752)	(20,752)
Actuarial loss - experience adjustments	486	-	486
Recognized in other comprehensive loss (income)	486	(20,752)	(20,266)
Contributions from the employer	-	(2,768)	(2,768)
Benefits paid	(15,723)	15,723	-
Balance at December 31, 2022	$ 281,957	$ (274,231)	$ 7,726

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 43	$ 69
Selling and marketing expenses	71	124
General and administrative expenses	251	395
Research and development expenses	271	390
	$ 636	$ 978

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans’ debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.25%	1.25%
Expected rates of salary increase	4.00%	4.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rates		
0.25% increase	$ (5,551)	$ (5,998)
0.25% decrease	$ 5,732	$ 6,199
Expected rates of salary increase		
1.00% increase	$ 23,172	$ 25,099
1.00% decrease	$ (20,849)	$ (22,496)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	$ 2,887	$ 2,768
Average duration of the defined benefit obligation	10.3 years	11.0 years

21. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Authorized shares (in thousands)	880,000	880,000
Authorized capital	$ 8,800,000	$ 8,800,000
Issued and fully paid shares (in thousands)	560,356	560,140
Issued capital	$ 5,603,564	$ 5,601,399

A holder of issued ordinary shares with par value of $10 is entitled to vote and to receive dividends.

The authorized shares include 87,000 thousand shares allocated for the exercise of employee share options.

Exercise of employee share options is the main reason for the share movement.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance ordinary shares	$ 538,458	$ 537,846
Treasury share transactions	99,967	83,393
Employee share options	222,048	220,988
May only be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	8,113	8,113
May not be used for any purpose		
Employee share options	6,168	7,228
	$ 874,754	$ 857,568

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulted from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

A reconciliation of the carrying amounts at the beginning and at the end of December 31, 2023 and 2022, for each class of capital surplus was as follows:

	Premium on Issuance of Shares	**Treasury Shares**	**Employee Share Options**	**Change in Percentage of Ownership Interests in Subsidiaries**	**Employee Share Options - May not be used for any Purpose**
Balance at January 1, 2023	$ 537,846	$ 83,393	$ 220,988	$ 8,113	$ 7,228
Employee share options exercised	612	-	1,060	-	(1,060)
Cash dividends received by subsidiaries from parent company	-	16,574	-	-	-
Balance at December 31, 2023	$ 538,458	$ 99,967	$ 222,048	$ 8,113	$ 6,168
Balance at January 1, 2022	$ 537,114	$ 70,137	$ 219,717	$ 8,113	$ 8,499
Employee share options exercised	732	-	1,075	-	(1,075)
Employee share options expired	-	-	196	-	(196)
Cash dividends received by subsidiaries from parent company	-	13,256	-	-	-
Balance at December 31, 2022	$ 537,846	$ 83,393	$ 220,988	$ 8,113	$ 7,228

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 23-7.

The Company's Articles stipulate that the dividend policy must comply with present and future development plans and take investment environment, demand of funds, domestic and foreign competition, and shareholders' interests into consideration. The shareholders' compensation can be appropriated by way of cash dividends or share dividends, with provision that the percentage of cash dividends must exceed 50% of total dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 15, 2023 and June 16, 2022, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2022	**For Year 2021**	**For Year 2022**	**For Year 2021**
Legal reserve	$ 818,608	$ 470,713	$ -	$ -
(Reversal of) special reserve	(32,525)	21,320	-	-
Cash dividends	4,201,117	3,359,576	7.4998	5.9987

The appropriations of earnings for 2023 were proposed by the Company's board of directors on March 7, 2024. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 891,765	$ -
Reversal of special reserve	(23,742)	-
Cash dividends	5,603,834	10

The appropriations of earnings for 2023 are subject to the resolution of the shareholders' meeting to be held on June 13, 2024.

d. Special reserves

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 494,541	$ 473,221
(Reversal of) appropriations in respect of Debits to other equity items	(32,525)	21,320
Balance at December 31	$ 462,016	$ 494,541

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (371,447)	$ (493,628)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(94,147)	122,181
Balance at December 31	$ (465,594)	$ (371,447)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (90,569)	$ (913)
Recognized for the year		
Unrealized (loss) gain - equity instruments	127,435	(89,656)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(9,546)	-
Balance at December 31	$ 27,320	$ (90,569)

f. Treasury shares

The Company's shares held by its subsidiaries on the balance sheet date were as follows:

Nambe of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Value
December 31, 2023			
Accton Investment	2,210	$ 50,999	$ 1,155,760
December 31, 2022			
Accton Investment	2,210	$ 50,999	$ 518,214

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	$ 78,945,746	$ 69,432,481

a. Contract information

Revenue from the sale of goods comes from sales of network communication equipment. Based on the different trading conditions of the network communication equipment, sales of goods are recognized as revenue when they are delivered to the customer's specific location and the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company recognized the estimated possible sales return and discount of the refundable liabilities. As of December 31, 2023 and 2022, for information on the refund liability which amounted to $17,106 thousand and $70,172 thousand, respectively.

b. Contact balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 10)	$ 7,637,716	$ 10,165,896	$ 6,443,807
Contract liabilities - current			
Sale of goods	$ 6,197,366	$ 828,111	$ 798,098

As of December 31, 2023 and 2022, the sales of goods from contract liabilities amounted to $249,106 thousand and $94,137 thousand, respectively.

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Product		
Switch	$ 52,705,620	$ 39,461,119
Network Application	18,983,130	20,014,075
Metro Access Switch	4,749,850	7,089,122
Other	1,778,866	1,878,123
Wireless	728,280	990,042
	$ 78,945,746	$ 69,432,481
Location		
America	$ 60,424,988	$ 49,779,938
Europe	9,251,613	13,048,712
Taiwan (location of the Company)	5,042,607	3,844,844
Asia	4,216,156	2,753,703
Other	10,382	5,284
	$ 78,945,746	$ 69,432,481

23. NET PROFIT

Net profit attributable to:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 501,823	$ 129,554
Others	196	85
	$ 502,019	$ 129,639

b. Other income

	For the Year Ended December 31	
	2023	2022
Grant income (Note 27)	$ 26,071	$ 22,168
Dividends	14,360	10,995
Others	77,465	35,297
	$ 117,896	$ 68,460

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain (loss) on fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	$ 26,667	$ (16,281)
Gain on lease modification	-	1
Net foreign exchange (losses) gains	(474,876)	289,754
	$ (448,209)	$ 273,474

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	$ 25,949	$ 25,154
Interest on bank loans	21,428	27,884
Others	-	2,102
Less: Amounts included in the cost of qualifying assets	(939)	-
	$ 46,438	$ 55,140

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	$ 939	$ -
Capitalization rate	2.056%-2.184%	-

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 315,604	$ 294,592
Operating expenses	293,826	271,036
	$ 609,430	$ 565,628
An analysis of amortization by function		
Operating costs	$ 7,337	$ 6,284
Operating expenses	46,422	37,405
	$ 53,759	$ 43,689

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 5,034,838	$ 4,426,637
Post-employment benefits (Note 20)		
Defined contribution plan	119,059	105,835
Defined benefit plans	636	978
Total employee benefits expense	$ 5,154,533	$ 4,533,450
An analysis of employee benefits expense by function		
Operating costs	$ 1,340,940	$ 1,221,843
Operating expenses	3,813,593	3,311,607
	$ 5,154,533	$ 4,533,450

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors at rates of no less than 1%-11.25% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 7, 2024 and March 9, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	11.25%	11.25%
Remuneration of directors	0.3%	0.4%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	**Share**	**Cash**	**Share**
Compensation of employees	$ 1,425,819	$ -	$ 1,269,568	$ -
Remuneration of directors	$ 35,000	-	$ 40,000	-

If there is a change in the amounts after the annual financial statements authorized for issue, the differences will be recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense recognized are as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 2,205,109	$ 1,595,960
Income tax on unappropriated earnings	155,577	32,322
Adjustments for prior years	2,417	40,951
Deferred tax		
In respect of the current year	(70,140)	140,435
Income tax expense recognized in profit or loss	$ 2,292,963	$ 1,809,668

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

	For the Year Ended December 31	
	2023	**2022**
Profit before tax	$ 11,213,128	$ 9,975,480
Income tax expense calculated at the statutory rate	$ 2,242,626	$ 1,995,096
Income tax on unappropriated earnings	155,577	42,776
Nondeductible expenses in determining taxable income	49,121	(148,608)
Investment tax credits used	(156,778)	(120,547)
Adjustments for prior years' tax	2,417	40,951
Income tax expense recognized in profit or loss	$ 2,292,963	$ 1,809,668

b. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	$ 2,574,587	$ 1,931,893

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

	Balance, at Beginning of Year	Recognized in Profit or Loss	Balance, at End of Year
Deferred tax assets			
Temporary difference	$ 147,370	$ 166,699	$ 314,069
Deferred tax liabilities			
Temporary difference	$ (268,380)	$ (96,559)	$ (364,939)

For the year ended December 31, 2022

	Balance, at Beginning of Year	Recognized in Profit or Loss	Balance, at End of Year
Deferred tax assets			
Temporary difference	$ 19,425	$ 127,945	$ 147,370
Deferred tax liabilities			
Temporary difference	$ -	$ (268,380)	$ (268,380)

d. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2023	2022
Deductible temporary differences	$ 408,836	$ 437,381

e. Income tax assessments

The tax authorities have examined income tax returns of the Company through 2021.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 15.99	$ 14.64
Diluted earnings per share	$ 15.86	$ 14.45

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	$ 8,920,165	$ 8,165,812

The weighted average number of ordinary shares outstanding (in thousand shares) was as follows:

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	557,971	557,837
Effect of potentially dilutive ordinary shares		
Employee share options	1,115	1,238
Compensation of employees	3,503	6,082
Weighted average number of ordinary shares used in the computation of diluted earnings per share	562,589	565,157

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan of the Company

Qualified employees of the Company and its subsidiaries were granted 20,000 thousand options on September 4, 2014. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Information on employee share options was as follows:

	For the Year Ended December 31, 2014	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
2023		
Balance at January 1		$ 13.10
Options exercised	(216)	12.83
Balance at December 31	962	12.80
2022		
Balance at January 1	1,438	$ 13.50
Options exercised	(220)	13.33
Options canceled	(40)	13.50
Balance at December 31	1,178	13.10

The number of outstanding share options and the exercise prices have been adjusted to reflect the share dividends and the cancellation of ordinary shares according to plan.

Information on outstanding options as of December 31, 2023 was as follows:

	Options Outstanding			Options Exercisable	
Exercise Price (NT$)	Number Outstanding (In Thousands)	Expected Remaining Contractual Life (In Years)	Weighted-average Exercise Price (NT$)	Number Exercisable (In Thousands)	Weighted-average Exercise Price (NT$)
2014 option plan					
$ 12.80	962	0.69	$ 12.80	962	$ 12.80

Options granted in 2014 were priced using the Black-Scholes pricing model. The inputs to the model were as follows:

	2014
Grant-date share price ($)	$ 17.90
Exercise price ($)	17.90
Expected volatility	22.30%
Expected life	10 years
Expected dividend yield	-
Risk-free interest rate	1.63%

The grant-date share fair price was measured by market-based method.

Expected volatility was based on the same industry company historical share price volatility over the past 1 year.

Compensation cost recognized was none for years ended December 31, 2023 and 2022.

27. GOVERNMENT GRANTS

As of December 31, 2023, the Company obtained a government preferential interest rate loan of $1,218,000 thousand from the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” for capital expenditure and operating turnover. The loan will be settled in three to seven years through installments. At the time of borrowing, the market interest rate was 1.10%-1.29%. Based on this, the fair value of the loan is estimated to be $1,162,057 thousand. The difference between the amount obtained and the fair value of the loan is $55,943 thousand, which is regarded as a government low-interest loan and recognized as deferred income. In 2023 and 2022, the Company recognized other income of $8,556 thousand and $8,838 thousand and the interest expense of the loan of $11,771 thousand and $15,213 thousand, respectively.

If the Company fails to meet the key points of the above project during the loan period and the National Development Fund terminates the government grant, then the Company should pay the original interest rate plus the annual interest rate.

In 2023 and 2022, the Company recognized the amount of $17,515 thousand and $13,330 thousand as other income for the grant of “The Taiwan Industry Innovation Platform Program” and the grant of labor allowance from the government received.

28. DISPOSAL OF SUBSIDIARY

a. On December 29, 2023, the Company completed the liquidation of its subsidiary, Nocsys Inc.

1) Analysis of assets and liabilities on the date of liquidation

	Nocsys Inc.
Current assets	
Cash and cash equivalents	$ 2,683
Net assets disposed of	$ 2,683

2) Gain on liquidation of subsidiary

	Nocsys Inc.
Consideration received	$ 2,683
Net assets disposed of	(2,683)
Gain on disposal	$ -

29. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Metalligence Technology Corp.	Provides e-commerce apps, information software and advertising services	April 1, 2023	80

On April 1, 2023, the Company acquired 80% of Metalligence Technology Corp.'s shares. As a result, the ownership interests increased from 20% to 100%. Metalligence Technology Corp. has been classified from being an associate to a subsidiary.

b. Consideration transferred

The Company paid NT$1 for the consideration of Metalligence Technology Corp.

c. Assets acquired and liabilities assumed at the date of acquisition

	Metalligence Technology Corp.
Current assets	
Cash and cash equivalents	$ 424
Trade and other receivables	1,784
Prepayments	6,962
Current liabilities	
Other payables	(9,150)
Contract liabilities - current	(381)
	$ (361)

d. Net cash inflow on the acquisition of subsidiaries

	Metalligence Technology Corp.
Cash and cash equivalent balances acquired	$ 424
Less: Consideration paid in cash	-
	$ 424

30. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company has necessary financial resources and operational plan to cover all required funds for the next 12 months, including capital expenditures, research and development plan, debt repayment and dividends, etc.

Based on the Company's business model and working capital sources, the Company has no significant changes except for shareholders' share dividends and exercise of employee share options.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 1,786,172	$ -	$ -	$ 1,786,172
Unlisted shares	-	-	108,091	108,091
Convertible bonds	-	-	79,100	79,100
Structured products	-	-	57,429	57,429
Total	$ 1,786,172	$ -	$ 244,620	$ 2,030,792
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 279,690	$ -	$ -	$ 279,690
Unlisted shares	-	-	31,930	31,930
	$ 279,690	$ -	$ 31,930	$ 311,620

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 203,999	$ -	$ -	$ 203,999
Unlisted shares	-	-	84,527	84,527
Total	$ 203,999	$ -	$ 84,527	$ 288,526
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 153,308	$ -	$ -	$ 153,308

There were no transfers between Level 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Financial Assets at FVTPL			Financial Assets at FVTOCI
Financial Assets	Structured Products	Stocks	Bonds	Stocks
Balance at January 1, 2023	$ -	$ 84,527	$ -	$ -
Recognized in other gains and losses	-	17,272	-	-
Purchases	57,429	6,292	79,100	31,930
Balance at December 31, 2023	$ 57,429	$ 108,091	$ 79,100	$ 31,930

For the year ended December 31, 2022

	Financial Assets at FVTPL
Financial Assets	Stocks
Balance at January 1, 2022	$ 101,828
Recognized in other gains and losses	(17,301)
Balance at December 31, 2022	$ 84,527

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities for both domestic and foreign were determined by using market approach based on the transaction price of the comparable standard and financial information of the underlying company and the market peer. Market multipliers, such as price-to-earnings ratio, price book ratio, price-to-sales ratio or other financial ratios, are used to analyze and evaluate.

	December 31	
	2023	2022
Price book ratio	1.950-2.927	1.633
Price-to-sales ratio	1.10-1.44	0.64
Liquidity discount	20%	20%

b. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 2,030,792	$ 288,526
Financial assets at amortized cost (Note 1)	31,954,215	24,650,381
Financial assets at FVTOCI		
Equity instruments	311,620	153,308
Financial liabilities		
Amortized cost (Note 2)	18,120,940	20,343,777

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and trade receivables (including related parties), other receivables (including related parties), time deposits with original maturity of more than 3 months, pledged time deposits, and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise trade payables (including related parties), payables to contractors and equipment suppliers, other payables (including related parties), long-term borrowings - current portion, long-term borrowings and guarantee deposits.

c. Financial risk management objectives and policies

The Company's financial risk management objective is to manage all risks that are relevant to operating activities, like foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company strives to identify, assess and avoid the uncertainty in market to minimize the potential adverse impact of market. Important financial activities of the Company are approved by the board of directors and reviewed for compliance with internal controls and relevant regulations and management practices. The Company abides by the relevant financial procedures on overall financial risk management and division of responsibilities when implementing financial plans.

The Company's policies on market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk are as follows:

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes short-term loans in foreign currency and derivative financial instruments (including forward exchange contracts) to hedge its currency exposure.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and their adjusted translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balance below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ (125,405)	$ (90,949)

b) Interest rate risk

Interest rates of the Company's bank loans are fixed and variable, and have little effect on changing in interest rates, so the Company has not engaged in any hedging activities.

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 15,488,102	$ 8,542,687
Financial liabilities	1,052,104	1,052,205
Cash flow interest rate risk		
Financial assets	1,169,640	2,009,167
Financial liabilities	838,305	3,530,890

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable interest rate assets, the analysis was prepared assuming the amount of each asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $331 thousand and $(1,522) thousand, respectively, which was mainly attributable to the Company's exposure to interest rates.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments. The Company's equity price risk was mainly concentrated in equity instruments operating in electronic industry quoted in the Taiwan Stock Exchange and Greta Securities Market.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 0.1% higher/lower, the post-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,797 thousand and $1,533 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in a financial loss to the Company. At the end of the reporting period, the Company may have a financial loss due to the default on obligation from counterparts, and the maximum exposure to credit risk is the trade receivables from counterparts.

In order to mitigate credit risk, the Company has made the management of credit policy to ensure that appropriate action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amounts of each trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Company considers the credit risk is significantly reduced.

The Company's trade receivables outstanding arose from trading with its customers spreading across diverse industries and geographical areas. The balances are monitored on an ongoing basis by evaluating the customers' financial conditions.

Under its credit policy, the Company evaluates the credit grade of new customers individually before determining payments and other transaction terms. For this evaluation, the Company acquires external information from credit rating agencies and banks. If this information is not available, the Company will use other publicly available financial information and its own trading records to rate its customers. The Company reviews credits and trades of each customer regularly and does not trade with the customers that do not meet the credit grade in advance.

The Company estimated the allowance for impairment loss recognized on trade receivables, other receivables and investments.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized bank loan facilities set out in (b) below.

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

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

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 8,998,018	$ 5,936,216	$ 2,347,257	$ 816	$ 17,282,307
Lease liabilities	4,734	20,104	113,752	1,378,172	1,516,762
Variable interest rate liabilities	25,635	51,197	229,801	552,083	858,716
	$ 9,028,387	$ 6,007,517	$ 2,690,810	$ 1,931,071	$ 19,657,785

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 138,590	$ 111,738	$ 351,625	$ 89,125	$ 351,625	$ 474,059
Variable interest rate liabilities	306,633	498,974	53,109	-	-	-
	$ 445,223	$ 610,712	$ 404,734	$ 89,125	$ 351,625	$ 474,059

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$10,936,487	$ 5,304,406	$ 571,178	$ 816	$ 16,812,887
Lease liabilities	4,849	16,473	120,169	1,398,322	1,539,813
Variable interest rate liabilities	28,927	57,855	884,058	2,634,993	3,605,833
	$10,970,263	$ 5,378,734	$ 1,575,405	$ 4,034,131	$ 21,958,533

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 141,491	$ 114,063	$ 351,625	$ 89,125	$ 351,625	$ 491,884
Variable interest rate liabilities	970,840	2,634,993	-	-	-	-
	$1,112,331	$2,749,056	$ 351,625	$ 89,125	$ 351,625	$ 491,884

b) Financing facilities

	December 31 2023	December 31 2022
Unsecured bank overdraft facilities:		
Amount used	$ 842,117	$ 3,542,675
Amount unused	9,449,265	9,142,100
	$ 10,291,382	$ 12,684,775

The Company does not have bank loan facilities which may be extended by mutual agreements on December 31, 2023 and 2022.

32. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Accton Logistics Corp.	Subsidiary
Accton Manufacturing and Service, Inc. (Note 1)	Subsidiary
Accton Technology Corp. USA	Subsidiary
Edgecore Networks Corp.	Subsidiary
E-Direct Corp.	Subsidiary
Accton Global, Inc.	Subsidiary
Vietnam Accton Technology Co., Ltd.	Subsidiary
Metalligence Technology Corp. (Note 2)	Subsidiary
Edgecore Americas Networking Corp.	Indirect subsidiary
Joy Technology (Shenzhen) Co., Ltd.	Indirect subsidiary
Accton Technology Co., Ltd.	Indirect subsidiary
Edgecore Networks Singapore Pte. Ltd.	Indirect subsidiary
Edgecore Networks India Pvt. Ltd.	Indirect subsidiary
ATAN NetworKs Co., Ltd.	Indirect subsidiary
Oenix Biomed Co., Ltd.	Associate
CheerLife Technology Corp.	Associate

Note 1: On April 11, 2023, the board of directors resolved to rename SMC Networks Inc. to Accton Manufacturing and Service, Inc.

Note 2: Since April 2023, Metalligence Technology Corp. has been classified from an associate into a subsidiary.

b. Sales

Line Item	Related Party Name	For the Year Ended December 31 2023	2022
Sales	Accton Global, Inc.	$ 14,416,452	$ 9,197,917
	Edgecore Networks Corp.	4,345,093	3,216,436
	Other Subsidiaries and Associates	162,171	241,429
		$ 18,923,716	$ 12,655,782

The price of the Company's sales to related parties is based on the agreed terms; therefore, there is no appropriate transaction object to compare.

c. Purchases

Line Item	Related Party Name	For the Year Ended December 31 2023	2022
Purchases	Joy Technology (Shenzhen) Co., Ltd.	$ 11,850,222	$ 13,014,783
	Vietnam Accton Technology Co., Ltd.	1,118,025	-
	Other Subsidiaries	167,512	55,896
		$ 13,135,759	$ 13,070,679

The price of the Company's sales to related parties is based on the agreed terms, therefore there is no appropriate transaction object to compare. The general payment terms are 45 to 90 days. The processing transaction between the Company and related parties is based on the agreed terms; therefore, there is no appropriate transaction object to compare.

d. Operating expense

Line Item	Related Party Name	For the Year Ended December 31 2023	2022
Operating expense	Accton Technology Corp. USA	$ 211,014	$ 165,983
	Other Subsidiaries and Associates	12,039	2,132
		$ 223,053	$ 168,115

The Company's operating expenses are mainly overseas supporting fees.

The overseas supporting fees between the Company and related parties are based on the agreed terms; therefore, there is no appropriate transaction object to compare.

e. Non-operating income and expenses

Line Item	Related Party Name	For the Year Ended December 31 2023	2022
Other revenue	Vietnam Accton Technology Co., Ltd.	$ 32,217	$ -
	Edgecore Networks Corp.	6,143	6,020
	E-Direct Corp.	1,924	1,897
	Other Subsidiaries and Associates	68	383
		$ 40,352	$ 8,300

The non-operating transactions between the Company and related parties are based on the agreed terms; therefore, there is no appropriate object to compare.

f. Receivables from related parties

Line Item	Related Party Name	December 31 2023	December 31 2022
Trade receivables from related parties	Accton Global, Inc.	$ 5,601,978	$ 2,890,302
	Edgecore Networks Corp.	941,505	159,812
	Other Subsidiaries and Associates	28,094	53,855
	Transfer of investment loans using the equity method	(364,872)	(162,138)
		$ 6,206,705	$ 2,941,831
Other receivables from related	Vietnam Accton Technology Co., Ltd.	$ 840,667	$ -
	Edgecore Networks Corp.	38,916	52,322
	Joy Technology (Shenzhen) Co., Ltd.	-	381,570
	Other Subsidiaries and Associates	10,690	5,305
	Transfer of investment loans using the equity method	(1,355)	-
		$ 888,918	$ 439,197

The Company's partial collection conditions for foreign related parties are 60 days to 90 days from the shipping point. It is 60 days to 75 days for domestic related parties.

g. Payables to related parties

Line Item	Related Party Name	December 31 2023	December 31 2022
Trade payables to related parties	Joy Technology (Shenzhen) Co., Ltd.	$ 2,473,877	$ 4,917,062
	Vietnam Accton Technology Co., Ltd.	540,977	-
	Accton Technology Co., Ltd.	556	867
		$ 3,015,410	$ 4,917,929
Other payables to related Parties	Accton Technology Corp. USA	$ 174,067	$ 170,990
	Joy Technology (Shenzhen) Co., Ltd.	165,629	1,257
	Other Subsidiaries and Associates	3,271	5,100
		$ 342,967	$ 177,347

The general payment terms of the Company are 45 to 90 days.

h. Acquisitions of property, plant and equipment

Related Party Name	Purchase Price 2023	Purchase Price 2022
Subsidiaries	$ 4,438	$ 924

The transaction of property, plant and equipment between the Company and related parties is based on the agreed terms.

i. Disposals of property, plant and equipment

Related Party Name	Proceeds Price 2023	Proceeds Price 2022
Subsidiaries	$ 3,399	$ -

The transaction of property, plant and equipment between the Company and related parties is based on the agreed terms, and the gain or loss on sales of property, plant and equipment is not significant.

j. Acquisition of intangible assets

Related Party Name	Purchase Price 2023	Purchase Price 2022
Subsidiaries	$ -	$ 681

The transaction of intangible assets between the Company and related parties is based on the agreed terms.

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 133,268	$ 122,475
Termination benefits	947	868
	$ 134,215	$ 123,343

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff guarantee and performance guarantee:

	December 31	
	2023	2022
Pledge time deposits (classified as other financial assets-non current)	$ 79,623	$ 79,419

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023, the Company needed to issue a letter of guarantee from the bank to the customs for import/export goods that amounted to $30,000 thousand.

The Company is building a new plant, and the total estimated value of the signed construction contract was $2,650,000 thousand. As of December 31, 2023, the unrecognized amount was $1,347,264 thousand.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency (In thousand)	Exchange Rate	Carrying Amount (In thousand)
Financial assets			
Monetary items			
USD	$ 899,967	30.705 (USD:NTD)	$ 27,633,493
Financial liabilities			
Monetary items			
USD	491,550	30.705 (USD:NTD)	15,093,034

December 31, 2022

	Foreign Currency (In thousand)	Exchange Rate	Carrying Amount (In thousand)
Financial assets			
Monetary items			
USD	$ 787,977	30.710 (USD:NTD)	$ 24,198,762
Financial liabilities			
Monetary items			
USD	491,821	30.710 (USD:NTD)	15,103,836

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	**Exchange Rate (Functional Currency: Presentation Currency)**	**Net Foreign Exchange Gain (Loss)**	**Exchange Rate (Functional Currency: Presentation Currency)**	**Net Foreign Exchange Gain (Loss)**
USD	31.155 (USD:NTD)	$ (474,877)	29.805 (USD:NTD)	$ 289,754

36. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

1) Financing provided to others (None)
2) Endorsements/guarantees provided (Table 1)
3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
4) Marketable securities acquired and disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital (Table 3)
5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 4)
6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)
7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)
8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)
9) Trading in derivative instruments. (Note 31)
10) Information on investees (excluding any investee company in mainland China) (Table 7)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. Refer to the Company’s consolidated Financial Statement for 2023’s Table 7.

c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Foreign Currencies/New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Accton Technology Corporation	Accton Global, Inc.	2	$ 2,518,779	$ 162,125 (USD 5,000)	$ 92,115 (USD 3,000)	$ 6,141 (USD 200)	$ -	0.37	$ 7,556,337	Yes	No	No
0	Accton Technology Corporation	Joy Technology (ShenZhen) Co., Ltd.	2	2,518,779	451,730 (RMB 100,000)	-	-	-	-	7,556,337	Yes	No	Yes
0	Accton Technology Corporation	Vietnam Accton Technology Co., Ltd.	2	2,518,779	905,798 (USD 29,500)	905,798 (USD 29,500)	181,470	-	3.60	7,556,337	Yes	No	No
1	Accton Global, Inc.	Accton Logistics Corporation	4	104,698	6,141 (USD 200)	6,141 (USD 200)	6,141 (USD 200)	-	5.87	104,698	No	No	No
2	Joy Technology (ShenZhen) Co., Ltd.	MuXi Technology Co., Ltd.	4	3,878,868	563,576 (RMB 130,000)	563,576 (RMB 130,000)	-	-	14.53	3,878,868	No	No	Yes

Note 1: The description of the number column is as follows:

1) Lender is numbered as 0.

2) Investee is numbered sequentially from 1.

Note 2: The following seven items are relationship of endorsement guarantors and endorsed objects:

1) The company with business contact.

2) The company directly and indirectly holds more than 50% of the shares of the voting rights.

3) Directly and indirectly holds more than 50% of the shares of the voting rights to the company.

4) The company directly and indirectly holds more than 90% of the shares of the voting rights.

5) The company that is mutually protected under contractual requirements based on the needs of the contractor.

6) The company that is endorsed by its all-funded shareholders in accordance with its shareholding ratio because of the joint investment relationship.

7) Performance guarantees for the sale of presale contracts under the Consumer Protection Act.

Note 3: The limit on amount of endorsement and guarantee is explained below:

1) In accordance with the company’s procedure for endorsement and guarantee, the ceiling on total endorsement and guarantee to all parties is 30% of its net sales value; the ceiling on single guarantee object to all parties is 10% of its net assets value.

2) The policy for endorsement and guarantee granted by subsidiaries to the company whose voting shares are directly or indirectly wholly-owned is not limited by the above description.

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of Foreign Currencies/New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Accton Technology Corporation	Fund							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	46,542	$ 600,367	-	$ 600,367	Note 5
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	36,079	550,362	-	550,362	Note 5
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,532	210,111	-	210,111	Note 5
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,292	160,077	-	160,077	Note 5
	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	11,646	150,108	-	150,108	Note 5
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,480	80,064	-	80,064	Note 5
	JPMorgan Funds - US Aggregate Bond Fund	-	Financial assets at fair value through profit or loss - current	48	25,075	-	25,075	Note 5
	JPMorgan (Taiwan) First Money Market Fund	-	Financial assets at fair value through profit or loss - current	648	10,008	-	10,008	Note 5
	Shares							
	First Hi-Tec Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	1,496	183,244	2%	183,244	Note 4
	Cathay Financial Holding Co., Ltd. - preference shares	-	Financial assets at fair value through other comprehensive income - current	830	49,468	-	49,468	Note 4
	Marvell Technology Inc.	-	Financial assets at fair value through other comprehensive income - current	22	40,453	-	40,453	Note 4
	Clientron Corp.	-	Financial assets at fair value through other comprehensive income - current	289	4,454	-	4,454	Note 6
	Cathay Financial Holding Co., Ltd. - preference share B	-	Financial assets at fair value through other comprehensive income - current	35	2,071	-	2,071	Note 4
	TechnoConcepts Inc.	-	Financial assets at fair value through other comprehensive income - current	597	-	-	-	Note 3
	Reed Semiconductor Corp. - preference share	-	Financial assets at fair value through other comprehensive income - non-current	250	31,930	1%	31,930	Note 3
	Worldgate Communication, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	3,200	-	-	-	Note 3
	Pershing Systems Corp.	-	Financial assets at fair value through profit or loss - non-current	2,942	94,791	9%	94,791	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Accton Technology Corporation	i Pass Corporation	-	Financial assets at fair value through profit or loss - non-current	1,140	$ -	1%	$ -	Note 3
	Wave-In Communication Inc.	-	Financial assets at fair value through profit or loss - non-current	1,318	13,300	7%	13,300	Note 3
	Linker Corporation	-	Financial assets at fair value through profit or loss - non-current	469	-	2%	-	Note 3
	Global Channel Resource Pte. Ltd.	-	Financial assets at fair value through profit or loss - non-current	500	-	7%	-	Note 3
	Stratus Medicine Inc.	-	Financial assets at fair value through profit or loss - non-current	833	-	4%	-	Note 3
	Zentera Systems, Inc.	-	Financial assets at fair value through profit or loss - non-current	400	-	3%	-	Note 3
	Xingtera Technology Optimizes	-	Financial assets at fair value through profit or loss - non-current	478	-	1%	-	Note 3
	Midfin Systems Inc.	-	Financial assets at fair value through profit or loss - non-current	1,084	-	4%	-	Note 3
	MiTAC Information Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	300	-	-	-	Note 3
	Clop Technologies Pte. Ltd.	-	Financial assets at fair value through profit or loss - non-current	2,000	-	9%	-	Note 3
	Acute Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	2,650	-	15%	-	Note 3
	Microlinks Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	138	-	2%	-	Note 3
	Peracom Networks, Inc.	-	Financial assets at fair value through profit or loss - non-current	2,931	-	-	-	Note 3
	MoBitS Electronics, Inc.	-	Financial assets at fair value through profit or loss - non-current	387	-	5%	-	Note 3
	VODTEL Communication Inc.	-	Financial assets at fair value through profit or loss - non-current	122	-	3%	-	Note 3
	Noctilucent (HK) Limited	-	Financial assets at fair value through profit or loss - non-current	-	-	19%	-	Note 3
	Structured Products							
	Enfabrica Corp.	-	Financial assets at fair value through profit or loss - non-current	-	57,429	-	57,429	Note 3
	Convertible bonds							
	AVIZ Networks Inc.	-	Financial assets at fair value through profit or loss - non-current	-	47,505	-	47,505	Note 3
	Shoreline IoT, Inc.	-	Financial assets at fair value through profit or loss - non-current	-	31,595	-	31,595	Note 3
Accton Investment Corp.	Shares							
	Accton Technology Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,210	50,999	-	1,155,760	Note 4
	Xsight Labs Ltd. - preference share D	-	Financial assets at fair value through profit or loss - non-current	125	-	-	-	Note 3
	Quantun Machines Ltd. - preference share A	-	Financial assets at fair value through profit or loss - non-current	217	-	1%	-	Note 3
	Pavilion Data Systems - preference share C	-	Financial assets at fair value through profit or loss - non-current	336	-	1%	-	Note 3
	Astera Labs, Inc. - preference share A-1	-	Financial assets at fair value through profit or loss - non-current	2,451	-	-	-	Note 3
	Astera Labs, Inc. - preference share B	-	Financial assets at fair value through profit or loss - non-current	332	-	-	-	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Accton Investment Corp.	Astera Labs, Inc. - preference share C	-	Financial assets at fair value through profit or loss - non-current	43	$ -	-	$ -	Note 3
	Dustphotonics, Inc. - preference share A	-	Financial assets at fair value through profit or loss - non-current	38	-	-	-	Note 3
	Dustphotonics, Inc. - preference share B	-	Financial assets at fair value through profit or loss - non-current	5	-	-	-	Note 3
	Tallac Networks, Inc.	-	Financial assets at fair value through profit or loss - non-current	254	-	-	-	Note 3
	Aspac Communications, Inc.	-	Financial assets at fair value through profit or loss - non-current	120	-	-	-	Note 3
	Kai Chieh International Investment Ltd.	-	Financial assets at fair value through profit or loss - non-current	46	-	-	-	Note 3
	MoBitS Electronics, Inc.	-	Financial assets at fair value through profit or loss - non-current	232	-	3%	-	Note 3
	Fulfillment Plus Inc.	-	Financial assets at fair value through profit or loss - non-current	500	-	2%	-	Note 3
	@Network, Inc.	-	Financial assets at fair value through profit or loss - non-current	100	-	-	-	Note 3
	Telectronics International, Inc.	-	Financial assets at fair value through profit or loss - non-current	286	-	2%	-	Note 3
	Itelco Communication, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	202	-	-	-	Note 3
	Network Excellence For Enterprises Corp. - preference shares	-	Financial assets at fair value through profit or loss - non-current	600	-	-	-	Note 3
	Caspain Networks, Inc.	-	Financial assets at fair value through profit or loss - non-current	2	-	-	-	Note 3
	Truetel Communications Inc.	-	Financial assets at fair value through profit or loss - non-current	600	-	3%	-	Note 3
	Voipack Corporation - preference shares	-	Financial assets at fair value through profit or loss - non-current	1,075	-	-	-	Note 3
	Ip Unity - preference shares	-	Financial assets at fair value through profit or loss - non-current	68	-	-	-	Note 3
	Peracom Networks, Inc.	-	Financial assets at fair value through profit or loss - non-current	2,629	-	-	-	Note 3
	Discovery Times Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	Note 3
	Engim, Inc. - preference shares A	-	Financial assets at fair value through profit or loss - non-current	455	-	-	-	Note 3
	Engim, Inc. - preference shares A-1	-	Financial assets at fair value through profit or loss - non-current	2,308	-	-	-	Note 3
	Softfoundry International Pte. Ltd.	-	Financial assets at fair value through profit or loss - non-current	833	-	-	-	Note 3
	MiTAC Information Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	15	-	-	-	Note 3
	E2O Communications Inc.	-	Financial assets at fair value through profit or loss - non-current	30	-	-	-	Note 3
	Bonds							
	Awoo Japan - convertible bonds	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	Note 3
Accton Century holding (BVI) Co., Ltd.	Shares							
	@ Network, Inc.	-	Financial assets at fair value through profit or loss - non-current	167	-	-	-	Note 3
	3CX Inc.	-	Financial assets at fair value through profit or loss - non-current	375	-	-	-	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Accton Century holding (BVI) Co., Ltd.	Discovery Times Alpha Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	$ -	-	$ -	Note 3
	Telmax Communications Corp.	-	Financial assets at fair value through profit or loss - non-current	613	-	-	-	Note 3
	Programmable Silicon Solutions	-	Financial assets at fair value through profit or loss - non-current	143	-	-	-	Note 3
	Aviva Communications INC. - preference shares	-	Financial assets at fair value through profit or loss - non-current	30	-	-	-	Note 3
	Conveigh Inc.	-	Financial assets at fair value through profit or loss - non-current	765	-	-	-	Note 3
	Fortress	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	Note 3
Accton Asia Investments Corp.	Shares							
	Zhuhai Jinfangda Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	18%	-	Note 3
Edgecore Networks Corp.	Shares							
	ALFA Network Inc.	-	Financial assets at fair value through profit or loss - non-current	969	17,038	19%	17,038	Note 3
	AVIZ Networks Inc. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	4,065	14,979	-	14,979	Note 3
Accton Manufacturing and Service, Inc.	Shares							
	Humax Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	369	26,422 (USD 860)	-	26,422 (USD 860)	Note 4
	Wedge Networks	-	Financial assets at fair value through profit or loss - non-current	250	-	1%	-	Note 3

Note 1: As of December 31, 2023 the above marketable securities have not been pledged or mortgaged.

Note 2: For information on subsidiaries and associates, refer to Tables 8 and 9.

Note 3: The market value was based on the carrying amount as of December 31, 2023.

Note 4: The market value was based on the closing price as of December 31, 2023.

Note 5: The market value was based on the net asset value of the fund as of December 31, 2023.

Note 6: The market value was based on the average quoted price as of December 31, 2023.

(Concluded)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount (Note)	Gain (Loss) on Disposal	Number of Shares	Amount
Accton Technology Corporation	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	-	$ -	78,051	$ 1,005,000	31,509	$ 406,031	$ 405,000	$ 1,031	46,542	$ 600,367
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	-	-	59,758	910,000	23,679	360,826	360,000	826	36,079	550,362
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	-	-	23,604	395,000	11,072	185,428	185,000	428	12,532	210,111
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	5,212	80,108	21,315	330,000	16,235	252,241	250,000	2,241	10,292	160,077

Note: The disposal cost represents acquisition cost.

TABLE 4

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Types of Property	Transaction Date	Transaction Amount (Note)	Payment Term	Counter-party	Nature of Relationship	Previous Transaction of Related Counter-party				Pricing Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Accton Technology Corporation	Buildings	January 1, 2023 - December 31, 2023	$ 877,138	Payment will be made monthly after acceptance according to the progress of the project	Xu Yuan Construction Engineering Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Bid price	Operating purpose	None

Note: The payment was made for the engineering and construction order.

TABLE 5

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Accton Technology Corporation	Joy Technology (Shenzhen) Co., Ltd.	Indirect subsidiary	Purchase	$ 11,850,222	18	45 days after the invoice date	Specified at each transaction	45 days after the invoice date	$ (2,473,877)	18	-
	Vietnam Accton Technology Co., Ltd.	Subsidiary	Purchase	1,118,025	1	90 days after the invoice date	Specified at each transaction	90 days after the invoice date	(540,977)	4	-
	Accton Global, Inc.	Subsidiary	Sale	14,416,452	17	75 days after the delivery date	Specified at each transaction	75 days after the delivery date	5,601,978	50	-
	Edgecore Networks Corp.	Subsidiary	Sale	4,345,093	5	60 days after the delivery date	Specified at each transaction	60 days after the delivery date	941,505	8	-
Joy Technology (Shenzhen) Co., Ltd.	MuXi Technology Co., Ltd.	Held by the same ultimate holding company	Sale	4,824,479	6	Monthly 45 days	Specified at each transaction	Monthly 45 days	932,162	8	-
	Accton Technology Co., Ltd.	Held by the same ultimate holding company	Sale	872,374	1	90 days after the delivery date	Specified at each transaction	90 days after the delivery date	815,109	7	-
Edgecore Networks Corporation	Edgecore Americas Networking Corp.	Subsidiary	Sale	1,407,366	2	75 days after the invoice date	Specified at each transaction	75 days after the invoice date	311,083	3	-

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 3)	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Accton Technology Corporation	Accton Global, Inc.	Subsidiary	$ 5,602,887	3.40	$ 832,641	Strengthen collection	$ 832,641	$ -
	Edgecore Networks Corp.	Subsidiary	980,421	7.89	-	-	-	-
	Vietnam Accton Technology Co., Ltd.	Subsidiary	842,873	Note 2	389,811	Strengthen collection	-	-
Joy Technology (Shenzhen) Co., Ltd.	Accton Technology Corporation	Ultimate parent company	2,639,506	3.21	818,281	Strengthen collection	807,438	-
	MuXi Technology Co., Ltd.	Held by the same ultimate holding company	932,331	4.76	39,719	Strengthen collection	39,719	-
	Accton Technology Co., Ltd.	Held by the same ultimate holding company	815,191	1.29	570,377	Strengthen collection	476,245	-
	Vietnam Accton Technology Co., Ltd.	Held by the same ultimate holding company	169,199	Note 2	71,749	Strengthen collection	-	-
Edgecore Networks Corp.	Edgecore Americas Networking Corp.	Subsidiary	312,208	3.43	-	-	-	-
Accton Technology Co., Ltd.	Joy Technology (Shenzhen) Co., Ltd.	Held by the same ultimate holding company	686,925	2.98	-	-	-	-
MuXi Technology Co., Ltd.	Joy Technology (Shenzhen) Co., Ltd.	Held by the same ultimate holding company	286,256	7.64	-	-	-	-
Vietnam Accton Technology Co., Ltd.	Accton Technology Corporation	Ultimate parent company	540,977	4.13	-	-	-	-

Note 1: The calculation of turnover days excludes other receivables.

Note 2: The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover days.

Note 3: Receivables from related parties include trade receivables from related parties and other receivables from related parties.

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES (EXCLUDING ANY INVESTEES COMPANY IN MALNLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Foreign Currencies/New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	% of Ownership	Carrying Amount			
Accton Technology Corporation	Accton Century Holding (BVI) Co., Ltd.	British Virgin Islands	Investment holding company	$ 1,664,416	$ 1,664,416	51,973	100	$ 3,945,970	$ 253,337	$ 226,816	Notes 1 and 2
	Edgecore Networks Corp.	Hsinchu	Research, development, design, manufacture and selling of switching hubs	650,000	650,000	50,000	100	1,937,459	889,402	889,402	Note 1
	Accton Manufacturing and Service, Inc.	USA	Manufacture and selling of switching hubs	769,644	769,644	24,149	100	83,589	(18,757)	(18,757)	Note 1
	Accton Technology (China) Co., Ltd.	Cayman Islands	Investment holding company	279,635	279,635	6,600	100	116,685	16,745	16,745	Note 1
	Accton Technology Corp. USA	USA	Service of technique of high-quality LAN hardware and software products	342,132	342,132	2,199	100	190,961	3,992	3,992	Note 1
	Accton Investment Corp.	British Virgin Islands	Investment holding company	79,676	79,676	1,004	100	274,631	19,519	2,945	Note 1
	Accton Logistics Corp.	USA	Selling and marketing of high-quality LAN hardware and software products	89,267	89,267	1	100	120,485	4,334	4,334	Note 1
	Accton Global, Inc.	USA	Selling and marketing of high-quality LAN hardware and software products	35,316	35,316	10	100	(364,872)	17,424	17,424	Note 1
	Nocsys Inc.	Cayman Islands	Investment holding company	-	199,434	-	-	-	(134)	(134)	Notes 1 and 5
	E-Direct Corp.	Taipei	Provides services in information software and information technology	43,075	43,075	3,852	100	88,240	22,309	22,309	Note 1
	Metalligence Technology Corp.	Taipei	Provides e-commerce apps, information software and advertising services	430	430	215	100	(1,355)	(892)	(1,355)	Notes 1 and 4
	CheerLife Technology Corp.	Taipei	Provides e-commerce apps, information software and advertising services	70	70	7	20	-	-	-	Note 3
	Oenix Biomed Co., Ltd.	Taipei	Research and development of health care services and equipment	20,000	20,000	2,000	40	7,751	(6,589)	(2,636)	Note 1
	Vietnam Accton Technology Co., Ltd.	Vietnam	Research, development, design, manufacture and selling of switching hubs	793,520	372,775	-	100	530,827	(198,259)	(199,068)	Notes 1 and 2
Accton Century Holding (BVI) Co., Ltd.	Accton Asia Investments Corp.	British Virgin Islands	Investment holding company	1,292,865 (USD 42,106)	1,292,865 (USD 42,106)	42,106	100	3,899,850	249,632	249,632	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2023	Original Investment Amount December 31, 2022	Balance as of December 31, 2023 Number of Shares (Thousands)	Balance as of December 31, 2023 % of Ownership	Balance as of December 31, 2023 Carrying Amount	Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized	Note
Edgecore Networks Corp.	Edgecore Networks Singapore Pte. Ltd.	Singapore	Selling and marketing of high-quality LAN hardware and software products	$ 22,466	$ 22,466	3,557	100	$ 31,354	$ 1,549	$ 1,549	Note 1
	Edgecore Americas Networking Corp.	USA	Selling and marketing of high-quality LAN hardware and software products	18,730 (USD 610)	18,730 (USD 610)	10	100	103,936	36,856	36,856	Note 1
	Edgecore Networks India Pvt. Ltd.	India	Research, development, design, manufacture and selling of switching hubs	15,039	15,039	3,885	100	3,803	(10,063)	(10,063)	Note 1

Note 1: Based on audited financial statements.

Note 2: After adjustment of gains or losses from related parties.

Note 3: Recognized an impairment loss.

Note 4: Since April 2023, Metalligence Technology Corp. has been classified from an associate into a 100% subsidiary.

Note 5: In December 2023, Nocsys Inc. completed its liquidation procedures.

(Concluded)

ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of Various Foreign Currencies/New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow Remittance for Investment from Taiwan as of January 1, 2023 (Note 2)	Investment Flows		Accumulated Outflow Remittance for Investment from Taiwan as of December 31, 2023 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023 (Note 2)	Note
					Outflow	Inflow (Note 2)							
Joy Technology (Shenzhen) Co., Ltd.	Selling and producing of high-end network switches	$ 1,366,373 (USD 44,500)	Note 1	$ 629,453 (USD 20,500)	$ -	$ 629,453 (USD 20,500)	$ -	$ 401,278	100	$ 401,278	$ 3,878,868	$ 1,837,940 (USD 59,858)	Note 3
Accton Technology Co., Ltd.	Sale of network products	184,230 (USD 6,000)	Note 1	184,230 (USD 6,000)	-	-	184,230 (USD 6,000)	16,746	100	16,746	109,629	-	Note 3
Noctilucent Systems (Shanghai) Limited	Development, design and manufacture of software, selling product and consultation and service of technique	153,525 (USD 5,000)	Note 1	201,640 (USD 6,567)	-	2,702 (USD 88)	198,938 (USD 6,479)	-	-	-	-	-	Notes 5 and 8
ATAN NetworKs Co., Ltd.	Sale of network products	95,186 (USD 3,100)	Note 10	95,186 (USD 3,100)	-	-	95,186 (USD 3,100)	(5,690)	100	(5,690)	(17,184)	-	Notes 3 and 10
MuXi Technology Co., Ltd.	Sale of network products	4,335 (RMB 1,000)	Note 11	-	-	-	-	(14,610)	100	(14,610)	(3,294)	-	Notes 3 and 11

Investee Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
Joy Technology (Shenzhen) Co., Ltd.	USD - (Note 12)	USD 44,500 (Note 4)	$ 15,112,673
Accton Technology Co., Ltd.	USD 6,000	USD 6,000	
Noctilucent Systems (Shanghai) Limited	USD 6,479 (Notes 5 and 8)	USD 5,000	
ATAN NetworKs Co., Ltd.	USD 3,100	USD 3,500	
Arcadyan Technology (Shanghai) Corp. (Note 6)	USD 684	USD 5,586	
Tomato Technology (Shanghai) Corp. (Note 7)	USD 380	USD 380	
Zhuhai Jinfangda Technology Co., Ltd. (Note 9)	USD 937	USD 937	

Note 1: Investment made in mainland China was through the Company’s subsidiaries that are located in the third region.
Note 2: Based on the exchange rate as of December 31, 2023.
Note 3: The amount was recognized based on the audited financial statements.
Note 4: Issuance of ordinary shares out of retained earnings amounted to USD7,500 thousand.
Note 5: Repayment of debt amounted to USD1,567 thousand.
Note 6: In December 2009, the Company sold 17% shares of Arcadyan Technology (Shanghai) Co., Ltd. to Arcadyan Technology Company and its affiliates.
Note 7: Tomato Technology (Shanghai) Corp. was sold in July 2009. The Investment Commission of the Ministry of Economic Affairs approved the sale of the investment.
Note 8: In September 2017, the Company sold Noctilucent (HK)’s 81% shares and jointly disposed of Noctilucent Systems (Shanghai) Limited. The resale case was approved by the Ministry of Economic Affairs for review. In October 2023, the Company was approved by the No. 11256116460 letter to deduct the amount of investment by US$88 thousand.
Note 9: On April 19, 2019, the Company got the approval from the Investment Board, Ministry of Economic Affairs to invest in Zhuhai Jinfangda Technology Co., Ltd. which was recognized under the financial assets at fair value through profit or loss - non-current.
Note 10: Joy Technology (Shenzhen) Co., Ltd.’s indirect investment in a company located in mainland China.
Note 11: Accton Technology Co., Ltd.’s indirect investment in a company located in mainland China.
Note 12: In accordance with the No. 11320059460 Letter in January 2024, the Company remitted US$59,858 thousand of investment income from Joy Technology (Shenzhen) Co., Ltd. to deduct the accumulated outflow remittance for investment from Taiwan.

TABLE 9

ACCTON TECHNOLOGY CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Golden Tengis Co., Ltd.	45,113,765	8.05

VI.As of the publication date of the Annual Report, have the Company and its affiliated companies encountered any financial difficulties that affect the Company's financial status : None.

VII. Review, Analysis, and Risks of Financial Conditions and Performance

I. Financial Analysis

(I) Analysis of the changes in the financial status of the most recent two years:

Unit: NT$ thousand

Items / Year	2023	2022	Differences	
			Amount	%
Current Assets	49,991,316	41,882,761	8,108,555	19.36%
Property, Plant and Equipment	3,181,458	1,804,418	1,377,040	76.31%
Other Assets	3,402,815	2,373,630	1,029,185	43.36%
Total Assets	56,575,589	46,060,809	10,514,780	22.83%
Current Liabilities	29,079,532	21,567,677	7,511,855	34.83%
Non-current Liabilities	2,308,268	4,064,971	-1,756,703	-43.22%
Total liabilities	31,387,800	25,632,648	5,755,152	22.45%
Share Capital	5,603,564	5,601,399	2,165	0.04%
Capital Reserve	874,754	857,568	17,186	2.00%
Accumulated Profit or Loss	19,198,744	14,482,209	4,716,535	32.57%
Equity Attributable to Owners of Parent Companies	25,187,789	20,428,161	4,759,628	23.30%

(II) The main reasons for the significant changes in assets, liabilities and equity in the past two years and their impact:

1. Increase in Property, Plant, and Equipment: Due to operational needs, the construction of the Zhubei factory office building led to an increase in work-in-progress projects.
2. Increase in Other Assets: Primarily due to the increase in operational equipment needs, resulting in higher prepayments for equipment.
3. Increase in Current Liabilities: Due to performance growth, contractual liabilities with customers have increased.
4. Decrease in Non-current Liabilities: Long-term loans were repaid during this period.
5. Increase in Accumulated Deficits and Parent Company's Equity: Attributable to growth in performance and increased profitability.

(III) Future planning for the significant impact: N /A

II. Financial Performance

(I) Analysis of the changes in the financial status of the most recent two years:

Unit: NT$ thousand

Items / Year	2023	2022	Amount of Increase (Decrease)	Percentage of change (%)	Change Analysis
Net Sales Revenue	84,188,426	77,205,223	6,983,203	9.04%	
Cost of Sales	64,925,625	60,686,961	4,238,664	6.98%	
Gross Profit	19,262,801	16,518,262	2,744,539	16.62%	
Operating Expenses	7,761,704	6,885,654	876,050	12.72%	
Operating profit (loss)	11,501,097	9,632,608	1,868,489	19.40%	
Non-operating Income and Expenses	231,364	643,315	-411,951	-64.04%	1
Pre-tax profit (loss)	11,732,461	10,275,923	1,456,538	14.17%	
Income Tax Expenses	2,812,296	2,110,111	702,185	33.28%	2
Net profit (loss)	8,920,165	8,165,812	754,353	9.24%	
Net Profit Attributable to Owners of Parent Companies	8,920,165	8,165,812	754,353	9.24%	

Analysis of Changes in Percentage:

1. Decreased non-operating income and expenditure: It is the result of impacts from fluctuating exchange rates for the current period.
2. Income Tax Expense Increase: Due to profit growth, capital planning, and the retention of operating capital, there was an increase in taxes on undistributed earnings and repatriated earnings.

III. Cash Flow

(I) Analysis of changes in cash flow for the most recent two years

Year Items	2023	2022	Percentage of increase or decrease (%)
Cash Flow Ratio	63.18	45.08	40.15%
Cash Flow Adequacy Ratio	46.87	37.82	23.93%
Cash Flow Reinvestment Ratio	44.98	22.62	98.85%
Analysis of Changes in Percentage: 1.Increased cash flow ratio, cash flow adequacy ratio and cash flow reinvestment ratio: It is the result of increased cash inflows from growing revenues.			

(II) Plan for improving insufficient liquidity: None.

(III) Analysis of cash liquidity of the following year:

Unit: NT$ thousand

Balance of cash at start of term (A)	Net Cash Flows from Operating Activities(B)	Cash Flows Used(C)	Cash surplus (inadequacy) (A)＋(B)－(C)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
14,070,421	10,931,520	12,693,341	12,308,600	—	—

1. Analysis of Changes in the Cash Flow during the Year
   (1) Net cash flows generated from operating activities were mainly from the inflow of operating cash.
   (2) Cash outflow was mainly used for the acquisition of machinery and equipment, the construction of the Zhubei (Production No. 1) factory and office buildings, and the distribution of dividends to shareholders, directors and employees.
2. Plan for improving insufficient liquidity and analysis of the liquidity of the following year: N/A.

IV. Impact of major capital expenditures on finance and business in the most recent year: None.

V. Policies on investment in other companies, main reasons for their profit or loss and improvement plans in the most recent year, and investment plans for the following year.

(1) Policies on Investment in Other Companies

The company's investment policy is focused on long-term strategic investments, primarily aimed at expanding international marketing networks, integrating upstream and downstream industries to increase international market share, securing key components and technology, and achieving diversified management objectives.

(II) Analysis of Profit and Loss of Policies on Investment in Other Companies

In 2023, under consolidated basis, the company recognized a net loss on investments accounted for using the equity method amounting to NT$2,636,000. The company will continue to adhere to the principle of long-term strategic investment and will continue to evaluate cautiously.

(III) Investment plans for the following year

There are no significant investment plans for the next year.

VI. Risk Analysis and Evaluation

(I) Impact of interest rate, exchange rate fluctuations and inflation on Accton’s profit and loss, and future strategies:

The IMF and OECD have forecasted this year's economic growth expectations at 3.1% and 2.9%, respectively, both below the long-term average of 3.8% from 2000 to 2019. These forecasts are already higher than the growth expectations set by these two major institutions at the end of 2023, primarily due to the United States economy being more resilient than anticipated and China expected to implement fiscal stimulus measures. A significant downside risk to global economic growth this year could be the unexpected surge in commodity prices. Turmoil in the Middle East and crises in the Red Sea could potentially damage the global supply chain, thereby increasing inflation and possibly delaying the pace of interest rate cuts by central banks worldwide.

Facing various uncertainties related to geopolitics and inflation, it is anticipated that interest rates and exchange rates will continue to experience significant fluctuations based on news developments. The company will maintain its usual cautious stance, closely monitoring global macroeconomic conditions, including fluctuations in the exchange/interest rates and financial markets, and establishing appropriate risk management mechanisms and response strategies to mitigate the impact of uncertainties on company operations. The Company mainly adopts natural hedging strategies, and it uses financial instruments as an auxiliary when necessary. Therefore, it is able to reduce foreign currency exposures and interest rate risks, further avoiding the impact on the Company's profit and loss.

(II) Policies on high-risk, highly-leveraged investments, loans to other parties, endorsements, guarantees and derivatives trading, main reasons for the profits or losses generated thereby, and future strategies:

Asset safety has always been Accton’s primary aim and policy, so the company’s operating procedures stick to the principle without any high-risk or highly-leveraged investment. Accton’s policies on loans to other parties, endorsements, guarantees and derivatives trading are implemented fully in accordance with its operating procedures and relevant laws and regulations based on the priority of asset safety as the principle, and there is no significant profit or loss. Accton will continue to follow the operating procedures and related laws and regulations to ensure asset security in the future.

(III) Future R&D Plans and Expected R&D Expenses:

Since the outbreak of Covid-19 at the end of 2019, we have undergone four years of transformation. During this period, several key areas, including technological innovation, economic dynamics, heightened environmental awareness, increased focus on health issues, and changes in geopolitics, have become focal points that cannot be overlooked. In this rapidly changing and challenging era, we are committed to establishing a clear direction and moving forward with conviction. We are also always prepared to make appropriate adjustments based on current circumstances and seek a balance among various interests to ensure our continuous development and progress.

By connecting peer to peer, we are gradually building an extensive network aimed at achieving fast, reliable, secure, and low-power connections between points. Our goal is to create a comprehensive communication network that facilitates interactions among people, between people and objects, and between objects themselves, thereby expanding our cognitive dimensions. Through this approach, we hope to contribute to the sustainable and healthy development of society and the economy.

In the realm of product development, we will focus on achieving ultra-fast performance, high temporal precision, low carbon footprint, integration of artificial intelligence, and offering products with a high performance-to-price ratio. Technically, we plan to increase our investments in signal and power integration, efficient heat dissipation, structural mechanics analysis, optical technology, and power management. This will ensure our technical leadership in these areas and guide the market's development direction. We are dedicated to not only meeting high-quality standards in design but also focusing on factory automation, process design optimization, and rapidly responding to customer needs with customized solutions. These efforts will help us make significant contributions to the communications market, continually driving innovation and progress in the industry.

Accton will continue to concentrate on product development in data centers, artificial intelligence, telecommunications, wireless communications, optical technology, and products with superior performance-to-price ratios. As a pioneer in the communications industry, we are committed to giving our all and bravely facing the challenges ahead. We are prepared to take on responsibilities, wholeheartedly engage in problem-solving and overcoming difficulties, bringing innovation to the communications industry, and drawing a hopeful blueprint for the future.

The following is a description of the research and development fields of Accton’s products, including enterprise Ethernet switches, telecommunications equipment, data center equipment, artificial intelligence, front-end technology and wireless networks:

1. Enterprise Ethernet switch

We are actively working on R&D for Ethernet switches that support multiple rates (1G/2.5G/5G/10G) and integrating the latest Power over Ethernet (PoE) technology. Our focus is on achieving low-carbon, environmentally friendly designs while ensuring our products offer high cost-effectiveness and support factory automation capabilities. Through comprehensive systematic testing, we ensure the delivery of stable, high-quality products to our end customers.

Beyond adhering to the Original Design Manufacturer (ODM) business model, we also actively support open network software platforms. After rigorous system integration and testing, we can offer customers solutions for the rapid development of complete products, thereby enhancing our operational revenue and market position.

2. Telecommunications equipment

In the wave of 5G Advanced development, we focus on developing designs and tests with high temporal precision to ensure our products meet professional quality standards. We are committed to maintaining security and confidentiality throughout the R&D process while focusing on creating products with a unified interface, high stability, low carbon emissions, and strong security.

In the open architecture of the telecommunications field, we actively participate in open alliances, promoting the development of layered architecture to accelerate the innovation cycle of telecom products and advance the entire industry. We are dedicated to developing and launching value-added products in areas such as Wireless Access Networks (RAN), backhaul networks, aggregation networks, edge computing, and fiber optics networks. These efforts aim to create products with high profitability and environmental friendliness, thus offering a superior product experience.

3. Data center equipment

With the continuous growth in data demand driven by innovative applications and the relentless surge of big data, we are confronted with the significant challenge of increased network bandwidth requirements and device energy consumption. To proactively address this challenge, we are committed to continuously enhancing our capabilities in high-speed signal and power integration, heat dissipation technologies, and the control of mechanical structural mechanics, to improve signal transmission quality and reduce energy waste in devices.

In the current landscape, where the demand for high efficiency is ever-increasing, high-speed and long-distance optical transmission has become a critical element. We will persist in advancing product development, constantly researching, and developing transmission technologies at speeds of 400G, 600G, 800G, or even higher, supporting longer transmission distances, while adhering to green, low-carbon emission environmental goals. This involves ongoing optimization and improvements across various sectors, including raw materials, supply chain, manufacturing processes, logistics management, product design, and waste recycling, to reduce carbon emissions and contribute our efforts towards environmental protection.

Accton will continue to actively participate in the activities of open networking communities, contributing our expertise and performing rapid and efficient product iterations and updates. We will maintain a proactive stance, collaborating with third-party software vendors to jointly promote the layered architecture of networks, thereby accelerating the industry's transformation process.

Amid the constant emergence of innovative technologies and new markets, we will actively maintain close and stable cooperative relationships with leading manufacturers to achieve mutual benefits and maintain a leading position in the technological domain. We are dedicated to accumulating a wealth of information and knowledge, formulating clear product strategies, and diligently implementing them to ensure we continue to maintain and expand our lead in the market.

4. Artificial intelligence and front-end technology

With the rapid advancement of technologies like ChatGPT, we are dedicated to investing in and leading the development in these areas of technological innovation. In response to the growing demand for computational power, our technological development encompasses multiple domains including machine learning, virtualization technology, and precise microwave waveform generation. We are developing offload servers, AI high-performance deep learning engine servers and controllers, programmable Ethernet switches, and smart network cards, all aimed at enhancing overall product performance.

Through these innovations, we can provide an integrated platform for data processing, control layers, and service applications, thereby establishing a comprehensive end-to-end service model. This includes virtual containers, service chaining, virtual container management systems, and more, to meet solutions that require high scalability, high reliability, and substantial computational demands. We will continue to focus on the research and development of these high-end technologies, anticipating significant achievements in this field and paving the way for an innovative future.

5. Wireless network

We are committed to continuous investment in advanced WIFI wireless technologies, as well as the design and testing of antennas. Simultaneously, we are dedicating resources to developing Radio Units (RUs) within open Radio Access Networks (RAN), with the goal of providing customers with superior products. Furthermore, we are integrating cloud technologies to develop more stable and higher value-added end-to-end systems.

We are also constantly improving the intelligent manufacturing processes in our factories to reduce product manufacturing costs and enhance product quality, thereby boosting our competitiveness and increasing revenue. These efforts will help us maintain a leading position in the communications sector, offering our customers better products and services.

In the field of communication technology, we are developing smart network portals, cloud data analysis platforms, sensors, and actuators, aimed at providing comprehensive end-to-end solutions. Our goal, through vertical integration, is to offer solutions that meet customer needs across different application scenarios, making them safer, easier to use, and thereby enhancing convenience in life.

In response to the development trends of the Internet of Things (IoT) for operators, we have engaged in the entire process from testing at the concept verification platform to the construction and operation of physical infrastructures. This has not only increased our practical experience and revenue but also enabled us to integrate data from different application domains for more effective intelligent analysis and applications, better meeting market needs and trends.

Currently, we are actively progressing product research and development efforts according to our established plans. Faced with the constantly changing market and societal environments, we are closely monitoring these dynamics to timely adjust our R&D strategy. Our goal is to gain a competitive edge while adhering to corporate social responsibility, thereby positively impacting the company's revenue and future development. Looking forward to 2024, to accommodate business growth and the advancement of new projects, we anticipate maintaining our research and development expenditure at approximately 5% of our revenue.

(IV) Impact of the changes in domestic and overseas important policies and laws on Accton’s finance and business, and countermeasures:

Accton’s relevant departments have followed important domestic and overseas policies strictly, as well as adjusted the company’s finance and business to the changes with close attention. Accton actively operates in accordance with the promotion of corporate governance system made by competent authorities, amendments to Company Act, Securities and Exchange Act and various business processing rules, as well as the changing tax laws and regulations. As of the publication date of the annual report, there’s no significant impact on Accton’s operation caused by the changes of relevant laws and regulations.

(V) Impact of changes in technology (including cyber security risks) and industry on the company’s finance and business, and countermeasures:

With business units specially responsible for collecting the latest industry trends and market information, and the outstanding management team of veteran professionals experienced in market development, customer interactions, marketing management and even adjustments to the changes of the industry, Accton is able to respond to market changes, customer demands, technology development and industrial supply and demands quickly.

In the realm of information and communication security risks, the company conducts regular annual risk assessments to verify the implementation of various control measures. All personnel, including permanent employees and outsourced staff (such as on-site vendors, part-time workers, and consultants), are responsible and obligated to protect the relevant information assets they manage, ensuring the confidentiality, accuracy, and availability of the group's critical information and assets. Employees shall perform work within proper scope, and only may be granted with the authority and information necessary for the completion of their work. The personnel to be employed shall accept necessary evaluation and sign on relevant operation rules, and participate in information security education and training, so as to know that it is everyone’s obligation to maintain and protect information security, which shall be implemented in daily work. A continuous management mechanism shall be formulated and regular test and training shall be conducted to maintain its applicability. Beyond implementing an Information Security Management System (ISMS) using the PDCA (Plan-Do-Check-Act) cycle, Accton regularly holds management review meetings every quarter or when significant changes occur in the information operation environment. These meetings independently review information security policies, objectives, procedures, and control measures to prevent potential cybersecurity threats and enhance the level of information security protection, maintaining a high-quality service commitment. Accton is committed to data security and protecting the personal information entrusted to us by customers, suppliers, partners, and employees. In 2023, the number of information security incident reports and complaints was zero. Overall, the technological changes and information security risks currently have no significant impact on the Company's financial business.

(VI) Impact of the changes in corporate image on Accton’s risk management, and countermeasures:

Accton has built a corporate image full of hope and ideas since its establishment. Accton aims to become one of the leading professional designers or OEM of network communication equipment in the world, create a corporate culture maximizing benefits, share its achievements with all the partners and ensure the upmost interests of shareholders. In addition to improving business development, Accton also focuses on enhancing its transparency, as well as the partnership between domestic and oversea shareholders and investment institutions. Accton insists to be open and transparent, explaining any major news at once for good communications.

(VII) Expected benefits and possible risks of mergers, and countermeasures:

Accton has no merger plan in the most recent year as of the publication date of the annual report.

(VIII) The expected benefits and possible risks to expand plants, and countermeasures:

Expected Benefits

1.Reducing the impact of 25% tariff impose by the US-China trade war.
2.Production capacity and value increased, the number of Taiwan SMT lines increased to 13, machine combination increased, production capacity raised.
3.Building offsite production risk management and capacity adjustment systems

Possible Risks

1.Recruitment will be restricted by market supply and government regulations, unable to keep pace with the progress of plant construction.
2.Throughput loss because of unsteady supply of some key materials.

Countermeasures

1.The production strategy alliance is established, and the production flexibility is adjusted to avoid the impact on the manpower or production capacity.
2.Optimize the product lines in Taiwan by means of new production lines and equipment, automation and technology upgrading.
3.Continue to negotiate with customers about business strategies of offsite support and maintenance, and regulate production capacity in a flexible way.
4.Continue to communicate with the central and local governments on the recruitment limit of foreign employees and expand the recruitment channels in the neighboring areas of Zhunan.

(IX) Risks resulting from consolidation of purchasing or sales, and countermeasures:

Accton concluded contracts with major customers to ensures the sales between both parties, thus the influence on the company is limited; we also continue to develop new suppliers to avoid excessive concentration.

(X) Impact and risks resulting from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10% of the company’s shares, and countermeasures:

There is no significant transfer or replacement of shares of the Company's directors.

(XI) Risks and impact on Accton resulting from the change in management right, and countermeasures:

There hasn’t been any change in management right since Accton’s establishment.

(XII) Litigation or non-litigation event, any material litigation, non-litigation or administrative litigation for which judgment has been made or is pending for judgment related to the company and its directors, supervisors, general managers, actual responsible persons, and shareholders holding more than 10% of the Company’s shares and, if the result thereof may have significant influence on shareholders’ rights and interests or the price of securities, the fact, object amount, litigation commencement date, main parties involved and the settlement condition as of the publication date of the annual report shall be specified: None.

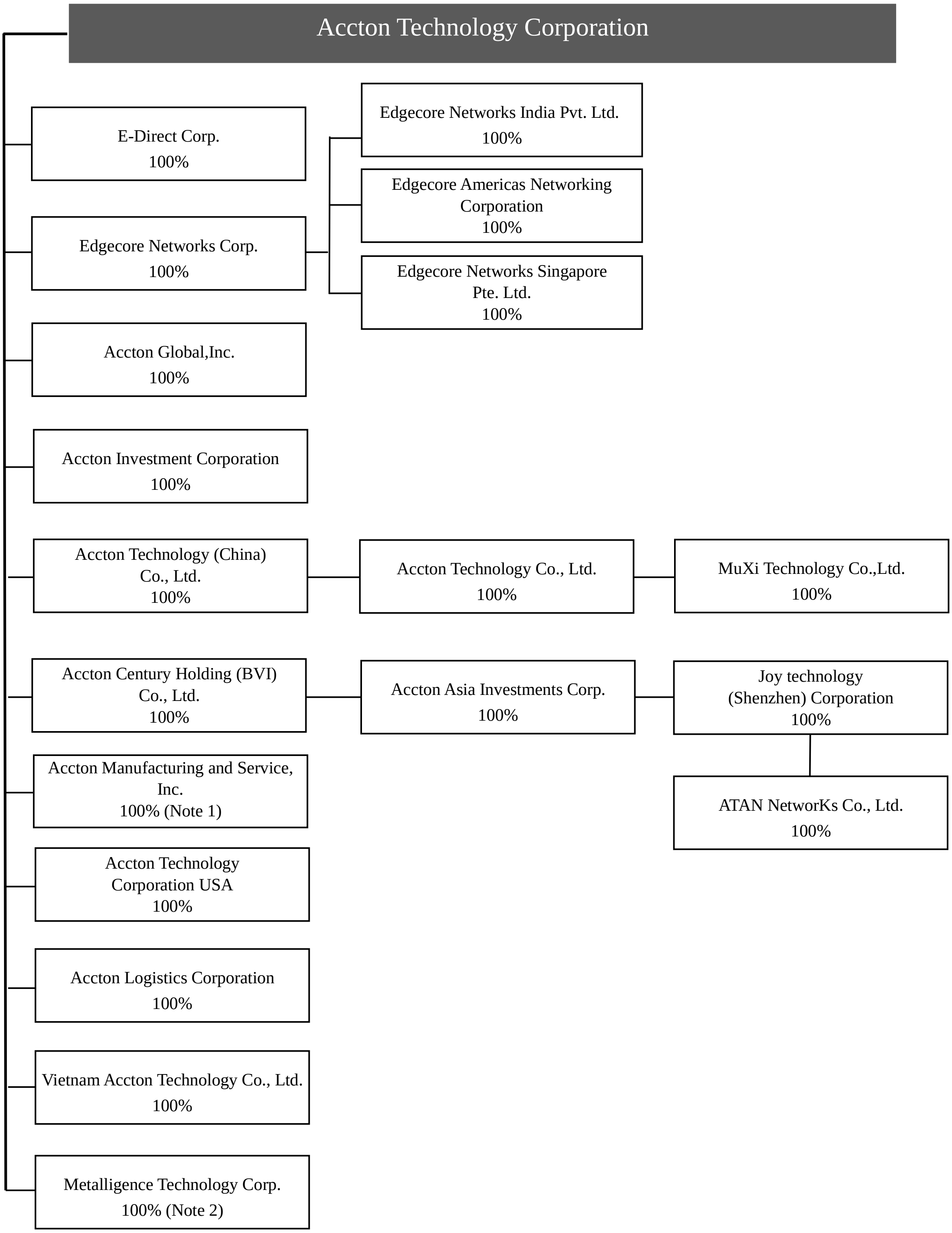
VII. Other Important Issues: None.

VIII. Special Disclosure

I. Related Information of Affiliates

1. Organizational Overview of Affiliates

(1) Organizational Structure of Related Companies



Note 1: Accton Manufacturing and Service, Inc. changed its name to SMC Networks Inc. as resolved by the board of directors on April 11, 2023.

Note 2: As of December 31, 2023, Metalligence Technology Corporation has completed the income declaration of liquidation, awaiting the completion of the liquidation process by the court.

Note 3: As of December 31, 2023

(2) Basic Information about Related Companies

Company Name	Date of Establishment	Address	Paid-up capital		Main Business or Production Items
Accton Logistics Corporation	2006/1/10	3932 Sanford Creek Avenue, Wake Forest, NC 27587,U.S.A.	USD	—	Sales and marketing of high-quality local area network products
Accton Technology Corporation USA	1988/2/25	1200 Crossman Ave, Suite 130 Sunnyvale, CA 94089,U.S.A.	USD	2,198,510	Technical services for high-quality local area network products
Accton Manufacturing and Service, Inc. (Note 1)	1997/9/22	20 Mason Irvine CA 92618 USA	USD	48,298	Sales of computer and network related products
Accton Century Holding (BVI) Co. Ltd.	2000/3/2	Vistra Corporate Services Centre, Wickhams Cay II, Riad Town, Tortola, VG1110, British Virgin Islands	NTD	1,664,415,674	Holding company which transfers from operation to investment
Accton Asia Investments Corp.	1999/11/25	Vistra Corporate Services Centre, Wickhams Cay II, Riad Town, Tortola, VG1110, British Virgin Islands	NTD	1,347,481,992	Holding company which transfers from operation to investment
Joy Technology (Shenzhen) Corporation	2005/8/24	HengKeng Ind., Shangpai, Shangwu, Aiqun Rd., Shiyan Town, Shenzhen 518108 China	CNY	317,617,200	Production and sales of high-end network switch
Accton Techonlogy (China) Co.,Ltd.	2001/5/9	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	NTD	220,127,000	Holding company which transfers from operation to investment
Accton Technology Co., Ltd.	2001/9/12	1F,63#, No.,421HongCao Rd., Shanghai,China	CNY	49,650,360	Sales of computer and network related products
MuXi Technology (Nanjing) Co., Ltd.	2020/9/30	6th floor, Datcent Technology Building, 21 Huashen Road, Yuhuatai district,Nanjing	CNY	1,000,000	Sales of computer and network related products
Accton Investment Corporation	1997/5/19	Vistra Corporate Services Centre, Wickhams Cay II, Riad Town, Tortola, VG1110, British Virgin Islands	NTD	30,405,061	Holding company which transfers from operation to investment
Metalligence Technology Corporation (Note 2)	2010/7/14	13F., No.102, Guangfu S. Rd., Da’an Dist., Taipei City 10694, Taiwan (R.O.C.)	NTD	2,150,000	R&D, marketing and manufacturing of network communication products
Accton Global, Inc.	2015/5/1	20 Mason Irvine CA 92618 USA	USD	10,000	Sales and marketing of high-quality local area network products
Edgecore Networks Corp.	2009/11/4	No.1, Creation Road 3, Hsinchu Science Park, Hsinchu, Taiwan (R.O.C.)	NTD	500,000,000	The research, development, design, manufacture and sale of network switches
Edgecore Networks Singapore Pte. Ltd.	1997/8/1	10 Anson Road, #06-21, International Plaza, Singapore 079903	SGD	3,556,900	Sales and marketing of high-quality local area network products
Edgecore Americas Networking Corporation	2017/6/19	20 Mason Irvine CA 92618 USA	USD	10,000	Sales and marketing of high-quality local area network products
ATAN Networks Co., Ltd.	2005/11/1	2F,66#, No.,421HongCao Rd., Shanghai,China	CNY	22,905,500	Sales of computer and network related products
E-Direct Corp.	2000/5/29	13F., No.102, Guangfu S. Rd., Da’an Dist., Taipei City 10694, Taiwan (R.O.C.)	NTD	38,519,100	Supply of software and electronic information and other business

Company Name	Date of Establishment	Address	Paid-up capital		Main Business or Production Items
Edgecore Networks India Pvt. Ltd.	2022/7/18	No. 220, Suncity Success Towers, Golf Course Extension, Sector-65, Gurgaon, Gurgaon, Haryana, India, 122018	IND	38,845,000	The research, development, design, manufacture and sale of communication equipment
Vietnam Accton Technology Co., Ltd.	2022/10/3	Lot F1-2-3, Thang Long Vinh Phuc Industrial Park, Tam Hop Commune, Binh Xuyen Di	VND	598,805,000,000	The research, development, design, manufacture and sale of network switches

Note 1: Accton Manufacturing and Service, Inc. changed its name to SMC Networks Inc. as resolved by the board of directors on April 11, 2023.

Note 2: As of December 31, 2023, Metalligence Technology Corporation has completed the income declaration of liquidation, awaiting the completion of the liquidation process by the court.

Note 3: All affiliates shall be disclosed, regardless of the scope.

Note 4: If any related company has a factory, and the sales value of the factory’s products exceeds 10% of the operating income of its controlling company, the name, date of establishment, address and main products of the factory shall be specified.

Note 5: If any related company is a foreign company, its name and address shall be specified in English, its date of establishment shall be indicated in calendar date, and its paid-in capital shall be stated in foreign currency (the exchange rate on statement date shall be indicated as well).

(3) Data of common shareholders inferred to have control or to be in a subordinate relationship: None

(4) Overall Business Scope of All Related Companies

The business items of Accton and its related companies include design, research, development, production, sales and services of network information and communication, as well as other products in the Internet industry.

(5) Information about Directors, Supervisors, and President of Related companies

Unit: NT$ Thousand; Shares; %

Company Name	Job Title	Name or Representative	Shares Held (Note 2) (Note 3)	
			Number of Shares	Shareholding Ratio
Accton Logistics Corporation	Director	K.T. Chiou	0	0.00%
	Director	Rebecca Lin	0	0.00%
	Director	Jackal Li	0	0.00%
Accton Technology Corporation USA	Director	Paul Kim	0	0.00%
	Director	Jack C.Weaver	0	0.00%
	Director	Yu, Ji-Hsiang	0	0.00%
Accton Manufacturing and Service, Inc. (Note 1)	Director	Paul Kim	0	0.00%
	Director	Li, Hsun-Te	0	0.00%
	Secretary/ Treasurer	Jack Weaver	0	0.00%
Accton Century Holding (BVI) Co. Ltd.	Director	Yu, Ji-Hsiang	0	0.00%
	Director	Chiu, Kuo-Tai	0	0.00%
	Director	Lin, Meen-Ron	0	0.00%
Accton Asia Investments Corp.	Director	Yu, Ji-Hsiang	0	0.00%
	Director	Chiu, Kuo-Tai	0	0.00%
	Director	Lin, Meen-Ron	0	0.00%
Joy Technology (Shenzhen) Corporation	Chairman of the Board	Chiu, Kuo-Tai	0	0.00%
	Director	Huang, An-Jye	0	0.00%
	Director	Kuo, Fai-Long	0	0.00%
	Supervisor	Chen,Wen-Chi	0	0.00%
Accton Technology (China) Co.,Ltd.	Director	Yu, Ji-Hsiang	0	0.00%
	Director	Chiu, Kuo-Tai	0	0.00%
	Director	Lin, Meen-Ron	0	0.00%
Accton Technology Co., Ltd.	Chairman of the Board	Huang, Kuo-Hsiu	0	0.00%
	Director	Chiu, Kuo-Tai	0	0.00%
	Director	Yu, Ji-Hsiang	0	0.00%
	Supervisor	Chen,Wen-Chi	0	0.00%
MuXi Technology (Nanjing) Co., Ltd.	Chairman of the Board	Huang, Kuo-Hsiu	0	0.00%
	Director	Zhang, Hao	0	0.00%
	Director	Liu, Ming-Shou	0	0.00%
	Director	Chan, Ju-Neng	0	0.00%
	Supervisor	Song, Xiao-Wu	0	0.00%
Accton Investment Corporation	Director	Yu, Ji-Hsiang	0	0.00%
	Director	Chiu, Kuo-Tai	0	0.00%
	Director	Lin, Meen-Ron	0	0.00%
Metalligence Technology Corporation	(Note 2)			
Accton Global, Inc.	Director	Lin, Meen-Ron	0	0.00%
	Director	Leon Tang	0	0.00%
	Director	Jackal Li	0	0.00%

Company Name	Job Title	Name or Representative	Shares Held (Note 2) (Note 3)	
			Number of Shares	Shareholding Ratio
Edgecore Networks Corp.	Chairman of the Board	Accton Technology Corporation Representative Wu, Hsi-Yuan	50,000,000	100.00%
	Director	Accton Technology Corporation Representative Li , Wei-Shu	50,000,000	100.00%
	Director	Accton Technology Corporation Representative Lin, Mei-Hui	50,000,000	100.00%
	Supervisor	Accton Technology Corporation Represenative Chen, Fang-I	50,000,000	100.00%
Edgecore Networks Singapore Pte Ltd.	Director	Ho Lawrence Yuklun (Note 3)	0	0.00%
	Director	Siao Heimdall Fu (Note 3)	0	0.00%
	Director	Huang, Kuo-Hsiu	0	0.00%
Edgecore Americas Networking Corporation	Director	Ho Lawrence Yuklun (Note 4)	0	0.00%
	Director	Siao Heimdall Fu (Note 4)	0	0.00%
	Director	Shueh Youngcor (Note 4)	0	0.00%
ATAN Networks Co., Ltd.	Chairman of the Board	Lin, Meen-Ron	0	0.00%
	Director	TANG LEON CHOON LENG	0	0.00%
	Director	Yu, Ji-Hsiang	0	0.00%
	Supervisor	Tracy-Ho	0	0.00%
E-Direct Corp.	Chairman of the Board	Accton Technology Corporation Representative Huang, Kuo-Hsiu	3,851,910	100.00%
	Director	Accton Technology Corporation Representative Kuo, Fai-Long	3,851,910	100.00%
	Director	Accton Technology Corporation Representative Lin, Meen-Ron	3,851,910	100.00%
	Supervisor	Accton Technology Corporation Represenative Chen, Fang-I	3,851,910	100.00%
Edgecore Networks India Pvt. Ltd.	Director	Ho Lawrence Yuklun (Note 5)	0	100.00%
	Director	Siao Heimdall Fu (Note 5)	0	100.00%
	Director	Pankaj Sharma	0	100.00%
Vietnam Accton Technology Co., Ltd.	Director	LI, HSUN - TE	0	0.00%

Note 1: Accton Manufacturing and Service, Inc. changed its name to SMC Networks Inc. as resolved by the Board of Directors on April 11, 2023.

Note 2: As of December 31, 2023, Metalligence Technology Corporation has completed the income declaration of liquidation, awaiting the completion of the liquidation process by the court.

Note 3: Directors of Edgecore Networks Singapore Pte Ltd., Ho Lawrence Yuklun and Siao Heimdall Fu, resigned on April 16, 113, and were replaced by WU, HSI-YUAN and LIN, MEI-HUI.

Note 4: Directors of Edgecore Americas Networking Corporation, Ho Lawrence Yuklun, Siao Heimdall Fu and Shueh Youngcor, resigned on April 16, 113, and were replaced by WU, HSI-YUAN, LEE, WEI-SHUO and LIN, MEI-HUI.

Note 5: Directors of Edgecore Networks India Pvt. Ltd., Ho Lawrence Yuklun and Siao Heimdall Fu, resigned on April 16, 113, and were replaced by WU, HSI-YUAN and LIN, MEI-HUI.

Note 6: If any related company is a foreign company, equivalent position shall be specified.

Note 7: If any investee is a company limited by shares, please fill out in its number of shares and shareholding ratio; while for others, please complete and indicate investment amount and capital contribution ratio.

Note 8: If any Director or Supervisor is a legal person, the relevant information about its representative shall be disclosed.

2. Operational Overview of Related Companies

Unit: NT$ Thousand; Shares; %

Company Name	Capital	Total Assets	Total liabilities	Net Value	Operating Revenue	Operating Income	Profit or loss for the period (After Tax)	Earnings Per Share (NT$) (After Tax)
Accton Logistics Corporation	0	121,855	1,350	120,505	60,203	730	4,334	—
Accton Technology Corporation USA	67,505	237,274	46,313	190,961	211,347	10,657	3,992	—
Accton Manufacturing and Service, Inc. (Note 1)	1,483	135,456	51,867	83,589	61,979	(18,633)	(18,757)	—
Accton Century Holding (BVI) Co. Ltd.	1,664,416	3,991,916	0	3,991,916	0	(83)	253,337	—
Accton Asia Investments Corporation	1,347,482	3,901,876	2,026	3,899,850	0	(303)	249,632	—
Joy Technology (Shenzhen) Corporation	1,376,934	7,063,749	3,184,881	3,878,868	17,169,447	414,654	401,278	—
Accton Technology (China) Co., Ltd.	220,127	116,685	0	116,685	0	0	16,745	—
Accton Technology Co., Ltd.	215,244	1,362,693	1,253,064	109,629	1,422,429	29,869	16,746	—
MuXi Technology (Nanjing) Co., Ltd.	4,335	1,120,128	1,123,422	(3,294)	5,160,489	(14,664)	(14,610)	—
Accton Investment Corporation	30,405	325,630	0	325,630	0	(3,208)	19,519	—
Metalligence Technology Corporation (Note 2)	2,150	7,021	8,376	(1,355)	292	(876)	(892)	—
Accton Global, Inc.	307	5,729,193	5,624,495	104,698	13,185,389	6,097	17,424	—
Edgecore Networks Corp.	500,000	3,488,667	1,523,185	1,965,482	6,039,421	1,003,569	889,402	—
Edgecore Networks Singapore Pte. Ltd.	82,840	36,504	5,150	31,354	15,546	2,398	1,549	—
Edgecore Americas Networking Corporation	307	523,292	415,054	108,238	1,661,376	46,032	36,856	—
ATAN Networks Co., Ltd.	99,300	44,191	61,375	(17,184)	79,202	(4,936)	(5,690)	—
E-Direct Corp.	38,519	132,182	45,872	86,310	77,828	25,937	22,309	—
Edgecore Networks India Pvt. Ltd.	14,353	26,505	22,702	3,803	29,070	(10,072)	(10,063)	—
Vietnam Accton Technology Co., Ltd.	745,512	2,403,987	1,859,223	544,764	1,096,401	(168,216)	(198,259)	—

Note 1: Accton Manufacturing and Service, Inc. changed its name to SMC Networks Inc. as resolved by the board of directors on April 11, 2023.

Note 2: As of December 31, 2023, Metalligence Technology Corporation has completed the income declaration of liquidation, awaiting the completion of the liquidation process by the court.

Note 3: All affiliates shall be disclosed, regardless of the scope.

Note 4: All related companies shall be disclosed with their financial data of 2023 audited by CPAs.

Note 5: If any affiliate is a foreign company, its relevant figures shall be presented in NT$ as converted at the exchange rate on the reporting date.

	Balance Sheet
USD Exchange Rate:	30.705
SD Exchange Rate:	23.29
RMB Exchange Rate:	4.3552
INR Exchange Rate:	0.3695
VND Exchange Rate:	0.001245

II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of the Company's Shares by Its Subsidiaries in the Past Year up to the Date the Annual Report Was Printed

Subsidiary's Name	Paid-up capital		Source of Funds	The Company's shareholding ratio	Date of Acquisition or Disposal	Number & Amount of Shares Acquired	Number & Amount of Shares Disposed	Profit and Loss from Investment	Number & Amount of Shares Held as of the Publication Date of the Annual Report	Rights Pledged	Amount of Guarantee Endorsed by Accton for Subsidiaries	Amount of Loan from Accton to Subsidiaries
Accton Investment Corp.	NTD 30,405,061		Self-owned funds	100%	January 4, 2001 to December 28, 2001	2,209,867 shares NT$50,999 Thousand	—	—	2,209,867 shares NT$50,999 Thousand	None	0	0
Current year as of the publication date of the annual report												

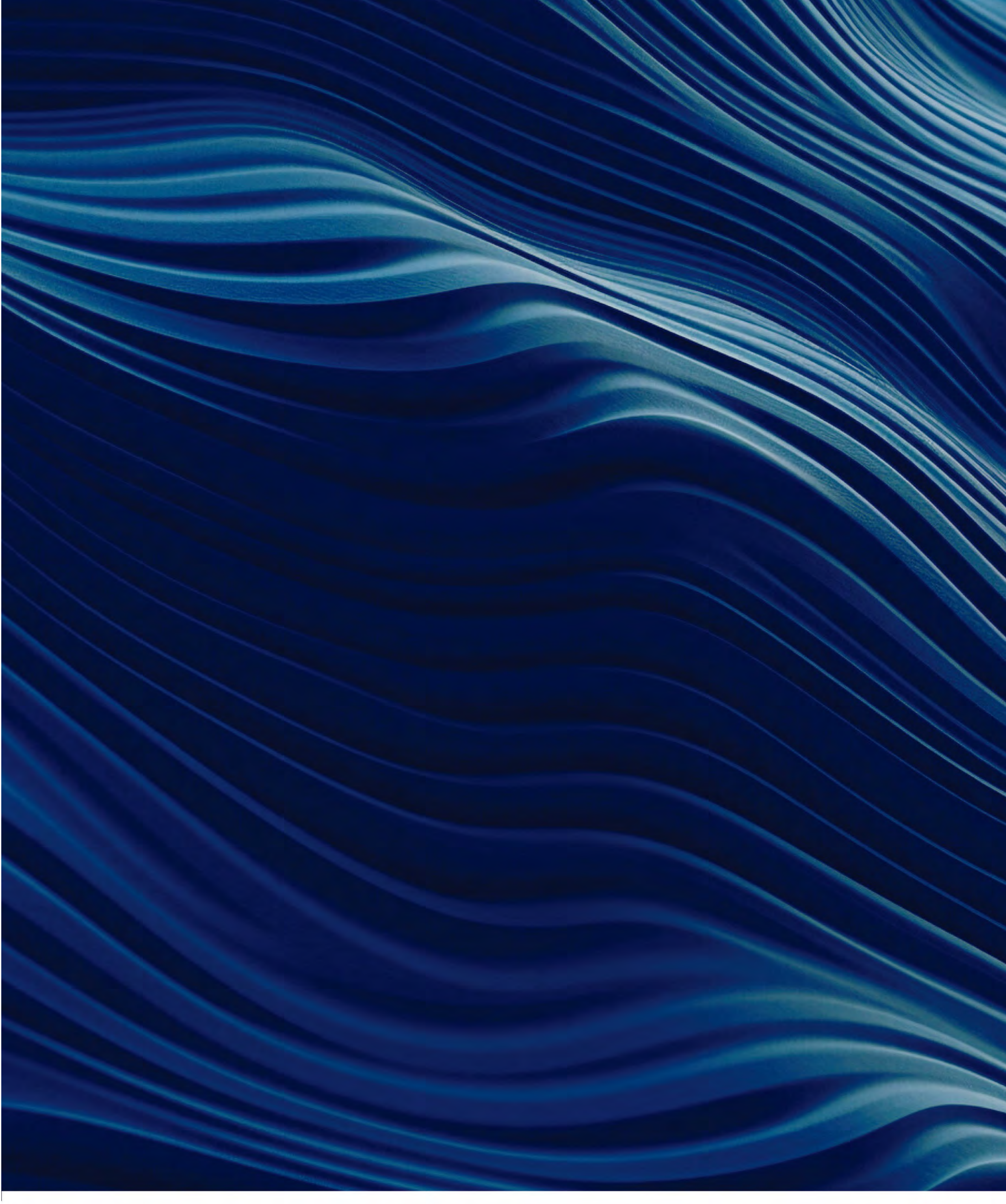
IV. Other Necessary Supplementary Information: None.

V. Any event occurred in the most recent year as of the publication date of the report which has material impact on shareholders' rights and interests or the price of securities against Item 2 of Paragraph 2 under Article 36 of the Securities and Exchange Act: None.

Accton Technology Corporation

Chairman: Kuan Xin Investment Co., Ltd

Representative：Lin, Meen-Ron



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