Accton Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

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

Kuan Xin Investment Corp.
Chairman

March 7, 2024

Deloitte.

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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:

Revenue recognition

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

	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.

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

(Continued)

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**	**%**
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. (Concluded)

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.

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 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.

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 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

(Continued)

	December 31	
	2023	2022
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

(Concluded)

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	2022
Oenix Biomed Co., Ltd.	Research and development of health care services and equipment	Taipei	40%	40%

(Continued)

Name of Associate	Main Business	Location	December 31 2023	December 31 2022
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%

(Concluded)

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

(Continued)

	December 31	
	2023	2022
Other assets		
Prepayments for software maintenance fees	$ 21,470	$ -
Prepayments for investment	-	30,039
Others	-	3,314
	$ 21,470	$ 33,353

(Concluded)

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

(Continued)

	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, 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

(Concluded)

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

(Continued)

	December 31	
	2023	2022
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

(Concluded)

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$)	Options Outstanding			Options Exercisable	
	Number Outstanding (In Thousands)	**Expected Remaining Contractual Life (In Years)**	**Weighted-average Exercise Price (NT$)**	**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.

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)	**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 at FVTPL			Financial Assets at FVTOCI
Financial Assets	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.

<u>Sensitivity analysis</u>

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

Line Item	Related Party Name	For the Year Ended December 31 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

Line Item	Related Party Name	For the Year Ended December 31 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

Line Item	Related Party Name	For the Year Ended December 31 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	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				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 Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	Note
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
	<u>Bonds</u>							
	Awoo Japan - convertible bonds	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	Note 3
Accton Century holding (BVI) Co., Ltd.	<u>Shares</u>							
	@ 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 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 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.

(Continued)

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.

(Concluded)

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