Stock Code:6206

FLYTECH TECHNOLOGY CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of Flytech Technology Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission, In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Flytech Technology Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Flytech Technology Co., Ltd.
Tai-Seng, Lam
Chairman
March 8, 2024

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Independent Auditors' Report

To the Board of Directors
Flytech Technology Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Flytech Technology Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Flytech Technology Co., Ltd. and its subsidiaries 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("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 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 Flytech Technology Co., Ltd. and its subsidiaries 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 of 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 of the current period. These matters were addressed in the context of our audit of 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 Flytech Technology Co., Ltd. and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 are stated as follows:

1. Revenue recognition

   Please refer to Note 4(o) for accounting policy on revenue recognition and Note 6(t) for related disclosures of revenue recognition, respectively, to the notes to the consolidated financial statements.

Description of key audit matter:

Revenue is recognized based on the various trade terms agreed with customers. This exposes Flytech Technology Co., Ltd. and its subsidiaries to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Consequently, the revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the design and operating effectiveness of Flytech Technology Co., Ltd. and its subsidiaries' internal controls over financial reporting on sales; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents; performing a sample test on the sales transactions that took place before and after the balance sheet date, as well as reviewing and understanding the reasonableness for any identified significant sales returns and allowances that took place after the balance sheet date to ensure that revenue was recognized in the appropriate period.

2. Impairment of goodwill

   Please refer to Note 4(m) for accounting policy on impairment of non-financial assets, Note 5(b) for uncertainty of accounting estimates and assumptions for goodwill impairment, and Note 6(k) for related disclosures of goodwill impairment test, respectively, to the notes to the consolidated financial statements.

   Description of key audit matter:

   Goodwill arising from business combinations is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis to assess the impact of variation in key assumptions; and assessing the adequacy of disclosures of related information on evaluation of goodwill impairment.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified audit 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 with the IFRSs, IASs, IFRIC, 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 Flytech Technology Co., Ltd. and its subsidiaries' 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 Flytech Technology Co., Ltd. and its subsidiaries 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 Flytech Technology Co., Ltd. and its subsidiaries' 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 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 Flytech Technology Co., Ltd. and its subsidiaries' 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 Flytech Technology Co., Ltd. and its subsidiaries' 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 Flytech Technology Co., Ltd. and its subsidiaries 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 appropriate audit evidence regarding the financial information of the entities or business activities within Flytech Technology Co., Ltd. and its subsidiaries 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 identified 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 of the current period 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 audit resulting in this independent auditors' report are Chang, Huei-Chen and Hsu, Shih-Chun.

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2024

Notes to Readers

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

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

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

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 2,509,200	45	2,814,795	46
1110	Financial assets at fair value through profit or loss－current (note 6(b))	9,683	-	9,521	-
1120	Financial assets at fair value through other comprehensive income －current (note 6(b))	3,000	-	-	-
1136	Financial assets measured at amortized cost－current (notes 6(c), (o) and 8)	274,242	5	156,224	3
1150-1170	Notes and accounts receivable, net (notes 6(d) and (t))	817,540	14	760,115	13
130X	Inventories (note 6(e))	557,101	10	918,989	15
1410-1470	Prepayments and other current assets	29,898	1	17,774	-
	Total current assets	4,200,664	75	4,677,418	77
	Non-current assets:				
1535	Financial assets measured at amortized cost－non-current (note 6(c))	101,594	2	96,941	2
1550	Investments accounted for using equity method (note 6(f))	11,782	-	14,748	-
1600	Property, plant and equipment (note 6(i))	1,023,305	18	1,016,813	17
1755	Right-of-use assets (note 6(j))	31,881	-	44,690	1
1780	Intangible assets (note 6(k))	201,478	4	203,103	3
1840	Deferred income tax assets (note 6(p))	54,417	1	41,802	-
1915	Prepayments for equipment	6,070	-	12,853	-
1920	Refundable deposits	1,916	-	1,804	-
	Total non-current assets	1,432,443	25	1,432,754	23
	Total assets	**$ 5,633,107**	**100**	**6,110,172**	**100**

See accompanying notes to consolidated financial statements.

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

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Contract liabilities－current (note 6(t))	85,137	2	56,723	1
2170	Accounts payable	330,840	6	355,515	6
2200	Other payables (note 6(u))	262,409	5	275,952	4
2230	Current income tax liabilities	169,108	3	272,716	4
2250	Provisions－current (note 6(n))	27,998	-	34,461	1
2280	Lease liabilities－current (note 6(m))	12,998	-	12,580	-
2300	Other current liabilities	17,068	-	45,122	1
	Total current liabilities	905,558	16	1,053,069	17
	Non-current liabilities:				
2570	Deferred income tax liabilities (note 6(p))	1,565	-	4,642	-
2640	Net defined benefit liabilities (note 6(o))	-	-	15,317	-
2580	Lease liabilities－non-current (note 6(m))	21,510	-	33,313	1
	Total non-current liabilities	23,075	-	53,272	1
	Total liabilities	928,633	16	1,106,341	18
	Equity attributable to shareholders of the Company (notes 6(f), (g) and (q)):				
3110	Common stock	1,430,623	25	1,430,623	24
3200	Capital surplus	538,938	10	536,947	9
	Retained earnings:				
3310	Legal reserve	1,300,259	23	1,196,570	20
3320	Special reserve	49,435	1	73,473	1
3350	Unappropriated earnings	1,376,671	25	1,741,308	28
3400	Other equity	(36,669)	(1)	(49,411)	(1)
	Total equity attributable to shareholders of the Company	4,659,257	83	4,929,510	81
36XX	Non-controlling interests (notes 6(g), (h) and (q))	45,217	1	74,321	1
	Total equity	4,704,474	84	5,003,831	82
	Total liabilities and equity	**$ 5,633,107**	**100**	**6,110,172**	**100**

See accompanying notes to consolidated financial statements.

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

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Revenue (notes 6(t), 7 and 14)**	$ 3,488,426	100	5,544,225	100
5000	**Cost of revenue (notes 6(e), (i), (j), (k), (m), (n), (o), (u) and 12)**	(2,136,863)	(61)	(3,561,484)	(64)
	Gross profit	1,351,563	39	1,982,741	36
	Operating expenses (notes 6(d), (i), (j), (k), (m), (o), (r), (u), 7 and 12):				
6100	Selling expenses	(354,813)	(10)	(380,066)	(7)
6200	Administrative expenses	(170,474)	(5)	(221,447)	(4)
6300	Research and development expenses	(266,963)	(8)	(274,550)	(5)
	Total operating expenses	(792,250)	(23)	(876,063)	(16)
	Operating income	559,313	16	1,106,678	20
	Non-operating income and loss (notes 6(f), (h), (m) and (v)):				
7100	Interest income	42,060	1	11,358	-
7190	Other income	3,023	-	7,572	-
7020	Other gains and losses	6,300	-	87,487	2
7050	Finance costs	(1,281)	-	(1,115)	-
7370	Share of losses of associates accounted for using equity method	(4,957)	-	(4,365)	-
	Total non-operating income and loss	45,145	1	100,937	2
7900	**Income before income tax**	604,458	17	1,207,615	22
7950	Less: Income tax expenses (note 6(p))	(131,748)	(3)	(187,413)	(4)
	Net income	472,710	14	1,020,202	18
	Other comprehensive income (notes 6(o), (p) and (q)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	480	-	1,448	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(96)	-	(289)	-
		384	-	1,159	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	12,401	-	23,583	1
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		12,401	-	23,583	1
	Other comprehensive income for the year	12,785	-	24,742	1
	Total comprehensive income for the year	**$ 485,495**	**14**	**1,044,944**	**19**
	Net income attributable to:				
8610	Shareholders of the Company	$ 501,857	15	1,043,153	18
8620	Non-controlling interests	(29,147)	(1)	(22,951)	-
		$ 472,710	**14**	**1,020,202**	**18**
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ 514,599	15	1,066,698	19
8720	Non-controlling interests	(29,104)	(1)	(21,754)	-
		$ 485,495	**14**	**1,044,944**	**19**
	Earnings per share (in New Taiwan Dollar) (note 6(s)):				
9750	Basic earnings per share	**$ 3.51**		**7.29**	
9850	Diluted earnings per share	**$ 3.48**		**7.20**	

See accompanying notes to consolidated financial statements.

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

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to shareholders of the Company											
			Retained earnings				Other equity					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation differences	Remeasurements of defined benefit plans	Total	Total equity of the Company	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 1,430,623	528,355	1,128,264	57,939	1,360,507	2,546,710	(68,916)	(4,557)	(73,473)	4,432,215	308,920	4,741,135
Appropriation of earnings:												
Legal reserve	-	-	68,306	-	(68,306)	-	-	-	-	-	-	-
Special reserve	-	-	-	15,534	(15,534)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(572,249)	(572,249)	-	-	-	(572,249)	-	(572,249)
Changes in ownership interests in associates accounted for using equity method	-	12,338	-	-	-	-	-	-	-	12,338	-	12,338
Disposal of subsidiaries	-	-	-	-	-	-	517	-	517	517	(285,854)	(285,337)
Changes in ownership interests in subsidiaries	-	(3,746)	-	-	(6,263)	(6,263)	-	-	-	(10,009)	10,009	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	63,000	63,000
Net income (loss) in 2022	-	-	-	-	1,043,153	1,043,153	-	-	-	1,043,153	(22,951)	1,020,202
Other comprehensive income in 2022	-	-	-	-	-	-	22,386	1,159	23,545	23,545	1,197	24,742
Total comprehensive income (loss) in 2022	-	-	-	-	1,043,153	1,043,153	22,386	1,159	23,545	1,066,698	(21,754)	1,044,944
Balance at December 31, 2022	1,430,623	536,947	1,196,570	73,473	1,741,308	3,011,351	(46,013)	(3,398)	(49,411)	4,929,510	74,321	5,003,831
Appropriation of earnings:												
Legal reserve	-	-	103,689	-	(103,689)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(24,038)	24,038	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(786,843)	(786,843)	-	-	-	(786,843)	-	(786,843)
Changes in ownership interests in associates accounted for using equity method	-	1,991	-	-	-	-	-	-	-	1,991	-	1,991
Net income (loss) in 2023	-	-	-	-	501,857	501,857	-	-	-	501,857	(29,147)	472,710
Other comprehensive income in 2023	-	-	-	-	-	-	12,358	384	12,742	12,742	43	12,785
Total comprehensive income (loss) in 2023	-	-	-	-	501,857	501,857	12,358	384	12,742	514,599	(29,104)	485,495
Balance at December 31, 2023	**$ 1,430,623**	**538,938**	**1,300,259**	**49,435**	**1,376,671**	**2,726,365**	**(33,655)**	**(3,014)**	**(36,669)**	**4,659,257**	**45,217**	**4,704,474**

See accompanying notes to consolidated financial statements.

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

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 604,458	1,207,615
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	79,911	86,691
Amortization	23,291	42,872
Provision (reversal) of expected credit loss	(2,212)	708
Share of loss of associates accounted for using equity method	4,957	4,365
Gain on disposal of property, plant and equipment	(450)	(416)
Property, plant, and equipment reclassified to expenses	-	438
Interest expense	1,281	1,115
Interest income	(42,060)	(11,358)
Loss (gain) on disposal of subsidiaries	1,143	(22,042)
Impairment loss on investments accounted for using equity method	-	10,915
Total non-cash profit and loss	65,861	113,288
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets mandatorily measured at fair value through profit or loss	(162)	2,001
Financial assets measured at amortized cost	(910)	-
Notes and accounts receivable	(55,313)	333,050
Inventories	361,888	162,010
Prepayments and other current assets	(12,252)	(1,893)
Net changes in operating assets	293,251	495,168
Changes in operating liabilities:		
Contract liabilities	28,414	8,644
Notes and accounts payable	(24,675)	(268,337)
Other payables	(13,543)	(9,062)
Provisions	(6,463)	3,268
Other current liabilities	(28,054)	9,679
Net defined benefit liabilities	(14,837)	(1,107)
Net changes in operating liabilities	(59,158)	(256,915)
Total changes in operating assets and liabilities	234,093	238,253
Cash provided by operations	904,412	1,559,156
Income taxes paid	(252,562)	(161,462)
Net cash provided by operating activities	651,850	1,397,694

(Continued)

See accompanying notes to consolidated financial statements.

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

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	(3,000)	-
Increase in financial assets measured at amortized cost	(126,200)	(69,167)
Proceeds from disposal of subsidiaries	-	92,613
Additions to property, plant and equipment (including prepayments for equipment)	(77,634)	(53,242)
Proceeds from disposal of property, plant and equipment	450	615
Additions to intangible assets	(7,623)	(4,417)
Increase in refundable deposits	(112)	(328)
Interest received	46,441	8,136
Net cash flows used in investing activities	(167,678)	(25,790)
Cash flows from financing activities:		
Decrease in short-term borrowings	-	(10,066)
Payment of lease liabilities	(12,885)	(12,214)
Cash dividends distributed to shareholders	(786,843)	(572,249)
Capital injection from non-controlling interests	-	63,000
Interest paid	(1,281)	(1,115)
Net cash flows used in financing activities	(801,009)	(532,644)
Effect of foreign exchange rate changes	11,242	21,245
Net increase (decrease) in cash and cash equivalents	(305,595)	860,505
Cash and cash equivalents at beginning of year	2,814,795	1,954,290
Cash and cash equivalents at end of year	**$ 2,509,200**	**2,814,795**

See accompanying notes to consolidated financial statements.

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

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

1. Organization and business

Flytech Technology Co., Ltd. (the "Company") was incorporated on August 13, 1984, as a company limited by shares under the Company Act of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 168, Xing-ai Rd., Neihu Dist., Taipei City, Taiwan. The Company and its subsidiaries (collectively the "Group") are engaged in the design, manufacture and sale of POS system, KIOSK, hardware and software integration and peripheral products.

2. Authorization of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 8, 2024.

3. Application of new and revised accounting standards and interpretations:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform－Pillar Two Model Rules"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

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

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group’s accompanying consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (the “Regulations”) and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (collectively “Taiwan-IFRSs”).

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except for the following items in the balance sheets:

1) Financial instruments at fair value through profit or loss (including derivative financial instruments);

2) Financial assets at fair value through other comprehensive income;

3) The defined benefit liabilities (or assets) measured at present value of the benefit obligation less the fair value of plan assets; and

4) Cash-settled share-based payment liabilities measured at fair value.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group’s consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. Except when otherwise indicated, all financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company balances, transactions, and the resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, financial statements of subsidiaries are adjusted to align their accounting policies with those adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized in equity and attributed to the shareholders of the Company.

(ii) List of subsidiaries included in the consolidated financial statements

			Percentage of Ownership		
Name of Investor	**Name of Investee**	**Principal activities**	**December 31, 2023**	**December 31, 2022**	**Note**
The Company	Flytech USA International Co., Ltd. ("Flytech USA BVI")	Investment and holding activity	100.00 %	100.00 %	-
The Company	Flytech HK International Co., Ltd. ("Flytech HK BVI")	Investment and holding activity	100.00 %	100.00 %	-
The Company	Flytech CN International Co., Ltd. ("Flytech CN BVI")	Investment and holding activity	100.00 %	100.00 %	-
The Company	Fei Shiun Investment Co. Ltd. ("Fei Shiun Investment")	Investment and holding activity	100.00 %	100.00 %	-
The Company	inefi Holding Co., Ltd. ("inefi Holding")	Investment and holding activity	100.00 %	100.00 %	-
The Company	Box Technologies (Holdings) Ltd. ("Box Holdings")	Investment and holding activity	100.00 %	100.00 %	-
Box Holdings	Box Technologies Limited ("Box UK")	Sale of computers and peripheral equipment	100.00 %	100.00 %	-
Box Holdings	BTechnologies AB ("Box Nordic")	Sale of computers and peripheral equipment	-	100.00 %	Note 1
inefi Holding	Inefi Incorporation	Information software services to provide a unified endpoint management platform	100.00 %	100.00 %	-

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Investee	Principal activities	Percentage of Ownership December 31, 2023	December 31, 2022	Note
Flytech USA BVI	Flytech Technology (U.S.A.) Inc. ("Flytech USA")	Sale of computers and peripherals equipment	100.00 %	100.00 %	-
Flytech HK BVI	Flytech Technology Hong Kong Ltd. ("Flytech HK")	Sale of computers and peripheral equipment	100.00 %	100.00 %	-
Flytech CN BVI	Flytech Electronic (Shanghai) Co., Ltd. ("Flytech CN")	Sale of computers and peripheral equipment	100.00 %	100.00 %	-
Fei Shiun Investment	Berry AI Inc. ("Berry AI")	Software and data processing services, and software and hardware integration services	70.00 %	70.00 %	-
Berry AI	Berry AI International Co., Ltd. ("Berry AI BVI")	Investment and holding activity	70.00 %	70.00 %	-
Berry AI BVI	Berry AI USA INC ("Berry AI USA")	Software and data processing services, and software and hardware integration services	70.00 %	70.00 %	-

Note 1: Box Nordic was liquidated in May 2023.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

On the disposal of a foreign operation which involves a loss of control over a subsidiary or loss of significant influence over an associate that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Group are entirely reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

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

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting date; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Financial assets

On initial recognition, financial assets are classified into the following categories: measured at amortized cost and fair value through profit or loss (FVTPL). Regular way purchases or sales of financial assets are recognized or derecognized on a trade-date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

4) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, financial assets at amortized cost and other financial assets).

(Continued)

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. 12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either partially or in full, to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognized a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Classification of debt or equity

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

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group has the legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are initially measured at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. If the valuation of a derivative instrument results in a positive fair value, it is classified as a financial asset; otherwise, it is classified as a financial liability.

(Continued)

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other cost incurred in bringing them to a location and condition ready for sale. Fixed manufacturing overhead is allocated to finished products and work in process based on the higher of normal capacity or actual capacity; variable manufacturing overhead is allocated based on the actual capacity of machinery and equipment. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or jointly control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost, plus, any transaction costs. The carrying amount of the investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized as other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the change in ownership interests of its associate as "capital surplus" in proportion to its ownership.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated investors' interests in the associate.

Adjustments are made to associates' financial statements to conform to the accounting policies applied by the Group.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the recognition of further losses is discontinued. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When an associate issues new shares and the Group does not subscribe to the new shares in proportion to its original ownership percentage, the Group's interest in the associate's net assets will be changed. The change in the equity interest is adjusted through the capital surplus and investment accounts. If the Group's capital surplus is insufficient to offset the adjustment to investment accounts, the difference is charged as a reduction of retained earnings. If the Group's interest in an associate is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(Continued)

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of and asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for property, plant and equipment are as follows: machinery and equipment: 3 to 15 years; mold equipment: 4 to 6 years; office equipment: 3 to 15 years; other equipment: 2 to 15 years; buildings are depreciated over the following useful lives of significant individual components: main structure: 50 years; mechanical & electrical power equipment: 20 years; and air-conditioning system: 10 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- there is a change of the Group's assessment on whether it will exercise an option to purchase the underlying asset;
- there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise a extension or termination option; or
- there is any lease modification in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Intangible assets

(i) Goodwill

Goodwill arising from acquisitions of subsidiaries is accounted for as intangible assets. Goodwill arising from acquisitions of associates is included in the carrying amount of investments in associates. Goodwill is not amortized but is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Trademarks, patents, acquired software and technology, and customer relationships acquired in a business combination are measured at fair value at the acquisition date. Subsequent to the initial recognition, such intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Other separately acquired intangible assets are carried at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: trademarks: 5 to 7 years; patents and technology: 5 years; customer relationships: 5 to 7 years; acquired software: 2 to 15 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(n) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and the weighting of all possible outcomes against their associated probabilities.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring its control of goods or services to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when its control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group grants its customers the right to return the faulty goods under the standard warranty terms and has recognized warranty provisions for this obligation, please refer to note 6(n).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Revenue from service rendered

Revenue from service rendered is recognized by reference to the stage of completion at the reporting date.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the term of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expense related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise 1) actuarial gains and losses; 2) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and 3) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and reflected in other equity.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(Continued)

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. All current and deferred taxes are recognized in profit or loss except for expenses related to business combinations or recognized directly in equity or other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

The Group has determined that the global minimum top-up tax which it is required to pay under Pillar Two legislation is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

(Continued)

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Business combinations

Goodwill is measured as the excess of the acquisition-date fair value of consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

Components of non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured individually at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair values or other measurement basis in accordance with Taiwan-IFRSs.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, is recognized in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments. The Group's accounting treatment should be based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity.

Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(t) Earnings per share ("EPS")

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the consolidated financial statements. Basic EPS are calculated by dividing net income attributable to shareholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to shareholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group's dilutive potential common shares include profit sharing for employees to be settled in the form of common stock.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions on the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and Taiwan-IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in the future periods affected.

There is no information involving critical judgments in applying the accounting policies in the consolidated financial statements.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventory

Inventories are measured at the lower of cost or net realizable value. The estimation of net realizable value was based on current market conditions and historical experience with product sales. The inventory cost may exceed its net realizable value due to a price decline and obsolescence of inventory. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which could result in significant adjustments.

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 965	836
Demand deposits and checking accounts	1,952,803	2,016,209
Time deposits with original maturities less than 3 months	555,432	797,750
	$ 2,509,200	**2,814,795**

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

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Convertible bonds	**$ 9,683**	**9,521**
Financial assets at fair value through other comprehensive income:		
Domestic unlisted stock	**$ 3,000**	**-**

The Group designated the equity investments shown above as financial assets at fair value through other comprehensive income because these investments are held for strategic purposes and not for trading. Please refer to note 6(v) for the amounts of gain (loss) recognized related to financial assets measured at fair value.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits with original maturities more than 3 months	$ 370,951	244,751
Other receivables	1,556	646
Interest receivable	3,329	7,768
	$ 375,836	**253,165**
Presented as:		
Current	$ 274,242	156,224
Non-current	101,594	96,941
	$ 375,836	**253,165**

The Group intended to hold to maturity in order to receive the contractual cash flows and the contractual cash flows were solely payments of principal and interest on the principal outstanding.

Please refer to note 8 for a description of the Group's financial assets measured at amortized cost pledged as collateral for bank loans.

(d) Notes and accounts receivable, and other receivables

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 2,297	3,020
Accounts receivable measured at amortized cost	815,341	759,305
Less: loss allowance	(98)	(2,210)
	$ 817,540	**760,115**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. Forward-looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 667,623	-	-
Past due 0-30 days	121,508	-	-
Past due 31-60 days	27,700	0%~12.42%	12
Past due 61-180 days	494	0%~31.81%	10
Past due over 181 days	313	69.33%~100.00%	76
	$ 817,638		**98**

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 559,688	0%~0.69%	592
Past due 0-30 days	189,806	0%~6.45%	418
Past due 31-60 days	5,726	0%~13.58%	393
Past due 61-180 days	6,918	0%~69.63%	620
Past due over 181 days	187	100.00%	187
	$ 762,325		2,210

Movements of the loss allowance for notes and accounts receivable were as follows:

	2023	2022
Balance at January 1	$ 2,210	1,639
Impairment loss (reversed) recognized	(2,212)	708
Write-off	-	(76)
Derecognition of subsidiaries	-	(59)
Effect of exchange rate changes	100	(2)
Balance at December 31	$ 98	2,210

(e) Inventories

(i) The information of inventories was as follows:

	December 31, 2023	December 31, 2022
Raw materials	$ 308,243	517,523
Work in process	109,647	119,735
Finished goods	63,817	160,299
Merchandise	75,394	121,432
	$ 557,101	918,989

(ii) For the years ended December 31, 2023 and 2022, the amounts of inventories recognized as cost of revenue were $2,068,919 and $3,520,701, respectively. The write-downs of inventories to net realizable value amounted to $75,191 and $24,245, respectively.

(f) Investments accounted for using equity method

			December 31, 2023		December 31, 2022	
Name of associates	Business relationship	Principal place of business/ Registration country	Percentage of voting rights	Carrying amount	Percentage of voting rights	Carrying amount
TAC Dynamics (“TAC”)	Sale of machinery and equipment	Taiwan	18.91 %	$ 11,782	20.82 %	14,748

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		2023	2022
Attributable to the Group:			
Net loss (total comprehensive loss)	$	**(4,957)**	**(4,365)**

		2023	2022
The Group's shares in equity of associates at January 1	$	25,663	17,690
Net loss attributable to the Group		(4,957)	(4,365)
Capital surplus attributable to the Group		1,991	12,338
The Group's shares in equity of associates at December 31	$	22,697	25,663
Less: accumulated impairment loss		(10,915)	(10,915)
The carrying amount of investments in associates at December 31	$	**11,782**	**14,748**

On June 30, 2023, TAC issued new shares for cash, wherein the Group did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in TAC to decrease from 20.82% to 18.91%. The equity method was used to account for the investment in TAC as the Company was elected as one of its three directors to participate in the decision-making on the board and has significant influence over TAC. An increase of $1,991 in its capital surplus was recognized as change in the investment accounted for using equity method.

In addition, on December 23, 2022, TAC issued new shares for cash, wherein the Group did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in TAC to decrease from 35% to 20.82%. The Group recognized the change in ownership interest in the associate accounted for using equity method as an increase in capital surplus by $12,338.

As of March 31, 2022, the impairment loss of $10,915, assessed by the Group in its investment in TAC, was recognized in other gains and losses. In the measurement of impairment loss, the recoverable amounts were determined based on the value in use and the cash flow projections were based on future financial budgets, covering a period of 5 years, approved by the management. Also, the discount rate used to determine value in use was based on the weighted average cost of capital to measure the equity value of TAC.

(g) Subsidiaries and acquisitions of non-controlling interests

(i) Changes in the Group's ownership interest in subsidiary

In March 2022, the Group' s subsidiary, Berry AI, issued new shares for cash for a consideration of $252,000, wherein the Group did not subscribe proportionately to its existing ownership percentage, resulting in its ownership in Berry AI to increase from 65.63% to 70%, at the amount of $10,009, and its capital surplus and retained earnings to decrease by $3,746 and $6,263, respectively.

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Loss of control in subsidiary

On February 10, 2022, the Group disposed the entire ownership of Poindus System at a disposal price of $310,620, wherein the gain on disposal of $22,042 was recorded as other gains and losses. The relevant details are as follows:

(i) Consideration received

Total consideration received	$	310,620
Expenditure associated with consideration received		(932)
Total consideration received		309,688
Add: Non-controlling interests		285,854
Less: Net assets of Poindus System		(572,983)
Foreign currency translation differences reclassified to profit or loss arising from loss of control in subsidiary		(517)
Gain on disposal of subsidiary	**$**	**22,042**

(ii) Net assets of Poindus System

Cash and cash equivalents	$	217,075
Notes and accounts receivable, net		114,308
Inventories		342,673
Other current assets		39,950
Property, plant and equipment		21,317
Right-of-use assets		37,258
Intangible assets		7,229
Intangible assets－goodwill		21,046
Deferred income tax assets－non-current		18,495
Other non-current assets		2,374
Short-term borrowings		(268)
Notes and accounts payable		(141,704)
Other payables		(31,099)
Current income tax liabilities		(10,642)
Provisions		(2,786)
Lease liabilities－current		(10,701)
Other current liabilities		(5,162)
Deferred income tax liabilities		(1,658)
Net defined benefit liabilities		(17,881)
Lease liabilities－non-current		(26,841)
	$	**572,983**

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Mold equipment	Furniture and fixtures	Other equipment	Total
Cost:							
Balance at January 1, 2023	$ 319,238	782,513	297,152	476,223	72,261	37,239	1,984,626
Additions	-	-	42,146	20,577	8,313	626	71,662
Reclassification	-	-	-	-	(38)	(120)	(158)
Disposals	-	(145)	(3,974)	(10,283)	(584)	-	(14,986)
Effect of exchange rate changes	-	(468)	463	-	184	667	846
Balance at December 31, 2023	**$ 319,238**	**781,900**	**335,787**	**486,517**	**80,136**	**38,412**	**2,041,990**
Balance at January 1, 2022	$ 319,238	779,838	302,200	514,731	82,308	44,301	2,042,616
Additions	-	-	1,524	26,620	6,234	6,009	40,387
Derecognition of subsidiaries	-	-	(356)	(64,779)	(15,192)	(14,385)	(94,712)
Reclassification	-	-	-	126	(112)	1,944	1,958
Disposals	-	-	(6,194)	(643)	(1,558)	(1,000)	(9,395)
Effect of exchange rate changes	-	2,675	(22)	168	581	370	3,772
Balance at December 31, 2022	**$ 319,238**	**782,513**	**297,152**	**476,223**	**72,261**	**37,239**	**1,984,626**
Accumulated depreciation:							
Balance at January 1, 2023	$ -	211,519	249,305	427,620	59,435	19,934	967,813
Depreciation	-	18,344	11,169	25,208	5,941	5,010	65,672
Reclassification	-	-	-	-	(7)	(53)	(60)
Disposals	-	(145)	(3,974)	(10,283)	(584)	-	(14,986)
Effect of exchange rate changes	-	(394)	243	-	132	265	246
Balance at December 31, 2023	**$ -**	**229,324**	**256,743**	**442,545**	**64,917**	**25,156**	**1,018,685**
Balance at January 1, 2022	$ -	191,466	242,402	450,271	66,968	24,413	975,520
Depreciation	-	19,105	13,449	29,825	5,982	4,884	73,245
Derecognition of subsidiaries	-	-	(356)	(52,014)	(12,483)	(8,542)	(73,395)
Reclassification	-	-	-	-	-	(210)	(210)
Disposals	-	-	(6,194)	(519)	(1,483)	(1,000)	(9,196)
Effect of exchange rate changes	-	948	4	57	451	389	1,849
Balance at December 31, 2022	**$ -**	**211,519**	**249,305**	**427,620**	**59,435**	**19,934**	**967,813**
Carrying amounts:							
Balance at December 31, 2023	**$ 319,238**	**552,576**	**79,044**	**43,972**	**15,219**	**13,256**	**1,023,305**
Balance at December 31, 2022	**$ 319,238**	**570,994**	**47,847**	**48,603**	**12,826**	**17,305**	**1,016,813**
Balance at January 1, 2022	**$ 319,238**	**588,372**	**59,798**	**64,460**	**15,340**	**19,888**	**1,067,096**

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Right-of-use assets

	Buildings	Other equipment	Total
Cost:			
Balance at January 1, 2023	$ 45,297	16,283	61,580
Write-off	-	(1,156)	(1,156)
Effect of exchange rate changes	1,290	720	2,010
Balance at December 31, 2023	**$ 46,587**	**15,847**	**62,434**
Balance at January 1, 2022	$ 81,009	7,095	88,104
Additions	11,474	14,898	26,372
Derecognition of subsidiaries	(39,959)	(1,331)	(41,290)
Write-off	(7,974)	(4,462)	(12,436)
Effect of exchange rate changes	747	83	830
Balance at December 31, 2022	**$ 45,297**	**16,283**	**61,580**
Accumulated depreciation:			
Balance at January 1, 2023	$ 14,847	2,043	16,890
Depreciation	10,221	4,018	14,239
Write-off	-	(1,156)	(1,156)
Effect of exchange rates changes	476	104	580
Balance at December 31, 2023	**$ 25,544**	**5,009**	**30,553**
Balance at January 1, 2022	$ 14,814	4,607	19,421
Depreciation	11,348	2,098	13,446
Derecognition of subsidiaries	(3,823)	(209)	(4,032)
Write-off	(7,974)	(4,462)	(12,436)
Effect of exchange rate changes	482	9	491
Balance at December 31, 2022	**$ 14,847**	**2,043**	**16,890**
Carrying amounts:			
Balance at December 31, 2023	**$ 21,043**	**10,838**	**31,881**
Balance at December 31, 2022	**$ 30,450**	**14,240**	**44,690**
Balance at January 1, 2022	**$ 66,195**	**2,488**	**68,683**

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Intangible assets

(i) The movements of cost, accumulated amortization and impairment loss of intangible assets were as follows:

	Trademarks	Patents and technology	Customer relationships	Goodwill	Others	Total
Cost:						
Balance at January 1, 2023	$ 34,133	-	238,074	175,358	16,612	464,177
Additions	-	-	-	-	7,623	7,623
Disposals	(392)	-	-	-	-	(392)
Other reclassification	-	-	-	-	13,814	13,814
Effect of exchange rate changes	-	-	-	-	229	229
Balance at December 31, 2023	**$ 33,741**	**-**	**238,074**	**175,358**	**38,278**	**485,451**
Balance at January 1, 2022	$ 99,692	102,847	320,021	202,652	22,777	747,989
Additions	392	-	-	-	4,025	4,417
Derecognition of subsidiaries	(65,951)	(102,847)	(81,947)	(27,294)	(11,005)	(289,044)
Disposals	-	-	-	-	(122)	(122)
Other reclassification	-	-	-	-	800	800
Effect of exchange rate changes	-	-	-	-	137	137
Balance at December 31, 2022	**$ 34,133**	**-**	**238,074**	**175,358**	**16,612**	**464,177**
Accumulated amortization and impairment loss:						
Balance at January 1, 2023	$ 31,766	-	223,903	-	5,405	261,074
Amortization	2,367	-	14,171	-	6,753	23,291
Disposals	(392)	-	-	-	-	(392)
Balance at December 31, 2023	**$ 33,741**	**-**	**238,074**	**-**	**12,158**	**283,973**
Balance at January 1,2022	$ 92,864	102,847	265,809	6,248	11,322	479,090
Amortization	4,853	-	34,457	-	3,562	42,872
Derecognition of subsidiaries	(65,951)	(102,847)	(76,363)	(6,248)	(9,360)	(260,769)
Disposals	-	-	-	-	(122)	(122)
Effect of exchange rate changes	-	-	-	-	3	3
Balance at December 31, 2022	**$ 31,766**	**-**	**223,903**	**-**	**5,405**	**261,074**
Carrying amounts:						
Balance at December 31, 2023	**$ -**	**-**	**-**	**175,358**	**26,120**	**201,478**
Balance at December 31, 2022	**$ 2,367**	**-**	**14,171**	**175,358**	**11,207**	**203,103**
Balance at January 1, 2022	**$ 6,828**	**-**	**54,212**	**196,404**	**11,455**	**268,899**

(ii) The amortization of intangible assets was included in the following line items of the consolidated statements of comprehensive income:

	2023	2022
Cost of revenue	$ 413	133
Operating expenses	22,878	42,739
	$ 23,291	**42,872**

(Continued)

(iii) Impairment test on goodwill

The carrying amounts of goodwill resulted from business acquisition were allocated to the respective CGUs identified as the following subsidiaries :

	December 31, 2023	December 31, 2022
Box	$ 175,358	175,358

Each CGU to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. As of December 31, 2023 and 2022, the recoverable amounts exceeded their carrying amounts based on the results of the impairment tests conducted by the Group. The recoverable amounts of a CGU were determined based on the value in use, and the related key assumptions of the value in use were as follows:

	December 31, 2023	December 31, 2022
Revenue growth rates	8%~22.8%	5%~9.8%
Pre-tax discount rates	13.39%	12.65%

1) The cash flow projections were based on future financial budgets, covering a period of 5 years, approved by management. As of December 31, 2023 and 2022, cash flows beyond that 5-year period have been extrapolated using 1.6% and 1.4% growth rate, respectively.

2) The discount rate used to determine value in use is based on the weighted average cost of capital.

(l) Short-term borrowings

	December 31, 2023	December 31, 2022
Unused credit facilities	$ 1,438,372	1,221,422
Interest rate	-	-

(m) Lease liabilities

	December 31, 2023	December 31, 2022
Current	$ 12,998	12,580
Non-current	$ 21,510	33,313

For the maturity analysis, please refer to note 6(x) for the financial risk management.

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expense on lease liabilities	$ 1,075	993
Expenses relating to short-term leases	$ 226	1,449
Expenses relating to leases of low-value assets	$ 35	49

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

	2023	2022
Total cash outflow for leases	$ 14,221	14,705

(i) Real estate leases

The Group leases buildings for its offices and factories, with lease terms of one to five years. If the Group needs to renew the lease of contract amount at the end of contract term, lease liabilities and right-of-use assets are remeasured. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases transportation equipment and other equipment, with lease terms of one to three years. These leases are short-term or low-value assets and therefore, the Group applies the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(n) Provision for warranties

	2023	2022
Balance at January 1	$ 34,461	33,979
Provisions made	1,041	7,079
Amount utilized	(8,680)	(3,700)
Derecognition of subsidiaries	-	(2,786)
Effect of exchange rate changes	1,176	(111)
Balance at December 31	$ 27,998	34,461

The provision for warranties is estimated based on historical warranty data associated with similar products. The Group expects to settle most of the warranty liability in one to three years from the date of the sale of the product.

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Employee benefits

(i) Defined benefit plans

The present value of defined benefit obligations and the fair value of plan assets were as follows:

	December 31, 2023	December 31, 2022
Present value of benefit obligations	$ -	41,685
Fair value of plan assets	(673)	(26,368)
Net defined benefit liabilities (assets)	**$ (673)**	**15,317**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee’s retirement.

1) Composition of plan assets

The pension fund (the “Fund”) contributed by the Group is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2022, the Company’s labor pension fund account balance at Bank of Taiwan amounted to $26,368. In July 2023, the Company reached an agreement with its employees on the early settlement of the defined benefit plan. The labor fund account balance at Bank of Taiwan was entirely withdrawn and paid to employees.

2) Movements in present value of defined benefit obligations

	2023	2022
Defined benefit obligations at January 1	$ 41,685	74,382
Derecognition of subsidiaries	-	(32,305)
Current service costs and interest expense	521	315
Remeasurement on net defined benefit liabilities:		
— Actuarial losses arising from changes in financial assumptions	(361)	430
Past service costs	(1,846)	-
Benefits paid by the plan	(39,999)	(1,137)
Defined benefit obligations at December 31	**$ -**	**41,685**

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements of fair value of plan assets

	2023	2022
Fair value of plan assets at January 1	$ 26,368	38,629
Derecognition of subsidiaries	-	(14,448)
Interest income	330	181
Remeasurement on net defined benefit liabilities:		
– Return on plan assets (excluding current interest expense)	119	1,878
Contributions by plan participants	13,855	1,265
Benefits paid by the plan	(39,999)	(1,137)
Fair value of plan assets at December 31	**$ 673**	**26,368**

4) Changes in the effect of the asset ceiling

In 2023 and 2022, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

The expenses recognized in profit or losses were as follows:

	2023	2022
Past service costs	$ (1,846)	-
Net interest expense on net defined benefit liabilities	191	134
	$ (1,655)	**134**
Operating expenses (benefits)	**$ (1,655)**	**134**

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Future salary increases rate	2.50%	2.50%

7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions for each measurement date, including discount rates and future salary changes. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation:

	Impact on defined benefit obligations	
	0.25% Increase	**0.25% Decrease**
December 31, 2022		
Discount rate	(641)	663
Future salary change	689	(615)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

(ii) Defined contribution plans

The Company and its domestic subsidiaries contribute monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with their respective local regulations. Under these defined contribution plans, the Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount.

The Group recognized expense of the defined contribution plans as follows:

	2023	**2022**
Cost of revenue	$ 4,707	4,554
Operating expenses	17,234	17,808
	$ 21,941	**22,362**

(p) Income taxes

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

	2023	**2022**
Current income tax expense		
Current period	$ 157,585	262,951
Adjustments for prior periods	(9,998)	(26,253)
	147,587	236,698
Deferred tax benefit		
Origination and reversal of temporary differences	(15,839)	(49,285)
Income tax expense	**$ 131,748**	**187,413**

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group’s income tax expense recognized in other comprehensive income was as follows:

	2023	2022
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ 96	289

The reconciliation of income tax expense and income before income tax was as follows:

	2023	2022
Income before income tax	$ 604,458	1,207,615
Income tax using the Company’s statutory tax rate	$ 120,892	241,523
Effect of different tax rates in foreign jurisdictions	611	16,872
Investment tax credits	(16,400)	(11,250)
Changes in unrecognized temporary differences and tax losses	32,646	(27,019)
Additional tax on undistributed earnings	3,988	1,349
Adjustments for prior years	(9,998)	(26,253)
Others	9	(7,809)
	$ 131,748	187,413

(ii) Unrecognized deferred income tax assets and liabilities

Unrecognized deferred income tax assets:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ 16,525	12,054
Tax losses	69,867	41,302
	$ 86,392	53,356

Unrecognized deferred income tax liabilities:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ 40,483	40,093

As the Group is able to control the timing of the reversal of temporary differences associated with investments in subsidiaries, and management considers that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax assets and liabilities.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Deferred income tax assets have not been recognized in respect of the tax losses because it is not probable that foreseeable taxable profit will be available against which the Company can utilize the tax benefits therefrom. The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2023, the tax losses related to unrecognized deferred income tax assets of Berry AI and Inefi Incorporation and the respective expiry years were as follows:

Year of loss	Unrecognized tax losses	Year of expiry
2019	$ 11,281	2029
2020	27,924	2030
2021	63,147	2031
2022	95,407	2032
2023	131,454	2033
	$ 329,213	

Tax losses of the Group's subsidiaries in America are allowed to be carried forward indefinitely for tax purposes but are limited to 80% of taxable income in any given year. As of December 31, 2023, the related unrecognized deferred income tax amounted to $19,164.

(iii) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

	Defined benefit plans	Inventory provisions	Others	Total
Balance at January 1, 2023	$ 3,511	11,999	26,292	41,802
Recognized in profit or loss	(2,733)	13,800	1,644	12,711
Recognized in other comprehensive loss	(96)	-	-	(96)
Balance at December 31, 2023	**$ 682**	**25,799**	**27,936**	**54,417**
Balance at January 1, 2022	$ 8,828	14,236	31,373	54,437
Recognized in profit or loss	(226)	3,912	2,270	5,956
Recognized in other comprehensive loss	(289)	-	-	(289)
Derecognition of subsidiaries	(4,802)	(6,149)	(7,544)	(18,495)
Effect of exchange rate changes	-	-	193	193
Balance at December 31, 2022	**$ 3,511**	**11,999**	**26,292**	**41,802**

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Deferred income tax liabilities:

	Unremitted earnings from subsidiaries	Intangible assets acquired through business combination	Others	Total
Balance at January 1, 2023	$ -	3,237	1,405	4,642
Recognized in profit or loss	-	(3,237)	109	(3,128)
Effect of exchange rate changes	-	-	51	51
Balance at December 31, 2023	**$ -**		**1,565**	**1,565**
Balance at January 1, 2022	$ 35,108	12,794	1,732	49,634
Recognized in profit or loss	(35,108)	(7,899)	(322)	(43,329)
Derecognition of subsidiaries	-	(1,658)	-	(1,658)
Effect of exchange rate changes	-	-	(5)	(5)
Balance at December 31, 2022	**$ -**	**3,237**	**1,405**	**4,642**

(iv) The Company's income tax returns for the years through 2021 were examined and approved by the R.O.C income tax authorities.

(q) Capital and other equity

(i) Common stock

As of December 31, 2023 and 2022, the Company's authorized shares of common stock both consisted of 220,000 thousand shares with par value of NTD 10 per share, both of which 143,062 thousand shares were issued and outstanding.

(ii) Capital surplus

	December 31, 2023	December 31, 2022
Premium derived from the issuance of shares in excess of par value:		
Premium on common stock issued for conversion of convertible bonds	$ 522,161	522,161
Forfeited employee stock options	2,433	2,433
Changes in equity of associates accounted for using equity method	14,329	12,338
Gains on disposal of assets	15	15
	$ 538,938	**536,947**

(Continued)

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock dividends or distributed as cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained earnings and dividend policy

The Company’s Articles of Incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside in accordance with applicable laws and regulations. The remaining balance of annual net income, together with the unappropriated earnings from the previous years, should be distributed according to the proposal by the board of directors and thereafter be approved in the shareholders’ meeting. Appropriation of earnings should not be less than 60% of the net income after deducting an accumulated deficit, legal reserve, and special reserve.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve (which does not qualify for earnings distribution) during earnings distribution. The Company shall make allocation of special reserve for the amount of the current-period total net reduction of other shareholders’ equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders’ equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions.

In view of the overall economic environment and the development of the industry, and in order to meet the Company’s long-term financial planning and cash requirements of stockholders, the Company has adopted a stable dividend policy in which a cash dividend comprises at least 10% of total distribution of dividends.

The distribution of earnings for 2022 and 2021 had been approved in the meetings of shareholders held on June 9, 2023 and June 8, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Dividends per share (in NTD)	**Total amount**	**Dividends per share (in NTD)**	**Total amount**
Dividends distributed to shareholders:				
Cash dividends	$ 5.50	786,843	4.00	572,249

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On March 8, 2024, the Company's Board of Directors proposed to distribute cash dividend of NTD 3.5 per share through 2023 earnings, and to distribute cash of NTD 0.5 per share from capital surplus. The total distributed cash dividend amounted to $572,249, which was NTD 4.0 per share.

The related information of the distribution of earnings would be available at the Market Observation Post System website.

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Remeasurement of defined benefit plans	Total
Balance at January 1, 2023	$ (46,013)	(3,398)	(49,411)
Foreign exchange differences arising from translation of foreign operations	12,358	-	12,358
Remeasurement of defined benefit plans	-	384	384
Balance at December 31, 2023	$ (33,655)	(3,014)	(36,669)

	Foreign currency translation differences	Remeasurement of defined benefit plans	Total
Balance at January 1, 2022	$ (68,916)	(4,557)	(73,473)
Foreign exchange differences arising from translation of foreign operations	22,386	-	22,386
Disposal of subsidiaries	517	-	517
Remeasurement of defined benefit plans	-	1,159	1,159
Balance at December 31, 2022	$ (46,013)	(3,398)	(49,411)

(v) Non-controlling interests (net after tax)

	2023	2022
Balance at January	$ 74,321	308,920
Equity attributable to non-controlling interest:		
Net loss	(29,147)	(22,951)
Decrease in non-controlling interests	-	(222,854)
Foreign currency translation differences	43	1,197
Changes in ownership interest in subsidiaries	-	10,009
	$ 45,217	74,321

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Share-based payment

Cash settled phantom stock appreciation rights plan

The Group' s subsidiary, Berry AI Inc. (" Berry AI"), granted a cash settled phantom stock appreciation rights plan to employees and consultants who meet certain requirements. Employees and consultants are entitled to exercise their rights under the condition that they continue to provide services to Berry AI ranging from three months to three years in the future, with a value equal to the difference between agreed-upon price and the settlement price. The movements in outstanding phantom stock were summarized as follows:

	2023	
	Units (in thousands)	**Weighted average exercise price (in US Dollar)**
Outstanding, beginning of the year	1,318	$ 0.52
Granted during the year	290	0.64
Exercised during the year	-	-
Forfeited during the year	(10)	0.43
Outstanding, end of the year	**1,598**	0.55
Exercisable phantom stock, end of year	**-**	

Berry AI adopted the Black-Scholes Model in measuring the fair value of its share-based payment and the assumptions were as follows:

	2023
Fair value at measurement date	$12.78
Expected volatility (%)	109.68%
Expected life (in years)	8 years
Risk-free interest rate (%)	3.87%

Berry AI recognized related expenses for share-based payment amounting to $13,017 as operating expenses.

(s) Earnings per share ("EPS")

(i) Basic earnings per share

	2023	2022
Profit attributable to shareholders of the Company	$ 501,857	1,043,153
Weighted-average number of common shares outstanding (in thousands)	143,062	143,062
Basic earnings per share (in New Taiwan Dollar)	**$ 3.51**	**7.29**

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	2023	2022
Profit attributable to shareholders of the Company	$ 501,857	1,043,153
Weighted-average number of common shares outstanding (in thousands)	143,062	143,062
Effect of dilutive potential common shares:		
Effect of remuneration to employees	955	1,816
Weighted-average number of common shares outstanding (in thousands) (including effect of dilutive potential common stock)	144,017	144,878
Diluted earnings per share (in New Taiwan Dollar)	**$ 3.48**	**7.20**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Domestic sales	$ 62,976	571,250
Export sales:		
Asia	444,828	483,070
America	1,666,296	2,789,023
Europe and Africa	1,314,326	1,700,882
	3,425,450	4,972,975
	$ 3,488,426	**5,544,225**
Major products:		
Industrial computers	$ 2,944,466	4,848,810
Peripherals	393,797	572,740
Others	43,614	35,620
	3,381,877	5,457,170
Service income	106,549	87,055
	$ 3,488,426	**5,544,225**

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	$ 817,638	762,325	1,209,813
Less: loss allowance	(98)	(2,210)	(1,639)
	$ 817,540	**760,115**	**1,208,174**
Contract liabilities－current	**$ 85,137**	**56,723**	**48,079**

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 6(d) for details on notes and accounts receivable and the loss allowance.

The major changes in the balance of contract liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of period were $52,686 and $35,559, respectively.

(u) Remuneration of employees and directors and supervisors

Pursuant to the Company's articles of incorporation, the Company shall distribute 3% to 15% of its profits in the current period as compensation to its employees and no more than 3% to its directors and supervisors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, if any, prior to distributing the compensation to the employees and directors and supervisors. The aforementioned compensation of employees could be distributed in the form of cash or stock to the employees of the Company's subsidiaries conforming to certain requirements.

For the years ended December 31, 2023 and 2022, the Company accrued the remuneration to its employees amounting to $43,800 and $110,000, respectively, and the remuneration to its directors amounting to $5,600, which were calculated based on the net profits before tax of the period (excluding the remuneration to employees and directors), multiplied by the distribution ratio of remuneration to employees and directors under the Company' s articles of incorporation, and recognized as cost of revenue and operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year.

The aforementioned accrued compensation of employees, directors and supervisors is the same as the amounts approved by the Board of Directors, and will be paid in cash. The related information would be available at the Market Observation Post System website.

(v) Non-operating income and loss

(i) Interest income

	2023	2022
Interest income from bank deposits	$ 42,060	11,358

(ii) Other gains and losses

	2023	2022
Gains on disposal of property, plant and equipment	$ 450	416
Gains (losses) on disposal of subsidiaries (note 6(h))	(1,143)	22,042
Foreign currency exchange gains	6,973	97,888
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	30	(21,837)
Impairment loss on investments accounted for using equity method (note 6(f))	-	(10,915)
Others	(10)	(107)
	$ 6,300	87,487

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Finance costs

	2023	2022
Interest expense on bank loans	$ -	122
Interest expense on lease liabilities	1,075	993
Others	206	-
	$ 1,281	1,115

(w) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Financial assets mandatorily measured at fair value through profit or loss	$ 9,683	9,521
Financial assets at fair value through other comprehensive income:		
Domestic unlisted stock	3,000	-
Financial assets measured at amortized cost:		
Cash and cash equivalents	2,509,200	2,814,795
Financial assets measured at amortized cost (including current and non-current)	375,836	253,165
Notes and accounts receivable	817,540	760,115
Refundable deposits	1,916	1,804
	3,704,492	3,829,879
	$ 3,717,175	3,839,400

2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities measured at amortized cost:		
Accounts payable	$ 330,840	355,515
Other payables	262,409	275,952
Lease liabilities (including current and non-current)	34,508	45,893
	$ 627,757	677,360

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Fair value valuation－financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

(iii) Financial instruments that are measured at fair value

The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

1) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

3) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2023				
	Carrying Amount	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
Convertible bonds	**$ 9,683**	**-**	**-**	**9,683**	**9,683**
Financial assets at fair value through other comprehensive income:					
Domestic unlisted stock	**$ 3,000**	**-**	**-**	**3,000**	**3,000**

	December 31, 2022				
	Carrying Amount	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
Convertible bonds	**$ 9,521**	**-**	**-**	**9,521**	**9,521**

There were no transfers between fair value levels for the years ended December 31, 2023 and 2022.

Movement in financial assets included Level 3 fair value hierarchy:

	2023	**2022**
Balance at January 1	$ 9,521	9,581
Additions	3,000	-
Recognized in profit or loss	162	(60)
Balance at December 31	**$ 12,683**	**9,521**

(Continued)

(iv) Valuation techniques and assumptions used in fair value measurement

1) Non-derivative financial instruments

The fair value of unlisted stock held by the Group is estimated by using the market or asset valuation approach and is determined by reference to valuations of similar companies, net worth and operating activities. The significant unobservable inputs is primarily the liquidity discounts. No quantitative information is disclosed due to that the possible changes in liquidity discounts would not cause significant potential financial impact.

As quoted prices in active markets for convertible bonds invested by the Group are not available, binomial tree model for convertible bond pricing is adopted.

2) Derivative financial instruments

The fair values of foreign currency forward contracts are computed individually by each contract using the valuation technique.

(x) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk and interest rate risk). The Group has disclosed the information on exposure to the aforementioned risks, the Group’s policies and procedures to measure and manage those risks, and the quantitative information below.

The Company’s Board of Directors is responsible for developing and monitoring the Group’s risk management policies. The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s operations.

The Group’s management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company’s Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s cash and cash equivalents, notes and accounts receivable from customers, and financial assets measured at amortized cost. The maximum exposure to credit risk is equal to the carrying amount of the Group’s financial assets.

The Group maintains cash and cash equivalents with reputable financial institutions. Therefore, the exposure related to potential default by those counter-parties is not considered significant.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, four clients accounted to a total of 51% and 63%, respectively, of the Group’ s notes and accounts receivable and therefore, credit risk is significantly centralized. In order to reduce credit risk, the Group has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Group continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk. For credit risk exposure and loss allowance of notes and accounts receivable, please refer to note 6(d).

Financial assets measured at amortized cost are considered as low-credit-risk financial assets, and thus, loss allowances are measured using 12-months ECL. As of December 31, 2023 and 2022, no loss allowance was provided for these financial assets after management’ s assessment.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, and maintaining adequate cash and cash equivalents, and banking facilities. As of December 31, 2023 and 2022, the Group had unused credit facilities of $1,438,372 and $1,221,422, respectively.

The table below summarizes the maturity profile of the Group’s financial liabilities based on contractual undiscounted payments.

	Contractual cash flows	Within 1 years	1-2 years	More than 2 years
December 31, 2023				
Non-derivative financial liabilities:				
Accounts payable	$ 330,840	330,840	-	-
Lease liabilities	35,910	13,765	11,138	11,007
Other payables	262,409	262,409	-	-
	$ 629,159	**607,014**	**11,138**	**11,007**
December 31, 2022				
Non-derivative financial liabilities:				
Accounts payable	$ 355,515	355,515	-	-
Lease liabilities	48,271	13,620	13,390	21,261
Other payables	275,952	275,952	-	-
	$ 679,738	**645,087**	**13,390**	**21,261**

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group’s income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group utilizes derivative financial instruments to manage market risk and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Company's Board of Directors.

1) Foreign currency risk

The Group's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (payable), financial assets measured at amortized cost and other payables. At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

(Amount in Thousands of Dollar)

	December 31, 2023				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
USD	$ 33,518	30.71	1,029,338	1 %	10,293
CNY	9,706	4.33	42,027	1 %	420
GBP	1,997	39.17	78,222	1 %	782
Financial liabilities					
Monetary items					
USD	5,069	30.71	155,669	1 %	1,557

	December 31, 2022				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
USD	$ 43,750	30.73	1,344,438	1 %	13,444
CNY	428	4.41	1,887	1 %	19
EUR	21	32.75	688	1 %	7
SEK	154	2.94	453	1 %	5
GBP	2,637	37.07	97,754	1 %	978
Financial liabilities					
Monetary items					
USD	4,286	30.73	131,709	1 %	1,317

(Continued)

Due to the varieties of functional currency within the Group, the Group disclosed foreign exchange gain (loss) on monetary items in aggregate. For the years ended December 31, 2023 and 2022, the aggregate of realized and unrealized foreign exchange gain (loss) amounted to $6,973 and $97,888, respectively.

2) Interest rate risk

The Group operates primarily with its own working capital and there are no liabilities bearing floating interest rates at the end of the reporting period.

The changes in interest rate would not cause significant potential financial impact on the Group' s financial assets, and therefore the management believes that there is no significant interest risk.

(y) Capital management

In consideration of industry dynamics and future development, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital expenditures, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

(z) Investing and financing activities not affecting current cash flow

(i) For acquisition of right-of-use assets under operating lease, please refer to note 6(j).

(ii) The reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes		
	January 1, 2023	**Cash flows**	**Changes in leases**	**Foreign currency exchange movement**	**December 31, 2023**
Lease liabilities	**$ 45,893**	**(12,885)**	**-**	**1,500**	**34,508**

			Non-cash changes			
	January 1, 2022	**Cash flows**	**Disposal of subsidiary**	**Changes in leases**	**Foreign currency exchange movement**	**December 31, 2022**
Short-term borrowings	$ 10,334	(10,066)	(268)	-	-	-
Lease liabilities	68,919	(12,214)	(37,542)	26,372	358	45,893
	$ 79,253	**(22,280)**	**(37,810)**	**26,372**	**358**	**45,893**

7. Related-party transactions

(a) Name and relationship with related parties

Name of related parties	Relationship with the Group
TAC Dynamics ("TAC")	The Group's associate

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant related-party transactions

(i) Revenue

Significant sales to related parties were as follows:

	2023	2022
Associate	$ 414	-

The selling prices and payment terms of sales to related parties are not different from those with third-party customers.

(c) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 50,984	66,103
Post-employment benefits	1,035	891
	$ 52,019	66,994

8. Pledged assets

The carrying amounts of assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Time deposits (classified as financial assets measured at amortized cost－current)	Guarantee deposit for custom duties	$ 691	684

9. Significant commitments and contingencies: None.

10. Significant losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

Employee benefits, depreciation, and amortization categorized by function were as follows:

By function / By item	2023 Cost of revenue	2023 Operating expenses	2023 Total	2022 Cost of revenue	2022 Operating expenses	2022 Total
Employee benefits:						
Salaries	129,678	478,306	607,984	166,628	519,368	685,996
Insurance	13,061	31,146	44,207	12,986	30,182	43,168
Pension	4,707	15,579	20,286	4,554	17,942	22,496
Others	4,243	12,182	16,425	4,613	10,988	15,601
Depreciation	46,771	33,140	79,911	54,679	32,012	86,691
Amortization	413	22,878	23,291	133	42,739	42,872

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

13. Additional disclosures

(a) Information on significant transactions:

In accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company discloses the following information on significant transactions for the year ended December 31, 2023.

(i) Financing provided to other parties: None.

(ii) Guarantees and endorsements provided to other parties:

(Amount in Thousands of New Taiwan Dollar)

No. (Note 1)	Endorsement Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	The Company	Box Technologies limited	2	931,851	40,000	40,000	-	-	0.86 %	2,329,629	Y	N	N

Note 1: Parties to the intercompany transactions are identified and numbered as follows:
1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:
2 for entities directly or indirectly owned by the Company over 50%

Note 3: The Company provides guaranteed to a subsidiary that the parent company owns directly 100% voting shares; the limit on endorsement or guarantee provided by the Company to a sing
net worth. The total amount of endorsement or guarantee provided by the company should not exceed 50% of its net worth.

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(Amounts in Thousands of New Taiwan Dollar and shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum Percentage of Ownership during 2023		Note
				Shares	Carrying Value	Percentage of Ownership	Fair Value	Shares	Percentage of Ownership	
The Company	Convertible bond: Nextronics engineering core	-	Financial assets at fair value through profit or loss－current	0.1	9,683	-	9,683	0.1	-	-
Flytech CN BVI	Convertible bond: Astra cloud holdings	-	Financial assets at fair value through profit or loss－current	-	-	-	-	-	-	-
Fei Shiun Investment	Common stock: Jenjan Logistics Tech Co. Ltd.	-	Financial assets at fair value through other comprehensive income－current	49	3,000	4.11 %	3,000	49	4.11 %	-

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed $300 million or 20% of the paid-in capital: None.

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital:

(Amounts in Thousands of New Taiwan Dollar)

Company Name	Related Party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases/ (Sales)	Amount (Note 3)	% of Total Purchases/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable (Payable)	
The Company	Box UK	Subsidiary	(Sales)	211,581	7.34%	EOM 75	(Note 1)	(Note 2)	34,687	5.04%	-

Note 1: The selling prices with related parties are determined by the economic environment and market competitiveness in each of the regions.
Note 2: The trade terms of sales with related parties are EOM 75 days, and the trade terms with third parties are OA 30 to 120 days.
Note 3: The intercompany transactions are disclosed only for the amounts of sales; the corresponding purchases are not disclosed.

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: None.

(ix) Transactions in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

Number (Note 1)	Company Name	Counter-Party	Relationship	Transaction Details			
				Account (Note 2)	Amount	Transaction Terms	Percentage of Consolidated Total Revenues or Total Assets (Note 3)
0	The Company	Box UK	Subsidiary	Sales	211,581	EOM 75	6.07%

Note 1: Parties to intercompany transactions are identified and numbered as follows:
1. "0" represents the Company.
2. Subsidiaries are numbered from "1"

Note 2: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated revenue or total assets. The corresponding purchases and accounts payable are not disclosed.

Note 3: Based on the transaction amount divided by consolidated revenue or total assets.

Note 4: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(Amounts in Thousands of shares, foreign currency and New Taiwan Dollar)

				Original Investment Amount		Balance as of December 31, 2023			Maximum Percentage of Ownership during 2023				
Investor	Investee	Location	Main Businesses and Products	December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership	Net Income (Loss) of the Investee	Investment Income (Loss) (Note 2)	Note (Note 1)
The Company	Flytech USA BVI	British Virgin Islands	Investment and holding activity	101,388	38,652	3,000	100.00 %	77,862	3,000	100.00 %	(5)	(5)	-
The Company	Flytech HK BVI	British Virgin Islands	Investment and holding activity	10,392	10,392	50	100.00 %	187,893	50	100.00 %	29,293	29,293	-
The Company	Flytech CN BVI	British Virgin Islands	Investment and holding activity	90,601	90,601	200	100.00 %	138,134	200	100.00 %	2,537	2,537	-
The Company	Fei Shiun Investment	Taiwan	Investment and holding activity	428,000	428,000	19,000	100.00 %	266,705	19,000	100.00 %	(72,205)	(72,205)	-
The Company	inefi Holding	Cayman Islands	Investment and holding activity	245,076	83,634	28,000	100.00 %	188,513	28,000	100.00 %	(36,419)	(36,419)	-
The Company	Box Holdings	United Kingdom	Investment and holding activity	511,307	511,307	4	100.00 %	450,068	4	100.00 %	27,015	14,072	-
Flytech USA BVI	Flytech USA	USA	Sale of computers and peripheral equipment	99,094 (USD 3,072)	36,358 (USD 1,072)	2,700	100.00 %	76,833 (USD 2,502)	2,700	100.00 %	31 (USD 1)	-	-
Flytech HK BVI	Flytech HK	Hong Kong	Sale of computers and peripheral equipment	10,433 (USD 298)	10,433 (USD 298)	1,000	100.00 %	188,771 (USD 6,147)	1,000	100.00 %	29,293 (USD 940)	-	-
Fei Shiun Investment	Berry AI	Taiwan	Software and data processing services, and software and hardware integration services	306,600	306,600	21,000	70.00 %	105,505	21,000	70.00 %	(97,158)	-	
Fei Shiun Investment	TAC Dynamics	Taiwan	Sale of machinery and equipment	18,000	18,000	653	18.91 %	11,782	653	20.82 %	(24,526)	-	-
Box Holdings	Box UK	United Kingdom	Sale of computers and peripheral equipment	472 (GBP 10)	472 (GBP 10)	10	100.00 %	369,930 (GBP 9,445)	10	100.00 %	28,401 (GBP 733)	-	-
Box Holdings	Box Nordic	Sweden	Sale of computers and peripheral equipment	-	2,330 (GBP 49)	-	-	-	5	100.00 %	(228) (GBP (6))	-	Note 3
inefi Holding	Inefi Incorporation	Taiwan	Information software services to provide a unified endpoint management platform	230,000 (USD 7,511)	80,000 (USD 2,858)	18,000	100.00 %	176,821 (USD 5,758)	18,000	100.00 %	(34,296) (USD (1,101))	-	-
Berry AI	Berry AI BVI	British Virgin Islands	Investment and holding activity	30,000	30,000	50	100.00 %	15,328	50	100.00 %	(10,801)	-	-
Berry AI BVI	Berry AI USA	USA	Software and data processing services, and software and hardware integration services	27,965 (USD 1,000)	27,965 (USD 1,000)	1,000	100.00 %	13,084 (USD 426)	1,000	100.00 %	(10,831) (USD (348))	-	-

Note 1: The intercompany transactions have been eliminated when preparing the consolidated financial statements.
Note 2: Investment income (loss) included the movement in unrealized gross profit or loss.
Note 3: Box Nordic was liquidated in May 2023.

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investments in Mainland China:

(i) Information on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar and US Dollar)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of Investee	% of Ownership of Direct and Indirect Investment	Maximum Percentage of Ownership during 2023		Investment Income (Loss)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow				Shares (in thousands)	Percentage of Ownership			
Flytech CN	Sale of computers and peripheral equipment	69,089 (USD 2,000)	(Note 1)	69,089 (USD 2,000)	-	-	69,089 (USD 2,000)	1,949 (USD 63)	100.00 %	(Note 2)	100.00 %	1,949 (USD 63)	121,554 (USD 3,958)	-

Note 1: Indirect investment in Mainland China through a holding company, Flytech CN BVI, was established in a third country
Note 2: There were no shares as the company is a limited liability company.

(ii) Limits on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar and US Dollar)

Accumulated investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
90,767 (USD 2,700)	103,107 (USD 3,100)	2,795,554

(iii) Significant transactions with the investee in Mainland China: None.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Lam Tai Seng	16,423,263	11.47 %
Wang Wei Wei	11,040,443	7.71 %

(Continued)

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

14. Segment information

(a) General information

The Group uses income before income tax as the measurement for segment profit and the basis of resource allocation and performance assessment. The reporting amount is consistent with the report used by chief operating decision maker.

The Group's operating segment information and reconciliation are as follows:

	2023				
	Domestic sale segment	**Sale segment in Europe**	**Others**	**Adjustments and eliminations**	**Total**
Revenues from external customers	$ 2,613,233	657,298	217,895	-	3,488,426
Intra-group revenue	268,740	-	450	(269,190)	-
Total segment revenue	**$ 2,881,973**	**657,298**	**218,345**	**(269,190)**	**3,488,426**
Segment income before income tax	**$ 622,679**	**36,628**	**(169,387)**	**114,538**	**604,458**

	2022					
	Domestic sale segment	**Sale segment in Europe**	**Poindus Systems**	**Others**	**Adjustments and eliminations**	**Total**
Revenues from external customers	$ 4,471,156	787,619	146,755	138,695	-	5,544,225
Intra-group revenue	355,963	229	713	582	(357,487)	-
Total segment revenue	**$ 4,827,119**	**787,848**	**147,468**	**139,277**	**(357,487)**	**5,544,225**
Segment income before income tax	**$ 1,223,979**	**52,969**	**8,092**	**(122,806)**	**45,381**	**1,207,615**

(b) Product information

Revenues from external customers are detailed below:

Products	**2023**	**2022**
Industrial computers	$ 2,944,466	4,848,810
Peripherals and others	543,960	695,415
	$ 3,488,426	**5,544,225**

FLYTECH TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenues from external customers are detailed below:

Region	2023	2022
Europe and Africa	$ 1,314,326	1,700,882
Americas	1,666,296	2,789,023
Asia	444,828	483,070
Taiwan	62,976	571,250
	$ 3,488,426	**5,544,225**

Non-current assets:

Region	December 31, 2023	December 31, 2022
Taiwan	$ 1,031,691	1,020,479
Asia	19,285	19,430
Americas	6,018	8,188
Europe	205,740	229,362
	$ 1,262,734	**1,277,459**

Non-current assets include prepayments for equipment, property, plant and equipment, right-of-use assets and intangible assets, but do not include financial instruments, investments accounted for using equity method and deferred income tax assets.

(d) Major customer information

	2023	2022
Total consolidated revenue from Customer A	**$ 740,295**	**1,121,369**